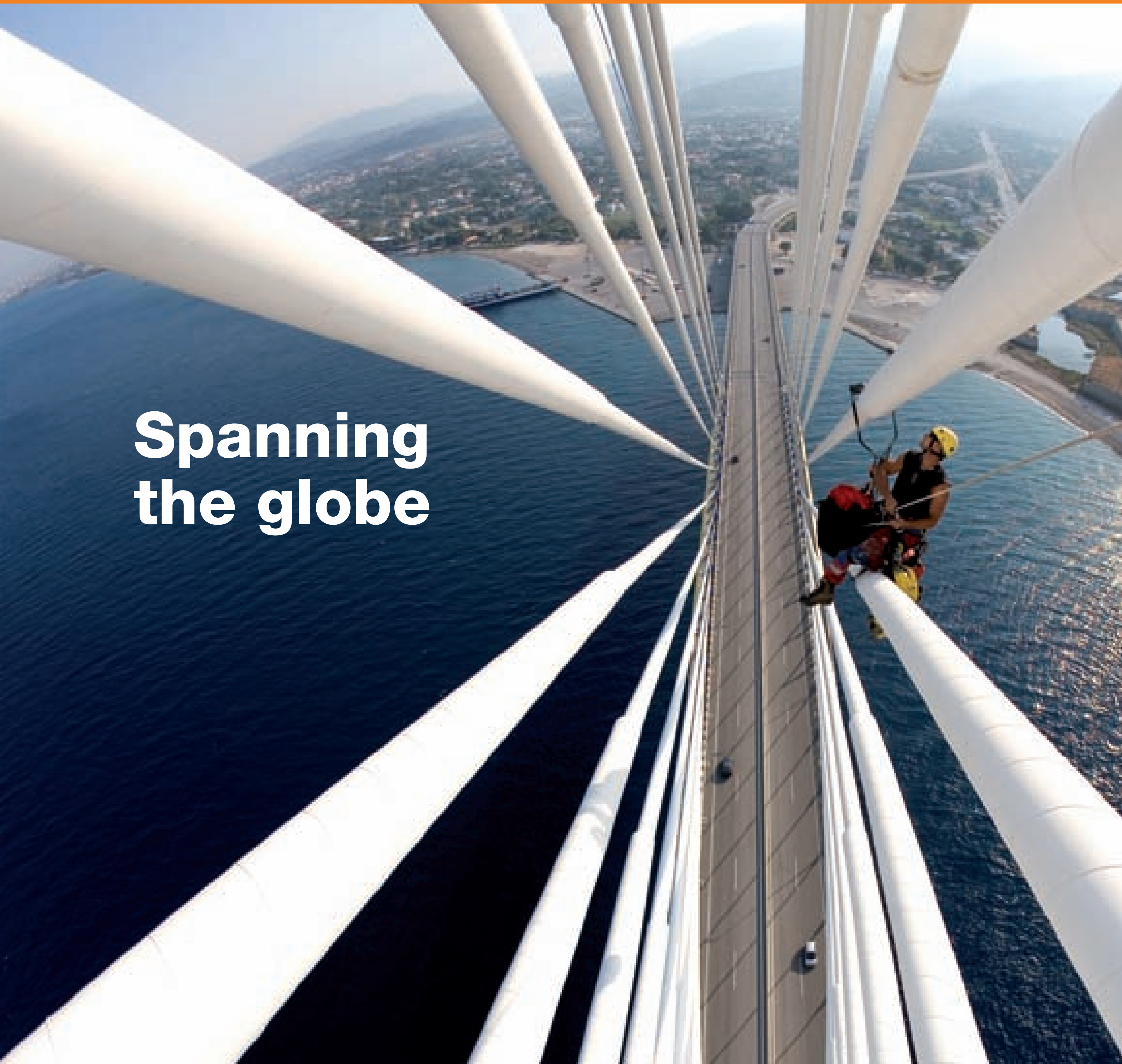
BEKAERT

better together

Annual Report 2009



Spanning the globe

Bringing advanced technology and investments to Brazil
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Global approach to fast inventory reduction
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better together put to practice in setting up the Lipetsk plant in Russian Federation
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Spanning the globe

More than ever, Bekaert's global customer and production base has provided us with the necessary resilience to weather unexpected developments and turbulent economic circumstances. Our worldwide presence allowed us to respond rapidly to changing market demand and to specific customer needs. As a result, Bekaert was ready to ride new waves of opportunities, in some regions even resulting in record-breaking sales figures. That's how 'Spanning the globe' provides Bekaert with a unique strategic advantage.

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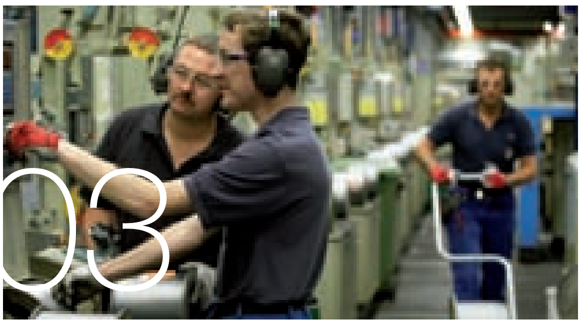
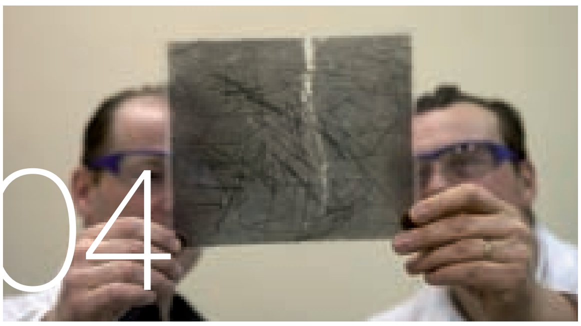




Financial review

“A solid strategy works,
in good ánd difficult times.”

Bert De Graeve
Chief Executive Officer

Baron Buysse CMG CBE
*Chairman of
the Board of Directors*

Message from the Chairman and the Chief Executive Officer

Dear reader,

2009 was a year in which the effects of the global downturn were felt hard in all of the world's economies. Stock exchanges plunged and governments took on substantial financial commitments in an effort to counter the recession. The significant overall decline in economic activity also impacted Bekaert's activities, especially in those servicing the automotive and construction markets.

Despite these challenging market conditions – as you will read further on in this annual report – Bekaert has shown global resilience in 2009. The operating result (EBIT) amounted to € 232 million or 9.5% on sales, while EBITDA on sales rose to a record high 15.8%.

