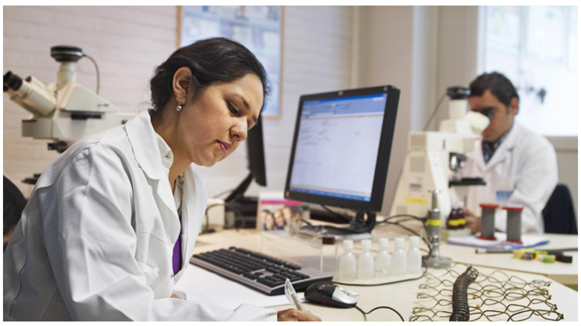
BEKAERT

better together

Annual report 2011

Table of Contents



Financial review

Strategy & Leadership

Continuing to build on three strategic pillars: technological leadership, global market leadership and operational excellence.

Message from the Chairman and the Chief Executive Officer

Baron Buysse CMG CBE
Chairman of the Board of Directors

Bert De Graeve
Chief Executive Officer

Dear reader,

2011 was a year with two faces. It began strongly, riding on a wave of growth that lasted the entire year of 2010. Yet it will be remembered as an inconceivably complex and difficult year, in which the world was awash with unexpected developments that cast a shadow over the global economy.

Also for Bekaert, 2011 started as a promising year with the best quarter ever, building further on the exceptional growth and performance of 2010. Business was solid in general and our successful operations linked to the solar industry reached a historical peak. Bekaert's confidence showed in the continuation of expansion investments and in the distribution of a € 0.67 interim dividend following solid results in the first half of the year.

The global financial turbulence and economic uncertainty however impacted Bekaert's activities as from mid-2011, with hefty demand effects following credit restrictions in China, volatility in raw materials prices and exchange rates, and – most notably – drastic business evolutions in the solar energy market that came as suddenly as unpredictably.

Substantial manufacturing overcapacity, huge inventories in the entire supply chain of the photovoltaic industry, increasingly aggressive competition and persistent low demand drove prices down month after month. And although we had anticipated and announced at several occasions a slowdown effect in this market, we could not have foreseen such a dramatic impact at such speed.

Continuing to build on three strategic pillars: technological leadership – global market leadership – operational excellence

Even when compared with the exceptional year 2010, and under difficult conditions in the second half, Bekaert has achieved 5% organic growth in 2011.

In full support of our customers, we continued to extend our portfolio with product innovations, attaching particular importance to co-development and designated pilot testing to speed up the innovation process.

We further advanced the consolidation process in our Latin American activities and concluded strategic acquisitions in China. The divestment of the Specialty Films activities was a confirmation of Bekaert's strategic focus on realizing sustainable profitable growth in activities related to our core technological competences. In the same context we also announced the sale of the Industrial Coatings division early 2012.

The dramatic impact of the sawing wire business collapse, and the overall margin pressure also in other markets, compelled the need to intervene urgently. Therefore, Bekaert took actions to rightsize its sawing wire manufacturing footprint in China in December 2011. Furthermore, the Board of Directors of Bekaert approved the realignment plans which were announced on 2 February 2012, including the intended downsizing in Belgium and an international program to reduce the company's global cost structure. We regret that after years of intensive growth, Bekaert is forced to take decisions that affect jobs. However, we consider the announced measures necessary to secure Bekaert's competitiveness as a Group and to restore Bekaert's long-term profitability in view of continued sustainable growth.

Opportunities and challenges ahead

A solid strategy works in good and difficult times. Our geographic span, the mix of sectors we are active in with a wide range of innovative products, our technological edge and healthy financial basis, and our international team of motivated employees, have all together provided us with a foundation to take on economically difficult times.

The Board of Directors of Bekaert is confident that the company's strategy will continue to safeguard the potential of our industrial Group. The effects of the global crisis will most likely continue in 2012, presenting specific challenges in the different parts of the world. At the same time, opportunities may arise and we are ready and motivated to seize them, true to our resilience and customer-oriented *better together* spirit that so accurately describes Bekaert's overall approach. Bekaert's Board of Directors, management team and employees are committed to weather these turbulent times successfully by realizing our ambition to restore the profit levels that we have achieved in the past, in support of all our valued stakeholders.

Bert De Graeve
Chief Executive Officer

Baron Buysse CMG CBE
Chairman of the Board of Directors

The year in brief

Jan - June

January

On 20 January, Bert De Graeve, CEO of Bekaert, is honored with the Shanghai Honorable Citizenship award, the highest award acknowledging extraordinary contributions made by foreign individuals to the city of Shanghai. Mayor Han Zheng refers to Bert De Graeve as ‘an old friend of Shanghai’. He also recognizes Bekaert for displaying its corporate citizenship by supporting the city, not only in terms of economic growth, but also by actively participating in the community.

February

Bekaert’s 2010 annual results show exceptional growth. 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.

On 10 February, Bekaert’s finance team wins first prize in the contest Best Finance Team of 2010, category ‘large enterprises’, organized by CFO Magazine, the leading trade magazine for the CFO community in Belgium.

March

In March 2011, Bekaert hosts an international group of financial analysts in its plants in Hlohovec and Sládkovičovo (Slovakia). The purpose of the visit to Slovakia is to demonstrate that central Europe is a critically important market to Bekaert and give evidence of our operational excellence and resilience in successfully running both a 50-year old acquired plant and a greenfield plant.

April

On 28 April, Bekaert inaugurates its new engineering plant in Jiangyin (Jiangsu province, China). Bekaert's in-house engineering division designs, assembles and installs production machines and plant infrastructure for the Bekaert manufacturing units worldwide. As a result of Bekaert's strong organic growth, notably in Asia, the Bekaert China Technology & Engineering Center had outgrown its existing premises in Jiangyin.

May

On 12 May, Bekaert celebrates the opening of its new plant extension in Sládkovičovo (Slovakia). In response to growing demand and in view of the expected efficiency and flexibility gains, Bekaert decided to extend its production platform in Sládkovičovo with a half products manufacturing unit.

On 19 May, Bekaert grants the ‘Bekaert Rod Supplier Award China’ to Xingcheng Steel (Jiangyin, Jiangsu province, China), the Chinese supplier who has shown the greatest improvement in the quality of its wire rod supply – Bekaert’s most important raw material.

Wenji Zhang, General Manager of Xingcheng Special Steel Works Co., Ltd., and Bert De Graeve, CEO of Bekaert, at the ceremony ‘Bekaert Rod Supplier Award China’.

On 19 May, Ann Lambrechts, head R&D of building products at Bekaert, wins the European Inventor Award in the category Industry, issued by the European Patent Office for the development of Dramix® steel fibers for concrete reinforcement with flattened hook-shaped ends.

June

On 21 June, NYSE Euronext Liffe celebrates the launch of equity options on Bekaert.

July - Dec

July

Bekaert achieves solid financial results in the first half of 2011. However, in both the energy-related and automotive sectors, the company faces increased competitive capacities in China and large inventories throughout the supply chain.

August

Bekaert and Saint-Gobain sign the agreement regarding the sale of Bekaert's Specialty Films activities to Saint-Gobain Performance Plastics Corporation, an Ohio, US-based corporation of the Saint-Gobain group. Bekaert acquired the Specialty Films business in 2001 and developed it into a global market leader in the development, manufacture and distribution of window films and other specialty films. While the business continued to grow successfully, technological synergies within Bekaert had proven to be limited over time.

September

Bekaert closes an agreement with Hankuk Steel Wire Co. Ltd (South Korea) for the acquisition of the Qingdao Hansun steel wire plant in Qingdao (Shandong province, China), which produces steel wire products for a wide range of applications in sectors such as the construction business, the paper industry and mining. At the time of the acquisition the plant employed 220 people.

On 15 September, Bekaert celebrates the opening of its plant extension in Lipetsk (Russia). Bekaert has been present with steel cord manufacturing operations in Russia since the beginning of 2010 and has built a growing customer base in the region. The investment encompasses the construction of a new building covering 13 000 m², the installation of infrastructure and state-of-the-art machinery and the hiring and training of extra personnel.

Mr Bozhko, 1st Vice Governor of the Lipetsk region, Bekaert Chairman Baron Buysse and CEO Bert De Graeve, and local authorities open the new building.

October

Following the decision of the Board of Directors, Bekaert distributes a gross interim dividend of € 0.67 on 17 October 2011.

During a trade mission headed by His Royal Highness Prince Philippe of Belgium, the Flanders-China Chamber of Commerce and the Chongqing chapter of the China Council for the Promotion of International Trade jointly organize a Belgium-China Business Forum in Chongqing (China). The meeting is chaired by Baron Buysse, Honorary Citizen of Chongqing.

Baron Buysse, Chairman of the Board of Directors of Bekaert, hosts the Belgium-China Business Forum.

November

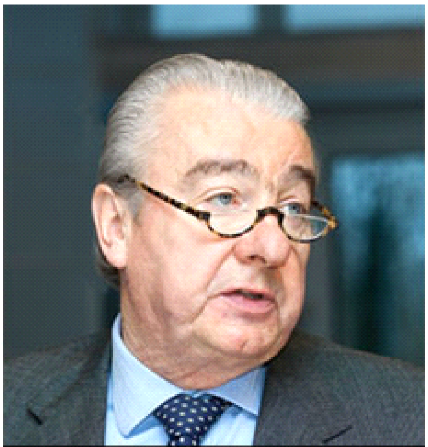
Bekaert announces on 15 November the issue of a dual tranche bond. As a result of the major success of this issue, the subscription period is terminated early. The aggregate nominal amount of bonds issued on 6 December 2011 is fixed at € 400 million.

December

Bekaert and Xinyu Iron & Steel Co., Ltd (Xinsteel), a Xinyu-based (Jiangxi province, China) iron and steel company, announce the successful closing of their partnership transaction by which Bekaert acquires 50% of the spring wire and Aluclad activities of Xinsteel in Xinyu. These activities represent an annual turnover of approximately CNY 500 million.

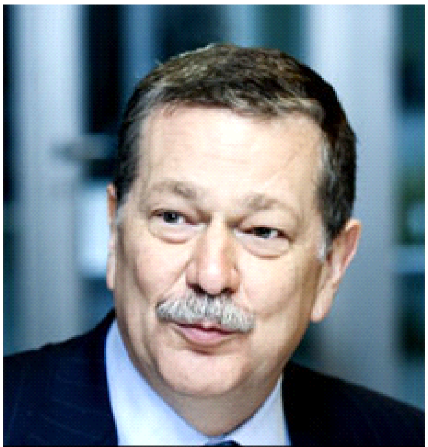
Bekaert and its Chilean partners sign an agreement to restructure the shareholding of their joint venture operations in Chile, Peru and Canada. As a consequence, Bekaert becomes the principal shareholder (52%) in the partnership and will consolidate the results of all respective entities as of 2012 in the Group's financial statements. Bekaert's presence in Chile dates back to 1950 with the start of a joint-venture with the families Matetic and Conrads, Bekaert's partners for more than 60 years.

Board of Directors



Baron Buysse CMG CBE
Chairman of the Board of Directors

Chairman of the Nomination and Remuneration Committee
Chairman of the Strategic Committee
Chairman of the Audit and Finance Committee - Appointed 2000



Bert De Graeve
Chief Executive Officer (CEO)

Member of the Board of Directors
Member of the Strategic Committee

Appointed 2006

Dr Alan Begg

Independent Member of the Board of Directors
Member of the Nomination and Remuneration Committee
Appointed 2008

Baron Bekaert

Member of the Board of Directors
Member of the Strategic Committee

Appointed 1994

Roger Dalle

Member of the Board of Directors

Appointed 1998

Count Charles de Liedekerke

Member of the Board of Directors
Member of the Strategic Committee

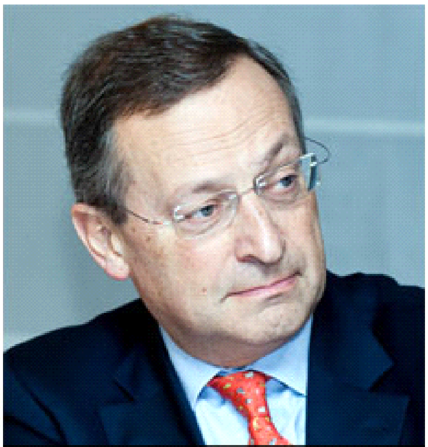
Appointed 1997

François de Visscher

Member of the Board of Directors
Member of the Audit and
Finance Committee
Appointed 1992

Sir Anthony Galsworthy KCMG

Independent Member of the
Board of Directors
Member of the Strategic Committee
Appointed 2004



Hubert Jacobs van Merlen

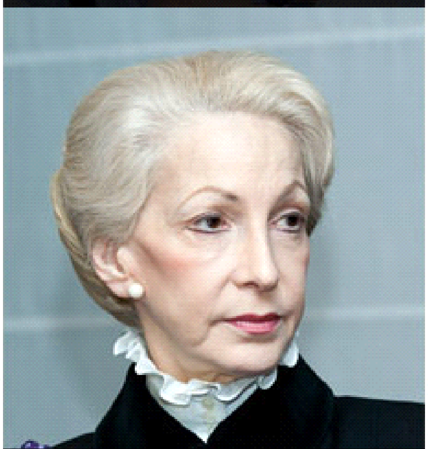
Member of the Board of Directors

Appointed 2003

Maxime Jadot

Member of the Board of Directors
Member of the Strategic Committee

Appointed 1994



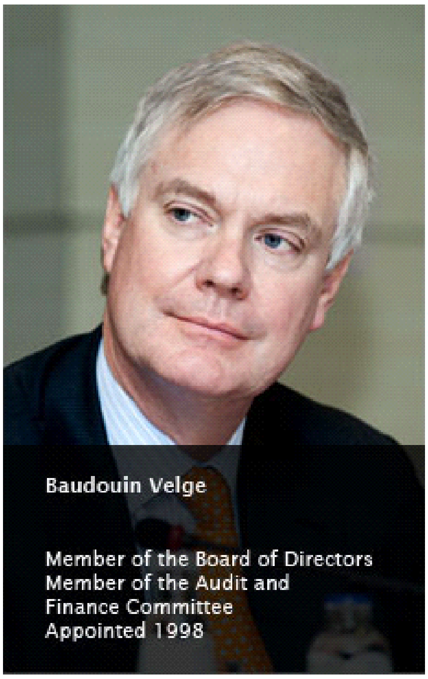
Lady Barbara Thomas Judge CBE

Independent Member of the
Board of Directors, Member of the
Audit and Finance Committee
Member of the Nomination and
Remuneration Committee
Appointed 2007

Bernard van de Walle de Ghelcke

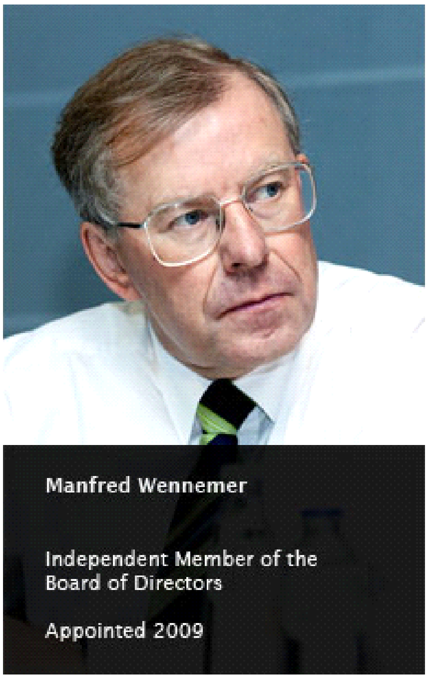
Member of the Board of Directors

Appointed 2004



Baudouin Velge

Member of the Board of Directors
Member of the Audit and Finance Committee
Appointed 1998



Manfred Wennemer

Independent Member of the Board of Directors

Appointed 2009

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.

Bekaert Group Executive

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.

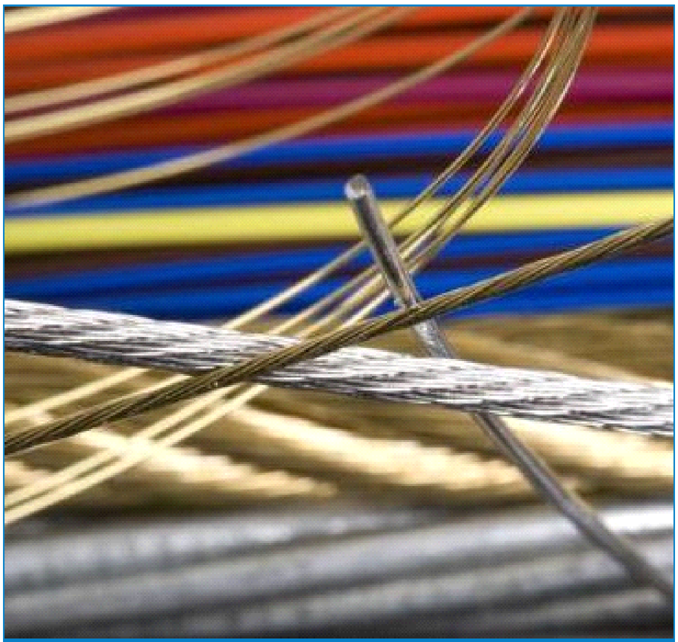
Our Strategy

Our profile

Bekaert company profile

Bekaert is a global technological and market leader in advanced solutions based on metal transformation and coatings as well as the world's largest independent manufacturer of drawn steel wire products. Bekaert (Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing 28 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated combined sales of € 4.6 billion in 2011.

Bekaert employs unique metal treatment technologies to deliver a quality portfolio of drawn steel wire products and coating solutions on a global scale. We purchase more than 2.7 million tons of wire rod per year as our basic material. 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.

Global market leadership

Ever since making its first investment in Latin America in 1950, Bekaert has shown its pioneering spirit by investing in growth markets worldwide. We set up operations in Latin America, Asia and Central Europe when early signs of opportunities appeared. Overall, our business platforms in growth markets account for more than 70% of combined sales in 2011.

In the mature markets, we continue to diversify our product offering and introduce innovations that add value in a highly competitive environment.

In the **EMEA** region, Bekaert is present in both the mature Western European markets and the growth 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 2011. The automotive markets showed good performance in Central Europe and the construction sector picked up slightly.

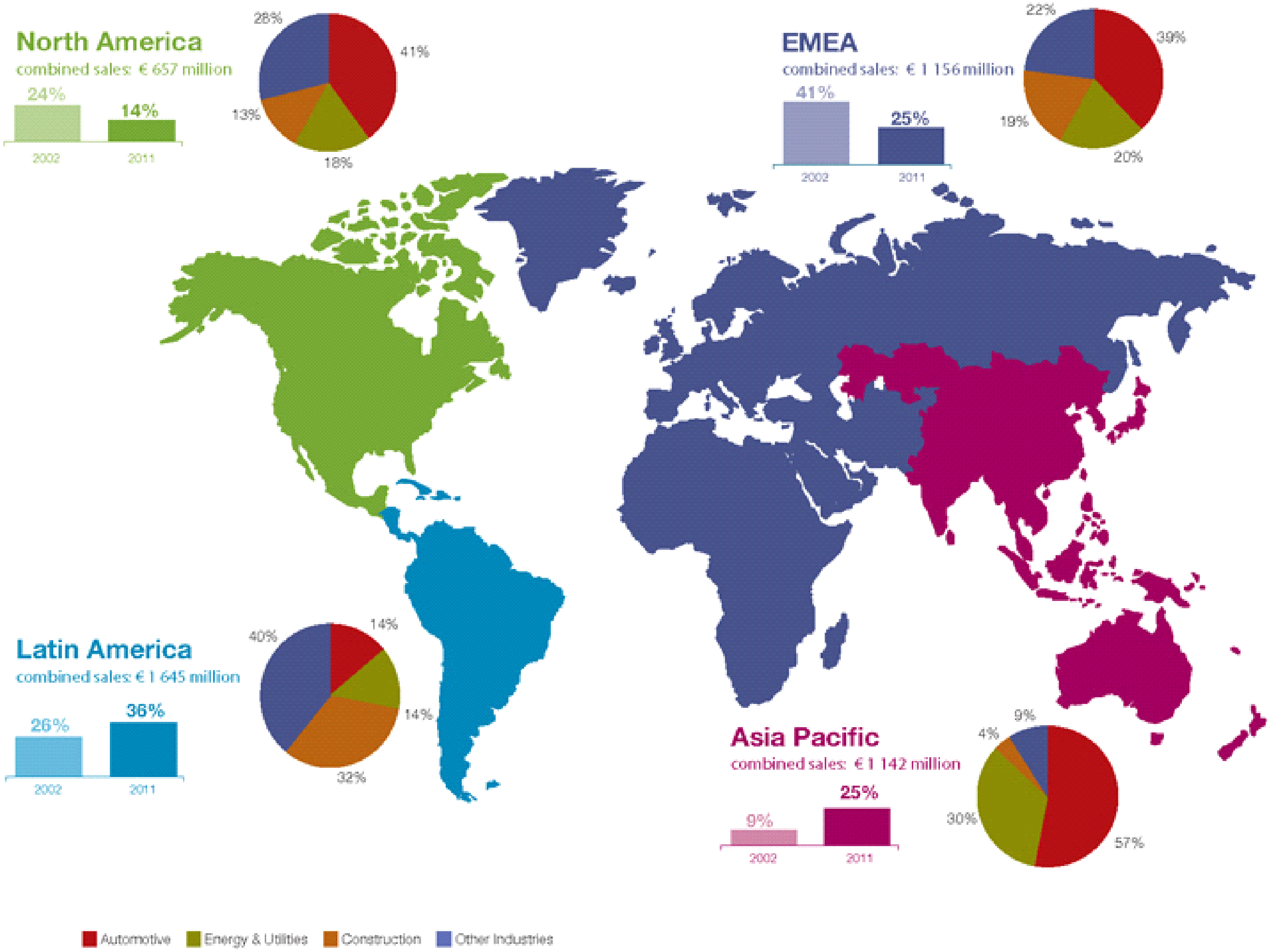
Sustained demand in all markets except construction and agriculture and a positive product mix led to increased sales in **North America**. The strong nominal sales growth was, however, to a large extent offset by unfavorable exchange rates.

In line with the strategic focus to concentrate on its core technological competencies, Bekaert divested the Bekaert Specialty Films business in September 2011. The division accounted for about 3% of Bekaert's consolidated sales, mainly on the account of North America.

In **Latin America**, Bekaert manufactures a broad product portfolio spread across the region: from wire and cord solutions for the automotive industry to barbed wire for agriculture, as well as ropes and meshes for mining and construction. This well balanced mix of markets and products resulted in a solid performance for the entire region in 2011.

Increased competition and stringent credit restrictions created challenging conditions in **China** as from mid-2011. Demand slowdown, substantial overcapacity and a drastic price drop in the solar energy sector in particular, drove sales down from last year. Bekaert defended its market positions in a highly competitive environment while extending its presence in other promising sectors through acquisitions. Both in **India** and **Indonesia**, Bekaert continued its successful growth path.

Bekaert will continue to pursue its strategy of global market leadership. We are ready to take on the challenges that lay ahead and to safeguard our global market leadership, also under highly volatile market conditions.


North America
combined sales: € 657 million
24%
14%
2002
2011
28%
41%
13%
18%
EMEA
combined sales: € 1 156 million
41%
25%
2002
2011
22%
39%
19%
20%
Latin America
combined sales: € 1 645 million
26%
36%
2002
2011
40%
14%
14%
32%
Asia Pacific
combined sales: € 1 142 million
9%
25%
2002
2011
9%
4%
30%
57%
Automotive
Energy & Utilities
Construction
Other Industries

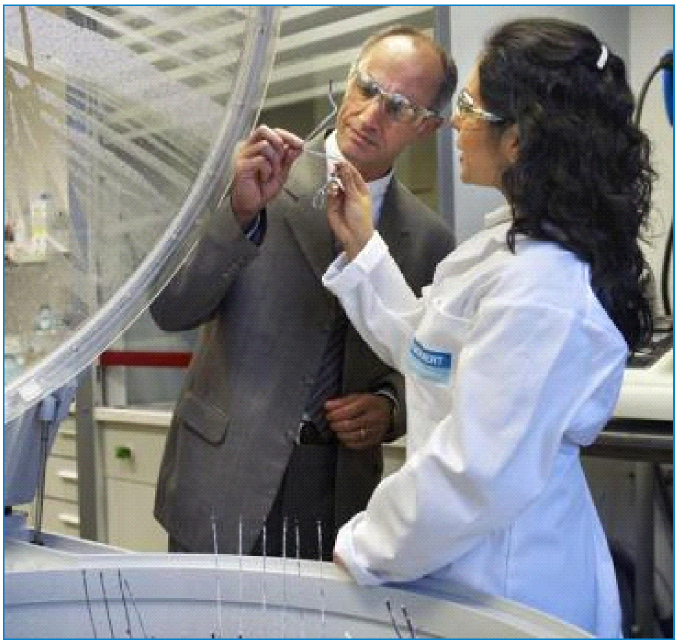
Technological leadership

Innovation is a key driver of Bekaert's technological leadership. Within Bekaert, innovation is put into practice along two main axes: product innovation and process innovation. Product innovation helps us to better serve current and new customers. Process innovation enables us to increase our operational excellence while minimizing the impact on the environment.

Our innovation approach is based upon 3 pillars: creating added value for our customers, expanding our horizons through international cooperation and offering reliable solutions based on proprietary equipment.

Customer-driven innovation is what distinguishes us from our competition. We give our wires and wire products specific properties using high-tech coatings, thereby creating added value for our customers. Listening closely to our customers and understanding how our products function within their production lines and products is key to developing fit-for-use solutions.

Global cooperation is paramount to success. Our global technology platform consists of 2 main Technology Centers in Deerlijk (Belgium) and Jiangyin (Jiangsu province, China). Business or customer-specific projects are further supported by various development labs around the world. They work together on cutting edge projects in countries across the globe and consist of top class engineers from all over the world.



R&D is key for Bekaert as it offers our customers the most innovative solutions and secures our technological leadership position.

Open innovation on a global scale

We also seek international partners for our cooperation with universities and research institutes. Bekaert continues to cooperate with academic institutes, technology clusters as well as research partners from different countries in order to bring an outside-in approach.

- Bekaert is active in the Strategic Initiative Materials (SIM) program and shall continue to do so. We have a long partnership with the Belgian universities of Leuven and Ghent, sponsoring research programs. Bekaert is an active member of the Flanders Mechatronic Center.
- In China, a framework agreement has been set up with the Institute of Metal Research (IMR) in Shenyang (Liaoning Province).
- In Slovakia, a research contract has been renewed for an additional period of 3 years with the University of Trnava.
- In the US, collaborative research efforts continue to be carried out at Colorado School of Mines. In Europe, a 4 year collaboration has been set up with the Dutch Polymer Institute (DPI) in Eindhoven, the Netherlands, for research on coatings.

For Bekaert, open innovation goes beyond cooperation with universities & research institutes. For example, we license technology for alternative manufacturing of steel fibers and spring wires. To remain a technological leader, we listen carefully to and cooperate closely with our customers. Moreover, there is an increasing trend in cooperation with our suppliers. The unique characteristics of our raw materials are important elements in the process of developing unique products.

Innovation in a nutshell

- In 2011 we invested € 90 million in R&D
- An international team of R&D specialists work on customer-driven research projects
- 48 first patent applications were filed in the course of 2011, a record number for Bekaert, bringing our portfolio to more than 330 patent families with more than 2 000 patent applications and patents.

Bekaert's in-house engineering department designs, assembles, installs and maintains the equipment for our various plants worldwide. Our engineering activities span the complete cycle from machine concept to automated production line, and close the loop by improving machine design based on production data. Production efficiency is supported by global spare parts asset management. Our engineering department has teams at different facilities in Belgium, China, Slovakia, India and Brazil. In 2011 we inaugurated a new engineering plant in Jiangyin (Jiangsu province, China) because the existing site had outgrown its premises.

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. In full support of our customers, we constantly evaluate our operational, technological and organizational set-up. We will continue to pay increased attention to the efficiency 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 tackling the challenges that lay ahead.

Industry offerings

> Our very wide range of products and applications find their way to about every sector

Automotive Energy & Utilities Construction Consumer Goods Equipment Agriculture Basic Materials

Automotive Sector

In the automotive sector, we set ourselves apart by consistently creating high-quality and innovative products that are tailored to our customers' needs.

This sector is the largest user of Bekaert products and accounts for 35% of combined sales. We supply specialized wire products that meet the highest quality standards.

Click to learn more

Energy & Utilities

Whether it concerns onshore or offshore oil extraction, gas mining, power transmission, solar energy, or even telecommunications, Bekaert products are key contributors to sustainable, safer and more cost-effective operations.

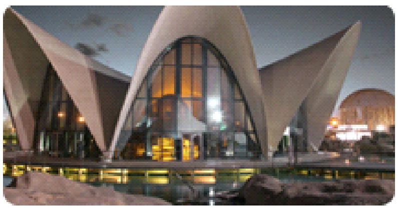
This sector counts for 20% of combined sales.

Click to learn more

Construction

By offering wire, mesh and fiber products in numerous construction applications, we tirelessly seek out more environment-friendly solutions with a focus on better materials, greater safety and lower energy consumption, all with an eye on cost-efficiency.

This sector accounts for 19% of combined sales.



Click to learn more

Consumer Goods

As higher quality and comfort standards and functionalities are required, the demand for more advanced coated steel wire products evolves accordingly. The wide range of applications for Bekaert wire attest to our success in satisfying diverse customer requirements. Bekaert is present to meet their needs.

