BEKAERT

better together

Annual report 2012

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Strategy & Leadership

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

Baron Buysse CMG CBE

Chairman of the Board of Directors

Bert De Graeve

Chief Executive Officer

Message from the Chairman and the Chief Executive Officer

Dear reader,

The year 2012 has been extremely challenging for the global economy. Uncertainty ruled on all continents, in all sectors and markets and in all domains, be it economically, financially or politically. The manufacturing industry saw this uncertainty translated into unpredictable demand patterns, increased credit restrictions, extended trade barriers, and a highly competitive environment driven by general overcapacity in many sectors.

Our business has also been characterized by unstable demand and fierce competition in most markets. The sawing wire business collapse in particular hit us hard and wiped out the profitability of a once exceptionally successful platform in no time. Bekaert took drastic actions to realign its related manufacturing and technology footprint with the new business reality. We regret that we were forced to take decisions that affected jobs, but they proved right in an irreversibly-negative market landscape. The further prospects and importance of this platform have become limited within our Group's overall strategy. This business evaluation is fully reflected in the major employment and capacity reduction as well as in the respective non-recurring costs in the 2012 financial statements.

Global financial turbulence and economic uncertainty also impacted other activities throughout 2012. An overall demand slowdown combined with general overcapacity and high inventory levels in the entire supply chain of many industries, fueled aggressive competition and persistent price pressure in the markets we serve. We addressed these unfavorable conditions from three tracks that reflect our Group's strategic pillars: technological leadership, global market leadership and operational excellence.

Strong strategic pillars as a foundation for future opportunities

We continued to invest substantially in R&D since we believe that our **technological leadership** is exactly what sets us apart from the competition. We filed a record number of new patents in 2012 and launched several new products and product improvements to serve our customers' current and future needs. We also invested in process improvements and installed newly developed, state-of-the-art equipment that improves performance and product quality and at the same time reduces the impact on the environment.

Bekaert also increased its **global market leadership** in different markets and regions by investing in capacity extensions of manufacturing platforms with continued growth opportunities, and by acquiring or increasing our ownership in businesses we expect to create sustainable, profitable growth.

We expanded our operations in India and Russia, concluded important acquisitions in China and Malaysia, and raised our shareholding above 50% in the Chilean partnership with operations in Chile, Peru and Canada.

In pursuit of **operational excellence** we continued to provide our customers with high-quality products and customized service, around the world. Bekaert also started the implementation of an international program to reduce the company's global cost structure which aims to restore the Group's long-term profitability. Moreover, we have changed the organizational set-up of the company to help streamline business decisions and operations in the most efficient way.

Commitment and confidence

We want to thank our employees for the extra efforts made in the past year. Their resilience, their cooperation in identifying savings opportunities, and their dedication to quality and customer care have illustrated the drive and commitment of our people – also in difficult times. We are highly appreciative of our business partners who maintained their confidence in Bekaert as a preferred supplier or strategic partner. Thanks to the commitment and confidence of many, we were able to keep our volumes stable in this difficult year. This not only illustrates the solid underlying business of our company, but also strengthens our resolve in taking on the opportunities and challenges ahead.

The Board of Directors of Bekaert is also confident that the company's strategy will continue to safeguard the growth potential of our industrial Group. This confidence is shown by the Board's decision to propose to the General Meeting of Shareholders in May 2013, the distribution of a gross dividend of € 0.85 per share. We strongly value the support of the shareholders who have maintained their confidence in the strategy and resilience of the company and we thank them for their continued trust.

While the effects of the global crisis will most likely continue in 2013, 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 realize our ambition to restore the profit levels that we have achieved in the past, in support of all our valued stakeholders.

Bert De Graeve
CEO

Baron Buysse CMG CBE
Chairman of the Board of Directors

The year in brief

In response to rapid and structural changes in the global solar energy market, to growing uncertainty in other markets and to longer term overall instability, Bekaert announces on 2 February a major realignment program.

End of February Bekaert announces its annual results 2011. Bekaert succeeded in realizing 5% organic growth for the year as a result of higher sales volumes, but saw aggressive competition in solar energy markets erase the profitability of the sawing wire platform in the 2nd half of 2011.

On 13 March, Bekaert and its Chilean partners announce the successful closing of their shareholding transaction by which Bekaert becomes the principal shareholder (52%) in the partnership with operations in Chile, Peru and Canada.

Bekaert's presence in Chile dates back to 1950 with the start of a joint venture with the families Matetic and Conrads.

On 2 April, Bekaert and Element Partners, a Pennsylvania US-based equity fund, sign the agreement regarding the sale of Bekaert's Industrial Coatings activities.

On 28 May, Bekaert and Xinsteel break ground for a new production plant in Xinyu (Jiangxi province, China). The new plant will house the spring wire manufacturing platform which is now located in two separate factories.

On 30 August, Bekaert and Southern Steel establish a joint venture, 55% owned by Bekaert and 45% by Southern Steel Berhad (SSB), a leading Malaysian Steel Group.

Bekaert and Southern Steel join their related manufacturing and commercial activities in Indonesia and Malaysia.

On 4 December, Prodac, Bekaert's subsidiary in Peru, celebrates the inauguration of its new galvanizing plant. The new line, developed by Bekaert's in-house engineering department, extends Prodac's production capacity materially. It is the first lead-free galvanizing line of its kind.

Mr Juan Kohn, Mr Jorge Matetic, Mrs Gallofré-Cassadó and Mr Bert De Graeve, representing the shareholders of Prodac SA, officially open the new galvanizing plant.

On 13 December, the European Institute of Purchasing Management (EIPM) grants the 2012 EIPM Peter Kraljic awards during its annual convention. Bekaert's procurement organization wins the supplier relationship award.

Bekaert's procurement organization wins EIPM award.

Board of Directors

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

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

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

Bekaert Group Executive

From left to right: Bart Wille - Curd Vandekerckhove - Henri Jean Velge - Bert De Graeve - Bruno Humblet - Dominique Neerinck - Frank Vromant

The Bekaert Group Executive assumes the operational responsibility for the company's activities. The executive management - chaired by the Chief Executive Officer - consists of seven members. The Bekaert Group Executive acts under the supervision of the Board of Directors.

The overall organization of Bekaert has been changed in the course of 2012 in order to respond in the most effective way to future growth opportunities and global challenges. The new structure represents a balanced responsibility allocation for regions, business platforms and global support functions. The regional management focuses primarily on operational efficiency and synergies. The business platforms develop our business from an overall perspective across the regions and focus on our customers' interests and future business development. Global support functions manage functional excellence and compliance. The Bekaert Group Executive has been redesigned in line with the new global organization set-up.

Our Strategy

Our profile

Bekaert company profile

Bekaert is a world market and technology leader in steel wire transformation and coatings. Bekaert (Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing 27 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated combined sales of € 4.4 billion in 2012.

Bekaert employs unique 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 steel wire 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 about 70% of combined sales in 2012. In the mature markets, we continue to diversify our product offering and introduce innovations that add value in a highly competitive environment.

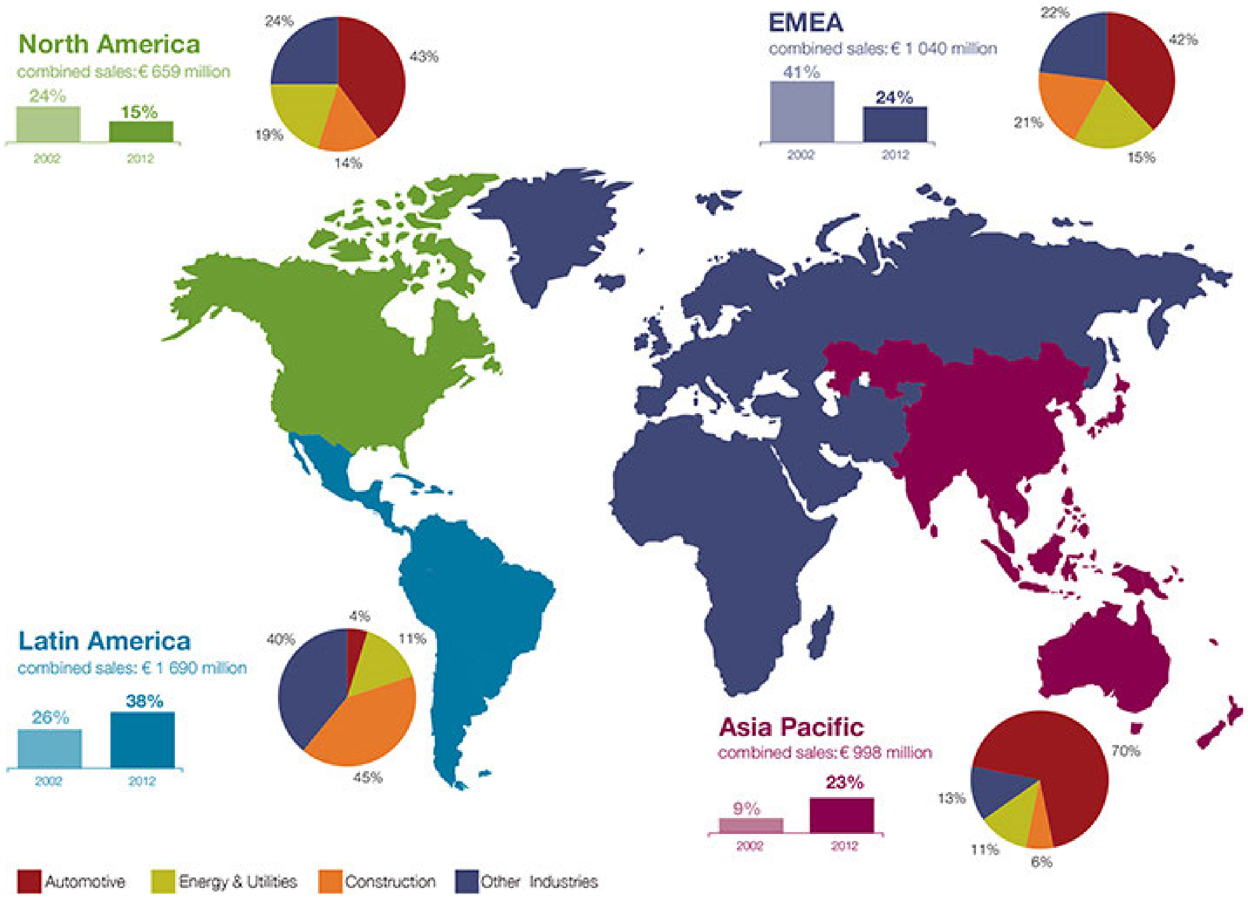
In the **EMEA** region, Bekaert is present in both the mature Western European markets as well as the growth markets of Central and Eastern Europe. The mix of market maturity and the alignment of product offerings to local market needs are major reasons why Bekaert achieved stable sales volumes in Europe in 2012.

The market demand in **North America** reflected a continued difficult economic environment in the US. The addition of the Canadian ropes activities to consolidated sales and favorable exchange rate movements offset the impact of the divested specialty films and industrial coatings activities in 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 region in 2012. Bekaert increased its share in the Chilean partnership in which it now holds a majority stake.

Sales in **Asia** were substantially lower as a result of the solar business collapse, which materially impacted the sawing wire activities in China. The other activity platforms recorded solid sales volumes, while operating in a highly competitive environment. Bekaert further invested in the region with capacity expansions in India and acquisitions in China and Malaysia.

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.



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 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 aims to create added value for our customers, expanding our horizons through international cooperation and offering reliable solutions based on proprietary equipment.

We team up with customers and suppliers around the globe to develop, implement, upgrade and protect both current and future technologies. 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.

Our global technology platform consists of two main Technology Centers in Deerlijk (Belgium) and Jiangyin (Jiangsu province, China). Business and customer-specific projects are further supported by various development labs and innovation teams around the world.

R&D is key for Bekaert as it offers our customers the most innovative solutions.

Open innovation on a global scale

We seek international partners for 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 research partnership with the Universitiy of Leuven (Belgium), the metal research activities cluster in Ghent (Belgium) and the 'Université de Lille' (France). Bekaert is an active member of the Flanders Mechatronic Center and collaborates with the Dutch Polymer Institute (DPI) in Eindhoven (The Netherlands).
- In China, we have a partnership with the Institute of Metal Research (IMR) in Shenyang (Liaoning province) and with Tsinghua University in Beijing.
- In Slovakia, we have a research contract with the University of Trnava.
- In the US, collaborative research efforts continue to be carried out at the Colorado School of Mines.

For Bekaert, open innovation goes beyond cooperation with universities & research institutes. To remain a technology leader, we listen carefully to and cooperate closely with our customers. Moreover, there is an increasing trend in co-development projects with our strategic suppliers. We also consider corporate venturing by investing in companies and venture capital funds worldwide. Our related investments are minority interests in young start-up companies with innovative technologies that can support the sustainable profitable growth strategy of Bekaert.

Innovation in a nutshell

- In 2012 we invested € 69 million in R&D.
- An international team of 400 R&D specialists works on customer-driven research projects.
- We acknowledge the importance of innovation: 50 first patent applications were filed in the course of 2012, a record number for Bekaert. IP protection applies mainly to products and brands, but also to processes and equipment.

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.

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. Also the Group's efforts to optimize the efficiency and synergy potential within the organization are an illustration of Bekaert's pursuit for excellence.

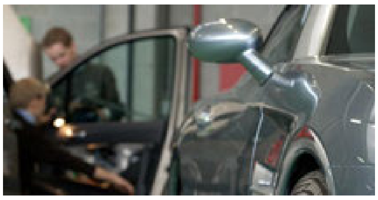
Both in a significant global expansion mode like in the past decade, or in a realignment scenario like in 2012, Bekaert constantly evaluates its operational, technological and organizational set-up.
We will continue to pay increased attention to the efficiency of our organization and to integrating our 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



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 34% of combined sales. We supply specialized wire products that meet the highest quality standards.

Construction

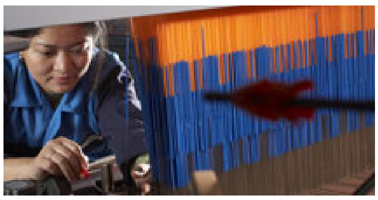
By offering wire, mesh and fiber products in numerous construction applications, we tirelessly seek out more environment-friendly solutions with a focus on better materials, greater safety and lower energy consumption, all with an eye on cost-efficiency.

This sector accounts for 26% of combined sales.

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 represents 13% of combined sales.

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 machine makers to focus on operational excellence.

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 attests to our success in satisfying diverse customer requirements. Bekaert is present to meet their needs.

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

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.

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 span every step of the value chain.

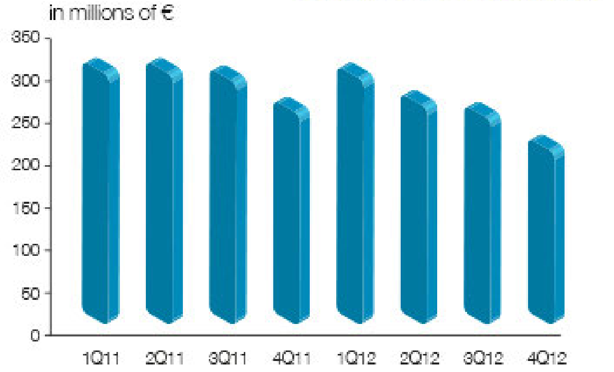
Segment Performance

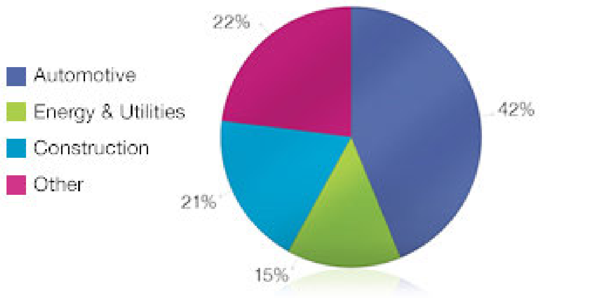
Global presence: Bekaert's strategy in suporting our customers worldwide

- EMEA
- North America
- Latin America
- Asia Pacific

EMEA

Market developments





Combined sales:	€ 1 040 million
Capital expenditures (PP&E):	€ 39 million
Total assets:	€ 758 million
Employees:	6 000

Automotive markets shift into lower gear

The automotive industry is a large user of Bekaert's steel wire products. Both in the original equipment and replacement markets, Bekaert serves a wide range of customers. The economic conditions in 2012 were unfavorable and pushed demand down for our products serving the OEM markets. Demand for new cars and commercial vehicles in the EU reached the lowest level recorded since 1995 and reflected a substantial decrease year-on-year. Most countries saw their markets contract, with vehicle sales in southern European countries sliding to their lowest levels in decades. This had an impact on, amongst others, spring wires and diesel particulate filter media.

The tire manufacturers also saw their European sales figures drop in 2012, not only because of the sluggish OEM market but also due to a global delay of tire replacement, especially in southern Europe. Some tire makers therefore downsized their manufacturing capacity in EMEA.

Bekaert was, however, able to secure its market share and continued the future-oriented development programs with its customers. Other steel wire products with an important aftermarket such as wiper blades, performed well throughout 2012.

Energy markets fuel performance …

Demand continued to be strong in markets of oil and gas extraction, power distribution, and other energy-related applications.

Bekaert's armoring wires for overhead power cables and submarine power distribution, flat and shaped wires for offshore pipes and wedge filters, as well as anchorage rope wires for oil platforms, all performed well in 2012.

… but shadow on solar industry remains

The one big exception in energy-related markets was the solar industry. The entire supply chain of the European PV solar market saw its business further decline in 2012. The sawing wire market in Europe has become a shadow of its former self. Most wafer makers have stopped their production activities in the region or have ceased to exist.

Bekaert announced on 2 February 2012, a major restructuring program with actions directly related to the changed solar market. This program included measures to rightsize Bekaert's global sawing wire operations. More specifically in Europe, and in Belgium in particular, the plan drastically decreased our activity scope and employment in production, technology and engineering.

Building the foundations for further growth

Bekaert's business platform targeting European construction markets withstood the continued difficult market circumstances well and gained market share by offering product innovations and optimal service in the many infrastructure and construction segments it serves.

Demand was particularly strong for Bekaert's Dramix® steel fibers for concrete reinforcement. The Dramix® fibers portfolio has been substantially extended in 2012 with the launch of the 3D-4D-5D fiber series. The addition of the new fiber types takes concrete reinforcement to the next performance class. Previously unknown levels of anchorage, tensile strength and ductility guarantee the best possible solution for an ever wider range of applications.

Operations

Our continued pursuit for operational excellence

As part of its pursuit for operational excellence, and of specific actions taken related to the cost savings program announced in February 2012, Bekaert's EMEA production plants were able to reduce costs and improve the balance between flexible and fixed costs more in particular.

Effective operational excellence programs also ensured the successful start-up of manufacturing extensions in Slovakia and Russia. Additionally in Russia, Bekaert teams worked together with local wire rod suppliers to help develop and improve a qualitative supply of domestic rod. At the end of 2012, 80% of Bekaert Lipetsk's wire rod supply originated from local sourcing.

In line with the growing needs of the building industry in Russia and the wider CIS, Bekaert announced in September 2012 its plans to start the production of Dramix® steel fibers in its Lipetsk plant in Russia. In the meantime Bekaert is serving its customers there with supplies ensured by other production plants in EMEA.

Bekaert's manufacturing plants in Slovakia and the Czech Republic performed well as a result of successful efforts to optimize product quality, process efficiency and delivery service. Furthermore our flat and shaped production platforms in Belgium and the UK performed strongly. Several investments were realized successfully to serve innovation needs and quality improvements.

Our operations in France and the Netherlands expanded their product portfolios with new solutions to increase the performance levels and reduce the energy consumption of combustion equipment, paper drying installations and emitters, and heat exchangers. Additionally the fiber technologies activities in Belgium continued to develop new products and applications and recorded stable sales in difficult markets.

Staying close to our customers

Our customers have strongly appreciated Bekaert's manufacturing proximity throughout the region as an enabler of delivery flexibility to ever shorter planning timeframes in the difficult year 2012.

Bekaert has been developing and manufacturing products for tire reinforcement since 1952. This expertise of the past 60 years has been celebrated with our customers in 2012. The anniversary illustrates, particularly in Europe, the very long cooperation of Bekaert with the tire manufacturers.

Adapting to change

Bekaert adapted to market downturns quickly, such as with the restructuring of its stainless steel wire and sawing wire activities.

Bekaert started up several projects in Belgium aiming at a reconversion of idle industrial buildings and land and the construction of a new office building which houses, as of the beginning of 2013, all management and administration of the global business platforms and the regional management team for Europe.

We sold the Industrial Coatings activities to Element Partners, a Pennsylvania, US-based equity fund. The transaction covered, in addition to activities in Jiangyin (China) and Spring Green (US), the production facilities and all personnel in Deinze (Belgium).

Bekaert incurred a substantial amount of non-recurring costs in EMEA. These non-recurring items reflect the costs and provisions for the restructuring plans and asset impairments in the European manufacturing platforms of solar related activities mainly (€ -85 million) and the positive impact of the gains on the sale of the industrial coatings activities and of land, both in Belgium (€ +10 million).

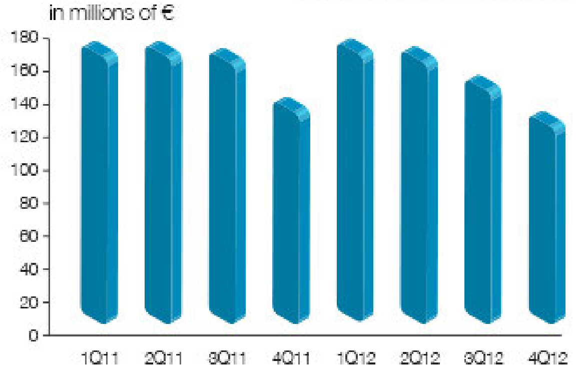
Steering compliance with standards and regulations by leveraging advanced technologies

On 1 November 2012 the EU tire labeling regulation went into effect. The tire label is a mark for automotive tires and is valid for every tire sold in EU markets. It provides important information about safety and environmental aspects and covers 3 specifications: fuel consumption, wet grip and noise classification. Bekaert's tire cord products with super, ultra and next generation tensile strengths allow our customers to produce tires with a lower weight and lower rolling resistance, thereby increasing fuel efficiency. Bekaert's innovations in rubber reinforcement thus help tire manufacturers improve their tire rating.

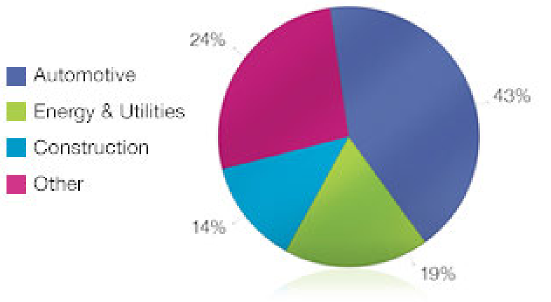
A European Union Council Directive of 1999 banned the conventional battery cage in the EU from 2012 and determined the minimum sizes and comfort features for chicken batteries in Europe. Bekaert was the preferred supplier of many cage manufacturers in Europe who target animal husbandry markets.

North America

North America 2011 - 2012
combined sales by quarter



North America 2012
combined sales by industry



Combined sales:	€ 659 million
Capital expenditures (PP&E):	€ 10 million
Total assets:	€ 277 million
Employees:	1 700

Sound GDP growth in the third quarter of 2012 boosted the full-year economic growth rate of the US by more than 2%. While the agricultural sector remained weak, housing markets picked up slightly after a long period of low construction activity, but the decline at year-end reversed this trend again. The automotive rebound of 2011 continued throughout the year 2012.

The US tire sector could not benefit from the automotive growth: the now expired US Administration's Section 421 against China tire imports did not prevent an increase of tire imports from other Asian countries. Moreover, the replacement market, which is much larger than the OEM, was down versus 2011, especially for truck tires (-5%). Bekaert's manufacturing plants serving the US tire industry were therefore confronted with lower demand, contradictory to the automotive rebound. Bekaert's flat and shaped wire activities could also not leverage the upswing of automotive markets due to a highly competitive environment and operational performance issues which took longer than expected to resolve.

They continued to report solid performance in other markets served, like the oil & gas industry.

Sluggish demand in agricultural markets as a result of the 2012 US draught and increased competitive imports of wire products for the construction sector affected the fencing and building related activities substantially. On the other hand, Bekaert's steel wires and strands for overhead power conductors, such as aluminum conductor steel reinforced (ACSR) and aluminum conductor steel support (ACSS) materials that are used as core elements in power transmission and distribution, enjoyed another strong year. The demand for hose reinforcement wire also remained solid in 2012.

While Bekaert's wire plant in Surrey, Canada, had another difficult year, the ropes business of Bekaert's Wire Rope Industries Ltd (WRI) in Pointe-Claire performed well in 2012, with robust sales growth as a result of innovation efforts and favorable market developments.

Digging into innovation

For many years, WRI has been a major supplier to the surface and underground mining industry in the Americas and around the world. Both with ropes for electric mining shovels and for draglines, WRI has spearheaded the development of ropes that prolong the service life, reduce the equipment downtime, and reduce the mines' overall operating cost.

One segment of the open pit mining industry is strip mining that uses the worlds' largest equipment to remove the overburden or dirt covering the ore body. These machines currently operate with bucket sizes up to 200m³ and employ steel wire ropes up to 13 cm in diameter.

We responded to the increasingly demanding requirements by developing Cushion Ultra™, a plastic enhanced rope specifically designed for dragline use.

Back to the core

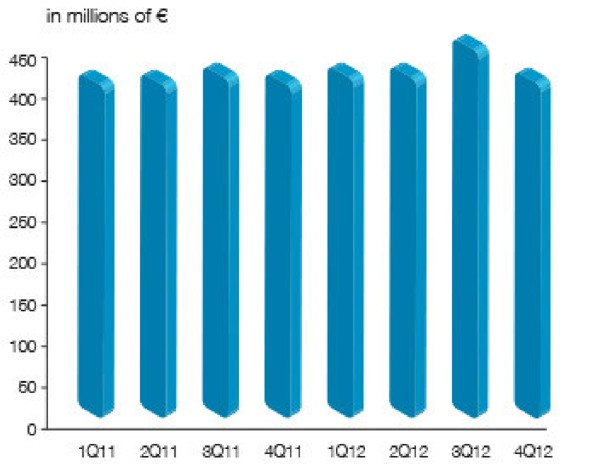
Two relatively small business activities with operations in North America were divested in 2012:
Bekaert sold its small-scale Clean Enclosed Burner activities to Flare Industries LLC on 5 July 2012. Bekaert's Industrial Coatings activities were sold to Element Partners in early 2012. The rotatable sputter equipment business of the divested platform included a maintenance activity at Spring Green (US) next to manufacturing facilities in Belgium and China.

Both transactions are a confirmation of Bekaert's strategic focus on activities related to the company's core technological competences in steel wire transformation and related coatings.

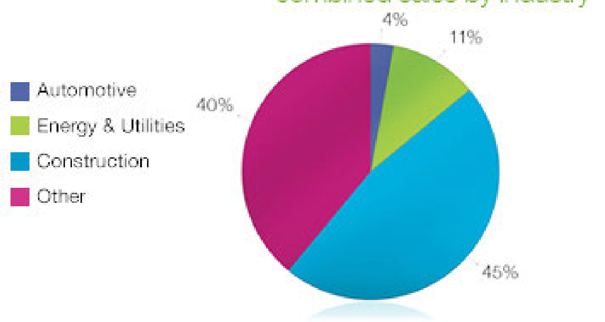
Latin America

Latin America/Bekaert Ideal Holding

Latin America 2011 - 2012
combined sales by quarter



Latin America 2012
combined sales by industry



Combined sales:	€ 1 690 million
Consolidated sales(*):	€ 812 million
Capital expenditures (PP&E)(*):	€ 29 million
Total assets(*):	€ 480 million
Employees:	7 700

(*) Consolidated entities

Continued consolidation in Latin America

In Latin America, a well balanced mix of markets and products resulted in solid performance for the region in 2012. Peruvian and Venezuelan markets in particular showed robust growth, while the business environment in Colombia and Brazil continued to be highly competitive.

Early 2012 Bekaert and its Chilean partners announced the successful closing of their shareholding transaction by which Bekaert became the principal shareholder (52%) in the partnership with operations in Chile, Peru and Canada. As a consequence, Bekaert consolidates the results of all respective entities since the start of 2012 in the Group's financial statements. In support of the growing importance of the region in the Bekaert Group's strategy and results, Bekaert has established a regional management office in Bogotá, Colombia in 2012.

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 is characterized by steady GDP growth, mainly driven by the country's strong oil extraction industry. Public spending continued to be high in 2012 with social and logistic investments including infrastructure and housing projects.

Bekaert's subsidiary in Ecuador recorded stable sales volumes in 2012. After a difficult first half, sales picked up, especially in construction markets.

The Ideal Alambrec plant invested in cut & bend equipment to further broaden its product offering in the construction market.

Venezuela

Heavily driven by the oil sector, which accounts for 95 percent of exports, and stimulated through public investments preceding the presidential elections in October of 2012, Venezuela's economic growth ended above the regional average. Persisting economic imbalances and political risks associated with the country are elements of uncertainty in assessing future economic developments.

Bekaert's subsidiary Vicson recorded exceptionally strong growth in most markets served. However, a lack of wire rod supplies led to activity losses and temporary production shutdowns in the last quarter of 2012. Bekaert ensured continuity of operations as much as possible, but carefully watches the evolutions in this business environment which is characterized by major currency-related uncertainties and a regulated but instable supply of raw materials.

Bekaert continues to pursue solutions to optimally cover the business continuity and currency risks, in full support of its customers and of its dedicated team of 682 employees in the country.

Colombia

The Colombian economy's growth has slowed somewhat due to a demand decline in export markets and a delay in mining and energy investments.