Resilient people make for a resilient organization

We largely owe our resilience in 2009 to our employees. It is they who made the difference. They have answered the call for additional flexibility in these tough times and succeeded in downsizing our working capital and in achieving additional significant cost savings. Throughout the year their sense of urgency, their relentless efforts to build ever closer customer relationships and their clear dedication to fast results have been instrumental in Bekaert's performance.

A wide span across sectors and the globe

'Spanning the globe' – referring to our regional spread and the theme of this year's annual report – is one of the key drivers that enabled Bekaert to display continued resilience in 2009. The strategic choice to diversify our geographical presence has made us a more resilient organization, less prone to cyclic economic fluctuations.

2009 revealed the advantage of our global manufacturing footprint. On every continent we experienced the crisis differently in onset, duration and intensity and we reacted to it in the most appropriate way. At times when economic activity nearly halted in the mature markets, the emerging markets were already picking up again. By being present in these growth markets we could react promptly to the sudden rise in demand and seize new opportunities.

With our operations spanning a wide range of sectors, we have been able to spread the risks and maintain our resilience. Governmental efforts to strengthen the United States' power grid for instance stimulated our activities in the utilities sector when construction and automotive markets were down. In China the automotive sector recovered strongly after the Chinese New Year. The worldwide growth of the renewable energy sector resulted in increased sales of our solutions for the photovoltaic industry. In mining, a sector that was relatively untouched by the economic downturn, we expanded our product offering and continued to do well.

Fast response makes for durable effects

The steep price drop in steel-based raw materials and massive stock depletion of our customers which had set in at the end of 2008, affected both Bekaert's sales figures and profits. Thanks to swift and stringent working capital control throughout our organization, and stabilizing steel prices from the second half of 2009 onwards, Bekaert actively countered negative margin impact in the last two quarters.

'Cash is king' – especially in economic down times. Consequently, besides working capital control, we timely initiated stringent cost-saving measures, both at the level of our manufacturing organization as well as in sales and administrative expenses. Also, our plants demonstrated their versatility by driving up volumes for specific product lines to increase capacity utilization and absorb fixed costs. These actions and efforts led to structural benefits in terms of cash generation and net debt position.

Simultaneously, we kept investing in the future while strictly controlling expenditures in general. Capacity investments in Chongqing (China), Lipetsk (Russia) and Pune (India) were sustained. Likewise, we continued allocating a high budget – € 63 million – to R&D. In addition, we kept on hiring talented people. In the course of 2009, this allowed us to consolidate the building blocks of our leadership position: our cost-effective way of operating, our close proximity to our customers, and our sharp focus on innovation and talent.

Balance of funding secured by bond issue

Throughout its history, Bekaert has always sailed a financial course characterized by controlled risk. We therefore went through a challenging year without financing problems. In Belgium, Bekaert was one of the first companies to issue retail bonds for a total amount of € 300 million, thereby optimizing its financial structure and the balance between our short- and long-term debts.

Opportunities and challenges ahead

Our efforts at spanning the globe, the mix of sectors we are active in, together with a wide range of innovative products, our technological edge and a healthy financial policy have all provided us with a wide repertory of assets to take on economically difficult times. The effects of the global crisis will most likely continue in 2010, presenting specific challenges in the different parts of the world. At the same time opportunities in growth markets are gaining momentum. At Bekaert we are ready and in a good position to seize these opportunities and serve our customers even better. Our shareholders are showing continued trust and our employees are motivated to go the extra mile. We thank all stakeholders for their valued contribution to our success in 2009, and look forward to making 2010 an even *better together* story.

Bert De Graeve
Chief Executive Officer

Baron Buysse
Chairman of the Board of Directors

"Our wide-spread customer and production base has made us a more resilient and less cyclic organization."

The year in brief

Jacques Anckaert, Investor Relations Manager, and Bruno Humblet, Chief Financial Officer, take delivery of the Award for Best Financial Information.

Ribbon cutting ceremony of the new plant in Chongqing (China) in the presence of Liu Weidong, Deputy Director of Chongqing Economic and IT Commission, Baron Buysse, Chairman of Bekaert, and Huang Qifan, Mayor of Chongqing Municipal People's Government.

CEO Bert De Graeve and Chairman Baron Buysse at the opening of Europalia, in the presence of Xi Jinping, Vice President of China and HRH Albert II King of Belgium.

January

Bekaert further consolidates its activities in Latin America by establishing together with its Ecuadorian partners a holding company, Bekaert Ideal, which includes both partners' interests in Venezuela, Ecuador, Colombia and Peru. Bekaert is the principal shareholder in this new holding company.

February

Bekaert launches www.bekaert.com, a new global corporate website that replaces more than 30 former websites worldwide. This global gateway to the Bekaert world focuses on providing uniform and consistent information in order to strengthen the Bekaert brand and its online presence.

March

Through NV Bekaert SA, Bekaert issues bonds for a total amount of € 300 million in the form of a public offering in Belgium and Luxembourg. As both tranches were fully subscribed in less than an hour, investors clearly expressed their confidence in our strategy and our long-term profitability. The issue fits in a debt restructuring plan aimed at ensuring a better balance between short- and long-term debts.

After the Chinese New Year, the economy revives in China. Bekaert's activities there return to growth mode and display the first signs of record-breaking sales volumes.

April

On 8 April 2009 Ansteel, a Chinese steel industry leader, and Bekaert officially open a new production plant for steel cord products in Chongqing (China), which, at the start of operations, employs a staff of 130. The 50/50 joint venture is named Bekaert Ansteel Tire Cord (Chongqing) Co., Ltd. Ansteel and Bekaert will invest a total of € 150 million in the new facility, which will take place in phases. The plant is geared to future growth in line with market demand.

Bekaert continues to improve its online presence by launching its mobile site www.bekaert.mobi. Real-time information on Bekaert's share price, news updates, and events is provided to the mobile phone users browsing and searching the Net.

May

The General Meeting of Shareholders of 13 May 2009 approves the distribution of a gross dividend of € 2.80 per share, corresponding to a net dividend per share of € 2.10. At the same meeting, Manfred Wennemer is appointed as Director for a term of three years. Manfred Wennemer was Chief Executive Officer of Continental AG from 2001 until August 2008.

June

Just like the sales figures, Bekaert's presence in China continues to grow. Bekaert Jiangyin Wire Products integrates activities of the former joint venture Fasten-Bekaert Optical Cable, to advance its market position. The brand new building of the Bekaert Asia Research and Development Center (BARDEC) in Jiangyin reaches completion. And the third steel cord plant in Jiangyin, Bekaert Binjiang Advanced Products, is brought into operation.