To sum it up: often unseen, but always there: Bekaert is a part of the products we all use every day.

Click to learn more

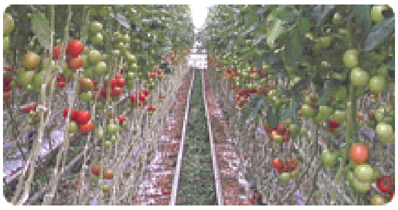
Equipment

Bekaert supplies heavy equipment makers and operators with a range of specialized wire product components. As we build our own proprietary machinery, we know exactly what it means to make high-performance equipment.

This allows Bekaert to focus on innovation and manufacturers to focus on operational excellence.

Click to learn more

Agriculture



Across the agricultural sector, Bekaert provides innovative solutions that make day-to-day work easier.

Through our global footprint and our mix of trading and manufacturing, we can offer total packages to our customers.

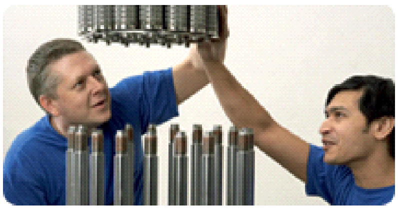
Click to learn more

Basic Materials

Many Bekaert products are used in exploring and producing raw materials, from coal and metals to pulp and paper, to chemicals and textiles.

We make cable and wefts for conveyor belts that are used across many industries. We continue to find new ways to become a partner at every step of the value chain.

Click to learn more



Segment Performance

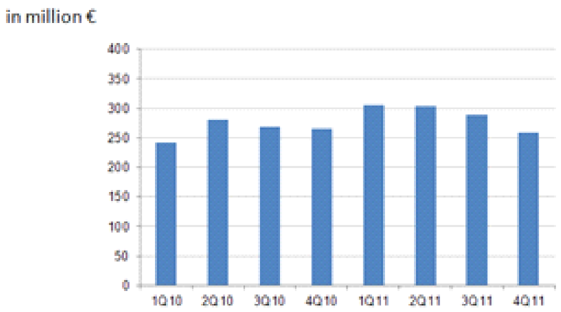
Global presence: Bekaert's strategy in supporting more than 50 000 customers worldwide

- EMEA
- North America
- Latin America
- Asia Pacific

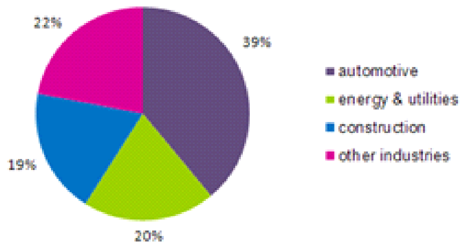
EMEA

EMEA/Mature Europe

EMEA 2010-2011 :
combined sales by quarter



EMEA 2011 :
combined sales by industry



Bekaert in EMEA	
Combined sales:	€ 1 156 million
Capital expenditures (PP&E):	€ 89 million
Total assets:	€ 868 million
Employees:	6 972

Mature Europe: facing contrasts

Thriving on the wave of economic growth in 2010, conditions were still favorable in EMEA markets in the first half of 2011. However, the public debt crisis which started in Southern European countries quickly spread all over Europe. Increased pressure on public spending and on the future of the euro currency led to budgetary measures and a downward revision of economic stimulus programs in many countries. Several European countries slipped into a recession in the last quarter of the year.

Economic conditions in Western Europe were favorable in the first half of 2011 with increased sales mainly in automotive markets. Construction markets picked up slightly after a long period of weak economic activity and benefited from the mild winter.

Demand for armoring wires for overhead power cables, as well as flat and shaped wires for offshore pipes, was on the rise throughout the year.

Driven by solid demand in automotive, most Bekaert tire cord plants performed strongly. Notably, our site in Sardinia (Italy) further increased its output as a result of the high demand for tire cord within the long-term supply agreement with Bridgestone. Also the Zwevegem (Belgium) based wire activities serving the automotive sector with wiper components and spring wires performed strongly throughout the year.

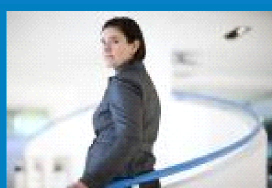
On 25 May the UBISA team in Burgos (Spain) celebrated its 40th anniversary.

The wire activities recorded solid growth in high value-added products serving the energy and oil extraction sectors. On the other side, the profitability of the stainless steel wire plant in Zwevegem (Belgium) continued to be affected by the highly competitive environment as a result of overcapacity and Asian imports in particular.

Extreme price pressure and the limitation of economic stimulus packages for solar panel investments in key European markets, had a drastic impact on the activity level and profitability of the sawing wire manufacturing units of the respective steel cord plants from the second half of the year.

Bekaert's activity platform targeting European construction markets withstood the continued difficult market circumstances well. The building products team focused on developing and launching product innovations that open up a world of new application possibilities and ease of use for architects and builders.

Innovation in traditional markets



On 19 May, Ann Lambrechts, head R&D of building products, won the European Inventor Award 2011 (category Industry) issued by the European Patent Office for the development of Dramix® steel fibers for concrete reinforcement with flattened hook-shaped ends.

Murfor ®+, a masonry reinforcement product, is yet another example of a successful innovation. It allows for perfect positioning, faster execution and maximum reinforcement.

Central & Eastern Europe

GDP growth for 2011 was in the range of 2 to 5 % in Central and Eastern European countries. Bekaert's presence in the mature Western European markets on the one hand, and the growth markets of Eastern and Central Europe on the other, resulted in an overall good performance in the EMEA region in 2011.

Bekaert's Slovak plants performed well in 2011. Bekaert continued to expand its extensive customer base in the region and further invested in its manufacturing platforms in Sládkovičovo and Hlohovec. During a Supplier Conference organized by Parker, a worldwide customer for hose and mooring wire and the global leader in motion and control technologies, our team from Hlohovec was explicitly mentioned for their efforts to improve the process-ability of the wire by pro-actively working together with Parker in Germany. Parker therefore rewarded Bekaert with the 'Continuous Improvement Award'. On top of this, Bekaert received the 'Innovation Performance Award' for the introduction of flat hose wire. This new technology allowed Parker to increase the performance of the final product by 20%.

The inauguration of the plant extension in Sládkovičovo took place in the presence of Mrs Iveta Radičová, the then Prime Minister of Slovakia. The new half products manufacturing unit was built in response to the growing demand for tire cord in the region and in view of the expected efficiency and flexibility gains.
The wire manufacturing platform in Hlohovec continued to invest in modern equipment serving promising markets, but also faced demand hesitation for a number of products toward the end of the year.

The strategic importance of the Slovak operations was reflected in a number of high level events during 2011: in early March, Bekaert hosted an international group of financial analysts at its facilities in Slovakia. In September, the Board of Directors of Bekaert visited the sites in Slovakia and Russia.

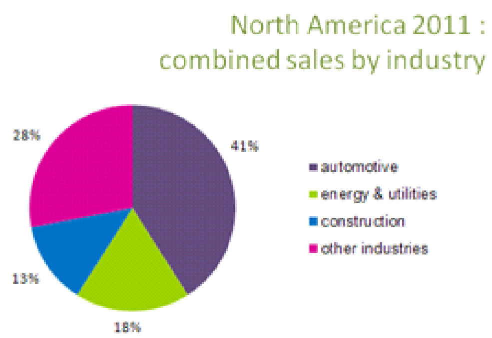
The Board Members shared their positive feedback on the progress our Slovakian plants are making, both in terms of operational excellence and the high involvement of all employees.

The wire plants in Bohumín and Petrovice (Czech Republic) experienced price pressure in an increasingly competitive environment. Volumes of more basic products were added in the second half of the year to compensate for lower demand and to drive up capacity utilization.

Bekaert continued to expand in Russia. The tire cord facility in Lipetsk was extended with a half products department, and cooperation programs with Russian wire rod suppliers have been initiated to develop high quality wire rod serving Bekaert's Russian operations.

On 15 September, Bekaert celebrated the opening of its plant extension in Lipetsk, Russia. The inauguration event took place in the presence of Mr Bozhko, the First Vice Governor of the Lipetsk region, Baron Buysse, Bert De Graeve, and the members of the Board of Directors of Bekaert. The new investment encompassed the construction of a new building covering 13 000 m², the installation of infrastructure and state-of-the-art machinery, and the hiring and training of extra personnel.

North America



Bekaert in North America

Combined sales:	€ 657 million
Capital expenditures (PP&E):	€ 13 million
Total assets:	€ 271 million
Employees:	1 558

Expanding moderately

From a continued discouraging housing market to an aggravated debt level and a downgraded credit rating, the US economy continued to be under pressure in 2011. However, the US economy ended 2011 on the upside, resulting in a total GDP growth for the year of 1.5%. The automotive industry outperformed the greater economy in 2011 with solid sales increases, job growth and product innovations. The energy and utility markets benefited from ongoing investments to build a better electric grid.

Back to the core

Bekaert divested the Bekaert Specialty Films business in September 2011 by selling it to Saint-Gobain Performance Plastics Corporation, an Ohio, US-based corporation of the Saint-Gobain group.

The division accounted for about 3% of Bekaert's consolidated sales, mainly on the account of North America, and had a profitability level in line with Bekaert's long-term profitability guidance. Bekaert acquired the Specialty Films business in 2001 and developed it into a global market leader. While business continued to grow successfully, technological synergies proved to be limited over time.

Bekaert's activity platforms performed well in North America in 2011, but the strong nominal sales growth was to a large extent offset by unfavorable exchange rates. The automotive and energy related markets especially accounted for increased sales, while agriculture and construction markets remained sluggish.

Driven by a solid demand in automotive and energy-related markets, the Bekaert plants of Rogers (Arkansas), Rome (Georgia), Orville (Ohio) and Van Buren (Arkansas) performed well throughout 2011. Very strong activity in the US power cable industry boosted demand for Bekaert Van Buren's ACSR (aluminum conductor steel reinforced) cable and strand business. Bekaert Orrville achieved strong output thanks to continued product innovation and recovery within the US automotive industry.

Overhead powerlines are reinforced with our super high tensile steel wires & strands.

Bekaert increased its market share in the tire cord business and continued the production of more "higher added value" products such as super tensile and ultra tensile products.

Construction markets remained sluggish in the US. The weak demand mainly impacted the performance of our Shelbyville (Kentucky) production facility.

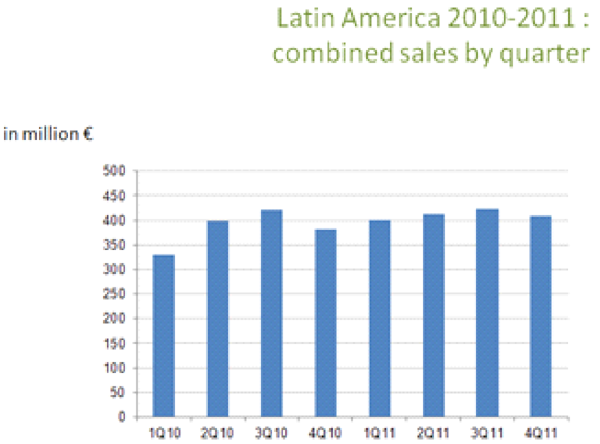
Hose wire production continued to operate outstandingly, especially in heavier construction applications (mining, earth moving equipment) and in larger hydraulic hoses.

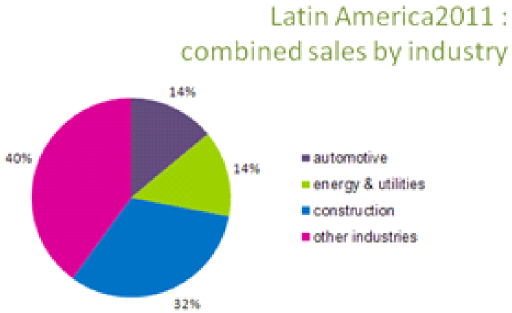
The North American plants continued to pursue innovations in quality, safety and performance. This led to a series of product innovations, closer cooperation with customers to improve processing performance at their sites, excellent customer audit reports and a continued good safety performance.

Performance at our wire plant in Vancouver (Canada) remained below expectations. Structural improvements were implemented to enhance sustainable return generation and better operational performance. Bekaert Wire Rope Industries in Pointe-Claire (Canada) delivered excellent results driven by continued strong demand in the oil & gas and mining sectors.

Latin America

Latin America





Bekaert in Latin America

Combined sales:	€ 1645 million
Consolidated sales(*):	€ 372 million
Capital expenditures (PP&E):(*)	€ 11 million
Total assets:(*)	€ 232 million
Employees:	7 633

(*) Consolidated entities

Steady growth

In general, the economic performance of the Latin American region was good in 2011. The overall GDP growth in the region was 4.5%, with Chile and Peru recording the strongest growth rates and Venezuela's GDP turning positive again.
In Latin America, a well balanced mix of markets and products resulted in good performance for Bekaert throughout the entire region in 2011. Venezuelan markets in particular showed strong recovery after a period of energy and raw material restrictions, weak economic demand and heavily negative foreign exchange effects in 2010. Our business in the region achieved robust sales growth across all sectors. Sales and margins of the Brazilian joint ventures were adjusted downward to compensate for the effect of the strong local currency in competing with Asian imports.

Subsidiaries under the Bekaert Ideal Holding

Bekaert holds 80% of the shares in Ideal Alambrec (Ecuador), Vicson (Venezuela) and Proalco (Colombia).

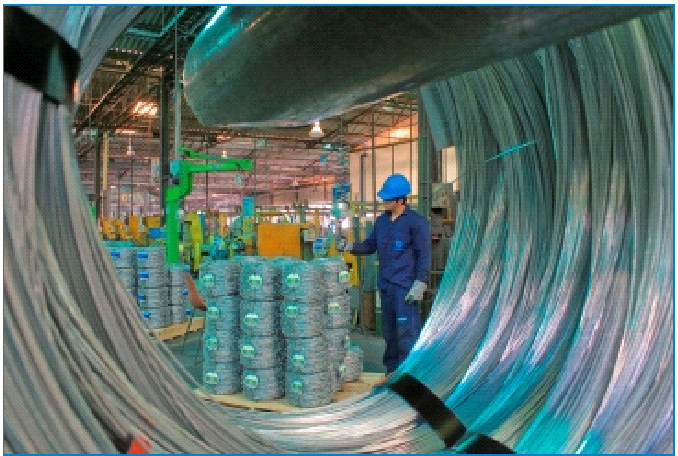
Ecuador

The Ecuadorian economy grew by 6% in 2011, driven by the increased activity in construction and oil sectors.
The wire activities serving construction markets recorded robust growth in our subsidiary Ideal Alambrec. Fencing solutions for agriculture markets noted weaker market conditions. Overall, the domestic market demand performed solidly.

Venezuela

GDP grew by almost 3% in Venezuela after two consecutive years of negative growth.

Bekaert's subsidiary Vicson recorded exceptionally strong growth and results in most markets served, with the construction markets and industrial sectors accounting for the largest share. A steady supply of local wire rod could not always be ensured, but this did not result in activity and volume losses of the kind experienced in 2010.



Bekaert's subsidiary Vicson recorded exceptionally strong growth and results in most markets served.

Colombia

GDP grew by almost 5% in 2011. Driving Colombia's economy was crude oil production as well as public works.
Proalco's sales were slightly below 2010 due to a rather weak demand for products by agriculture markets and continued price pressure in a rather high competitive environment.

Peru - Chile - Brazil

Peru

The Peruvian economy continued to grow at a fast pace in 2011, as illustrated by a GDP growth of more than 6%.

Business was strong throughout the year, especially in the construction and industrial sectors. Margins were under pressure though, due to increased competition from imports as a result of the continued appreciation of Peru's currency, the sol.

Chile

GDP grew by approximately 6.5% in 2011 and ended the year as one of the most dynamic economies in Latin America. Sound economic policies, openness to trade and investment and a well-developed financial system have contributed to Chile's strong economic performance.

The Chilean joint ventures noted robust demand in steel wires, mesh and ropes for construction, mining and industrial markets.

On 22 December 2011, Bekaert and its Chilean partners signed an agreement to restructure the shareholding of their joint venture operations in Chile, Peru and Canada. The deal was successfully closed on 12 March 2012. As a consequence, Bekaert becomes the principal shareholder (52%) in the partnership, and will consolidate the results of all respective entities as of 2012 in the Group's financial statements.

Until year-end 2011, Bekaert accounted for all respective entities using the equity method. As of 2012, the financial records of the entities will be recognized in the consolidated statements.

Bekaert's presence in Chile dates back to 1950 with a first investment in Inchalam and the start of a joint venture with the families Matetic and Conrads, now Bekaert's partners for more than 60 years.

Brazil

GDP growth in Brazil was about 3% in 2011, or half of last year's growth rate. The Brazilian government adopted tighter economic policies at the beginning of 2011 by holding back on public spending and by raising interest rates. While still strong, the Brazilian currency began to fluctuate in the last quarter of 2011 after a long period of sharp increase against the US dollar. Meanwhile, with the approach of the 2014 World Cup in several Brazilian cities and the 2016 Olympic Games in Rio de Janeiro, Brazil is in the midst of an investment boom.

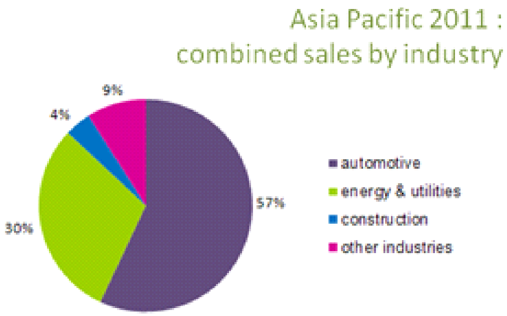
Bekaert has been actively supporting a strong position in Brazil for many years. The company operates, in partnership with ArcelorMittal, 9 manufacturing units in 3 States and serves markets in the industrial, construction and infrastructure, energy and oil extraction, automotive, mining and agriculture sectors. 2011 was marked by a rather difficult economic climate. The strong real forced us to adjust prices downward to compete with cheap imports. This had its effect on the margins of the Brazilian activities. In order to recover profitability, a cost structure improvement project was installed including a thorough restructuring in all plants.

In doing so, Bekaert's Brazilian operations aim at bridging a more difficult economic period and preparing for future growth.

A spectacular example of civil engineering is the 3 595 meter long Rio Negro bridge in Amazônia, the second largest river bridge in the world. It is tensioned by stay cable and prestressed strands from Bekaert's joint venture plants.

Asia Pacific

Asia Pacific/China



Bekaert in Asia Pacific

Combined sales:	€ 1 141 million
Capital expenditures (PP&E):	€ 165 million
Total assets:	€ 1 655 million
Employees:	12 433

China: the paradox of growth

Measures for more controlled growth, mainly under the form of access to credit and financial resources, led to an overall weaker economic activity in China in 2011. Moreover, the global economic crisis made China's export growth drop, making several sectors suffer from manufacturing overcapacity. China's GDP growth is expected to total about 9% in 2011.

A different perspective on growth

Bekaert's activities in China came under pressure due to increased competition in the country and reduced demand from customers that mainly serve export markets. The most sudden and material impact was felt in the sawing wire business. Reduced fiscal stimulus packages in European end-markets for solar energy, aggressive competition from Chinese sawing wire producers, and enormous inventories throughout the supply chain of the photovoltaic sector, combined to produce, as from mid-2011, a standstill of the previously strong market growth. Determined to defend its market share, Bekaert reduced its prices drastically and has started implementing measures to align its manufacturing footprint in China with the new business reality.

In tire cord as well, Bekaert experienced increased pressure on margins as a result of fierce competition and lower demand from Chinese tire producers targeting export markets. Truck tire customers in particular suffered from limited access to credit resources and less export business, while Chinese passenger car tire makers are still preparing to comply with international tire label regulations.

The growing relevance of tire labeling on an international scale brings about opportunities for technologically advanced manufacturers. Bekaert organized a forum for the Chief Technology Officers of the Chinese tire companies who actively invest in improvement programs aiming at lower rolling resistance and better wet grip, in line with EU tire label requirements. Specific technological cooperation programs have been set up between Bekaert and the Chinese tire makers to ensure the development and production of high-quality tires.

A representative of China's Ministry of Industry and Information Technology declared at the Lanxess Rubber day in Beijing early December 2011: "China's tire industry is highly dependent on exports, and for this reason we stipulate that the tire manufacturers should step up to the challenge of adhering to guidelines such as those in place in the EU – research being one of the pillars to make this possible".

The many faces of growth

Growth through innovation

On 28 April Bekaert inaugurated its new engineering plant in Jiangyin (Jiangsu province). Bekaert's in-house engineering division designs, assembles and installs production machines and plant infrastructure for the Bekaert manufacturing units worldwide. As a result of Bekaert's strong organic growth, notably in Asia, the Bekaert China Technology & Engineering Center (BTEC) had outgrown its existing premises in Jiangyin. The relocation to a new, spacious building coincided with the celebration of the 15th anniversary of the entity.

The relocation to a new, spacious building coincided with the celebration of the 15th anniversary of the engineering entity.

Growth in partnership

Bekaert granted the 'Bekaert Rod Supplier Award China' to its wire rod supplier Xingcheng Steel (Jiangyin, Jiangsu province). This award is presented to the Chinese supplier who has shown the greatest improvement in the quality of its wire rod supply – Bekaert's most important raw material.
Jiangyin Xingcheng Special Steel Co., Ltd is a company jointly set up by Hong Kong CITIC Pacific Ltd and Jiangyin Steel Works. The Jiangyin-based Xingcheng plant is a state-of-the-art steel mill facility which has quickly developed into a high quality wire rod producer. Xingcheng Steel has been supplying Bekaert since 2008.

Bekaert and Xingcheng Steel have in common that we continuously raise the bar of excellence to realize our ambitions. We appreciate Xingcheng Steel's commitment to make those ambitions come true, together with Bekaert.

Growth through acquisition

In September we expanded our wire business in China by concluding an agreement with Hankuk Steel Wire Co. Ltd (South Korea) for the acquisition of the Qingdao Hansun steel wire plant in Qingdao (Shandong province). The modern plant is equipped to produce steel wire products for a wide range of applications in sectors such as the construction business, the paper industry and mining. The plant is located near the Qingdao sea port, the world's 9th busiest container port, and employs 220 people. The integration of this entity strengthens Bekaert's position in the Asian steel wire market and adds sizable capacity to Bekaert's current Wire platform in China.

In December Bekaert and Xinyu Iron & Steel Co., Ltd (Xinsteel), a Xinyu-based (Jiangxi province) iron and steel company, announced the successful closing of their partnership transaction by which Bekaert acquires 50% of the spring wire and Aluclad activities of Xinsteel in Xinyu. These activities represent an annual turnover of approximately CNY 500 million.
The partnership includes high carbon steel wire activities as well as Aluclad wire and strand production. The high carbon steel wire platform covers two manufacturing plants in Xinyu which mainly produce spring wires for the automotive, motorcycle and engineering sectors. The Aluclad unit serves markets for overhead conductor networks and data communication from one production plant in Xinyu.

India and Indonesia

India

Tight monetary conditions and a cloudy global outlook combined to reduce manufacturing output and investment initiatives in India. Inflation was high and the Indian rupee tumbled to a record low against the USD in 2011. India's GDP growth was around 7.5%.

Maintaining a steady growth course

Our production platforms in India achieved strong growth. In order to meet increased demand, we continued to expand our capacity in Ranjangaon and Lonand near Pune and started up sample production in Chennai.

Bekaert's steel cord activities continued to perform well in 2011 and achieved record sales during the last months of the year. Our plant in Ranjangaon retained the quality self-clarification status with major customers like JK, Goodyear and Gates and gained this important status from Parker India. This status, earned as a result of constant stringent quality standards on defined parameters, allows customers to directly use Bekaert products in their manufacturing plants without the need for incoming material inspection. This serves as proof of our dedication to quality and operational excellence.

In August at the Ranjangaon campus, Bekaert inaugurated the new flat & shaped wire factory .

The inauguration of the flat and shaped wire factory took place in the presence of Bert De Graeve, CEO, and key customers.

In June we started construction of a new high carbon wire drawing facility which will come online in the first quarter of 2012. Our advanced filtration business gained significant orders for disc filters and candle filters thanks to a breakthrough in quality and productivity.

A brand new social building was constructed and began to be used at the same campus. The new social building provides improved common facilities for our employees.

Bekaert Mukand Wire Industries which manufactures stainless steel wire in Lonand near Pune continued to grow both in domestic and export markets and obtained the ISO/TS 16949 certification, a quality standard used in the automotive industry.

To facilitate further growth of Bekaert Carding Solutions in Pune, work has started on a new larger factory which will be operational by April 2012.

Building products in India won orders for some prestigious construction works, especially in large industrial and seismic-resistant flooring projects.

Indonesia

In spite of the economic uncertainty that characterized much of 2011, Indonesia's GDP growth (6.5%) has solidified the country's reputation as one of the world's most important emerging markets.

Solidifying its strategic position

Bekaert's Indonesian operations recorded solid growth in 2011, both in the wire and steel cord activities.

Bekaert continued to seize upon growth opportunities in South East Asia, which has become a fast growing industrial region. Bekaert's continued investments and the entity's strategic location, strong operational performance and excellent customer service, allowed the Bekaert plant in Karawang to become a high performing plant and a major export platform serving customers in Asia, Oceania, Europe and the Americas.

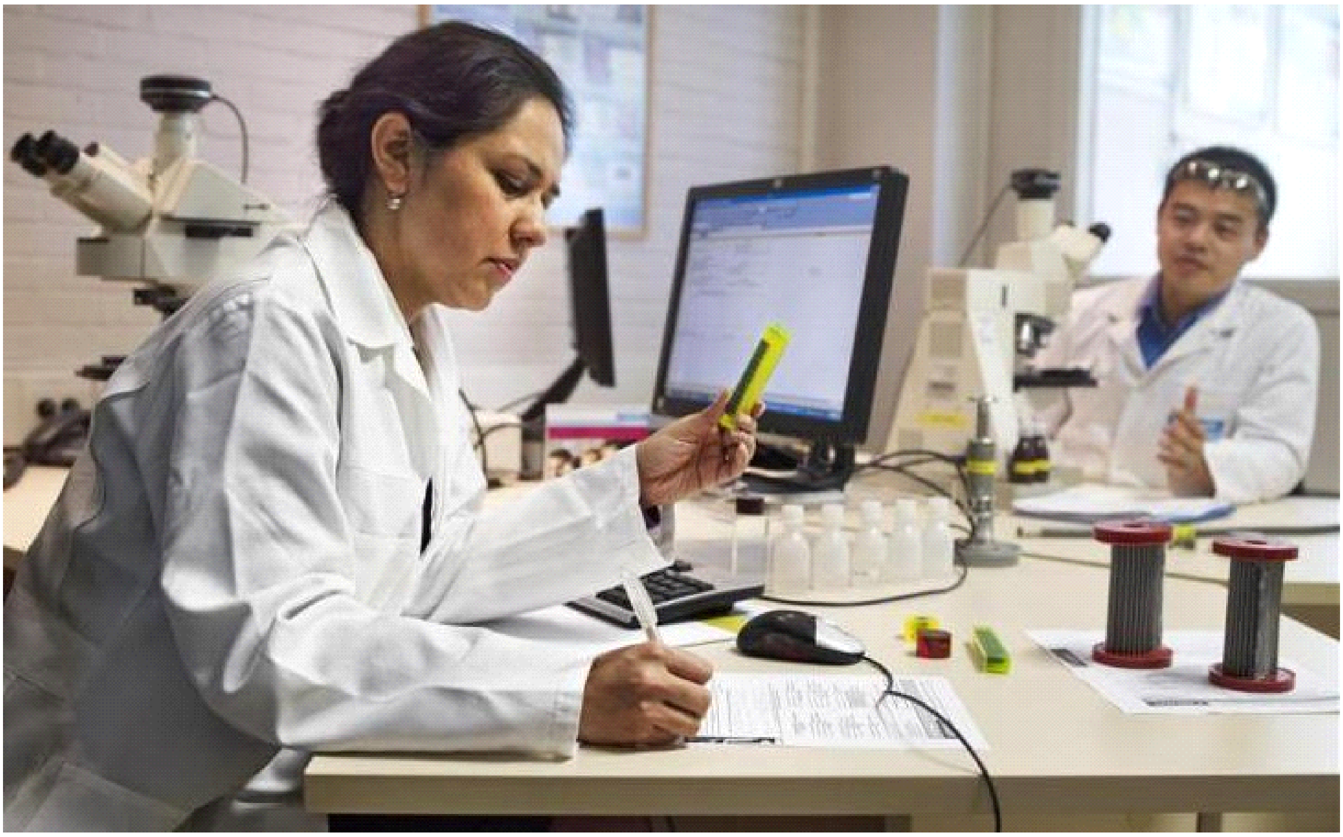
Bert De Graeve, CEO, visited the Bekaert plant in Karawang which recorded solid growth in 2011.

Technology & Innovation

Agile innovation: our approach towards customer-centric solutions and continuous renewal

- Managing the R&D process
- Market-driven innovation
- Re-engineering production processes

Transforming steel wire and applying coating technologies are our core business. Strengthening our technological leadership in these competences, research and development is a key process.
Our R&D activities are aimed at creating value for our customers with new products and applications as well as with innovative production processes that limit environmental impact and offer reliable solutions at competitive prices. We team up with customers and suppliers around the globe to develop, implement, upgrade and protect both current and future technologies.