Bekaert' subsidiary, Proalco, saw its sales and results under pressure from continued weak demand in agriculture markets and the highly competitive and very fragmented business environment.

Peru - Chile - Brazil

Peru

The Peruvian economic growth outpaced the regional average with an annual GDP growth above 6% in 2012. Especially construction markets were very strong throughout the year, owing to the numerous mining projects taking place across the country. Several industrial sectors also rebounded after a slow start at the beginning of the year.

Bekaert's major production facility in Peru, Prodac, achieved a strong performance in 2012. In order to support further growth opportunities and continued improvement of the entity's operational excellence, Prodac invested in a new galvanizing plant which was inaugurated in December 2012. The 240 meters long, lead-free galvanization line was developed by Bekaert Engineering in cooperation with Bekaert's applied technology teams and extends Prodac's production capacity materially.

Chile

The Chilean economy remained among the strongest in the region. The main drivers were continued investments in mining driven by the high price for copper, the country's main export product, and strong retail sales growth. Industrial production, however, grew modestly in 2012.

Bekaert continued its consolidation in the region by taking a majority share in the Chilean partnership which stands since more than 60 years.

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, Bekaert's partners for more than 60 years now.

Bekaert's activities in Chile reported higher sales volumes and revenue in 2012 compared with 2011, but saw increased pressure on margins as a result of strong competition from imports and unfavorable raw materials price trends.

Brazil

The global economic downturn and a reduced competitive position of the local industries on both domestic and export markets, have, since 2011, interrupted the long growth cycle that Brazil had experienced since 2004. Brazil's GDP growth further declined in 2012, despite monetary easing and tax breaks granted to a number of industries and consumers.

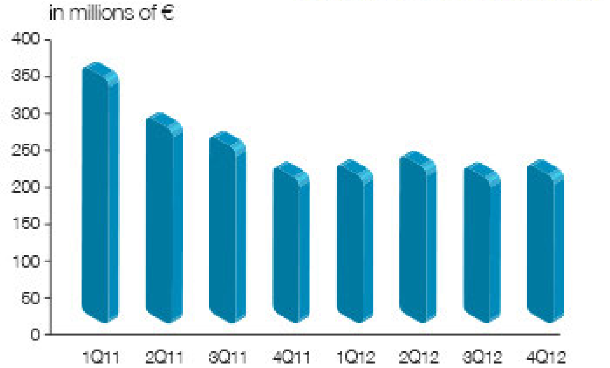
Bekaert has been actively supporting a strong position in Brazil for many years. The company operates, in partnership with ArcelorMittal, 9 manufacturing units in three States and serves customers in a very wide range of sectors. Actions were taken in the past years to gradually recover the profitability impact of aggressive competition with cheap imports. These came in as a result of the ever increasing Brazilian Real throughout 2010-2011.

The Federal Government of Brazil has acknowledged the need to support the competitiveness of its domestic industry. The effects of the gradually being implemented "Greater Brazil Plan" started to show in the second half of 2012, with export incentives and other favorable fiscal measures. Further effects are expected as a result of the recently announced energy tariff reductions. The Bekaert joint ventures welcome these measures in support of more equal competition with imports.

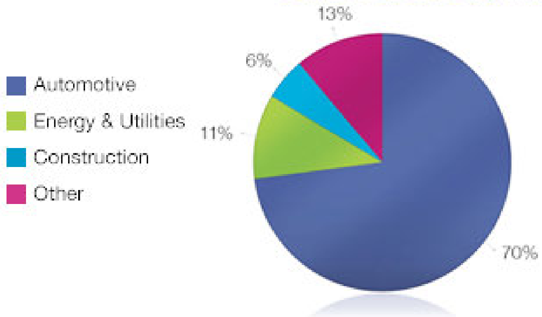
Asia Pacific

Asia Pacific/China

Asia Pacific 2011 - 2012
combined sales by quarter



Asia Pacific 2012
combined sales by industry



Combined sales:	€ 998 million
Consolidated sales(*):	€ 945 million
Capital expenditures (PP&E)(*):	€ 48 million
Total assets(*):	€ 1 359 million
Employees:	11 800

(*) Consolidated entities

China: economy in transition

After a long period of double-digit growth rates, China's GDP growth ended below 8% in 2012, further down from 9% the year before. Investments in the country have slowed down as a result of measures for more controlled growth, while the global economic crisis tempered China's export growth. Combined with a maturing domestic demand in certain sectors, this led to manufacturing overcapacity and fierce competition in several industrial markets.

Bekaert's activities in China came under pressure due to these developments. The most sudden and tangible impact was felt in the sawing wire business as of the second half of 2011. The price levels of sawing wire further declined significantly in 2012 as a result of the huge manufacturing overcapacity that had been built up in a very short time. Bekaert realigned its manufacturing footprint in China with the new business reality through a drastic restructuring and considerable asset impairments.

In automotive markets too, Bekaert experienced increased competition and maturing demand from Chinese tire producers targeting export markets. Truck tire customers in particular suffered from less export business. Bekaert defended its rubber reinforcement markets and succeeded in obtaining modest growth in sales volumes compared to 2011, while price and margin levels were under pressure due to the highly competitive environment and declining raw materials prices.

Continued growth through acquisition

Bekaert acquired the Qingdao Hansun steel wire plant in Qingdao (Shandong Province) from Hankuk Steel Wire Co. Ltd (South Korea) in September 2011. The operations were fully integrated in the Bekaert China manufacturing platform during 2012. Bekaert (Qingdao) Wire Products Co., Ltd produces a wide range of wires and ropes serving construction and mining markets as well as the hoisting equipment and paper industry.

In December of 2011 Bekaert and Xinyu Iron & Steel Co. Ltd (Xinsteel) announced the closing of their partnership transaction by which Bekaert acquired 50% of the spring wire and Aluclad activities of Xinsteel in Xinyu (Jiangxi Province). The results of the joint venture have been included in Bekaert's financial records under the equity accounting method as from 1 December 2011. In 2012, the ground works for the construction of a new plant, Bekaert (Xinyu) New Materials Co., Ltd, were started. The new building will house the spring wire manufacturing activities which are now located in two separate factories. The new plant is expected to come into operation in the second half of 2013, and will serve domestic customers mainly, with spring wires for various applications.

Bekaert and Xinsteel broke ground for a new production plant in Xinyu.

South-East Asia and India

South-East Asia: solidifying a strategic position

The global economic downturn has affected Bekaert's export oriented activities in Indonesia. Reduced demand from export markets and increased competition in the region impacted the business climate for automotive markets in particular.

Bekaert however strengthened its position in the region by establishing a joint venture, 55% owned by Bekaert, with Southern Steel Berhad (SSB), a leading Malaysian Steel Group. Bekaert Southern Wire Pte Ltd has its registered office in Singapore and serves customers in the southeast Asian markets with steel wires and ropes. SSB brought in its interests in the Malaysian wire activities based in Shah Alam and Ipoh, while Bekaert added its galvanized wire platform located in Karawang, Indonesia.
The financial statements of the joint venture have been integrated in Bekaert's consolidated statements as of 1 September 2012.

Early in September an integration day took place at the two plants in Ipoh and Shah Alam, to welcome the Malaysian employees to the Bekaert community.

Unpredictable India

Both a subdued global demand and a slowdown of domestic growth affected the industrial performance and investment initiatives in India. GDP growth expectations for 2012 were lowered several times throughout the year.

Bekaert achieved strong sales growth in automotive markets in the first half of the year, but saw demand tone down in the second half as a result of weakening activity with truck tire customers. Bekaert's strong market position in the country was maintained, while margins were weighed down by competitive imports and increased energy prices.

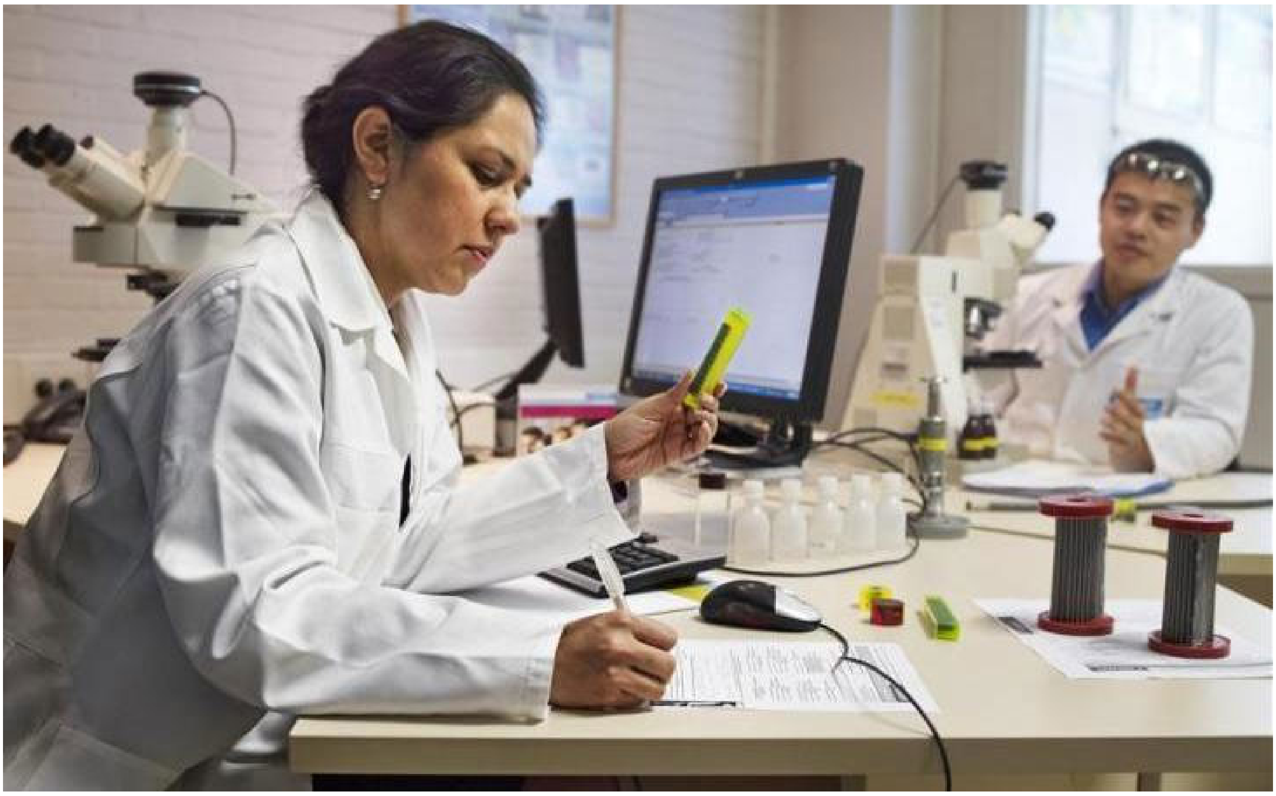
Bekaert's export-driven activities in India, such as the stainless specialty wires, operated in a market context of global demand slowdown.

Technology & Innovation

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

- Innovation matters, more than ever
- Developing better together…
- Optimizing production processes and equipment with Bekaert Engineering

Transforming steel wire and applying coating technologies are our core business. To strengthen our technological leadership in these competences, research and development is a key process.
Our R&D activities are aimed to create 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.



Innovation matters, more than ever

In response to rapid and significant structural changes in solar energy markets, Bekaert realigned its sawing wire manufacturing platform in 2012. The company also adjusted its development resources and priorities accordingly.
Notwithstanding the downsizing of technology investments for solar applications, innovation remains a key pillar in Bekaert's strategy to achieve sustainable profitable growth. In 2012 we therefore invested substantially in developing new products and improving production processes.

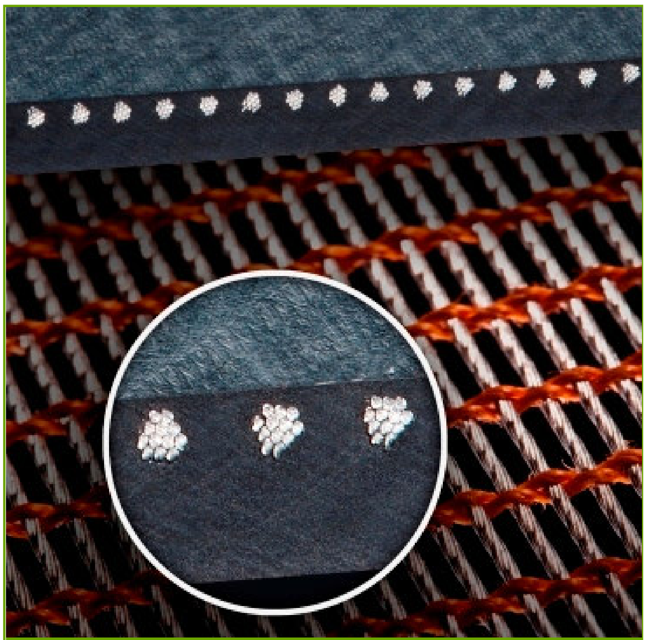
We expanded our portfolio of Dramix® fibers for concrete reinforcement with new steel fibers. The existing product portfolio was re-branded as the 3D series. The addition of the new steel fibers in the 4D and 5D series takes concrete reinforcement to the next performance class: previously unknown levels of anchorage, tensile strength and ductility guarantee the best possible solution for an ever wider range of applications. Furthermore, we developed a new type of split hooks, consisting of high quality steel wire covered with our Bezinal® 2000 coating, for the construction industry. Superior corrosion resistance, as well as an improved thermal protection result in a much longer life cycle.

Our ropes activities in Canada also continued to expand their product portfolio. Wire Rope Industries Ltd is a technological leader in a large variety of applications, among which the mining ropes. Cushion Ultra™ ropes were developed to serve the mining industry's dragline equipment. This new, plastic-enhanced rope ensures a long service life and reduced equipment maintenance.

Cushion Ultra™ dragline ropes at work.

The new EU tire labeling regulation poses opportunities as well as challenges for tire makers. Our new generation tire cord types, such as the ultra-tensile range, provide increased strength. This allows our customers to produce tires with a lower weight and lower rolling resistance, thereby increasing fuel efficiency and the respective performance ranking of tire models.

Bekaert, BASF and voestalpine Plastics Solutions continued to co-develop thermoplastic components reinforced with steel cord. This hybrid material has promising applications for the automotive industry, as it improves collision performance and reduces weight.



Steel cord reinforced plastics combine excellent energy-absorption and structural-integrity characteristics with low manufacturing complexity and cost. The automotive application opportunities of these crash resistant, weight reduced components include bumper beams and body-in-white parts .

In 2012 we invested in state-of-the art equipment and further product innovation in high precision wedge wires. These triangular shaped steel wires are used to produce wedge screens and filters. Thanks to their high precision tolerance and mechanical stability, these complex wires can be integrated in fine filtration processes for oil & gas as well as for drinking water.
The higher demand for energy, along with the gradual depletion of energy reserves and the increased complexity of energy distribution, stimulate Bekaert to continuously increase the technical capabilities and coating quality of its wire solutions for energy extraction and transmission.

We launched two new products tailored specifically to short staple and needle punch carding applications for textile equipment: Bekaert CTS wires and EvoStep®.

Our Bekaert nickel titanium super elastic wires are an innovation for dental and medical applications such as surgical tools, guide wires, medical devices, dental files, etc.

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 and equipment. In 2012, we filed 50 new patent applications, a record-high for Bekaert.

Developing better together…

... for cleaner production processes

The need for more sustainable solutions in energy and materials consumption is a major force in the innovation-driven culture at Bekaert. We therefore 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 continue our search for alternative, environmentally friendly coatings. In 2012 we launched several projects that further reduce emissions, waste residue, or the consumption of chemicals and materials. A fine example thereof is the lead-free galvanization line recently installed in our manufacturing plant in Peru. The 240 meters long line was developed and assembled by Bekaert Engineering in cooperation with Bekaert's applied technology teams. This first-of-its kind technology puts us ahead of the ever stricter environmental regulations around the world. It also ensures a new level of production efficiency and performance excellence.

We also help our customers improve their production processes. Among other things, we developed coatings for our wires that eliminate production steps at the customers' sites, making their processes cheaper. For certain applications we applied ternary alloy coatings that eliminate the use of certain materials by our customers, helping them making their processes cleaner too.

... for innovation in partnership

Co-development is what best typifies Bekaert's innovation efforts in 2012: co-development of new processes, together with Bekaert Engineering, co-development of new wire rod specifications together with key suppliers, and joint innovation projects with customers, serving both partners' needs.

Innovation in a nutshell

- In 2012 we invested € 69 million in R&D.
- 400 R&D specialists of various nationalities work on customer-driven research projects.
- We have Technology Centers in Belgium and China and various development labs around the world.
- 50 first patent applications were filed in the course of 2012, a record number for Bekaert.

... for efficient new start-ups

Bekaert's R&D centers are equipped with laboratories for materials analysis, as well as with pilot plants. 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 a new start-up. Operational aspects, too, are a key focal point during this testing; not only do we aim to deliver a new high-quality product or material, we also thoroughly look into all the aspects that allow us to produce it in large volumes in the shortest time.

In 2012 Bekaert invested in a fifth pilot plant at the Technology Center of Deerlijk (Belgium). Typical for this newest addition is the full incubator concept: not only are new products, processes and equipment developed and tested in this pilot plant, they are perfected before a move to production is considered. The equipment is entirely debugged and the product quality finetuned and approved before the roll-out to the manufacturing environment takes place.

Acknowledgement

We wish to thank the Flemish government agency for Innovation by Science and Technology (IWT) as well as the Belgian Federal 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.

Optimizing production processes and equipment with Bekaert Engineering

Bekaert's in-house engineering department supports the company's high quality product offering by creating increasingly efficient production equipment. It is a truly global organization with a network of engineers and technicians in Belgium, China, India, Slovakia and Brazil. They design, manufacture, install and service the critical equipment for our production plants worldwide.

Bekaert's engineering activities are organized on a global scale, not only in the design phase, but also for assembly, as well as for spare parts management and maintenance. Newly designed equipment by Bekaert engineering always combines performance improvement in various fields, such as product quality, production excellence, cost-efficiency, ergonomics, and the impact on the environment.

The first lead-free galvanization line was developed and brought into operation in Peru, and several rolling mills were designed and installed for our plants in Belgium, Slovakia and Brazil. Bekaert Engineering also developed automation equipment such as spool-handling robotics.

Engineering in a nutshell

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

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.

Sustainability

The world around us,
our shared concern.

- Our responsibility in the workplace
- Our responsibility in the community and in the markets
- Society and Environment

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's CSR report 2012 is based on the GRI G3 Guidelines regarding the GRI Sustainability Reporting Framework. Global Reporting Initiative (GRI) is a non-profit organization that promotes economic sustainability. Other CSR related certificates and references valid for the reporting year 2012 regard Vigeo, Ethibel Excellence Index and Kempen SRI.

Our responsibility in the workplace

Our people

In response to rapid and structural changes in the global solar energy market, to growing uncertainty in other markets, and to longer term overall instability, Bekaert implemented a major realignment program in 2012. The company has done the maximum possible to mitigate the social impact for the affected employees by offering a fair severance plan and by offering guidance toward re-employment.
Excluding the population entitled to an early retirement settlement, more than 80% of the people in Belgium were re-employed by year-end 2012. In China too, most people have entered into a new job very fast.

Apart from the initiatives and solutions to ease the social consequences for the affected employees, Bekaert also attached great importance to guiding its teams through these turbulent times. Interactive sessions with managers across the globe were set up to understand and listen to employees' concerns, hopes and expectations and to answer their questions. Special efforts were also made to provide adequate coaching tools to the managers at those sites experiencing major changes.

We continued 'the Bekaert Leadership Journey', a worldwide management development program that was launched in 2010. In 2012, we introduced the second module which focuses on 'leading with others' and emphasizes truly working together in order to achieve our company objectives and our common aspiration.

Employee related data

- On average 26 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	60
With link between performance & variable bonus	100	85	85

Because our people are our most important asset, safety comes first, always. Providing a safe working environment for all employees is key to us.

The right safety attitude

Investigations show that the majority of workplace accidents are caused by human factors rather than by machine related hazards. A good attitude towards safety is the best way to avoid accidents. The right behavior starts with acting proactively and implementing the right mindset. Based on experiences within our plants in Brazil and Ecuador, we introduced an assessment system that aims for improved safety awareness and provides a behavioral risk profile that is used to define specific training programs.

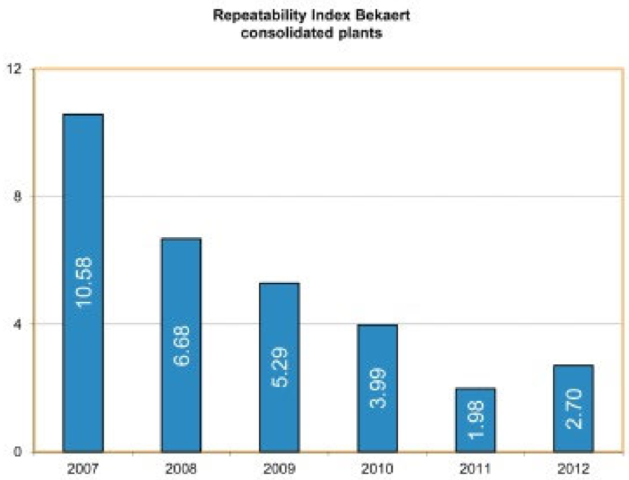
Measuring and improving safety

The Bekaert safety policy is deployed through the Safety Tree model and monitored via the Bekaert Safety Evaluation System (BEKSES). In 2012 regular BEKSES audits (based on OHSAS 18001) were carried out in a substantial number of plants. In other plants, an action plan based on the 2011 audits was implemented.

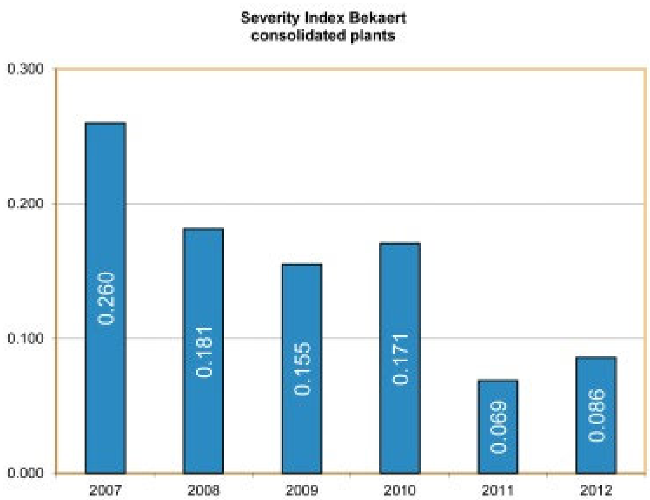
International Health and Safety Day

In September 2012 Bekaert organized its fifth International Health and Safety Day. This year's edition focused on electrical safety. Theme specific activities were organized in all locations and dedicated training programs were introduced to keep electrical safety always in mind. By organizing the International Health and Safety Day on a yearly basis, Bekaert's top management and all management teams reconfirm that the safety and health of all Bekaert employees worldwide is and remains one of the main priorities.

Safety data



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



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

In 2012 both the repeatability and severity index increased compared to 2011. This was a result of footprint changes (divestment of plants with very good safety results & acquisition/consolidation of entities where safety performance is subject to improvement as part of their integration process within the Bekaert Group.)

Safety champions in consolidated plants

number of years without LTA

	>= 9 years	>= 6 years	>= 5 years	> =3 years	>=2 years
N° of plants	1	2	4	7	10

Bekaert Hlohovec AS, Slovakia achieved 9 years without LTA.

Bekaert Engineering (Ingelmunster, Belgium) celebrated 1000 workdays (3 years) without LTA.

We also celebrated safety champions in two of our Brazilian joint venture plants:

- BMB-Belgo Mineira Bekaert Artefatos de Arame (Itaúna): 12 years without LTA
- Belgo Bekaert Arames (Contagem): 6 years without LTA

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 legislations 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

At Bekaert we acknowledge the importance of diversity - diversity of people, of products, of customers, suppliers, cultures and regions. We see diversity as an opportunity. *better together* by embracing diversity is not only a slogan, it is our aspiration.

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

Secondly, we focus on diversity of people: 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 is our approach to stay close to our customers: we have production facilities and sales offices in 40 countries. We buy raw materials as much as possible from domestic suppliers and help them develop their products and processes too. By doing so, we avoid long and unnecessary transports.

We never ignore the demands of tomorrow in the development of new products today. This includes, among other things, the use of materials with improved properties and environmentally friendly processing.

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 analyses. In 2012 Bekaert celebrated 60 years of cooperation with tire manufacturers. Several initiatives were organized giving us the opportunity to thank our customers for their trust, to demonstrate our commitment to them and to discuss current and future needs.

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 with regard to business ethics.
- Bekaert won the 2012 EIPM Peter Kraljic Excellence Award for "Supplier Relationship Management", granted by The European Institute of Purchasing Management (EIPM). This award validates Bekaert's excellence in purchasing processes and relationship management and is the result of a performance assessment based on the EFQM Excellence Model.
- Bekaert was granted the Preferred Supplier award by Schneider Electric for its consistent supplies, service level, productivity, competitiveness, innovation, sustainable development and responsiveness. Bekaert has been a long-time business partner of Schneider Electric in developing and supplying Dramix® Green steel fibers for precast electrical cabins.

Society and Environment

Our responsibility towards society

Educational projects form the backbone of funding and other community-building activities. Additionally, we support local activities and projects for social, cultural and economic developments.

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.

On the occasion of the International Children's Day in June, our plant in Lipetsk (Russia) supported the orphans who live in foster families in the Gryazi District. Bekaert carefully selected and funded gifts for each child, taking in consideration their individual needs for education.

Prodac, our plant in Peru, received recognition from Fundades, a local organization that collects and sells waste paper for recycling purposes. The money generated is used for annual scholarships.
In China, Bekaert has built strong relationships with various institutes such as the Weihai Welfare Home for Children. In 2012 Bekaert set up a program to donate medical and rehabilitation equipment to the Rehabilitation Center for Children with Cerebral Palsy. The center is the first community-based rehab facility in Shandong Province, providing free rehabilitative care and special education to all children with cerebral palsy in Weihai city.

Supporting social & community initiatives

We support community initiatives that aim at improving societal conditions where we are active.

In India, Bekaert contributes to the economic development and well-being of communities where we are active. For instance in the Thiruvallur District, health camps were organized in several villages to address the health care needs of the people and assist them through a long term plan.

In Brazil, Bekaert continues to support long-term initiatives like Pro-volunteer, a program through which employees volunteer in training assistance and promotion campaigns for local charity institutions. Special focus goes to initiatives that help children with social and educational needs.

The team in our plant in Rogers (US) annually supports the United Way program in collecting funds to support local community initiatives such as daycare for disabled people, youth activities or health services.

Our responsibility towards the environment

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

Bekaert's concern for the environment is three-fold:

On the one hand, we develop new, eco-friendlier production processes for our plants worldwide. In 2012, we executed audits in no less than 90% of our plants to check the implementation of our internal procedures for avoiding the pollution of soil and groundwater. Action plans were defined to take proactive measures and keep awareness for the environment top of mind. We continued to work on the 'New Environmental Technologies' project that was launched in 2011, in order to build up knowledge and expertise in environmental technologies and thereby boost the environmental performance of plants worldwide. Some examples include increased recuperation of chemicals through improvement of the scrubbers, the treatment of waste lubricants, and improvement projects toward attaining zero disposal of copper and zinc.
In 2012, 90% of our consolidated plants worldwide were ISO 14001 certified. Bekaert's full worldwide certification remains an ongoing goal and an element in the integration process of newly acquired entities and of the companies that have been added to the consolidation perimeter.

Secondly, Bekaert invests in product innovations that allow for process improvements at the production sites of our customers. Special wire coatings, for example, can eliminate certain process steps for our customers and hence improve environmental impact as well as the production cost.

Thirdly, Bekaert also develops products that contribute to a cleaner environment. To name a few, we manufacture super and ultra-tensile steel cord that answers the need for light-weight materials in cars, stainless steel wedge wires used for oil and water filtration, cable armoring solutions for green power transmission, and substitutes for solvent-based coatings.