July

Bekaert's half-year results for 2009 show strong performance in Asia-Pacific. Bekaert was ready to immediately seize new business opportunities the moment the Chinese economy revived. Consolidated sales in Latin America were almost doubled, driven by a consolidation of operations into the holding company Bekaert Ideal. The weak demand in mature markets

Bekaert sponsored 'Son of Heaven', the main exhibition of Europalia 2009.

Bert De Graeve hosted President Medvedev of the Russian Federation during his visit to the new plant in Lipetsk.

Bert De Graeve was awarded 'Manager of the Year 2009' in Belgium.

persisted and led to a decline in most activities in Europe and North America.

August

Bekaert further realigns its production platforms in North America so as to adapt to the changing market demand.

September

Geert Roelens, Bekaert Group Executive Vice President Steelcord and Member of the Bekaert Group Executive, is granted the '2009 State Friendship Award' by the China State Council. The State Friendship Award is the highest award in China for foreign experts who have made outstanding contributions to China's economic and social progress.

Bekaert grants the 'Bekaert Rod Supplier Award' to its wire rod supplier Evraz Rocky Mountain Steel (Colorado, U.S.). Once every two years, this award is presented to the supplier who has shown the greatest improvement in the quality of its wire rod supply – Bekaert's main raw material.

October

Bekaert wins the Award for Best Financial Information granted by the Belgian Association of Financial Analysts (BAFA). As the overall winner, Bekaert scores well in all categories relating to financial communication: investor relations, press releases, website and annual report. Bekaert also wins the Award for Best Annual Report.

At Europalia, one of Europe's leading art festivals held in Belgium once every two years, Bekaert is one of the main event sponsors. The guest country for this 40th anniversary edition is China. Bekaert sponsors the main exhibition 'Son of Heaven' which – by exhibiting 250 masterpieces from China's most prestigious museums – depicts a fascinating history from the Neolithic elites (circa 3500 BC) to the emperors of the last dynasty, the Qing (1644-1912).

November

In its third quarter results Bekaert shows a further improvement in performance. Increased market demand, mainly in Asia-Pacific, drives sales volumes higher than in the same period last year. The effect of fluctuations in raw material prices and currencies becomes insignificant.

Bert De Graeve, CEO of Bekaert, is nominated for the title Manager of the Year 2009, a key annual event for Belgium's business world. On 6 January 2010 it is announced that he came out the winner. In the jury's report Bert De Graeve is praised for his strong leadership skills with which he guided Bekaert through a crisis year and his pro-active management and entrepreneurship which added to the company's resilience.

December

Bekaert successfully completes all required approval procedures leading to the formal commissioning of Bekaert Lipetsk, the new Bekaert steel cord plant in Russia, located about 400 kilometers south of Moscow. Bekaert Lipetsk will thus be able to start the commercial production of steel cord for tire reinforcement as from early 2010. End of 2009 the new plant employed 90 employees. Another 320 jobs will be created along with the continued investments planned as from now through 2013.

Board of Directors

François de Visscher

Bernard van de Walle de Ghelcke

Sir Anthony Galsworthy

Baudouin Velge

Lady Barbara Thomas Judge

Dr. Alan Begg

Bert De Graeve
Chief Executive Officer

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

Manfred Wennemer

Maxime Jadot

Roger Dalle

Baron Leon Bekaert

Hubert Jacobs van Merlen

Count Charles de Liedekerke

Bekaert Group Executive

Bruno Humblet
Chief Financial Officer
Group Executive Vice President
Specialized films

Geert Roelens
Group Executive Vice President
Steelcord

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

01

A strategy that works in good and difficult times

In its 130-year history, Bekaert has become a technological leader with a strong presence that truly spans the globe. In the tumultuous year 2009, we delivered the proof that our global presence makes us more resistant to unexpected developments and corrective measures that affect the world economy. ‘Spanning the globe’ provides Bekaert with a unique strategic advantage.

Bekaert - company profile

Bekaert is a global technological leader in advanced metal transformation and advanced materials and coatings, and a market leader in drawn wire products and applications. Bekaert (Euronext Brussels: BEKB) has its headquarters in Belgium and employs 23 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated combined sales of € 3.34 billion in 2009.

Bekaert employs unique metal treatment technology to deliver, on a global scale, a quality portfolio of drawn steel wire products and coating solutions. As our raw material we purchase more than 2.5 million tons of wire rod per year. Depending on our customers' requirements, we draw wire from it in different diameters and strengths, even as thin as ultrafine fibers of 1 micron. We group the wires into cords; weave or knit them into fabric; or process them into an end product.

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

Our strategy: underpinned by global market and technological leadership

In 2009 we successfully pursued our strategy by:

- Global market leadership: investing further in emerging markets: China (Jiangyin, Chongqing), India (Lonand, Ranjangaon), Indonesia (Karawang); Russian Federation (Lipetsk) and Latin America (new holding Bekaert Ideal, Brazil);
- Technological leadership and innovation: keeping our R&D budgets high despite the economically challenging times: our R&D expenditure in 2009 totaled € 63 million;
- Operational excellence: immediately issuing coordinated measures to counter the effects of the crisis, thus proving our resilience.

Bekaert has a long-term strategy oriented towards reaching our objective of sustainable profitable growth. The two main drivers in accomplishing our strategic goal are global market leadership and technological leadership. At Bekaert we continually invest in strengthening these drivers. Our focus on operational excellence is crucial in realizing our strategy: we aim to be an efficient organization and deliver the highest quality and the best possible service to our customers in all markets where we are present.