Managing the R&D process

From emerging idea to an automated production line

Finding the right idea and then cultivating it into a product tailored to our customers' needs requires a specific approach. Our innovation methodology comprises several steps to ensure that customers benefit from a dedicated and efficient process. Once an idea gets to the prototype stage, both our extensive lab facilities and our pilot lines support the further refinement of the new product.

Speeding up our time to market

Development can also be done via modeling. In 2011, we continued to focus on the process of numerical modeling to speed up our time to market. Using computer simulation, our developments are designed and undergo extensive virtual testing. A real life model is produced, in line with customer requirements, only when a development is tried and tested via simulation. This results in a faster development process, a significant decrease in cost and improved customer focus.

One of the domains where numerical modeling proves successful is in the development of profiled wires. The final shape is obtained after multiple rolling steps. Complex profiles require sophisticated tools and the design of these tools calls for extensive experience and testing. Using numerical modeling to obtain the required shape of the roll grooves reduces and in some cases eliminates the number of experiments, resulting in reduced lead times and reduced development costs, as well as in improved rolling conditions.

Modeling has also been successfully applied in the design and development of equipment. The advantage is two-fold: the design cycle reduces dramatically, resulting in a first-time-right solution, and we are able to optimize our equipment.

At Bekaert, R&D goes beyond product development. Our 2 main Technology Centers are also equipped with pilot production lines. Extensive testing of new materials and products in these pilot plants allows us to roll them out to our production platforms worldwide, without the initial difficulties that typically arise during start-up.

Investing for the longer term

To sustain our technological leadership, we invest in fundamental research, both on the product and on the process level. Every year we explore new possibilities in metal transformation and advanced coatings on wire. New business development projects also support our long term innovation strategy.
On a process level, we intensively search for new technologies that reduce our energy consumption and environmental impact. Reduction in water consumption and waste streams are important achievements within this area.

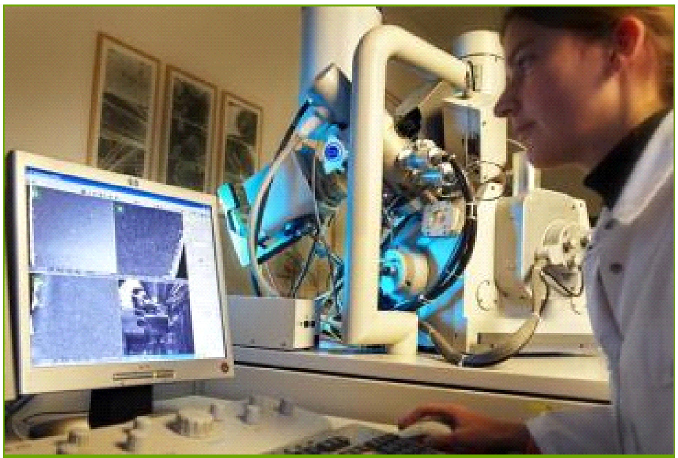
Acknowledgement

Our thanks go to the Flemish government agency for Innovation by Science and Technology (IWT) as well as to the Belgian government. Their subsidies & incentives 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.

Protecting our intellectual property

As a technology leader, we make significant strides in protecting our intellectual property, both for new and for improved technologies and for processes & products. In 2011, we filed 48 new patent applications. To recognize the Bekaert inventors and to stimulate patent protection, our Industrial Property Department organized the Bekaert Inventors Day in Kortrijk (Belgium), Assen (The Netherlands) and Jiangyin (Jiangsu province, China).

On 19 May 2011, Ann Lambrechts, head of R&D building products at Bekaert, won the European Inventor Award in the category Industry. This award, granted by the European Patent Office, is one of the greatest honors an inventor can receive in Europe. Ann Lambrechts received this important recognition for the development of Dramix® steel fibers for concrete reinforcement with flattened hook-shaped ends. The construction industry welcomed this innovative fiber design as it opens up a world of new application possibilities. Ann's invention increases the bending tensile strength of concrete by up to 32%, compared to similar hooked end fibers without flattening.



Our Technology Centers are equipped with state of the art lab facilities for both fundamental and applied research.

Market-driven innovation

Supporting customers with enhanced product performance

Developing new products is important. But improving products or providing green alternatives is equally key for providing our customers a competitive edge in their market.

Improving product performance and addressing trends

In 2011 we further improved our super, ultra and next generation tensile tire cord products. By producing finer cords that offer equal strength, we are responding to the trend for lower weight and lower rolling resistance, thereby increasing fuel efficiency. This combination of lighter and stronger wires also distinguishes our product offering in other markets, such as rope wire for crane ropes and mooring lines.

Another example of our continuous effort to improve product performance, is Murfor®+, a second generation solution for masonry reinforcement. The existing Murfor® allows our customers in the construction industry to create longer walls and reduce the number of movement joints, and hence expands architectural freedom. The new Murfor®+ ensures optimal positioning in the masonry. It guarantees a maximum reinforcement effect while allowing faster execution.

Steel wires and strands for overhead power conductors are the perfect example of the unique combination of our core competences: by offering a higher tensile wire, coated with Bezinal 3000®, our customers' ACSR cables are stronger and more durable and can better withstand the higher temperatures caused by increased power transportation.

At Bekaert, we believe our innovation efforts can also create ways to reinvent customers' way of working. Therefore, we invest in ever stronger cords, in hybrid solutions of different kinds, in new generation sawing wires, in upscaling coating technologies, etc., to address also the future needs of our customers.

Innovation in a nutshell

- In 2011 we invested € 90 million in R&D.
- R&D specialists of 20 nationalities work on customer-driven research projects.
- We have Technology Centers in Belgium and China and various development labs around the world.
- 48 first patent applications were filed in the course of 2011, a record number for Bekaert, bringing our portfolio to more than 330 patent families with more than 2000 patent applications and patents.

Innovation in partnership

- Goodyear recognized Bekaert for generating and implementing new ideas and solutions that respond to Goodyear's challenges. Bekaert participates in Goodyear's 'Supplier Innovation Program' that was launched in 2009 to accelerate market-driven innovation by creating an efficient, aligned and effective value chain and a culture of learning.
- During their 'Supplier Conference' in Geneva (Switzerland), Parker, a worldwide customer for hose and mooring wire and the global leader in motion and control technologies, rewarded Bekaert with the 'Innovation Performance Award' for the introduction of flat hose wire. This new technology allowed Parker to increase the performance of the final product by 20%. On top of this, Bekaert received an award for proactively working together with Parker.
- Walther Van Raemdonck, Global Technology Manager Wire at Bekaert, George Krauss, David K. Matlock and Ryan Pennington (Advanced Steel Processing and Products Research Center at the Colorado School of Mines) received the 'Allan B. Dove Memorial Medal Award' from the Wire Association International for the paper 'The effect of silicon and aging on mechanical properties and fracture response of drawn high-strength pearlitic steel wire'.

The environment drives innovation

In the development of new products, we never ignore the challenges of tomorrow: the demand of adequate, clean materials and the growing needs for mobility and for materials with improved properties. These challenges are the driving force behind our growth. In 2011, we increased our efforts in biodegradable extrusion polymers. Ecobind®, for example, is a colored eco-friendly coating for bookbinding wire. This plant-based coating features the same properties as petroleum-based coatings but is 100% compostable in an industrial composting environment and CO_2 neutral.

R&D that spans the globe

At Bekaert, we have the opportunity to perform extensive R&D because we have built a truly global R&D organization. Our customers can rely on us for business or customer-specific projects. The multi-disciplinary teams working in our technology platform consist of highly qualified scientists and engineers from different nationalities, academic backgrounds and gender. Together with their colleagues in the engineering department and our worldwide plants, they tackle technology projects across different locations.

Re-engineering production processes

The engineering department supports our high quality product offering by creating increasingly efficient production equipment. In 2011, we inaugurated a new engineering plant in Jiangyin (Jiangsu province, China) which had outgrown its existing premises.

Optimizing production processes is a continuous improvement project. Bekaert's engineering activities are thus organized on a global scale, not only in the design phase, but also for assembly as well as for spare parts management and maintenance. We have installed a worldwide remote monitoring process on all our equipment that allows for automatic software updates, data collection and interpretation and remote assistance. Continuous improvement also means evolving towards intelligent machines that follow up the critical parameters to quality (CTQs) and allow for predictive maintenance in the function of product quality.
Using the technique of modeling also facilitates the design, development and optimization of our equipment.

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.

Integrating green from concept to maintenance

Growing concern for the environment has an increasingly larger influence on our business and on our innovation strategy. Optimizing products and processes to meet tomorrow's needs undoubtedly means making them greener & cleaner. The need for more sustainable solutions in energy and materials consumption is a major force in the innovation-driven culture at Bekaert. We thus put a lot of effort into making our plants and processes more environmentally friendly. We do our utmost to remove hazardous materials from our production processes. We implement proactive measures and use equipment with lower energy consumption and reduced environmental impact. We have several prototypes in industrial settings in place that offer promising results in term of energy-savings.

A fast and flexible organization

Our engineering department is a truly global organization: a network of engineers and technicians in Belgium, China, India, Slovakia and Brazil designs, manufactures, installs and services the critical equipment for our production plants worldwide. This global cooperation assures a fast, flexible and cost efficient implementation of new or improved machinery and processes.

Engineering in a nutshell

- 4 pillars: design, assembly, start-up and maintenance.
- Multidisciplinary team working across plants in Belgium, China, India, Slovakia and Brazil.
- Fully integrated provider of turnkey plant solutions.
- A clear focus on energy reduction & environmentally friendly efforts.

Sustainability

The world around us, our shared concern.

- Our responsibility in the workplace
- Our responsibility in the community and in the markets
- Our responsibility towards the environment
- Our responsibility towards society

Bekaert's global Corporate Social Responsibility (CSR) strategy is centered on four 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 respective stakeholders, i.e. employees, customers, shareholders, partners, local governments and the communities in which we are active.

Bekaert received a C-level certification from Global Reporting Initiative (GRI), a non-profit organization that promotes economic sustainability, for its 2011 Group CSR report. Also in 2011, Bekaert has been certified by Kempen/SRI and Vigeo.

Our responsibility in the workplace

Our people

Highly-qualified employees create the dynamics that characterize our international corporate culture. To support our people, we further developed training and development programs in 2011.

Building a strong value based culture

At the end of 2010, the Bekaert Group Executive launched the ‘Bekaert Leadership Journey’, a worldwide management development program. The program consists of three modules. In 2011, we launched the first module which focuses on self-management.

Developing talent in each business area

Bekaert has a long and strong tradition of offering training opportunities. Next to general training programs, also area specific development modules are in place for job holders in various domains such as marketing & sales, six sigma, lean manufacturing and operational excellence.

Developing talent goes beyond providing training programs. The Talent Development Review process provides a structured way to identify managerial employees’ competences, map their potential to meet business needs, define appropriate development actions in meeting employees’ long term career aspirations and prepare them for future positions. In 2011, extra efforts were made to stimulate internal job rotation through resource councils.

Employee related data

- On average 76 hours of training per employee
- Percentage of employees who received a performance review:

% of population	Managers	White collars	Blue collars
Covered in a performance management system	100	100	88
With link between performance & base pay	100	96	55
With link between performance & variable bonus	100	85	85

Safety first

Safety has always been a key priority at Bekaert. That's why safety is one of the main pillars in our operational excellence tradition. The Bekaert safety policy is deployed and monitored via the Bekaert Safety Evaluation System (BEKSES). Regular audits (based on OHSAS 18001) are carried out in all plants.

Worldwide implementation of the Safety Tree model

In 2011, the Safety Tree model was implemented in all Bekaert plants worldwide. The Safety Tree model is a tool to control and reduce safety risks in each site.

New initiatives to enhance safety

In 2011, several initiatives were taken to further improve the safety performance within the plants.

The first initiative was on the prevention of hand and finger injuries as our statistics indicate that hands and/or fingers were injured in 50% of accidents.

The second regarded forklift safety. In 21 plants, a forklift safety program was implemented that covered usage and maintenance of forklifts, the internal roads, and the forklift drivers' as well as other employees' behavior.

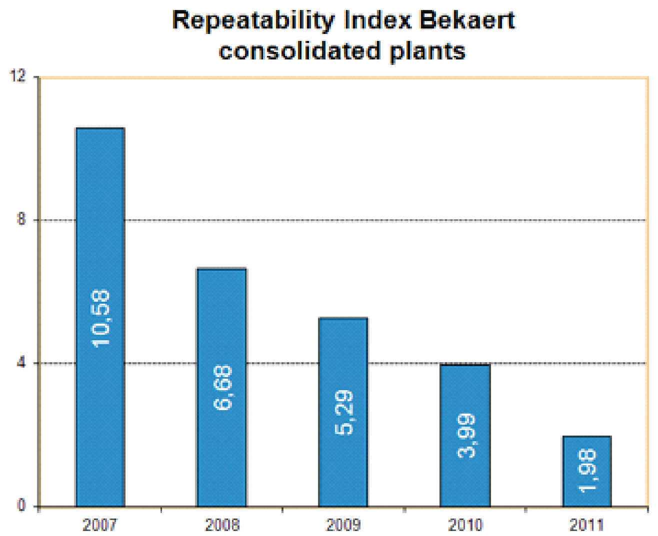
A third action was the improvement of the ergonomic conditions in which the operators work.

The fourth initiative followed two major traffic accidents with shuttle busses bringing employees home in China in 2010: clear guidelines for bus safety have been worked out and were approved by the contracted bus companies.

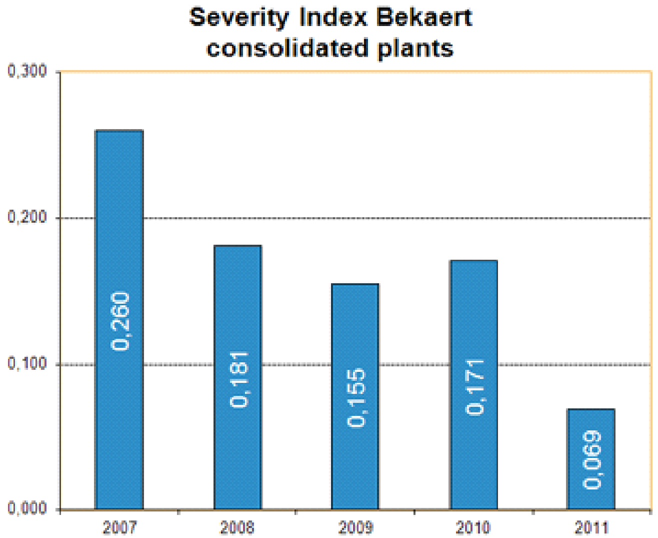
International Health and Safety Day

'Increase road safety wherever possible' was also the subject of the fourth International Health and Safety Day that was organized on 22 September in all Bekaert locations worldwide. All over the world, plants and offices showed a video message on traffic safety by the CEO Bert De Graeve and organized activities like forklift truck checks, anti-skid courses, awareness sessions about the impact of weather conditions, alcohol, etc.

Safety related data



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.

Safety champion: BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda, Itaúna (Brazil): 11 years without LTA.

number of years without LTA

	>= 3 years	>= 6 years	>= 9 years
N° of plants	8	1	2

Our responsibility in the community and in the markets

better together in the communities where we are active

Bekaert strives to be a loyal, responsible partner within the communities where we operate. 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.

better together by embracing diversity

To retain worldwide leadership in our core competences, we attract competent and talented people in the various countries where we operate.

Our hiring policy is two-fold: firstly, our customers expect service from strong local teams; so we hire people who are wholly familiar with the conditions under which local businesses operate.

Secondly, we focus on diversity: we set up teams consisting of talent from different nationalities, cultures and backgrounds, encouraging them to share their knowledge, strengths, experiences and perspectives with each other.

better together with customers and suppliers

All over the world, it's our approach to stay close to our customers: we have production facilities and sales offices in 36 countries. We seek out high-quality local suppliers to buy raw materials from. By doing so, we avoid long and unnecessary transports.

We never ignore the demands of tomorrow in the development of new products today, including: a sufficient supply of clean materials, increased mobility and materials with improved properties.

Our baseline *better together* sums up the unique cooperation between Bekaert and its business partners. We work closely with customers and suppliers by engaging in co-development projects, conducting feedback initiatives and satisfaction surveys and performing industry analysis.

At Bekaert, we deal openly and honestly with all business partners. We comply with generally accepted business standards, laws and regulations, and we conduct our operations in accordance with the principles of fair competition.

Market place related data

- Our hiring policy states that every new employee receives a copy of our **Code of Conduct** which explains our anti-corruption policies and procedures.
- Rewards: In 2011, our Chief Purchasing Officer Philippe Armengaud was nominated for the CPO Award 2011. The nomination rewards the efforts of his team over the previous years to professionalize and better align Bekaert's procurement activities with the business even further.
- Hiring local plant managers: 66% of plant management is hired from the local community.

Our responsibility towards the environment

better together for a cleaner world is one of Bekaert's aspirations: we continuously strive to use fewer materials, bring down our energy consumption and reduce waste.

Bekaert develops products that contribute to a cleaner environment. We manufacture super and ultra-tensile steel cord, biodegradable wire coatings, sawing wire for solar energy and sintered metal fibers used in diesel particulate filters and much more.

At the same time, Bekaert also puts concern for the environment into practice by developing new, eco-friendlier production processes for our plants worldwide. In 2011, we launched the ‘New Environmental Technologies’ project in order to build up knowledge and expertise in environmental technologies to boost the environmental performance of plants worldwide.

Full worldwide ISO 14001 site certification: almost a fact!

In 2009, the Bekaert Group Executive decided that all consolidated plants would have to be ISO 14001-certified by year-end 2011. Taking stock of this, we can conclude that 93% of the sites have achieved this goal, with the exception of 5 plants that expect their certification in 2012.

Environmental Excellence audits

One of the tools we use to improve continuously is environmental technical auditing. In 2011, audits were carried out in the biggest plants worldwide to evaluate fluid flows and consumption, and to identify best practices that can improve performances in other plants too.

Bekaert plants certified

On 15 April 2011, the Bekaert Regional Headquarters Asia in Shanghai celebrated its LEED (Leadership in Energy and Environmental Design) Golden Certification Award for the environmental friendliness and sustainable design of the new Bekaert offices in Shanghai.

Ideal Alambrec Bekaert, our Ecuadorian subsidiary, succeeded in certifying ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004 in a single audit. The implementation of the integrated management system helped the company to identify points of improvement. The certificate obtained recognizes that Ideal Alambrec Bekaert takes client satisfaction, the occupational health and safety of their employees and care for the environment very seriously.

Our responsibility towards society

Education projects form the backbone of funding and other community-building activities. Additionally, we support local activities and projects for social, cultural and economic development as well as for disaster relief.

Supporting educational and training initiatives

We believe that education and learning form the key to a sustainable future. Therefore, we support worldwide initiatives that focus on helping, through education and learning, the communities we are active in.

In China, Bekaert has built strong relationships with various institutes such as the Weihai Welfare Home for Children, the Xiyuan school in Weihai, De Shenyang Enlighten Kindergarten and the Bekaert Fraternity Primary School in Fengjie County (Chongqing).

In Peru, Bekaert helped to build a comprehensive development center in Los Rosales, Lima. The center is dedicated to educating youth in various skills of the building sector.

In Brazil, Bekaert continues to support long-term initiatives like ‘Citizens of Tomorrow’, a program through which employees and their families collect funds to help children and teenagers with social and educational needs.

Supporting social & community initiatives

With a global reach, we support community initiatives that work to improve societal conditions where we are active.

Some houses in Kutamekar Village (Indonesia) only have a dirt floor. Together with the local citizens, Bekaert colleagues helped to build a concrete floor using our Dramix® steel fibers.

Supporting quality of life does not stop at the work floor. Xander and Siebe, the two sons of a Belgian Bekaert employee have a rare metabolic disease, X-ALD, that attacks the brain. Their last hope for a cure is stem cell transplantation. The small chance of finding a match (only 1 out of 50 000), did not discourage us from organizing a blood donation at our plant in Zwevegem (Belgium) in cooperation with the Red Cross Flanders, who simultaneously searched on international blood banks. In July, two suitable matches for the boys were found.

Disaster relief

In May, the Joplin tornado struck Arkansas (US) unexpectedly, leaving behind serious devastation. The following week a crew from our plant in Rogers lent a helping hand. They removed trees and debris, installed temporary roofing and helped demolish houses that were beyond repair. In addition, Bekaert Rogers team members collected items that were needed by families that had lost everything.

The Bekaert team in Sardinia (Italy) collected money for the Japanese Red Cross to support victims of the March earthquake.

Corporate Governance

- Board of Directors & Committees
- Evaluation & Gender diversity law
- Executive Management
- Remuneration Report
- Shares and shareholders
- Conduct Policies
- Internal control and risk management systems
- Elements pertinent to a take-over bid

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').

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.

The Belgian Corporate Governance Code is available at www.corporategovernancecommittee.be

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

Board of Directors & Committees

Board of Directors

The Board of Directors consists of fourteen members, who are appointed by the General Meeting of Shareholders. Eight of the Directors are appointed from among candidates 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 (first 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 Board held six regular meetings in 2011. In line with its intention to keep in touch with Bekaert's global operations the Board held one of its regular meetings in Slovakia. 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 2011:

- the implications of the worsening business, economic and financial conditions on the long term strategy of Bekaert, and the Group's response;
- the consolidation of Bekaert's joint venture operations in Chile, Peru and Canada;
- the acquisition of Qingdao Hansun;
- the disposal of the specialized films operations;
- the 2011 budget;
- the plans for the period 2012-2014;
- the distribution of an interim dividend in the gross amount of € 0.67 per share;
- the grant of new stock options in accordance with the Share Option Plan 2010-2014 ("SOP2010-2014");
- the debt position of the Group, including the public issue of retail bonds in the aggregate amount of € 400 million.

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	Director of companies	6
François de Visscher	1992	2013	President, de Visscher & Co. LLC (United States)	6
Hubert Jacobs van Merlen	2003	2012	President & CEO, IEE SA (Luxembourg)	5
Maxime Jadot	1994	2012	CEO and Chairman of the Executive Board, BNP Paribas Fortis, Belgium	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	2014	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 of the UK Pension Protection Fund (United Kingdom) Chairman *Emeritus* of the UK Atomic Energy Authority (United Kingdom)	6
Manfred Wennemer	2009	2012	Director of companies	6

(*) The detailed resumes of the Board members are available at www.bekaert.com.

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	4
Baudouin Velge	2013	4
Lady Barbara Thomas Judge	2013	3

The Committee met four times in 2011. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- the treasury situation;
- the activity reports of the internal audit department;
- Bekaert's enterprise risk management analysis and mitigation progress: this ERM analysis is based on Bekaert's risk mapping and prioritization (probability, impact and evolution) of identified risks and is subject to continuous monitoring.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed as required by Article 526quater §2 of the Companies Code: all of its three members are non-executive Directors, it is chaired by the Chairman of the Board, and its two other members, Dr Begg and Lady Judge, are independent. The Committee's competence in the field of remuneration policy is demonstrated by the relevant experience of its members.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	4
Dr Alan Begg	2014	4
Lady Barbara Thomas Judge	2013	3

Two of the Directors nominated by the principal shareholders are invited to attend the Committee meetings without being members.

The Committee met four times in 2011. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- the succession of the Chairman of the Board;
- the succession of a departing member of the Bekaert Group Executive;
- Bekaert's future management backbone;
- the remuneration policies and long-term incentives plans.

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	4
Count Charles de Liedekerke	2012	4
Maxime Jadot	2012	4
Sir Anthony Galsworthy	2012	4

The Committee met four times in 2011. In addition to its powers under the Articles of Association and the Bekaert Charter, the Committee reviewed the 2012-2014 plans for Bekaert's operations in China.

Evaluation & Gender diversity law

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.

In 2011 the Chairman initiated a performance appraisal of the Board, its Committees, the individual Directors and the Chairman in accordance with the provisions of the Bekaert Charter.

Gender diversity law

The Board has acknowledged the Act of 28 July 2011 requiring one third of its members to be of the opposite gender as from 1 January 2017, and has held initial reflections on the subject. The Board will dedicate more efforts to this requirement in the course of 2012.

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 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	2006
Dominique Neerinck	Chief Technology Officer	2006
Henri-Jean Velge	Group Executive Vice President Wire	1998
Frank Vromant	Acting Global Head Steel Cord	2011

Remuneration Report

Remuneration Report

Description of the procedure used in 2011 for (i) developing a remuneration policy for the non-executive Directors and executive management and (ii) setting the remuneration of the individual Directors and executive managers

The remuneration policy for non-executive Directors is determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the Nomination and Remuneration Committee. The policy was approved by the Annual General Meeting of 10 May 2006, and amended by the Annual General Meeting of 11 May 2011.

The remuneration policy for the Chief Executive Officer is determined by the Board of Directors, acting upon proposals from the Nomination and Remuneration Committee. The Chief Executive Officer is absent from this process. The Committee ensures that the Chief Executive Officer 's contract with the Company reflects the remuneration policy. A copy of the Chief Executive Officer 's contract is available to any Director upon request to the Chairman.

The remuneration policy for the members of the Bekaert Group Executive other than the Chief Executive Officer is determined by the Board of Directors upon proposals from the Nomination and Remuneration Committee. The Chief Executive Officer has an advisory role in this process. The Committee ensures that the contract of each Bekaert Group Executive member with the Company reflects the remuneration policy. A copy of each such contract is available to any director upon request to the Chairman.

Statement of the remuneration policy used in 2011 for the non-executive Directors and executive management

Non-executive Directors

The remuneration of the non-executive Directors is determined on the basis of six regular meetings of the full Board of Directors per year. A portion of the remuneration is paid on the basis of the number of regular meetings attended in person by the non-executive Director.

Non-executive Directors who are members of a Board Committee receive a fee for each Committee meeting attended in person. As an executive Director the Chief Executive Officer does not receive such attendance fee. The Chairman of a Committee receives double the amount of such fee, except if he is also the Chairman of the Board of Directors.

If the Board of Directors requests the assistance of a Director in a specific matter on account of his or her independence and/or competence, such Director will be entitled, in respect of each session warranting specific travel and time, to a remuneration equal to the applicable variable amount payable in respect of a Board Committee meeting attended in person.

The actual amount of the remuneration of the Directors is determined by the Annual General Meeting for the running financial year.

The remuneration of the Directors is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references, in order to ensure that persons with competences matching the Group's international ambitions can be attracted.

Non-executive Directors are not entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits, nor to any other type of variable remuneration except as described above in respect of Board or Committee meetings attended in person.

Expenses that are reasonably incurred in the performance of their duties are reimbursed to Directors, upon submission of suitable justification. In making such expenses, the Directors should take into account the standards applicable within the Group.

The remuneration of the Chairman of the Board of Directors is determined at the beginning of his term of office, and is set for the duration of such term. On the motion of the Nomination and Remuneration Committee, it is determined by the Board subject to approval by the Annual General Meeting. In making its proposal, the Committee should consider a clear description of the duties of the Chairman, the professional profile that has been attracted, the time expected to be effectively available for the Group, and an adequate remuneration corresponding to the formulated expectations and regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references. The remuneration can comprise a cash remuneration as well as a deferred income scheme. The Chairman, when attending or chairing the meetings of a Board Committee, will not be entitled to any additional remuneration as this is deemed to be included in his global remuneration package.

Executive managers

The main components of the Group's executive remuneration policy are base salary, short term and long term incentives, and benefits. The Group offers competitive total remuneration packages with the objective to attract and retain the best executive and management talent in every part of the world in which the Group is operating. The remuneration of the executive managers is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references.

A strong focus on performance and achievements at Group, Team and Individual level is reflected in all short term incentives. Those incentives should provide appropriate bonus opportunities (such as an annual bonus), which are directly linked to the business objectives.

The Group's long term incentives programs aim to reward managers and executives for their contribution to the creation of enhanced shareholder value over time. Those programs are typically linked to the Company’s longer term performance and to the future appreciation of the Company's shares.

The annual remuneration package of the Chief Executive Officer consists of a base salary, short and long term incentives, and benefits. The overall remuneration package, including benefits, aims to be competitive and is aligned with the responsibilities of a Chief Executive Officer leading a globally operating industrial group with various business applications.

The Nomination and Remuneration Committee recommends each year a set of key performance indicators (KPI's) directly derived from the business plan and based on any other priorities assigned to the Chief Executive Officer by the Board of Directors. The KPI’s include both Group and individual financial and non-financial targets and are measured over a predetermined time period (up to three years). Those KPI's and the evaluation of the achievements are documented and submitted to the Nomination and Remuneration Committee and to the Board. The final evaluation leads to a an assessment, based on measured results, by the Board of Directors of all performance-related compensation elements as specified in the remuneration package of the Chief Executive Officer.

The annual remuneration package of the Bekaert Group Executive members other than the Chief Executive Officer consists of base salary, short and long term incentives, and benefits. The overall remuneration package, including benefits aims to be competitive and is aligned with the role and responsibilities of each Bekaert Group Executive member, being a member of a team leading a globally operating industrial group with various business applications.

The Chief Executive Officer evaluates the performance of each of the other members of the Bekaert Group Executive and submits his assessment to the Nomination and Remuneration Committee. This evaluation is done annually based on documented KPI's directly derived from the business plan and taking into account the specific responsibilities of each Bekaert Group Executive member.

The achievements measured against those KPI's will determine all performance-related compensation elements of the remuneration package of each Bekaert Group Executive member other than the Chief Executive Officer. The KPI’s include both Group and individual financial and non-financial targets and are measured over a predetermined time period (up to three years).

