

FINANCIAL REVIEW

All financial amounts expressed in thousands of euro

Annual report '99  BEKAERT

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NOTABLE EVENTS IN THE YEAR

All financial amounts expressed in thousands of euro

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ACQUISITION OF 50% OF INNOVATIVE SPECIALTY FILMS, LLC (USA)

In January 1999, Bekaert Corporation has established a 50/50 joint venture with MSC Specialty Films Inc. (MSC/SFI), a US company active in sputtered films. Innovative Sputtering Technology (IST) contributed all its assets into this new company.

ACQUISITION OF 51% OF COMBUSTION COMPONENT HOLDING N.V. (THE NETHERLANDS)

In July 1999, Bekaert Holding BV acquired 51% of the shares in Combustion Component Holding N.V.

This Dutch company holds all the shares of Furigas Assen B.V. (The Netherlands) and Furigas UK Ltd, both of which are engaged in the production of environmentally friendly gas burners.

ACQUISITION OF 100% OF FLANDERS' COATING GROUP (BELGIUM)

The Group increased its ownership in Emiel Vanderstraeten (Belgium) from 25 to 100% through the acquisition of 100% of the shares of Flanders' Coating Group. The Group's share in Sinvaco increased indirectly from 61% to 85%.

DIVESTMENT OF THE WARRINGTON PLANT OF TINSLEY WIRE LTD (UK)

In October 1999, an agreement was made with Acertec Holdings Ltd (UK) whereby Tinsley Wire Ltd's plant in Warrington was sold. The transaction was fully completed in December 1999.

DIVESTMENT OF HYLSA-BEKAERT, S.A. DE C.V. (MEXICO)

An agreement with DeAcero was finalised in December 1999, the full execution of the agreement is pending the approval of the Mexican antitrust authorities.

DIVESTMENT OF DELAWARE INDUSTRIAL SOLUTIONS (BELGIUM)

In September 1999, Delaware Industrial Solutions was sold to Arthur Andersen CVBA.

THE ENVIRONMENT PROGRAMME

In the framework of Bekaert's environmental care policy, two extensive programmes were executed during 1999, resulting in provisions for mastering historically contaminated soil :

The Flemish authorities (OVAM) required most companies to make an initial assessment of soil contamination at their Flemish production sites before year-end 1999. Based on this survey, carried out by an independent expert, the authorities may require a more in-depth analysis and a more defined delineation of specific spots. In a third phase, the authorities may require the implementation of remedial operations. The company carried out several in-depth analyses to assess, in a sustainable way, the probable liabilities and remedial actions. Based on this information, a provision of € 8 461 has been charged to operating result. Several remedial actions are planned to be implemented in the years to come.

Belgian non-production sites and all non-Belgian sites were also assessed for probable liabilities related to historically contaminated soil. Based on intermediate reports, a provision of € 6 090 has been set up.

MARIBEL BIS AND TER

During 1999, a verdict of the European Court of Justice forced the Belgian Government to reclaim reductions in the employers' social security contributions obtained in the years 1993 to 1997. These amounts must be reimbursed on April 1, 2000. The total liability of the Group is € 7 252, of which € 5 572 has been charged to operating result and € 1 680 to financial result (interest charges for late payment).

YEAR 2000

No problems were encountered in January 2000. The expenses in 1999 for the migration of application systems, office systems and embedded systems is estimated at € 1 500.

EURO

Many transactions with suppliers and customers are already taking place in euro. So far no software problems have been encountered. The total cost incurred during 1999 has been limited to € 500, excluding expenditure related to outdated software replaced by new ERP systems throughout the Group. During 2000 and 2001 additional charges for software will be made for an estimated amount of € 1 000, excluding the further implementation of ERP software.

CONSOLIDATED BALANCE SHEET

All financial amounts expressed in thousands of euro

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| ASSETS DECEMBER 31, | | 1999 | 1998 |
|---|---------|------------------|------------------|
| FIXED ASSETS | | 1 183 979 | 1 124 783 |
| Formation expenses | Note 5 | 3 500 | 3 787 |
| Intangible fixed assets | Note 6 | 28 199 | 26 876 |
| Goodwill | Note 7 | 51 073 | 36 941 |
| Tangible fixed assets | Note 8 | 852 386 | 849 948 |
| - Land and buildings | | 244 125 | 236 004 |
| - Plant, machinery and equipment | | 539 476 | 554 754 |
| - Furniture and vehicles | | 11 017 | 12 099 |
| - Leasing and other similar rights | | 736 | 1 073 |
| - Other tangible assets | | 2 387 | 1 578 |
| - Assets under construction and advance payments | | 54 645 | 44 440 |
| Financial fixed assets | Note 9 | 248 821 | 207 231 |
| - Investments accounted for under the equity method | | <u>238 509</u> | <u>197 602</u> |
| . Shares | | 238 509 | 197 602 |
| - Other investments | | <u>10 312</u> | <u>9 629</u> |
| . Shares | | 9 286 | 8 010 |
| . Amounts receivable | | 1 026 | 1 619 |
| CURRENT ASSETS | | 831 674 | 729 780 |
| Amounts receivable after one year | | 8 458 | 5 638 |
| - Trade receivables | | 7 667 | 5 222 |
| - Deferred taxes | Note 16 | 791 | 416 |
| Inventories and contracts in progress | | 320 470 | 299 525 |
| - Inventories | Note 10 | <u>320 470</u> | <u>299 525</u> |
| . Raw materials and consumables, | | | |
| goods purchased for resale, advance payments | | 143 207 | 134 483 |
| . Work in progress and finished goods | | 177 263 | 165 042 |
| Amounts receivable within one year | | 358 144 | 299 547 |
| - Trade receivables | Note 10 | 309 922 | 269 724 |
| - Other amounts receivable | | 48 222 | 29 823 |
| Cash deposits | | 60 562 | 77 807 |
| - Other investments and deposits | | 60 562 | 77 807 |
| Cash | | 57 862 | 29 673 |
| Deferred charges and accrued income | | 26 178 | 17 590 |
| TOTAL | | 2 015 653 | 1 854 563 |

| EQUITY AND LIABILITIES DECEMBER 31, | | 1999 | 1998 |
|---|---------|------------------|------------------|
| EQUITY | | 1 012 936 | 893 361 |
| Capital | | 170 000 | 167 328 |
| – Issued capital | | 170 000 | 167 328 |
| Revaluation surplus | | 214 | 216 |
| Reserves and retained earnings | Note 11 | 828 504 | 784 455 |
| Cumulative translation adjustment | Note 12 | 8 477 | (62 714) |
| Investment grants | | 5 741 | 4 076 |
| MINORITY INTEREST | Note 13 | 49 001 | 41 138 |
| PROVISIONS AND DEFERRED TAXES | | 222 399 | 206 802 |
| Provisions | Note 14 | 152 037 | 142 120 |
| – Pensions and similar rights | | 113 147 | 111 452 |
| – Other liabilities and charges | | 38 890 | 30 668 |
| Deferred taxes | Note 16 | 70 362 | 64 682 |
| CREDITORS | | 731 317 | 713 262 |
| Amounts payable after one year | | 259 751 | 256 304 |
| – Financial debt | Note 15 | <u>245 616</u> | <u>238 054</u> |
| – Leasing and other similar obligations | | 87 | 223 |
| – Credit institutions | | 245 529 | 237 831 |
| – Other amounts payable | Note 15 | <u>14 135</u> | <u>18 250</u> |
| Amounts payable within one year | | 464 639 | 452 028 |
| – Current portion of amounts payable after one year | Note 15 | <u>19 511</u> | <u>12 072</u> |
| – Financial debt | | <u>99 118</u> | <u>153 479</u> |
| – Credit institutions | Note 15 | 99 118 | 153 479 |
| – Trade payables | Note 10 | <u>187 255</u> | <u>147 172</u> |
| – Suppliers | | 187 255 | 147 172 |
| – Advances received on contracts in progress | Note 10 | <u>2 831</u> | <u>2 040</u> |
| – Taxes, remuneration and social security | | <u>104 349</u> | <u>91 003</u> |
| – Taxes | | 26 541 | 21 599 |
| – Remuneration and social security | Note 10 | 77 808 | 69 404 |
| – Other amounts payable | Note 17 | <u>51 575</u> | <u>46 262</u> |
| Accrued charges and deferred income | | 6 927 | 4 930 |
| TOTAL | | 2 015 653 | 1 854 563 |

The accompanying notes are an integral part of this Balance Sheet.