Report of the Board

Report of the Board of Directors ex Article 119 of the Belgian Companies Code

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 and 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

Key figures

Combined key figures

in millions of €

	2011	2012	TREND
Sales	4 599	4 387	-4.6%
Capital expenditure (PP&E)	313	139	-55.6%
Personnel as at 31 December	28 596	27 200	-4.9%

Consolidated financial statements

in millions of €

	2011	2012	TREND
Sales	3 340	3 461	3.6%
Operating result before non-recurring items (REBIT)	281	118	-58.0%
Operating result (EBIT) *	289	-49	
Non-recurring items *	8	-167	
Financials *	-39	-82	
Income taxes	-68	-68	
Group share joint ventures	25	10	-60.7%
Result for the period	207	-189	
attributable to the Group	193	-195	
attributable to non-controlling interests	15	6	-58.8%
EBITDA *	497	275	-44.7%
Cash flow	400	137	-65.7%
Depreciation PP&E	170	195	14.9%
Amortization and impairment	38	129	243.5%
Balance sheet			
Equity	1 766	1 604	-9.2%
Non-current assets	1 900	1 747	-8.1%
Capital expenditure (PP&E)	267	123	-53.9%
Balance sheet total	4 169	3 668	-12.0%
Net debt *	856	700	-18.2%
Capital employed	2 568	2 375	-7.5%
Working capital	1 031	898	-12.9%
Employees as at 31 December	22 656	22 682	0.1%
Ratios			
EBITDA on sales *	14.9%	7.9%	
REBIT on sales	8.4%	3.4%	
EBIT on sales *	8.7%	-1.4%	
EBIT interest coverage *	4.8	-0.7	
ROCE *	12%	-2.0%	
ROE	12.0%	-11.2%	
Capital ratio	42.4%	43.7%	
Gearing (Net debt on equity) *	48.5%	43.7%	
Net debt on EBITDA *	1.7	2.6	

Joint ventures and associates

in millions of €

	2011	2012	TREND
Sales	1 259	926	-26.4%
Operating result	90	49	-45.6%
Net result	61	36	-41.0%
Capital expenditure (PP&E)	46	16	-60.0%
Depreciation	28	23	-65.2%
Employees as at 31 December (FTE*)	5 940	4 514	-17.9%
Group's share net result	25	10	-35.7%
Group's share equity	252	162	-24.0%

Key figures per share NV Bekaert SA

	2011	2012	TREND
Number of shares as at 31 December	59 976 198	60 000 942	
Market capitalization as at 31 December	1 487	1 313	

Per share

in €

	2011	2012	TREND
EPS	3.27	-3.30	N.A.
Gross dividend	1.17	0.85	-27%
Net dividend	0.8775	0.6375	-27%
Ner dividend with WPR strip	0.9645	0.6375	-36%

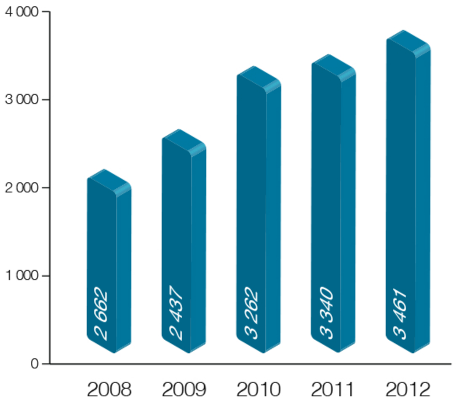
Valorization

in €

	2011	2012	TREND
Price as at 31 December	24.785	21.875	
Price (average)	54.694	22.592	

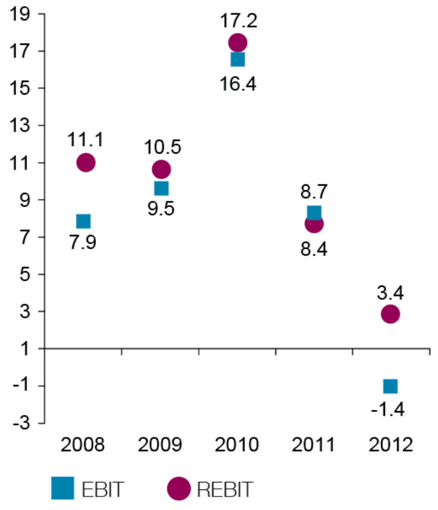
Consolidated Sales

in millons of €



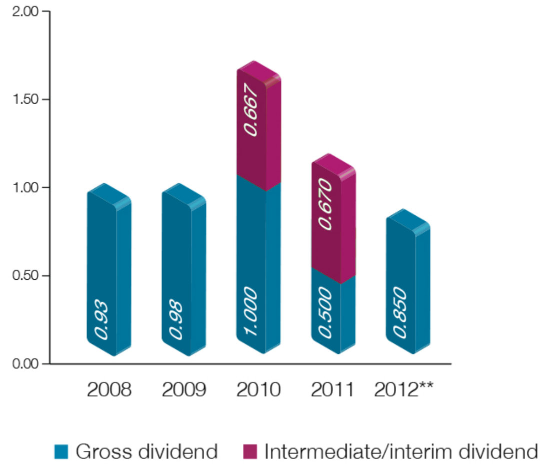
EBIT on sales

in %

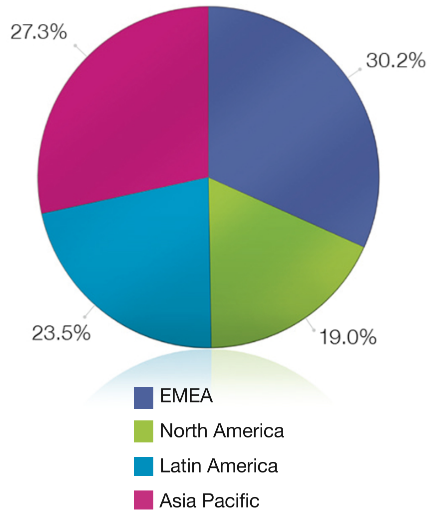


Gross dividend

in €



Consolidated sales by segment



* 2011 restated: Gains from business disposals have been reclassified from other financial income to non-recurring items (2011: € 21 million). Net debt presented after deducting non-current financial receivables and cash guarantees.

** The dividend is subject to approval by the General Meeting of Shareholders 2013.

Key figures per segment

EMEA

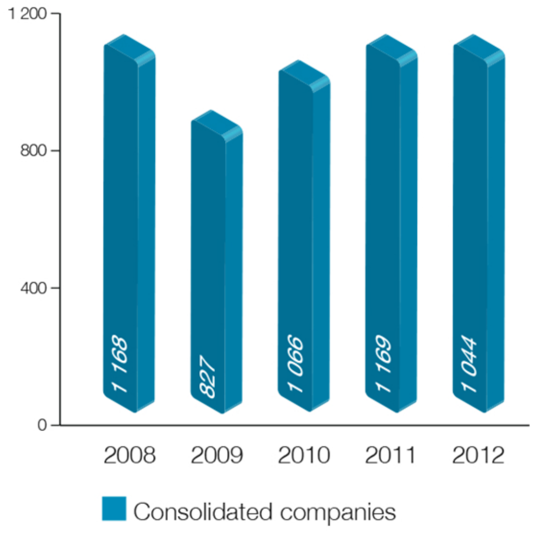
in millions of €	2011	2012
Consolidated sales	1 169	1 044
Operating result (EBIT)*	70	-11
EBIT on sales*	6.00%	-1.10%
EBITDA*	124	68
EBITDA on sales*	10.60%	6.50%
Combined sales	1 156	1 040

** Gains from business disposals have been reclassified from other financial income to non-recurring items (2011 EMEA: € +7 mln)*

EMEA
€ 1 040 million
combined sales
24%

Sales EMEA

in millions of €



North America

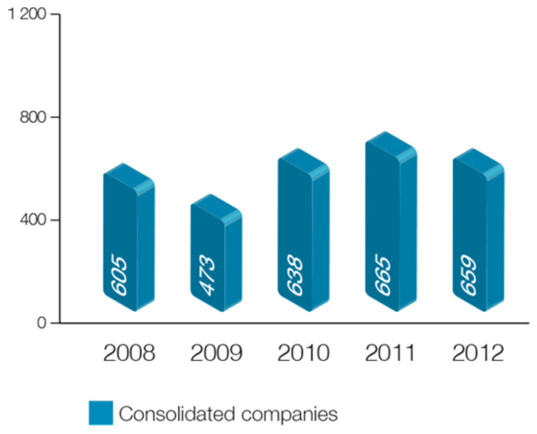
in millions of €	2011	2012
Consolidated sales	665	659
Operating result (EBIT)*	43	16
EBIT on sales*	6.50%	2.40%
EBITDA*	58	39
EBITDA on sales*	8.70%	5.90%
Combined sales	657	659

** Gains from business disposals have been reclassified from other financial income to non-recurring items (2011 N-AM € +12 mln)*

NORTH AMERICA
€ 659 million
combined sales
15%

Sales North America

in millions of €



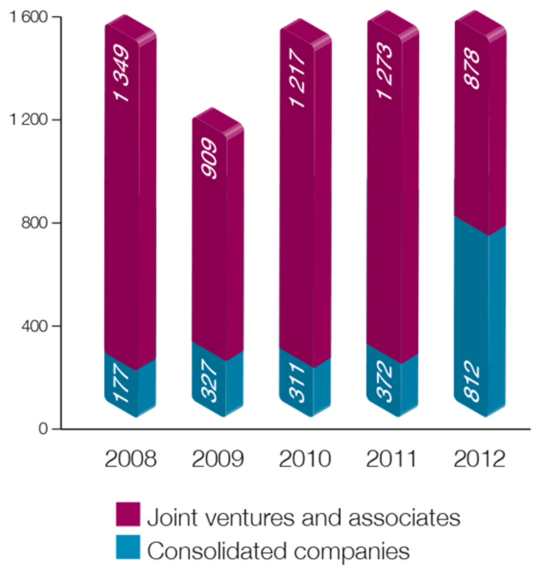
Latin America

in millions of €	2011	2012
Consolidated sales	372	812
Operating result (EBIT)	35	79
EBIT on sales	9.50%	9.80%
EBITDA	48	100
EBITDA on sales	12.90%	12.40%
Combined sales	1 645	1 690

LATIN AMERICA
€ 1 690 million
combined sales
38%

Sales Latin America

in millions of €



Asia Pacific

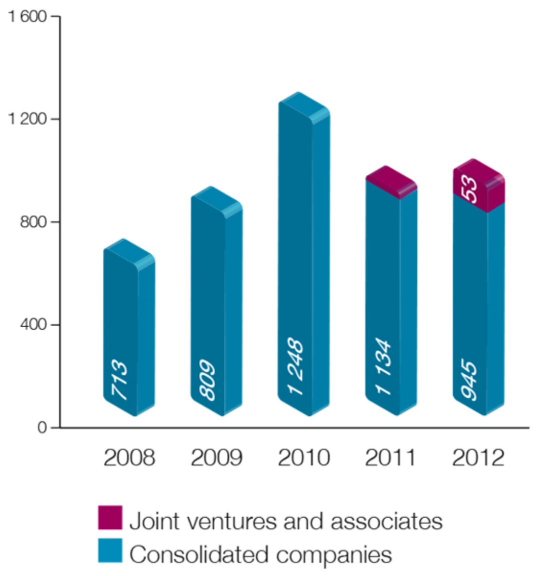
in millions of €	2011	2012
Consolidated sales	1 134	945
Operating result (EBIT)*	218	-33
EBIT on sales*	19.20%	-3.50%
EBITDA*	348	172
EBITDA on sales*	30.70%	18.20%
Combined sales	1 141	998

** Gains from business disposals have been reclassified from other financial income to non-recurring items (2011 APAC € +2 mln)*

ASIA PACIFIC
€ 998 million
combined sales
23%

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

Financial review

Sales

Bekaert achieved € 3.5 billion consolidated sales and € 4.4 billion combined sales in the year 2012.The company successfully defended its market position in all regions and realized stable year-on-year sales volumes. Consolidated sales increased by 3.6% in comparison with 2011. Both the net impact of acquisitions and divestments (+9.6%) and currency movements (+4.9%) contributed to the sales growth. Organic sales decreased by 10.8%, with sawing wire accounting for 80% of this decline.
At the combined level, sales were 4.6% lower than in 2011. The organic sales decline (-7.0%) and the net effect of acquisitions and divestments (-0.9%) were partly tempered by favorable exchange rate movements (+3.4%).

Dividend

The Board of Directors will propose that the General Meeting of Shareholders on 8 May 2013 approve the distribution of a gross dividend of € 0.85 per share. The dividend will, upon approval by the General Meeting of Shareholders, become payable as of 15 May 2013.

Financial results

Bekaert achieved an operating result before non-recurring items (REBIT) of € 118 million. This equates to a REBIT margin on sales of 3.4%. Non-recurring items amounted to € -167 million and consisted of € 202 million non-recurring costs and € 35 million non-recurring gains. Including non-recurring items, EBIT was € -49 million, representing an EBIT margin on sales of -1.4%. EBITDA reached € 275 million, representing an EBITDA margin on sales of 7.9%.

Selling and administrative expenses increased slightly to € 292 million. The impact of the new business additions (mainly from integrating the entities within the Chilean partnership into Bekaert's consolidated perimeter) and unfavorable exchange rates were almost completely offset by cost savings and by lower bad debt provisions compared with 2011. Research and development expenses decreased significantly as a result of the restructuring of the sawing wire related activities.

Interest income and expenses amounted to € -79 million (versus € -66 million) due to a higher average debt. Other financial income and expenses amounted to € -3 million (versus € 26 million) due to currency movements.

Taxation on profit amounted to € 68 million, the same as in 2011. The significant income tax was due to the taxes paid by profit generating entities and the fact that no deferred tax asset can be set up in loss-making entities for the non-recurring costs related to the restructuring.

The share in the result of joint ventures and associated companies amounted to € 10 million, down from € 25 million in 2011, as a result of the shift of the entities within the Chilean partnership to Bekaert's consolidated perimeter.

The result for the period thus totaled € -189 million. After non-controlling interests (€ 6 million), the result for the period attributable to the Group was € -195 million, compared with € 193 million in 2011. Earnings per share amounted to € -3.30 (down from € 3.27 in 2011).

Non-recurring impact

The net amount of non-recurring items was € -167 million which is composed of € 202 million non-recurring costs and € 35 million non-recurring gains.

The non-recurring costs amounted to € 202 million and were the result of restructuring measures, asset impairments, and other one-off valuation elements.

Of the € 202 million non-recurring costs,

- € 117 million related to sawing wire and € 85 million to other business realignment measures.
- € 93 million related to restructuring and impairments in Belgium and € 109 million in the rest of the world.
- € 84 million reflected a cash-out and € 118 million are non-cash items such as impairments, depreciations and other write-offs.

The non-recurring gains amounted to € 35 million. This included:

- The gain on the consolidation transaction of the entities within the Chilean partnership: € 17 million;
- The gain on the sale of the industrial coatings platform (Belgium, China, US): € 12 million;
- Other non-recurring gains: € 6 million.

Balance sheet and investment update

Balance sheet

As at 31 December 2012, shareholders' equity represented 43.7% of total assets. Net debt was reduced from € 856 million to € 700 million, as a result of effective actions to lower the working capital level. Average working capital on sales (27.9%) was about stable. The impact of most actions came into full effect in the last quarter of 2012. The gearing ratio (net debt to equity) was 43.7%, and net debt on REBITDA was 2.1.

Cash flow statement

Cash from operating activities amounted to € 439 million (2011: € 106 million). Operating working capital decreased by € 227 million as a result of effective cash collection and inventory reduction. Cash flow attributable to investing activities amounted to € -81 million, of which € -123 million related to capital expenditure and € 23 million to proceeds from divestments (mainly the industrial coatings activities).

Investment update

Capital expenditures amounted to € 127 million of which € 123 million in property, plant and equipment. Bekaert's investments in research and development totaled € 69 million in 2012. These R&D expenses related mainly to the activities of the international technology centers in Deerlijk (Belgium) and Jiangyin (China). The 23% decrease versus 2011 is a result of the global measures to adapt the business footprint in sawing wire, by which Bekaert adjusted its resources and development priorities in the respective technologies.

Net debt was reduced from € 866 million as at 30 June 2012 (about stable compared with year-end 2011) to € 700 million as at 31 December 2012. Net debt was cut significantly, despite the increase from acquisitions and currency movements, as Bekaert implemented effective measures to reduce working capital substantially.

In view of the changing situation in Venezuela, Bekaert will apply hyper-inflation accounting and the corresponding economic exchange rate, beginning in 2013. As a result, the share contributed by the Venezuelan business will decline significantly. The impact on sales is estimated at € 100 million while the impact on REBIT is expected to be € 12 million.

Bekaert employed 27 200 employees as of year-end 2012, a reduction of 1 300 year-on-year. 3 200 people were affected by the restructuring programs. The acquisitions in Malaysia and China and the expansions in India, Peru and other countries added 1 900 people.

No purchases or cancellations of shares took place in 2012. The total number of shares booked as treasury shares as of 31 December 2012 amounted to 939 700.

Segment reports

EMEA

The sales decrease in the EMEA region was due to an unfavorable product mix caused by weak demand in southern European automotive markets and for stainless steel wire products, as well as by the collapse of the sawing wire market. Other segments performed well and contributed to keeping total sales volumes stable in the region.

The price decline of steel-based raw materials negatively impacted the segment's revenues and results in 2012.

The non-recurring items apply mainly to the Belgian manufacturing platforms and reflect costs and provisions for the restructuring and asset impairments (€ -85 million) and the positive impact of the gains on the sale of the industrial coatings activities and of land (€ +10 million).

North America

The market demand in automotive and other industrial sectors was affected by a continued difficult economic environment in the US. The domestic tire industry was unable to leverage the automotive rebound in the US due to a demand delay in tire replacement, particularly in truck markets, and increased tire imports from Asian countries.

Agricultural and construction markets also remained depressed, while energy and utilities markets related to power grid investments and to oil and gas extraction continued to perform well.
The inclusion of the strongly performing Canadian ropes activities in consolidated sales and favorable exchange rate movements offset the impact of the divested specialty films and industrial coatings activities in North America.

The non-recurring items (€ -14 million) mainly reflect goodwill and asset impairments in the steel wire plant in Canada.

Latin America

Consolidated sales were up 118% in Latin America due to the consolidation of the entities within the Chilean partnership in which Bekaert now holds a majority stake, favorable currency effects, and an overall solid performance, especially in Peru. The lack of stable wire rod supply in Vicson, Venezuela led to activity losses and temporary production shutdowns in the last quarter of 2012. Vicson's sales increase, driven by an overvalued currency, was only partly offset by lower volumes.

The non-recurring items (€ +16 million) include a non-cash gain on the Chilean consolidation transaction. Combined sales increased by 3% in Latin America. The weaker Brazilian Real tempered the segment's top-line growth at the combined level, while the Brazilian joint ventures delivered stable volumes and results.

Asia Pacific

Sales and results were substantially lower as a result of the solar business collapse, which materially impacted the sawing wire activities in China. Sawing wire prices declined by a further 30% in the year 2012. Comparing the average price level of 2012 with the average of 2011, prices dropped 60%. The rubber reinforcement activities recorded solid sales volumes, but operated in an increasingly competitive environment as a result of the slowdown in domestic truck tire demand as well as reduced export activity for our Asian customers. Price decreases in tire cord were however largely offset by the impact of the implemented cost savings. The segment's margins were impacted by the integration costs of the recently acquired activities in Malaysia and China.

Bekaert started initiatives to rightsize its sawing wire manufacturing footprint in China at the end of 2011.
In 2012, the company continued implementing measures and booked non-recurring items for the respective restructuring costs and asset impairments. Asset impairments (non-cash) made up for the majority of the € 70 million non-recurring costs. While the company raised its bad debt reserve for sawing wire customers in China by € 14 million, effective measures were taken to strengthen credit control and collection, and hence to substantially reduce working capital, which can be seen from the solid cash flow for the period.

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.

Three 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), Lady Barbara Thomas Judge (first appointed in 2007), and Mr Manfred Wennemer (first appointed in 2009, independent since 1 January 2010). Sir Anthony Galsworthy (first appointed in 2004) ceased to be independent upon his appointment to a fourth consecutive term of office on 9 May 2012.

(*) the detailed résumés of the Board members are available at www.bekaert.com
The Board met on eight occasions in 2012. There were six regular and two extraordinary meetings. In addition the Board has on one occasion passed a resolution by the unanimous written consent of the Directors.

In addition to its statutory powers and powers under the Articles of Association and the Bekaert Charter, the Board of Directors discussed the following matters, among others, in 2012:

- the implications of the difficult business, economic and financial conditions on Bekaert and its long term strategy, and the Group’s response;
- the business plan for 2012;
- continuous monitoring of the debt and liquidity situation of the Group;
- a major realignment program to rightsize Bekaert’s global sawing wire activities and to substantially improve the cost structure of the Group;
- a review of Bekaert’s technology strategy;
- the business plan for the period 2013-2015;
- the extension of the retirement age for Directors to 69 years;
- the third offer of stock options in accordance with the Stock Option Plan 2010-2014 (“SOP2010-2014”).

Name	First appointed	Expiry of current term	Principal occupation (*)	Number of regular/ extraordinay meetings attended
Chairman				
Baron Buysse	2000	2014	NV Bekaert SA	6/2
Chief Executive Officer				
Bert De Graeve	2006	2015	NV Bekaert SA	6/2
Members nominated by the principal shareholders				
Baron Bekaert	1994	2015	Director of companies	6/2
Roger Dalle	1998	2013	Director of companies	6/2
Count Charles de Liedekerke	1997	2015	Director of companies	6/2
François de Visscher	1992	2013	President, de Visscher & Co. LLC (United States)	6/1
Hubert Jacobs van Merlen	2003	2015	President & CEO, IEE SA (Luxembourg)	3/1
Maxime Jadot	1994	2015	CEO and Chairman of the Executive Board, BNP Paribas Fortis, Belgium	5/1
Bernard van de Walle de Ghelcke	2004	2013	Of Counsel, Linklaters LLP (Belgium)	6/2
Baudouin Velge	1998	2013	Managing Partner, Interel	6/1
Independent Directors				
Dr Alan Begg	2008	2014	Senior Vice President Group Technology and Development, SKF (Sweden)	6/2
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)	5/1
Manfred Wennemer	2009	2015	Director of companies	6/2
Other Directors				
Sir Anthony Galsworthy	2004	2014	Advisor to Standard Chartered Bank (United Kingdom)	6/2

The detailed résumés of the Board memebers are available at www.bekaert.com

Committees of the Board of Directors

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	Meetings attended
Baron Buysse	2014	4
François de Visscher	2013	4
Baudouin Velge	2013	4
Lady Barbara Thomas Judge	2013	4

The Committee met four times in 2012. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- the debt and liquidity situation;
- the activity reports of the internal audit department;
- the reports of the Statutory Auditor;
- the proposal to reappoint Deloitte as Statutory Auditor;
- the annual review of the major risks and the related mitigation plans under Bekaert's enterprise risk management program.

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	Meetings attended
Baron Buysse	2014	5
Dr Alan Begg	2014	5
Lady Barbara Thomas Judge	2013	5

Two of the Directors nominated by the principal shareholders are invited to attend the Committee meetings without being members.
The Committee met five times in 2012. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- the remuneration of the Chairman of the Board for the period 2012-2014;
- the succession planning for senior executives;
- a review of the global HR strategies and priorities;
- a review of the Group's remuneration strategies;
- the short term variable remuneration for the Chief Executive Officer and the other members of the executive management for 2011;
- the base remuneration of the Chief Executive Officer and the other members of the executive management for 2012;
- the new organization structure of the Group.

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.

Name	Expiry of current term	Meetings attended
Baron Buysse	2014	3
Bert De Graeve	2015	3
Baron Bekaert	2015	3
Count Charles de Liedekerke	2015	3
Maxime de Jadot	2015	3
Sir Anthony Galsworthy	2014	3

The Committee met three times in 2012. In addition to its powers under the Articles of Association and the Bekaert Charter, the Committee discussed the following main subjects:
- progress reports on strategic projects;
- a review of Bekaert's exposure in China;
- the strategy for tire cord for the period 2013-2015;
- the situation of the Group's debt, liquidity and working capital, and the impact on the strategy.

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. The Chairman is in charge of organizing periodic performance appraisals through an extensive questionnaire that addresses:

- the functioning of the Board or Committee;
- the effective preparation and discussion of important issues;
- the individual contribution of each Director;
- the present composition of the Board or Committee against its desired composition;
- the interaction of the Board with the executive management.

As part of the performance appraisal initiated in 2011, the Chairman discussed the responses to the questionnaire in separate meetings with each individual Director in 2012, and submitted the conclusions of the assessment, including the areas for improvement, to the full Board.

The longest serving independent Director conducted a Board evaluation of the Chairman's performance.

Gender diversity law

The Board has further discussed the actions to be taken to ensure compliance with the legal requirement that one third of its members be of the opposite gender as from 1 January 2017. The Chairman has initiated a search for female candidates.

Executive Management

Composition

As from 1 January 2013 the Bekaert Group Executive (BGE) has seven members. It is chaired by the Chief Executive Officer and further consists of six members who bear the title of Executive Vice President and who are responsible for the global business platforms, the regional operations and the global functions.

Name	Position	Appointed
Bert De Graeve	Chief Executive Officer	2006
Bruno Humblet	Chief Financial Officer and Executive Vice President Regional Operations Latin America	2006
Dominique Neerinck	Chief Technology Officer and Executive Vice President	2006
Curd Vandekerckhove	Executive Vice President Regional Operations North Asia and South East Asia	2012
Henri Jean Velge	Executive Vice President Business Platforms	1998
Frank Vromant	Executive Vice President Regional Operations Europe, North America and South Asia	2011
Bart Wille	Chief Human Resources Officer and Executive Vice President	2013

Remuneration Report

Remuneration Report

1. Description of the procedure used in 2012 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 acting 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.

2. Statement of the remuneration policy used in 2012 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 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.

Bekaert does not expect its present remuneration policy for the Chairman and for the other non-executive Directors to undergo significant changes in 2013 and 2014.

The main elements of the Group's executive remuneration policy are base remuneration, short term, mid term and long term variable remuneration, pension and other components. 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 the short term variable remuneration program, which is directly linked to the annual business objectives.

The Group's mid term and long term variable remuneration programs aim at rewarding 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 remuneration package of the Chief Executive Officer consists of a base remuneration, short term, mid term and long term variable remuneration, pension and other components. The remuneration package aims to be competitive and is aligned with the responsibilities of a Chief Executive Officer leading a globally operating industrial group with various business platforms.

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

The remuneration package of the Bekaert Group Executive members other than the Chief Executive Officer consists of a base remuneration, short term, mid term and long term variable remuneration, pension, and other components. The remuneration package 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 platforms.

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 objectives directly derived from the business plan and taking into account the specific responsibilities of each Bekaert Group Executive member.

The achievements measured against those objectives will determine all performance-related elements of the remuneration package of each Bekaert Group Executive member other than the Chief Executive Officer. The objectives 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 from the Nomination and Remuneration Committee.

Bekaert regularly evaluates its overall remuneration policies, in order to ensure alignment with the business environment as well as with legislative requirements. It does not expect its present remuneration policy for the Chief Executive Officer and for the other members of the executive management to undergo significant changes in 2013 and 2014

3. Remuneration of the Directors in respect of 2012

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2012 is set forth on an individual basis in the table below.

The remuneration of the Chairman for the performance of all his duties in the Company was a set amount of € 500 000.

The remuneration of each Director, except the Chairman, for the performance of his duties as a member of the Board was a set amount of € 38 000, and an amount of € 2 500 for each meeting of the Board attended in person.

The remuneration of each Director, except the Chairman and the Chief Executive Officer, for the performance of his duties as a member of a Board Committee was an amount of € 1 500 for each Committee meeting attended in person.

in €	Set amount	Amount for Board attendance	Amount for Committee attendance	Total
Chairman				
Baron Buysse	500 000			500 000
Directors				
Alan Begg	38 000	20 000	7 500	65 500
Baron Bekaert	38 000	20 000	4 500	62 500
Roger Dalle	38 000	20 000	-	58 000
Bert De Graeve	38 000	20 000	-	58 000
Count Charles de Liedekerke	38 000	20 000	4 500	62 500
François de Visscher	38 000	17 500	6 000	61 500
Sir Anthony Galsworthy	38 000	20 000	4 500	62 500
Hubert Jacobs van Merlen	38 000	10 000	-	48 000
Maxime Jadot	38 000	15 000	4 500	57 500
Lady Barbara Thomas Judge	38 000	15 000	13 500	66 500
Bernard van de Walle de Ghelcke	38 000	20 000	-	58 000
Baudouin Velge	38 000	17 500	6 000	61 500
Manfred Wennemer	38 000	20 000	-	58 000
Total Directors' Remuneration				1 280 000

4. Remuneration of the Chief Executive Officer in respect of 2012 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). The remuneration received by the Chief Executive Officer as a Director is included in the base remuneration mentioned in the next table.

5. 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:

- a short term variable remuneration, with objectives related to the annual business plan. Those objectives include a weighted average of both Group and individual financial and non-financial targets, which are evaluated annually by the Board against pre-agreed criteria;
- a mid term variable remuneration, with objectives related to the business plan for the next three-year period. Those objectives measure Bekaert's absolute performance against the plan, as well as its relative performance against a relevant panel of other companies. The achievement of those objectives is evaluated by the Board at the end of each three-year period, against pre-agreed criteria;
- a long term variable remuneration, in the form of the offer of a variable amount of stock options (cf. paragraph 8 below).

6. Remuneration of the Chief Executive Officer in respect of 2012

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, in respect of 2012 is set forth below. In the context of the business challenges the Company is facing, the CEO has waived any short term variable remuneration in respect of 2012.

Bert De Graeve	Remuneration in respect of 2012, in €	Comments
Base remuneration	830 200	Includes Belgian base remuneration as well as Belgian and foreign director fees (1)
Short term variable remuneration (2)	0	Annual variable remuneration, based on 2012 performance
Mid term variable remuneration (3)	0	Mid term variable remuneration, based on 2010-2012 performance
Pension	168 600	Defined Contribution Plan
Other remuneration elements	65 100	Includes: company car and risk insurances
Long term variable remuneration	24 000 stock options	Number of stock options granted

(1) The base remuneration includes the remuneration recevied by the Chief Executive Officer in his capacity as a Director
(2) In 2012 a short term variable remuneration of € 332 500 was paid, based on 2011 performance
(3) In 2012 a mid term variable remuneration of € 25 000 was paid, based on 2009-2011 performance

7. Remuneration of the other Bekaert Group Executive members in respect of 2012

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, in respect of 2012 (five members) is set forth below on a global basis. In the context of the business challenges the Company is facing, the members of the Bekaert Group Executive have waived any short term variable remuneration in respect of 2012.

Five Group Executive Vice Presidents	Remuneration in respect of 2012, in €	Comments
Base remuneration	1 808 000	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short term variable remuneration (1)	0	Annual variable remuneration, based on 2012 performance
Mid term variable remuneration	0	Mid term variable remuneration, based on 2010 2012 performance
Pension	236 000	Defined Contribution Plan and Defined Benefit Plan
Other remuneration elements	75 000	Includes company cars and risk insurances

(1) In 2012 a short term variable remuneration of € 450 700 was paid, based on 2011 performance
(2) In 2012 a mid term variable remuneration of € 110 900 was paid, based on 2009-2011 performance

8. Stock options for executive management granted in 2012

The number of stock options granted to the Chief Executive Officer and the other members of the Bekaert Group Executive in 2012, and the number of options exercised by them or forfeited in 2012 are set forth on an individual basis in the table below.