The actual amount of the remuneration of the Chief Executive Officer and the other members of the Bekaert Group Executive is determined by the Board of Directors acting on a reasoned recommendation of the Nomination and Remuneration Committee.

Remuneration of the non-executive Directors in 2011

The amount of the remuneration and other benefits granted directly or indirectly to non-executive Directors, by the Company or its subsidiaries, is set forth on an individual basis in the table below.

in €	Fixed remuneration	Variable Board attendance	Variable Committee attendance	Total Gross 2011
Chairman				
Baron Buysse	500 040	-	-	500 040
Directors				
Alan Begg	38 000	12 500	6 000	56 500
Baron Bekaert	38 000	15 000	6 000	59 000
Roger Dalle	38 000	15 000	0	53 000
Bert De Graeve	38 000	15 000	0	53 000
Count Charles de Liedekerke	38 000	15 000	6 000	59 000
François de Visscher	38 000	15 000	6 000	59 000
Sir Anthony Galsworthy	38 000	15 000	8 974	61 974
Hubert Jacobs van Merlen	38 000	12 500	0	50 500
Maxime Jadot	38 000	15 000	6 000	59 000
Lady Barbara Thomas Judge	38 000	15 000	9 000	62 000
Bernard van de Walle de Ghelcke	38 000	15 000	0	53 000
Baudouin Velge	38 000	15 000	6 000	59 000
Manfred Wennemer	38 000	15 000	0	53 000
Total gross remuneration Directors				1 238 014

Remuneration of the Chief Executive Officer in his capacity as a Director

In his capacity as a Director, the Chief Executive Officer is entitled to the same remuneration as the non-executive Directors, except the remuneration for attending Board Committee meetings for which he receives no compensation (cf. the table above). Any compensation received by the Chief Executive Officer as a Director is included in his base salary.

Performance-related remuneration: criteria, term and method of performance evaluation

The remuneration package of the Chief Executive Officer and the other members of the Bekaert Group Executive comprises three performance related elements:

- an annual bonus, with KPI's related to the annual business plan. Those KPI's include both Group and individual financial and non-financial targets and are evaluated annually by the Board;
- a mid-term bonus, with KPI's related to the X+3 business plan. Those KPI's measure Bekaert's absolute performance against the agreed three-year plan, as well as its relative performance against a relevant panel of other companies. The achievement of those KPI's is evaluated by the Board at the end of the three-year period;
- the offer of a variable amount of stock options where the actual number of stock options to be offered to each individual beneficiary is determined by the Board of Directors on the motion of the Nomination and Remuneration Committee and is variable in part, based on the measurement of pre-agreed indicators that are related to the person's long term contribution to the success of the Company.

Remuneration of the Chief Executive Officer in 2011 (1)

The contract between the present Chief Executive Officer and the Company was executed on 18 January 2006.

The amount of the remuneration and other benefits granted directly or indirectly to the Chief Executive Officer, by the Company or its subsidiaries, is set forth below.

	in thousands of €	Comments
Bert De Graeve		
Fixed remuneration	831	Includes Belgian fixed fees and all Belgian and foreign director fees
Variable remuneration	715	Annual bonus and X+3 bonus paid in 2011 (based on past performance). Form of payment: cash
Pension	162	
Other remuneration elements	75.5	Includes: company car (51k) and risk insurances (24.5k)
Number of stock options granted	30 000	Options

(1) Disclosed fixed remuneration includes board fees received as member of Board of NV Bekaert SA

Remuneration of the other Bekaert Group Executive members in 2011 (4 FTE's)

The amount of the remuneration and other benefits granted directly or indirectly to the Bekaert Group Executive members other than the Chief Executive Officer, by the Company or its subsidiaries, is set forth below on a global basis.

	in thousands of €	Comments
Fixed remuneration	1549	Includes Belgian fixed fees and all Belgian and foreign director fees
Variable remuneration	1387	Annual bonus and X+3 bonus paid in 2011 (based on past performance). Form of payment is partly in cash, and partly in a group insurance, up to the applicable tax limit
Pension	199	
Other remuneration elements	84	Includes: company car and risk insurances

Stock options for executive management

The number of stock options granted to the Chief Executive Officer and the other members of the Bekaert Group Executive, exercised by them or forfeited in 2011 is set forth on an individual basis in the table below.

	Number of options granted	Number of options exercised	Number of options forfeited
Bert De Graeve	30 000	24 000	
Bruno Humblet	21 000		
Dominique Neerinck	15 000		
Geert Roelens	10 000		44 500
Henri-Jean Velge	16 500		
Frank Vromant	9 000		

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

Severance pay for executive management

Belgian law and normal practice are the basis for the severance arrangements with the executive managers, except for the Chief Executive Officer and the Chief Financial Officer whose contractual arrangements entered into at the time of their appointment provide for notice periods of 24 and 12 months respectively.

Departure of a Bekaert Group Executive member

Mr Geert Roelens resigned all his positions in the Group in 2011. As such he was not entitled to any severance pay, and his stock options that had not been fully vested at the time of his resignation were forfeited.

Company’s right of reclaim

There are no provisions allowing the Company to reclaim any variable remuneration paid to executive management based on incorrect financial information.

Shares and shareholders

Bekaert share in 2011

Approach

Bekaert is committed to provide 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 2011

The share price started with an all-time high at € 87.98 on 4 January, followed by a 5 month period during which the share was hovering between € 70 and € 85. Bekaert posted a strong set of results, thanks to the higher-than-expected contribution of Asia-Pacific. Notwithstanding the step change realized in 2010 and an excellent first quarter 2011, the outlook was tempered by uncertainties about the measures for more controlled growth in China and policies to contain inflation in several countries. Both the volatility of raw material prices and changes in fiscal incentive programs in solar end-markets were indicators for more irregular growth.

The second quarter was characterized by the lack of direction by the financial markets, concerns on the slowing economic activity and the financing uncertainty in Europe. Although most investors understood that Bekaert's margins were not sustainable, the fear for price adjustments and reduced earnings expectations from sawing wire dominated sentiment. Indeed, the photovoltaic market faced unforeseen and fast price decreases.

The second quarter was one of the most challenging quarters for the solar industry since the financial crisis. The full impact from the European decrease in incentives was felt together with increased competitive capacities taking effect. This resulted in pricing pressure and a huge overcapacity across the entire solar supply chain. Also Bekaert implemented adequate price adjustments to defend its market position in sawing wire. All this resulted in a steep fall in share price by more than 40% to levels around € 50 at the end of June.

The solid first half year results were overshadowed by the decline of the Asia Pacific results. While the non-China activities turned in a solid performance, it was in particular the impact of a faster and stronger-than-expected pressure on sawing wire prices that drove a decline. While the margin decrease was expected and well flagged, the financial market was positioning itself for a gradual decline. Nobody could foresee the sharp drop. Since the pricing pressure had manifested itself from May, the impact was severe and already hurt the consolidated margin in the first half.

The economic slowdown in China has offset Bekaert's performance in the rest of the world in the third quarter. Bekaert achieved solid growth in most segments, but it also came clear that the increased capacity in sawing wire from competitors resulted in a capacity twice the size of demand. The early signs in July of a slight demand pick-up were not sustainable and the demand was insufficient to compensate for the increased supply which led to a significant reduction of revenues. As a consequence sawing wire prices have further been cut to more than 50%, in line with the value chain of solar products. The share price decreased further to about € 30 in the third quarter with high volumes at levels over 400 000 shares traded per day.

In the fourth quarter, overall analyst numbers were increasingly cut, based on the on-going competitive pressures on prices and margins, headwinds from the solar end market (and to a lesser extent tire cord in China), the Chinese credit policy tightening and global macro-economic and financial concerns, especially in Europe. In addition to the usual seasonal effects at year-end, Bekaert saw a growing impact from the global uncertain economic developments in most markets. The share decreased to a low at € 23.50 on 29 December and closed at € 24.785 on 31 December 2011. Bekaert confirmed its membership in the BEL20 index, the Belgian reference index and was ranked nr 16 with a market capitalization of € 1.5 billion or US$ 1.9 billion.

Share listing*

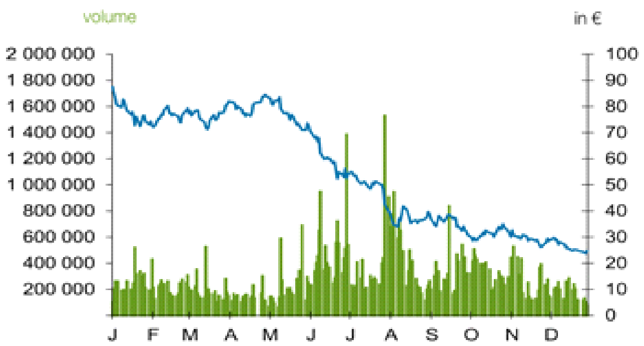
in €	2007	2008	2009	2010	2011
Price as at 31 December	30.667	16.107	36.167	85.900	24.785
Price high	37.967	40.413	36.467	86.960	87.980
Price low	27.633	14.567	12.417	32.867	23.500
Price average closing	32.730	29.510	25.145	53.819	54.694
Strips as at 31 December	0.150	0.227	0.267	0.230	0.032
Daily volume	172 290	223 140	215 601	195 856	284 289
Daily turnover (in millions of €)	5.4	6.4	5.0	10.9	14.5
Annual turnover (in millions of €)	1 433	1 652	1 310	2 833	3 774
Velocity (%, annual)	72	96	93	85	122
Velocity (%, adjusted free float)	111	148	143	130	188
Free float (%)	61.7	60.9	61.0	61.9	61.7

Share performance against stock indices

Volumes traded

The average daily trading volume with 284 300 shares was about 45% higher compared to previous year as a consequence of the high volatility caused by the changes in the photovoltaic market from the second quarter onwards. On 29 July 2011, the volume peaked; 1.5 million shares were handled in 1 day on the announcement of the half year results.

Bekaert closing prices and volumes in 2011

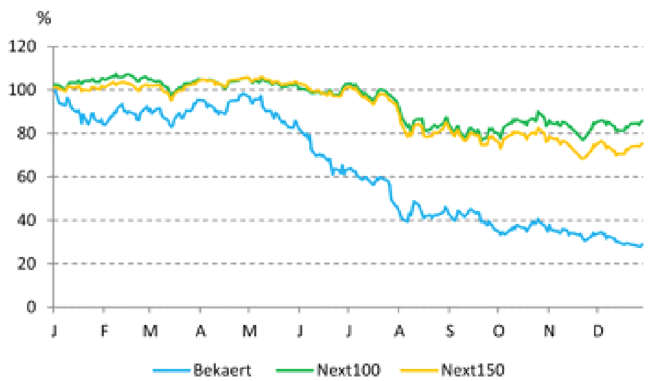


Bekaert versus Bel20®, NEXT100 and NEXT150

In the BEL20, Bekaert is ranked as number 16, with a market capitalization of € 1 486 million, a free float market capitalization of € 966 million (61.72% and within the free float band of 65%), velocity at 161% and a weight of 1.89 %.

Bekaert versus Bel20® (2011)

Bekaert versus the NEXT100 and the NEXT150 (2011)



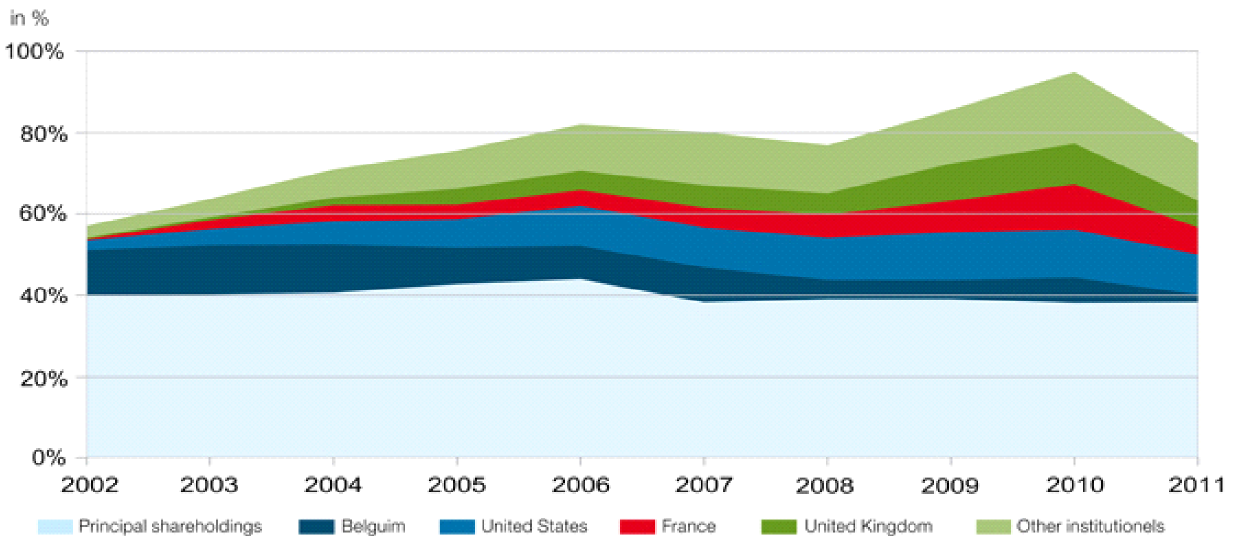
Internationalization of the shareholder structure and significant participations

The shareholder structure showed a strong internationalization in previous years and this trend was maintained in 2011, although it was more difficult to identify the institutional shareholders since there has been a major shift in shareholdings.

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 38.28% of the shares, while the identified institutional shareholders own 39.3% of the shares. Of the total number of Bekaert shares, 2.87% is in registered form.

Internationalization of our institutional shareholder structure



Capital structure and dividend

Capital structure

As of 31 December 2011 the registered capital of the Company amounts to € 176 512 000, and is represented by 59 976 198 shares without par value. The shares are in registered or non-material form.

The number of VVPR strips is 12 648 201.

The total number of outstanding subscription rights under the SOP1 and SOP 2005-2009 stock option plans is 644 108.

A total of 91 225 subscription rights were exercised in 2011 under the SOP1 and SOP 2005-2009 employee stock option plans, resulting in the issue of 91 225 new Company shares and VVPR strips, and an increase of the registered capital by € 270 000 and of the share premium by € 2 275 952.33.

The Company held 963 700 treasury shares as of 31 December 2010, which were used as follows in 2011:

- 24 000 shares were delivered to an individual who had exercised his options under the SOP2 stock option plan in 2011; and
- the remaining 939 700 shares are held as treasury shares.

No purchases or cancellations of shares took place in 2011.

In 2011 a first grant of options took place under new NV Bekaert SA Share Option Plan 2010-2014 (“SOP2010-2014”): 360 925 options were granted to 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. Each option will be convertible into one existing Company share (without VVPR strip) at an exercise price of € 77.00. A second offer of 293 800 options was made on 22 December 2011. Each option of the second series will be convertible into one existing Company share without VVPR strip at an exercise price of € 25.14.

The SOP2010-2014 plan and its predecessor 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 July the Board of Directors approved the distribution of a gross interim dividend of € 0.67 per share.

in €	2007	2008	2009	2010	2011
Per share*					
Intermediate/interim dividend				0.667	0.670
Dividend without intermediate/interim div.	0.92	0.93	0.98	1.000	0.500**
Total gross dividend	**0.92**	**0.93**	**0.98**	**1.667**	**1.170**
Net dividend***	0.69	0.70	0.74	1.250	0.878
Net dividend with VVPR strip***	0.78	0.79	0.83	1.417	0.965
Coupon number	9	10	11	12-13	14-15

(*) All indicators per share before 2010 are stock split-adjusted to enable comparison with 2010-2011 figures.
(**) Dividend subject to approval by the General Meeting of Shareholders 2012.
(***) Subject to applicable fiscal legislation

Appropriation of available profit

The Board of Directors will propose that the General Meeting of Shareholders to be held on 9 May 2012 approve the distribution of a gross dividend of € 0.50 per share. Together with the gross interim dividend of € 0.67 per share paid in October 2011, this will result in an aggregate gross dividend of € 1.17 per share for 2011.

General Meetings of Shareholders

The Annual General Meeting was held on 11 May 2011. An Extraordinary General Meeting was held on the same day. A Special General Meeting took place on 7 April 2011. The resolutions of the three meetings are available at www.bekaert.com.

More detailed information is available in the Bekaert Shareholders' Guide 2011 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 2011, and the provisions of Article 523 were complied with on both occasions.

On 24 February 2011 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 € 665 000 to the Chief Executive Officer for 2010;
- the following remuneration for the Chief Executive Officer in 2011:

  - an increase of the annual base salary by 10% (...);
  - an X+1 target bonus (*) of € 400 000; and
  - an X+3 target bonus (**) of € 87 500, resulting in a target total cash compensation of € 1 313 490;

- the bonus target proposal 2011 for the Chief Executive Officer.

(*) for performance in 2011
(**) for performance in 2011-2013

On 9 November 2011 the Board had to determine the second offer of options to the Chief Executive Officer under the SOP2010-2014 plan. Excerpt from the minutes:

On the motion of the Nomination and Remuneration Committee the Board approves (…) the offer of 24 000 options 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 2011 (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 Financial Services and Markets Authority (FSMA). The Chairman of the Board is the Compliance Officer for purposes of the Bekaert Insider Dealing Code.

Internal control and risk management systems

Internal control and risk management systems

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. These 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 assure 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 assure 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, assures an efficient and timely communication process of periodic financial information to the market. In the first and third quarters a trading update is released, whereas at midyear and yearend 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 Company's 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 the 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 evaluates 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 was endorsed by the Board of Directors in 2011.

Elements pertinent to a take-over bid

Elements pertinent to a take-over bid

Restrictions on the transfer of securities

The Articles of Association contain no restrictions on the transfer of Company 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 (increased to 66 by resolution of the Board of Directors on 23 February 2012) at the moment of their initial appointment and they have to resign in the year in which they reach the age of 67 (increased to 69 by resolution of the Board of Directors on 23 February 2012)

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 44 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 FSMA 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

The Company 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, 14 April 2010 and 7 April 2011 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, 16 April 2010 and 15 April 2011 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 or retail investors 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.

Key figures

Key Figures and résumé of financial results

Key figures*

Combined figures

in millions of €	2010	2011	TREND
Sales	4 469	4 599	2.9%
Capital expenditure (PP&E)	271	313	15.5%
Personnel as at 31 December	27 257	28 596	5.6%

Consolidated financial statements

in millions of €	2010	2011	TREND
Sales	3 262	3 340	2.4%
Operating result (EBIT)	534	268	-49.8%
Operating results before non-recuring items (REBIT)	562	281	-50.1%
Result for the period	399	207	-48.0%
attributable to the Group	368	193	-47.6%
attributable to minority interests	31	15	-52.8%
Cash flow	558	400	-28.4%
EBITDA	725	476	-34.4%
Depreciation PP&E	158	170	7.6%
Amortization and impairment	33	38	15.3%
Balance sheet			
Equity	1 697	1 766	4.1%
Non-current assets	1 766	1 900	7.6%
Capital expenditure (PP&E)	230	267	15.8%
Balance sheet total	3 673	4 169	13.5%
Net debt	522	860	64.9%
Capital employed	2 267	2 568	13.3%
Working capital	841	1 031	22.6%
Employees as at 31 December	22 045	22 656	2.8%
Ratios			
EBITDA on sales	22.2%	14.2%	
REBIT on sales	17.2%	8.4%	
EBIT on sales	16.4%	8.0%	
EBIT interest coverage	12.2	4.4	
ROCE	26.6%	11.1%	
ROE	26.0%	12.0%	
Capital ratio	46.2%	42.4%	
Gearing (Net debt on equity)	30.8%	48.7%	
Net debt on EBITDA	0.7	1.8	

Joint ventures and associates

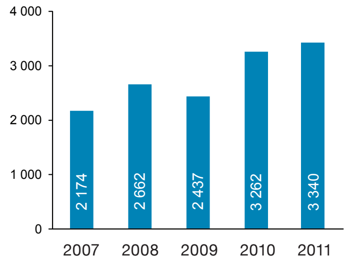
in millions of €	2010	2011	TREND
Sales	1 207	1 259	4.3%
Operating result (EBIT)	103	90	-12.6%
Net result	81	61	-24.7%
Group's share in net result	36	25	-30.6%
Capital expenditure (PP&E)	41	46	12.2%
Depreciation	26	28	7.7%
Group's share in equity	237	252	6.3%
Employees as at 31 December	5 212	5 940	14.0%

Key figures per share

NV BEKAERT SA	2010	2011	TREND
Number of shares as at 31 December	59 884 973	59 976 198	
Market capitalization as at 31 December (in millions of €)	5 144	1 487	
Per share (in €)			
EPS	6.21	3.27	-47.3%
Gross dividend	1.667	1.1700	1.98%
Net dividend	1.250	0.8775	-29.80%
Net dividend with VVPR strip	1.417	0.9645	-31.93%
Valorization (in €)			
Price as at 31 December	85.900	24.785	
Price (average)	53.819	54.694	

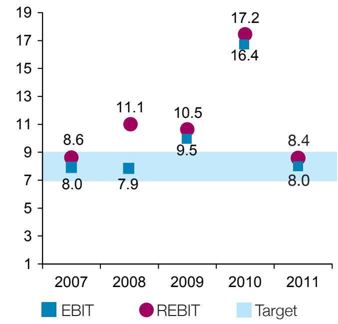
Consolidated sales

in millions of €



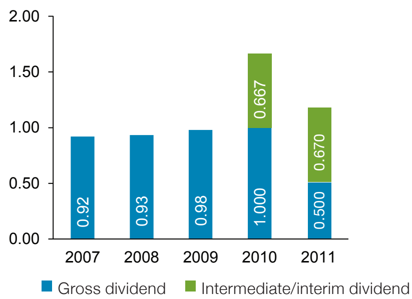
EBIT on sales

in %



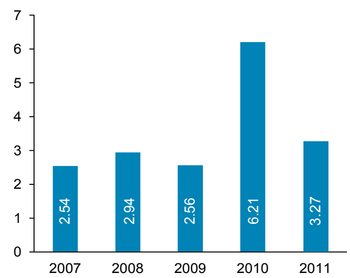
Gross dividend**

in €



EPS**

in €



* More detailed figures are available in the Bekaert Shareholders' Guide 2011.
** All indicators per share are stock split-adjusted to enable comparison.

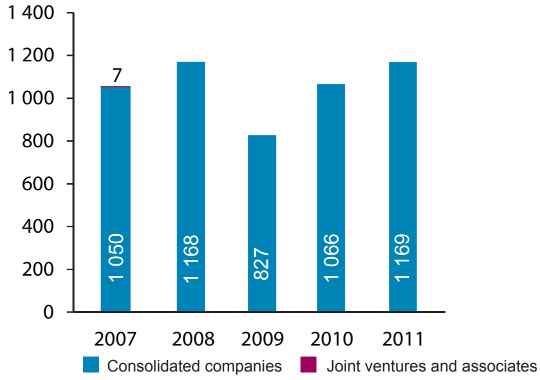
Key figures per segment

EMEA **in millions of €**	**2010**	**2011**
Consolidated sales	1 066	1 169
Operating result (EBIT)	87	63
EBIT on sales	8.1%	5.4%
EBITDA	144	117
EBITDA on sales	13.5%	10.0%
Combined sales	1 057	1 156

EMEA
€ 1 156 million
combined sales
25%

Sales EMEA

in millions of €



NORTH AMERICA **in millions of €**	**2010**	**2011**
Consolidated sales	638	665
Operating result (EBIT)	32	31
EBIT on sales	5.0%	4.7%
EBITDA	50	46
EBITDA on sales	7.8%	6.8%
Combined sales	631	657

NORTH AMERICA
€ 657 million
combined sales
14%

Sales North America

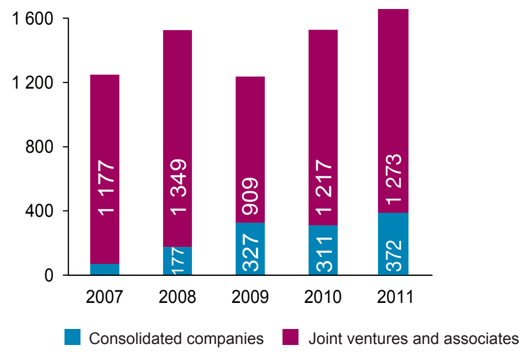
in millions of €

LATIN AMERICA **in millions of €**	**2010**	**2011**
Consolidated sales	311	372
Operating result (EBIT)	14	35
EBIT on sales	4.4%	9.5%
EBITDA	39	48
EBITDA on sales	12.3%	12.9%
Combined sales	1 528	1 645

LATIN AMERICA
€ 1 645 million
combined sales
36%

Sales Latin America

in millions of €

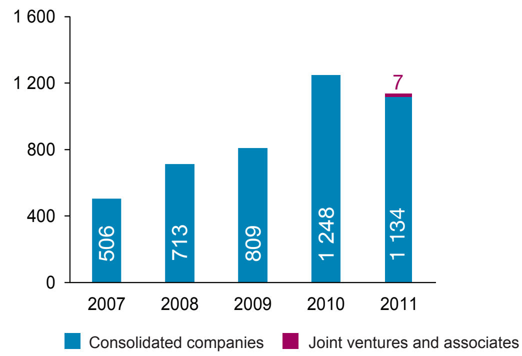


ASIA PACIFIC **in millions of €**	**2010**	**2011**
Consolidated sales	1 248	1 134
Operating result (EBIT)	467	217
EBIT on sales	37.4%	19.1%
EBITDA	560	346
EBITDA on sales	44.9%	30.5%
Combined sales	1 254	1 142

ASIA PACIFIC
€ 1 142 million
combined sales
25%

Sales Asia Pacific

in millions of €



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

Summary of financial review

Sales and financial review

Sales

Compared with the exceptional year of 2010, Bekaert's consolidated sales[1] increased by 2.4%. This was the result of continued strong growth in the first half of 2011 and a decline in top line sales in the second half, mainly due to the dramatic demand and price evolution in the sawing wire business.
Solid volumes in nearly all activity platforms except for sawing wire, drove an organic consolidated sales growth of 5.1%. The net impact of acquisitions and divestments (-1.1%) and fluctuations in exchange rates (-1.6%) had an adverse effect on the sales growth. The combined sales[2] increase was 4.9% from organic growth. Both the net movement in acquisitions and divestments (-0.8%) and currency movements (-1.2%) were slightly negative.

Financial review

Dividend

The Board of Directors will propose that the General Meeting of Shareholders on 9 May 2012 approve the distribution of a gross dividend of € 0.5 per share in addition to the interim dividend of € 0.67 which became payable as of 17 October 2011. The total gross dividend would thus amount to € 1.170, compared with € 1.667 last year. The dividend of € 0.5 will, upon approval by the General Meeting of Shareholders, become payable as of 16 May 2012.

Financial results

Bekaert achieved an operating result before non-recurring items (REBIT) of € 281 million. This equates to a REBIT margin on sales of 8.4%. Non-recurring expenses amounted to € 12.4 million and mainly related to restructuring costs in China and provisions for environmental liabilities in Belgium. Including non-recurring items, EBIT was € 268 million, representing an EBIT margin on sales of 8.0%. EBITDA reached € 476 million, representing an EBITDA margin on sales of 14.2%.

Selling and administrative expenses increased mainly as a result of bad debt provisions. Research and development expenses grew by 14% in support of Bekaert's innovation strategy.

Interest income and expenses amounted to € 66 million (versus € 50 million) due to a higher average net debt. Other financial income and expenses amounted to € 47 million (versus € 18 million), mainly due to the capital gain on the divested Specialty Films activities and exchange rate gains on dividends from China.

Taxation on profit amounted to € 68 million at an effective tax rate comparable to last year (27%).
The share in the result of joint ventures and associated companies amounted to € 25 million, which is below the € 36 million of 2010. The results in Brazil and Chile were negatively impacted by price adjustments reflecting our defense against Asian imports.

The result for the period thus reached € 207 million. After non-controlling interests (€ 15 million), the result for the period attributable to the Group was € 193 million, compared with € 368 million in 2010. Earnings per share amounted to € 3.27 (down from € 6.21 in 2010).

Balance sheet

As at 31 December 2011, shareholders' equity represented 42.4% of total assets. Net debt increased to € 860 million, mainly due to a higher working capital level and continued investments. Average working capital on sales increased to 28%, from 21% as at year-end 2010. The gearing ratio (net debt to equity) was 48.7%, in line with the company's long-term target of 50%.

[1] All comparisons are made relative to the financial year 2010.
[2] Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination

Cash flow statement

Cash from operating activities amounted to € 106 million, (2010: € 342 million). Operating working capital increased by € 200 million, mainly due to more difficult business conditions in China. Cash flow attributable to investing activities amounted to € 185 million, of which € 267 million related to capital expenditure in, amongst others, Asia Pacific, Slovakia, Russia and Belgium. This was partly offset by € 101 million proceeds from divestments (Specialty Films activities mainly).

Investment update

Capital expenditures reached € 278 million of which € 267 million in property, plant and equipment, mainly in Asia-Pacific and EMEA. Bekaert further accelerated the investments in research and development, totaling € 90 million in 2011. These R&D expenses mainly applied to the activities of the international technology centers in Deerlijk (Belgium) and Jiangyin (China). As a result of the global measures to adapt the business footprint in sawing wire, Bekaert intends to adjust as from 2012 its resources and development priorities in the technology center in Deerlijk and in the Engineering plant in Ingelmunster. More details about the global realignment program announced
on 2 February 2012 can be found in the respective press release .