CONSOLIDATED PROFIT AND LOSS STATEMENT

All financial amounts expressed in thousands of euro

Annual report '99 ► BEKAERT

| YEARS ENDED DECEMBER 31, | | 1999 | 1998 |
|---|---------|----------------|----------------|
| Sales | Note 18 | 1 764 700 | 1 766 547 |
| Cost of sales | | 1 436 026 | 1 485 565 |
| GROSS PROFIT | | 328 674 | 280 982 |
| Selling expenses | | 96 171 | 97 642 |
| Administrative expenses | | 87 449 | 75 069 |
| Research and Development expenses | | 31 792 | 29 476 |
| Other operating revenue | | 20 387 | 14 208 |
| Other operating charges | Note 19 | 32 917 | 22 941 |
| OPERATION PROFIT | Note 19 | 100 732 | 70 062 |
| Financial revenue | Note 20 | 19 210 | 28 883 |
| - Revenue from financial fixed assets | | 1 174 | 1 391 |
| - Revenue from current assets | | 2 924 | 2 592 |
| - Other financial revenue | | 15 112 | 24 900 |
| Financial charges | Note 21 | 36 268 | 50 210 |
| - Interest and other debt charges | | 23 692 | 30 208 |
| - Other financial charges | | 12 576 | 20 002 |
| PROFIT BEFORE EXTRAORDINARY RESULTS AND INCOME TAXES | | 83 674 | 48 735 |
| Extraordinary revenue | | 13 681 | 4 032 |
| - Adjustments to depreciation of (in) tangible fixed assets | | 11 | - |
| - Adjustments to provision for extraordinary liabilities and charges | | 164 | 630 |
| - Gain on disposal of fixed assets | | 8 814 | 3 002 |
| - Other extraordinary revenue | | 4 692 | 400 |
| Extraordinary charges | Note 22 | 12 491 | 19 140 |
| - Extraordinary depreciation of (in)tangible fixed assets | | 5 015 | 6 328 |
| - Write-down of financial fixed assets | | - | 342 |
| - Provision for extraordinary liabilities and charges | | (2 364) | (33) |
| - Loss on disposal of fixed assets | | 6 670 | 8 754 |
| - Other extraordinary charges | | 3 170 | 3 749 |
| PROFIT FOR THE YEAR OF THE CONSOLIDATED COMPANIES BEFORE INCOME TAXES | | 84 864 | 33 627 |
| Income taxes | Note 16 | 22 475 | 14 115 |
| - Current taxes for the year | | 18 672 | 15 101 |
| - Adjustment to current taxes and write-back of tax provisions | | (74) | (474) |
| - Deferred taxes | | 3 877 | (512) |
| PROFIT OF THE CONSOLIDATED COMPANIES | | 62 389 | 19 512 |
| Share in the result of companies accounted for under the equity method | Note 9 | 22 329 | 16 186 |
| - Profit | | 24 342 | 19 562 |
| - (Loss) | | (2 013) | (3 376) |
| CONSOLIDATED PROFIT FOR THE YEAR | | 84 718 | 35 698 |
| Profit of the group | | 79 872 | 34 172 |
| Minority interest | | 4 846 | 1 526 |

The accompanying notes are an integral part of this Profit and Loss statement.

CONSOLIDATED STATEMENT OF CHANGES IN CASH (NOTE 23)

All financial amounts expressed in thousands of euro

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| YEARS ENDED DECEMBER 31, | 1999 | 1998 |
|---|------------------|------------------|
| Operating activities | | |
| Consolidated operating profit | 100 732 | 70 062 |
| Non-cash items included in consolidated operating profit | | |
| Depreciation and amortisation | 135 595 | 129 302 |
| Provision for liabilities and charges | 9 765 | (16 734) |
| CASH GENERATED BY OPERATIONS | 246 092 | 182 630 |
| Additions to tangible fixed assets | (99 821) | (105 976) |
| Start-up, sales and disposals of tangible fixed assets | 36 608 | (5 457) |
| Changes in working capital | 160 | (18 357) |
| CASH (USED IN) OPERATIONS | (63 053) | (129 790) |
| OPERATIONAL CASH FLOW | 183 039 | 52 840 |
| Investment activities | | |
| New investments acquired and capital increases | (43 764) | (15 453) |
| Sales and disposals | 23 176 | - |
| Dividends received from companies accounted for under the equity method | 6 293 | 3 898 |
| CASH (USED IN) INVESTMENT ACTIVITIES | (14 295) | (11 555) |
| Financing activities | | |
| Financial results | (12 590) | (24 229) |
| Increase in long term debt | - | 23 846 |
| Repayment of long term debt | (13 111) | (39 460) |
| Increase (Decrease) in short term debt, credit institutions | (63 120) | 40 713 |
| Gross dividend paid | (37 982) | (34 158) |
| Capital paid in by minority interests | 925 | 4 793 |
| CASH (USED IN) FINANCING ACTIVITIES | (125 878) | (28 495) |
| INCREASE (DECREASE) IN CASH DEPOSITS AND CASH | 10 944 | 54 819 |
| Cash deposits and cash - beginning of the year | 107 480 | 52 661 |
| CASH DEPOSITS AND CASH - END OF THE YEAR | 118 424 | 107 480 |

The accompanying notes are an integral part of this statement.

1. PRINCIPLES OF CONSOLIDATION

Investments in subsidiary, joint and associated companies are included in the Consolidated Financial Statements in accordance with the following methods:

- **FULL CONSOLIDATION METHOD** for investments over which N.V. Bekaert S.A. exercises, directly or indirectly, a dominant influence (consolidated companies).
- **EQUITY METHOD** for investments that are not fully consolidated and over which N.V. Bekaert S.A. has, directly or indirectly, a significant influence and holds at least 20% of the voting rights associated with the shares. The joint companies that prepare financial statements based upon valuation principles not in conformity with the Group uniform valuation principles and for which the appropriate information is not available without incurring substantial costs, are also accounted for under the equity method.
- **COST METHOD** for investments in which N.V. Bekaert S.A. owns directly or indirectly less than 20% of the shares or holds less than 20% of the voting rights associated with the shares. This method is also applied for investments without activity or for which it has been decided to discontinue operations.

2. VALUATION PRINCIPLES

1. General

The policies used in the accompanying financial statements are in accordance with the principles set out in Belgian Accounting legislation, which is in agreement with the Seventh E.C. Directive.

2. Specific

Financial statements of consolidated companies are based on the Group valuation principles outlined below. Financial statements of companies accounted for under the equity method are not restated to these principles, unless the appropriate information is available.

Group valuation principles differ in some respects from those applied in the statutory accounts of the parent company. Differences relate mainly to depreciation policy, treatment of research and development expenses, measurement of pension liabilities and deferred income taxes.

Formation expenses

Formation expenses include the pre-operating costs of new plants. These costs are amortised over a period of five years with effect from the start of operations.

Intangible fixed assets

Intangible fixed assets include the cost of licences and other similar rights purchased from third parties.

They are amortised using the straight line method over the contractual period, if any, or the estimated useful life, but not in excess of ten years.

Research and development costs are charged to expense as incurred.

Goodwill

Goodwill on investments is the excess of acquisition cost over the net assets acquired, valued in conformity with Group uniform valuation principles. Because of the long term strategic view on this issue, goodwill is amortised over ten years.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. Cost includes all direct costs and all expenditure incurred to make the asset usable. Interest is capitalised only for major capital expenditure projects.

Depreciation is provided over the estimated useful economic lives of the various classes of fixed assets using the straight-line method. Depreciation of assets acquired during the year starts when they are ready for use on a pro rata time basis.

Annual depreciation rates are :

| | |
|----------------------------------|-----|
| - buildings | 5% |
| - plant, machinery and equipment | 8% |
| - furniture and vehicles | 20% |
| - computers | 33% |

Improvements in rented buildings are capitalised and depreciated over the term of the rental contract with a maximum of nine years.

Gains and losses on disposals of fixed assets are classified as extraordinary results.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market value. Cost means full cost including all direct and indirect production costs required to bring the inventory items to their final saleable condition. Obsolete or slow-moving inventories are written down as appropriate.

Receivables

Receivables are carried at nominal value net of bad debt allowance which equates to estimated net realisable value. Allowances are set up for receivables considered to be non-collectible.

Investment grants

Investment grants are recorded in the balance sheet at their expected value at the time of initial government approval, corrected, if necessary, after final approval. Investment grants are taken into results (other financial revenues) in proportion to the depreciation of the underlying fixed assets.

Provisions

Provisions relate to pension, early retirement and other similar obligations and all other probable losses as at the date of the financial statements the amount of which can be reasonably estimated. In the case of payments due in the long term, the net present value is reported. Significant commitments are mentioned in the notes.

Income taxes

Accounting for income taxes is based upon the following basic principles :

- a. a current tax liability or asset is recognised for the estimated taxes payable or refundable on tax returns ;
- b. a deferred tax liability or asset is recognised for the estimated future tax effects attributable to temporary differences and carry forwards ;
- c. the measurement of current and deferred tax liabilities and assets is based on provisions of current tax law ; the effects of future changes in tax laws or rates are not anticipated ;
- d. an amortisation is made where realisability of deferred tax assets is not assured within the foreseeable future.

The company does not provide for deferred taxes that may result from remittance of undistributed earnings by subsidiaries, since it is generally the company's intention to reinvest these earnings indefinitely in the subsidiaries.

Other investments

Other investments are valued at the lower of cost or market value.

3. TRANSLATION PRINCIPLES

The financial statements of foreign companies are translated as follows:

- assets and liabilities at the year-end rate of the European Central Bank;
- sales and expenses at the weighted average exchange rate for the year;
- shareholders' equity accounts at transaction exchange rates.

Translation gains and losses arising from the difference between the transaction exchange rates and the exchange rate at the year-end are recorded as part of shareholders' equity under 'cumulative translation adjustment'.

For consolidation of the financial statements of the subsidiary Beka Celik Kord Sanayi ve Ticaret A.S. (Turkey), which operates in a highly inflationary economy, the financial statements are expressed in the functional currency euro, and as such incorporated in the consolidated accounts.

All foreign currency denominated assets and liabilities outstanding at the year-end in the financial statements of the parent company and its subsidiaries are translated at the exchange rate at the balance sheet date, except for amounts that are hedged. These are translated at the rate provided by the hedging instrument.

Unrealised and realised exchange gains and losses are recorded in the Profit and Loss statement.