The stock options granted to the Chief Executive Officer and the other Bekaert Group Executive members are based on the SOP 2010-2014 plan that was proposed by the Board of Directors and approved by a Special General Meeting in 2010. The plan offers options to acquire existing Company shares. There is one offer of options in December in each of the years 2010 through 2014, and the options are granted on the 60th day following the date of their offer (i.e. in February of the following year). The aggregate number of options to be offered is determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The number of options to be offered to each individual beneficiary is variable in part, based on an assessment of such person's long term contribution to the success of the Company. The options are offered to the beneficiaries free of charge. Each accepted option entitles the holder to acquire one existing share of the Company against payment of the exercise price, which is conclusively determined at the time of the offer and which is equal to the lower of: (i) the average closing price of the Company shares during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer. The exercise price of the stock options granted in 2012 is € 25.14. Subject to the closed and prohibited trading periods and to the plan rules, the options can be exercised as from the beginning of the fourth calendar year following the date of their offer until the end of the tenth calendar year following the date of their offer.

The stock options that were exercisable in 2012 are based on the predecessor plans to the SOP 2010-2014 plan. The terms of such earlier plans are similar to those of the SOP 2010-2014 plan, but the options that were granted to employees took the form of subscription rights entitling the holders to acquire newly issued Company shares, while self-employed beneficiaries are entitled to acquire existing shares as in the SOP 2010-2014 plan.

Name	Number of stock options granted in 2012	Number of stock options exercised in 2012	Number of stock options forfeited in 2012
Bert De Graeve	24 000	-	-
Bruno Humblet	15 000	-	-
Dominique Neerinck	9 000	-	-
Curd Vandekerckhove	8 000	-	-
Henri-Jean Velge	12 000	-	-
Frank Vromant	12 000	-	-

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.

9. 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.

10. Departure of executive managers

No member of the executive management left the Group in 2012.

11. 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 2012

Approach

Bekaert is committed to provide transparent financial information to its shareholders. 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. Both private and institutional investors can count on our sustained commitment to transparent reporting, be it at shareholders' or analyst meetings.

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 was listed as ISIN BE0005640140 (BEKS) until 3 January 2013, at which date the VVPR strips of all listed companies were removed from the listings. The ICB sector code is 2727 Diversified Industrials.

The Bekaert share in 2012

The Bekaert share took off well in early January 2012 and increased to an all year high of € 33.50 as a result of a general confidence in stock markets. This positive trend was reversed by the announcement of the restructuring plan in early February and of Bekaert's 2011 full year results. These 2011 annual results outlined further explanations on the extent of the decline in the solar activities and its impact on Bekaert's financial performance. They also highlighted the need and decision to implement a global, company-wide cost reduction program, with the intent to restore Bekaert's long term profitability.

In early March, the announcement concerning the integration of the activities within the Chilean partnership into Bekaert's consolidated perimeter resulted in a positive momentum for the share price. But shortly after, the financial markets globally turned negative amid serious macro-economic concerns over the state of the European economy. The Bekaert share price decreased more than the BEL20, the Belgian reference index.

A positive evolution of the share started halfway the second quarter, following the finalization of the social plan negotiations in Belgium and a better than anticipated first quarter trading update. The share price declined upon payment of the 2011 gross dividend. Macro-economic concerns on Europe cast a shadow on the financial markets and pushed the BEL20 index down to its lowest point since December 2011 on 1 June.

The Bekaert share price was further impacted due to its exit from the STOXX 600 and MSCI indexes, as the company's market capitalization had gone below the minimum required level. The exit resulted in an immediate sale of shares from indexed funds. The share price decreased to a year's low of € 17.21 on 14 June.

Bekaert announced its results of the first half of 2012 on 27 July. These results outlined the capability to reach stable sales volumes in difficult markets, but at the same time highlighted an uncertain outlook due to a global economic slowdown and the further decline of demand and price levels in the sawing wire market. Upon positive guidance by the European Central Bank, stock markets recovered. The Bekaert share price increased and reached a peak of € 24.43 on 14 September.

During the fourth quarter, the Bekaert share price saw a pause in the upward trend. While financial markets progressed as a result of announcements of a Greek bailout, the share price dropped significantly after the company's third quarter trading update. Lifted by the general financial markets' year-end rally, the Bekaert share price finished at € 21.88 on 31 December.

Bekaert confirmed its membership in the BEL20 index and meets all index requirements. Bekaert is positioned as number 16 out of 20 companies, with a market capitalization of € 1.31 billion or a free float market capitalization of € 853 million (within the free float band of 65%) and a velocity of 144%.

Share performance against stock indices

Share listing*

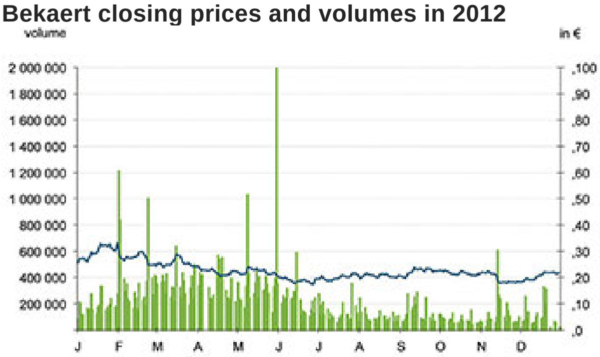
in €	2008	2009	2010	2011	2012
Price as at 31 December	16.107	36.167	85.900	24.785	21.875
Price high	40.413	36.467	86.960	87.980	33.500
Price low	14.567	12.417	32.867	23.500	17.210
Price average closing	29.510	25.145	53.819	54.694	22.592
Strips as at 31 December	0.227	0.267	0.230	0.032	0.001
Daily volume	223 140	215 601	195 856	284 289	218 850
Daily turnover (in millions of €)	6.4	5.0	10.9	14.6	5.1
Annual turnover (in millions of €)	1 652	1 310	2 833	3 774	1 313
Velocity (%, annual)	96	93	85	122	93
Velocity (%, adjusted free float)	148	143	130	188	144
Free float (%)	60.9	61.0	61.9	61.7	61.9

All indicators per share are before 2010 are stock split-adjusted

Volumes traded

The average daily trading volume with 218 850 shares was about 24% lower compared to previous year as a consequence of the concerns of shareholders related to the sawing wire market collapse and economic evolutions in China. On 31 May 2012, the volume peaked: 2.3 million shares were handled in one day as a result of the low market capitalization and the immediate sale of shares from indexed funds (exit of STOXX 600 and MSCI index).

Bekaert closing prices and volumes in 2012

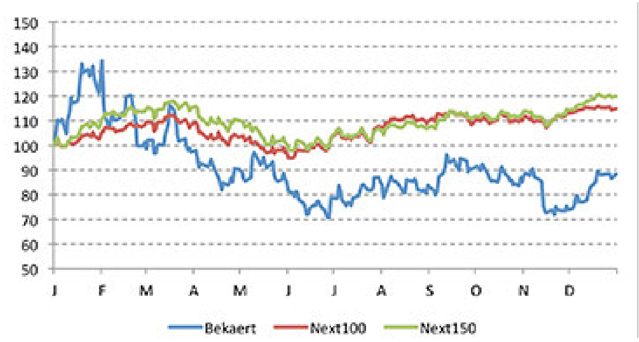


Bekaert versus Bel20®, NEXT100 and NEXT150

In the BEL20, Bekaert is ranked as number 16, with a market capitalization of € 1.31 billion, a free float market capitalization of € 853 million (61.87% and within the free float band of 65%), band adjusted velocity at 144% and a weight of 1.36 %

Bekaert versus Bel20® (2012)

Bekaert versus the NEXT100 and the NEXT150 (2012)

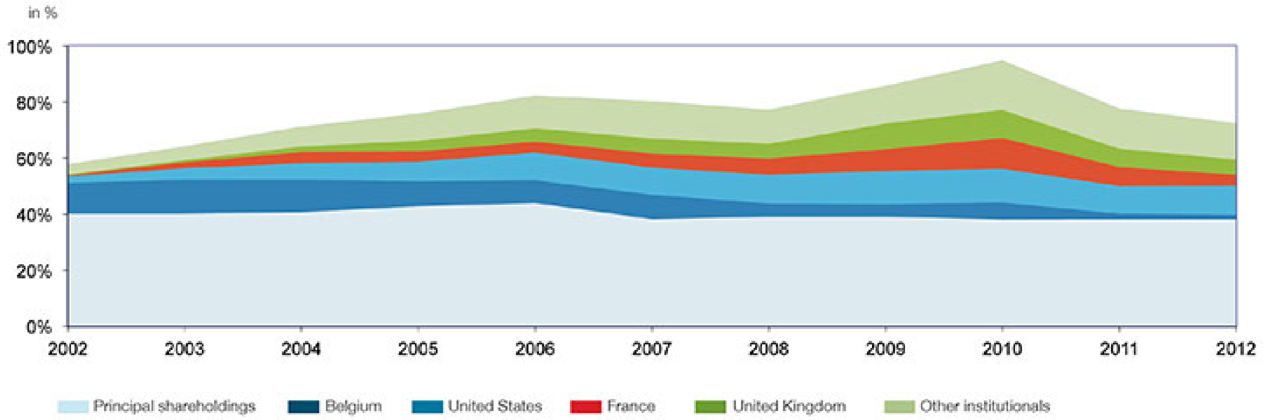


Internationalization of the shareholder structure and significant participations

The shareholder structure shows a quite strong internationalization.

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 Parent Company Information section (interests in share capital).

The principal shareholders own 38.13% of the shares, while the identified institutional shareholders own 34.5% of the shares. Of the total number of Bekaert shares, 2.87% is in registered form.



Capital structure and dividend

Capital structure

As of 31 December 2012 the registered capital of the Company amounts to € 176 586 000, and is represented by 60 000 942 shares without par value. The shares are in registered or non-material form.

The number of VVPR strips is 12 672 945. The strips have lost their tax benefit as a result of the implementation of a uniform withholding tax rate of 25% on Belgian share dividends as from 1 January 2013. The VVPR strips were removed from the listing on 3 January 2013.

The total number of outstanding subscription rights under the SOP1 and SOP2005-2009 stock option plans and convertible into Bekaert shares is 619 184.

A total of 24 744 subscription rights were exercised in 2012 under the SOP1 and SOP2005-2009 employee stock option plans, resulting in the issue of 24 744 new Company shares and VVPR strips, and an increase of the registered capital by € 74 000 and of the share premium by € 336 477,16.

No purchases or cancellations of own shares took place in 2012. The Company held 939 700 treasury shares as of 31 December 2012, the same number as on 31 December 2011.

The second grant of options under the SOP2010-2014 plan took place on 20 February 2012, when 287 800 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 such option will be convertible into one existing Company share at an exercise price of € 25.14. A third offer of 274 100 options was made on 20 December 2012, and 267 200 of those options were accepted and were granted on 18 February 2013. Each option of the third series will be convertible into one existing Company share at an exercise price of € 19.20.

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 Annual General Meeting which, insofar as the profit permits, provides a stable or growing dividend while maintaining an adequate level of cash flow 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 €	2008	2009	2010	2011	2012**
Per share*					
Intermediate/interim dividend			0.667	0.670	
Dividend without intermediate/interim div.	0.93	0.98	1.000	0.500	0.850
Total gross dividend	0.93	0.98	1.667	1.170	0.850
Net dividend***	0.70	0.74	1.250	0.878	0.638
Net dividend with VVPR strip***	0.79	0.83	1.417	0.965	0.638
Coupon number	10	11	12-13	14-15	16

* *All indicators per share before 2010 are stock split-adjusted.*
** *The dividend is subject to approval by the General Meeting of Shareholders 2013.*
*** *Subject to the applicable tax legislation.*

Appropriation of available profit

The Board of Directors will propose that the Annual General Meeting to be held on 8 May 2013 approve the distribution of a gross dividend of € 0.85 per share.

General Meetings of Shareholders

The Annual General Meeting was held on 9 May 2012. An Extraordinary General Meeting was held on the same day. The resolutions of the meetings are available at www.bekaert.com.
More detailed information is available in the Bekaert Shareholders Guide 2012 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 on three occasions in 2012, and the provisions of Article 523 were complied with on such occasions.

On 23 February 2012 the Board had to determine the remuneration of the Chairman of the Board. Excerpt from the minutes:

"RESOLUTION

- *the re-appointment of the Chairman as Director for a term of two years up to and including the Ordinary General Meeting of Shareholders to be held in 2014;*
- *his re-election as Chairman for the same term; and*
- *the approval of this resolution by the Ordinary General Meeting of Shareholders."*

(1) This increase was subsequently waived by the CEO

On 17 December 2012 the Board had to determine the third offer of stock options to the Chief Executive Officer under the SOP 2010-2014 Plan. Excerpt from the minutes:

"RESOLUTION

On the motion of the Nomination and Remuneration Committee at its meeting of 25 November 2012 the Board resolves to approve the number of options proposed to be offered to the CEO as part of the third offer of options pursuant to the Stock Option Plan 2010-2014, i.e. 24 000 options."

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 2012 (cf. Note 7.5 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 in reporting

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.

Internal control and risk management systems

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.

General internal control and ERM

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 permanent global enterprise risk management ("ERM") framework to assist the Group in managing uncertainty in Bekaert's value creation process on an explicit basis. The framework consists of the identification, assessment and prioritization of the major risks confronting Bekaert, and of the continuous reporting and monitoring of those major risks (including the development and implementation of risk mitigation plans).

The risks are identified in five risk categories: strategic, operational, legal, financial and country risks.
The identified risks are classified on two axes: probability and impact or consequence. Decisions are taken and action plans defined to mitigate the identified risks. Also the risk sensitivity evolution (decrease, increase, stable) is measured to address the effectiveness of the action implementation and potential risk context changes.

Bekaert's 2012 ERM report includes among others, the following potential risks:

- overall pressure on profitability (e.g. general overcapacity in weak economic environment)
- political/economic/social instability in emerging countries (e.g. Venezuela)
- globalizing competition
- rubber reinforcement product mix changes in end-markets (e.g. passenger tire growth versus truck tire maturity)
- asset and profit concentration (e.g. in one city)
- intellectual property risk (overall and permanent risk)
- people continuity risk and succession planning (e.g. increasingly mobile young population in emerging markets)
- wire rod price volatility and source dependency
- creditworthiness of customers (e.g. sawing wire customers in 2011)
- taxation (e.g. notional interest in Belgium)

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 the Companies Code and in Article 31 of the Articles of Association. Pursuant to Article 10 the Company is entitled to suspend the exercise 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 € 176 000 000. The authority is valid for five years from 5 June 2012, but can be extended by the General Meeting.

Within the framework of that authority the Board can also, during a period of three years from 5 June 2012, 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 own shares that, in the aggregate, represent no more than 20% of the issued capital, during a period of five years from 5 June 2012 (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 Bekaert 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 such five-year period. The Board is also authorized to acquire own 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 from 5 June 2012, 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.

References

References

1. The overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation is included in the Chapter Financial Review, starting at page 4 of the 2012 Annual Report.
2. A description of the principal risks and uncertainties is included in the Corporate Governance Statement, at page 51 of the first part of the 2012 Annual Report. In addition, reference is made to Notes 3 (pages 19-20) and 7.3 (pages 66-79) to the consolidated financial statements of the Financial Review in the 2012 Annual Report.
3. The significant events occurring after the balance sheet date are described in Note 7.6 to the consolidated financial statements, at page 81 of the Financial Review in the 2012 Annual Report.
4. The research and development activities are described in the Chapter Technology & Innovation, pages 21-24 of the first part of the 2012 Annual Report.
5. The information concerning the use of financial instruments is included in Note 6.17 to the consolidated financial statements on page 57 of the Financial Review in the 2012 Annual Report, and in Note 7.3 as from page 66 of the same Review.

Bekaert: Financial review

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Consolidated financial statements

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2011	2012
Sales	5.1.	3 339 957	3 460 624
Cost of sales	5.1.	-2 688 542	-2 981 782
Gross profit	**5.1.**	**651 415**	**478 842**
Selling expenses	5.1.	-148 947	-157 772
Administrative expenses	5.1.	-134 443	-134 419
Research and development expenses	5.1.	-90 146	-69 449
Other operating revenues	5.1.	14 691	18 287
Other operating expenses	5.1.	-11 712	-17 668
Operating result before non-recurring items (REBIT)	**5.1.**	**280 858**	**117 821**
Non-recurring items[1]	5.1.	8 427	-167 101
Operating result (EBIT)[1]	**5.1.-2.**	**289 285**	**-49 280**
Interest income	5.3.	7 521	8 711
Interest expense	5.3.	-73 315	-87 785
Other financial income and expenses[1]	5.4.	26 426	-2 879
Result before taxes		**249 917**	**-131 233**
Income taxes	5.5.	-68 133	-67 715
Result after taxes (consolidated companies)		**181 784**	**-198 948**
Share in the results of joint ventures and associates	5.6.	25 423	10 383
RESULT FOR THE PERIOD		**207 207**	**-188 565**
Attributable to			
the Group		*192 643*	*-194 940*
non-controlling interests	*6.14.*	*14 564*	*6 375*

[1] *Gains from business disposals have been reclassified from other financial income to non-recurring items (2011: € +20.9 million). See adjusted 'Non-recurring items' section in note 2.4. 'Income statement items'.*

Earnings per share in € per share	**5.7.**	**2011**	**2012**
Result for the period attributable to the Group			
Basic		*3.269*	*-3.301*
Diluted		*3.247*	*-3.296*

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

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2011	2012
Result for the period		**207 207**	**-188 565**
Other comprehensive income			
Exchange differences	6.13.		
Exchange differences recycled to profit or loss		-1 009	-7 963
Other exchange differences		24 972	-49 992
Cash flow hedges	6.13.		
Fair value changes recycled to profit or loss		2 175	-1 293
Other movements in cash flow hedges		-1 596	3 426
Available-for-sale investments	6.13.		
Fair value changes recycled to profit or loss		-	7 906
Other movements in available-for-sale investments		-14 179	-262
Actuarial gains and losses (-) on defined-benefit plans	6.13.	-25 819	-8 302
Share of other comprehensive income of joint ventures and associates		19	-
Deferred taxes relating to other comprehensive income	5.8.	1 887	2 133
Other comprehensive income for the period, net of tax		**-13 550**	**-54 347**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**193 657**	**-242 912**
Attributable to			
the Group		*175 506*	*-247 451*
non-controlling interests	*6.14.*	*18 151*	*4 539*

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**	**2011**	**2012**
Non-current assets		**1 900 018**	**1 746 632**
Intangible assets	6.1.	82 640	82 259
Goodwill	6.2.	20 908	16 941
Property, plant and equipment	6.3.	1 433 601	1 377 542
Investments in joint ventures and associates	6.4.	258 260	167 595
Other non-current assets	6.5.	20 878	43 732
Deferred tax assets	6.6.	83 731	58 563
Current assets		**2 269 087**	**1 921 066**
Inventories	6.7.	577 935	567 665
Bills of exchange received	6.7.	241 392	162 734
Trade receivables	6.7.	586 937	589 109
Other receivables	6.8.	88 319	84 325
Short-term deposits	6.9.	382 607	104 792
Cash and cash equivalents	6.9.	293 856	352 312
Other current assets	6.10.	62 549	60 129
Assets classified as held for sale	6.11.	35 492	-
Total		**4 169 105**	**3 667 698**

Equity and liabilities as at 31 December in thousands of €	**Notes**	**2011**	**2012**
Equity		**1 766 422**	**1 603 714**
Share capital	6.12.	176 512	176 586
Share premium		29 858	30 194
Retained earnings	6.13.	1 557 419	1 327 346
Other Group reserves	6.13.	-69 901	-112 035
Equity attributable to the Group		**1 693 888**	**1 422 091**
Non-controlling interests	**6.14.**	**72 534**	**181 623**
Non-current liabilities		**1 137 969**	**1 110 173**
Employee benefit obligations	6.15.	161 256	180 200
Provisions	6.16.	32 002	42 364
Interest-bearing debt	6.17.	907 573	850 050
Other non-current liabilities	6.18.	10 422	5 571
Deferred tax liabilities	6.6.	26 716	31 988
Current liabilities		**1 264 714**	**953 811**
Interest-bearing debt	6.17.	648 485	342 549
Trade payables	6.7.	290 635	321 760
Employee benefit obligations	6.7./6.15.	107 978	122 263
Provisions	6.16.	13 241	19 841
Income taxes payable		75 680	66 898
Other current liabilities	6.19.	116 023	80 500
Liabilities associated with assets classified as held for sale	6.11.	12 672	-
Total		**4 169 105**	**3 667 698**

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[2]	Total
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**
Balance as at 1 January 2012	**176 512**	**29 858**	**1 557 419**	**-103 454**	**33 553**	**1 693 888**	**72 534**	**1 766 422**
Total comprehensive income for the period	-	-	-194 940	3 512	-56 023	**-247 451**	4 539	**-242 912**
Capital contribution by non-controlling interests	-	-	-	-	-	**-**	10 435	**10 435**
Effect of acquisitions and disposals	-	-	-5 615	-184	6 383	**584**	109 003	**109 587**
Equity-settled share-based payment plans	-	-	-	4 178	-	**4 178**	-	**4 178**
Creation of new shares	74	336	-	-	-	**410**	-	**410**
Dividends	-	-	-29 518	-	-	**-29 518**	-14 888	**-44 406**
Balance as at 31 December 2012	**176 586**	**30 194**	**1 327 346**	**-95 948**	**-16 087**	**1 422 091**	**181 623**	**1 603 714**

[1] *See note 6.13. 'Retained earnings and other Group reserves'.*
[2] *See note 6.14. 'Non-controlling interests'.*

The accompanying notes are an integral part of this statement.

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2011	2012
Operating activities			
Operating result (EBIT)[1]	4./5.1.-2.	289 285	-49 280
Non-cash items included in operating result	7.1.	221 264	387 133
Investing items[1] included in operating result	7.1.	-16 308	-15 338
Amounts used on provisions and employee benefit obligations	7.1.	-41 187	-58 484
Income taxes paid	5.5./7.1	-129 265	-59 186
Gross cash flows from operating activities		**323 789**	**204 845**
Change in operating working capital	6.7.	-199 805	226 813
Other operating cash flows	7.1.	-18 390	7 195
Cash flows from operating activities		**105 594**	**438 853**
Investing activities			
New business combinations	7.2.	-4 381	8 160
Other portfolio investments	6.5./6.14.	-13 518	-32
Proceeds from disposals of investments	7.2.	101 344	22 769
Dividends received		7 511	6 519
Purchase of intangible assets	4./6.1.	-11 090	-3 986
Purchase of property, plant and equipment	4./6.3.	-266 637	-123 356
Other investing cash flows	7.1.	1 755	8 730
Cash flows from investing activities		**-185 016**	**-81 196**
Financing activities			
Interest received	5.3.	4 046	7 494
Interest paid	5.3.	-63 011	-85 249
Gross dividend paid		-163 071	-46 127
Proceeds from non-current interest-bearing debt	6.17.	432 219	93 711
Repayment of non-current interest-bearing debt	6.17.	-57 430	-271 322
Cash flows from / to(-) current interest-bearing debt	6.17.	105 594	-236 898
Treasury shares transactions	6.13.	681	-
Other financing cash flows	7.1.	-238 569	266 449
Cash flows from financing activities		**20 459**	**-271 942**
Net increase or decrease (-) in cash and cash equivalents		**-58 963**	**85 715**
Cash and cash equivalents at the beginning of the period		**338 238**	**293 856**
Effect of exchange rate fluctuations		14 581	-27 259
Cash and cash equivalents at the end of the period		**293 856**	**352 312**

[1] *Gains from business disposals have been reclassified from other financial income to non-recurring items (2011: € +20.9 million) and are treated as investing items included in operating result. See adjusted 'Non-recurring items' section in note 2.4. 'Income statement items'.*

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 26 March 2013.

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 2012

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 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.

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

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

- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards (effective 1 July 2011), published in December 2010. This amendment replaces references to a fixed date of '1 January 2004' with the 'date of transition to IFRSs', thus eliminating the need for first-time adopters to restate derecognition transactions that occurred before the date of transition to IFRSs. It also provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

Standards, amendments and interpretations that are not yet effective in 2012 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 2013), 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). 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). 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 requirement will not have an effect on its consolidated financial statements.

- IFRS 12, Disclosures of Interests in Other Entities (effective from 1 January 2013). 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). 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). 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). 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.

- IAS 28 (Amendment), Investments in Associates and Joint Ventures (effective from 1 January 2013). 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). This amendment provides clarifications on the application of the offsetting rules on financial assets and financial liabilities.

- The Improvements to IFRSs (effective 1 January 2013 but not yet endorsed), published in May 2012. These improvements relate to IFRS 1, First-time Adoption of International Financial Reporting Standards, permitting the repeated application of IFRS 1, borrowing costs on certain qualifying assets; IAS 1, Presentation of Financial Statements, clarifying the requirements for comparative information; IAS 16, Property, Plant and Equipment, clarifying the classification of servicing equipment; IAS 32, Financial Instruments: Presentation, clarifying that any tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12, Income Taxes; IAS 34, Interim Financial Reporting, clarifying interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8, Operating Segments.

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

2.2. General principles

Basis of preparation

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

Unless explicitly stated, the accounting policies are applied consistently with the previous year.

Principles of consolidation

Subsidiaries

Subsidiaries are entities over which NV Bekaert SA exercises control, which generally means that NV Bekaert SA, directly or indirectly, holds more than 50% of the voting rights attaching to the entity's share capital and is able to govern its financial and operating policies so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Group acquires control until the date when control is relinquished. All intercompany transactions, balances with and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated unless the impairment is permanent. Equity and net result attributable to non-controlling shareholders are shown separately in the balance sheet and income statement, respectively. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the carrying amount of the assets (including goodwill), liabilities and any non-controlling interests of the subsidiary before its disposal.

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 or, in the case of the Venezuelan bolivar fuerte, at the corresponding economic rate that is deemed representative for dividend repatriations at the balance sheet date;
- 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, thus giving rise to unrealized exchange results. Unrealized and realized foreign-exchange gains and losses are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Goodwill is treated as an asset of the acquiree and is accordingly accounted for in the acquiree’s currency and translated at the closing rate.

2.3. Balance sheet items

Intangible assets

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

Licenses, patents and similar rights

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

Computer software

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

Rights to use land

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

Research and development

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

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

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

Emission rights

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

Other intangible assets

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

Goodwill 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 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 are 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, unless stated otherwise, trade and other receivables, bills of exchange received, short-term deposits and cash and cash equivalents in the balance sheet. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Bills of exchange received

Payment by means of bills of exchange (bank acceptance drafts) is a widespread practice in China. Bills of exchange received are either settled at maturity date, discounted before the maturity date or transferred to a creditor to settle a liability. Discounting is done either with recourse or without recourse. With recourse means that the discounting bank can claim reimbursement of the amount paid in case the issuer defaults. When a bill is discounted with recourse, the amount received is not deducted from the outstanding bills of exchange received, but a liability is recognized in 'current interest-bearing debt' until the maturity date of that bill.

Cash & cash equivalents and short-term deposits

Cash equivalents and short-term deposits are short-term investments that are readily convertible to known amounts of cash. They are subject to insignificant risk of change in value. Cash equivalents are highly liquid and have original maturities of three months or less, while short-term deposits have original maturities of more than three months and less than one year.

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. In the case of an impairment loss, the accumulated loss is recycled from equity 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. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost provides objective evidence of impairment. The Group defines a significant decline as exceeding 30% of the cost and a prolonged decline as continuing for more than one year. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to the income statement as an impairment loss. For trade receivables and bills of exchange received, amounts deemed uncollectible are written off against the corresponding allowance account at each balance sheet date. Additions to and recoveries from this allowance account are reported under 'selling expenses' in the income statement.

Inventories

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

Share capital

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

Non-controlling interests

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

Provisions

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

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

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

Employee benefit obligations

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

Defined-benefit plans
Most pension plans are defined-benefit plans with benefits based on years of service and level of remuneration. For defined-benefit plans, the amount recognized in the balance sheet (net liability) is the present value of the defined-benefit obligation less the fair value of any plan assets and any past service costs not yet recognized. The present value of the defined-benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The present value of the defined-benefit obligation and the related current and past service costs are calculated using the projected unit credit method. The discount rate used is the yield at balance sheet date on high-quality corporate bonds with remaining terms to maturity approximating those of the Group's obligations. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. The Group has elected to recognize all actuarial gains and losses through equity as from its 2007 annual report, whereas the former policy was to defer recognition in accordance with the corridor approach.

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

Defined-contribution plans

Obligations in respect of contributions to defined-contribution pension plans are recognized as an expense in the income statement as they fall due. Death and disability benefits granted to employees of the parent company and its Belgian subsidiaries are covered by independent pension funds. Death and disability benefits granted to the staff of other Group companies are mainly covered by external insurance policies where premiums are paid annually and charged to the income statement. Although supplementary pension 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 accounted for as a defined-benefit plan until 2010, 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 determine 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 over the period of the liability. If financial liabilities are hedged using derivatives qualifying as a fair value hedge, the hedging instruments are carried at fair value and the hedged items are remeasured for fair value changes due to the hedged risk (see accounting policies for derivatives and hedging).

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.

The Group applies hedge accounting in accordance with IAS 39 to reduce income statement volatility. Depending on the nature of the hedged risk, 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 are carried at fair value and the related hedged items (assets or liabilities) are remeasured for fair value changes due to the hedged risk. 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 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 currency risk on 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 committed or 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, business combinations, business disposals, environmental provisions or other events and transactions that have a one-time effect are presented on the face of the income statement as non-recurring items. Restructuring programs mainly include lay-off costs, gains and losses on disposal, and impairment losses of assets involved in a shut-down, major reorganization or relocation of operations. When not related to restructuring programs, only impairment losses resulting either from testing Cash-Generating Units or from intragroup transfers qualify as non-recurring items. Non-recurring items from business combinations mainly include: negative goodwill, gains and losses on step acquisition, and recycling of CTA on the interest previously held. Non-recurring items from business disposals include gains and losses on the sale of businesses that do not qualify as discontinued operations. These disposed businesses may consist of integral, or parts (disposal groups) of, subsidiaries, joint-ventures and associates. Besides environmental provisions, other events or transactions that have a one-time effect mainly include sales of investment property and significant litigations. Bekaert believes that the separate presentation of non-recurring items is essential for the readers of its financial statements who want to analyze comparable figures.