In the past months, Bekaert announced several initiatives enabling further growth:
Bekaert announced on 15 November 2011 that it would issue, through NV Bekaert SA, a dual tranche bond: one tranche with a tenor of 5 years and one tranche with a tenor of 8 years, for an expected total minimum amount of € 200 million in the form of a public offering in Belgium and the Grand Duchy of Luxembourg. As a result of major success of this issue, the subscription period was terminated on 17 November 2011. The aggregate nominal amount of bonds was fixed at € 400 million. With this bond issue, Bekaert aims to achieve an optimal global balance between short-term and long-term debt, as well as between bank financing and financing through the capital markets.

On 15 December 2011, Bekaert and Xinyu Iron & Steel Co., Ltd (Xinsteel), a Xinyu-based (Jiangxi, China) iron and steel company, announced the successful closing of their partnership transaction by which Bekaert acquires 50% of the spring wire and Aluclad activities of Xinsteel in Xinyu, Jiangxi Province, China. These activities represent an annual turnover of approximately CNY 500 million. The joint venture is accounted for in Bekaert's financial records using the equity accounting method, as of 1 December 2011.

On 22 December 2011, Bekaert and its Chilean partners signed an agreement to restructure the shareholding of their joint venture operations in Chile, Peru and Canada. As a consequence, Bekaert becomes the principal shareholder (52%) in the partnership, and will consolidate the results of all respective entities as of 2012 in the Group's financial statements.

On 27 January 2012, Bekaert and Element Partners, a Pennsylvania, US-based equity fund, signed an agreement regarding the sale of Bekaert's Industrial Coatings activities to Element Partners. The transaction covers the production facilities in Deinze (Belgium) and Jiangyin (China), the maintenance activity at Spring Green (US), and the respective sales organization. The deal involves all 130 employees currently working in the Industrial Coatings platform. The contemplated divestment of the Industrial Coatings activities is a confirmation of Bekaert's strategic focus on realizing sustainable profitable growth in activities related to the company's core technological competences: advanced metal transformation and coatings.

No purchases or cancellations of shares took place in 2011. The total number of shares booked as treasury shares as at 31 December 2011 amounts to 939 700.

Sales by segment

EMEA

Bekaert's activity platforms performed well in most EMEA markets, with automotive sales recording solid growth in comparison to 2010. Sales declined in the last quarter of 2011 due to substantially lower demand in solar energy markets and strong price pressure in overall highly competitive markets. The usual seasonality effects of the last quarter further impacted the segment’s performance toward year-end.

While the price evolution of steel-based raw materials added to the segment’s revenues and profit in the first half of the year, it created an adverse effect in the second half.

The usual start-up costs associated with manufacturing expansions in Slovakia and Russia and the very weak capacity utilization and high costs incurred at the Belgian sawing wire and stainless steel wire activities, added to the profit drop for the segment in the second half of the year.

North-America

Solid demand in most sectors, except the depressed construction market and overall weaker business in agriculture, led to increased sales in North America. Normal seasonality as well as extended year-end holiday closures at customers’ sites is reflected in the lower activity levels during the last quarter.

The 2011 organic sales growth versus 2010 was to a large extent offset by the impact of disposed activities (-6% related to Specialty Films, Diamond-like carbon coatings and Composites) and unfavorable exchange rates (-5%). Profitability levels were heavily impacted in the second half of the year due to lower capacity utilization, yearend shut-downs for maintenance activities and declining steel-based raw materials prices.

Latin-America

The Bekaert subsidiaries in Latin America continued to deliver robust sales growth throughout the year. Sales volumes were strong, particularly in Venezuela and Peru. Bekaert also succeeded in translating cost increases into its selling prices, while currency movements had an adverse effect of -4.5%.

Combined revenues were up 8% in Latin America. Strong local currencies forced our joint ventures to adjust prices downward to successfully avert competitive imports. This affected the price levels and margins of the Brazilian activities mainly. In order to recover profitability, a cost structure improvement project was installed including a thorough restructuring in all Brazilian plants.

Asia Pacific

The quarterly sales trend in Asia-Pacific has been negative throughout 2011, despite strong growth in India and Indonesia.

The segment’s overall volume increase over 2010 was more than offset by a negative product mix and an overall growth slowdown in China. Showing zero growth, the Chinese truck tire market is one example of China’s rapidly maturing industrial base with limited growth perspectives in a highly competitive environment.
In addition, the drastic change of the sawing wire business in the second half of 2011 drove sales and profits in China considerably down from last year. Initiatives taken in December 2011 to rightsize Bekaert’s sawing wire manufacturing footprint there are reflected in non-recurring items.

Bekaert: Financial review

Table of contents

Consolidated financial statements

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2010	2011
Sales	5.1.	3 262 496	3 339 957
Cost of sales	5.1.	-2 358 225	-2 688 542
Gross profit	**5.1.**	**904 271**	**651 415**
Selling expenses	5.1.	-128 998	-148 947
Administrative expenses	5.1.	-135 830	-134 443
Research and development expenses	5.1.	-79 330	-90 146
Other operating revenues	5.1.	15 978	14 691
Other operating expenses	5.1.	-13 602	-11 712
Operating result before non-recurring items (REBIT)	**5.1.**	**562 489**	**280 858**
Non-recurring items	5.1.	-28 221	-12 426
Operating result (EBIT)	**5.1.-2.**	**534 268**	**268 432**
Interest income	5.3.	9 305	7 521
Interest expense	5.3.	-59 356	-73 315
Other financial income and expenses	5.4.	17 694	47 279
Result before taxes		**501 911**	**249 917**
Income taxes	5.5.	-139 464	-68 133
Result after taxes (consolidated companies)		**362 447**	**181 784**
Share in the results of joint ventures and associates	5.6.	36 064	25 423
RESULT FOR THE PERIOD		**398 511**	**207 207**
Attributable to			
the Group		*367 647*	*192 643*
non-controlling interests	*6.13.*	*30 864*	*14 564*

Earnings per share in € per share	**5.7.**	**2010**	**2011**
Result for the period attributable to the Group			
Basic		*6.205*	*3.269*
Diluted		*6.173*	*3.247*

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	2011
Result for the period		**398 511**	**207 207**
Other comprehensive income			
Exchange differences	5.8.	125 364	23 963
Net investment hedges (exchange differences effect)	7.3.	-8 665	-
Cash flow hedges	6.12.	-1 068	579
Available-for-sale investments	6.12.	-664	-14 179
Actuarial gains and losses (-) on defined-benefit plans	6.12.	-9 099	-25 819
Share of other comprehensive income of joint ventures and associates		-6	19
Deferred taxes relating to other comprehensive income	5.8.	909	1 887
Other comprehensive income for the period, net of tax		**106 771**	**-13 550**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**505 282**	**193 657**
Attributable to			
the Group		*469 417*	*175 506*
non-controlling interests	*6.13.*	*35 865*	*18 151*

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**	**2011**
Non-current assets		**1 765 873**	**1 900 018**
Intangible assets	6.1.	73 051	82 640
Goodwill	6.2.	58 097	20 908
Property, plant and equipment	6.3.	1 295 115	1 433 601
Investments in joint ventures and associates	6.4.	243 795	258 260
Other non-current assets	6.5.	32 128	20 878
Deferred tax assets	6.6.	63 687	83 731
Current assets		**1 907 264**	**2 269 087**
Inventories	6.7.	507 650	577 935
Trade receivables	6.7.	774 308	828 329
Other receivables	6.8.	63 942	88 319
Short-term deposits	7.1.	104 699	382 607
Cash and cash equivalents		338 238	293 856
Other current assets	6.9.	118 427	62 549
Assets classified as held for sale	6.10.	-	35 492
Total		**3 673 137**	**4 169 105**

Equity and liabilities as at 31 December in thousands of €	**Notes**	**2010**	**2011**
Equity		**1 696 627**	**1 766 422**
Share capital	6.11.	176 242	176 512
Share premium		27 582	29 858
Retained earnings	6.12.	1 463 838	1 557 419
Other Group reserves	6.12.	-56 995	-69 901
Equity attributable to the Group		**1 610 667**	**1 693 888**
Non-controlling interests	**6.13.**	**85 960**	**72 534**
Non-current liabilities		**936 879**	**1 137 969**
Employee benefit obligations	6.14.	150 893	161 256
Provisions	6.15.	34 335	32 002
Interest-bearing debt	6.16.	700 488	907 573
Other non-current liabilities	6.17.	9 452	10 422
Deferred tax liabilities	6.6.	41 711	26 716
Current liabilities		**1 039 631**	**1 264 714**
Interest-bearing debt	6.16.	320 315	648 485
Trade payables	6.7.	341 664	290 635
Employee benefit obligations	6.7./6.14.	128 231	107 978
Provisions	6.15.	15 257	13 241
Income taxes payable		94 666	75 680
Other current liabilities	6.18.	139 498	116 023
Liabilities associated with assets classified as held for sale	6.10.	-	12 672
Total		**3 673 137**	**4 169 105**

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

Consolidated statement of changes in equity

in thousands of €	Share capital	Share premium	Retained earnings	Other Group reserves[1]: Other reserves	Other Group reserves[1]: Cumulative translation adjust-ments	Equity attributable to the Group	Non-controlling interests	Total
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**
Balance as at 1 January 2011	**176 242**	**27 582**	**1 463 838**	**-70 610**	**13 615**	**1 610 667**	**85 960**	**1 696 627**
Total comprehensive income for the period	-	-	192 643	-37 075	19 938	175 506	18 151	193 657
Capital contribution by non-controlling interests	-	-	-	-	-	-	2 262	2 262
Effect of acquisitions and disposals	-	-	-162	-22	-	-184	-1 111	-1 295
Equity-settled share-based payment plans	-	-	-	3 146	-	3 146	-	3 146
Creation of new shares	270	2 276	-	-	-	2 546	-	2 546
Treasury shares transactions	-	-	-426	1 107	-	681	-	681
Dividends	-	-	-98 474	-	-	-98 474	-32 728	-131 202
Balance as at 31 December 2011	**176 512**	**29 858**	**1 557 419**	**-103 454**	**33 553**	**1 693 888**	**72 534**	**1 766 422**

[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	2011
Operating activities			
Operating result (EBIT)	4./5.1.-2.	534 268	268 432
Non-cash and investing items included in operating result	7.1.	192 766	184 622
Income taxes paid	5.5.	-113 305	-129 265
Gross cash flows from operating activities		**613 729**	**323 789**
Change in operating working capital	6.7.	-276 886	-199 805
Other operating cash flows	7.1.	5 635	-18 390
Cash flows from operating activities		**342 478**	**105 594**
Investing activities			
New business combinations	7.2.	-29 650	-4 381
Other portfolio investments	6.4./6.13.	-289	-13 518
Proceeds from disposals of investments	7.2.	12 596	101 344
Dividends received		40 360	7 511
Purchase of intangible assets	4./6.1.	-17 276	-11 090
Purchase of property, plant and equipment	4./6.3.	-230 339	-266 637
Other investing cash flows	7.1.	14 085	1 755
Cash flows from investing activities		**-210 513**	**-185 016**
Financing activities			
Interest received	5.3.	9 578	4 046
Interest paid	5.3.	-53 033	-63 011
Gross dividend paid		-118 504	-163 071
Proceeds from non-current interest-bearing debt	6.16.	163 643	432 219
Repayment of non-current interest-bearing debt	6.16.	-75 060	-57 430
Cash flows from current interest-bearing debt	6.16.	121 004	105 594
Treasury shares transactions	6.12.	-57 738	681
Other financing cash flows	7.1.	90 222	-238 569
Cash flows from financing activities		**80 112**	**20 459**
Net increase or decrease (-) in cash and cash equivalents		**212 077**	**-58 963**
Cash and cash equivalents at the beginning of the period		**121 171**	**338 238**
Effect of exchange rate fluctuations		4 990	14 581
Cash and cash equivalents at the end of the period		**338 238**	**293 856**

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 19 March 2012.

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 2011

No new and revised standards and interpretations adopted in the current period have affected the amounts reported in these financial statements.

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.

- IAS 32 (Amendment), Financial Instruments: Presentation - Classification of rights issues (effective from 1 January 2011). The amendments clarify that rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective from 1 January 2011). This interpretation provides guidance on debt for equity swaps.
- IAS 24 (Amendment), Related Party Disclosures (effective from 1 January 2011). IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) a change in the definition of a related party and (b) the introduction of a partial exemption from the disclosure requirements for government-related entities.
- 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.
- IAS 1 (Amendment), Presentation of Financial Statements (effective from 1 January 2011), as part of Improvements for IFRSs issued in 2010. The amendments clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. Bekaert presents such an analysis in the notes to the financial statements, with a single-line presentation of other comprehensive income in the consolidated statement of changes in equity.
- The Improvements to IFRSs published in May 2010. These amendments relate to IFRS 1, First-time Adoption of IFRSs (see above), 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.

Standards, amendments and interpretations that are not yet effective in 2011 and have not been early adopted

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

- 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.
- IFRS 7 (Amendment), Financial Instruments: Disclosures (effective 1 January 2013, but not yet endorsed), relating to Offsetting financial assets and financial liabilities, published in December 2011. The amendment requires disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements in order to evaluate the effect or potential effect of netting arrangements on the entity's financial position.
- IFRS 9, Financial Instruments and related amendments (effective date 1 January 2015 but not yet endorsed). The present version of IFRS 9 (also known as Phase I) mainly simplifies the classification and measurement of financial assets and financial liabilities. Other phases are still not finalized.
- IFRS 10, Consolidated Financial Statements (effective from 1 January 2013 but not yet endorsed). IFRS 10 replaces the parts of IAS 27, Consolidated and Separate Financial Statements, that deal with consolidated financial statements. SIC 12, Consolidation – Special Purpose Entities, has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, the only basis for consolidation is control. A new definition of control is introduced which contains three elements (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns.
- IFRS 11, Joint Arrangements (effective from 1 January 2013 but not yet endorsed). IFRS 11 replaces IAS 31, Interests in Joint Ventures. It deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC 13, Jointly Controlled Entities – Non-monetary Contributions by Venturers, has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, whereas IAS 31 provided three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method. Since Bekaert already accounts for its joint ventures using the equity method, the latter amendment will not have an effect on its consolidated financial statements.
- IFRS 12, Disclosures of Interests in Other Entities (effective from 1 January 2013 but not yet endorsed). This standard requires more extensive disclosures, including summarized financial information for each joint venture or subsidiary with non-controlling interests that is material to the Group.
- IFRS 13, Fair Value Measurement (effective from 1 January 2013 but not yet endorsed). IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.
- IAS 1 (Amendment), Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (effective from 1 January 2013 but not yet endorsed). The amendments require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.
- IAS 19 (Revised 2011), Employee Benefits (effective from 1 January 2013 but not yet endorsed). The amendments change the accounting for defined-benefit plans and termination benefits. The most significant

change relates to the accounting for changes in defined-benefit obligations and plan assets. Under the new amendments, which eliminate the corridor approach and accelerate the recognition of past service costs, such changes should be recognized when they occur. Furthermore, when determining the
net benefit expense of a defined-benefit plan, the interest cost and expected return on plan assets are replaced by a net interest on the net defined-benefit liability/asset which is based on a single discount rate. The effect of the latter amendment on the projected 2012 net benefit expense of Bekaert's defined-benefit plans is estimated at an increase of € 1.3 million.

- IAS 27 (Amendment), Separate Financial Statements (effective from 1 January 2013 but not yet endorsed). The part relating to consolidated statements of this standard, which was formerly called 'Consolidated and Separate Financial Statements', has been removed upon the issuance of IFRS 10, Consolidated Financial Statements. The amended standard will consequently no longer be applicable to Bekaert as the sepa-rate financial statements are not published under IFRS.
- IAS 28 (Amendment), Investments in Associates and Joint Ventures (effective from 1 January 2013 but not yet endorsed). The amendment mainly relates to the accounting treatment of joint ventures in accordance with the equity method.
- IAS 32 (Amendment), Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014 but not yet endorsed). This amendment provides clarifications on the application of the offsetting rules on 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 12 (Amendment), Income Taxes (effective 1 January 2012 but not yet endorsed), 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.
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine (effective from 1 January 2013 but not yet endorsed). The Interpretation clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining.

2.2. General principles

Basis of preparation

The consolidated financial statements are presented in thousands of euros, under the historical cost convention, except for invest-ments 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 can-not 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 activi-ties. 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 trans-actions between Group companies are elimi-nated; unrealized losses are also eliminated unless the impairment is permanent. Equity and net result attributable to non-controlling share-holders are shown separately in the balance sheet and income statement, respect-tively. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are account-ted 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 consi-deration 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. When the Group has acquired joint control in a joint venture or significant influence in an associate, the share in the acquired assets, liabilities and contingent liabilities is initially remeasured to fair value at the acquisition date and accounted for using the equity method. Any excess of the purchase price over the fair value of the share in the assets, liabilities and contingent liabilities acquired is recognized as goodwill. When the goodwill is negative, it is immediately recognized in profit or loss. Subsequently, the consolidated financial statements include the Group's share of the results of joint ventures and associates accounted for using the equity method 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 implementtation of acquired ERP software are recognized as intangible assets and amortized over five years on a straight-line basis.

Rights to use land

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

Research and development

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

Expenditure on development activities where research findings are applied to a plan or design for the production of new or substantially improved products and processes prior to commercial production or use is capitalized if, and only if, all of the recognition criteria set out below are met:

- the product or process is clearly defined and costs are separately identified and reliably measured;
- the technical feasibility of the product is demonstrated;
- the product or process is to be sold or used in house;
- the assets are expected to generate future economic benefits (e.g. a potential market exists for the product or, if for internal use, its usefulness is demonstrated); and
- adequate technical, financial and other resources required for completion of the project are available.

In most cases, these recognition criteria are not met. Capitalized development costs are amor-tized from the commencement of commercial production of the product on a straightline 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 obligetion 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. Although defined-contribution plans in Belgium are legally subject to a minimum guaranteed return, the Belgian supplementary pension plans are accounted for as defined-contribution plans, since the legally required return is basically guaranteed by the insurance company. The Belgian supplementary pension plan for managers was previously accounted for as a defined-benefit plan, because the beneficiaries were offered a limited investment choice.

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 accountting 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 postretirement 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 items (assets or liabilities) 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 remaining period to 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

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgments, estimates and assumptions are reviewed on an ongoing basis.

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

The following are the critical judgments made by management, apart from those involving estimations (see note 3.2. below), that have a significant effect on the amounts reported in the consolidated financial statements.

- 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 current economic substance of the transactions relevant to that entity. Management concluded, based on assessment of the current situation, 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 from export should be sold to the Central Bank of Venezuela (BCV) at the official rate and payments in US dollars approved by CADIVI are effected via the BCV at the official rate. Early June 2010, the government introduced addi-

tional regulations including currency exchange bands under a newly regulated system (the SITME or Sistema de Transacciones con Titulos en Moneda Extranjera) controlled by the 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 (2010: 5.40). Bekaert uses the SITME rate when recording transactions in VEF and recognizes a realized exchange result when the transaction is settled at another rate.

- Management concluded that Bekaert, given its non-controlling interest of 13.0% at year-end 2011, has no significant influence in Shougang Concord Century Holdings Ltd and therefore the investment is a financial asset available for sale accounted for at fair value through equity. Furthermore, considering the high volatility and the non-prolonged nature of the unrealized loss, management assessed that this investment is not impaired.
- 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.

3.2. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and the other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

- 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 indica-

tors 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’).

- According to Chinese tax legislation and regulation, certain entities of the Bekaert Group which enjoy preferential treatment in the form of a reduced income tax rate are granted a gradual transition to the statutory tax rate over a five year period ending in 2012. Based on current practice, management judges that part of the investments comply with the conditions for this tax incentive. Should the tax regulation or practice change in this area, the Company may be required to update its tax liabilities or provisions.
- 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. Bekaert also remeasures the share in the assets, liabilities and contingent liabilities in a joint venture or associate to its acquisition-date 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 bench-marks 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 (2011: 35% of consolidated sales)
2) North America (2011: 20% of consolidated sales)
3) Latin America (2011: 11% of consolidated sales)
4) Asia Pacific (2011: 34% 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.

2011 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Other	Elimina-tions	Consoli-dated
Net sales	1 168 793	665 392	371 573	1 134 199	-	-	3 339 957
Operating result before non-recurring items (REBIT)	65 834	31 815	35 401	224 092	-66 757	-9 527	280 858
Non-recurring items	-3 139	-743	-	-7 592	-952	-	-12 426
Operating result (EBIT)	**62 695**	**31 072**	**35 401**	**216 500**	**-67 709**	**-9 527**	**268 432**
Depreciation and amortization	54 241	13 929	12 358	124 469	13 061	-17 223	200 835
Impairment losses	193	539	315	5 423	-	-	6 470
EBITDA	**117 129**	**45 540**	**48 074**	**346 392**	**-54 648**	**-26 750**	**475 737**
Segment assets	867 875	270 848	231 537	1 654 569	190 113	-238 803	2 976 139
Unallocated assets	-	-	-	-	-	-	1 192 966
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**4 169 105**
Segment liabilities	196 123	50 557	57 125	165 203	73 941	-134 992	407 957
Unallocated liabilities	-	-	-	-	-	-	1 994 726
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**2 402 683**
Capital employed	671 752	220 291	174 412	1 489 366	116 172	-103 811	2 568 182
Average capital employed	648 939	239 323	164 650	1 371 000	98 375	-104 568	2 417 718
Return on average capital employed (ROCE)[1]	9.7%	13.0%	21.5%	15.8%	-	-	11.1%
Capital expenditure – PP&E	88 733	12 846	11 018	165 120	15 343	-26 423	266 637
Capital expenditure – intangible assets	3 065	633	155	8 654	1 051	-2 468	11 090
Share in the results of joint ventures and associates	62	-	24 925	436	-	-	25 423
Investments in joint ventures and associates	102	-	240 491	17 667	-	-	258 260
Number of employees (year-end)	5 976	1 506	2 467	10 408	2 056	-	22 413

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

[1] *ROCE: Operating result (EBIT) relative to average capital employed*
* *Number of employees: full-time equivalents*

Revenue by product application

in thousands of €	2010	2011	Variance (%)
Net sales			
Steel wire products	*2 884 114*	*2 983 308*	*3.4%*
Stainless products	*185 019*	*197 529*	*6.8%*
Coatings & other	*193 363*	*159 120*	*-17.7%*
Total	**3 262 496**	**3 339 957**	**2.4%**

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	2011	% of total
Net sales from Belgium	330 169	10%	345 223	10%
Net sales from China	1 077 053	33%	900 096	27%
Net sales from USA	587 020	18%	618 294	19%
Net sales from other countries	1 268 254	39%	1 476 344	44%
Total net sales	**3 262 496**	**100%**	**3 339 957**	**100%**
Non-current assets located in Belgium	144 874	10%	133 999	9%
Non-current assets located in China	679 488	48%	760 925	49%
Non-current assets located in USA	118 747	8%	78 064	5%
Non-current assets located in other countries	483 154	34%	564 161	37%
Total non-current assets	**1 426 263**	**100%**	**1 537 149**	**100%**

5. Income statement items and other comprehensive income

5.1. Operating result (EBIT) by function

in thousands of €	2010	2011	variance
Sales	3 262 496	3 339 957	77 461
Cost of sales	-2 358 225	-2 688 542	-330 317
Gross profit	**904 271**	**651 415**	**-252 856**
Selling expenses	-128 998	-148 947	-19 949
Administrative expenses	-135 830	-134 443	1 387
Research and development expenses	-79 330	-90 146	-10 816
Other operating revenues	15 978	14 691	-1 287
Other operating expenses	-13 602	-11 712	1 890
Operating result before non-recurring items (REBIT)	**562 489**	**280 858**	**-281 631**
Non-recurring items	-28 221	-12 426	15 795
Operating result (EBIT)	**534 268**	**268 432**	**-265 836**

Sales and gross profit in thousands of €	2010	2011	variance (%)
Sales	3 262 496	3 339 957	2.4%
Cost of sales	-2 358 225	-2 688 542	14.0%
Gross profit	**904 271**	**651 415**	**-28.0%**
Gross profit in % of sales	27.7%	19.5%	

Bekaert’s consolidated sales increased with 2.4% compared to 2010, reflecting an organic growth of 5.1%, exchange rate fluctuations of -1.6% (mainly due to a slightly weaker USD) and a -1.1% net impact of acquisitions and disposals. The sales growth is the result of continued strong growth in the first half of 2011 and a decline in the second half, mainly due to the dramatic evolution of demand and prices in the sawing wire business. Volumes increased in nearly all activity platforms except for sawing wire. The decrease of gross profit is driven by the lower price levels of sawing wire, unfavorable product mix evolution and increased costs which are not completely reflected in higher sales prices due to increased competitive price pressure.

Overheads in thousands of €	2010	2011	variance (%)
Selling expenses	-128 998	-148 947	15.5%
Administrative expenses	-135 830	-134 443	-1.0%
Research and development expenses	-79 330	-90 146	13.6%
Total	**-344 158**	**-373 536**	**8.5%**

The increase in selling expenses is mainly driven by incremental provisions for potential bad debt. The increase in research and development expenses reflects accelerated innovation efforts.

Other operating revenues in thousands of €	2010	2011	variance
Royalties received	10 014	10 018	4
Gains on disposal of PP&E and intangible assets	3 259	669	-2 590
Realized exchange results on sales and purchases	-437	-1 439	-1 002
Government grants	1 238	3 143	1 905
Miscellaneous	1 904	2 300	396
Total	**15 978**	**14 691**	**-1 287**

Government grants relate mainly to subsidies in China (€ 2.9 million) and Belgium (€ 0.3 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**	**2011**	**variance**
Losses on disposal of PP&E and intangible assets	-3 328	-2 300	1 028
Amortization of intangible assets	-2 025	-651	1 374
Bank charges	-2 757	-2 851	-94
Miscellaneous	-5 492	-5 910	-418
Total	**-13 602**	**-11 712**	**1 890**

Amortization of intangible assets mainly relates to intangibles recognized during the initial accounting for the acquisition of Cold Drawn Products Ltd (€ 0.6 million (2010: 1.7 million)).

Non-recurring items in thousands of €	**2010**	**2011**	**variance**
Restructuring	428	-8 468	-8 896
Impairment losses	-17 723	-1 342	16 381
Other	-10 926	-2 616	8 310
Total	**-28 221**	**-12 426**	**15 795**

Restructuring in 2011 mainly relates to the adjustment of the sawing wire footprint in China, including impairment of fixed assets and severance payments. 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**		**2011**	
Sales	3 262 496	100%	3 339 957	100%
Other operating revenues	15 978	-	14 691	-
Total operating revenues	**3 278 474**	**-**	**3 354 648**	**-**
Own construction of PP&E	105 536	3.2%	99 084	3.0%
Raw materials	-1 156 941	35.5%	-1 329 163	39.8%
Semi-finished products and goods for resale	-104 423	3.2%	-112 549	3.4%
Change in work-in-progress and finished goods	72 717	-2.2%	36 938	1.1%
Staff costs	-596 923	18.3%	-618 556	18.5%
Depreciation and amortization	-173 026	5.3%	-200 835	6.0%
Impairment losses	-17 980	0.6%	-6 470	0.2%
Transport and handling of finished goods	-120 873	3.7%	-135 624	4.1%
Consumables and spare parts	-261 833	8.0%	-286 369	8.6%
Utilities	-183 803	5.6%	-193 503	5.8%
Maintenance and repairs	-47 613	1.5%	-51 104	1.5%
Expenses operating leases	-21 983	0.7%	-22 709	0.7%
Commissions in selling expenses	-5 821	0.2%	-4 814	0.1%
Export VAT and export customs duty	-27 555	0.8%	-34 057	1.0%
ICT costs	-21 778	0.7%	-26 784	0.8%
Advertising and sales promotion	-9 470	0.3%	-8 686	0.3%
Travel, restaurant & hotel	-40 812	1.3%	-39 935	1.2%
Consulting and other fees	-30 113	0.9%	-29 404	0.9%
Office supplies and equipment	-12 941	0.4%	-13 796	0.4%
Venture capital funds R&D	-1 440	0.0%	-1 617	0.0%
Temporary or external labor	-12 655	0.4%	-19 792	0.6%
Insurance expenses	-4 794	0.1%	-4 851	0.1%
Miscellaneous	-69 683	2.1%	-81 620	2.4%
Total operating expenses	**-2 744 206**	**84.1%**	**-3 086 216**	**92.4%**
Operating result (EBIT)	**534 268**	**16.4%**	**268 432**	**8.0%**

5.3. Interest income and expense

in thousands of €	2010	2011
Interest income on financial assets carried at amortized cost	9 305	7 521
Interest income	**9 305**	**7 521**
Interest expense on financial liabilities carried at amortized cost	*-48 973*	*-65 069*
Interest expense on financial liabilities carried at fair value	*-4 287*	*-2 868*
Interest and similar expense	-53 260	-67 937
Interest element of interest-bearing provisions	-6 096	-5 378
Interest expense	**-59 356**	**-73 315**
Total	**-50 051**	**-65 794**

The increase in interest clearly reflects the substantial increase in interest-bearing debt in 2011. Interest expense on financial liabilities carried at amortized cost relates to all interest-bearing debt which is not hedged by a fair value hedge. Interest expense on financial liabilities carried at fair value relates both to interest-bearing debt hedged by a fair value hedge and to interest-rate risk mitigating derivatives (see note 7.3. 'Financial risk management and financial derivatives'). Since interest-rate risk mitigating derivatives were used in connection with financial liabilities only, all interest expense adjustments from those derivatives are recorded as interest expense on financial liabilities at fair value.