The Bekaert Way

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

Vision

Sustainable Profitable Growth

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

Corporate Social Responsibility

People / Environment / Society

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

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

Total Quality Management

Preferred Supplier / Committed Employees / Operational Excellence

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

Way of working

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

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

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

Values

Resilience / Trust / Integrity

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

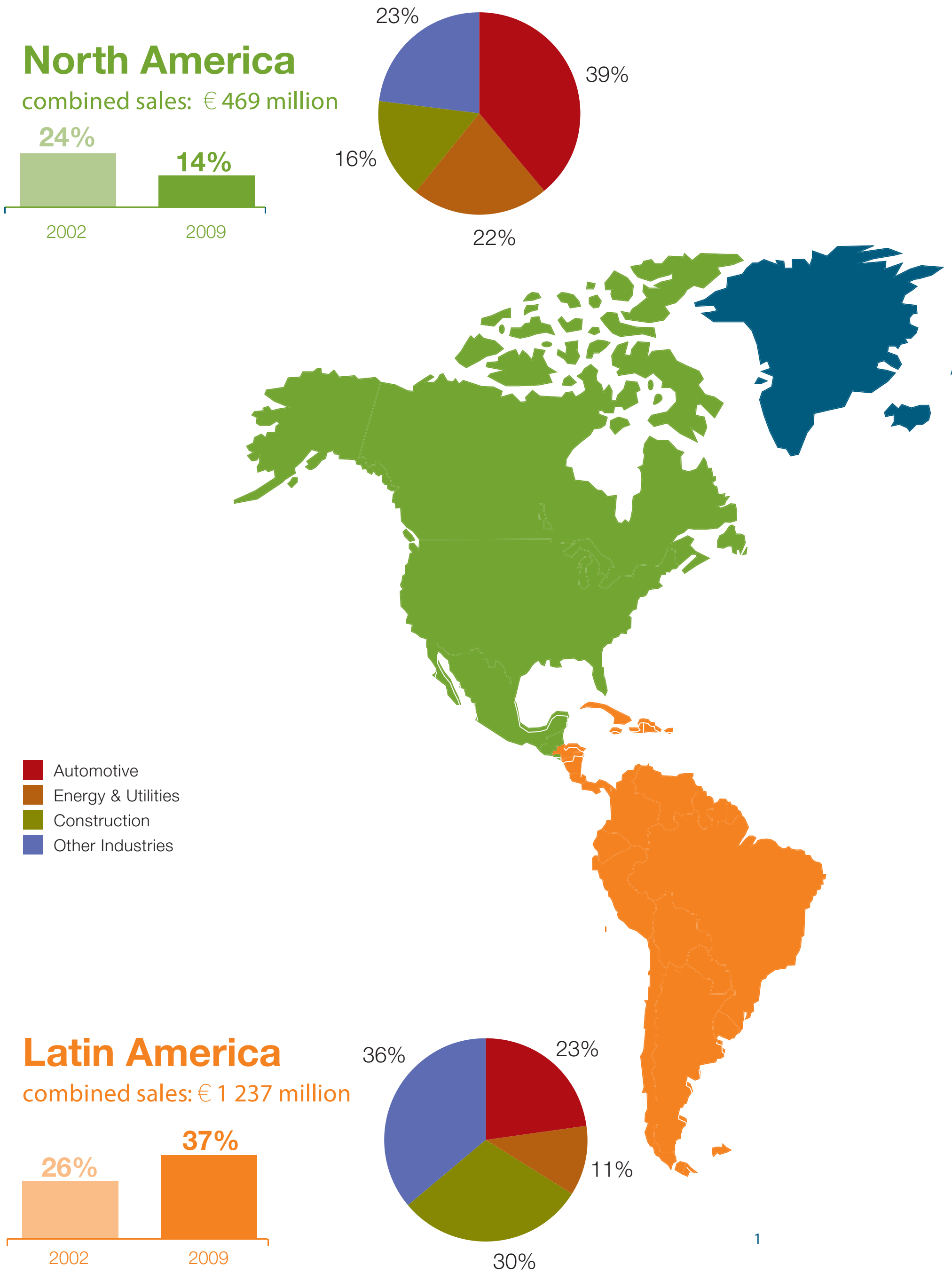
- Resilience is synonymous with versatility, flexibility and adaptability: qualities that have allowed us to build on 130 years of success.
- Confidence – that of our co-workers, our shareholders, our society – we have to earn it every day anew.
- And the integrity of the professional, of the team player who is loyal to Bekaert, is an essential building block of our success.

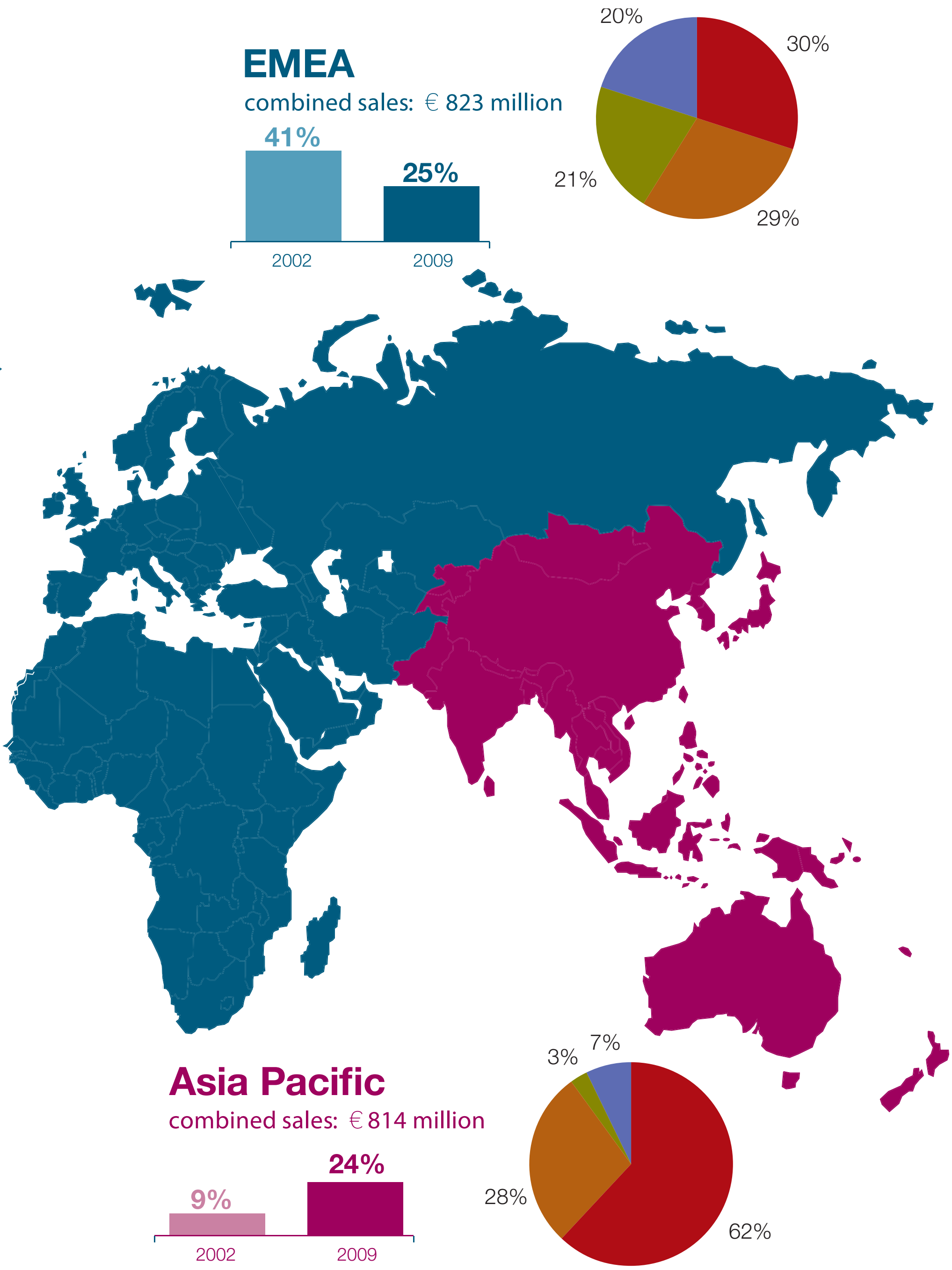
The three values are not only a basis, but also a guideline for the way in which decisions and choices are made at Bekaert.