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 6.15. '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 an assessment of recent significant changes in the economic environment, that the functional currency of Vicson SA (Venezuela) at the balance sheet date is the *bolivar fuerte* (VEF) instead of the US dollar. The ever increasing monetary restrictions on USD transactions have led to a *de facto* dominance of the VEF in the company's day-to-day transactions. The transition date is established at 31 December 2012. Consequently, since the Venezuelan economy is generally recognized as hyperinflationary, Vicson SA will also apply IAS 29, Financial Reporting in Hyperinflationary Economies, prospectively as from the transition date. Moreover, in view of the restrictions on dividend repatriation for overseas investors introduced in 2009, and given the dramatic decline in the corresponding economic rate during 2012 (from 8.6 to 17.2 VEF/USD vs. the SITME rate of 5.4 VEF/USD which remained constant), management decided to use the corresponding economic rate for translating the VEF financial statements to the reporting currency for consolidation. Management deems this to be the best choice for providing a true and fair view of the contribution of the Venezuelan operations to the consolidated financial statements. When accounting for foreign currency transactions in its single entity financial statements, Vicson SA has used the SITME rate (5.4 VEF/USD) as long as it was a viable alternative for the official rate (4.3 VEF/USD) and has recognized a realized exchange result when a transaction was settled at another rate. However, on 13 February 2013, the authorities announced both a devaluation of the VEF from 4.3 to 6.3 VEF/USD and the abolishment of the SITME system. Since that date, Vicson SA uses the only remaining official rate (6.3 VEF/USD) to account for foreign currency transactions.

- Management concluded that Bekaert, given its non-controlling interest of 13.0% at year-end 2012, 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. As any significant or prolonged decline in fair value provides objective evidence for impairment, management agreed to consider any decline in fair value (a) exceeding 30% of the cost as significant and b) continuing for more than one year as prolonged. Consequently, management assessed that the investment was impaired at 30 June 2012.

- 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.

- Although the guaranteed return on defined contribution plans in Belgium has recently been lowered by the insurance companies and now falls short of the legal threshold (3.25%), management concluded that there is no material risk at the balance sheet date. Hence, these plans are still accounted for as defined contribution plans and not as defined benefit plans.

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.

- Management concluded that the collapse of the solar industry is a decisive impairment indicator for the Group's sawing wire business. The sawing wire activities in EMEA and North America were stopped, and an impairment test was conducted on the remaining cash-generating unit (CGU) in Asia Pacific. In its cash flow projections, management assumed that prices and margins are not going to recover from their present levels and used a discount rate of 10.4% (in line with the WACC for the CNY region, see note 6.2. 'Goodwill'). Consequently, the recoverable amount of the CGU was based on the fair value less costs to sell, using following assumptions:
  - Land and buildings are likely to be redeployed for other activities and are not impaired.
  - The fair value of plant, machinery and equipment that is likely to be redeployed for other activities is based on the Group's transfer pricing policy.
  - All other plant, machinery and equipment is fully impaired.
- 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 6.15. '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 6.16. 'Provisions').
- Impairment: the Group performs annual impairment tests on goodwill and on cash-generating units for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon assumptions such as market evolution, market share, margin evolution and discount rates (see note 6.2. 'Goodwill').
- According to Chinese tax legislation and regulation, certain entities of the 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 (before its merger within Belgo Bekaert Arames Ltda), 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, consideration (including consideration in shares), contingent consideration and any stake in the acquiree held prior to the business combination are also measured at fair value. When significant influence is acquired in an associate, or joint control is acquired in a joint venture, Bekaert also remeasures its share in the assets, liabilities and contingent liabilities in that associate or joint venture 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 benchmarks are often used for valuing specific production equipment. All of these valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life etc.

4. Segment reporting

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

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

1) EMEA – Europe, Middle-East and Africa (2012: 30% of consolidated sales)
2) North America (2012: 19% of consolidated sales)
3) Latin America (2012: 24% of consolidated sales)
4) Asia Pacific (2012: 27% 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. 'Group & Business support' mainly consists of the functional unit technology and unallocated expenses for group management and services; it does not constitute a reportable segment in itself. 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. Any sales between segments are transacted at prices which reflect the arm's length principle.

2012 in thousands of €	**EMEA**	**North America**	**Latin America**	**Asia Pacific**	**Group & Business support**	**Reconcilia-tions**	**Consoli-dated**
Net sales	1 044 090	658 855	812 293	945 386	-	-	3 460 624
Operating result before non-recurring items (REBIT)	63 278	29 508	63 534	37 171	-78 599	2 929	117 821
Non-recurring items	-74 600	-13 786	15 960	-69 849	-24 826	-	-167 101
Operating result (EBIT)	**-11 322**	**15 722**	**79 494**	**-32 678**	**-103 425**	**2 929**	**-49 280**
Depreciation and amortization	52 079	12 373	20 730	148 742	8 940	-13 761	229 103
Impairment losses	26 982	10 698	232	56 255	820	-	94 987
EBITDA	**67 739**	**38 793**	**100 456**	**172 319**	**-93 665**	**-10 832**	**274 810**
Segment assets	757 762	276 808	479 647	1 358 539	137 171	-191 697	2 818 230
Unallocated assets	-	-	-	-	-	849 468	849 468
Total assets	**757 762**	**276 808**	**479 647**	**1 358 539**	**137 171**	**657 771**	**3 667 698**
Segment liabilities	177 075	58 485	96 986	141 614	61 425	-92 441	443 144
Unallocated liabilities	-	-	-	-	-	1 620 840	1 620 840
Total liabilities	**177 075**	**58 485**	**96 986**	**141 614**	**61 425**	**1 528 399**	**2 063 984**
Capital employed	580 687	218 323	382 661	1 216 925	75 746	-99 256	2 375 086
Average capital employed	626 220	219 307	278 537	1 353 146	95 959	-101 534	2 471 634
Return on average capital employed (ROCE)	-1.8%	7.2%	28.5%	-2.4%	-	-	-2.0%
Capital expenditure – PP&E	38 965	10 013	29 418	48 267	5 666	-8 973	123 356
Capital expenditure – intangible assets	1 737	304	161	3 132	573	-1 921	3 986
Share in the results of joint ventures and associates	33	-	16 275	-5 925	-	-	10 383
Investments in joint ventures and associates	102	-	155 754	11 739	-	-	167 595
Number of employees (year-end)	5 159	1 627	3 986	9 984	1 793	-	22 549

2011 in thousands of €	**EMEA**	**North America**	**Latin America**	**Asia Pacific**	**Group & Business support**	**Reconcilia-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[1]	4 082	11 476	-	-6 179	-952	-	8 427
Operating result (EBIT)[1]	**69 916**	**43 291**	**35 401**	**217 913**	**-67 709**	**-9 527**	**289 285**
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[1]	**124 350**	**57 759**	**48 074**	**347 805**	**-54 648**	**-26 750**	**496 590**
Segment assets	867 875	270 848	231 537	1 654 569	190 113	-238 803	2 976 139
Unallocated assets	-	-	-	-	-	1 192 966	1 192 966
Total assets	**867 875**	**270 848**	**231 537**	**1 654 569**	**190 113**	**954 163**	**4 169 105**
Segment liabilities	196 123	50 557	57 125	165 203	73 941	-134 992	407 957
Unallocated liabilities	-	-	-	-	-	1 994 726	1 994 726
Total liabilities	**196 123**	**50 557**	**57 125**	**165 203**	**73 941**	**1 859 734**	**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)[2]	10.8%	18.1%	21.5%	15.9%	-	-	12.0%
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

[1] *Gains on business disposals (EMEA: € 7.2 million, North America: € 12.2 million, Asia Pacific: € 1.4 million) have been reclassified from other financial income to non-recurring items. See adjusted 'Non-recurring items' section in note 2.4. 'Income statement items'.*

[2] *The reclassification effect of gains on business disposals in 2011 amounts to 1.1% for EMEA, 5.1% for North America and 0.1% for Asia Pacific.*

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

** *Number of employees: full-time equivalents*

Following table provides more information on the amounts presented as 'Reconciliations' in the previous table:

Reconciliations in thousands of €	**2011**	**2012**
Operating result (EBIT)		
Intangible assets	-23	102
PP&E	-25 545	-6 582
Inventories	-1 178	-4 352
Intersegment margin eliminations	**-26 746**	**-10 832**
intangible assets	-5	-4
PP&E	-17 218	-13 757
Depreciation and amortization relating to intersegment margin eliminations	**-17 223**	**-13 761**
Intangible assets	-18	106
PP&E	-8 327	7 175
Inventories	-1 182	-4 352
EBIT: intersegment elimination minus related depreciation & amortization	**-9 527**	**2 929**
Segment assets		
Intangible assets	-19	-340
PP&E	-99 358	-92 005
Inventories	-4 177	-6 911
Trade receivables	-135 243	-92 144
Advances paid	-6	-297
Intersegment eliminations on capital employed assets	**-238 803**	**-191 697**
Unallocated assets		
Other assets than capital employed elements	**1 192 966**	**849 468**
Segment liabilities		
Trade payables	-134 986	-92 139
Advances received	-6	-302
intersegment eliminations on capital employed liabilities	**-134 992**	**-92 441**
Unallocated liabilities		
Other liabilities than capital employed elements	**1 994 726**	**1 620 840**
Capital employed		
Segment assets eliminations	-238 803	-191 697
- Segment liabilities eliminations	134 992	92 441
intersegment eliminations on capital employed elements	**-103 811**	**-99 256**
Capex PP&E		
Intersegment margin eliminations on PP&E	-25 545	8 973
Capex PP&E adjustments	**-25 545**	**8 973**
Capex Intangible assets		
Intersegment margin eliminations on intangible assets	-23	1 921
Capex Intangible assets adjustments	**-23**	**1 921**

Revenue by product application

in thousands of €	**2011**	**2012**	**Variance (%)**
Net sales			
Rubber reinforcement products	*1 341 467*	*1 337 188*	*-0.3%*
Other steel wire products	*1 641 841*	*1 927 321*	*17.4%*
Stainless products	*197 529*	*178 973*	*-9.4%*
Coatings & other	*159 120*	*17 142*	*-89.2%*
Total	**3 339 957**	**3 460 624**	**3.6%**

Rubber reinforcement products include tire cord, bead wire, hose reinforcement wire, belt cord wire and steel fabric. Other steel wire products include industrial steel wires, specialty steel wires, building products, advanced cords and sawing wire. Stainless products include stainless wires, fibers and combustion products for heating, drying and, until this activity was sold on 5 July 2012, flaring. Coatings sales have decreased substantially due to the sale of the Specialty Films business on 30 September 2011 and have ceased completely since the sale of the Industrial Coatings business on 2 April 2012.

All product groups are sold in all segments, except for coating products which – until disposal – were not sold in Latin America. The product mix is very similar in EMEA and North America, while in Asia Pacific rubber reinforcement products are predominant, whereas in Latin America other steel wire products make up the largest part of the business.

Additional information by country

The table below shows the relative importance of Belgium (i.e. the country of domicile), China, Chile 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 €	**2011**	**% of total**	**2012**	**% of total**
Net sales from Belgium	345 223	10%	273 034	8%
Net sales from Chile	-	0%	349 542	10%
Net sales from China	900 096	27%	697 796	20%
Net sales from USA	618 294	19%	560 964	16%
Net sales from other countries	1 476 344	44%	1 579 288	46%
Total net sales	**3 339 957**	**100%**	**3 460 624**	**100%**
Non-current assets located in Belgium	133 999	9%	101 660	7%
Non-current assets located in Chile	-	0%	111 128	7%
Non-current assets located in China	760 925	50%	627 064	42%
Non-current assets located in USA	78 064	5%	73 222	5%
Non-current assets located in other countries	564 161	37%	563 668	38%
Total non-current assets	**1 537 149**	**100%**	**1 476 742**	**100%**

5. Income statement items and other comprehensive income

5.1. Operating result (EBIT) by function

in thousands of €	2011	2012	variance
Sales	3 339 957	3 460 624	120 667
Cost of sales	-2 688 542	-2 981 782	-293 240
Gross profit	**651 415**	**478 842**	**-172 573**
Selling expenses	-148 947	-157 772	-8 825
Administrative expenses	-134 443	-134 419	24
Research and development expenses	-90 146	-69 449	20 697
Other operating revenues	14 691	18 287	3 596
Other operating expenses	-11 712	-17 668	-5 956
Operating result before non-recurring items (REBIT)	**280 858**	**117 821**	**-163 037**
Non-recurring items[1]	8 427	-167 101	-175 528
Operating result (EBIT)	**289 285**	**-49 280**	**-338 565**

[1] *Gains on business disposals (€ +20.9 million in 2011) have been reclassified from other financial income to non-recurring items. See adjusted 'Non-recurring items' section in note 2.4. 'Income statement items'.*

Sales and gross profit in thousands of €	2011	2012	variance (%)
Sales	3 339 957	3 460 624	3.6%
Cost of sales	-2 688 542	-2 981 782	10.9%
Gross profit	**651 415**	**478 842**	**-26.5%**
Gross profit in % of sales	19.5%	13.8%	

Bekaert's consolidated sales increased with 3.6% compared to 2011. Both the 9.6% net impact of acquisitions and disposals (integration of the Inchalam group, Qingdao and Southern Wire, partly offset by divestments of the Specialty Films and Industrial Coatings activities) and 4.9% of currency movements (mainly due to a stronger USD and CNY) contributed to the sales growth. Organic sales decreased by 10.8%: (i) 80% is due to sawing wire with much lower volumes and a further 60% average price decrease as a consequence of the solar market collapse, and (ii) 20% is related to the other product groups with stable volumes but lower prices due to lower wire rod prices and price pressure in a global competitive environment.
The 26.5% decrease of gross profit is the result of 7.2% increase from acquisitions and currency movements, and 33.7% decrease in the organic business which is almost fully concentrated in sawing wire. The gross profit of the other product groups remained stable in spite of the very competitive environment.

Overheads in thousands of €	2011	2012	variance (%)
Selling expenses	-148 947	-157 772	5.9%
Administrative expenses	-134 443	-134 419	0.0%
Research and development expenses	-90 146	-69 449	-23.0%
Total	**-373 536**	**-361 640**	**-3.2%**

The increase in selling expenses reflects the inclusion of new businesses (a.o. in Chile) and exchange rate movements, partly offset by less bad debt provisions and cost savings. Administrative expenses remain flat as the net increase due to new businesses and exchange rate movements is offset by cost reductions. The decrease in research and development expenses is the result of the restructuring of the sawing wire related activities (mainly in Belgium).

Other operating revenues in thousands of €	**2011**	**2012**	**variance**
Royalties received	10 018	10 618	600
Gains on disposal of PP&E and intangible assets	669	1 307	638
Realized exchange results on sales and purchases	-1 439	1 055	2 494
Government grants	3 143	1 617	-1 526
Miscellaneous	2 300	3 690	1 390
Total	**14 691**	**18 287**	**3 596**

Government grants relate mainly to subsidies in China (€ 1.6 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 €	**2011**	**2012**	**variance**
Losses on disposal of PP&E and intangible assets	-2 300	-2 157	143
Amortization of intangible assets	-651	-226	425
Bank charges	-2 851	-2 651	200
Miscellaneous	-5 910	-12 634	-6 724
Total	**-11 712**	**-17 668**	**-5 956**

The increase of Miscellaneous is mainly due to the inclusion of new businesses and currency movements, as well as one-time transition costs related to a change of service provider. Miscellaneous also includes tax related expenses (other than income taxes), which remained relatively stable (€ 2.6 million).

Non-recurring items in thousands of €	**2011**	**2012**	**variance**
Restructuring - impairment losses	-4 812	-82 159	-77 347
Restructuring - other revenues	239	23	-216
Restructuring - other expenses	-3 895	-100 149	-96 254
Other impairment losses	-1 342	-12 244	-10 902
Gains on business disposals[1]	20 853	13 392	-7 461
Gains on step acquisitions	-	21 717	21 717
Other revenues	5 676	4 494	-1 182
Other expenses	-8 292	-12 175	-3 883
Total	**8 427**	**-167 101**	**-175 528**

[1] *Gains on business disposals (€ +20.9 million in 2011) have been reclassified from other financial income to non-recurring items. See adjusted 'Non-recurring items' section in note 2.4. 'Income statement items'.*

Out of the total of € -167 million non-recurring items, € -117 million relates to the sawing wire restructuring program and the remainder (€ -50 million) relates to other business realignment measures and gains from M&A activities.

The € -82 million restructuring impairment losses includes € -68 million for sawing wire (of which € -40 million in China), and the other € -14 million mainly relates to the realignment of the other Belgian manufacturing sites which were part of the 2012 restructuring program.

Restructuring – other expenses mainly includes (i) € -73 million lay-off costs for the implementation of the realignment program in Belgium and the global cost reduction program in 2012 and 2013, as well as (ii) other costs relating to the collapse of the sawing wire business and the restructuring program in Belgium (of which about half of the costs in China and half in Belgium).

Other impairment losses mainly reflect the goodwill and PP&E impairments in the steel wire plant in Canada.

The gains on business disposals in 2011 relate to the sale of the Specialty Films activities and in 2012 it mainly relates to the sale of the Industrial Coatings activities.

The gain on step acquisitions relates to the remeasurement to fair value of the 50% equity interest held in the Inchalam group prior to the business combination, and to the recycling of the cumulative translation adjustments recognized in equity prior to the business combination (see note 7.2. 'Effect of new business combinations and business disposals').

The other revenues mostly originate from the disposal of PP&E. The other expenses mainly include provisions for environmental liabilities and one-time effects in the initial accounting for the business combinations.

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 €	2011		2012	
Sales	3 339 957	100%	3 460 624	100%
Non-recurring revenues[1]	26 768	-	39 626	-
Other operating revenues	14 691	-	18 288	-
Total operating revenues	**3 381 416**	**-**	**3 518 537**	**-**
Own construction of PP&E	99 084	3.0%	32 941	1.0%
Raw materials	-1 329 163	39.8%	-1 385 513	40.0%
Semi-finished products and goods for resale	-112 549	3.4%	-240 418	6.9%
Change in work-in-progress and finished goods	36 938	-1.1%	-33 243	1.0%
Staff costs	-618 556	18.5%	-711 721	20.6%
Depreciation and amortization	-200 835	6.0%	-229 103	6.6%
Impairment losses	-6 470	0.2%	-94 987	2.7%
Transport and handling of finished goods	-135 624	4.1%	-147 769	4.3%
Consumables and spare parts	-286 369	8.6%	-205 829	5.9%
Utilities	-193 503	5.8%	-208 048	6.0%
Maintenance and repairs	-51 104	1.5%	-47 804	1.4%
Expenses operating leases	-22 709	0.7%	-21 182	0.6%
Commissions in selling expenses	-4 814	0.1%	-5 559	0.2%
Export VAT and export customs duty	-34 057	1.0%	-27 413	0.8%
ICT costs	-26 784	0.8%	-30 615	0.9%
Advertising and sales promotion	-8 686	0.3%	-5 924	0.2%
Travel, restaurant & hotel	-39 935	1.2%	-37 320	1.1%
Consulting and other fees	-29 404	0.9%	-21 053	0.6%
Office supplies and equipment	-13 796	0.4%	-15 281	0.4%
Venture capital funds R&D	-1 617	0.0%	-772	0.0%
Temporary or external labor	-19 792	0.6%	-17 003	0.5%
Insurance expenses	-4 851	0.1%	-7 230	0.2%
Miscellaneous	-87 535	2.6%	-106 972	3.1%
Total operating expenses	**-3 092 131**	**92.6%**	**-3 567 817**	**103.1%**
Operating result (EBIT)	**289 285**	**8.7%**	**-49 280**	**1.4%**

[1] *Gains on business disposals (€ +20.9 million in 2011) have been reclassified from other financial income to non-recurring items. See adjusted 'Non-recurring items' section in note 2.4. 'Income statement items'. The other revenues and restructuring – other revenues (€ 5.9 million in 2011) have been reclassified in this table from miscellaneous to non-recurring items.*

5.3. Interest income and expense

in thousands of €	2011	2012
Interest income on financial assets not classified as at FVTPL	7 521	8 711
Interest income	**7 521**	**8 711**
Interest expense on interest-bearing debt not classified as at FVTPL	*-66 826*	*-74 919*
Interest expense adjustments from economic hedges	*-1 111*	*-5 903*
Interest expense	-67 937	-80 822
Interest element of interest-bearing provisions	-5 378	-6 963
Interest expense	**-73 315**	**-87 785**
Total	**-65 794**	**-79 074**

The increase in interest expense is mainly due to the dual tranche bond totaling € 400 million issued in November 2011, which caused the average interest-bearing debt to be substantially higher than the year before. Interest expense on interest-bearing debt not classified as at fair value through profit or loss (FVTPL) relates to all debt instruments of the group, except interest-rate risk mitigating derivatives designated as economic hedges (see note 7.3. 'Financial risk management and financial derivatives'). The interests paid or received from the latter are reported as interest expense adjustments from economic hedges.

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 6.15. 'Employee benefit obligations').

5.4. Other financial income and expenses

in thousands of €	2011	2012
Value adjustments to derivatives	*-26 672*	*43 659*
Value adjustments to hedged items	*574*	*-741*
Exchange results on hedged items	*39 300*	*-44 194*
Impact of derivatives	13 202	-1 276
Other exchange results	11 362	6 155
Impairment losses on available-for-sale financial assets	-	-7 906
Gains and losses on disposal of investments[1]	2 048	2 197
Dividends from other shares	343	388
Other	-529	-2 437
Total	**26 426**	**-2 879**

[1] *Gains on business disposals (€ +20.9 million in 2011) have been reclassified from other financial income to non-recurring items. See adjusted 'Non-recurring items' section in note 2.4. 'Income statement items'.*

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. The impact of derivatives presented here does not include any impacts recognized in other income statement elements, such as interest expense, cost of sales or other operating revenues and expenses. For more details on the impact of derivatives, refer to note 7.3. 'Financial risk management and derivatives'.
An impairment loss of € 7.9 million has been recognized on the Group's investment in Shougang Concord Century Holdings Ltd at 30 June 2012, based on its prolonged decline in fair value.
A change in the classification of gains and losses on investments has been applied, to the effect that these now relate to the sale of non-consolidated investments only. Gains and losses on disposal of consolidated investments have been reclassified to non-recurring items within EBIT. In 2011, this related to the sale of the Specialty Films activity (€ +20.9 million).

5.5. Income taxes

in thousands of €	2011	2012
Current income taxes	-98 296	-47 305
Deferred taxes	30 163	-20 410
Total tax expense	**-68 133**	**-67 715**

Relationship between tax expense and accounting profit

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

in thousands of €	2011	2012
Accounting profit	249 917	-131 233
Tax expense at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	-63 407	44 371
Tax expense related to distribution of retained earnings	-9 110	1 896
Total theoretical tax expense	-72 517	46 267
Theoretical tax rate	-29.0%	-35.3%
Tax effect of:		
Non-deductible items	*-13 076*	*-15 833*
Other tax rates and special tax regimes	*17 082*	*4 752*
Non-recognition of deferred tax assets	*-18 074*	*-120 483*
Utilization of deferred tax assets not previously recognized	*4 357*	*12 741*
Tax adjustments relating to prior periods	*5 202*	*4 600*
Exempted income	*5 820*	*11 345*
Other	*3 073*	*-11 104*
Total tax expense	**-68 133**	**-67 715**
Effective tax rate	-27.3%	N/A

The theoretical tax rate is impacted by losses in some countries. As a result the theoretical tax rate is not representative.

Other tax rates and special tax regimes reflect temporary tax holidays and notional interest deduction. The exempted income of 2012 is mainly related to gains on business disposals whereas in 2011 this item included mainly tax impact on 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 nearly stable when compared to last year. The negative result in BOSFA Pty Ltd was mainly caused by an impairment loss on the building formerly used for manufacturing steel cord.

in thousands of €		2011	2012
Joint ventures			
BOSFA Pty Ltd	Australia	225	-1 460
Belgo Bekaert Arames Ltda and subsidiary[1]	Brazil	15 694	15 932
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	-29	344
Inchalam group[2]	Chile	9 261	-
Bekaert Faser Vertriebs GmbH	Germany	62	33
Bekaert (Xinyu) Metal Products Co Ltd[3]	China	210	-4 466
Total		**25 423**	**10 383**

[1] *As from 1 March 2012, Belgo Bekaert Arames Ltda has absorbed its subsidiary (Belgo Bekaert Nordeste SA).*

[2] *As from 1 January 2012, the Inchalam group has been fully consolidated. See note 7.2. 'Effect of new business combinations and disposals'.*

[3] *Bekaert (Xinyu) Metal Products Co Ltd has been acquired on 15 December 2011. The 2012 result was adversely influenced by asset impairments.*

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

2012	Number
Weighted average number of ordinary shares (basic)	59 058 520
Dilution effect of subscription rights and options	93 267
Weighted average number of ordinary shares (diluted)	59 151 787

	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders (in thousands €)	-194 940	-194 940
Earnings per share (in €)	**-3.301**	**-3.296**

2011	Number
Weighted average number of ordinary shares (basic)	58 933 624
Dilution effect of subscription rights and options	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**

The weighted average closing price during 2012 was € 22.59 per share (2011: € 54.69 per share). The following options and subscription rights were out of the money, and therefore antidilutive, for the period presented:

Antidilutive instruments	Date granted	Exercise price (in €)	Number granted	Number outstanding
SOP2 - options	19.02.2007	30.175	37 500	10 000
SOP2 - options	18.02.2008	28.335	43 500	19 500
SOP2 - options	15.02.2010	33.990	49 500	49 500
SOP 2005-2009 - subscription rights	20.02.2006	23.795	212 298	10 215
SOP 2005-2009 - subscription rights	19.02.2007	30.175	182 010	10 270
SOP 2005-2009 - subscription rights	18.02.2008	28.335	229 200	118 850
SOP 2005-2009 - subscription rights	15.02.2010	33.990	225 450	210 450
SOP 2010-2014 - options	14.02.2011	77.000	360 925	350 925
SOP 2010-2014 - options	20.02.2012	25.140	287 800	287 800

For more information about subscription rights, please refer to 6.12. 'Ordinary shares, treasury shares, subscription rights and share options'.

5.8. Total comprehensive income

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

in thousands of €	**2011**	**2012**
Exchange differences	-831	2 463
Other exchange differences	-831	2 463
Cash flow hedges	-222	-816
Fair value changes recycled to profit or loss	-832	495
Other movements in cash flow hedges	610	-1 311
Actuarial gains and losses on defined-benefit plans	2 948	486
Other	-8	-
Total deferred tax reported in OCI	**1 887**	**2 133**
Attributable to the Group	1 684	1 677
Attributable to non-controlling interests	203	456

6. Balance sheet items

6.1. Intangible assets

in thousands of € **Cost**	**Licenses, patents & similar rights**	**Computer software**	**Rights to use land**	**Develop-ment costs**	**Other**	**Total**
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]	4 845	173	-	-	-4 104	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	**9 579**	**59 266**	**62 285**	**1 001**	**19 266**	**151 397**
As at 1 January 2012	9 579	59 266	62 285	1 001	19 266	151 397
Expenditure	-649	2 562	1 990	-	83	3 986
Disposals and retirements	-112	-419	-	-	-	-531
Transfers[1]	-	751	-	-	-	751
New consolidations	-	760	7 703	-	73	8 536
Exchange gains and losses (-)	-1	-203	-937	-	72	-1 069
As at 31 December 2012	**8 817**	**62 717**	**71 041**	**1 001**	**19 494**	**163 070**
Accumulated amortization and impairment						
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[1]	4 104	6	-	-	-4 104	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	**2 770**	**43 283**	**6 690**	**970**	**15 043**	**68 756**
As at 1 January 2012	2 770	43 283	6 690	970	15 043	68 756
Charge for the year	1 759	5 085	1 275	31	846	8 996
Impairment losses	3 073	387	-	-	-	3 460
Disposals and retirements	-111	-133	-	-	-	-244
Deconsolidations	-26	-	-	-	-	-26
Exchange gains (-) and losses	-3	-169	-77	-	117	-132
As at 31 December 2012	**7 462**	**48 453**	**7 888**	**1 001**	**16 006**	**80 810**
Carrying amount as at 31 December 2011	**6 809**	**15 983**	**55 595**	**31**	**4 223**	**82 640**
Carrying amount as at 31 December 2012	**1 355**	**14 263**	**63 153**	**0**	**3 488**	**82 259**

[1] *Transfers equal zero if the balances of 'Intangible assets' and 'Property, plant and equipment' (see note 6.3.) are added up. Transfers in 2011 were adjusted so as to include a reclassification of € 4.1 million from other intangible assets to licenses to licenses, patents & similar rights, both in the cost section and in the accumulated amortization and impairment section (i.e. carrying amounts remained unchanged).*

The expenditure on software mainly relates to ERP software (SAP). As for rights to use land, the 2012 expenditure mainly relates to Bekaert (Xinyu) New Materials (China), while the new consolidations relate to the Southern Wire companies in Malaysia. The impairment losses for licenses relate to the sawing wire business. Other intangible assets predominantly consist of customer lists and trademarks acquired in a business combination. The carrying amount mainly relates to Bekaert Corporation (€ 1.3 million vs. € 1.5 million in 2011), Bekaert (Qingdao) Wire Products (€ 1.1 million vs. € 1.4 million in 2011) and Ideal Alambrec SA (€ 0.7 million vs. € 0.9 million in 2011).