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

5.4. Other financial income and expenses

in thousands of €	2010	2011
Value adjustments to derivatives	*-515*	*-26 672*
Value adjustments to hedged items	*1 982*	*574*
Unrealized exchange results on hedged items	*13 233*	*26 336*
Realized exchange results on hedged items	*-1 710*	*12 964*
Impact of derivatives	12 990	13 202
Other unrealized exchange results	12 758	10 550
Other realized exchange results	-7 636	812
Gains and losses on disposal of investments	-1 105	22 901
Dividends from other shares	1 063	343
Other	-377	-529
Total	**17 694**	**47 279**

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. 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.

The impact analysis of derivatives on other financial income and expenses has been revised to include (a) unrealized exchange results on dividends from Chinese subsidiaries recognized by their Hong Kong parent companies but hedged in Belgium, and (b) realized exchange results originating from currency-risk mitigating derivatives. For more details on the impact of derivatives, refer to note 7.3. 'Financial risk management and derivatives'.

The gains on disposal of investments mainly relates to the sale of the Specialty Films activity (see note 7.2. 'Effect of new business combinations and disposals').

5.5. Income taxes

in thousands of €	2010	2011
Current taxes for the year	-170 315	-103 066
Adjustment to current taxes in respect of prior periods	3 455	4 770
Deferred taxes	27 396	30 163
Total tax expense	**-139 464**	**-68 133**

Relationship between tax expense and accounting profit

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

in thousands of €	2010	2011
Accounting profit	501 911	249 917
Tax expense at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	-124 290	-63 407
Tax expense related to distribution of retained earnings	-21 022	-9 110
Total theoretical tax expense	-145 312	-72 517
Theoretical tax rate	-29.0%	-29.0%
Tax effect of:		
Non-deductible items	*-15 934*	*-13 076*
Other tax rates and special tax regimes	*29 947*	*17 082*
Non-recognition of deferred tax assets	*-16 401*	*-18 074*
Utilization of deferred tax assets not previously recognized	*2 609*	*4 357*
Tax adjustments relating to prior periods	*7 673*	*5 202*
Exempted income	-	*5 820*
Other	*-2 046*	*3 073*
Total tax expense	**-139 464**	**-68 133**
Effective tax rate	-27.8%	-27.3%

Other tax rates and special tax regimes reflect temporary tax holidays and notional interest deduction. The exempted income of 2011 is mainly related to financial income in Hong Kong holdings.

5.6. Share in the results of joint ventures and associates

The results of the Brazilian joint ventures were negatively affected by price pressure in order to compete against Asian imports as a consequence of the stronger Brazilian real, in combination with increasing local costs. Also Chile was confronted with import competition, but performed better than 2010 which was seriously impacted by an earthquake.

in thousands of €		2010	2011
Joint ventures			
BOSFA Pty Ltd	Australia	123	225
Belgo Bekaert Arames Ltda and subsidiary	Brazil	23 924	15 694
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	4 131	-29
Inchalam group[1]	Chile	7 886	9 261
Bekaert Faser Vertriebs GmbH	Germany	-	62
Bekaert (Xinyu) Metal Products Co Ltd[2]	China	-	210
Total		**36 064**	**25 423**

[1] *Starting in 2012, the Inchalam group will no longer be accounted for using the equity method but using the full consolidation method. See note 7.6. 'Events after the balance sheet date'.*

[2] *Bekaert (Xinyu) Metal Products Co Ltd has been acquired on 13 December 2011. The share in the result mainly consists of a € 0.2 million negative goodwill recognized on this acquisition (refer to note 7.1. 'Notes to the cash flow statement').*

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

2011	Number
Weighted average number of ordinary shares (basic)	58 933 624
Dilution effect of subscription rights	395 126
Weighted average number of ordinary shares (diluted)	59 328 750

	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders (in thousands €)	192 643	192 643
Earnings per share (in €)	**3.269**	**3.247**

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**

The weighted average closing price during 2011 was € 54.69 per share (2010: € 53.82 per share). None of the outstanding 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 following table analyzes the deferred taxes booked in equity by item of other comprehensive income.

in thousands of €	2010	2011
Exchange differences	-821	-831
Net investment hedges (exchange difference effect)	433	-
Cash flow hedges	1 695	-222
Actuarial gains and losses on defined-benefit plans	-398	2 948
Other	-	-8
Total deferred tax reported in OCI	**909**	**1 887**
Attributable to the Group	819	1 684
Attributable to non-controlling interests	90	203

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 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**
As at 1 January 2011	29 453	56 731	55 461	1 001	22 294	164 940
Expenditure	6 267	4 088	855	-	-	11 210
Disposals and retirements	-30 421	-1 597	-37	-	-22	-32 077
Transfers [1]	741	173	-	-	-	913
Reclassification to (-) / from held for sale	-741	-57	-	-	-383	-1 181
New consolidations	128	-	2 390	-	1 366	3 884
Deconsolidations	-	-654	-	-	-540	-1 194
Exchange gains and losses (-)	48	583	3 616	-	655	4 902
As at 31 December 2011	**5 475**	**59 266**	**62 285**	**1 001**	**23 370**	**151 397**
Accumulated amortization and impairment						
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**
As at 1 January 2011	26 596	40 898	5 171	933	18 290	91 888
Charge for the year	2 488	4 405	1 037	37	1 138	9 105
Expenditure	9	-	18	-	93	120
Disposals and retirements	-30 421	-1 585	-37	-	-22	-32 065
Deconsolidations	-	-654	-	-	-372	-1 026
Transfers	-	6	-	-	-	6
Reclassification to (-) / from held for sale	-28	-57	-	-	-383	-468
Exchange gains (-) and losses	22	270	501	-	403	1 196
As at 31 December 2011	**-1 334**	**43 283**	**6 690**	**970**	**19 147**	**68 756**
Carrying amount as at 31 December 2010	**2 857**	**15 833**	**50 290**	**68**	**4 004**	**73 052**
Carrying amount as at 31 December 2011	**6 809**	**15 983**	**55 595**	**31**	**4 223**	**82 640**

[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 disposals in the Licenses, patents and similar rights of € 30.4 million consist of intellectual property relating to the Specialty Films activity sold in 2011. The expenditure consists of intellectual property relating to the sawing wire and the spring wire activities. The rights to use land mainly relate to India and China. Other intangible assets predominantly consist of customer lists and trademarks acquired in a business combination.

The carrying amount mainly relates to Bekaert Corporation (€ 1.5 million vs. € 1.6 million in 2010), Bekaert (Qingdao) Wire Products (€ 1.4 million vs. nil in 2010) and Ideal Alambrec SA (€ 0.9 million vs. € 1.1 million in 2010).

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**	**2011**
As at 1 January	76 560	77 494
Increases	-	356
Exchange gains and losses (-)	3 977	113
Deconsolidation	-3 043	-33 323
Reclassification from / to (-) held for sale	-	-4 285
As at 31 December	**77 494**	**40 355**

Impairment losses in thousands of €	**2010**	**2011**
As at 1 January	22 258	19 397
Deconsolidation	-3 011	-
Exchange gains (-) and losses	150	50
As at 31 December	**19 397**	**19 447**
Carrying amount as at 31 December	**58 097**	**20 908**

The increase in 2011 relates to the acquisition of Qingdao Hansun Steel Co Ltd (China) as from 1 September 2011. The deconsolidation relates to the sale of the Specialty Films business as from 30 September 2011. For both of these deals, please refer to note 7.2. 'Effect of new business combinations and disposals'.

The goodwill on the Industrial Coatings activities was reclassified to assets held for sale, which is consistent with the intended sale to Element Partners (USA) announced in January 2012. Please refer to note 6.10. 'Assets classified as held for sale and liabilities associated with those assets'.

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 2009	Impairment 2010	Carrying amount 31 Dec 2010	Impairment 2011	Carrying amount 31 Dec 2011
Subsidiaries						
EMEA	Cold Drawn Products Ltd	2 520	-	2 600	-	2 680
EMEA	Combustion - heating EMEA	3 027	-	3 027	-	3 027
EMEA	Industrial coatings EMEA[1]	4 285	-	4 285	-	-
North America	Bekaert Canada Ltd and Van Buren plant (USA)	4 246	-	4 821	-	4 860
North America	Orrville plant (USA)	8 142	-	8 779	-	9 065
North America	Specialty films North America[2]	31 199	-	33 697	-	-
Latin America	Bekaert Ideal SL companies	844	-	844	-	844
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	-	-	-	-	385
Asia Pacific	Bekaert-Jiangyin Wire Products Co Ltd	39	-	44	-	47
Subtotal		**54 302**	**-**	**58 097**	**-**	**20 908**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	5 985	-	6 777	-	6 221
Subtotal		**5 985**	**-**	**6 777**	**-**	**6 221**
Total		**60 287**	**-**	**64 874**	**-**	**27 129**

[1] *This cash-generating unit is classified as held for sale at 31 December 2011 (refer to note 6.10. 'Assets classified as held for sale and liabilities associated with those assets').*

[2] *The Specialty Films activity was sold to Saint-Gobain as from 30 September 201 (refer to note 7.2. 'Effect of new business combinations and disposals').*

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. In the budgeting exercise the key assumptions relate to sales forecasts which mainly reflect regional industrial GDP evolution, and margin evolutions taking into account agreed action plans. 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% - 8%. 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. The long-term interest-rates included in the cost of equity calculation have not been changed vs 2010 in view of the volatility in the financial markets in 2011.

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			**4.4%**	**4.2%**	**6.5%**
Long term interest rate			4.8%	4.6%	6.8%
Short term interest rate			3.2%	3.3%	5.6%
Cost of Bekaert equity	$= R_f + B . E_m$		**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			**27.0%**	**27.0%**	**27.0%**
Cost of equity before tax			**12.8%**	**11.4%**	**15.9%**
WACC - nominal			**10.0%**	**9.0%**	**12.8%**
Expected inflation			2.0%	2.0%	3.0%
WACC in real terms			**8.0%**	**7.0%**	**9.8%**

The tests did not result in an impairment of the goodwill in 2011 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 2010	626 712	1 799 899	73 208	1 835	3 005	89 757	2 594 417
Expenditure	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 [1]	-	-	-	-	-	-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**
As at 1 January 2011	732 711	1 990 267	82 708	1 255	4 866	117 649	2 929 456
Expenditure	82 254	172 170	12 680	159	67	1 545	268 875
Disposals and retirements	-2 073	-34 248	-4 582	-	-112	-5	-41 019
New consolidations	4 795	7 920	110	-	-	382	13 207
Deconsolidations	-2 945	-33 942	-2 454	-	-489	-5 486	-45 317
Transfers [1]	-	-	-	-	-	-913	-913
Reclassification to (-) / from held for sale	-4 221	-18 195	-918	-	-121	-155	-23 610
Exchange gains and losses (-)	28 964	79 164	2 941	27	167	3 936	115 201
As at 31 December 2011	**839 486**	**2 163 136**	**90 485**	**1 441**	**4 378**	**116 952**	**3 215 879**
Accumulated depreciation and impairment							
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**
As at 1 January 2011	328 144	1 235 388	61 179	1 035	2 121	-	1 627 867
Charge for the year	27 477	133 380	9 704	88	585	-	171 233
Impairment losses	539	5 968	-	-	-	-	6 507
Disposals and retirements	-1 214	-32 053	-4 325	-4	-	-	-37 596
New consolidations	-	-	-	-	-	-	-
Deconsolidations	-1 097	-26 353	-1 897	-	-482	-	-29 829
Reclassification to (-) / from held for sale	-2 512	-11 652	-745	-	-71	-	-14 980
Exchange gains (-) and losses	8 690	40 860	1 926	22	78	-	51 575
As at 31 December 2011	**360 028**	**1 345 538**	**65 842**	**1 140**	**2 231**	**-**	**1 774 778**
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**
Carrying amount as at 31 December 2011 before investment grants and reclassification of leases	**479 458**	**817 598**	**24 644**	**301**	**2 147**	**116 952**	**1 441 100**
Net investment grants	-2 902	-4 598	-	-	-	-	-7 499
Reclassification of leases	-	43	259	-301	-	-	-
Carrying amount as at 31 December 2011	**476 556**	**813 043**	**24 902**	**0**	**2 147**	**116 952**	**1 433 601**

[1] *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, Indonesia, United States, Russia and Slovakia accounted for most of the expenditure. The net exchange gain for the year (€ 63.1 million) relates mainly to assets denominated in Chinese renminbis (€ 59.0 million), US dollars (€ 8.3 million), Indian rupees (€ -5.6 million) and Peruvian nuevos soles (€ 2.2 million).

Impairment losses mainly related to the sawing wire business in China (€ 5.4 million). The method-logy for impairment testing is consistent with the one presented in note 6.2. ‘Goodwill’. For reclassify-cations 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

The Group has no investments in entities qualified as associates.

Investments excluding related goodwill

Carrying amount in thousands of €	**2010**	**2011**
As at 1 January	212 574	237 018
Capital increases and decreases	-21	-
Result for the year	36 064	25 423
Dividends	-39 298	-7 169
Exchange gains and losses	28 410	-15 474
Deconsolidations	-705	-
New consolidations	-	12 222
Other comprehensive income	-6	19
As at 31 December	**237 018**	**252 039**

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 (2.4 in 2011 vs 2.2 in 2010) and the Chilean peso (671.7 in 2011 vs 625.4 in 2010). The new consolidations relate to the acquisition of Bekaert (Xinyu) Metal Products Co Ltd on 13 December 2011.

Related goodwill

Cost in thousands of €	**2010**	**2011**
As at 1 January	5 985	6 777
Exchange gains and losses	792	-556
As at 31 December	**6 777**	**6 221**
Carrying amount of related goodwill as at 31 December	**6 777**	**6 221**
Total carrying amount of investments in joint ventures and associates as at 31 December	**243 795**	**258 260**

Combined items

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

in thousands of €	2010	2011
Property, plant and equipment	149 490	153 927
Other non-current assets	106 466	106 635
Current assets	220 051	241 167
Non-current liabilities and non-controlling interests	-110 714	-96 353
Current liabilities	-128 275	-153 337
Total net assets	**237 018**	**252 039**

in thousands of €	2010	2011
Sales	569 466	599 437
Operating result (EBIT)	52 340	46 022
Result for the period	36 064	25 423
Total comprehensive income for the period	36 058	25 442

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

in thousands of €		2010	2011
Joint ventures			
BOSFA Pty Ltd	Australia	4 057	4 425
Bekaert Faser Vertriebs GmbH	Germany	102	102
Belgo Bekaert Arames Ltda and subsidiary	Brazil	140 056	140 752
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	15 534	16 003
Inchalam group	Chile	77 269	77 515
Bekaert (Xinyu) Metal Products Co Ltd[1]	China	-	13 242
Total for joint ventures excluding related goodwill		**237 018**	**252 039**
Carrying amount of related goodwill		**6 777**	**6 221**
Total for joint ventures including related goodwill		**243 795**	**258 260**

[1] *Bekaert (Xinyu) Metal Products Co Ltd has been acquired on 13 December 2011. A € 0.2 million negative goodwill on this acquisition has been recognized directly in income (refer to note 7.1. ' Notes to the cash flow statement').*

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, its subsidiary Belgo Bekaert Nordeste SA and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda. These Brazilian joint ventures have been trying to compensate ICMS tax receivables with a total carrying amount of € 25.5 million (2010: € 21.6 million). They also have been facing claims relating to ICMS incentives totaling € 1.8 million (2010: € 9.4 million) and several other tax claims, most of which date back several years, for a total nominal amount of € 35.0 million (2010: € 35.1 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%).
The merger of Belgo Bekaert Arames Ltda with its subsidiary Belgo Bekaert Nordeste SA which was effected on 1 February 2012 (i.e. after the balance sheet date) will help to reduce its ICMS receivables substantially over the coming years.

On 22 December 2011, Bekaert announced the signing of an agreement with its Chilean partners to restructure the shareholding of their joint venture operations in Chile, Peru and Canada. The transaction was successfully closed on 12 March 2012. As a consequence, Bekaert becomes the principal shareholder (52%) in the partnership and will consolidate the results of all respective entities as of 1 January 2012.

6.5. Other non-current assets

in thousands of €	2010	2011
Loans and receivables - non-current	5 192	6 420
Derivatives (cf. note 7.3.)	3 760	5 461
Available-for-sale financial assets	23 176	8 997
Total other non-current assets	**32 128**	**20 878**

Available-for-sale financial assets - non-current

Carrying amount in thousands of €	2010	2011
As at 1 January	23 929	23 176
Expenditure	289	-
Disposals and closures	-440	-
Fair value changes	-664	-14 179
Transfers	62	-
As at 31 December	**23 176**	**8 997**

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	Assets		Liabilities	
in thousands of €	2010	2011	2010	2011
As at 1 January	43 631	63 687	52 739	41 711
Increase or decrease via income statement	16 909	18 710	-10 487	-11 453
Increase or decrease via equity	1 299	2 722	390	835
New consolidations	5 474	719	3 659	703
Deconsolidations	-477	-122	-1 182	-96
Reclassification as held for sale	-	-343	-	-1 192
Exchange gains and losses	3 683	2 905	3 424	755
Change in set-off of assets and liabilities	-6 832	-4 547	-6 832	-4 547
As at 31 December	**63 687**	**83 731**	**41 711**	**26 716**

Recognized deferred tax assets and liabilities

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

	Assets		Liabilities		Net assets	
in thousands of €	2010	2011	2010	2011	2010	2011
Intangible assets	498	561	11 164	6 196	-10 666	-5 635
Property, plant and equipment	17 759	26 509	23 116	18 713	-5 357	7 796
Financial assets	2 983	2 819	29 958	24 601	-26 975	-21 782
Inventories	3 688	4 925	3 996	4 488	-308	437
Receivables	2 834	7 334	41	167	2 793	7 167
Other current assets	403	1 019	648	113	-245	906
Employee benefit obligations	29 470	24 553	331	114	29 139	24 439
Other provisions	1 129	555	434	4 175	695	-3 620
Other liabilities	8 698	8 464	834	1 507	7 864	6 957
Tax losses carried forward, tax credits and recoverable income taxes	25 036	40 350	-	-	25 036	40 350
Tax assets / liabilities	**92 498**	**117 089**	**70 522**	**60 074**	**21 976**	**57 015**
Set-off of assets and liabilities	-28 811	-33 358	-28 811	-33 358	-	-
Net tax assets / liabilities	**63 687**	**83 731**	**41 711**	**26 716**	**21 976**	**57 015**

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 and joint ventures.

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

2010 in thousands of €	As at 1 January	Recognized via income statement	Recognized via equity	Acquisitions and disposals	Reclassifi-cations	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**

2011 in thousands of €	As at 1 January	Recognized via income statement	Recognized via equity	Acquisitions and disposals	Reclassifi-cations [1]	Exchange gains and losses	As at 31 December
Temporary differences							
Intangible assets	-10 666	5 861	-	-711	27	-146	-5 635
Property, plant and equipment	-5 357	10 178	-	288	1 163	1 524	7 796
Financial assets	-26 975	6 166	-1 052	-	-	79	-21 782
Inventories	-308	836	-	-5	-33	-53	437
Receivables	2 793	3 550	-	394	-169	599	7 167
Other current assets	-245	1 110	-	-	-	41	906
Employee benefit obligations	29 139	-7 548	2 948	-	-136	36	24 439
Other provisions	695	-4 290	-	-	-3	-22	-3 620
Other liabilities	7 864	-1 450	-9	74	-	478	6 957
Tax losses carried forward, tax credits and recoverable income taxes	25 036	15 750	-	-50	-	-386	40 350
Total	**21 976**	**30 163**	**1 887**	**-10**	**849**	**2 150**	**57 015**

[1] *Relates to the Industrial Coatings activities which were classified as held for sale. (see note 6.10. 'Assets classified as held for sale and liabilities associated with those assets').*

Unrecognized deferred tax assets

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

in thousands of €	2010	2011	Variance 2011 vs 2010
Deductible temporary differences	130 186	165 843	35 657
Capital losses	28 787	28 452	-335
Trade losses and tax credits	307 495	419 835	112 340
Total	**466 468**	**614 130**	**147 662**

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	2011
Raw materials, consumables and spare parts	*209 380*	*256 292*
Work in progress and finished goods	*254 503*	*264 415*
Goods purchased for resale	*43 767*	*57 228*
Inventories	507 650	577 935
Trade receivables	774 308	828 329
Advances paid	36 879	32 725
Trade payables	-341 664	-290 635
Advances received	-7 537	-6 910
Remuneration and social security payables	-115 621	-96 953
Employment-related taxes	-13 026	-13 459
Operating working capital	**840 989**	**1 031 032**

Operating working capital increased by € 190.0 million in 2011, explained by:
- increase of € 199.8 million organically (as reflected in the consolidated cash flow statement);
- increase of € 47.5 million from currency movements;
- decrease of € 22.0 million from net write-downs on inventories and trade receivables;
- increase of € 7.6 million from new consolidations;
- decrease of € 9.1 million from reclassifications as held for sale;
- decrease of € 33.8 million from deconsolidations.

Average operating working capital represented 28.0% of sales (2010: 20.8%).

Additional information is as follows:

- Inventories
  The cost of inventories recognized as an expense during the period amounted to € 2 404.2 million (2010: € 2 136.9 million), including net write-downs in 2011 of € 3.7 million (2010: net write-downs of € 5.2 million). No inventories were pledged as security for liabilities (2010: none).

- Trade receivables
  Net write-downs in 2011 amounted to € 18.3 million (2010: net reversals of write-downs of € 0.5 million).
  Trade receivables include € 244.3 million of bank notes (2010: € 217.3 million) as a consequence of a commonly used trade financing technique in China.

More information about allowances and past due receivables is provided in the following table:

Trade receivables in thousands of €	2010	2011
Gross amount	789 345	864 558
Allowance for bad debts (impaired)	-15 037	-36 229
Net carrying amount	774 308	828 329
of which past due but not impaired		
amount	*138 330*	*170 692*
average number of days outstanding	*67*	*122*

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	2011
As at 1 January	49 289	63 942
Increase or decrease	11 508	25 035
Write-downs and write-down reversals	-344	-36
New consolidations	825	116
Deconsolidations	-461	-969
Reclassifications	137	-850
Exchange gains and losses	2 988	1 081
As at 31 December	**63 942**	**88 319**

Other receivables relate mainly to taxes (€ 79.5 million (2010: € 52.3 million)) and employee loans (€ 3.1 million (2010: € 3.9 million)). No collection issues are expected.

6.9. Other current assets

Carrying amount in thousands of €	2010	2011
Current loans and receivables	52 381	18 261
Advances paid	36 879	32 725
Derivatives (cf. note 7.3.)	21 464	1 095
Deferred charges and accrued revenues	7 703	10 468
As at 31 December	**118 427**	**62 549**

The current loans and receivables mainly relate to loans with venture partners in China (€ 15.9 million), to a loan with BOSFA Pty Ltd (€ 1.0 million) and to various cash guarantees (€ 1.4 million). No collection issues are expected.

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

Carrying amount in thousands of €	**2010**	**2011**
As at 1 January	8 926	-
Increase	-	34 311
Deconsolidations	-5 964	-
Reclassifications	-3 902	-
Exchange gains and losses	940	1 181
As at 31 December	**-**	**35 492**

in thousands of €	**2010**	**2011**
Individual items of property, plant and equipment	-	1 994
Disposal groups	-	33 498
Total assets classified as held for sale	**-**	**35 492**
Disposal groups	-	12 672
Total liabilities associated with assets classified as held for sale	**-**	**12 672**

With respect to the disposal groups, the Group announced the agreement on the intended sale of its Industrial Coatings activities on 27 January 2012 to Element Partners, a Pennsylvania, US-based equity fund. The transaction covers the production facilities in Deinze (Belgium) and Jiangyin (China), the maintenance activity at Spring Green (US) (in individual items of PP&E), and the respective sales organization. The Industrial Coatings business belonged to the EMEA segment, part to the Asia Pacific segment and part to the North America segment. The cumulative translation adjustments (CTA) recognized in equity relating to the Industrial Coatings activities amounted to € 0.4 million at the balance sheet date.

The reclassifications of individual items of property, plant and equipment in 2011 relate partly to the Industrial Coatings activity in the US (see above) and a plot of land in Hemiksem (Belgium).

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

Issued capital in thousands of €		2010 Nominal value	2010 Number of shares	2011 Nominal value	2011 Number of shares
1	As at 1 January	175 118	59 503 407	176 242	59 884 973
	Movements in the year				
	Issue of new shares	*1 124*	*381 566*	*270*	*91 225*
	Cancellation of shares	-	-	-	-
	As at 31 December	176 242	59 884 973	176 512	59 976 198
2	Structure				
2.1	Classes of ordinary shares				
	Ordinary shares without par value	*176 242*	*59 884 973*	*176 512*	*59 976 198*
2.2	Registered shares	-	1 718 871	-	1 722 629
	Non-material shares	-	57 320 021	-	57 942 556
	Shares to be dematerialized	-	846 081	-	311 013
Authorized capital not issued		**167 421**		**167 151**	

A total of 91 225 subscription rights were exercised under the Company's SOP1 and SOP 2005-2009 stock option plans in 2011, requiring the issue of a total of 91 225 new shares of the Company.

The Company held 963 700 treasury shares as of 31 December 2010, which were used as follows in 2011:
- 24 000 shares were delivered to an individual who had exercised his options under the Company's SOP2 stock option plan in 2011; and
- the remaining 939 700 shares are held as treasury shares as of 31 December 2011.

No purchases or cancellations of shares took place in 2011.

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	17.535	107 370	104 775	1 515	1 080	01.06 - 15.06.2003	15.11 - 30.11.2012
17.12.1999	15.02.2000	04.04.2000	17.535	8 490	720	7 770	-	01.06 - 15.06.2003	15.11 - 30.11.2009
17.12.1999	15.02.2000	04.04.2000	17.535	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	313 746	2 460	3 735	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	16.615	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	15.825	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	15.825	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	99 660	-	1 080	22.05 - 30.06.2007	22.05 - 15.06.2013
09.07.2004	07.09.2004	30.09.2004	15.765	502 182	484 321	3	17 858	22.05 - 30.06.2008	22.05 - 15.06.2014
				1 609 992	**1 555 708**	**28 611**	**25 673**		

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	16.615	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	15.825	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	15.765	98 400	98 400	-	-	22.05 - 30.06.2008	22.05 - 15.06.2014
22.12.2005	20.02.2006	23.795	49 200	49 200	-	-	22.05 - 30.06.2009	15.11 - 15.12.2015
22.12.2005	20.02.2006	23.795	34 800	34 800	-	-	22.05 - 30.06.2009	15.11 - 15.12.2020
15.03.2006	14.05.2006	28.615	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	30.175	37 500	27 500	-	10 000	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	28.335	12 870	12 690	-	180	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	28.335	30 630	11 310	-	19 320	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	**319 760**	**-**	**143 500**		

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	23.795	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	23.795	190 698	180 483	-	10 215	22.05 - 30.06.2009	15.11 - 15.12.2020
21.12.2006	19.02.2007	22.03.2007	30.175	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	30.175	153 810	143 540	-	10 270	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	22.04.2008	28.335	14 100	2 100	9 900	2 100	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	22.04.2008	28.335	215 100	85 650	12 700	116 750	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	20.10.2009	16.660	288 150	-	19 500	268 650	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	-	15 000	210 450	22.05 - 30.06.2013	15.11 - 15.12.2019
				1 137 108	**439 373**	**79 300**	**618 435**		

Overview of SOP 2010-2014 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
16.12.2010	14.02.2011	77.000	360 925	-	10 000	350 925	28.02 - 13.04.2014	13.11 - 31.12.2020

SOP1 Stock Option Plan	2010 Number of subscription rights	2010 Weighted average exercise price (in €)	2011 Number of subscription rights	2011 Weighted average exercise price (in €)
Outstanding as at 1 January	132 477	15.865	28 701	16.027
Forfeited during the year	-300	18.000	-3	15.765
Exercised during the year	-103 476	15.815	-3 025	16.148
Outstanding as at 31 December	**28 701**	**16.027**	**25 673**	**16.019**

SOP2 Stock Option Plan	2010 Number of options	2010 Weighted average exercise price (in €)	2011 Number of options	2011 Weighted average exercise price (in €)
Outstanding as at 1 January	209 700	22.756	167 500	25.619
Granted during the year	49 500	33.990	-	-
Exercised during the year	-91 700	23.589	-24 000	28.335
Outstanding as at 31 December	**167 500**	**25.619**	**143 500**	**25.166**

SOP 2005-2009 Stock Option Plan	2010 Number of subscription rights	2010 Weighted average exercise price (in €)	2011 Number of subscription rights	2011 Weighted average exercise price (in €)
Outstanding as at 1 January	808 875	23.873	755 635	25.529
Granted during the year	225 450	33.990	-	-
Forfeited during the year	-600	30.175	-49 000	25.397
Exercised during the year	-278 090	27.563	-88 200	28.312
Outstanding as at 31 December	**755 635**	**25.529**	**618 435**	**25.143**

SOP 2010-2014 Stock Option Plan	2010 Number of options	2010 Weighted average exercise price (in €)	2011 Number of options	2011 Weighted average exercise price (in €)
Outstanding as at 1 January	-	-	-	-
Granted during the year	-	-	360 925	77.000
Forfeited during the year	-	-	-10 000	77.000
Outstanding as at 31 December	**-**	**-**	**350 925**	**77.000**

Weighted average remaining contractual life
in years

	2010	2011
SOP1	3.2	2.2
SOP2	8.8	7.7
SOP 2005-2009	9.5	8.1
SOP 2010-2014	-	9.0

No subscription rights or options under either plan were exercisable at year-end (2010: none). The weighted average share price at the date of exercise in 2011 was € 60.84 for the SOP1 subscription rights (2010: € 56.14), € 56.15 for the SOP2 options (2010: € 71.23) and € 67.01 for the SOP 2005-2009 plan (2010: € 57.66). 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 2010-2014 stock option plan proposed by the Board of Directors and approved by a Special General Meeting of Shareholders in 2010 to be the successor to the SOP2 and SOP 2005-2009 plans, options to acquire existing Company shares will be offered to the members of the Bekaert Group Executive, Senior Management and senior executive personnel during the period 2010-2014. The dates of grant of each offering 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. The vesting conditions of the SOP 2010-2014 grants, as well as of the SOP 2005-2009 grants and 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.