Global market leadership

Bekaert has a long history of investing in emerging markets. More than half a century ago, we were actively pioneering in the Latin American markets as we started building up our customer portfolio there. In Asia as well, we were one of the first companies to recognize the vast opportunities the growing Chinese economy has to offer. When demand grew in Central Europe, we directed our focus to that region too. As for today, we are vigorously developing our production platforms in Russia, China, South-East Asia, India and Brazil.

We aim to be present in regions that invest in infrastructure, since this creates the core demand for our products. Typically, this is the case for emerging markets. This is why we are experiencing rapid growth in Latin America and in China, and why – most probably – we will be seeing similar effects in India, Indonesia and Russia in the near future. Our combined sales in these emerging markets exceeded those of the mature markets in 2005 already.





It is no coincidence that the emerging markets were the first to recover from the financial crisis. When economic hard times set in in these regions, local governments tried to counter the adverse effects by launching specific stimulus programs, notably in civil infrastructure works and consumer spending. Because of our strong presence in these regions, Bekaert is benefiting from the upturn and is able to offset the lower activity levels in the mature markets.

As for Western Europe and North America, our customers strive to achieve growth by introducing new products and new functionalities. These need to be better, stronger, more durable and more eco-friendly. They are launched, initially, in the mature markets and will, in time, find their way to the emerging markets. This is already the case for China, a market with a very high demand for new and innovative products.

Initially, in a first wave, the more traditional products represent the majority of our sales in the emerging markets. This is why, in Latin America, our fencing products and our traditional building products, such as nails and mesh, are a great success. Our focused strategy of global market leadership allows us to maintain our resilience and to successfully surf the growth waves in specific markets and segments, as and when they arise.

Technological leadership

Innovation has always been an important growth engine for Bekaert. We conduct research and development in close cooperation with business partners and customers, both at the Bekaert Technology Center in Deerlijk (Belgium) and at the Bekaert Asia R&D center in Jiangyin (China), but also in the many development labs elsewhere in the world. A high level of customer-driven innovation is what distinguishes us from the competition. For each application, we give our advanced wires, cords and other materials specific properties using hi-tech coatings, thereby creating added value for our customers.

We continued to innovate in 2009 and we even accelerated our development programs for next generations of existing products as well as new products and production processes. Examples of this are Bezinal®3000, the next generation of our corrosion-resistant coating for high-carbon wires and – for the photovoltaics industry – new AZO rotatable sputter targets and window film backsheet technology. True to our strategy of technological leadership, we allocated a budget of € 63 million or about 3% of the consolidated sales to technology and innovation.

The continued efforts we make in the fields of technology and innovation allow us to play a market-shaping role worldwide and drive our business on the mature markets. Mobility, sufficient and clean raw materials and energy, and growing demand for materials with new properties are at the center of our R&D focus.

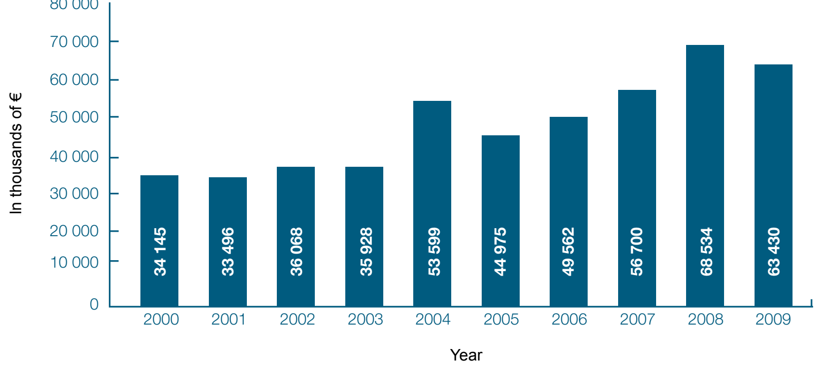
Our strategy of technological leadership drives our innovation program to sectors that display opportunities for growth. For example, in the petroleum & gas industry natural resources are becoming increasingly scarce. This has fueled the need to extract oil or gas from ever deeper wells. Bekaert has risen to this challenge and developed ultra-strong, corrosion-resistant and high-pressure withstanding wires, ropes, and steel cord reinforced strips.

We also responded to a growing need for alternative energy sources by offering a range of dedicated products for the photovoltaics and wind energy markets. Examples of this are sawing wire to slice polysilicon ingots into ultra-thin wafers, thin film coatings, back sheets for the overall design of solar crystalline photovoltaic modules, and steel cord reinforced belts for wind turbine applications. Likewise, we cater to the current trend in the building industry towards safe, green and time-saving solutions with, among others, our advanced concrete reinforcement solutions.

Bekaert also has its own, in-house engineering department which designs, assembles and installs production lines, and which globalizes spare parts asset management.

By constantly striving for technological leadership we successfully innovate in all sectors in which we are present. This results in steady growth in our product offering, in both mature and emerging markets.

Research & Development expenses 2000-2009



Striving for technological leadership is part of our DNA. Our technology centers host multi-disciplinary teams of different nationalities, academic background and gender. In 2009 we allocated about 3% of the consolidated sales to technology and innovation.

The excellent investment environment and large domestic market of Brazil enabled us to record strong growth since our early presence in 1975. Today we staff 3 850 people spread over 8 locations.

Bringing advanced technology and investments to Brazil

For a long time now, Brazil has demonstrated favorable market conditions for Bekaert's activities: political stability, sound economic policies, good availability of natural resources, well-trained personnel, a large domestic market allowing economies of scale and an export-oriented economic environment. Bekaert, in consensus with its joint venture partner in Brazil, has pursued a growth strategy in the country for many years

Steady expansion and smart optimization

Since 2002, total capital expenditure efforts in the Bekaert joint ventures have increased significantly. Our goal has always been to keep a finger on the pulse and cater to local demand for industrial products in markets such as automotive, civil engineering, consumer goods, energy, offshore, mining and fencing. Coordination of all expansion projects was in the capable hands of the local teams.