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 €	**2011**	**2012**
As at 1 January	77 494	40 355
Increases	356	1 194
Exchange gains and losses (-)	113	20
Deconsolidation	-33 323	-
Reclassification from / to (-) held for sale	-4 285	-
As at 31 December	**40 355**	**41 569**

Impairment losses in thousands of €	**2011**	**2012**
As at 1 January	19 397	19 447
Impairment losses	-	5 260
Exchange gains (-) and losses	50	-79
As at 31 December	**19 447**	**24 628**
Carrying amount as at 31 December	**20 908**	**16 941**

The increase in 2012 relates to the step acquisition of the Inchalam group (Chile, Peru and Canada) and the acquisition of the Southern Wire companies (Malaysia). For both of these deals, refer to note 7.2. 'Effect of new business combinations and disposals'. The impairment losses mainly relate to Bekaert Canada Ltd.

Goodwill by cash-generating unit (CGU)

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

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

Segment in thousands of €	**Group of cash-generating units**	**Carrying amount 31 Dec 2010**	**Impairment 2011**	**Carrying amount 31 Dec 2011**	**Impairment 2012**	**Carrying amount 31 Dec 2012**
Subsidiaries						
EMEA	Cold Drawn Products Ltd	2 600	-	2 680	-	2 743
EMEA	Combustion - heating EMEA	3 027	-	3 027	-	3 027
EMEA	Industrial coatings EMEA[1]	4 285	-	-	-	-
North America	Bekaert Canada Ltd[2]	4 821	-	4 860	-4 999	-
North America	Orrville plant (USA)	8 779	-	9 065	-	8 890
North America	Specialty films North America[3]	33 697	-	-	-	-
Latin America	Inchalam group[4]	-	-	-	-	1 005
Latin America	Bekaert Ideal SL companies	844	-	844	-	844
Asia Pacific	Bekaert Southern Wire companies[5]	-	-	-	-261	-
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	-	-	385	-	385
Asia Pacific	Bekaert-Jiangyin Wire Products Co Ltd	44	-	47	-	47
Subtotal		**58 097**	**-**	**20 908**	**-5 260**	**16 941**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	6 777	-	6 221	-	5 559
Subtotal		**6 777**	**-**	**6 221**	**-**	**5 559**
Total		**64 874**	**-**	**27 129**	**-5 260**	**22 500**

1 *This cash-generating unit was 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') and has been sold in 2012 (refer to note 7.2. 'Effect of new business combinations and business disposals').*

2 *This cash-generating unit has now been identified separately, whereas it was previously defined in combination with the Van Buren plant (USA). The main reason is that, while both entities have been managed as one business for a long time, they are operating more and more independently from each other.*

3 *The Specialty Films activity was sold to Saint-Gobain on 30 September 2011.*

4 *The Inchalam group was acquired from the Chilean partners as from 1 January 2012 (refer to note 7.2. 'Effect of new business combinations and business disposals').*

5 *The Southern Wire companies were acquired from Southern Steel as from 30 August 2012 (refer to note 7.2. 'Effect of new business combinations and business disposals'). The resulting goodwill was rather immaterial (€ 0.3 million) and was impaired at year-end.*

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.

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			**3.7%**	**3.2%**	**6.4%**
Long term interest rate			4.1%	3.7%	6.6%
Short term interest rate			2.5%	1.7%	5.6%
Cost of Bekaert equity	$= R_f + \beta \,.\, E_m$		**7.8%**	**7.5%**	**12.3%**
Risk free rate= R_f			2.1%	1.8%	6.6%
Beta = β		1.15			
Market equity risk premium= E_m		5%			
Corporate tax rate			**27.0%**	**27.0%**	**27.0%**
Cost of equity before tax			**10.7%**	**10.3%**	**16.8%**
WACC - nominal			**8.4%**	**7.9%**	**13.4%**
Expected inflation			2.0%	2.0%	3.0%
WACC in real terms			**6.4%**	**5.9%**	**10.4%**

For Bekaert Canada Ltd, the recoverable amount was based on the fair value which was determined for a number of fixed assets which are expected to be sellable (€ 0.66 million). Consequently, the goodwill was fully impaired (€ 5.0 million) and an impairment loss of € 5.4 million was recognized on the property, plant and equipment. Based on current knowledge, reasonable changes in key assumptions (including discount rate, sales and margin evolution) would not generate material impairments for any of the other cash-generating units.

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 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**
As at 1 January 2012	839 486	2 163 136	90 485	1 441	4 378	116 952	3 215 879
Expenditure	64 367	118 584	6 704	54	461	-64 083	126 087
Disposals and retirements	-10 006	-41 392	-4 048	-70	-514	-448	-56 478
New consolidations	58 096	46 041	2 150	7 843	-	11 302	125 432
Deconsolidations	-	580	-63	-	-	-805	-288
Transfers[1]	-	-	-	-	-	-751	-751
Reclassification to (-) / from held for sale	640	4 326	46	-	-	-	5 012
Exchange gains and losses (-)	-18 384	-30 071	-2 463	532	26	-17	-50 377
As at 31 December 2012	**934 199**	**2 261 204**	**92 811**	**9 800**	**4 351**	**62 150**	**3 364 516**
Accumulated depreciation and impairment							
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
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**
As at 1 January 2012	360 028	1 345 538	65 842	1 140	2 231	-	1 774 778
Charge for the year	38 836	144 124	11 985	266	507	-	195 718
Impairment losses	8 116	77 866	285	-	-	-	86 267
Disposals and retirements	-8 413	-38 083	-3 776	-	-429	-	-50 701
Deconsolidations	-40	650	-46	-	-8	-	556
Reclassification to (-) / from held for sale	15	2 951	44	-	-	-	3 010
Exchange gains (-) and losses	-9 520	-20 428	-1 773	28	14	-	-31 679
As at 31 December 2012	**389 022**	**1 512 618**	**72 561**	**1 434**	**2 315**	**-**	**1 977 949**
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**	**-**	**2 147**	**116 952**	**1 433 601**
Carrying amount as at 31 December 2012 before investment grants and reclassification of leases	**545 177**	**748 586**	**20 251**	**8 366**	**2 036**	**62 150**	**1 386 566**
Net investment grants	-5 156	-3 868	-	-	-	-	-9 024
Reclassification of leases	8 093	28	245	-8 366	-	-	-
Carrying amount as at 31 December 2012	**548 114**	**744 746**	**20 496**	**-**	**2 036**	**62 150**	**1 377 542**

[1] *Total transfers amount to zero when aggregating the balances of 'Intangible assets' (see note 6.1.) and 'Property, plant and equipment'.*

The investment programs in Belgium, China, India, Indonesia, United States and Slovakia accounted for most of the expenditure. The net exchange loss for the year (€ -18.7 million) relates mainly to assets denominated in Chinese renminbis (€ -3.9 million), US dollars (€ -22.6 million), Indian rupees (€ -2.7 million), Peruvian nuevos soles (€ 1.4 million), Chilean pesos (€ 6.0 million), Colombian pesos (€ 1.3 million) and Russian rubles (€ 1.3 million).
Impairment losses mainly related to the sawing wire business (€ 64.0 million). The methodology for impairment testing is consistent with the one presented in note 6.2. 'Goodwill'. For reclassifications to or from held for sale, please refer to note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'. For new consolidations and deconsolidations, refer to note 7.2. 'Effect of new business combinations and business disposals'.
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 €	**2011**	**2012**
As at 1 January	237 018	252 039
Result for the year	25 423	10 383
Dividends	-7 169	-7 207
Exchange gains and losses	-15 474	-15 899
Deconsolidations	-	-77 280
New consolidations	12 222	-
Other comprehensive income	19	-
As at 31 December	**252 039**	**162 036**

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 losses in 2012 relate mainly to the substantial depreciation of the Brazilian real versus the Euro (closing rate 2.7 vs. opening rate 2.4). The deconsolidations relate to the Inchalam group which has been acquired as from 1 January 2012 (refer to note 7.2. 'Effect of new business combinations and business disposals'). The new consolidations in 2011 relate to the acquisition of Bekaert (Xinyu) Metal Products Co Ltd on 13 December 2011.

Related goodwill

Cost in thousands of €	**2011**	**2012**
As at 1 January	6 777	6 221
Exchange gains and losses	-556	-662
As at 31 December	**6 221**	**5 559**
Carrying amount of related goodwill as at 31 December	**6 221**	**5 559**
Total carrying amount of investments in joint ventures and associates as at 31 December	**258 260**	**167 595**

Combined items

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

in thousands of €	2011	2012
Property, plant and equipment	153 927	97 822
Other non-current assets	106 635	38 731
Current assets	241 167	117 509
Non-current liabilities	-96 353	-24 846
Current liabilities	-153 337	-67 180
Total net assets	**252 039**	**162 036**

in thousands of €	2011	2012
Sales	599 437	419 755
Operating result (EBIT)	46 022	18 931
Result for the period	25 423	10 383
Total comprehensive income for the period	25 442	10 383

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

in thousands of €		2011	2012
Joint ventures			
BOSFA Pty Ltd	Australia	4 425	3 001
Bekaert Faser Vertriebs GmbH	Germany	102	102
Belgo Bekaert Arames Ltda and subsidiary[1]	Brazil	140 752	134 165
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	16 003	16 030
Inchalam group[2]	Chile	77 515	-
Bekaert (Xinyu) Metal Products Co Ltd[3]	China	13 242	8 738
Total for joint ventures excluding related goodwill		**252 039**	**162 036**
Carrying amount of related goodwill		**6 221**	**5 559**
Total for joint ventures including related goodwill		**258 260**	**167 595**

[1] *As from 1 February 2012, Belgo Bekaert Arames Ltda has absorbed its subsidiary (Belgo Bekaert Nordeste SA).*

[2] *As from 1 January 2012, the Inchalam group has been fully consolidated. See note 7.2. 'Effect of new business combinations and disposals'.*

[3] *Bekaert (Xinyu) Metal Products Co Ltd has been acquired on 13 December 2011.*

No major contingent assets relating to joint ventures and associates have been identified at the balance sheet date. The main contingent liabilities identified at the balance sheet date relate to taxes at Belgo Bekaert Arames Ltda and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda. These Brazilian joint ventures have been trying to compensate ICMS tax receivables with a total carrying amount of € 21.0 million (2011: € 25.5 million). They also have been facing claims relating to ICMS incentives totaling € 1.7 million (2011: € 1.8 million) and several other tax claims, most of which date back several years, for a total nominal amount of € 35.2 million (2011: € 35.0 million). Evidently, any potential losses resulting from the above-mentioned contingencies would only affect the Group to the extent of their interest in the joint ventures involved (i.e. 45%).
The merger of Belgo Bekaert Arames Ltda with its subsidiary Belgo Bekaert Nordeste SA which was effected on 1 February 2012 will help to reduce ICMS receivables substantially over the coming years.

6.5. Other non-current assets

in thousands of €	2011	2012
Non-current financial receivables and cash guarantees	4 224	21 505
Reimbursement rights and other non-current amounts receivable	2 196	2 968
Derivatives (cf. note 7.3.)	5 461	7 954
Available-for-sale financial assets	8 997	11 305
Total other non-current assets	**20 878**	**43 732**

The increase in non-current financial receivables is mainly due to the deferred proceeds on the sale of the industrial coating activity (see note 7.2. 'Effect of new business combinations and business disposals').

Available-for-sale financial assets - non-current

Carrying amount in thousands of €	2011	2012
As at 1 January	23 176	8 997
Expenditure	-	32
Disposals and closures	-	-5
Fair value changes	-14 179	-263
New consolidations	-	2 390
Exchange gains and losses	-	154
As at 31 December	**8 997**	**11 305**

The available-for-sale financial assets mainly consist of the investment in Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company. On this investment, an impairment loss of € 7.9 million has been recognized through profit or loss in June 2012, which has been recycled from fair value changes previously recognized through equity. A slight increase in fair value (€ 0.01 million) since that moment has been recognized through equity again in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The amount reported as new consolidations mainly relates to Transportes Puelche Ltda, an investment held by Acma SA (Chile).

6.6. Deferred tax assets and liabilities

Carrying amount	Assets		Liabilities	
in thousands of €	2011	2012	2011	2012
As at 1 January	63 687	83 731	41 711	26 716
Increase or decrease via income statement	18 710	-24 714	-11 453	-4 304
Increase or decrease via equity	2 722	1 618	835	-515
New consolidations	719	6 212	703	18 044
Deconsolidations	-122	12	-96	-43
Reclassification as held for sale	-343	-	-1 192	-
Exchange gains and losses	2 905	-3 910	755	-3 524
Change in set-off of assets and liabilities	-4 547	-4 386	-4 547	-4 386
As at 31 December	**83 731**	**58 563**	**26 716**	**31 988**

Recognized deferred tax assets and liabilities

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

	Assets		Liabilities		Net assets	
in thousands of €	2011	2012	2011	2012	2011	2012
Intangible assets	561	267	6 196	7 332	-5 635	-7 065
Property, plant and equipment	26 509	9 886	18 713	28 971	7 796	-19 085
Financial assets	2 819	2 307	24 601	20 642	-21 782	-18 335
Inventories	4 925	9 383	4 488	3 336	437	6 047
Receivables	7 334	11 222	167	137	7 167	11 085
Other current assets	1 019	673	113	5 758	906	-5 085
Employee benefit obligations	24 553	23 376	114	169	24 439	23 207
Other provisions	555	1 855	4 175	1 244	-3 620	611
Other liabilities	8 464	7 588	1 507	2 142	6 957	5 446
Tax losses carried forward, tax credits and recoverable income taxes	40 350	29 749	-	-	40 350	29 749
Tax assets / liabilities	**117 089**	**96 306**	**60 074**	**69 731**	**57 015**	**26 575**
Set-off of assets and liabilities	-33 358	-37 743	-33 358	-37 743	-	-
Net tax assets / liabilities	**83 731**	**58 563**	**26 716**	**31 988**	**57 015**	**26 575**

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:

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**

2012 in thousands of €	As at 1 January	Recognized via income statement	Recognized via equity	Acquisitions and disposals[2]	Reclassifi-cations	Exchange gains and losses	As at 31 December
Temporary differences							
Intangible assets	-5 635	-507	-	-1 033	-	110	-7 065
Property, plant and equipment	7 796	-12 108	-	-14 648	-	-125	-19 085
Financial assets	-21 782	3 838	-301	-124		34	-18 335
Inventories	437	4 765	-	414	-	431	6 047
Receivables	7 167	3 185	-	845	-	-112	11 085
Other current assets	906	-6 012	-	-64	-	85	-5 085
Employee benefit obligations	24 439	-2 737	486	1 640	-	-621	23 207
Other provisions	-3 620	3 927	-	332	-	-28	611
Other liabilities	6 957	-3 366	1 948	284	-	-377	5 446
Tax losses carried forward, tax credits and recoverable income taxes	40 350	-11 395	-	577	-	217	29 749
Total	**57 015**	**-20 410**	**2 133**	**-11 777**	**-**	**-386**	**26 575**

1 *Relates to the Industrial Coatings activities which were classified as held for sale (see note 6.11. 'Assets classified as held for sale and liabilities associated with those assets').*

2 *Relates to the acquisitions of the Inchalam group and the Southern Wire companies, and to the disposal of the Industrial Coatings activities in 2012 (see note 7.2. 'Effect of business combinations and business disposals').*

Unrecognized deferred tax assets

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

in thousands of €	2011	2012	Variance 2012 vs 2011
Deductible temporary differences	165 843	262 795	96 952
Capital losses	28 452	35 201	6 749
Trade losses and tax credits	419 835	710 192	290 357
Total	**614 130**	**1 008 188**	**394 058**

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 €	2011	2012
Raw materials, consumables and spare parts	*256 292*	*206 381*
Work in progress and finished goods	*264 415*	*269 619*
Goods purchased for resale	*57 228*	*91 665*
Inventories	577 935	567 665
Trade receivables	586 937	589 109
Bills of exchange received	241 392	162 734
Advances paid	32 725	21 981
Trade payables	-290 635	-321 760
Advances received	-6 910	-4 155
Remuneration and social security payables	-96 953	-103 122
Employment-related taxes	-13 459	-14 108
Operating working capital	**1 031 032**	**898 344**

Operating working capital decreased by € 132.7 million in 2012, explained by:

- decrease of € 226.8 million organically (as reflected in the consolidated cash flow statement);
- decrease of € 11.6 million from currency movements;
- decrease of € 24.6 million from net write-downs on inventories and trade receivables;
- increase of € 131.4 million from new consolidations;
- increase of € 1.6 million from reclassifications as held for sale;
- decrease of € 2.8 million from deconsolidations.

Average operating working capital represented 27.9% of sales (2011: 28.0%).

Additional information is as follows:

- Inventories

  The cost of inventories recognized as an expense during the period amounted to € 2 684.9 million (2011: € 2 404.2 million), including net write-downs in 2012 of € 12.1 million (2011: net write-downs of € 3.7 million). No inventories were pledged as security for liabilities (2011: none).

- Trade receivables

  The following table presents the movements in the allowance for bad debt:

Allowance for bad debt in thousands of €	**2011**	**2012**
As at 1 January	-15 037	-36 229
Losses recognized	-23 871	-18 552
Losses reversed	5 612	6 033
New consolidations	-1 737	-4 316
Deconsolidations	812	-9
Reclassification to / from (-) assets held for sale	642	-15
Exchange gains and losses	-2 650	268
As at 31 December	**-36 229**	**-52 820**

The losses recognized mainly relate to receivables from sawing wire customers in Asia Pacific (€ 14.7 million vs. € 18.2 million in 2011).

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

Trade receivables and bills of exchange received in thousands of €	**2011**	**2012**
Gross amount	864 558	804 663
Allowance for bad debts (impaired)	-36 229	-52 820
Net carrying amount	828 329	751 843
of which past due but not impaired		
amount	*170 692*	*129 913*
average number of days outstanding	*122*	*123*

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, refer to note 7.3. 'Financial risk management and financial derivatives'.

6.8. Other receivables

Carrying amount in thousands of €	**2011**	**2012**
As at 1 January	63 942	88 319
Increase or decrease	25 035	-1 776
Write-downs and write-down reversals	-36	-837
New consolidations	116	7 008
Deconsolidations	-969	-34
Reclassifications	-850	101
Exchange gains and losses	1 081	-8 456
As at 31 December	**88 319**	**84 325**

Other receivables relate mainly to taxes (€ 69.3 million (2011: € 79.5 million)) and social loans to employees (€ 6.3 million (2011: € 3.1 million)). No collection issues are expected.

6.9. Cash & cash equivalents and short-term deposits

Carrying amount in thousands of €	**2011**	**2012**
Cash & cash equivalents	293 856	352 312
Short-term deposits	382 607	104 792

For the changes in cash & cash equivalents, refer to the consolidated cash flow statement and to note 7.1. 'Notes to the cash flow statement'. Short-term deposits have been converted to cash equivalents in view of the repayment of a bond of € 150 million in April 2012 and the repayment of a bond of € 100 million in February 2013. Cash equivalents and short-term deposits do not include any listed securities or equity instruments at the balance sheet date and are all classified as loans and receivables.

6.10. Other current assets

Carrying amount in thousands of €	**2011**	**2012**
Current loans and receivables	18 261	10 890
Advances paid	32 725	21 981
Derivatives (cf. note 7.3.)	1 095	14 976
Deferred charges and accrued revenues	10 468	12 282
As at 31 December	**62 549**	**60 129**

The current loans and receivables mainly relate to loans with venture partners in Australia (€ 0.8 million) and to various cash guarantees mainly related to bank notes issued in China as a payment of wire rod invoices (€ 9.7 million). The derivatives mainly relate to CCIRS agreements (€ 13.9 million). No collection issues are expected.

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

Carrying amount in thousands of €	**2011**	**2012**
As at 1 January	-	35 492
Increases and decreases (-)	34 311	-4 078
Deconsolidations	-	-31 363
Exchange gains and losses	1 181	-51
As at 31 December	**35 492**	**-**

in thousands of €	**2011**	**2012**
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**	**-**

In 2012 no assets and liabilities associated with those assets are classified as held for sale at the balance sheet date.

With respect to the disposal groups, the Group sold its Industrial Coatings activities on 2 April 2012 to Element Partners (see note 7.2. 'Effect of new business combinations and business disposals').

The individual items of property, plant and equipment in 2011 relate partly to assets from the Industrial Coatings activity in the US which were not taken over by Element Partners, and a plot of land in Hemiksem (Belgium), both of which were sold in 2012.

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

Issued capital in thousands of €		**2011** Nominal value	**2011** Number of shares	**2012** Nominal value	**2012** Number of shares
1	As at 1 January	176 242	59 884 973	176 512	59 976 198
	Movements in the year				
	Issue of new shares	*270*	*91 225*	*74*	*24 744*
	As at 31 December	176 512	59 976 198	176 586	60 000 942
2	Structure				
2.1	Classes of ordinary shares				
	Ordinary shares without par value	*176 512*	*59 976 198*	*176 586*	*60 000 942*
2.2	Registered shares	-	1 722 629	-	1 720 765
	Non-material shares	-	57 942 556	-	58 217 474
	Shares to be dematerialized	-	311 013	-	62 703
Authorized capital not issued		**167 151**		**175 926**	

A total of 24 744 subscription rights were exercised under the Company's SOP1 and SOP 2005-2009 stock option plans in 2012, requiring the issue of a total of 24 744 new shares of the Company.

The Company held 939 700 treasury shares as of 31 December 2012, same as at year-end 2011.

No purchases or cancellations of shares took place in 2012.

Details of the stock option plans outstanding at the balance sheet date 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
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
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
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
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	487 165	3	15 014	22.05 - 30.06.2008	22.05 - 15.06.2014
				1 447 932	**1 420 582**	**5 601**	**21 749**		

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
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
			195 000	**51 500**	**-**	**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	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	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	21 000	19 500	247 650	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
				1 087 308	**432 773**	**57 100**	**597 435**		

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	Mid Nov.- 31.12.2020
22.12.2011	20.02.2012	25,140	287 800	-	-	287 800	End Feb. - 13.04.2015	Mid Nov. - 31.12.2021
			648 725	**-**	**10 000**	**638 725**		

SOP1 Stock Option Plan	2011 Number of subscription rights	2011 Weighted average exercise price (in €)	2012 Number of subscription rights	2012 Weighted average exercise price (in €)
Outstanding as at 1 January	28 701	16.027	25 673	16.019
Forfeited during the year	-3	15.765	-180	17.535
Exercised during the year	-3 025	16.148	-3 744	16.190
Outstanding as at 31 December	**25 673**	**16.019**	**21 749**	**15.977**

SOP2 Stock Option Plan	2011 Number of options	2011 Weighted average exercise price (in €)	2012 Number of options	2012 Weighted average exercise price (in €)
Outstanding as at 1 January	167 500	25.619	143 500	25.166
Exercised during the year	-24 000	28.335	-	-
Outstanding as at 31 December	**143 500**	**25.166**	**143 500**	**25.166**

SOP 2005-2009 Stock Option Plan	2011 Number of subscription rights	2011 Weighted average exercise price (in €)	2012 Number of subscription rights	2012 Weighted average exercise price (in €)
Outstanding as at 1 January	755 635	25.529	618 435	25.143
Forfeited during the year	-49 000	25.397	-	-
Exercised during the year	-88 200	28.312	-21 000	16.660
Outstanding as at 31 December	**618 435**	**25.143**	**597 435**	**25.441**

SOP 2010-2014 Stock Option Plan	2011 Number of options	2011 Weighted average exercise price (in €)	2012 Number of options	2012 Weighted average exercise price (in €)
Outstanding as at 1 January	-	-	350 925	77.000
Granted during the year	360 925	77.000	287 800	25.140
Forfeited during the year	-10 000	77.000	-	-
Outstanding as at 31 December	**350 925**	**77.000**	**638 725**	**53.633**

Weighted average remaining contractual life in years	**2011**	**2012**
SOP1	2.2	1.3
SOP2	7.7	6.7
SOP 2005-2009	8.1	7.2
SOP 2010-2014	9.0	8.5

The weighted average share price at the date of exercise in 2012 was € 18.44 for the SOP1 subscription rights (2011: € 60.84), not applicable for the SOP2 options (2011: € 56.15) and € 20.68 for the SOP 2005-2009 subscription rights (2011: € 67.01). 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, 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 their fair value at grant date in accordance with IFRS 2 (see note 6.13. 'Retained earnings and other Group reserves'). During 2012, 287 800 options (2011: 360 925) were granted under SOP 2010-2014 at a weighted average fair value per unit of € 13.68 (2011: € 17.85). The Group has recorded an expense against equity of € 4.2 million (2011: € 3.1 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 € 32.10 at grant date (2011: € 78.42), exercise price of € 25.14 (2011: € 77.00), expected volatility of 39% (2011: 38%), expected dividend yield of 2.5% (2011: 2.5%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 3% (2011: 2%) and a risk-free interest rate of 4.0%: (2011: 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 1.30 (2011: 1.25) times the exercise price.

6.13. Retained earnings and other Group reserves

Carrying amount in thousands of €	**2011**	**2012**
Hedging reserve	*-3 610*	*-1 477*
Revaluation reserve for available-for-sale investments	*-7 634*	*10*
Actuarial gains and losses on defined-benefit plans	*-66 924*	*-74 414*
Fair value remeasurements for business combinations	*-5 392*	*-5 894*
Deferred taxes booked in equity	*27 879*	*29 417*
Equity-settled share-based payment plans	*10 809*	*14 987*
Treasury shares	*-58 582*	*-58 577*
Other reserves	-103 454	-95 948
Cumulative translation adjustments	33 553	-16 087
Total other Group reserves	**-69 901**	**-112 035**
Retained earnings	**1 557 419**	**1 327 346**

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

Hedging reserve in thousands of €	**2011**	**2012**
As at 1 January	-4 187	-3 610
New instruments added	-22	-
Existing instruments settled	22	-
Recycled to income statement	2 175	-1 293
Fair value changes to hedging instruments	-1 598	3 426
As at 31 December	**-3 610**	**-1 477**
Of which		
Cross-currency interest-rate swaps (on Eurobonds)	*-3 610*	*-1 477*

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 €	**2011**	**2012**
As at 1 January	6 545	-7 634
Recycled to income statement	-	7 906
Fair value changes	-14 179	-262
As at 31 December	**-7 634**	**10**
Of which		
Investment in Shougang Concord Century Holdings Ltd	*-7 634*	*10*

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. An amount of € 7.9 million was recycled to income statement as a result of an impairment loss recognized at 30 June 2012.

Actuarial gains and losses on defined-benefit plans in thousands of €	**2011**	**2012**
As at 1 January	-41 746	-66 924
Actuarial gains and losses (-) of the period	-25 178	-7 943
Deconsolidations	-	453
As at 31 December	**-66 924**	**-74 414**

The actuarial gains and losses on defined-benefit plans result from a remeasurement of the defined-benefit obligations and any related plan assets using different actuarial assumptions at the balance sheet date.

The amounts reported as Fair value remeasurements for business combinations in other Group reserves have been frozen since any such fair value adjustments have been reported directly in retained earnings as from 2011 onwards. Any small changes in this reserve relate to disposals or partial disposals of the related entities (changes in ownership without loss of control).

Deferred taxes booked in equity in thousands of €	**2011**	**2012**
As at 1 January	26 196	27 879
Deferred taxes relating to other comprehensive income	1 683	1 678
Changes in ownership	-	-140
As at 31 December	**27 879**	**29 417**

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 €	**2011**	**2012**
As at 1 January	7 663	10 809
Equity instruments granted	3 146	4 178
As at 31 December	**10 809**	**14 987**

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 6.12. 'Ordinary shares, treasury shares, subscription rights and share options') are accounted for as equity-settled share-based payments in accordance with IFRS 2.

Treasury shares in thousands of €	**2011**	**2012**
As at 1 January	-59 689	-58 582
Proceeds from shares sold	681	5
Price difference on shares sold	426	-
As at 31 December	**-58 582**	**-58 577**

Proceeds from shares sold are based on their FIFO cost, while price differences relate to the differences between the FIFO cost and the sales price. In 2012, no treasury shares of the Company were sold or cancelled (see note 6.12. 'Ordinary shares, treasury shares, subscription rights and share options'). A small movement was recorded in the treasury shares reserve relating to Productos de Acero Cassadó SA (Prodac).

Cumulative translation adjustments in thousands of €	**2011**	**2012**
As at 1 January	13 615	33 553
Exchange differences on dividends declared	-6 963	-6 898
Recycled to income statement - relating to disposed entities or step acquisitions	-1 009	-7 963
Other CTA movements	27 910	-34 779
As at 31 December	**33 553**	**-16 087**
Of which relating to entities with following functional currencies		
Chinese renminbi	*84 312*	*80 852*
US dollar	*-11 557*	*-2 186*
Brazilean real	*-56 667*	*-80 212*
Chilean peso	*6 869*	*12 618*
Venezuelan bolivar	*-*	*-38 063*
Czech koruna	*9 180*	*9 907*
Other currencies	*1 416*	*997*

Since the Venezuelan entities change their functional currency from USD to VEF as from 31 December 2012, an important amount of CTA is now reported as relating to Venezuelan bolivar.

6.14. Non-controlling interests

Carrying amount in thousands of €	**2011**	**2012**
As at 1 January	85 960	72 534
Changes in Group structure	-1 111	109 003
Share of net profit of subsidiaries	14 564	6 375
Share of other comprehensive income excluding CTA	-438	97
Dividend pay-out	-32 728	-14 888
Capital increases	2 262	10 435
Exchange gains and losses (-)	4 025	-1 933
As at 31 December	**72 534**	**181 623**

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. In 2012, the changes in Group structure mainly relate to the acquisition of the Inchalam group and the Southern Wire companies (see note 7.2. 'Effect of new business combinations and business disposals').

The total comprehensive income, which includes the share of net profit and other comprehensive income including CTA (or exchange gains and losses), mainly relates to the Chinese subsidiaries (€ -6.4 million vs. € 12.3 million in 2011) and the Latin American subsidiaries (€ 12.6 million vs. € 6.2 million in 2011).