4. PROFIT APPROPRIATION

The consolidated financial statements are prepared after the proposed profit appropriation of N.V. Bekaert S.A. and before profit appropriation of the subsidiaries.

5. FORMATION EXPENSES

| | 1999 | 1998 |
|---------------------------------------|--------------|--------------|
| Net book value at January 1, | 3 787 | 4 855 |
| Expenses incurred in the year | 531 | 1 567 |
| Amortisation for the year | (1 281) | (2 452) |
| Translation gains / (losses) | 463 | (183) |
| Net book value at December 31, | 3 500 | 3 787 |

Formation expenses relate to operating expenses incurred in new plants prior to the start of production. In 1999, the Group capitalised € 531 of formation expenses mainly relating to Shanghai Bekaert-Ergang (China) and Bekaert Industries Private Limited (India).

6. INTANGIBLE FIXED ASSETS

| At cost | 1999 | 1998 |
|---|---------------|---------------|
| At January 1, | 43 634 | 29 750 |
| Expenditure | 10 175 | 16 181 |
| Sales and disposals | (1 403) | (1 839) |
| First consolidation | 295 | - |
| Translation gains / (losses) | 1 514 | (458) |
| At December 31, | 54 215 | 43 634 |
| Amortisation | | |
| At January 1, | 16 758 | 8 112 |
| Charge for the year | 9 609 | 9 040 |
| Sales and disposals | (830) | (327) |
| First consolidation | 277 | - |
| Translation losses / (gains) | 202 | (67) |
| At December 31, | 26 016 | 16 758 |
| Net book value at December 31, | 28 199 | 26 876 |
| Which consists of : | | |
| Licences and patents | 6 989 | 5 554 |
| Intangible pension asset | 317 | 386 |
| Right to use land (China) | 6 396 | 5 520 |
| Other (including non-competition agreement) | 14 497 | 15 416 |

The expenditure on intangible fixed assets relates mainly to the purchase of additional ERP software licences and implementation cost.

7. GOODWILL

| At cost | 1999 | 1998 |
|---------------------------------------|---------------|---------------|
| At January 1, | 65 519 | 51 998 |
| Additions | 18 761 | 14 291 |
| Decreases | - | (142) |
| First consolidation | 458 | - |
| Translation gains / (losses) | 1 829 | (628) |
| At December 31, | 86 567 | 65 519 |
| Amortisation | | |
| At January 1, | 28 578 | 24 440 |
| Charge for the year | 6 169 | 4 318 |
| Decreases | - | (22) |
| First consolidation | 308 | - |
| Translation (gains) / losses | 439 | (158) |
| At December 31, | 35 494 | 28 578 |
| Net book value at December 31, | 51 073 | 36 941 |

Gross goodwill on the acquisitions of N.V. Flanders' Coating Group and Combustion Component Holding amounted to € 15 883. Due to the restatement of tangible fixed assets in CIMAF after purchase of the additional shares in December 1998, the initial gross goodwill was increased by € 1 319.

8. TANGIBLE FIXED ASSETS

| | Land and buildings | Plant, machinery and equipment | Furniture and vehicles | Leasing and other similar rights | Other tangible fixed assets | Assets under construction and advance payments | TOTAL 1999 | TOTAL 1998 |
|---------------------------------------|--------------------|--------------------------------|------------------------|----------------------------------|-----------------------------|--|----------------|----------------|
| At cost | | | | | | | | |
| At January 1, | 461 358 | 1 422 562 | 72 260 | 6 149 | 5 441 | 44 440 | 2 012 210 | 2 013 119 |
| Capital expenditure | 11 982 | 51 751 | 4 681 | 4 | 929 | 30 474 | 99 821 | 105 976 |
| Sales and disposals | (13 280) | (63 863) | (12 488) | (2 089) | (549) | (8 026) | (100 295) | (51 802) |
| Transfers | (131) | 13 599 | 1 024 | (4) | 548 | (15 036) | - | - |
| First consolidation | 6 602 | 18 035 | 779 | - | 314 | - | 25 730 | - |
| Translation gains / (losses) | 31 782 | 76 890 | 2 734 | 587 | 510 | 2 793 | 115 296 | (55 083) |
| At December 31, | 498 313 | 1 518 974 | 68 990 | 4 647 | 7 193 | 54 645 | 2 152 762 | 2 012 210 |
| Depreciation | | | | | | | | |
| At January 1, | 225 354 | 867 808 | 60 161 | 5 076 | 3 863 | - | 1 162 262 | 1 111 103 |
| Depreciation for the year | 18 485 | 94 691 | 6 346 | 341 | 834 | - | 120 697 | 119 273 |
| Sales and disposals | (6 454) | (36 619) | (11 614) | (2 036) | (508) | - | (57 231) | (38 399) |
| Transfers | (21) | (189) | 210 | - | - | - | - | - |
| First consolidation | 4 357 | 10 279 | 590 | - | 309 | - | 15 535 | - |
| Translation (gains) / losses | 12 467 | 43 528 | 2 280 | 530 | 308 | - | 59 113 | (29 715) |
| At December 31, | 254 188 | 979 498 | 57 973 | 3 911 | 4 806 | - | 1 300 376 | 1 162 262 |
| Net book value at December 31, | 244 125 | 539 476 | 11 017 | 736 | 2 387 | 54 645 | 852 386 | 849 948 |
| Land and buildings | | | | 87 | | | | |
| Plant, machinery and equipment | | | | 649 | | | | |

Of the capital expenditure, 37.3% was invested in Wire, 15.5% in MP Europe, 30.5% in Steelcord, 6.9% in Bekaert Advanced Materials and 9.8% in Other activities.

9. FINANCIAL FIXED ASSETS

| EQUITY METHOD | | | OTHER | | |
|---------------------------------------|----------------|----------------|---------------------------------------|--------------|--------------|
| INVESTMENTS | 1999 | 1998 | 1. OTHER SHARES | 1999 | 1998 |
| At cost | | | At cost | | |
| At January 1, | 128 222 | 122 181 | At January 1, | 13 986 | 77 450 |
| Expenditure (1) | 11 109 | 6 041 | Expenditure | 1 298 | 492 |
| Sales and disposals (2) | (13 233) | - | Sales and disposals | (75) | (45) |
| Transfers | (1 118) | - | Transfers | (77) | (63 910) |
| At December 31, | 124 980 | 128 222 | First consolidation | 129 | - |
| | | | Translation gains / (losses) | - | (1) |
| Equity earnings | | | At December 31, | 15 261 | 13 986 |
| At January 1, | 69 380 | 75 220 | Write-down | | |
| Result for the year | 22 329 | 16 186 | At January 1, | 5 976 | 8 894 |
| Dividends | (10 447) | (10 977) | Write-down | - | 4 400 |
| Sales and disposals (2) | 5 149 | - | Transfers | - | (7 318) |
| Transfers | (1 105) | - | Translation gains / (losses) | (1) | - |
| Translation gains / (losses) | 27 033 | (11 049) | At December 31, | 5 975 | 5 976 |
| Retroactive restatements | 1 190 | - | Net book value at December 31, | 9 286 | 8 010 |
| At December 31, | 113 529 | 69 380 | | | |
| Net book value at December 31, | 238 509 | 197 602 | 2. AMOUNTS RECEIVABLE | | |
| | | | Net book value at January 1, | 1 619 | 1 439 |
| | | | Increases / (decreases) | (593) | 180 |
| | | | Net book value at December 31, | 1 026 | 1 619 |

(1) Relates to ISF (USA).

(2) Relates to Hylsa-Bekaert (Mexico).

The increase in financial fixed assets, other shares was primarily due to the increased ownership up to 9.9% in Advanced Refractory Technologies, Inc (USA).

Shown in more detail, the Group's share in the equity and the profit (loss) of the companies accounted for under the equity method was as follows:

| | | EQUITY VALUE | | PROFIT/(LOSS) | |
|--|-----------------|----------------|----------------|---------------|---------------|
| | | 1999 | 1998 | 1999 | 1998 |
| N.V. Acotech S.A.(1) | Belgium | 599 | 475 | 251 | 198 |
| Emiel Vanderstraeten (2) | Belgium | - | 1 585 | 266 | 230 |
| Bekaert Faser Vertriebs GmbH | Germany | 71 | 72 | 33 | 33 |
| Spaleck-Bekaert GmbH & Co. KG | Germany | 1 253 | 1 031 | 223 | 217 |
| Bekaert Timeda B.V. | The Netherlands | 23 | - | - | - |
| Netlon Sentinel Ltd | UK | (1 272) | (852) | (286) | (896) |
| Contours Ltd | USA | 4 663 | 4 207 | 1 788 | 815 |
| Innovative Specialty Films LLC. | USA | 10 751 | 177 | (368) | - |
| Belgo-Mineira Bekaert Arames S.A. | Brazil | 85 748 | 74 645 | 4 801 | 6 769 |
| Belgo-Mineira-Bekaert Artefatos de Arame Ltda. | Brazil | 34 884 | 20 376 | 5 043 | 2 145 |
| Companhia Industrial e Mercantil de Artefatos de Ferro - CIMAF (3) | Brazil | 24 371 | 20 700 | 2 775 | - |
| Chilean entities (4) | Chile | 45 251 | 39 049 | 6 231 | 7 432 |
| Ideal Alambrec S.A. | Ecuador | 4 755 | 5 288 | 324 | 906 |
| Hylsa-Bekaert S.A. de C.V. (5) | Mexico | - | 5 013 | 2 492 | (1 031) |
| Productora de Alambres Colombianos S.A. - Proalco | Columbia | (93) | 110 | (87) | 85 |
| Productos de Acero Cassado S.A. - Prodac | Peru | (227) | 373 | (213) | 160 |
| Vicson S.A. | Venezuela | 19 412 | 18 715 | (1 020) | 519 |
| Bekaert-BHP Steel Cord Pty Ltd | Australia | 6 473 | 5 290 | (39) | (1 448) |
| Hikari Corporation | Japan | 1 847 | 1 348 | 115 | 52 |
| | | 238 509 | 197 602 | 22 329 | 16 186 |

(1) Including Acotech Corporation (USA)

(2) Only first six months profit included; became fully controlled company mid 1999.