The options granted under SOP2 and SOP 2010-2014 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**	**2011**
Hedging reserve	*-4 187*	*-3 610*
Revaluation reserve for available-for-sale investments	*6 545*	*-7 634*
Actuarial gains and losses on defined-benefit plans	*-41 746*	*-66 924*
Fair value remeasurements for business combinations	*-5 392*	*-5 392*
Deferred taxes booked in equity	*26 196*	*27 879*
Equity-settled share-based payment plans	*7 663*	*10 809*
Treasury shares	*-59 689*	*-58 582*
Other reserves	-70 610	-103 454
Cumulative translation adjustments	13 615	33 553
Total other Group reserves	**-56 995**	**-69 901**
Retained earnings	**1 463 838**	**1 557 419**

The movements in the main items of other reserves were as follows:

Hedging reserve in thousands of €	**2010**	**2011**
As at 1 January	-3 119	-4 187
New instruments added	-	-22
Existing instruments settled	-	22
Recycled to income statement	5 522	2 175
Fair value changes to hedging instruments	-6 590	-1 598
As at 31 December	**-4 187**	**-3 610**
Of which		
Cross-currency interest-rate swaps (on Eurobonds)	*-4 187*	*-3 610*

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**	**2011**
As at 1 January	7 209	6 545
Fair value changes	-664	-14 179
As at 31 December	**6 545**	**-7 634**
Of which		
Investment in Shougang Concord Century Holdings Ltd	*6 545*	*-7 634*

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.

Actuarial gains and losses on defined-benefit plans in thousands of €	**2010**	**2011**
As at 1 January	-33 019	-41 746
Actuarial gains and losses (-) of the period	-8 727	-25 178
As at 31 December	**-41 746**	**-66 924**

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**	**2011**
As at 1 January	19 584	-5 392
Interests remeasured	-24 976	-
As at 31 December	**-5 392**	**-5 392**

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. Fair value adjustments relating to the Qingdao Hansun acquisition in 2011 (see note 7.2. 'Effect of new business combinations and business disposals') have been recognized in retained earnings.

Deferred taxes booked in equity in thousands of €	**2010**	**2011**
As at 1 January	25 383	26 196
Deferred taxes relating to other comprehensive income	813	1 683
As at 31 December	**26 196**	**27 879**

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**	**2011**
As at 1 January	5 116	7 663
Equity instruments granted	2 547	3 146
As at 31 December	**7 663**	**10 809**

Options granted under the SOP2 and SOP 2010-2014 stock option plans 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 2011, 360 925 options (2010: 49 500) were granted under SOP 2010-2014 at a weighted average fair value per unit of € 17.85 (2010: € 9.53). The Group has recorded an expense against equity of € 3.1 million (2010: € 2.5 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 is determined using a binomial pricing model. The inputs to the model are: share price of € 78.42 at grant date (2010: € 37.10), exercise price of € 77.00 (2010: € 33.99), expected volatility of 38% (2010: 41%), expected dividend yield of 2.5% (2010: 2.5%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 2% (2010: 2%) and a risk-free interest rate of 4.0% (2010: 4.0%). To allow for the effects of early exercise, it was assumed that the employees would exercise the options and the subscription rights after the vesting date when the share price was 1.25 (2010: 1.25) times the exercise price.

Treasury shares in thousands of €	**2010**	**2011**
As at 1 January	-2 577	-59 689
Shares purchased	-59 791	-
Proceeds from shares sold	2 162	681
Price difference on shares sold	517	426
As at 31 December	**-59 689**	**-58 582**

In 2011, 24 000 shares were sold for an amount of € 0.7 million to a beneficiary of the SOP2 plan on exercise of his options (see note 6.11. 'Ordinary shares, treasury shares, subscription rights and share options').

Cumulative translation adjustments in thousands of €	**2010**	**2011**
As at 1 January	-97 175	13 615
Exchange differences on dividends declared	36 193	-6 963
Transferred from hedging reserve - relating to net investment hedges	-8 665	-
Recycled to income statement - relating to disposed entities	-	-1 009
Effect of acquisitions and disposals	-626	-
Other CTA movements	83 888	27 910
As at 31 December	**13 615**	**33 553**
Of which relating to entities with following functional currencies		
Chinese renminbi	*51 908*	*84 312*
US dollar	*-20 220*	*-11 557*
Brazilean real	*-41 957*	*-56 667*
Chilean peso	*12 254*	*6 869*
Czech koruna	*10 281*	*9 180*
Other currencies	*1 349*	*1 416*

6.13. Non-controlling interests

Carrying amount in thousands of €	**2010**	**2011**
As at 1 January	88 745	85 960
Changes in Group structure	-1 203	-1 111
Share of net profit of subsidiaries	30 864	14 564
Share of other comprehensive income excluding CTA	-282	-438
Dividend pay-out	-39 086	-32 728
Capital increases	1 639	2 262
Exchange gains and losses (-)	5 283	4 025
As at 31 December	**85 960**	**72 534**

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 2011, the changes in Group structure mainly relate to the acquisition of the remaining 2% non-controlling interests in Bekaert-Shenyang Steelcord Co Ltd on 27 December 2011.
The dividend pay-out mainly relates to the Group's Chinese subsidiaries (both in 2010 and 2011).

6.14. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 270.9 million as at 31 December 2011 (€ 279.1 million as at year-end 2010), are as follows:

in thousands of €	2010	2011
Liabilities for		
Defined-benefit pension plans	*85 548*	*105 756*
Other defined-benefit plans	*56 120*	*53 269*
Other long-term employee benefits	*2 087*	*2 328*
Cash-settled share-based payment employee benefits	*8 590*	*1 511*
Short-term employee benefits	*115 621*	*98 125*
Other employee benefit obligations	*11 158*	*9 941*
Total liabilities in the balance sheet	**279 124**	**270 930**
of which		
non-current liabilities	*150 893*	*161 257*
current liabilities	*128 231*	*107 978*
liabilities associated with assets held for sale	*-*	*1 696*
Assets for		
Defined-benefit pension plans	*-*	*-*
Total assets in the balance sheet	**-**	**-**
Total net liabilities	**279 124**	**270 930**

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 € 0.6 million (2010: € 0.5 million).

Defined-contribution plans in thousands of €	2010	2011
Expenses recognized	12 617	14 220

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		Other plans	
	2010	2011	2010	2011
Present value as at 1 January	225 913	251 383	60 267	56 120
Current service cost	12 446	9 002	1 609	1 482
Interest cost	12 208	10 908	3 060	2 520
Plan participants' contributions	5	6	155	135
Past service cost	15	117	-	457
New consolidations	1 497	-	-	-
Deconsolidations	-190	-	-	-
Reclassifications within employee benefit obligations[1]	-1 661	-21 768	1 661	-
Benefits paid	-19 254	-18 563	-8 973	-9 072
Actuarial gains (-) and losses	12 990	13 884	-2 424	1 197
Exchange gains (-) and losses	7 414	5 012	765	430
Present value of defined-benefit obligation as at 31 December	**251 383**	**249 981**	**56 120**	**53 269**

[1] This relates to the move of the Belgian supplementary pension plan for managers from defined-benefit to defined-contribution plans since there is no longer an investment choice and the legally required return is basically guaranteed by the insurance company.

Other plans mainly relate to pre-retirement pensions in Belgium (defined-benefit obligation € 38.8 million (€ 43.9 million in 2010)) and other post-employment benefits for medical care in the United States (defined-benefit obligation € 6.2 million (€ 5.5 million in 2010)), which are not externally funded. Of the defined-benefit obligation in Belgium, an amount of € 12.9 million (2010: € 13.6 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		Other plans	
	2010	2011	2010	2011
Fair value as at 1 January	154 201	165 821	-	-
Expected return on plan assets	*9 541*	*8 573*	-	-
Actuarial gains and losses (-)	*1 467*	*-10 738*	-	-
Actual return on plan assets	11 008	-2 165	-	-
Company contributions	15 320	18 403	8 818	8 937
Plan participants' contributions	5	6	155	135
Reclassifications within employee benefit obligations[1]	-	-21 768	-	-
Deconsolidations	-75	-	-	-
Benefits paid	-19 254	-18 563	-8 973	-9 072
Exchange gains and losses (-)	4 616	2 478	-	-
Fair value of plan assets as at 31 December	**165 821**	**144 212**	**-**	**-**

[1] This relates to the move of the Belgian supplementary pension plan for managers from defined-benefit to defined-contribution plans since there is no longer an investment choice and the legally required return is basically guaranteed by the insurance company.

Movement in reimbursement rights in thousands of €	Pension plans		Other plans	
	2010	2011	2010	2011
Fair value as at 1 January	511	468	-	-
Expected return on reimbursement rights	*22*	*28*	-	-
Actuarial gains and losses (-)	*-12*	*-14*	-	-
Actual return on reimbursement rights	10	14	-	-
Company contributions	9	32	-	-
Benefits paid	-62	-61	-	-
Fair value of reimbursement rights as at 31 December	**468**	**453**	**-**	**-**

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 2010	Pension plans 2011	Other plans 2010	Other plans 2011
Present value of funded obligations	*219 367*	*213 966*	-	-
Fair value of plan assets	*-165 821*	*-144 213*	-	-
Surplus (-) or deficit for funded plans	53 546	69 753	-	-
Present value of unfunded obligations	32 016	36 016	56 120	53 269
Present value of net obligations	**85 562**	**105 769**	**56 120**	**53 269**
Unrecognized past service cost	-14	-13	-	-
Net assets (-) and liabilities	**85 548**	**105 756**	**56 120**	**53 269**
Amounts in the balance sheet				
Assets	-	-	-	-
Liabilities	*85 548*	*105 756*	*56 120*	*53 269*

Movement in liability in thousands of €	Pension plans 2010	Pension plans 2011	Other plans 2010	Other plans 2011
Net assets (-) and liabilities as at 1 January	71 887	85 548	60 267	56 120
Contributions paid and direct benefit payments	-15 320	-18 403	-8 818	-8 937
Expense recognized in the income statement	14 918	11 427	4 669	4 459
Expected return on reimbursement rights	22	28	-	-
Actuarial gains (-) and losses recognized through equity	11 523	24 622	-2 424	1 197
New consolidations and deconsolidations	1 382	-	-	-
Reclassifications within employee benefit obligations	-1 661	-	1 661	-
Exchange gains (-) and losses	2 797	2 534	765	430
Net assets (-) and liabilities as at 31 December	**85 548**	**105 756**	**56 120**	**53 269**
Amounts in the balance sheet				
Assets	-	-	-	-
Liabilities	*85 548*	*105 756*	*56 120*	*53 269*

The actuarial gains and losses (-) recognized through equity are as follows:

Changes recognized in equity in thousands of €	Pension plans 2010	Pension plans 2011	Other plans 2010	Other plans 2011
Cumulative changes as at 1 January	-41 116	-52 639	7 757	10 181
Actuarial gains and losses (-) for the period	-11 523	-24 622	2 424	-1 197
Cumulative changes as at 31 December	**-52 639**	**-77 261**	**10 181**	**8 984**

The amounts recognized in the income statement are as follows:

Net benefit expense in thousands of €	Pension plans 2010	Pension plans 2011	Other plans 2010	Other plans 2011
Current service cost	12 446	9 002	1 609	1 482
Interest cost	12 208	10 908	3 060	2 520
Expected return on plan assets	-9 541	-8 573	-	-
Expected return on reimbursement rights	-22	-28	-	-
Past service cost	-173	118	-	457
Total	**14 918**	**11 427**	**4 669**	**4 459**

Estimated contributions and direct benefit payments for 2012 are as follows:

Estimated contributions and direct benefit payments in thousands of €	2012
Pension plans	17 937
Other plans	6 480
Total	**24 417**

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

Fair value of plan assets by type in thousands of €	**2010**	**2011**
Equity instruments	78 554	65 843
Debt instruments	65 226	49 353
Insurance contracts	22 041	29 016
Total plan assets	**165 821**	**144 212**
Equity instruments (%)	47%	46%
Debt instruments (%)	39%	34%
Insurance contracts (%)	13%	20%
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 for Belgian pension assets was derived from an ALM study performed in 2011. 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 45% equity instruments. The principal actuarial assumptions on the balance sheet date (weighted averages) were:

	Pension plans		**Other plans**	
Actuarial assumptions	**2010**	**2011**	**2010**	**2011**
Discount rate[1]	5.1%	5.1%	5.0%	5.6%
Expected return on plan assets	6.3%	5.5%	-	-
Future salary increases	3.8%	4.0%	3.8%	3.8%
Health care cost increases (initial)	-	-	7.5%	7.3%
Health care cost increases (ultimate)	-	-	5.0%	5.0%
Health care (years to ultimate rate)	-	-	5	9
Underlying inflation rate	2.6%	3.0%	2.5%	3.0%
Life expectancy of a man aged 65 (years) at balance sheet date	18.9	19.0	18.9	18.9
Life expectancy of a man aged 65 (years) ten years from the balance sheet date	20.6	20.6	20.5	20.6

[1] At 31/12/2011 the discount rate is a weighted average based on outstanding DBO (for the pension plans: 4.5% in the United States, 4.7% in Belgium; for other plans: 4.1% in the United States, 4.7% in Belgium). Differences in duration also have an effect on the discount rates used.

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	-83	97	18	-18
Defined-benefit obligation	-9 618	10 107	-991	1 027

Sensitivity analysis on health care cost in thousands of €	**1% increase**	**1% decrease**
Service cost and interest cost	77	-65
Defined-benefit obligation	517	-461

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 €	**2007**	**2008**	**2009**	**2010**	**2011**
Pension plans					
Present value of defined-benefit obligation	220 188	224 598	225 913	251 383	249 981
Fair value of plan assets	181 321	134 647	154 201	165 821	144 212
Surplus (-) or deficit	38 867	89 951	71 712	85 562	105 769
Experience adjustments arising on					
plan liabilities	*-3 854*	*-2 566*	*-3 836*	*2 496*	*3 144*
plan assets	*-2 456*	*-56 989*	*15 951*	*1 467*	*-10 738*
Other plans					
Present value of defined-benefit obligation	60 993	55 979	60 267	56 120	53 269
Surplus (-) or deficit	60 993	55 979	60 267	56 120	53 269
Experience adjustments arising on					
plan liabilities	*-1 869*	*1 694*	*-1 226*	*-3 153*	*1 230*

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 39% (2010: 38%), expected dividend yield of 3.0% (2010: 3.0%), vesting period of 3 years, average contractual life of 5.1 years (2010: 5.4 years), employee exit rate of 3% (2010: 0%) and a risk-free interest rate of 4.1% (2010: 3.2%). To allow for the effects of early exercise, it was assumed that the employees would exercise the SARs after vesting date when the share price was 1.30 (2010: 1.30) times the exercise price. Historical volatility was between 25% and 41%.

The Group recorded a total gain of € 4.7 million (2010: expense of € 6.1 million) during the year in respect of SARs. At 31 December 2011, the total fair value of the vested unexercised SARs was € 0.7 million (2010: € 7.7 million).

At 31 December 2011, the Group had recorded liabilities of € 1.5 million (2010: € 8.6 million) for SARs. These liabilities were measured at their closing date fair value in accordance with IFRS 2. The steep decrease in both the expenses and the liabilities is mainly related to the negative evolution of the Bekaert stock price.

Short-term employee benefit obligations

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

Other employee benefit obligations

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

6.15. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2011	**2 622**	**8 186**	**35 569**	**3 215**	**49 592**
Additional provisions	-	4 624	6 975	2 891	14 490
Unutilized amounts released	-32	-1 133	-5 701	-2 262	-9 128
Charged to the income statement	**-32**	**3 491**	**1 274**	**629**	**5 362**
Deconsolidations	-	-1 486	-	-20	-1 506
Reclassification to (-) / from held for sale	-	-154	-	-	-154
Amounts utilized during the year	-2 480	-3 056	-2 394	-168	-8 098
Exchange gains (-) and losses	-6	119	-27	-39	47
As at 31 December 2011	**104**	**7 100**	**34 422**	**3 617**	**45 243**
Of which					
current	*104*	*6 108*	*6 505*	*524*	*13 241*
non-current	*-*	*992*	*27 917*	*3 093*	*32 002*

The use of the restructuring provision mainly relates to collective termination agreements in the Steelcord plant in Sardinia (Italy), which also accounted for the majority of the opening balance. Provisions for claims mainly relate to quality claims and warranties in various entities and the deconsolidation relates to the sale of the Specialty Films business. The movements in the environmental provisions are based on the appraisal of an external expert, and are mainly driven by an update of the expected cost and modification of soil sanitation method for sites in EMEA. The additions to other provisions mainly relate to workers' accidents, while the unutilized amounts in other provisions mainly relate to the expiry of contractual indemnifications for early terminating a lease contract.

6.16. Interest-bearing debt

In November 2011, Bekaert has issued a dual tranche bond for € 400 million: one tranche of € 205 million with a tenor of 5 years and one tranche of € 195 million with a tenor of 8 years. The net proceeds of this bond will be used to repay certain bank indebtedness, refinance the bond maturing early 2012 and for general corporate purposes. With this bond issue, Bekaert aims to achieve an optimal balance between short-term and long-term debt, as well as between bank financing and financing through the capital markets.

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

2011 in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
Finance leases	*49*	*220*	*-*	*269*
Credit institutions	*498 436*	*55 370*	*-*	*553 806*
Bonds	*150 000*	*556 983*	*295 000*	*1 001 983*
Carrying amount	**648 485**	**612 573**	**295 000**	**1 556 058**
Value adjustments	-	-862	-	-862
Total financial debt	**648 485**	**611 711**	**295 000**	**1 555 196**

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**

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	2011
Non-current interest-bearing debt	700 488	907 573
Value adjustments	-3 621	-862
Current interest-bearing debt	320 315	648 485
Total financial debt	**1 017 182**	**1 555 196**
Current loans	-52 380	-18 262
Short-term deposits	-104 699	-382 607
Cash and cash equivalents	-338 238	-293 856
Net debt	**521 865**	**860 471**

6.17. Other non-current liabilities

Carrying amount in thousands of €	2010	2011
Other non-current amounts payable	503	1 191
Derivatives (cf. note 7.3.)	8 949	9 231
Total	**9 452**	**10 422**

6.18. Other current liabilities

Carrying amount in thousands of €	2010	2011
Other amounts payable	27 468	4 659
Derivatives (cf. note 7.3.)	20 131	30 173
Advances received	7 537	6 910
Other taxes	53 663	37 317
Accruals and deferred income	30 699	36 964
Total	**139 498**	**116 023**

Other taxes relate mainly to VAT payable, employment-related taxes withheld and other non-income taxes payable. The accrued interest on outstanding interest-bearing debt is the most significant item of the accruals (€ 30.4 million).

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary in thousands of €	**2010**	**2011**
Cash from operating activities	342 478	105 594
Cash from investing activities	-210 513	-185 016
Cash from financing activities	80 112	20 459
Net increase or decrease in cash and cash equivalents	**212 077**	**-58 963**

Further information about the main elements contributing to the cash from operating activities is provided in following notes: 4. ‘Segment reporting’, 5.1. ‘Operating result (EBIT) by function’, 5.2. ‘Operating result (EBIT) by nature’, 5.5. ‘Income taxes’ and 6.7. ‘Operating working capital’. Below is an overview of the non-cash and investing items included in operating result. Information about these items can also be found in the notes mentioned, and, concerning movements in provisions, in 6.14. ‘Employee benefit obligations’ and 6.15. ‘Provisions’. Other operating cash flows mainly include movements in non-operating working capital and realized exchange results.

Information about the main investing cash flows is provided in following notes: 7.2. ‘Effects of new business combinations and business disposals’ and, concerning capital expenditure on tangible and intangible fixed assets, in 4.‘Segment reporting’. Other portfolio investments mainly relate to non-controlling interests (see note 6.13. ‘Non-controlling interests’) and joint ventures (see note 6.4. ‘Investments in joint ventures and associates’). Below is an overview of other investing cash flows, which consist of proceeds from disposal of tangible and intangible fixed assets.

Information about the main financing cash flows is provided in following notes: 5.3. ‘Interest income and expense’, 6.16. ‘Interest-bearing debt’ and, regarding treasury shares transactions, in 6.12. ‘Retained earnings and other Group reserves’. Below is an overview of other financing cash flows, the most important of which is the increase in current financial assets such as short-term deposits with a maximum tenor of 6 months and money market funds due to the issue of a dual tranche bond totaling € 400 million in November 2011.

Details of selected items in thousands of €	**2010**	**2011**
Non-cash and investing items included in operating result		
Depreciation and amortization	173 026	200 835
Impairment losses on assets	17 980	6 470
Recognition in income statement of negative goodwill	-563	-
Gains (-) and losses on disposals of assets	-3 694	1 628
Provisions for liabilities and charges	3 470	-27 457
Equity-settled share-based payments	2 547	3 146
Total	**192 766**	**184 622**
Other operating cash flows		
Movements in non-operating working capital	11 427	-32 491
Realized exchange results	-9 346	13 776
Other	3 554	325
Total	**5 635**	**-18 390**
Other investing cash flows		
Proceeds from disposal of intangible assets	1 837	110
Proceeds from disposal of property, plant and equipment	12 262	1 637
Other	-14	8
Total	**14 085**	**1 755**
Other financing cash flows		
New shares issued following exercise of subscription rights	9 301	2 546
Capital paid in by minority interests	1 639	2 262
Increase (-) or decrease in current and non-current loans and receivables	23 015	35 465
Increase (-) or decrease in current financial assets	52 141	-277 820
Impact of unrealized exchange results on non working capital items	12 791	-1 022
Cash-out related to derivative financial instruments	-8 665	-
Total	**90 222**	**-238 569**

7.2. Effect of new business combinations and business disposals

Business combinations

In a press release dated 18 July 2011, Bekaert announced the signing of an agreement with Hankuk Steel Wire Co Ltd (South Korea) for the acquisition of Qingdao Hansun Steel Co Ltd, a steel wire plant located in Qingdao (Shandong province, China). The successful closing of the deal was announced in a press release dated 1 September 2011. The acquisition was finalized through a share deal covering 100% of the shares and effective from 1 September. The Qingdao Hansun entity started up in 2008. The modern plant is equipped to produce steel wire products for a wide range of applications in sectors such as the construction business, the paper industry, and mining. With the integration of this entity Bekaert adds a sizable capacity to its Wire platform in China. The total purchase consideration for this deal amounted to € 7.0 million and was settled in cash. The fair value of the net assets acquired was measured at € 6.6 million, resulting into a goodwill of € 0.4 million. The goodwill reflects Bekaert's determination to strengthen its position in the Asian market.

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 € 0.2 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	1 008	2 875	3 883
Property, plant and equipment	14 301	-1 094	13 207
Deferred tax assets	719	-	719
Inventories	3 947	-172	3 775
Trade receivables	6 192	-1 737	4 455
Advances paid	369	-	369
Other receivables	116	-	116
Cash and cash equivalents	2 595	-	2 595
Deferred tax liabilities	-719	-	-719
Current interest-bearing debt	-20 314	-	-20 314
Trade payables	-896	-8	-904
Advances received	-34	-	-34
Current employee benefit obligations	-53	-	-53
Other current liabilities	-475	-	-475
Total net assets acquired in a business combination	**6 756**	**-136**	**6 620**
Goodwill	-	-	356
Consideration paid	**-**	**-**	**6 976**
Cash acquired	-	-	-2 595
New business combinations	**-**	**-**	**4 381**

The substantial positive fair value adjustment on intangible assets relates to the rights to use land in Qingdao.

The negative fair value adjustment applied to the property, plant and equipment results from a technological appraisal based on the replacement costs for similar equipment and taking into account its condition and performance.

The substantial write-down on trade receivables was based on an in-depth analysis of the overdue receivables acquired. The terms of the agreement are such that the seller is entitled to the proceeds of any receivables recovered.

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
Qingdao Hansun Steel Co Ltd acquisition	1 September 2011	5 661	-2 134

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.

Business disposals

On 30 September 2011, Bekaert sold its Specialty Films business to Saint-Gobain Performance Plastics Corporation, an Ohio, US-based corporation of the Saint-Gobain group. The transaction covers the production facilities in San Diego (California, US), Zulte (Belgium) and Suzhou (Jiangsu province, China), the operations under development in Qingdao (Shandong province, China), and all sales and service centers worldwide.

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’.

in thousands of €	Specialty Films business	Other disposals	Total disposals
Intangible assets	167	-	167
Goodwill	33 323	-	33 323
Property, plant and equipment	15 489	-	15 489
Other non-current assets	93	-	93
Deferred tax assets	122	-	122
Inventories	26 491	-	26 491
Trade receivables	16 405	-	16 405
Advances paid	82	-	82
Other receivables	969	-	969
Cash and cash equivalents	4 901	-	4 901
Other current assets	320	-	320
Provisions	-20	-	-20
Non-current interest-bearing debt	-34	-	-34
Deferred tax liabilities	-96	-	-96
Current financial liabilities	-84	-	-84
Trade payables	-6 715	-	-6 715
Advances received	-443	-	-443
Current employee benefit obligations	-1 995	-	-1 995
Current provisions	-1 486	-	-1 486
Income taxes payable	-605	-	-605
Other current liabilities	-502	-	-502
Total net assets disposed	**86 382**	**-**	**86 382**
Gain or loss (-) on disposal recognized in income	20 853	2 048	22 901
CTA recycled on disposal (non-cash)	-2 917	-	-2 917
Cash disposed	-4 901	-	-4 901
Deferred payments	-120	-	-120
Proceeds from disposals of investments	**99 297**	**2 048**	**101 345**

The other disposals relate to a venture capital fund called ICP Inverness Capital Partners, an investment which had been fully written down and recognized in research and development expense in prior years.

The contribution of the Specialty Films business to the consolidated sales (before disposal) and to the result for the period (excluding the result on disposal) is shown below:

in thousands of €	Date of disposal	Net sales for the period	Result for the period
Specialty Films business	30 September 2011	97 772	5 164

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.

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, but also from dividends receivable from foreign investments. Transactional currency risks typically arise from administrative delay in the settlement of dividend payments from Chinese subsidiaries. The group enters into non-deliverable forward contracts (NDFs) with various financial institutions to hedge these risks. The NDFs outstanding at the balance sheet date have not been elected for hedge accounting.
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 mainly consisted of Eurobonds and intercompany loans mainly in euro and US dollar.
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.

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 fore-casted 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 - 2011 in thousands of €	Annualized volatility in %	Total exposure	Total derivatives	Open position
AUD/USD	23.23%	2 047	-1 675	372
CNY/EUR	18.10%	580	-0	580
EUR/CNY	18.10%	-13 429	-5 616	-19 045
EUR/COP	21.02%	-792	-	-792
EUR/CZK	9.74%	2 781	-2 587	195
EUR/GBP	13.09%	-708	-	-708
EUR/INR	17.13%	-1 828	-	-1 828
EUR/RUB	14.24%	-4 117	-	-4 117
EUR/USD	18.60%	-2 185	-	-2 185
GBP/CZK	17.28%	1 078	-	1 078
GBP/EUR	13.09%	1 376	-718	658
GBP/USD	13.30%	1 488	-	1 488
IDR/USD	11.95%	-2 233	-	-2 233
JPY/CNY	15.70%	3 836	-1 132	2 704
JPY/USD	15.45%	623	-216	407
NZD/USD	24.30%	151	-144	7
SGD/EUR	13.10%	2 403	-	2 403
USD/CAD	17.20%	713	-	713
USD/CNY	3.60%	41 911	-31 618	10 294
USD/COP	16.34%	-1 496	88	-1 408
USD/CZK	23.07%	721	-	721
USD/EUR	18.60%	21 203	1 615	22 818
USD/INR	14.75%	-8 770	-	-8 770
USD/MXN	23.94%	-865	-	-865
USD/PEN	8.99%	899	-	899
USD/SGD	12.26%	541	-	541

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

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 € 0.5 million lower/higher (2010: € 0.6 million).

- *Currency sensitivity in relation to hedge accounting*

  Some derivatives are also part of effective cash flow hedges in relation to the Eurobond issued in 2005 to hedge the currency risk. Exchange rate fluctuations in the currencies involved (US dollar and euro) affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. If the euro had weakened/strengthened by the above estimated possible changes, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.9 million higher/lower (2010: € 0.6 million).