The dividend pay-out mainly relates to the Latin American subsidiaries (€ -11.0 million vs. € -1.2 million in 2011) and the Chinese subsidiaries (€ -4.3 million vs. € -30.6 million in 2011). Capital increases relate to the Chinese subsidiaries, both in 2011 and in 2012.

6.15. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 302.5 million as at 31 December 2012 (€ 270.9 million as at year-end 2011), are as follows:

in thousands of €	2011	2012
Liabilities for		
Defined-benefit pension plans	*105 756*	*114 326*
Other defined-benefit plans	*53 269*	*50 883*
Other long-term employee benefits	*2 328*	*2 417*
Cash-settled share-based payment employee benefits	*1 511*	*871*
Short-term employee benefits	*98 125*	*103 122*
Other employee benefit obligations	*9 941*	*30 843*
Total liabilities in the balance sheet	**270 930**	**302 463**
of which		
Non-current liabilities	*161 257*	*180 200*
Current liabilities	*107 978*	*122 263*
Liabilities associated with assets held for sale	*1 696*	*-*
Assets for		
Defined-benefit pension plans	*-*	*-*
Total assets in the balance sheet	**-**	**-**
Total net liabilities	**270 930**	**302 463**

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 € 0.7 million (2011: € 0.6 million).

Defined-contribution plans in thousands of €	2011	2012
Expenses recognized	14 220	14 933

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	
	2011	2012	2011	2012
Present value as at 1 January	251 383	249 982	56 120	53 269
Current service cost	9 002	12 136	1 482	1 797
Interest cost	10 908	12 639	2 520	2 736
Plan participants' contributions	6	5	135	126
Past service cost	117	120	457	4 874
New consolidations	-	10 905	-	-
Deconsolidations	-	-1 257	-	-
Curtailments	-	-1 394	-	-1 759
Settlements	-	-470	-	-594
Reclassifications within employee benefit obligations	-21 768	-	-	-
Benefits paid	-18 563	-19 749	-9 072	-8 565
Actuarial gains (-) and losses	13 884	19 129	1 197	717
Exchange gains (-) and losses	5 012	-7 597	430	-1 718
Present value of defined-benefit obligation as at 31 December	**249 981**	**274 449**	**53 269**	**50 883**

Other plans mainly relate to pre-retirement pensions in Belgium (defined-benefit obligation € 38.4 million (€ 38.8 million in 2011)) and other post-employment benefits for medical care in the United States (defined-benefit obligation € 5.6 million (€ 6.2 million in 2011)), which are not externally funded. Of the defined-benefit obligation in Belgium, an amount of € 8.1 million (2011: € 12.9 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	
	2011	2012	2011	2012
Fair value as at 1 January	165 821	144 212	-	-
Expected return on plan assets	*8 573*	*7 846*	-	-
Actuarial gains and losses (-)	*-10 738*	*11 544*	-	-
Actual return on plan assets	-2 165	19 390	-	-
Company contributions	18 403	19 289	8 937	9 033
Plan participants' contributions	6	5	135	126
Reclassifications within employee benefit obligations	-21 768	-	-	-
Deconsolidations	-	-904	-	-
Settlements	-	-453	-	-594
Benefits paid	-18 563	-19 749	-9 072	-8 565
Exchange gains and losses (-)	2 478	-1 678	-	-
Fair value of plan assets as at 31 December	**144 212**	**160 112**	**-**	**-**

Movement in reimbursement rights in thousands of €	Pension plans		Other plans	
	2011	2012	2011	2012
Fair value as at 1 January	468	453	-	-
Expected return on reimbursement rights	*28*	*29*	-	-
Actuarial gains and losses (-)	*-14*	*8*	-	-
Actual return on reimbursement rights	14	37	-	-
Company contributions	32	-	-	-
Benefits paid	-61	-97	-	-
Fair value of reimbursement rights as at 31 December	**453**	**393**	**-**	**-**

Reimbursement rights arise from reinsurance contracts covering retirement pensions, death and disability benefits in Germany.

Funded status as at 31 December in thousands of €	Pension plans		Other plans	
	2011	2012	2011	2012
Present value of funded obligations	*213 966*	*227 609*	-	-
Fair value of plan assets	*-144 213*	*-160 112*	-	-
Surplus (-) or deficit for funded plans	69 753	67 497	-	-
Present value of unfunded obligations	36 016	46 839	53 269	50 883
Present value of net obligations	**105 769**	**114 336**	**53 269**	**50 883**
Unrecognized past service cost	-13	-10	-	-
Net assets (-) and liabilities	**105 756**	**114 326**	**53 269**	**50 883**
Amounts in the balance sheet				
Assets	-	-	-	-
Liabilities	*105 756*	*114 326*	*53 269*	*50 883*

Movement in liability in thousands of €	Pension plans		Other plans	
	2011	2012	2011	2012
Net assets (-) and liabilities as at 1 January	85 548	105 756	56 120	53 269
Contributions paid and direct benefit payments	-18 403	-19 289	-8 937	-9 033
Expense recognized in the income statement	11 427	15 610	4 459	7 648
Expected return on reimbursement rights	28	29	-	-
Actuarial gains (-) and losses recognized through equity	24 622	7 585	1 197	717
New consolidations and deconsolidations	-	10 553	-	-
Exchange gains (-) and losses	2 534	-5 918	430	-1 718
Net assets (-) and liabilities as at 31 December	**105 756**	**114 326**	**53 269**	**50 883**
Amounts in the balance sheet				
Assets	-	-	-	-
Liabilities	*105 756*	*114 326*	*53 269*	*50 883*

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

Changes recognized in equity in thousands of €	Pension plans		Other plans	
	2011	2012	2011	2012
Cumulative changes as at 1 January	-52 639	-77 261	10 181	8 984
Actuarial gains and losses (-) for the period	-24 622	-7 585	-1 197	-717
Cumulative changes as at 31 December	**-77 261**	**-84 846**	**8 984**	**8 267**

The amounts recognized in the income statement are as follows:

Net benefit expense in thousands of €	Pension plans		Other plans	
	2011	2012	2011	2012
Current service cost	9 002	12 136	1 482	1 797
Interest cost	10 908	12 638	2 520	2 736
Expected return on plan assets	-8 573	-7 846	-	-
Expected return on reimbursement rights	-28	-29	-	-
Past service cost	118	122	457	4 874
Curtailments and settlements	-	-1 411	-	-1 759
Total	**11 427**	**15 610**	**4 459**	**7 648**

Estimated contributions and direct benefit payments for 2013 are as follows:

Estimated contributions and direct benefit payments in thousands of €	2013
Pension plans	13 386
Other plans	8 336
Total	**21 722**

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

Fair value of plan assets by type in thousands of €	**2011**	**2012**
Equity instruments	65 843	60 843
Debt instruments	49 353	99 269
Insurance contracts	29 016	-
Total plan assets	**144 212**	**160 112**
Equity instruments (%)	46%	38%
Debt instruments (%)	34%	62%
Insurance contracts (%)	20%	0%
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 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 51% equity instruments. The principal actuarial assumptions on the balance sheet date (weighted averages) were:

	Pension plans		**Other plans**	
Actuarial assumptions	**2011**	**2012**	**2011**	**2012**
Discount rate[1]	5.1%	3.8%	5.6%	3.7%
Expected return on plan assets[2]	6.3%	5.5%	-	-
Future salary increases	4.0%	3.6%	3.8%	3.2%
Health care cost increases (initial)	-	-	7.3%	7.0%
Health care cost increases (ultimate)	-	-	5.0%	5.0%
Health care (years to ultimate rate)	-	-	9	8
Underlying inflation rate	3.0%	2.8%	3.0%	2.6%
Life expectancy of a man aged 65 (years) at balance sheet date	19.0	19.1	18.9	19.2
Life expectancy of a man aged 65 (years) ten years from the balance sheet date	20.6	19.9	20.6	19.9

1 *The discount rate is a weighted average based on outstanding DBO:*
31/12/2011: 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,
31/12/2012: for the pension plans: 3.9% in the United States, 3.0% in Belgium; for other plans: 3.5% in the United States, 3.0% in Belgium; other countries have higher discount rates which result in a higher average discount rate (Venezuela, Ecuador, Chili). Differences in duration also have an effect on the discount rates used.

2 *Preceding year.*

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**
Defined-benefit obligation	-8 042	8 358	-787	823

Sensitivity analysis on health care cost in thousands of €	**1% increase**	**1% decrease**
Service cost and interest cost	98	-82
Defined-benefit obligation	525	-455

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 €	**2008**	**2009**	**2010**	**2011**	**2012**
Pension plans					
Present value of defined-benefit obligation	224 598	225 913	251 383	249 981	274 449
Fair value of plan assets	134 647	154 201	165 821	144 212	160 112
Surplus (-) or deficit	89 951	71 712	85 562	105 769	114 337
Experience adjustments arising on					
plan liabilities	*-2 566*	*-3 836*	*2 496*	*3 144*	*-638*
plan assets	*-56 989*	*15 951*	*1 467*	*-10 738*	*11 544*
Other plans					
Present value of defined-benefit obligation	55 979	60 267	56 120	53 269	50 883
Fair value of plan assets	-	-	-	-	-
Surplus (-) or deficit	55 979	60 267	56 120	53 269	50 883
Experience adjustments arising on					
plan liabilities	*1 694*	*-1 226*	*-3 153*	*1 230*	*2 234*

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% (2011: 39%), expected dividend yield of 3.0% (2011: 3.0%), vesting period of 3 years, average contractual life of 5.2 years (2011: 5.1 years), employee exit rate of 3% (2011: 3%) and a risk-free interest rate of 2.0% (2011: 4.1%). 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 1.40 (2011: 1.30) times the exercise price. Historical volatility was between 20% and 60% over the last 12 years.

The Group recorded a total gain of € 0.1 million (2011: gain of € 4.7 million) during the year in respect of SARs. At 31 December 2012, the total fair value of the vested unexercised SARs was € 0.6 million (2011: € 0.7 million).

At 31 December 2012, the Group had recorded liabilities of € 0.9 million (2011: € 1.5 million) for SARs. These liabilities were measured at their closing date fair value in accordance with IFRS 2. Expenses and liabilities have not materially changed due to the relative stability of the Bekaert stock price over 2012.

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.

6.16. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2012	**104**	**7 100**	**34 422**	**3 617**	**45 243**
Additional provisions	12 105	2 231	4 911	1 229	20 476
Unutilized amounts released	-	-1 794	-297	-	-2 091
Charged to the income statement	**12 105**	**437**	**4 614**	**1 229**	**18 385**
New consolidations	-	1 299	-	610	1 909
Deconsolidations	-	-31	-	-	-31
Amounts utilized during the year	-	-1 079	-2 564	-413	-4 056
Transfers	1 446	-	-	-224	1 222
Exchange gains (-) and losses	-27	-242	-86	-112	-467
As at 31 December 2012	**13 628**	**7 484**	**36 386**	**4 707**	**62 205**
Of which					
current	*11 402*	*5 289*	*2 086*	*1 064*	*19 841*
non-current	*2 226*	*2 195*	*34 300*	*3 643*	*42 364*

The additional provisions for restructuring mainly relate to lay-off costs for the global cost savings program which is in full implementation and scheduled to be almost completely finalized in the course of 2013.

Provisions for claims mainly relate to various product quality claims and warranties in several entities, most of which are expected to be settled in the coming year.

The environmental provisions mainly relate to sites in EMEA and North America. The expected soil sanitation costs are reviewed at each balance sheet date, supported by an external expert assessment. Timing of settlement is uncertain as it is often triggered by decisions on the destination of the premises. The amounts utilized mainly consist of a settlement with Betafence concerning historical pollution on sites which they acquired in 2005.

The other provisions mainly relate to workers' accidents coverage.

6.17. Interest-bearing debt

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

2012 in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
Finance leases	*94*	*163*	*-*	*257*
Credit institutions	*242 455*	*96 704*	*1 114*	*340 273*
Bonds	*100 000*	*457 069*	*295 000*	*852 069*
Carrying amount	**342 549**	**553 936**	**296 114**	**1 192 599**
Value adjustments	-	-2 903	-	-2 903
Total financial debt	**342 549**	**551 033**	**296 114**	**1 189 696**

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**

Total financial debt has decreased considerably, mainly because of the repayment of a € 150 million bond in February 2012 and the repayment of short-term debt. The origin of the value adjustments is explained below under 'net debt calculation'.

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). Some of these hedging relations are designated as fair value hedges or cash flow hedges. 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 Eurobond issued by Bekaert Corporation (US) in 2005 has been swapped to a USD debt by means of CCIRSs, which are either designated as fair value hedges or as cash flow hedges. The Bekaert debt calculation therefore eliminates ‘value adjustments’ included in the carrying amount of this bond as a result of the spot revaluation, for the part designated as a cash flow hedge, and of the fair value adjustment, for the part designated as a fair value hedge. The table below summarizes the calculation of the net debt.

in thousands of €	2011	2012
Non-current interest-bearing debt	907 573	850 050
Value adjustments	-862	-2 903
Current interest-bearing debt	648 485	342 549
Total financial debt	**1 555 196**	**1 189 696**
Non-current financial receivables and cash guarantees	-4 224	-21 505
Current loans	-18 262	-10 890
Short-term deposits	-382 607	-104 792
Cash and cash equivalents	-293 856	-352 312
Net debt	**856 247**	**700 197**

Net debt is now presented after deducting non-current financial receivables and cash guarantees.

6.18. Other non-current liabilities

Carrying amount in thousands of €	2011	2012
Other non-current amounts payable	1 191	248
Derivatives (cf. note 7.3.)	9 231	5 323
Total	**10 422**	**5 571**

6.19. Other current liabilities

Carrying amount in thousands of €	2011	2012
Other amounts payable	4 659	4 908
Derivatives (cf. note 7.3.)	30 173	3 011
Advances received	6 910	4 155
Other taxes	37 317	36 193
Accruals and deferred income	36 964	32 233
Total	**116 023**	**80 500**

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 (€ 25.7 million (2011: € 30.4 million)).

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary in thousands of €	**2011**	**2012**
Cash from operating activities	105 594	438 853
Cash from investing activities	-185 016	-81 196
Cash from financing activities	20 459	-271 942
Net increase or decrease in cash and cash equivalents	**-58 963**	**85 715**

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'. Information about movements in provisions can be found in 6.15. 'Employee benefit obligations' and 6.16. 'Provisions'. The following table presents more details about selected operating items:

Details of selected operating items in thousands of €	**2011**	**2012**
Non-cash items included in operating result		
Depreciation and amortization	200 835	229 103
Impairment losses on assets	6 470	94 987
Gains (-) and losses on step acquisitions	-	-21 717
Employee benefits: set-up / (reversal of amounts not used)	8 421	62 895
Provisions: set-up / (reversal of amounts not used)	5 309	18 385
CTA recycled on business disposals[1]	-2 917	-698
Equity-settled share-based payments	3 146	4 178
Total	**221 264**	**387 133**
Investing items included in operating result		
Gains (-) and losses on business disposals[1]	-17 936	-12 694
Gains (-) and losses on disposals of intangible assets	-98	22
Gains (-) and losses on disposals of PP&E	1 726	-2 666
Total	**-16 308**	**-15 338**
Amounts used on provisions and employee benefit obligations		
Employee benefits: (amounts used)	-33 089	-54 427
Provisions: (amounts used)	-8 098	-4 057
Total	**-41 187**	**-58 484**
Income taxes paid		
Income taxes before deferred taxes	-98 296	-47 305
Increase or decrease (-) in net income taxes payable	-30 969	-11 881
Total	**-129 265**	**-59 186**
Other operating cash flows		
Movements in other current assets and liabilities	-32 491	2 755
Realized exchange results	13 776	7 041
Other	325	-2 601
Total	**-18 390**	**7 195**

[1] *Gains from business disposals have been reclassified from other financial income to non-recurring items (2011: € +20.9 million) and are treated as investing items included in operating result. See adjusted 'Non-recurring items' section in note 2.4. 'Income statement items'.*

More information about the main elements contributing to the cash from investing activities 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 6.14. 'Non-controlling interests'), joint ventures (see note 6.4. 'Investments in joint ventures and associates') and available-for-sale financial assets (see note 6.5. 'Other non-current assets'). The following table presents more details on selected investing cash flows:

Details of selected investing items in thousands of €	**2011**	**2012**
Other investing cash flows		
Proceeds from disposal of intangible assets	110	264
Proceeds from disposal of property, plant and equipment	1 637	8 380
Other	8	86
Total	**1 755**	**8 730**

More information about the main elements contributing to the cash from financing activities is provided in following notes: 5.3. 'Interest income and expense', 6.9. 'Cash & cash equivalents and short-term deposits', 6.17. 'Interest-bearing debt' and, regarding treasury shares transactions, in 6.13. 'Retained earnings and other Group reserves'. The swings in current financial assets mainly relate to a temporary investment in short-term deposits of the dual tranche bond totaling € 400 million in November 2011, which were converted to cash equivalents in 2012. The following table presents more details about selected financing items:

Details of selected financing items in thousands of €	**2011**	**2012**
Other financing cash flows		
New shares issued following exercise of subscription rights	2 546	410
Capital paid in by minority interests	2 262	10 435
Increase (-) or decrease in current and non-current loans and receivables	35 465	12 609
Increase (-) or decrease in current financial assets	-277 820	278 035
Impact of unrealized exchange results on financing items	-1 022	-35 040
Total	**-238 569**	**266 449**

7.2. Effect of new business combinations and business disposals

Business combinations (1): the Inchalam group (step) acquisition

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 deal was finalized on 13 March 2012, but came into effect as from 1 January 2012. As a consequence, Bekaert became the principal shareholder (52%) in the Inchalam Group and acquires control in all of the following entities:

- Industrias Chilenas de Alambre – Inchalam SA in Talcahuano, Chile;
- Acma Inversiones SA in Talcahuano, Chile;
- Industrias Acmanet Ltda in Talcahuano, Chile;
- Prodalam SA in Santiago, Chile;
- Acma SA in Santiago, Chile;
- Acmanet SA in Santiago, Chile;
- Productos de Acero SA – Prodinsa in Maipú, Chile;
- Prodinsa Ingeniería y Proyectos SA in Santiago, Chile;
- Wire Rope Industries Ltd in Pointe-Claire, Canada;
- Procables SA in Callao, Peru;
- Impala SA in Panama, Panama.

By this strategic transaction, Bekaert strengthens its position in the steel wire business in Chile and the ropes business in Chile, Peru and Canada. Bekaert announced that it will further pursue the business strategy and approach in place and capitalize on synergies and future growth in the countries and businesses concerned.

The deal also involved Productos de Acero Cassadó SA (Prodac) in Callao, Peru, a subsidiary of the Bekaert Group. Prior to the deal, Bekaert owned 32% in Prodac via a Spanish holding, Bekaert Ideal SL, and 20% via the Inchalam group. In this transaction, Bekaert contributed its 32% interests in Prodac through Bekaert Ideal SL to the Inchalam group in exchange of 2% additional interests in the latter. The fair value of the interests in Prodac given up was determined at USD 7.0 million (€ 5.5 million), using a discounted cash flow approach. Consequently, Bekaert received new shares in Inchalam SA and Prodalam SA for an aggregate nominal value of USD 7.0 million (€ 5.5 million).

In accordance with IFRS 3 (revised 2008), when a business combination is achieved in stages, also known as a step acquisition, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and any resulting gain or loss is recognized in profit or loss. In this case, the fair value of the Group's previously held 50% interest in the Inchalam Group was extrapolated from the USD 7.0 million purchase consideration of the 2% interest acquired, after deducting a control premium valued at USD 2.3 million. This extrapolation established the fair value at € 92.0 million. The carrying amount of the Group's interest in the Inchalam group at the acquisition date amounted to € 77.5 million. This resulted in a gain on step acquisition of € 14.5 million, which is presented in 'non-recurring items' in the income statement.

In accordance with IFRS 3, any amounts arising from interests in the acquiree prior to the acquisition date that have been recognized in the Group's other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if the interests were disposed of. This resulted in an additional gain of € 7.3 million from a reclassification of cumulative translation adjustments, which is also presented in 'non-recurring items' in the income statement.

Goodwill is measured as the difference between:

(i) The sum of the following elements:
   a. Consideration transferred;
   b. Amount of any non-controlling interests in the acquiree;
   c. Fair value of the Group's previously held equity interest in the acquiree; and

(ii) The net balance of the fair value of the identifiable assets acquired and the liabilities assumed.

Since the purchase consideration consisted of the Prodac shares, its cost is equivalent to the non-controlling interest disposed.

The initial accounting for the business combination resulted in a slightly positive goodwill (€ 0.9 million), after reviewing the provisional figures disclosed in the Group's interim report of the 1rst semester 2012.

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 and the goodwill calculation. Together with the amount relating to the Southern Wire acquisition, 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	833	-	833
Property, plant and equipment	74 644	44 072	118 716
Other non-current assets	3 695	-	3 695
Deferred tax assets	1 954	2 176	4 130
Inventories	88 198	293	88 491
Trade receivables	71 626	-281	71 345
Advances paid	247	-	247
Financial receivables	4 873	-	4 873
Other receivables	6 702	-	6 702
Short-term deposits	160	-	160
Cash and cash equivalents	10 364	-	10 364
Other current assets	880	-	880
Non-current employee benefit obligations	-4 373	-3 965	-8 338
Provisions	-	-1 049	-1 049
Non-current interest-bearing debt	-2 856	-	-2 856
Deferred tax liabilities	-5 465	-10 496	-15 961
Current interest-bearing debt	-50 829	-	-50 829
Trade payables	-36 364	-	-36 364
Advances received	-232	-	-232
Current employee benefit obligations	-5 672	-	-5 672
Current provisions	-798	-	-798
Income taxes payable	-1 270	-	-1 270
Other current liabilities	-1 249	-131	-1 380
Total net assets acquired in a business combination	**155 068**	**30 619**	**185 687**
Equity method investment held prior to business combination	-77 515	-14 452	-91 967
Non-controlling interests arising on the acquirees	-	-	-89 178
Non-controlling interests disposed	-4 842	-645	-5 487
Goodwill	-	-	945
Consideration paid in cash	**-**	**-**	**-**
Cash acquired	-	-	-10 364
New business combinations	**-**	**-**	**-10 364**

The positive fair value adjustments on property, plant and equipment mainly relate to the land and buildings held by Inchalam, Prodalam and Wire Rope Industries. The fair value adjustments on inventories consist of two elements which almost outweighed each other: (1) Remeasurement at sales value less costs to complete less costs to sell and (2) Write-downs of slow moving and obsolete inventories to net realizable value. The first element is a one-time remeasurement required by IFRS 3 Business Combinations, which is generally reversed soon afterwards to the extent that the inventory goods are subsequently sold. Because the effect of this reversal generally is that no profit is made on the sales of these inventory goods, it has been presented in ‘non-recurring items’ in the income statement (€ -4.9 million). The second element results from an analysis which is updated at each balance sheet date and is not expected to be reversed soon. Therefore, any changes to the accumulated write-downs are recognized in recurring EBIT (REBIT).

The non-controlling interests disposed relates to the shares of Prodac which represent the consideration transferred in the acquisition.

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**
Inchalam group (step) acquisition	1 January 2012	416 447	37 736

The result for the period includes a net non-recurring gain of € 16.9 million relating to the business combination accounting for this transaction.

Business combinations (2): the Southern Wire acquisition

On 30 August 2012, Bekaert announced the successful closing of the transaction to establish a joint venture, 55% owned by Bekaert and 45% by Southern Steel Berhad (SSB), a leading Malaysian Steel Group. The transaction consists of SSB contributing its interests in the Malaysian steel wire and ropes activities based in Shah Alam and Ipoh, and Bekaert bringing in the galvanized wire platform located in Karawang, Indonesia. The partnership with Southern Steel is meant to create a production and sales platform for steel wire and ropes activities in South-East Asia, that will leverage their mutual capabilities and technological expertise. The parent holding has been named Bekaert Southern Wire Pte Ltd with registered office in Singapore. The business combination came into effect as of 1 September 2012. As a consequence, Bekaert acquired control in following entities, all of which are based in Kuala Lumpur, Malaysia:

- Bekaert Southern Wire Sdn Bhd;
- Bekaert Southern Specialty Wire Sdn Bhd;
- Cempaka Raya Sdn Bhd.

The initial accounting for the business combination resulted in a slightly positive goodwill (€ 0.3 million).

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 and the goodwill calculation. Together with the amount relating to the Inchalam group (step) acquisition, 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	3 686	4 018	7 704
Property, plant and equipment	7 857	-1 142	6 715
Deferred tax assets	1 479	604	2 083
Inventories	7 752	762	8 514
Trade receivables	7 008	-309	6 699
Financial receivables	29	-	29
Other receivables	307	-	307
Cash and cash equivalents	1 925	-	1 925
Other current assets	253	-	253
Non-current employee benefit obligations	-1 598	-2	-1 600
Deferred tax liabilities	1 261	-3 344	-2 083
Current interest-bearing debt	-10 785	-	-10 785
Trade payables	-1 250	-610	-1 860
Advances received	-22	-	-22
Current employee benefit obligations	-706	-	-706
Current provisions	-62	-	-62
Other current liabilities	-427	-	-427
Total net assets acquired in a business combination	**16 707**	**-23**	**16 684**
Non-controlling interests arising on the acquirees	-	-	-7 508
Non-controlling interests disposed	-6 621	1 313	-5 308
Goodwill	-	-	261
Consideration paid in cash	**-**	**-**	**4 129**
Cash acquired	-	-	-1 925
New business combinations	**-**	**-**	**2 204**

The non-controlling interests disposed relates to the contribution of 45% of the steel wire business in Indonesia.

The initial accounting of the above transaction was determined provisionally.

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
Southern Wire (Malaysian entities)	1 September 2012	16 952	-3 689

The result for the period includes a net non-recurring loss of € 1.9 million relating to the business combination accounting for this transaction. The main part of this relates to the reversal of the one-time remeasurement of inventories at sales value less costs to complete less costs to sell, which is required by IFRS 3 Business Combinations.

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 2 April 2012, Bekaert sold its Industrial Coatings activities to Element Partners, a Pennsylvania, US-based equity fund. The transaction covered the production facilities in Deinze (Belgium) and Jiangyin (Jiangsu province, China), and the respective sales organization.

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 €	Industrial Coatings activities	Other disposals	Total disposals
Intangible assets	-26	-	-26
Property, plant and equipment	591	253	844
Investments	-	5	5
Deferred tax assets	-12	-	-12
Inventories	1 357	-	1 357
Trade receivables	1 206	-	1 206
Advances paid	22	-	22
Other receivables	11	18	29
Cash and cash equivalents	-35	-	-35
Assets held for sale	31 363	-	31 363
Other current assets	-9	-	-9
Non-current employee benefit obligations	8	-	8
Provisions	5	-	5
Deferred tax liabilities	-43	-	-43
Current financial liabilities	-729	-	-729
Trade payables	-1 199	-	-1 199
Advances received	1 370	-	1 370
Current employee benefit obligations	19	-	19
Current provisions	-35	-	-35
Income taxes payable	-183	-	-183
Liabilities associated with assets held for sale	-12 197	-	-12 197
Other current liabilities	1 582	-	1 582
Total net assets disposed	**23 066**	**276**	**23 342**
Gain or loss (-) on business disposals	11 174	2 218	13 392
CTA recycled on disposal (non-cash)	-386	-312	-698
Cash disposed	35	-	35
Gain or loss (-) on non-consolidated investments	-	2 198	2 198
Proceeds from NCI disposal recognized in equity	-	1 379	1 379
Deferred proceeds	-16 101	-778	-16 879
Proceeds from disposals of investments	**17 788**	**4 981**	**22 769**

The proceeds of the other disposals relate to following transactions:

- The sale of a venture capital fund called Sage Electrochromics, an investment which had been fully written down and recognized in research and development expense in prior years (€ 2.2 million);
- The sale of the Flaring business (€ 1.4 million), a relatively small activity within the Group's combustion technology business;
- The sale to the Ecuadorean partners of their non-controlling interest in Prodac before the liquidation of Alambres Andinos SA (Alansa), the gain on which was recognized in equity, since there was no loss of control (€ 1.4 million).
- The liquidation of Alansa and Bekaert Specialty Films (Sea) Pte Ltd (€ 0.03 million).

The contribution of the Industrial Coatings activities 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
Industrial Coatings business	2 April 2012	11 236	883

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, US dollar, Czech koruna, Brazilian real, the Chilean peso and the Venezuelan bolivar. 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. These NDFs typically are not 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 relating 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. The net currency positions are presented before intercompany eliminations. Positive amounts indicate that the Group has a net future cash inflow in the first currency. In the table, the 'Total exposure' column represents the position on the balance sheet, while the 'Total derivatives' column includes all financial derivatives hedging those balance sheet positions as well as forecasted transactions. The annualized volatility is based on the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

Currency pair - 2012 in thousands of €	**Annualized volatility in %**	**Total exposure**	**Total derivatives**	**Open position**
AUD/USD	15.55%	2 172	-2 606	-434
CNY/EUR	13.37%	2 518	-	2 518
CZK/EUR	10.44%	-3 870	2 634	-1 236
EUR/CNY	13.37%	-2 308	-9 203	-11 511
EUR/GBP	9.23%	1 248	-	1 248
EUR/INR	16.11%	-2 249	-	-2 249
GBP/CZK	15.74%	1 287	-	1 287
GBP/EUR	9.23%	3 262	-	3 262
GBP/USD	10.30%	1 280	-	1 280
IDR/USD	9.87%	-1 630	-	-1 630
JPY/CNY	11.96%	1 145	-880	265
JPY/EUR	18.53%	118	-256	-138
NZD/USD	17.02%	554	-112	442
USD/CLP	16.15%	4 284	-	4 284
USD/CNY	3.75%	23 955	-29 534	-5 579
USD/EUR	13.87%	15 623	32	15 655
USD/INR	16.74%	-7 245	-	-7 245
USD/MXN	18.48%	-1 838	-	-1 838

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	-	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

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 € 0.01 million lower/higher (2011: € 0.5 million).