(3) CIMAF : increased ownership from 18.466% to 45% at the end of December 1998.

(4) Productos de Alambre Prodalam S.A. and Industrias Chilenas de Alambre Inchalam S.A., including Acma, Prodinsa and Procables.

(5) Disposed of at the end of December 1999.

10. OPERATIONAL WORKING CAPITAL

| 1999 | 1998 | % |
|---------|---------|-------|
| 352 370 | 339 648 | + 3.8 |

The increase in the operational working capital amounting to € 12 722 was mainly due to the higher closing exchange rates, especially US dollar (€ 11 763), renminbi (€ 3 945) and pound sterling (€ 3 465), partly offset by the impact of the European Court of Justice verdict on Maribel Bis and Ter (€ - 7 252). The acquisition of Vanderstraeten, Furigas Assen and Furigas UK and the disposal of Delaware Industrial Solutions and Bekaert Engineering of North America (BENA), resulted in a net decrease of € 2 760. Disregarding these elements, operational working capital would have been 1.1% higher than last year.

11. RESERVES AND RETAINED EARNINGS

| | 1999 | 1998 |
|---|----------------|----------------|
| At January 1, | 784 455 | 785 571 |
| Add (Deduct) | | |
| Profit for the year | 84 718 | 35 698 |
| Minority interest | (4 846) | (1 526) |
| Dividends declared | (35 932) | (33 402) |
| Minimum pension liability & other items | 109 | (1 886) |
| At December 31, | 828 504 | 784 455 |

12. CUMULATIVE TRANSLATION ADJUSTMENT

| 1999 | 1998 |
|-------|----------|
| 8 477 | (62 714) |

The change in cumulative translation adjustment (+ € 71 191) resulted mainly from the difference in the closing exchange rate of the US dollar (+ € 50 459). This related not only to the North American entities, but on an equal basis to the Latin American entities reporting in US dollar under FASB 52. Other currencies having an important impact were the renminbi (+€ 9 515), the pound sterling (+ € 4 667) and the Chilean peso (+€ 3 886). The remainder is explained by the realisation of the negative cumulative translation adjustment at the time of disposal of Hylsa-Bekaert (Mexican peso) (+ € 2 190).

13. MINORITY INTEREST

| 1999 | 1998 | % |
|--------|--------|--------|
| 49 001 | 41 138 | + 19.1 |

The increase in minority interest amounting to € 7 863 resulted mainly from the first consolidation of Combustion Component Holding (€ 4 189) and the renminbi currency translation impact (€ 1 247). The profit attributable to minority shareholders was € 4 846, while dividend pay-out resulted in a decrease of € 2 050. Due to the purchase of the remaining shares in Kotlarnia, Bekaert Composites, North East Sales Office, Delaware Industrial Solutions and OfficeCOM minority interest further decreased by € 1 309. Finally capital increases, mainly in Bekaert - ŽDB Building Products, resulted in an increase of € 925.

14. PROVISIONS

| 1999 | 1998 | % |
|---------|---------|-------|
| 152 037 | 142 120 | + 7.0 |

Although the number of personnel decreased, the provisions for pensions and similar rights increased by € 1 695, entirely due to the impact of the higher closing exchange rates, especially of the US dollar.

The increase in provisions for other liabilities and charges arose from new provisions for the environmental programmes (€ 14 551), partly offset by the use of provisions for the Structural Profit Improvement Programme.

15. SHORT-TERM FINANCIAL AND LONG-TERM DEBT

| | Due within one year | Due between one and five years | Due over five years |
|---------------------------|---------------------|--------------------------------|---------------------|
| L/T Financial debt | | | |
| – leasing | 116 | 87 | - |
| – other loans | 19 395 | 163 570 | 81 959 |
| S/T Financial debt | 99 118 | | |
| Other L/T amounts payable | - | 14 135 | - |
| TOTAL | 118 629 | 177 792 | 81 959 |

Long-term financial debt was denominated in US dollar (70%) and in euro (30%). Fixed interest rates applied to 30% of the total long-term financial debt. The weighted average interest rates at the year end were :

- fixed interest rate loans :
6.5% on US dollar loans and 4.7% on euro loans;
- floating interest rate loans :
6.3% on US dollar loans and 3.2% on euro loans.

The weighted average lifetime at the year end of long term financial debt was 3.8 years.

Short-term financial debt was primarily denominated in US dollar (34%), in euro (22%) and in renminbi (36%). The average interest rate of the short-term financial debt was 5.5%.

Several committed and uncommitted short-term credit lines in euro and other currencies are available to the Group in amounts considered adequate for current and near future financial needs. These facilities are generally of the 'mixed type' and may be utilised for advances, overdrafts, acceptances, etc.

The Group also has credit facilities at its disposal up to a maximum equivalent of € 75 million under 'Multicurrency Credit Facilities' at floating interest rates with a fixed margin. These credit facilities will mature in 2002 and 2004. No amounts were outstanding under these facilities at December 31, 1999.

In addition, the Group has a Commercial Paper and Medium Term Notes Programme available for a maximum of € 123 945. At December 31, 1999, no commercial paper notes were outstanding.

16. INCOME TAXES

| 1999 | 1998 | % |
|--------|--------|--------|
| 22 475 | 14 115 | + 59.2 |

The Group's overall tax rate expressed as a percentage of profit before income taxes, decreased from 41.9% in 1998 to 26.5% in 1999.

This resulted mainly from the utilisation of tax losses brought forward incurred in TWIL and Rösler. The related deferred tax assets were fully amortised in the previous year (impact € 8 613).

A. CURRENT

Current income taxes amounted to € 18 672 and included withholding taxes amounting to € 1 061 on dividends paid by the Group's subsidiaries.

B. DEFERRED

Deferred income taxes are recorded on temporary differences in the recognition of revenue and expense for tax and financial statement purposes, as well as on tax credits and losses carried forward. Deferred tax assets are amortised to amounts realisable in the foreseeable future. Deferred tax assets and liabilities are netted at the individual entity level.

The financial statements at December 31, 1999 included net deferred tax liabilities of € 70 362 and net deferred tax assets of € 791, being a net deferred liability position of € 69 571, detailed as follows :

| | COMPANIES IN A NET ASSET POSITION | | COMPANIES IN A NET LIABILITY POSITION | | TOTAL | |
|--------------------------------|--------------------------------------|------------|--|-----------------|-----------------|-----------------|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| Deferred tax assets | 33 771 | 32 462 | 44 889 | 50 057 | 78 660 | 82 519 |
| Amortisation | (30 212) | (30 513) | - | - | (30 212) | (30 513) |
| Net deferred tax assets | 3 559 | 1 949 | 44 889 | 50 057 | 48 448 | 52 006 |
| Deferred tax liability | (2 768) | (1 533) | (115 251) | (114 739) | (118 019) | (116 272) |
| Net asset / (liability) | 791 | 416 | (70 362) | (64 682) | (69 571) | (64 266) |

Deferred tax assets comprise the following elements :

| | 1999 | 1998 |
|---------------------------------|---------------|---------------|
| Tax losses carried forward | 33 803 | 30 016 |
| Tax credits | 1 006 | 5 689 |
| Timing differences | 23 977 | 24 704 |
| Recoverable income taxes | 10 941 | 13 975 |
| Intercompany profit elimination | 8 933 | 8 135 |
| Total | 78 660 | 82 519 |

Deferred tax liabilities amounted to € 118 019 at December 31, 1999 and related primarily to timing differences between the value in the financial statement and the tax basis of tangible fixed assets.

17. OTHER AMOUNTS PAYABLE WITHIN ONE YEAR

| 1999 | 1998 | % |
|--------|--------|--------|
| 51 575 | 46 262 | + 11.5 |

Subject to approval by the General Assembly of Shareholders of N.V. Bekaert S.A., a gross dividend of € 35 932 will be distributed. The related liability is included in the other amounts payable within one year.

18. SALES

| 1999 | 1998 | % |
|-----------|-----------|------|
| 1 764 700 | 1 766 547 | -0.1 |

| By business segment | 1999 | 1998 |
|----------------------------|---------|---------|
| Wire | 637 610 | 627 774 |
| Merchant Products Europe | 423 584 | 435 995 |
| Steel Cord | 572 791 | 580 354 |
| Bekaert Advanced Materials | 88 138 | 62 338 |
| Other | 42 577 | 60 086 |

| Geographically | 1999 | 1998 |
|-------------------|-----------|-----------|
| European Union | 1 002 165 | 1 019 216 |
| Rest of Europe | 109 599 | 110 596 |
| North America | 501 317 | 498 292 |
| Rest of the world | 151 619 | 138 443 |

Price decreases, resulting from lower raw material cost in the first part of the year, caused a reduction in consolidated sales. This was compensated by the higher volume (+ 3.1%) and increased sales by Bekaert Advanced Materials.