In 2009, Bekaert's strategy for sustainable profitable growth was put into practice with several growth projects in our joint venture plants at amongst others Itaúna, Feira de Santana and Contagem. The expansion and modernization of the production platforms cater to increasing demand and serve various market segments, such as automotive, consumer goods and construction. Due to a significant need for major infrastructure, such as bridges, high-rise buildings and railways, the construction segment showed a booming domestic demand for prestressed concrete. Preparations for the 2014 FIFA World Cup and the 2016 Olympic Games will continue to contribute considerably to these higher volumes.

At Contagem, Belgo Bekaert Arames is preparing for future needs. The goal is to invest in the expansion of capacity of profiled wires to take full advantage of the expected resurgence in the country's petroleum extraction industry. Brazil has a huge potential for the exploitation of the oil wells off its coast. These 'pre salt wells' under a thick salt layer represent the world's largest offshore oil exploitation site. Further research has also been conducted to determine the investments needed to participate in the Brazilian 'sour gas wells' which will be exploited over the next few years.

Besides creating additional productive capacity through plant extension, we optimized the layout of some of our plants. In this way, internal logistics could be minimized in order to guarantee manufacturing at the lowest possible cost.

Investing in R&D and further down the value chain

In specific cases the decision was taken to invest further down the value chain. For example, at Feira de Santana, Belgo Bekaert Nordeste is now able to supply springs for spring boxes just in time. In this way our customers do not need to invest in additional spring coiling capacity and are able to focus on their end markets. At the same time it allows our joint venture to capture a larger part of the growth in this market segment.

In response to the growing demand in the domestic market for hi-tech wire solutions, the local Bekaert joint ventures established a focused regional development center at Contagem, employing a staff of 25, to develop solutions to domestic technology needs.

Our resilience... tested and confirmed in 2009

The challenging market conditions as a result of the fundamentally changed economic climate have put Bekaert's resilience to the test. But we proved our ability to cope with the strains put on our business. We have responded promptly by focusing on cost control and by re-aligning production to reflect changing demand. Our Operational Excellence programs have proved crucial in this regard.

At the same time we have maintained our investments in people, in productive capacity and in a broad-based product portfolio. We anticipated the economic upswing in certain regions. To be ready for that, we keep monitoring the global economy, the different industries and our customers. It is in their changing behavior that our opportunities lie.

The annual figures for Bekaert in 2009 are concrete proof of the overall effectiveness of this strategy. Moreover, when the economic activities resume their former growth trend, these structural measures will continue to provide us with a competitive edge.

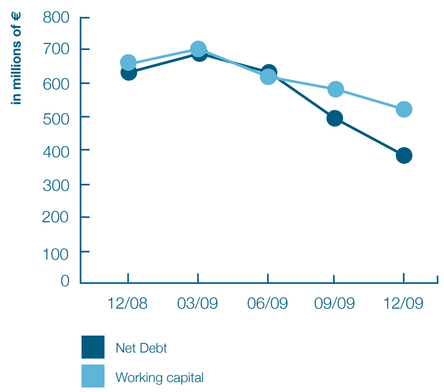
Optimizing our debt position

In order to optimize its debt position, Bekaert issued two retail bonds in 2009 for a total amount of € 300 million. Both tranches were fully subscribed in less than an hour, a clear statement from investors expressing their confidence in our strategy. With these bonds, we were able to optimize the balance between our short- and long-term debts.

Cash is king

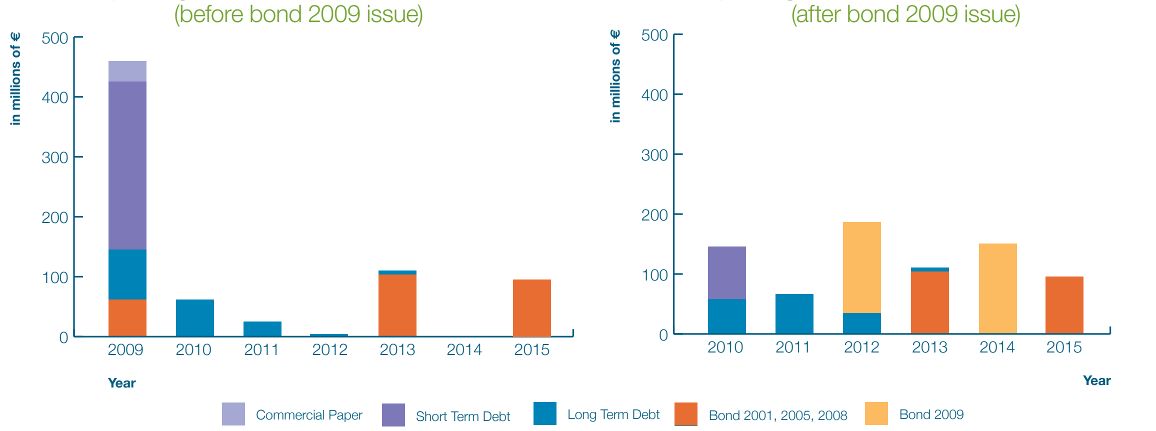
We were able to decrease our consolidated net debt position by over 35% in the course of 2009. This was made possible thanks to a substantial decrease of our working capital, stringent cost control and a healthy cash generation. As for our working capital, we reduced our inventories quicky and efficiently by over € 120 million. On the cost side, we reduced and controlled fixed costs and kept a sharp focus on our variable cost structure. In addition, we also restricted salary raises, temporarily limited recruitment, and controlled costs such as travel and entertainment expenses.

Net Debt and working capital evolution 2009



Spread gross debt repayment end 2008 (before bond 2009 issue)

Spread gross debt repayment end 2009 (after bond 2009 issue)



Adjusting capacity

In the mature markets we adjusted capacity to reflect the changing demand. We spared no effort to ensure that our production lines would run more efficiently; that they would be fit to process different products and handle larger volumes. As part of our endeavor to streamline our operations, we consolidated activities of the plants in Clarksdale (U.S.) and Scholes (U.K.) into other parts of our production platforms. In Spain and Slovakia too we introduced restructuring programs.

Investing in growth markets

We continued to invest in additional capacity, with a deliberate focus on the emerging markets. The start-up of the plants in Chongqing (China) and Lipetsk (Russian Federation) are fine examples of this course of action.