Interest-rate risk

The Group is exposed to interest-rate risk, mainly on debt denominated in 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
2011	**Fixed rate**	**Floating rate**	**Total**		
US dollar	5.26%	6.37%	5.28%	2.24%	2.81%
Chinese renminbi	5.47%	6.25%	5.75%	6.36%	6.13%
Euro	5.11%	-	5.11%	3.32%	5.08%
Other	7.60%	6.39%	7.54%	5.78%	6.45%
Total	**5.22%**	**6.26%**	**5.27%**	**3.59%**	**4.58%**

	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%**

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 2011 amounted to € 1 555.2 million (2010: € 1 017.2 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	Long-term			Short-term	Total
2011	**Fixed rate**	**Floating rate**	**Capped rate**	**Floating rate**	
US dollar	6.10%	0.10%	-	26.70%	32.90%
Chinese renminbi	4.10%	2.30%	-	11.00%	17.40%
Euro	44.70%	-	-	0.80%	45.50%
Other	1.60%	0.10%	-	2.50%	4.20%
Total	**56.50%**	**2.50%**	**-**	**41.00%**	**100.00%**

Currency and interest rate profile	Long-term			Short-term	Total
2010	Fixed rate	Floating rate	Capped rate	Floating rate	
US dollar	8.70%	0.30%	-	9.90%	18.90%
Chinese renminbi	7.60%	2.60%	-	17.00%	27.20%
Euro	42.00%	0.40%	2.20%	-	44.60%
Other	2.10%	0.30%	-	6.90%	9.30%
Total	**60.40%**	**3.60%**	**2.20%**	**33.80%**	**100.00%**

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2011 and 2010, 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 2011	Annualized volatility in %	Range interest rate
Chinese renminbi[1]	3.40%	16.45%	2.84%-3.96%
Euro	1.36%	17.93%	1.12%-1.60%
US dollar	0.58%	16.39%	0.49%-0.68%

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%

[1] *For the Chinese renminbi, the interest rate is the PBOC benchmark interest rate for lending up to six months.*

Applying the estimated possible changes 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 € 1.8 million higher/lower (2010: € 1.2 million higher/lower).

- *Interest-rate sensitivity in relation to hedge accounting*

  Changes in market interest rates in relation to derivatives that are part of effective cash flow hedges to hedge payment fluctuations resulting from interest movements affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. Applying the estimated possible increases of the interest rates to these transactions, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.23 million higher (2010: € 1.5 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 € 0.25 million lower (2010: € 1.7 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. As from 2011, Bekaert enlarged the scope of its credit insured customers in order to benefit from economies of scale. As a consequence, 70.8% of the credit risk exposure was covered by credit insurance policies and by trade finance techniques as at 31 December 2011 (2010: 54.8%). 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 (2010: € 125.0 million) at floating interest rates with fixed margins. These credit facilities will mature in 2012 and 2013. At year-end, € 6.9 million was outstanding under these facilities (2010: € 4.4 million). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2010: € 123.9 million). At the end of 2011, commercial paper notes were outstanding for € 10 million (2010: 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 2011 are: € 1 608.1 million in 2012, € 203.1 million in 2013, € 693.9 million for 2014-2016 and € 333.3 million in 2017 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.

2011 in thousands of €	**2012**	**2013**	**2014-2016**	**2017 and thereafter**
Financial liabilities - principal				
Trade payables	*-290 635*	*-*	*-*	*-*
Other payables	*-124 566*	*-1 191*	*-*	*-*
Interest-bearing debt	*-650 190*	*-149 658*	*-460 362*	*-295 000*
Derivatives - gross settled	*-455 831*	*-*	*-131 239*	*-*
Financial liabilities - interests				
Interest-bearing debt	*-73 002*	*-44 578*	*-86 736*	*-38 248*
Derivatives - net settled	*-2 024*	*-1 977*	*-3 353*	*-*
Derivatives - gross settled	*-11 868*	*-5 663*	*-12 161*	*-*
Total undiscounted cash flow	**-1 608 116**	**-203 067**	**-693 851**	**-333 248**

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**

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 swaps 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 (2010: € 30.9 million) as fair value hedges as at 31 December 2011, the fair value amounting to € 1.6 million (2010: € 2.1 million). The change in fair value of the hedging instruments during 2011 resulted in a loss of € 0.6 million (2010: € 1.9 million loss) which was recognized in other financial income and expenses. The remeasurement of the hedged items resulted in a gain of € 0.6 million (2010: € 2.0 million gain), which was also recognized in other financial income and expenses. Interest expense adjustments arising from fair value hedges amounted to a gain of € 0.9 million (2010: gain of € 0.8 million).

- *Cash flow hedges*

  The currency 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 2011, the Group has designated cross-currency interest-rate swaps and interest-rate swaps with notional amounts totaling € 88.2 million (2010: € 88.2 million) as cash flow hedges, the fair value amounting to € -4.5 million (2010: € -2.7 million). During 2011, losses totaling € 1.6 million (2010: € 6.6 million losses) 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 € 2.1 million was credited to equity (hedging reserve) against other financial income and expenses to offset the unrealized exchange gains (2010: gains of € 5.4 million) recognized on the remeasurement of the Eurobond at closing rate. Interest expense adjustments arising from cash flow hedges amounted to a loss of € 0.6 million (2010: a loss of € 0.8 million).

- *Hedges of a net investment*

  Throughout 2011, the Group has not concluded or settled any net investment hedges. In 2010, a loss of € 8.7 million has been recognized directly in equity (in cumulative translation adjustments) as a result of hedging the Group’s net investment in a Chinese subsidiary.

- *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 € 490.7 million (2010: € 143.0 million), the fair value amounting to € -18.1 million (2010: € 0.5 million). The major currencies involved are US dollars, Canadian dollars and British pounds. Foreign-exchange contracts represented a notional amount of € 67.9 million (2010: € 75.6 million) with a fair value of € -3.5 million (2010: close to nil). During 2011, a loss of € 21.7 million (2010: gain of € 2.8 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 € 22.2 million (2010: gain of € 3.7 million) has been recognized under unrealized exchange results arising on the remeasurement of the intercompany loans at spot rate. Realized exchange losses on hedged intercompany loans amounting to € 2.0 million (2010: € 4.4 million losses) have been recognized in other financial income and expenses.
- 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 2011, the interest-rate exposure of debt was hedged using interest-rate swaps for a total gross amount of € 30.9 million (2010: € 115.0 million). No forward rate agreements and no interest rate options were outstanding at 31 December 2011 (2010: € 25.0 million). The fair value at year-end of the interest-rate swaps amounted to € -3.8 million (2010: € -3.6 million). During 2011, a loss of € 0.1 million (2010: € 1.8 million loss) resulting from the changes in fair values was recognized under other financial income and expenses. Interest expense adjustments arising from economic hedges amounted to a loss of € 1.3 million (2010: loss of € 1.8 million).
- The Group has entered into non-deliverable forward contracts (NDFs) for a notional amount of € 134.8 million (2010: € 249.4 million) with expiry date in January 2012 to limit its currency risk on dividends receivable from its Chinese subsidiaries. The fair value of these NDFs amounted to € -5.3 million with a loss of € 5.4 million (2010: € 0.1 million gain). An unrealized exchange gain of € 6.6 million was incurred on dividends receivable from Chinese subsidiaries.
- The Group uses forward exchange contracts to limit currency risks on its various operating and, financing activities. 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 2011, the notional amount of the forward exchange contracts relating to commercial transactions was € 51.3 million (2010: € 42.2 million). The fair value at year-end amounted to € 0.7 million (2010: € -0.2 million), with a gain of € 1.1 million (2010: € 0.4 million gain). A loss of € 2.5 million (2010: € 0.7 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. Realized exchange results on hedged operating and financial payables and receivables amounted to a loss of € 2.3 million (2010: loss of € 0.1 million).

The following table analyzes the notional amounts of the derivatives according to their maturity date:

2011 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Interest-rate swaps	-	50 236	-
Forward exchange contracts	263 859	-	-
Cross-currency interest-rate swaps	456 708	131 239	-
Total	**720 567**	**181 475**	**-**

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**

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**	**2011**	**2010**	**2011**
Financial instruments				
Forward exchange contracts				
Held for trading	*674*	*1 090*	*925*	*9 160*
Interest-rate options				
Held for trading	*38*	*-*	*-*	*-*
Interest-rate swaps				
Held for trading	*378*	*-*	*3 966*	*3 775*
In connection with cash flow hedges	*-*	*-*	*2 042*	*2 218*
Cross-currency interest-rate swaps				
Held for trading	*20 668*	*2 865*	*20 207*	*21 014*
In connection with fair value hedges	*2 141*	*1 607*	*-*	*-*
In connection with cash flow hedges	*1 325*	*994*	*1 940*	*3 236*
Total	**25 224**	**6 556**	**29 080**	**39 403**
Non-current	3 760	5 461	8 949	9 230
Current	21 464	1 095	20 131	30 173
Total	**25 224**	**6 556**	**29 080**	**39 403**

The table below shows how the use of derivatives mitigated the impact of the underlying risks on the income statement:

2011 in thousands of €	**Hedged item**	**Hedging instrument**	**Other**	**Recognized in profit or loss**
Fair value hedges	Fair value changes	Fair value changes	Interest expense adjustments	
Currency and interest-rate risk on financing cash flows	*574*	*-562*	*860*	*872*
Cash flow hedges				
Discontinued hedge relationship - depreciation (recycled from equity) and interest expense adjustments	*-*	*-*	*-646*	*-646*
	Underlying risk	**Financial derivative**		
Held for trading	Unrealized exchange results	Fair value changes	Realized exchange results	
Currency risk on financing cash flows	*22 211*	*-21 735*	*-2 049*	*-1 573*
Currency risk on operating and investing cash flows	*4 125*	*-4 273*	*14 707*	*14 559*
			Interest expense adjustments	
Interest-rate risk	*-*	*-102*	*-1 111*	*-1 213*
Total	**26 910**	**-26 672**	**11 761**	**11 999**

The impact of derivatives on profit and loss has been revised to include (a) unrealized exchange results on dividends from Chinese subsidiaries recognized by their Hong Kong parent companies but hedged in Belgium (b) realized exchange results originating from currency-risk mitigating derivatives and (c) interest expense adjustments originating from interest-rate risk mitigating derivatives.

Of the total income statement effect in 2011, € 13.2 million is recognized in other financial income and expenses, € -0.3 million in other operating revenues and expenses (i.e. realized exchange results on operating cash flows) and € -0.9 million in interest expense.

2010 in thousands of €	**Hedged item**	**Hedging instrument**	**Other**	**Recognized in profit or loss**
Fair value hedges	Fair value changes	Fair value changes	Interest expense adjustments	
Currency and interest-rate risk on financing cash flows	*1 982*	*-1 911*	*763*	*834*
Cash flow hedges				
Discontinued hedge relationship - depreciation (recycled from equity) and interest expense adjustments	*-*	*-*	*-817*	*-817*
	Underlying risk	**Financial derivative**		
Held for trading	Unrealized exchange results	Fair value changes	Realized exchange results	
Currency risk on financing cash flows	*3 041*	*2 756*	*-4 410*	*1 387*
Currency risk on operating and investing cash flows	*10 192*	*471*	*1 069*	*11 732*
			Interest expense adjustments	
Interest-rate risk	*-*	*-1 831*	*-1 422*	*-3 253*
Total	**15 215**	**-515**	**-4 817**	**9 883**

Of the total income statement effect in 2010, € 13.0 million is recognized in other financial income and expenses, € -1.6 million in other operating revenues and expenses (i.e. realized exchange results on operating cash flows) and € -1.5 million in interest expense.

Cash flow hedges also directly affect equity via other comprehensive income, as shown below:

2011 in thousands of €	**Hedged item**	**Hedging instrument**	**Other**	**Recognized in equity (OCI)**
Cash flow hedges	Spot price changes	Fair value changes		
Currency and interest-rate risk on financing cash flows	*2 100*	*-1 598*	*-*	*502*
Discontinued hedge relationship - depreciation (recycled to profit or loss)	*-*	*-*	*75*	*75*

2010 in thousands of €	**Hedged item**	**Hedging instrument**	**Other**	**Recognized in equity (OCI)**
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 (recycled to profit or loss)	*-*	*-*	*-*	*82*

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 hereafter:

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

2011 in thousands of €	Category in accordance with IAS 39	Carrying amount 2011	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 2011
Assets							
Cash and cash equivalents	L&R	293 856	293 856	-	-	-	293 856
Short term deposits	L&R	382 607	382 607	-	-	-	382 607
Trade receivables	L&R	828 329	828 329	-	-	-	828 329
Other receivables	L&R	88 319	88 319	-	-	-	88 319
Loans and receivables	L&R	24 681	24 681	-	-	-	24 681
Available for sale financial assets	AfS	8 997	789	8 208	-	-	8 997
Derivative financial assets							
- without a hedging relationship	FAFVTPL	3 955	-	-	3 955	-	3 955
- with a hedging relationship	Hedge accounting	2 601	-	994	1 607	-	2 601
Liabilities							
Interest-bearing debt							
- finance leases	n.a.	269	-	-	-	269	269
- credit institutions	FLMaAC	553 806	553 806	-	-	-	553 806
- bonds	Hedge accounting	101 983	69 107	-	32 876	-	106 418
- bonds	FLMaAC	900 000	900 000	-	-	-	917 328
Trade payables	FLMaAC	290 635	290 635	-	-	-	290 635
Other payables	FLMaAC	125 757	125 757	-	-	-	125 757
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	33 949	-	-	33 949	-	33 949
- with a hedging relationship	Hedge accounting	5 454	-	5 454	-	-	5 454

Aggregated by category in accordance with IAS 39

Loans and receivables	L&R	1 617 792	1 617 792	-	-	-	1 617 792
Available-for-sale financial assets	AfS	8 997	789	8 208	-	-	8 997
Financial assets - hedge accounting	Hedge accounting	2 601	-	994	1 607	-	2 601
Financial assets at fair value through profit or loss	FAFVTPL	3 955	-	-	3 955	-	3 955
Financial liabilities measured at amortized cost	FLMaAC	1 870 198	1 870 198	-	-	-	1 887 526
Financial liabilities - hedge accounting	Hedge accounting	107 437	69 107	5 454	32 876	-	111 872
Financial liabilities at fair value through profit or loss	FLFVTPL	33 949	-	-	33 949	-	33 949

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
- 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

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 therefrom.
- *'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:

2011 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets - hedge accounting				
Derivative financial assets	*-*	*2 601*	*-*	*2 601*
Financial assets at fair value through profit or loss				
Derivative financial assets	*-*	*3 955*	*-*	*3 955*
Available-for-sale financial assets				
Equity investments	*8 208*	*-*	*-*	*8 208*
Total assets	**8 208**	**6 556**	**-**	**14 764**
Financial liabilities - hedge accounting				
Interest-bearing debt	*-*	*32 876*	*-*	*32 876*
Derivative financial liabilities	*-*	*5 454*	*-*	*5 454*
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	*-*	*33 949*	*-*	*33 949*
Total liabilities	**-**	**72 279**	**-**	**72 279**

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**

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 2010. 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**	**2011**
Net debt	521 865	860 471
Equity	1 696 627	1 766 422
Net debt to equity ratio	**30.8%**	**48.7%**

7.4. Off-balance-sheet commitments

As at 31 December, the important commitments were:

in thousands of €	**2010**	**2011**
Guarantees given to third parties on behalf of subsidiaries	378 835	415 848
Commitments to purchase fixed assets	33 755	13 068
Commitments to invest in venture capital funds	1 465	8 153

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**	**2011**
Within one year	14 956	13 103
Between one and five years	27 834	21 573
More than five years	11 547	9 340
Total	**54 337**	**44 016**

Expenses in thousands of €	**2010**	**2011**
Vehicles	9 323	10 728
Industrial buildings	4 493	2 915
Equipment	1 899	2 824
Offices	5 259	5 137
Land	486	498
Other	523	607
Total	**21 983**	**22 709**

2011 in years	**Weighted average lease term**	**Weighted average fixed period of rental**
Vehicles	4	4
Industrial buildings	4	3
Equipment	4	4
Offices	4	4
Land	28	5
Other	2	3

2010 in years	**Weighted average lease term**	**Weighted average fixed period of rental**
Vehicles	3	3
Industrial buildings	7	4
Equipment	4	4
Offices	4	4
Land	18	4
Other	3	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, Bekaert has considered the merits of its filing positions in an overall evaluation of potential tax liabilities and concludes that the Group has adequate liabilities recorded in its consolidated financial statements for exposures on these matters. Accordingly, Bekaert also considers it unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in the consolidated financial statements will be material to its 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**	**2011**
Sales of goods	29 556	35 374
Purchases of goods	14 661	20 750
Royalties and management fees received	9 741	9 856
Interest and similar income	135	99
Dividends received	39 761	7 195

Outstanding balances with joint ventures and associates in thousands of €	**2010**	**2011**
Trade receivables	10 459	10 833
Other current receivables	122	72
Trade payables	5 457	2 955

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**	**2011**
Number of persons	36	35
Short-term employee benefits		
Basic remuneration	*6 388*	*6 721*
Variable remuneration	*3 275*	*4 324*
Remuneration as directors of subsidiaries	*921*	*883*
Post-employment benefits		
Defined-benefit pension plans	*528*	*560*
Defined-contribution pension plans	*527*	*543*
Share-based payment benefits	1 642	1 907
Total gross remuneration	**13 281**	**14 938**
Average gross remuneration per person	369	427
Number of subscription rights, options and stock appreciation rights granted (stock option plans)	158 400	227 500

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

- On 22 December 2011, Bekaert announced the signing of an agreement with its Chilean partners to restructure the shareholding of their joint venture operations in Chile, Peru and Canada. The transaction was successfully closed on 12 March 2012. As a consequence, Bekaert becomes the principal shareholder (52%) in the partnership and will consolidate the results of all respective entities as of 1 January 2012.
- On 27 January 2012, Bekaert signed an agreement regarding the sale of its Industrial Coatings activities to Element Partners, a Pennsylvania, US-based equity fund. The transaction covers the production facilities in Deinze (Belgium) and Jiangyin (China), the maintenance activity at Spring Green (US), and the respective sales organization. The Industrial Coatings division accounted for less than 1.5% of Bekaert's consolidated sales. Bekaert and Element Partners expect to close the deal in the course of the first half of 2012.
- On 1 February 2012 Bekaert received a notification that a number of legal entities controlled by BlackRock, Inc., had on 12 January 2012 through the acquisition of voting securities crossed the 3% transparency threshold and were holding an aggregate 1 814 763 or 3.03% of the shares of Bekaert. On 16 March 2012 Bekaert received a notification that as a result of the disposal of voting securities such participation in Bekaert had on 9 March 2012 fallen below the lowest threshold of 3%.
- On 1 February 2012, Belgo Bekaert Nordeste SA was merged into Belgo Bekaert Arames Ltda (both located in Brazil). This merger will help to reduce their net ICMS receivables substantially over the coming years.
- On 2 February 2012, Bekaert announced a major realignment program in response to longer term overall instability and to the drastic changes in the global solar energy market. The program consists of actions to rightsize the global sawing wire operations as well as measures aimed at substantially improving the cost structure of the Group. These plans drive at restoring Bekaert's long-term profitability by 2014. The consequences of the global realignment program on provisions and impairments will depend on the outcome of further analyses and negotiations and as such have not been quantified yet.
- A second offer of 293 800 options was made on 22 December 2011 under the terms of the SOP 2010-2014 stock option plan. 287 800 of those options were accepted, and were granted on 20 February 2012. Their exercise price is € 25.140. The granted options represent a fair value of € 3.9 million.

7.7. Services provided by the statutory auditor and related persons

During 2011, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 394 689. These fees relate essentially to further assurance services (€ 170 479), tax advisory services (€ 1 198 186) and other non-audit services (€ 26 024).

The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 1 652 559.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2011

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
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 Mukand Wire Industries Pvt Ltd	Pune, India	86
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert (Qingdao) Wire Products Co Ltd	Qingdao (Shandong 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	100
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	70
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
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 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 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 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
Bekaert 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 (SEA) Pte Ltd	Singapore	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 S.à r.l.	Luxemburg, Luxemburg	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
Asia Pacific		
Bekaert (Xinyu) Metal Products Co Ltd	Xinyu City (Jiangxi province), China	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 2011

1. New investments

Subsidiaries	***Address***	***%***
Bekaert (Qingdao) Wire Products Co Ltd	Qingdao (Shandong province), China	100
Bekaert S.à r.l.	Luxemburg, Luxemburg	100
Solar Gard NV	Zulte, Belgium	100
Solargard Specialty Films Co Ltd	Qingdao (Shandong province), China	100

Joint ventures	***Address***	***%***
Bekaert (Xinyu) Metal Products Co Ltd	Xinyu City (Jiangxi province), China	50

2. Increases / decreases in ownership

Subsidiaries	***Address***	
Bekaert-Shenyang Steel Cord Co Ltd	Shenyang (Liaoning province), China	From 98% to 100%
Bekaert Specialty Films LLC	Wilmington (Delaware), United States	From 100% to 0%
Bekaert Specialty Films Australia Pty Ltd	Seven Hills, Australia	From 100% to 0%
Bekaert Specialty Films (Canada) Inc	Oakville, Canada	From 100% to 0%
Bekaert Specialty Films Nordic AB	Norrtälje, Sweden	From 100% to 0%
Bekaert Specialty Films (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	From 100% to 0%
Bekaert Specialty Films (UK) Ltd	Grimley, United Kingdom	From 100% to 0%
Mukand Bekaert Wire Industries Pvt Ltd	Pune, India	From 74% to 86%
Solar Gard NV	Zulte, Belgium	From 100% to 0%
Solargard Specialty Films Co Ltd	Qingdao (Shangdong province), China	From 100% to 0%

3. Name changes

New name	***Former name***
Bekaert Guatemala SA	Productos de Alambre de Guatemala SA
Bekaert Mukand Wire Industries Pvt Ltd	Mukand Bekaert Wire Industries Pvt Ltd
Bekaert (Qingdao) Wire Products Co Ltd	Qingdao Hansun Steel Co Ltd

4. Closed down

Companies	***Address***
Bekaert CEB Technologies BV	Assen, Netherlands

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

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	2011
Sales	465 397	529 041
Operating profit or loss	15 103	-2 462
Financial result	-20 327	44 324
Extraordinary result	8 992	211 519
Current and deferred income taxes	992	2 724
Profit or loss for the year	**4 760**	**256 105**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2010	2011
Fixed assets	**1 741 643**	**1 994 798**
Formation expenses, intangible fixed assets	35 422	42 534
Tangible fixed assets	81 269	80 865
Financial fixed assets	1 624 952	1 871 399
Current assets	**338 395**	**303 193**
Total assets	**2 080 038**	**2 297 991**
Shareholders' equity	**508 083**	**697 636**
Share capital	176 242	176 512
Share premium	27 582	29 857
Revaluation surplus	1 995	1 995
Statutory reserve	17 624	17 651
Untaxed reserves	-	-
Unavailable reserve	59 670	23 295
Reserves available for distribution, retained earnings	224 913	448 295
Investment grants	57	30
Provisions and deferred taxes	**65 723**	**64 147**
Creditors	**1 506 232**	**1 536 208**
Amounts payable after one year	860 450	750 150
Amounts payable within one year	645 782	786 058
Total equity and liabilities	**2 080 038**	**2 297 991**

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

The Belgium-based entity's sales amounted to € 529.0 million, up 13.7% compared with 2010 as a result of higher sales in the first half of the year, but declining business in the second half.

The collapse of the European wafering market (the solar sector's customer basis of NV Bekaert SA) as of mid-2011 drove a very weak utilization and high costs in the Belgian sawing wire activities in Aalter. Also the stainless steel wire platform was confronted with increasingly drastic market evolutions in the second year-half. The profitability of this platform was heavily affected as a result of the strong price and margin pressure from Asian imports and product substitution.

Other activities of NV Bekaert SA, including wires for automotive applications, offshore armoring wires, building products and consumer goods, recorded moderate to good performance. A declining trend was, however, noted toward year-end in most markets. Price evolutions of steel-based raw materials had a favorable effect in the first half of the year, but created a negative effect in the second year-half.

The operating loss was € 2.5 million, compared with a profit of € 15.1 million last year.

The financial result increased to € 44.3 million (€ -20.3 million in 2010) due to a higher dividend income.

The extraordinary result of € 211.5 million (2010: € 9.0 million) stemmed from gains on transactions with shares of subsidiaries.

The combination of the operating loss and the financial and extraordinary result explain the net profit for the year ended 31 December 2011: € 256.1 million compared with € 4.8 million in 2010.

Environmental programs

The provision for environmental programs was stable: € 27.1 million (2010: € 27.0 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 2011 the total number of securities conferring voting rights was 59 976 198.

Notifier	Date of notification	Number of voting rights	Percentage of total number of voting rights
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	31.08.2011	22 958 469	38.28%

Stichting Administratiekantoor Bekaert (holding 22 486 749 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 2011 result

The after-tax profit for the year was € 256 104 593, compared with a profit after tax of € 4 759 842 for the previous year.

The Board of Directors has proposed that the General Meeting of Shareholders to be held on 9 May 2012 appropriate the above result as follows:

	in €
Profit of the year 2011 to be appropriated	256 104 593
Profit brought forward from previous year	4 647 442
Transfer to statutory reserves	-27 000
Transfer to other reserves	-99 733 864
Profit carried forward	-91 920 479
Profit for distribution	**69 070 692**

The Board of Directors has proposed that the General Meeting of Shareholders approve the distribution of a gross dividend of € 0.50 per share Together with the gross interim dividend of € 0.67 per share paid in October 2011, this will result in an aggregate gross dividend of € 1.17 per share for 2011 (2010: € 1.667 per share).

The dividend will be payable in euros on 16 May 2012 upon presentation of dividend coupon no. 15 to the following banks:
- ING Belgium, BNP Paribas Fortis, KBC Bank, Bank Degroof and Belfius Bank (former Dexia) 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 Directors Baron Buysse, Baron Bekaert, Mr Bert De Graeve, Count Charles de Liedekerke , and Messrs Hubert Jacobs van Merlen and Maxime Jadot, and of the independent Directors Sir Anthony Galsworthy and Mr Manfred Wennemer will expire at the close of the Ordinary General Meeting of Shareholders of 9 May 2012.

The Board of Directors has proposed that the General Meeting:
- re-appoint Baron Buysse and Sir Anthony Galsworthy as Directors for a term of two years, up to and including the Ordinary General Meeting to be held in 2014;
- re-appoint Baron Bekaert, Mr Bert De Graeve, Count Charles de Liedekerke, and Messrs Hubert Jacobs van Merlen and Maxime Jadot as Directors for a term of three years, up to and including the Ordinary General Meeting to be held in 2015
- re-appoint Mr Manfred Wennemer as independent Director for a term of three years, up to and including the Ordinary General Meeting to be held in 2015.

Auditor’s report

Bedrijfsrevisoren / Reviseurs d’Entreprises
Berkenlaan 8b
B-1831 Diegem

Tel.: +32 2 800 20 00
Fax: +32 2 800 20 01
http://www.deloitte.be

NV Bekaert SA
Statutory auditor's report
on the consolidated financial statements
for the year ended 31 December 2011
to the shareholders’ meeting

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 2011, 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 4.169.105 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 192.643 (000) 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 2011, 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, 19 March 2012

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
Dominique Neerinck	Chief Technology Officer
Henri-Jean Velge	Group Executive Vice President Wire
Frank Vromant	Acting Global Head Steel Cord

Senior Management (as per year-end 2011)

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 Wire Technology & Manufacturing
Marc de Sauvage	General Manager Bekaert Engineering
Mark Goyens	President Bekaert Asia
Lieven Larmuseau	General Manager Rubber Reinforcement
Rick McWhirt	Global Operations Manager Steel Cord
Alejandro Sananez	General Manager Bekaert Andina
Geert Van Haver	General Manager Industrial Steel Wires
Curd Vandekerckhove	General Manager Sawing Wire
Michel Vandevelde	General Manager Speciality Steel Wires
Geert Voet	General Manager Ropes
Bart Wille	Chief HR Officer
Zhong Zhang	General Manager Steel Cord Asia North

Company Secretary

Pierre Schaubroeck

Auditors

Deloitte Bedrijfsrevisoren

Investor relations

Jacques Anckaert
T +32 56 23 05 72
F +32 56 22 85 57
investor.relations@bekaert.com

Communications

Katelijn Bohez
T +32 56 23 05 71
F +32 56 23 05 48
press@bekaert.com

Documentation

www.bekaert.com
corporate@bekaert.com

The annual report for the 2011 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.
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%.
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 2011 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

Disclaimer

This report may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Bekaert is providing the information in this report as of this date and does not undertake any obligation to update any forward-looking statements contained in this report in light of new information, future events or otherwise. Bekaert disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other report or press release issued by Bekaert.

Financial calendar

First quarter trading update 2012	9 May 2012
General meeting of shareholders	9 May 2012
Dividend ex-date	11 May 2012
Dividend payable	16 May 2012
2012 half year results	27 July 2012
Third quarter trading update 2012	14 November 2012
2012 results	27 February 2013
2012 annual report available on the Net	29 March 2013
First quarter trading update 2013	8 May 2013
General meeting of shareholders	8 May 2013
Dividend ex-date	10 May 2013
Dividend payable	15 May 2013
2013 half year results	26 July 2013
Third quarter trading update 2013	14 November 2013

What would you like to know about Bekaert?

www.bekaert.com

www.bekaert.mobi

More detailed financial figures are available in the Shareholders' Guide 2011, available on bekaert.com (investor's datacenter)

The Annual Report and Shareholders' Guide 2011 are downloadable for iPad in the iTunes store.

Available on the iPad App Store

NV Bekaert SA
President Kennedypark 18
BE-8500 Kortrijk
Belgium
T +32 56 23 05 11
F +32 56 23 05 48
corporate@bekaert.com
www.bekaert.com