Wire volume increased by 5.1% while sales increased by 1.6%. In most of the segments, the second half of the year showed much higher activity although pressure on the sales prices persisted.

Sales of Merchant Products Europe decreased by 2.7% but volume increased by the same proportion. Lower sales on the Continent were, however, fully offset by better margins and lower selling and administrative expenses. Only from the fourth quarter did sales prices start to increase to pass on the increased raw material prices.

Sales and volume of Steel Cord decreased slightly by 1.3% and 1.0% respectively. The volume of the main segment, Tyre Cord, increased by 2.2% due to the further expansion in the Far East. This was more than offset by volume decreases in Conveyor Belt (-43.6%), Hose Reinforcement Wire (-15.5%) and Bead Wire (-0.7%).

Bekaert Advanced Materials sales increased by 41.4%. Although all product platforms showed a growth in sales, the acquisi-

tions of Vanderstraeten and Furigas Assen / UK were the major contributors (+ 30%).

The sales in the other activities decreased substantially due to the lower turnover of the Engineering department.

19. OPERATING PROFIT

| 1999 | 1998 | % |
|---------|--------|--------|
| 100 732 | 70 062 | + 43.8 |

Gross profit on sales rose from 15.9% in 1998 to 18.6% in 1999. This resulted partly from the first consolidation of Vanderstraeten and Furigas Assen / UK, but more significantly from the further implementation of the Structural Profit Improvement Programme. Total personnel charges for the Group decreased from € 519 954 in 1998 to € 503 081 in 1999 (-3.2%).

The operating profit on sales increased from 4.0% last year to 5.7% this year. In 1999 other operating charges included also € 20 123 related to provisions for environmental programmes and for the reclamation of the former reductions in employers' social security contributions (Maribel Bis and Ter).

The current operating profit on sales was 5.0% in 1998 and 7.0% in 1999.

| Consolidated personnel charges | 1999 | 1998 |
|---------------------------------|---------|---------|
| Remuneration and social charges | 483 957 | 501 253 |
| Pension costs | 19 124 | 18 701 |
| Total | 503 081 | 519 954 |

| Average number of employees | 1999 | 1998 |
|-----------------------------|--------|--------|
| In consolidated companies | 10 628 | 11 139 |
| • Blue collars | 7 450 | 7 716 |
| • White collars | 2 224 | 2 428 |
| • Management | 954 | 995 |
| In equity companies | 5 961 | 5 853 |

| Depreciation | 1999 | 1998 |
|--------------------|---------|---------|
| Goodwill | 6 169 | 4 318 |
| Other fixed assets | 125 932 | 123 876 |
| Total | 132 101 | 128 194 |

20. FINANCIAL REVENUES

| 1999 | 1998 | % |
|--------|--------|--------|
| 19 210 | 28 883 | - 33.5 |

The decrease in financial revenues was mainly due to the realisation in 1998 of the Cumulative Translation Adjustment on the conversion of BMA shares to Bridgestone shares (€ 11 537).

21. FINANCIAL CHARGES

| 1999 | 1998 | % |
|--------|--------|-------|
| 36 268 | 50 210 | -27.8 |

Interest and other debt charges decreased substantially by 21.6% to € 23 692, due to a lower average debt position (-6.2% adjusted for currency translation impact) and lower average interest rates over the year.

Other financial charges decreased by € 7 426 mainly resulting from the reversal of write-downs on Southwall Technologies and Robotic Vision (€ 3 213) and on Bridgestone shares (ex-BMA shares) amounting to € 2 904 at the time of their sale.

22. EXTRAORDINARY RESULTS

| 1999 | 1998 |
|-------|----------|
| 1 190 | (15 108) |

Major items substantially offsetting each other were :

- losses on disposal of tangible fixed assets within the Structural Profit Improvement Programme net of the usage of the related provision;
- gains and losses on disposal of other tangible fixed assets.

The net capital gain on disposals of financial fixed assets amounted to € 4 024 and resulted from the sale of Hylsa-Bekaert, Delaware Industrial Solutions and Bekaert Engineering of North America (BENA).

23. CHANGES IN CASH

Cash generated by operations increased by € 63 462 mainly due to the higher operating profit resulting from the further implementation of the Structural Profit Improvement Programme. Cash used in operations fell by even more (€ 66 737) resulting mainly from the sales and disposal of tangible fixed assets (in particular, the Warrington plant and the contribution of the assets of IST into ISF). Taken together this resulted in an increase of the operational cash flow by € 130 199 amounting to € 183 039.

Cash used in investment activities included the acquisition of Flanders' Coating Group (Vanderstraeten), Combustion Component Holding (Furigas Assen and UK) and ISF and the disposal of Delaware Industrial Solutions, Bekaert Engineering of North America and Hylsa-Bekaert.

A substantial part of the cash generated was used to lower the debt position by € 76 231 which also resulted in lower interest charges.

24. COMMITMENTS**A. OFF BALANCE SHEET COMMITMENTS****1. FINANCIAL INSTRUMENTS**

The Bekaert Group uses financial instruments to hedge exchange rate exposure, interest rate exposure and commodity price exposure arising from its industrial and commercial operations. The net exposure of all subsidiaries is managed on a centralised basis by the Group Finance Department 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, nor does it hold or issue financial instruments for trading purposes.

a. Foreign exchange exposure

The commercial foreign exchange risk of the Group during the year was limited by means of forward exchange contracts and foreign exchange options. These contracts were concluded with major financial institutions.

The maximum hedged positions are the forecasted purchases and sales in foreign currency for twelve months ahead together with any firm commitments thereafter.

At December 31, 1999, commitments were :

Under forward exchange contracts :

| | |
|------------------------------|----------|
| Currencies purchased forward | € 3 428 |
| Currencies sold forward | € 94 818 |

The Group entered into cross currency interest rate swaps for a notional amount of € 7 015 resulting in the obligation to sell foreign currency and interest thereon against euro at preset conditions.

b. Interest rate exposure

To manage its interest rate exposure, the Group entered into interest rate swaps. Any interest rate differential is recognised as an adjustment to other financial charges or revenues over the term of the related underlying debt.

Of the total outstanding debt at December 31, 1999, the interest rate exposure relating to the equivalent of € 101 449 was hedged through the aforementioned interest rate agreements.

c. Commodity risk exposure

To manage the zinc price exposure, the Group entered into zinc hedging agreements such as forward contracts and options.

Gains and losses on these hedging instruments will become part of the cost of sales on a symmetrical basis with the underlying transaction being the sale of the finished goods. Realised gains or losses on these hedging instruments before the realisation of the underlying transaction are deferred.

At December 31, 1999, these commitments amount to

Forward contracts :

| | |
|--------------------|----------|
| Expiring in 2000 : | € 47 452 |
| Expiring in 2001 : | € 7 301 |
| Expiring in 2002 : | € 3 869 |

Option contracts :

| | |
|--------------------|---------|
| expiring in 2000 : | |
| put | € 1 708 |
| call | € 1 971 |
| expiring in 2002 : | |
| put | € 1 863 |
| call | € 2 061 |

At December 31, 1999 the application of the Mark-to-Market valuation on the zinc hedging would have resulted in a gain of € 5 921.

2. OTHER SIGNIFICANT COMMITMENTS

At December 31, 1999, other important commitments were:

| | |
|---|----------|
| Guarantees given on behalf of third parties | € 11 692 |
| Assets encumbered as security for debt of Bekaert | € 607 |
| Commitments to purchase fixed assets | € 2 249 |
| Other commitments | € 166 |

B. RETIREMENT BENEFITS, PENSION COST AND HEALTH CARE BENEFITS

The parent company and its Belgian, USA, UK and German subsidiaries have pension and death benefit plans covering a substantial part of their personnel. Most pension plans are defined benefit plans with benefits based on years of service and on the level of compensation.

Death benefits granted to employees of the parent company and its Belgian subsidiaries are covered by independent Pension Funds. The annual cost charged to the income statement equals the premium, calculated as a one year risk coverage, to be paid in the Belgian market for total risk coverage by an external insurance company. Death benefits granted to the personnel of other Group companies are mainly covered by external insurance policies where premiums are paid annually and charged to the Profit and Loss statement.

Plan assets in Belgium and UK are mainly invested in a mixed portfolio providing market returns. Plan assets in the USA are invested in group annuity contracts providing a guaranteed rate of return, in fixed income funds and in equity investments. It is general

group policy to fund pension benefits on an actuarially acceptable basis with contributions paid to insurance companies and/or independent Pension Funds.

The underlying assumptions for actuarial present value calculations relate to average discount rates, rates of future compensation increases, rates of return on plan assets, and mortality. Appropriate rates and mortality tables have been used for all plans.

The Group obligations based upon the calculations of independent actuaries are as follows :

FUNDING STATUS COMBINED

| PENSION PLANS | 1999 | 1998 |
|--------------------------------------|-----------|-----------|
| Accumulated Benefit Obligation (ABO) | (317 344) | (279 182) |
| Projected Benefit Obligation (PBO) | (374 124) | (339 544) |
| Plan Assets at fair value | 361 479 | 302 497 |
| PBO in excess of assets | (12 645) | (37 047) |
| Unrecognized amounts | | |
| Transition obligation (asset) | (1 606) | (885) |
| Prior service cost | 26 999 | 28 472 |
| Net actuarial gain | (37 111) | (15 501) |
| Other | 612 | 765 |
| Adjustment for minimum liability | (3 212) | (3 046) |
| Provision for pension cost | (26 963) | (27 242) |
| Pension cost of the period | 19 124 | 18 701 |

The 'accumulated benefit obligation' represents the present value of all benefits earned to date by plans' participants, based on past and current salary levels; the 'projected benefit obligation' includes the effect of estimated future salary changes.