Optimizing our product portfolio

Current and future product development remained central to our investment policy. We broadened our product portfolio in China, but also in Indonesia, where we added Dramix® and wire production and in India, where the product offering was expanded with more steel cord, stainless steel wire and filtration products. In the mature markets, in all of our plants, we invested in process improvements or product portfolio changes. Examples are the wire plants in Van Buren, Shelbyville and Orrville (U.S.) and in Zwevegem (Belgium), and the reconversion of the steel cord plants by introducing machine capacity for new product applications in Rogers (U.S.), Aalter (Belgium) and Burgos (Spain).

Turning production downtime into opportunities

During production downtime, we prepared our plants for the expected economic recovery by improving production lines and by looking into new ways of optimizing our production processes. At the same time, we also offered our employees extensive training in different components of Bekaert's Operational Excellence programs. As we kept our employees operational and on stand-by, we were the first to respond when the economy began its recovery. Our production plants in China especially benefited from this strategy.

Staying close to our customers

Our worldwide sales teams kept in close contact with our customers so as to listen to their changing needs. As soon as the markets picked up again, we were able to manufacture the products they desired. This close proximity to our customers and contractors proved successful wherever demand rose suddenly after the downturn. Our Sales Performance Excellence project allows us to better understand the latent needs of our customers and to offer the right answers to their expectations. A unique example of close cooperation with our customers can be found in the 'mini-companies' approach in Latin America. This concept is based on the philosophy of offering, instead of single product solutions, total customer solutions and a profound industry-specific expertise.

Strengthening positioning of Bekaert through e-applications

Through the use of modern applications, we succeeded in improving our company's e-presence. We optimized our purchasing activities by introducing software that makes it possible for suppliers to offer their services in an easily navigable way via the Internet. Moreover, our newly launched corporate website guides visitors to the information they need in a user-friendly and efficient way.

The global supply chain team played a key role in fast inventory reduction throughout 2009.

Global approach to fast inventory reduction

Testimonial

One of the biggest challenges at times of economic uncertainty lay in adequately managing and reducing the working capital. The global financial crisis had come suddenly and caused our inventories to surge to unprecedented heights. The fast and globally executed response of our teams successfully reduced Bekaert's inventories to healthy levels again. The steelcord 'Global Supply Chain Organization' team was one of the key contributors in realizing this challenge.

Strategic measures locally executed

In defining our targets, we clearly defined the number of stock turns we wanted to achieve and used our best inventory practices as a base reference for the new alignment.

Our dedicated team carefully monitored our excess and obsolete stock in all locations and briefed, steered and coached our people locally responsible for inventory management. Plants in the same region supported one another in consuming excess stock. All through this process we made sure that these moves represented the most cost-efficient solution.

In close cooperation with some of our customers we further implemented the concept of Vendor Managed Inventory (VMI). This has brought us a clearer picture of what level of inventory we really need in order to meet customer needs. By working with our VMI customers, we were able to significantly reduce the overall inventory.

Successful approach to be continued

The results – achieved in close cooperation with Purchasing, Operations and Marketing & Sales – were most satisfying. By weekly monitoring, defining and redefining our actions, Bekaert nearly doubled its overall stock turns: from 3.2 to 5.6. Our steel cord inventories came down by over 20%.

Bekaert aims to further optimize its inventory management. In the supply chain process, we will strengthen our collaboration with both customers and suppliers. We are preparing to move to VMI with our suppliers and are looking into collaborative planning and Electronic Data Interchange (EDI). Sound market information is to be the basis of our inventory targets. We will continue to measure our forecast accuracy, on-time delivery performance and our real lead-times. The thus gathered knowledge will help us set optimal inventory levels and equip us with the right tools to manage our working capital.

Spanning the value chain

From well to wellness: Bekaert's integrated presence in the oil & gas industry

A tow leader cable is one of the cables used for seismic applications.

Prospection and exploration

In the prospecting phase, Bekaert provides hi-tech wire to reinforce tow leader cables and well-logging cables – cables to attach the marine seismic streamers prospecting the sea – and to protect them from external pressure. These wires also reinforce umbilicals transferring different functions like electrical, pneumatic, hydraulic, or optical signals to remote operated vehicles (ROVs), for example, which are performing undersea exploration.

Bekaert's high performance cords are used in large bore high pressure hoses. The hoses are used in a variety of activities needed for the exploration of oil and gas in the deep sea such as choke and kill hoses, dredging hoses and rotary drilling hoses.

In the exploratory drilling phase, Bekaert wires are used for mooring ropes - usually large 6-strand ropes - to anchor the drilling unit so that measuring instruments can be lowered into the pit.

Thanks to Bekaert's super high tensile strength rope wire, light mooring systems can be produced for ultra deepwater oil production platforms.

Deepwater exploration and exploitation at depths up to 3 000 metres continues and is enhancing further development of high tensile sweet and sour armoring wires.

Oil product, storage and transport

Bekaert products are counted on further down the value chain, once the oil platform has been built and relevant equipment has been installed. Abandonment & Recovery (A&R) winch ropes, which are used to install the pipes that will transport the oil, consist of high tensile rope wire from Bekaert. The flexible pipes that do the actual crude oil transport contain several layers of heavy-duty Bekaert profiled wires. Super high tensile wires for spiral strands (monostrand rope) are used for permanent deepwater mooring for floating oil production platforms.

In the oil & gas industry all over the world Bekaert products play a key role. Whether it concerns onshore or offshore oil extraction or gas mining, Bekaert products contribute to sustainable, safer and more cost-effective operations. From the search for suitable wells to creating the wellness and ambient comfort at people's homes.

Round and flat armoring wires are used to reinforce the umbilical cables.

Today, existing oil wells get a second life through water injection. This is done to maintain pressure in the underground reservoir and to sweep or displace the oil from the reservoir and push it towards an oil production well. Bekaert's steel cord-reinforced, thermoplastics strips for water injection pipes provide a viable alternative to existing, high maintenance steel pipes.

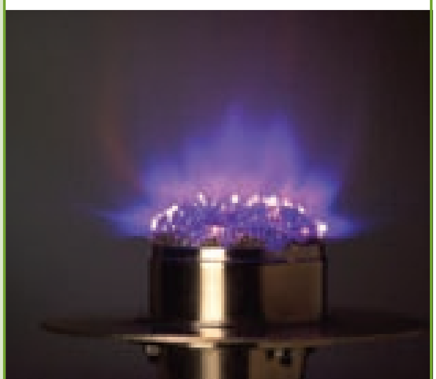
Pressure vessels are used in a variety of activities to extract pure and fresh water, notably in the food and beverage, pharmacy and oil and power-generating industries.