Currency sensitivity in relation to hedge accounting

Some derivatives are also part of effective cash flow hedges to hedge the currency risk relating to the Eurobond issued in 2005. Exchange rate fluctuations in the currencies involved (US dollar and euro) affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. If the euro had weakened/strengthened by the above estimated possible changes, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.6 million higher/lower (2011: € 0.9 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 may purchase forward starting interest-rate options to convert fixed and floating-rate long-term debt to capped long-term debt. By such interest-rate options, the Group intends to protect itself 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				
2012	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**Total**
US dollar	5.41%	6.37%	5.41%	1.91%	2.48%
Chinese renminbi	5.76%	5.98%	5.82%	5.29%	5.59%
Euro	5.01%	-	5.01%	1.10%	4.86%
Other	7.70%	3.00%	7.35%	5.65%	6.20%
Total	**5.25%**	**5.56%**	**5.26%**	**2.63%**	**4.05%**

	Long-term				
2011	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**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%**

Interest-rate sensitivity analysis

Interest-rate sensitivity of the financial debt

As disclosed in note 6.17. 'Interest-bearing debt', the total financial debt of the Group as of 31 December 2012 amounted to € 1 189.7 million (2011: € 1 555.2 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	
2012	**Fixed rate**	**Floating rate**	**Capped rate**	**Floating rate**	**Total**
US dollar	6.80%	-	-	34.80%	41.60%
Chinese renminbi	3.40%	1.20%	-	3.60%	8.20%
Euro	39.80%	-	-	1.60%	41.40%
Other	2.50%	0.30%	-	6.00%	8.80%
Total	**52.50%**	**1.50%**	**-**	**46.00%**	**100.00%**

Currency and interest rate profile	Long-term			Short-term	
2011	**Fixed rate**	**Floating rate**	**Capped rate**	**Floating rate**	**Total**
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%**

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2012 and 2011, 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 2012	Annualized volatility in %	Range interest rate
Chinese renminbi[1]	3.58%	16.45%	2.99%-4.17%
Euro	0.19%	31.35%	0.13%-0.25%
US dollar	0.31%	10.44%	0.27%-0.34%

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%

[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 € 1.2 million higher/lower (2011: € 1.8 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 € 0.09 million higher (2011: € 0.23 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 € 0.09 million lower (2011: € 0.25 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. In accordance with IFRS 8 §34, none of the specified disclosures on individual customers (or groups of customers under common control) are required, since none of the Group's customers accounts for more than 10% of its revenues. At 31 December 2012, 65.2% (2011: 70.8%) of the credit risk exposure was covered by credit insurance policies and by trade finance techniques. 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 financing 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 € 75.0 million (2011: € 125.0 million) at floating interest rates with fixed margins. These credit facilities will mature in 2013 and will be replaced by two new committed facilities for € 50 million and USD 25 million respectively. At year-end, € 3.5 million was outstanding under these facilities (2011: € 6.9 million). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2011: € 123.9 million). At the end of 2012, no commercial paper notes were outstanding (2011: € 10.0 million).

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 2012 are: € 1 490.1 million in 2013, € 284.0 million in 2014, € 529.0 million for 2015-2017 and € 320.2 million in 2018 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.

2012 in thousands of €	**2013**	**2014**	**2015-2017**	**2018 and thereafter**
Financial liabilities - principal				
Trade payables	*-321 760*	*-*	*-*	*-*
Other payables	*-112 154*	*-248*	*-*	*-*
Interest-bearing debt	*-342 549*	*-219 280*	*-331 753*	*-296 114*
Derivatives - gross settled	*-641 845*	*-14 797*	*-122 428*	*-*
Financial liabilities - interests				
Interest-bearing debt	*-53 390*	*-41 382*	*-66 298*	*-24 069*
Derivatives - net settled	*-2 023*	*-2 124*	*-1 641*	*-*
Derivatives - gross settled	*-16 399*	*-6 217*	*-6 884*	*-*
Total undiscounted cash flow	**-1 490 120**	**-284 048**	**-529 004**	**-320 183**

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**

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 economic 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 100.0 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 (2011: € 30.9 million) as fair value hedges as at 31 December 2012, the fair value amounting to € 2.3 million (2011: € 1.6 million). The change in fair value of the hedging instruments during 2012 resulted in a gain of € 0.7 million (2011: € 0.6 million loss) which was recognized in other financial income and expenses. The remeasurement of the hedged items resulted in a loss of € 0.7 million (2011: € 0.6 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 € 0.8 million (2011: gain of € 0.9 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 € 50.0 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 2012, the Group has designated cross-currency interest-rate swaps and interest-rate swaps with notional amounts totaling € 88.2 million (2011: € 88.2 million) as cash flow hedges, the fair value amounting to € -1.0 million (2011: € -4.5 million). During 2012, gains totaling € 3.5 million (2011: € 1.6 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 € 1.3 million was debited to equity (hedging reserve) against other financial income and expenses to offset the unrealized exchange losses (2011: gains of € 2.1 million) recognized on the remeasurement of the Eurobond at closing rate. Interest expense adjustments arising from cash flow hedges amounted to a loss of € 0.9 million (2011: a loss of € 0.6 million).

Hedges of a net investment

Throughout 2012 and 2011, the Group has not concluded or settled any net investment hedges.

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 € 679.6 million (2011: € 490.7 million), the fair value amounting to € 15.8 million (2011: € -18.1 million). The major currencies involved are US dollars, Canadian dollars and Russian rubles. Foreign-exchange contracts represented a notional amount of € 95.6 million (2011: € 67.9 million) with a fair value of € 0.3 million (2011: € -3.5 million). During 2012, a gain of € 36.8 million (2011: loss of € 21.7 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 loss of € 40.8 million (2011: gain of € 22.2 million) has been recognized under unrealized exchange results arising on the remeasurement of the intercompany loans at spot rate. Realized exchange gains on hedged intercompany loans amounting to € 5.0 million (2011: € 2.0 million losses) have been recognized in other financial income and expenses. Interest expense adjustments arising from cross-currency interest-rate swaps used as economic hedges for currency risk amounted to a loss of € 4.5 million.

- 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 2012, the interest-rate exposure of debt was hedged using interest-rate swaps for a total gross amount of € 30.3 million (2011: € 30.9 million). No forward rate agreements and no interest rate options were outstanding at 31 December 2012 (2011: none). The fair value at year-end of the interest-rate swaps amounted to € -2.8 million (2011: € -3.8 million). During 2012, a gain of € 0.8 million (2011: € 0.1 million loss) resulting from the changes in fair values was recognized under other financial income and expenses. Interest expense adjustments arising from interest-rate swaps used as economic hedges amounted to a loss of € 1.4 million (2011: loss of € 1.3 million).

- In 2011, the Group entered into non-deliverable forward contracts (NDFs) for a notional amount of € 134.8 million with expiry date in January 2012 to limit its currency risk on dividends receivable from its Chinese subsidiaries. The expiry of these NDFs generated a loss of € 4.3 million (2011: € 5.4 million loss). A net exchange gain of € 3.4 million (2011: € 6.6 million gain) 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 2012, the notional amount of the forward exchange contracts relating to commercial transactions was € 49.3 million (2011: € 51.3 million). The fair value at year-end amounted to € 0.1 million (2011: € 0.7 million), with a loss of € 0.1 million (2011: € 1.1 million gain). A gain of € 11.7 million (2011: € 2.5 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 € 12.8 million (2011: loss of € 2.3 million).

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

2012 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Interest-rate swaps	-	49 265	-
Forward exchange contracts	132 231	12 440	-
Cross-currency interest-rate swaps	643 390	137 224	-
Total	**775 621**	**198 929**	**-**

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**	**-**

The following table summarizes the fair values of the various derivatives carried. A distinction is made depending on whether these are part of a hedging relationship as set out in IAS 39 (fair value hedge or cash flow hedge).

Fair value of current and non-current derivatives in thousands of €	**Assets** 2011	**Assets** 2012	**Liabilities** 2011	**Liabilities** 2012
Financial instruments				
Forward exchange contracts				
Held for trading	*1 090*	*1 035*	*9 160*	*603*
Interest-rate swaps				
Held for trading	*-*	*-*	*3 775*	*2 879*
In connection with cash flow hedges	*-*	*-*	*2 218*	*1 687*
Cross-currency interest-rate swaps				
Held for trading	*2 865*	*18 210*	*21 014*	*2 409*
In connection with fair value hedges	*1 607*	*2 277*	*-*	*-*
In connection with cash flow hedges	*994*	*1 408*	*3 236*	*757*
Total	**6 556**	**22 930**	**39 403**	**8 335**
Non-current	5 461	7 954	9 230	5 324
Current	1 095	14 976	30 173	3 011
Total	**6 556**	**22 930**	**39 403**	**8 335**

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

2012 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	*-741*	*719*	*763*	*741*
Cash flow hedges				
Interest expense adjustments and amortization of discontinued hedges (recycled from equity)	*-*	*-*	*-930*	*-930*
	Underlying risk	**Financial derivative**		
Held for trading	Unrealized exchange results	Fair value changes	Realized exchange results	
Currency risk on financing cash flows	*-40 817*	*36 839*	*4 985*	*1 007*
Currency risk on operating and investing cash flows	*-5 408*	*5 256*	*-1 946*	*-2 098*
			Interest expense adjustments	
Interest-rate risk	*-*	*845*	*-5 903*	*-5 058*
Total	**-46 966**	**43 659**	**-3 031**	**-6 338**

Of the total income statement effect in 2012, € -1.3 million is recognized in other financial income and expenses, € +1.1 million in other operating revenues and expenses (i.e. realized exchange results on operating cash flows) and € -6.1 million in interest expense.

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				
Interest expense adjustments and amortization of discontinued hedges (recycled from equity)	*-*	*-*	*-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**

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.

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

2012 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	*-1 371*	*3 426*	*-*	*2 055*
Amortization of discontinued hedges (recycled to profit or loss)	*-*	*-*	*78*	*78*

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*
Amortization of discontinued hedges (recycled to profit or loss)	*-*	*-*	*75*	*75*

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, bills of exchange received, loans and receivables primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values. Furthermore, the Group has no exposure to collateralized debt obligations (CDOs). Trade and other payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values.

The following categories and abbreviations are used in the table below:

Abbreviation	Category in accordance with IAS 39
L&R	Loans & Receivables
AfS	Available for Sale
FAFVTPL	Financial Assets at Fair Value Through Profit or Loss
FLMaAC	Financial Liabilities Measured at Amortized Cost
Hedge accounting	Hedge accounting
FLFVTPL	Financial Liabilities at Fair Value Through Profit or Loss
n.a.	Not applicable

2012 in thousands of €	Category in accordance with IAS 39	Carrying amount 2012	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 2012
Assets							
Cash and cash equivalents	L&R	352 312	352 312	-	-	-	352 312
Short term deposits	L&R	104 792	104 792	-	-	-	104 792
Trade receivables	L&R	589 109	589 109	-	-	-	589 109
Bills of exchange received	L&R	162 734	162 734	-	-	-	162 734
Other receivables	L&R	84 325	84 325	-	-	-	84 325
Loans and receivables	L&R	35 363	35 363	-	-	-	35 363
Available for sale financial assets	AfS	11 305	3 360	7 945	-	-	11 305
Derivative financial assets							
- without a hedging relationship	FAFVTPL	19 245	-	-	19 245	-	19 245
- with a hedging relationship	Hedge accounting	3 685	-	1 408	2 277	-	3 685
Liabilities							
Interest-bearing debt							
- finance leases	n.a.	257	-	-	-	257	257
- credit institutions	FLMaAC	340 273	340 273	-	-	-	340 273
- bonds	Hedge accounting	102 069	69 107	-	32 962	-	106 697
- bonds	FLMaAC	750 000	750 000	-	-	-	791 175
Trade payables	FLMaAC	321 760	321 760	-	-	-	321 760
Other payables	FLMaAC	112 402	112 402	-	-	-	112 402
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	5 891	-	-	5 891	-	5 891
- with a hedging relationship	Hedge accounting	2 444	-	2 444	-	-	2 444
Aggregated by category in accordance with IAS 39							
Loans and receivables	L&R	1 328 635	1 328 635	-	-	-	1 328 635
Available-for-sale financial assets	AfS	11 305	3 360	7 945	-	-	11 305
Financial assets - hedge accounting	Hedge accounting	3 685	-	1 408	2 277	-	3 685
Financial assets at fair value through profit or loss	FAFVTPL	19 245	-	-	19 245	-	19 245
Financial liabilities measured at amortized cost	FLMaAC	1 524 435	1 524 435	-	-	-	1 565 610
Financial liabilities - hedge accounting	Hedge accounting	104 513	69 107	2 444	32 962	-	109 141
Financial liabilities at fair value through profit or loss	FLFVTPL	5 891	-	-	5 891	-	5 891

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	586 937	586 937	-	-	-	586 937
Bills of exchange received	L&R	241 392	241 392	-	-	-	241 392
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

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. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward exchange rates, quoted interest rates adjusted for the Group's credit spread and applicable yield curves derived there from.
- *'Level 3'* fair value measurement: the fair values of the remaining financial assets and financial liabilities are derived from valuation techniques which include inputs which are not based on observable market data. As at the balance sheet date, no 'Level 3' techniques were used to determine the fair value of any financial assets or financial liabilities.

The following table provides an analysis of financial instruments measured at fair value in the balance sheet, in accordance with the fair value measurement hierarchy described above:

2012 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets - hedge accounting				
Derivative financial assets	*-*	*3 685*	*-*	*3 685*
Financial assets at fair value through profit or loss				
Derivative financial assets	*-*	*19 245*	*-*	*19 245*
Available-for-sale financial assets				
Equity investments	*7 945*	*-*	*-*	*7 945*
Total assets	**7 945**	**22 930**	**-**	**30 875**
Financial liabilities - hedge accounting				
Interest-bearing debt	*-*	*32 962*	*-*	*32 962*
Derivative financial liabilities	*-*	*2 444*	*-*	*2 444*
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	*-*	*5 891*	*-*	*5 891*
Total liabilities	**-**	**41 297**	**-**	**41 297**

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**

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 2011.

The capital structure of the Group consists of net debt, which includes the elements disclosed in note 6.17. '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 €	**2011**	**2012**
Net debt	856 247	700 197
Equity	1 766 422	1 603 714
Net debt to equity ratio	**48.5%**	**43.7%**

7.4. Off-balance-sheet commitments

As at 31 December, the important commitments were:

in thousands of €	2011	2012
Guarantees given to third parties on behalf of subsidiaries	415 848	240 168
Commitments to purchase fixed assets	13 068	5 339
Commitments to invest in venture capital funds	8 153	7 454

The decrease in guarantees given to third parties mainly relates to the lower 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 €	2011	2012
Within one year	13 103	13 327
Between one and five years	21 573	23 740
More than five years	9 340	4 367
Total	**44 016**	**41 434**

Expenses in thousands of €	2011	2012
Vehicles	10 728	10 720
Industrial buildings	2 915	3 030
Equipment	2 824	1 876
Offices	5 137	4 480
Land	498	-34
Other	607	1 061
Total	**22 709**	**21 133**

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

2012 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	9	9
Other	1	1

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 €	**2011**	**2012**
Sales of goods	35 374	16 054
Purchases of goods	20 750	10 654
Royalties and management fees received	9 856	10 579
Interest and similar income	99	48
Dividends received	7 195	7 207

Outstanding balances with joint ventures and associates in thousands of €	**2011**	**2012**
Trade receivables	10 833	7 017
Other current receivables	72	999
Trade payables	2 955	1 639

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 €	**2011**	**2012**
Number of persons	35	34
Short-term employee benefits		
Basic remuneration	*6 721*	*6 595*
Variable remuneration	*4 324*	*2 395*
Remuneration as directors of subsidiaries	*883*	*955*
Post-employment benefits		
Defined-benefit pension plans	*560*	*559*
Defined-contribution pension plans	*543*	*536*
Share-based payment benefits	1 907	2 341
Total gross remuneration	**14 938**	**13 381**
Average gross remuneration per person	427	394
Number of subscription rights, options and stock appreciation rights granted (stock option plans)	227 500	165 000

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 13 February 2013, the authorities of Venezuela announced a devaluation of the bolivar fuerte with 32%. The official exchange rate has now been fixed at 6.3 VEF/USD (vs. 4.3 VEF/USD before). This will affect all foreign currency transactions in the financial statements of Vicson SA and its subsidiary InverVicson SA (see also note 3.1. Critical judgments in applying the entity's accounting policies).

- A third offer of 274 100 options was made on 20 December 2012 under the terms of the SOP 2010-2014 stock option plan. 267 200 of those options were accepted, and were granted on 18 February 2013. Their exercise price is € 19.20. The granted options represent a fair value of € 1.8 million.

7.7. Services provided by the statutory auditor and related persons

During 2012, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 189 433.

These fees relate essentially to further assurance services (€ 90 694), tax advisory services (€ 1 094 950) and other non-audit services (€ 3 789).

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

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 1 785 527.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2012

Subsidiaries

Industrial companies	*Address*	*%*
EMEA		
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 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
Wire Rope Industries Ltd	Pointe-Claire, Canada	52
Latin America		
Acma SA	Santiago, Chile	52
Acmanet SA	Talcahuano, Chile	52
Ideal Alambrec SA	Quito, Ecuador	80
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	52
Procables SA	Callao, Peru	50
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	80
Productos de Acero Cassadó SA	Callao, Peru	38
Productos de Acero SA Prodinsa	Maipú, Chile	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 Wire Products Co Ltd	Jiangyin (Jiangsu province), China	82
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	93
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 Southern Specialty Wire Sdn Bhd	Kuala Lumpur, Malaysia	55
Bekaert Southern Wire Sdn Bhd	Kuala Lumpur, Malaysia	55
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	70
Bekaert (Xinyu) New Materials Co Ltd	Xinyu City (Jiangxi province), China	75
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
PT Bekaert Advanced Filtration	Karawang, Indonesia	100
PT Bekaert Indonesia	Karawang, Indonesia	100
PT Bekaert Southern Wire	Karawang, Indonesia	55
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
Scheldestroom NV	Zwevegem, Belgium	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
Wire Rope Industries Inc	Wilmington (Delaware), United States	52
Latin America		
Bekaert Guatemala SA	Ciudad de Guatemala, Guatemala	100
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	100
Prodac Contrata SAC	Callao, Peru	38
Prodac Selva SAC	Ucayali, Peru	38
Prodalam SA	Santiago, Chile	52
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	52
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
Cempaka Raya Sdn Bhd	Kuala Lumpur, Malaysia	55

Financial companies	Address	%
Acma Inversiones SA	Talcahuano, Chile	52
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 Sàrl	Luxemburg, Luxemburg	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	100
Bekaert Southern Wire Pte Ltd	Singapore	55
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
Impala SA	Panama, Panama	52
Industrias Acmanet Ltda	Talcahuano, Chile	52
InverVicson SA	Valencia, Venezuela	80
Sentinel Garden Products Ltd	Bradford, United Kingdom	100

Joint ventures

Industrial companies	Address	%
Latin America		
Belgo Bekaert Arames Ltda	Contagem, Brazil	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	45
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
Asia Pacific		
Bekaert Engineering (India) Pvt Ltd	New Delhi, India	40
BOSFA Pty Ltd	Port Melbourne, Australia	50

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Changes in 2012

1. New subsidiaries

Subsidiaries	*Address*	*%*
Bekaert Southern Wire Pte Ltd	Singapore	55
Bekaert (Xinyu) New Materials Co Ltd	Xinyu City (Jiangxi province), China	75
PT Bekaert Southern Wire	Karawang, Indonesia	55

2. Subsidiaries acquired through business combinations

Inchalam group	*Address*	
Acma SA	Santiago, Chile	From 50% to 52%
Acma Inversiones SA	Talcahuano, Chile	From 50% to 52%
Acmanet SA	Talcahuano, Chile	From 50% to 52%
Impala SA	Panama, Panama	From 50% to 52%
Industrias Acmanet Ltda	Talcahuano, Chile	From 50% to 52%
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	From 50% to 52%
Procables SA	Callao, Peru	From 48% to 50%
Prodalam SA	Santiago, Chile	From 50% to 52%
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	From 50% to 52%
Productos de Acero SA Prodinsa	Maipu, Chile	From 50% to 52%
Wire Rope Industries Inc	Wilmington (Delaware), United States	From 50% to 52%
Wire Rope Industries Ltd	Pointe-Claire, Canada	From 50% to 52%

Southern wire companies	*Address*	
Bekaert Southern Specialty Wire Sdn Bhd	Kuala Lumpur, Malaysia	From 0% to 55%
Bekaert Southern Wire Sdn Bhd	Kuala Lumpur, Malaysia	From 0% to 55%
Cempaka Raya Sdn Bhd	Kuala Lumpur, Malaysia	From 0% to 55%

3. Disposals

Industrial coatings	*Address*	
Bekaert Advanced Coatings	Deinze, Belgium	From 100% to 0%
Bekaert (Jiangyin) Advanced Coatings Co Ltd	Jiangyin (Jiangsu province), China	From 100% to 0%

4. Changes in ownership without change in control

Subsidiairies	*Address*	
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	From 86% to 93%
Prodac Contrata SAC	Callao, Peru	From 52% to 38%
Prodac Selva SAC	Ucayali, Peru	From 52% to 38%
Productos de Acero Cassadó SA	Callao, Peru	From 52% to 38%

5. Mergers / conversions

Subsidiaries	*Merged into*
Bekaert-Shenyang Steel Cord Co Ltd	Bekaert Shenyang Advanced Products Co Ltd

Joint ventures	*Merged into*
Belgo Bekaert Nordeste SA	Belgo Bekaert Arames Ltda
Inversiones Invafer Ltda	Industrias Acmanet Ltda

6. Name changes

New name	*Former name*
Scheldestroom NV	Bekaert Hemiksem

In accordance with Belgian legislation, the table below lists the registered numbers of the Belgian companies.

Companies	*Company number*
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 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
Scheldestroom NV	BTW BE 0403.676.188 RPR Kortrijk

Parent company information

Annual report of the Board of Directors and financial statements of NV Bekaert SA

The report of the Board of Directors and the financial statements of the parent company, NV Bekaert SA (the ‘Company’), are presented below in a condensed form.
The report of the Board of Directors ex Article 96 of the Belgian Companies Code is not included in full in the report ex Article 119.

Copies of the full directors’ report and of the full financial statements of the Company are available free of charge upon request from:

NV Bekaert SA
President Kennedypark 18
BE-8500 Kortrijk
Belgium
www.bekaert.com

The statutory auditor has issued an unqualified report on the financial statements of the Company.

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.

Condensed income statement

in thousands of € - Year ended 31 December	**2011**	**2012**
Sales	529 041	386 142
Operating profit or loss	-2 462	-46 699
Financial result	44 324	-16 020
Extraordinary result	211 519	-96 324
Current and deferred income taxes	2 724	1 317
Profit or loss for the year	**256 105**	**-157 726**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2011	2012
Fixed assets	**1 994 798**	**2 054 120**
Formation expenses, intangible fixed assets	42 534	28 170
Tangible fixed assets	80 865	63 778
Financial fixed assets	1 871 399	1 962 172
Current assets	**303 193**	**241 503**
Total assets	**2 297 991**	**2 295 623**
Shareholders' equity	**697 636**	**540 292**
Share capital	176 512	176 586
Share premium	29 857	30 194
Revaluation surplus	1 995	1 995
Statutory reserve	17 651	17 651
Unavailable reserve	23 295	58 563
Reserves available for distribution, retained earnings	448 295	255 301
Investment grants	30	2
Provisions and deferred taxes	**64 147**	**82 686**
Creditors	**1 536 208**	**1 672 645**
Amounts payable after one year	750 150	1 050 150
Amounts payable within one year	786 058	622 495
Total equity and liabilities	**2 297 991**	**2 295 623**

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 € 386.1 million, a decrease of 27% compared to 2011.

The operating loss was € -46.7 million, compared with a loss of € -2.5 million last year. The operating loss was caused by the reduced sales and lower revenue from technical support. Despite the sharp decrease in expenses (€ -29.1 million), obtained thanks to the extensive cost-cutting plan, the margin was not enough to cover all operating costs. Both the depreciation and other operating costs decreased compared to last year.

The financial result decreased to € -16.0 million due to a lower dividend income (€ 44.3 million in 2011).

The extraordinary result amounts € -96.3 million, mainly related to the restructuring costs and provisions and asset impairments (2011: € 211.5 million). The gain in 2011 mainly stemmed from gains on transactions with shares of subsidiaries.

The combination of the operating loss, the financial and extraordinary result explain the net profit for the year ended 31 December 2012: € -157.7 million compared with € 256.1 million in 2011.

Environmental programs

The provision for environmental programs decreased to € 25.0 million (2011: € 27.1 million).

Information on research and development

Information on the company's research and development activities can be found in the 'Technology and Innovation' section in the 'Report of the Board of Directors'.

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 2012 the total number of securities conferring voting rights was 60 000 942.

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	22.08.12	22 876 601	38,13%

Stichting Administratiekantoor Bekaert (holding 22 404 881 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 2012 result

The after-tax result for the year was € -157 726 209, compared with a profit after tax of € 256 104 593 for the previous year.

The Board of Directors has proposed that the Annual General Meeting to be held on 8 May 2013 appropriate the above result as follows:

	in €
Result of the year 2012 to be appropriated	-157 726 209
Profit brought forward from previous year	91 920 479
Transfer from reserves	116 007 786
Profit for distribution	**50 202 056**

The Board of Directors has proposed that the Annual General Meeting approve the distribution of a gross dividend of € 0.85 per share (2011: € 1.17 per share).

The dividend will be payable in euros on 15 May 2013 by the following banks:
- ING Belgium, BNP Paribas Fortis, KBC Bank, Bank Degroof and Belfius Bank in Belgium;
- Société Générale in France;
- ABN AMRO Bank in the Netherlands;
- UBS in Switzerland.

Appointments pursuant to the Articles of Association

The term of office of the Directors Messrs Roger Dalle, François de Visscher, Bernard van de Walle de Ghelcke and Baudouin Velge, and of the independent Director Lady Barbara Thomas Judge will expire at the close of the Annual General Meeting of 8 May 2013.

The Board of Directors has proposed that the General Meeting:

- re-appoint Mr Roger Dalle as Director for a term of two years, up to and including the Annual General Meeting to be held in 2015;
- re-appoint Messrs François de Visscher, Bernard van de Walle de Ghelcke and Baudouin Velge as Directors for a term of three years, up to and including the Annual General Meeting to be held in 2016;
- re-appoint Lady Barbara Thomas Judge as independent Director for a term of three years, up to and including the Annual General Meeting to be held in 2016.

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 2012
to the shareholders’ meeting

To the shareholders

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements as defined below together with our report on other legal and regulatory requirements.

Report on the consolidated financial statements – Unqualified opinion

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. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 3.667.698 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 194.940 (000) EUR.

Responsibility of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor’s 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, the auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the company’s officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of NV Bekaert SA give a true and fair view of the group's net equity and financial position as of 31 December 2012, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

In the framework of our mandate, our responsibility is to verify, for all significant aspects, the compliance with some legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify 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, is, for all significant aspects, in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the performance of our mandate.

Diegem, 26 March 2013

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 & Executive Vice President Regional Operations Latin America
Dominique Neerinck	Chief Technology Officer & Executive Vice President
Curd Vandekerckhove	Executive Vice President Regional Operations North Asia and South East Asia
Henri Jean Velge	Executive Vice President Business Platforms & Head of Global Commercial Excellence, Operational Excellence, Quality and Innovation
Frank Vromant	Executive Vice President Regional Operations Europe, North America and South Asia
Bart Wille	Chief Human Resources Officer & Executive Vice President

Senior Vice Presidents (as per year-end 2012)

Philippe Armengaud	Chief Purchasing Officer & General Manager Group Business Development
Danny Chambaere	Senior Vice President Building Products
Bruno Cluydts	Senior Vice President Stainless Technologies
Patrick De Keyzer	Senior Vice President Applied Technology and Industrial Projects & Head of Global Commercial and Operational Excellence
Marc de Sauvage	General Manager Corporate Projects
Lieven Larmuseau	Senior Vice President Rubber Reinforcement
Rick McWhirt	Senior Vice President - President of Bekaert Corporation & Head of Rubber Reinforcement North America
Alejandro Sananez	Senior Vice President Latin America
Geert Van Haver	Senior Vice President Industrial Steel Wire & Head of Global Quality
Piet Van Riet	Senior Vice President Brazil
Michel Vandevelde	Senior Vice President Special Steel Wire
Geert Voet	Senior Vice President Ropes
Zhong Zhang	Senior Vice President Sawing Wire & Head of Rubber Reinforcement North Asia

Company Secretary

Pierre Schaubroeck

Auditors

Deloitte Bedrijfsrevisoren

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The annual report for the 2012 financial year is available in English and Dutch on annualreport.bekaert.com

Editor & Coordination: Katelijn Bohez, Chief Communications Officer

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.
Book value per share	Equity attributable to the Group divided by number of shares outstanding at balance sheet date
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, non-current financial receivables and cash guarantees, short term deposits, 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, business combinations, business disposals, environmental provisions or other events and transactions that have a one-time effect.
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 2012 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 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
2013 results	28 February 2014
2013 annual report available on the Net	28 March 2014
First quarter trading update 2014	14 May 2014
General meeting of shareholders	14 May 2014
Dividend ex-date	16 May 2014
Dividend payable	21 May 2014
2014 half year results	1 August 2014
Third quarter trading update 2014	14 November 2014

What would you like to know about Bekaert?

www.bekaert.com

More detailed financial figures are available in the Shareholders' Guide 2012, available on bekaert.com (investor's datacenter)

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