Where the 'accumulated benefit obligation' is underfunded, an additional minimum liability is recorded, representing the excess of accumulated benefit obligation over previously recorded pension cost liabilities. At December 31, 1999, a € 3 212 minimum liability was reported, offset by an intangible asset of € 225 and a cumulative adjustment to shareholders' equity of € 2 987.

The actuarial gains and losses that fall outside the corridor of plus or minus 10% of the present value of the defined benefit obligation or of the fair value of any plan assets at the balance sheet date are recognised over the expected average remaining working lives of the employees participating in that plan.

25. REMUNERATION OF DIRECTORS

Remuneration and pensions of the parent company's directors for their services rendered to Group companies amounted € 1 748 in 1999.

26. CONSOLIDATED STATEMENT ON RELATIONSHIPS WITH COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

At December 31, 1999, the consolidated companies had the following outstanding balances with these companies :

| | 1999 | 1998 |
|------------------------------------|-------|-------|
| Amounts receivable after one year | 2 612 | 2 133 |
| Amounts receivable within one year | 6 206 | 6 791 |
| Amounts payable after one year | - | 81 |
| Amounts payable within one year | 3 277 | 3 022 |

And realised the following transactions with these companies :

| | 1999 | 1998 |
|------------------------|--------|--------|
| Sales | 12 867 | 16 178 |
| Royalties received | 5 483 | 5 394 |
| Financial revenues | | |
| - Dividends | 8 978 | 10 211 |
| - Other | 240 | 521 |
| Financial charges | 6 | - |
| Extraordinary revenues | 178 | 7 |

27. SHARE CAPITAL OF N.V. BEKAERT S.A.

| | Value | Number of shares |
|--|---------|------------------|
| Issued capital | | |
| 1. At January 1, 1999 | 167 328 | 2 245 732 |
| Movements in the year | | |
| Conversion into euro through incorporation of reserves | 2 672 | - |
| Share split 10 to 1 | - | 20 211 588 |
| At December 31, 1999 | 170 000 | 22 457 320 |
| 2. Structure | | |
| 2.1 Classes of share capital | | |
| Ordinary shares without par value | 170 000 | 22 457 320 |
| 2.2 Registered shares | ----- | 270 280 |
| Bearer shares | ----- | 22 187 040 |
| Authorised, not issued capital | 170 000 | ----- |

At the Extraordinary General Assembly of Shareholders on October 14, 1999, it was decided to :

- increase the issued and the authorised, not issued capital and to convert it into euro;
- strip the shares with reduced withholding tax (VVPR) resulting in a separate quotation on the Brussels Stock Exchange of the share and the VVPR strip;
- split the shares 10 to 1.

Based on the law of March 26, 1999, the Board was authorised at the same Extraordinary General Assembly of Shareholders to

establish a stock option plan (of the share option and purchase type) over the period 2000 - 2004. The maximum allowed options to be offered to the management in this period is set to 1 300 000, which results in a maximum 5.8% dilution on the existing shares. The first offering was 40 330 options of which 39 620 were accepted by February 15, 2000. The grantees may first exercise their options in 2003 and at the latest on December 16, 2009 at a purchase price of € 52.6 per option each.

28. ANNUAL ACCOUNTS OF N.V. BEKAERT S.A.

The statutory annual accounts of the parent company N.V. Bekaert S.A. are reported below in a condensed format. In conformity with Belgian Company Law, the Directors' report and Annual Accounts of the parent company N.V. Bekaert S.A., together with the Statutory Auditor's report, are deposited at the National Bank of Belgium in BEF.

They are available on request from :

N.V. Bekaert S.A.

Corporate Management

President Kennedypark 18

B - 8500 KORTRIJK (Belgium)

The statutory auditor issued an opinion without reservation on the statutory financial statements of N.V. Bekaert S.A.

A. CONDENSED BALANCE SHEET AFTER PROFIT APPROPRIATION

| DECEMBER 31, | 1999 | 1998 |
|--|------------------|------------------|
| FIXED ASSETS | 1 165 062 | 1 137 036 |
| Formation expenses, intangible fixed assets | 17 643 | 19 832 |
| Tangible fixed assets | 105 970 | 108 113 |
| Financial fixed assets | 1 041 449 | 1 009 091 |
| CURRENT ASSETS | 293 362 | 309 929 |
| TOTAL ASSETS | 1 458 424 | 1 446 965 |
| EQUITY | 761 734 | 760 558 |
| Capital | 170 000 | 167 328 |
| Revaluation surplus | 1 995 | 1 995 |
| Legal reserve | 17 000 | 16 733 |
| Untaxed reserves | - | - |
| Reserves available for distribution, retained earnings | 572 479 | 574 247 |
| Investment grants | 260 | 255 |
| PROVISIONS AND DEFERRED TAXES | 74 553 | 67 575 |
| CREDITORS | 622 137 | 618 832 |
| Amounts payable after one year | 258 875 | 257 663 |
| Amounts payable within one year, accrued charges and deferred income | 363 262 | 361 169 |
| EQUITY AND LIABILITIES | 1 458 424 | 1 446 965 |

B. CONDENSED PROFIT AND LOSS STATEMENT

| YEARS ENDED DECEMBER 31, | 1999 | 1998 |
|--|---------------|----------------|
| Sales | 665 802 | 700 109 |
| OPERATING PROFIT (LOSS) | 19 318 | 34 702 |
| Financial results | 45 | 75 479 |
| Extraordinary results | 18 208 | 66 147 |
| Current and deferred income taxes | 469 | (299) |
| PROFIT (LOSS) FOR THE YEAR | 37 102 | 176 627 |
| Profit (Loss) for the year available for appropriation | 37 102 | 176 627 |

1 EUR = 40.3399 BEF

As a result of the low order intake in the second semester of the previous year, economic activity was rather weak during the first half of the year. The overall better economic situation, the lower raw material prices and the strong US dollar, resulted in an improved second half.

Sales were 5% lower whereas volume only decreased by 1% compared to the previous year. Price reductions following the lower raw materials prices were the main reason for this evolution. On a business unit level, Wire and Fibers both realised higher sales figures compared to last year, whereas Merchant Products, Steel Cord and the Engineering department had lower sales figures.

D. STATEMENT OF CAPITAL

Since the issuance of the annual report 1998, no new notifications of participation in the share capital of the company in conformity with art. 4 of the Law of March 2, 1989, have been received.
Situation :

| Notifier | Date of notification | Number of shares | Percentage of total number of shares |
|--|----------------------|------------------|--------------------------------------|
| Brocsa S.A., av. De Fré 225, Brussels (*) | 01.03.99 | 6 770 | 0.03 |
| N.V. De Sneepe, Kortrijkstraat 11, Zwevegem (*) | 02.09.94 | 17 460 | 0.08 |
| N.V. BSI, Schoonberg 15, Aalter (*) | 16.06.94 | 57 470 | 0.26 |
| N.V. Grisar & Velge, Keizerstraat 13, Antwerp (*) | 31.10.96 | 19 000 | 0.08 |
| S.A. Berfin, Drève L. Chaudoir 16, Brussels (*) | 01.03.99 | 15 000 | 0.07 |
| S.A. Subeco, rue Guimard 19, Brussels (*) | 01.03.99 | 12 600 | 0.06 |
| Tirhold Inc., Bank of America Building, 50th Street 5, Panama (Rep. of Panama) | 01.03.99 | 1 079 630 | 4.80 |
| Davbury Ltd, 17 Dame Street 2, Dublin (Ireland) | 01.03.99 | 1 100 000 | 4.89 |
| HLF S.p.r.l., square Vergote 19, Brussels (*) | 31.10.96 | 76 820 | 0.34 |
| Millenium 3 S.A., av. N. Plissart 8, Brussels (*) | 01.03.99 | 16 000 | 0.07 |
| Stichting Administratiekantoor Bekaert Chasséveld 1, Breda (The Netherlands) (*) | 01.03.99 | 4 371 860 | 19.47 |
| Common attorney, on behalf of individuals, Mr. X. Oberson, 20 rue de Candolle, Geneva (Switzerland) (*) | 31.10.96 | 2 223 140 | 9.90 |
| Total | | 8 995 750 | 40.05 |

All above mentioned companies and some of the individuals who have given notification through the common attorney Mr. X. Oberson, act in concert.

(*) These individuals and companies, linked by their joint control of the Stichting Administratiekantoor Bekaert, together with the Stichting Administratiekantoor Bekaert, have 6 816 120 shares (30.35%). The companies N.V. Finheuster - Hoogvorstweg 38c - 3080 Tervuren and N.V. Sediaal - rue du Pinson - 1170 Brussels, also participate in the joint control of the Stichting Administratiekantoor Bekaert, together with the companies and individuals mentioned above.

The operating profit decreased by 44.4% but included non-recurring charges amounting to € 17 127 for Maribel Bis and Ter and for the environmental programmes. Excluding these non-recurring elements, operating profit would be 5% higher compared to last year.

Financial results were much lower compared to last year, mainly due to lower revenue from financial fixed assets, partly offset by lower interest charges and adjustments to write-down of current investments.

Extraordinary revenues were € 21 614, including € 18 124 adjustments to the write-down of financial fixed assets (of which € 8 436 related to Hylsa-Bekaert) and € 3 490 gain on disposal of, mainly, tangible fixed assets.

Extraordinary charges amounted to € 3 406, including a capital loss of € 2 283 on the sale of Hylsa-Bekaert.

C. VALUATION PRINCIPLES

Valuation and translation principles applied in the statutory accounts of the parent company differ in some respects from group valuation and translation principles.

The differences are mentioned in Note 2 to the Consolidated Financial Statements under the heading Valuation Principles.

29. INVESTMENTS

A. FULLY CONSOLIDATED SUBSIDIARIES

INDUSTRIAL COMPANIES

Abbreviation

%

EUROPE

| | | | |
|--------------------------------------|-------|-----------------------------|-----|
| Emiel Vanderstraeten | | Gentbrugge, Belgium | 100 |
| Bekaert Composites, S.A. | | Munguía, Spain | 100 |
| Bekaert Deutschland GmbH | | Schwalmtal, Germany | 100 |
| Bekaert Dymonics | | Zulte, Belgium | 59 |
| Bekaert Fibre Processing Systems | BFPS | Wevelgem, Belgium | 100 |
| Bekaert France S.A. | | Ancerville, France | 100 |
| Bekaert Handling & Display Ltd | | Sheffield, UK | 100 |
| Bekaert Hemiksem | | Hemiksem, Belgium | 100 |
| Bekaert Kotlarnia Sp.z.o.o. | | Kotlarnia, Poland | 100 |
| Bekaert-ŽDB Bohumín s.r.o. | BZB | Bohumín, Czechia | 55 |
| Bekaert-ŽDB Building Products s.r.o. | BZBP | Bohumín, Czechia | 75 |
| Bekintex | | Wetteren, Belgium | 100 |
| Furigas (UK) Ltd | | Warwickshire, UK | 51 |
| Furigas Assen B.V. | | Assen, The Netherlands | 51 |
| Industrias del Ubierna, S.A. | UBISA | Burgos, Spain | 100 |
| Innovative Sputtering Technology | IST | Zulte, Belgium | 100 |
| Metallurgica Adriatica S.p.A. | METAD | Tortoreto, Italy | 100 |
| Sinvaco | | Zulte, Belgium | 86 |
| Tinsley Wire (Ireland) Ltd | | Dublin, Republic of Ireland | 100 |
| Tinsley Wire Ltd | | Sheffield, UK | 100 |
| Tréfileries de Bourbourg S.A. | | Bourbourg, France | 100 |
| Werler Drahtwerke GmbH | WEDRA | Werl, Germany | 100 |

NORTH AMERICA

| | | | |
|---------------------|--------|-------------------|-----|
| Bekaert Corporation | BECORP | Akron (Ohio), USA | 100 |
|---------------------|--------|-------------------|-----|

ASIA

| | | | |
|---|-------|---------------------|-----|
| Bekaert Industries Private Limited | | Pune, India | 100 |
| Bekaert Mechanical Engineering (Jiangyin) Co. Ltd | BME | Jiangyin, China | 100 |
| Bekinit Kabushiki Kaisha | | Tokyo, Japan | 60 |
| Beksa Celik Kord Sanayi ve Ticaret A.S. | BEKSA | Istanbul, Turkey | 50 |
| China Bekaert Steel Cord Co. Ltd | CBSC | Jiangyin, China | 90 |
| PT Bekaert Indonesia | PTBI | Karawang, Indonesia | 100 |
| Shanghai Bekaert-Ergang Co. Ltd | SBE | Shanghai, China | 70 |
| Bekaert Shenyang Steel Cord Co., Ltd | BSSC | Shenyang, China | 80 |

SALES OFFICES AND WAREHOUSES

EUROPE

| | | | |
|---------------------------|--|----------------------------|-----|
| Bekaert (Schweiz) AG | | Baden, Switzerland | 100 |
| Bekaert A/S | | Roskilde, Denmark | 100 |
| Bekaert Asia | | Brussels, Belgium | 100 |
| Bekaert Ges.m.b.H. | | Vienna, Austria | 100 |
| Bekaert Ibérica, S.A. | | Barcelona, Spain | 100 |
| Bekaert Nederland B.V. | | Dordrecht, The Netherlands | 100 |
| Bekaert Norge A/S | | Oslo, Norway | 100 |
| Bekaert Portugal Limitada | | Porto, Portugal | 100 |
| Bekaert Svenska A/B | | Göteborg, Sweden | 100 |
| Bekaert Wire o.o.o. | | Moscow, Russia | 100 |
| Leon Bekaert S.p.A. | | Milano, Italy | 100 |
| Reddiwire Limited | | Redditch, UK | 100 |

LATIN AMERICA

| | | | |
|-----------------------------|------|---------------------|-----|
| Bekaert Trade Latin America | BTLA | Dade (Florida), USA | 100 |
|-----------------------------|------|---------------------|-----|

ASIA

| | | | |
|----------------------------|--|--------------|-----|
| Bekaert Korea Ltd | | Seoul, Korea | 100 |
| Bekaert Singapore Pte. Ltd | | Singapore | 100 |

AUSTRALIA

| | | | |
|-----------------------------------|--|-------------------|-----|
| Bekaert Building Products Pty Ltd | | Sydney, Australia | 100 |
|-----------------------------------|--|-------------------|-----|

FINANCIAL COMPANIES

| | | | |
|--|---------|-----------------------------|-----|
| Becare Limited | | Dublin, Republic of Ireland | 100 |
| Bekaert (Ireland) Ltd | BIL | Dublin, Republic of Ireland | 100 |
| Bekaert América Latina Participações Ltda | | Belo Horizonte, Brazil | 100 |
| Bekaert Coördinatiecentrum | BCC | Zwevegem, Belgium | 100 |
| Bekaert Deutsche Holding AG | | Bad Homburg, Germany | 100 |
| Bekaert do Brasil Ltda | | Belo Horizonte, Brazil | 100 |
| Bekaert Engineering | | Zwevegem, Belgium | 100 |
| Bekaert Handling France S.A.S. | | Lille, France | 100 |
| Bekaert Holding B.V. | | Dordrecht, The Netherlands | 100 |
| Bekaert Ibérica Holding, S.L. | BIH | Burgos, Spain | 100 |
| Bekaert North America Management Corporation | BEKNAM | Wilmington (Delaware), USA | 100 |
| Bekpart B.V. | | Dordrecht, The Netherlands | 53 |
| Combustion Component Holding N.V. | CCH | Amsterdam, The Netherlands | 51 |
| Guardess Holding B.V. | | Nieuwegein, The Netherlands | 53 |
| Matrac I.T. S.p.A. | | Pescara, Italy | 100 |
| Flanders' Coating Group | | Gentbrugge, Belgium | 100 |
| Société de Participations Financières Bekaert S.A.S. | SOPARFI | Antony, France | 100 |
| TWIL Limited | | Sheffield, UK | 100 |

CONSULTANCY COMPANIES

| | | | |
|-----------------------------------|--|-------------------|-----|
| Bekaert Consulting, S.L. | | Bilbao, Spain | 100 |
| Bekaert-Stanwick | | Kortrijk, Belgium | 100 |
| Storck Management Consulting N.V. | | Hasselt, Belgium | 100 |

SOFTWARE COMPANIES

| | | | |
|------------------------------------|--|-----------------------------|-----|
| Bekaert Computing | | Kortrijk, Belgium | 97 |
| Bekaert Computing Deutschland GmbH | | Bad Homburg, Germany | 100 |
| Guardess USA, Inc. | | Wilmington (Delaware), USA | 100 |
| Imaware | | Zwevegem, Belgium | 75 |
| OfficeCOM B.V. | | Nieuwegein, The Netherlands | 100 |

B. JOINT COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD**INDUSTRIAL COMPANIES****EUROPE**

| | | | |
|-------------------------------|--|---------------------------|----|
| N.V. Acotech S.A. | | Zwevegem, Belgium | 50 |
| Spaleck-Bekaert GmbH & Co. KG | | Bocholt, Germany | 50 |
| Bekaert Timeda B.V. | | Enschede, The Netherlands | 50 |

NORTH AMERICA

| | | | |
|--------------------------------|-----|----------------------------|----|
| Acotech Corporation | | Wilmington (Delaware), USA | 50 |
| Contours Ltd. | | Orrville (Ohio), USA | 50 |
| Innovative Specialty Films LLC | ISF | Wilmington (Delaware), USA | 50 |

LATIN AMERICA

| | | | |
|--|----------|---------------------|----|
| Companhia Industrial e Mercantil | | | |
| de Artefatos de Ferro - CIMAF | CIMAF | Osasco, Brazil | 45 |
| Acma - Aceros de Alta Resistencia en Mallas S.A. | ACMA | Santiago, Chile | 50 |
| Belgo-Mineira Bekaert Arames S.A. | BMBA | Contagem, Brazil | 45 |
| Belgo-Mineira-Bekaert Artefatos de Arame Ltda. | BMB | Vespasiano, Brazil | 45 |
| Ideal Alambrec S.A. | | Quito, Ecuador | 50 |
| Industrias Chilenas de Alambre Inchalam S.A. | INCHALAM | Talcahuano, Chile | 50 |
| Procables S.A. | | Lima, Peru | 47 |
| Productos de Acero S.A., Prodinsa | PRODINSA | Santiago, Chile | 50 |
| Vicson S.A. | | Valencia, Venezuela | 50 |

AUSTRALIA

| | | | |
|--------------------------------|------|--------------------|----|
| Bekaert-BHP Steel Cord Pty Ltd | BBSC | Geelong, Australia | 50 |
|--------------------------------|------|--------------------|----|

SALES OFFICES AND WAREHOUSES**EUROPE**

| | | | |
|------------------------------|-----|------------------|----|
| Bekaert Faser Vertriebs GmbH | | Idstein, Germany | 50 |
| Netlon Sentinel Ltd | NSL | Sheffield, UK | 50 |

LATIN AMERICA

| | | | |
|------------------------------------|----------|-----------------|----|
| Productos de Alambre Prodalam S.A. | PRODALAM | Santiago, Chile | 50 |
|------------------------------------|----------|-----------------|----|

C. ASSOCIATED COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD**INDUSTRIAL COMPANIES****LATIN AMERICA**

| | | | |
|---|---------|----------------------|----|
| Productora de Alambres Colombianos S.A. - Proalco | PROALCO | Villamaria, Columbia | 34 |
| Productos de Acero Cassado S.A. - Prodac | PRODAC | Lima, Peru | 40 |

ASIA

| | | | |
|--------------------|--|--------------|----|
| Hikari Corporation | | Tenri, Japan | 40 |
|--------------------|--|--------------|----|

D. NON CONSOLIDATED SUBSIDIARIES ACCOUNTED FOR AT COST

| | | % | Reason of exclusion |
|---------------------------------|-------------------|-----|----------------------|
| Bedrijvencentrum Regio Kortrijk | Wevelgem, Belgium | 27 | diversified activity |
| China First Bekaert Co., Ltd | Kuanyin, Taiwan | 100 | in liquidation |
| Draht Bremer und Partner GmbH | Zöblitz, Germany | 19 | lower than 20% |
| Eurosym | Kortrijk, Belgium | 39 | diversified activity |
| Immobiëlen Munkendoorn | Zwevegem, Belgium | 100 | diversified activity |

CHANGES IN 1999

1. NEW INVESTMENTS

FULLY CONSOLIDATED COMPANIES

| | | % |
|-----------------------------------|----------------------------|-----|
| Bekaert Building Products Pty Ltd | Sydney, Australia | 100 |
| Bekaert Fibre Processing Systems | Wevelgem, Belgium | 100 |
| Bekaert Handling France S.A.S. | Lille, France | 100 |
| Combustion Component Holding N.V. | Amsterdam, The Netherlands | 51 |
| Furigas (UK) Ltd | Warwickshire, UK | 51 |
| Furigas Assen, B.V. | Assen, The Netherlands | 51 |
| Flanders'Coating Group | Gentbrugge, Belgium | 100 |

INCREASED / DECREASED OWNERSHIP

| | | % |
|-----------------------------|-----------------------------|------------------|
| Bekaert Composites, S.A. | Munguía, Spain | From 98 to 100 % |
| Bekaert Computing | Kortrijk, Belgium | From 100 to 97% |
| Bekaert Kotlarnia Sp.z.o.o. | Kotlarnia, Poland | From 90 to 100 % |
| Bekpart B.V. | Dordrecht, The Netherlands | From 100 to 53% |
| Emiel Vanderstraeten | Gentbrugge, Belgium | From 25 to 100% |
| OfficeCOM B.V. | Nieuwegein, The Netherlands | From 84 to 100% |
| Sinvaco | Zulte, Belgium | From 62 to 86% |

2. MERGERS / CONVERSION

| | |
|----------------------------------|---------------------------------|
| Bekaert Deutschland GmbH | Merged into Rösler Draht AG |
| Bekaert France SARL | Merged into Bekaert France SA |
| Bekaert North East Sales Company | Merged into Bekaert Corporation |

3. CHANGE OF NAME

| | |
|--|--|
| Bekaert Computing Deutschland GmbH | Formerly Delaware Computing Deutschland GmbH |
| Bekaert Computing | Formerly Delaware Computing |
| Bekaert Deutschland GmbH | Formerly Rösler Draht AG |
| Bekaert France S.A. | Formerly Trefilest S.A. |
| Bekaert North America Management Corporation | Formerly Beknam Corporation |
| Guardess Holding B.V. | Formerly Delaware TQM Products B.V. |
| Guardess USA, Inc. | Formerly Delaware Computing Services Inc. |
| Imaware | Formerly Delaware Infrastructure Management |
| OfficeCOM B.V. | Formerly Delaware Computing Nederland |

4. DISPOSAL

| | |
|-------------------------------|---------------------|
| Delaware Industrial Solutions | Zwijnaarde, Belgium |
| Hylsa - Bekaert, S.A. de C.V. | Nuevo León, Mexico |
| Ockham Technology | Antwerpen, Belgium |

5. DORMANT COMPANIES

Sentinel (Wire Products) Limited became a dormant company.

PROPOSED APPROPRIATION OF N.V. BEKAERT S.A. 1999 RESULT

Annual report '99 ►  BEKAERT

The profit for the year ended December 31, 1999, after income taxes, was BEF 1 496 703 284 compared to a profit of BEF 7 125 128 677 for the year ended December 31, 1998. The profit brought forward is BEF 777 689 477 and therefore a profit of BEF 2 274 392 761 needs to be appropriated.

At the General Assembly of Shareholders on May 10, 2000, the Board will propose to appropriate the above mentioned profit of BEF 2 274 392 761 as follows :

| | BEF |
|---------------------------------------|----------------------|
| Gross dividends | 1 449 481 669 |
| Transfer to legal reserves | 10 778 300 |
| Carried forward to the following year | 814 132 792 |
| | 2 274 392 761 |

If agreed, the gross dividend of € 1.60 per share will be paid giving a net dividend of € 1.20 if presented without VVPR strip (reduced withholding tax strip) or € 1.36 if presented with VVPR strip.

The dividends will be payable in euro from May 26, 2000 on upon presentation of dividend coupon number 1 at the following banks :

- Bank Brussel Lambert, Fortis Bank, KBC, Bank Degroof and Artesia Bank in Belgium;
- Société Générale in France;
- ABN-AMRO Bank in the Netherlands;
- Union de Banques Suisses in Switzerland.

1 EUR = 40.3399 BEF

APPOINTEMENTS PURSUANT TO THE ARTICLES OF ASSOCIATION

As of the date of the General Shareholders' meeting the following appointments as Directors expire:

- Rafaël Decaluwé
- Leon Baron Bekaert
- Maxime Jadot
- Count Charles de Liedekerke.

We propose to re-elect the following persons as Directors for a new term of three years ending immediately after the General Shareholders' meeting of the year 2003:

- Rafaël Decaluwé
- Leon Baron Bekaert
- Maxime Jadot
- Count Charles de Liedekerke.

In addition we propose to elect Paul Baron Buysse as a director at the General Shareholders' meeting with the view to appoint him as Chairman of the Board from that date. The appointment has a term of three years ending immediately after the General Shareholders' meeting of the year 2003.

To the Shareholders of N.V. Bekaert S.A.

We have examined the consolidated balance sheets of N.V. BEKAERT S.A. and subsidiaries as of December 31, 1999 and 1998, the consolidated profit and loss statements, the consolidated statements of changes in cash and the notes for the years then ended. These consolidated annual accounts have been prepared under the responsibility of the Board of Directors. The balance sheet total as of December 31, 1999 and 1998 is 2 015 653 (000 EUR) and 1 854 563 (000 EUR), and the profit for the years then ended is 84 718 (000 EUR) and 35 698 (000 EUR). We have also examined the consolidated directors' report for the year ended December 31, 1999.

We did not examine the financial statements of a limited number of subsidiaries. The investments in those companies represent 7% of total consolidated assets at December 31, 1999 and 10% at December 31, 1998. The Group's share of their net income amounts to 22.6 million euro in 1999 and 15.3 million euro in 1998. Those statements were examined by other auditors whose reports have been furnished to us. Our opinion on the accompanying consolidated annual accounts, insofar as it relates to the amounts included for those companies, is based solely upon the reports of the other auditors.

OPINION, WITHOUT RESERVATION, ON THE CONSOLIDATED ANNUAL ACCOUNTS

Our examinations were made in accordance with the auditing standards of the Belgian Institute of Company Auditors. These require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free of material misstatement, taking into account Belgian law and regulations with respect to the consolidated annual accounts. In accordance with these standards, we have taken into consideration the administrative and accounting procedures and system of internal control of the company. We have examined, on a test basis, evidence supporting the amounts in the consolidated annual accounts. We also assessed the valuation rules, the principles of consolidation, significant accounting estimates and the presentation of the consolidated annual accounts as a whole. We received from the management of the company the information and explanations we requested. We believe that these procedures and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our examinations and the reports of other auditors, the accompanying consolidated annual accounts present fairly the financial position of N.V. Bekaert S.A. and subsidiaries as of December 31, 1999 and 1998 and the results of their operations and changes in cash for the years then ended, in conformity with the applicable Belgian law and regulations, and the notes to the consolidated annual accounts are adequate.

ADDITIONAL STATEMENT

The consolidated directors' report for the year ended December 31, 1999 is in agreement with the consolidated annual accounts and includes the information required by the law.

The Statutory Auditor,

ARTHUR ANDERSEN
Bedrijfsrevisoren



Dirk Van Vlaenderen
March 9, 2000