Other oil platform related functions also rely on Bekaert products. For example, pressure vessels remove sulfates from the seawater as the water needs to be desalinated before it is injected into the oil well to release the oil from the sea bottom. They also supply the oil platform crew with potable water. Bekaert cables make sure the sprinkler hoses can withstand extreme temperatures and Bekaert burners allow of eco-friendly incineration of residual gasses during oil extraction.

Steelcord reinforced thermoplastic based pipes are flexible, thus spoolable, and allow for up to 4 times faster installation than steel pipes. Additionally, their life is mostly longer than high performance steel pipes.

When the oil or gas is ready for consumption it is transported to the end-consumers. They can use energy-efficient condensation boilers with Bekaert burners installed. Bekaert brings wellness to their houses in an eco-friendly way.

Our commitment towards our customers and the environment has driven the development of even more efficient and powerful yet at the same time less polluting burners and heat exchangers.



Through thick and thin: Bekaert's integrated presence in the paper industry

The giant felled logs are pulled to a staging area for transportation to the paper mill. This technique, which uses two ropes, is called 'high lead logging'. The 'mainline' performs the hardest task and is used to pull the logs from the cutting area to the staging area. The other rope, the 'haulback', is used to reverse the system and return the hardware used to grab and hold the logs back to the cutting area.

The gas infrared non-contact dryer after a coating station is being installed on a paper machine.

Bekaert's customers anually use 3.5 million km of bookbinding wire.

The hardware used to grab the logs consists of wire rope logging chokers, made from Bekaert high carbon wire, that are wrapped around the logs for transportation.

At the paper mill, pulp is made from the logs and transformed to a paper web. For added value grades, the paper is coated with a water-based solution that needs to be dried. This process is performed by non-contact infrared dryers made out of Bekinit® fibers. Later, similar non-contact infrared dryers are used in the printing and converting industries especially for ink and glue drying.

Paper is an outstanding example of an industry in which Bekaert products play a crucial role. Right after the first tree hits the ground over the pre-treatment of wood pulp to the printing, bundling and recycling of paper: Bekaert's presence spans the entire value chain of the paper industry.

Once the paper has arrived at the consumer, Bekaert wire plays a role in almost every way that people can interact with paper. From the basic action of writing on it with a pen containing Bekaert spring wire; over clipping or stapling it with paper clips or staples made from Bekaert wire to printing, faxing and copying it with equipment that contains toner cartridges containing Bekaert fiber based filter media. Bekaert book-binding wire is used to make neat paper bundles in all kinds of shapes and colors.

Bekaert's fiber media based filters ensure the optimal working of inkjet and toner cartridges, resulting in high quality precision printing. ↓

Bekaert pulp baling wires provide optimal balance between reaching a high tensile strength and the necessary ductility to assure a smooth knot formation. ↑

At the end of the paper product life cycle, Bekaert baling wire is used to bundle large packs of used paper to make for more efficient handling when transported to the recycling site, where the story starts all over again.

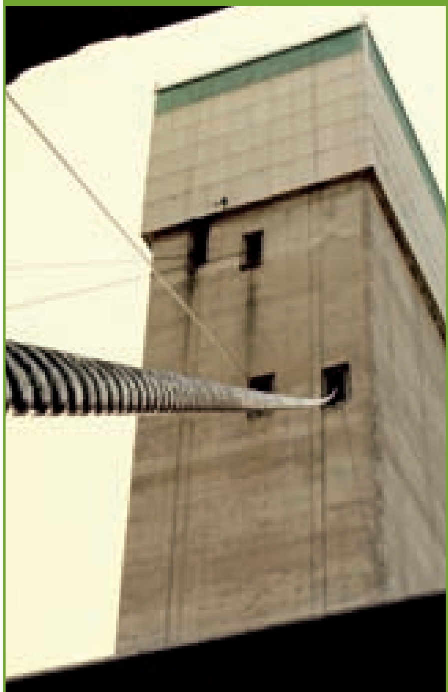
Deep inside the value chain: Bekaert's integrated presence in the mining industry

Dramix® steel fibers can be mixed with concrete without clumping to reinforce mine tunnels and shafts.

Bekaert's presence starts already at the construction of the mine through the supply of steel fibers, all kinds of meshes and other reinforcement materials. Dramix® steel fibers, that can be mixed with concrete without clumping, are used to reinforce mine tunnels and shafts with maximum safety as a result.

Bekaert meshes reinforce the ceilings and walls of mine tunnels to protect miners from rock fall.

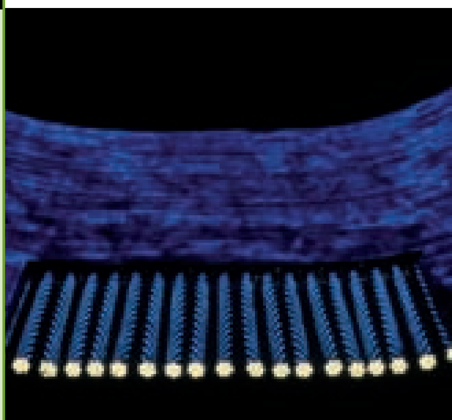
Mining is the starting-point for any natural resource-related process where value is created. Bekaert supplies all manner of wire-based products to mines the world over and to almost every step in the value chain. Driven by the steady demand for all kinds of materials, Bekaert is omnipresent on the mining scene, where people's lives depend on a consistently high product quality, in every corner of the world.



The hoist ropes are spooled onto large drums before entering the tower above the mine shaft, where they travel vertically down, sometimes as far as 3 km below the surface. Bekaert's high tensile wires have the required breaking loads.

In underground mining, Bekaert high-carbon rope wire is used to manufacture hoisting ropes for the transportation of people and equipment, and to manufacture balance ropes and haulage ropes.

Bekaert has a wide product range for reinforcement of conveyor belts.



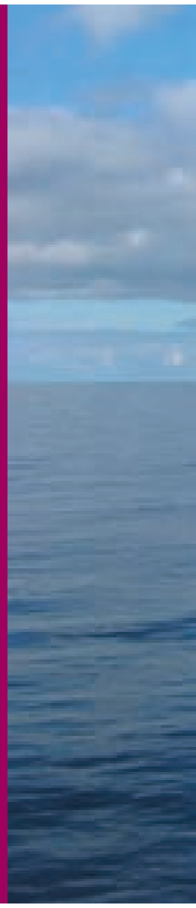
With its conveyor belt cord for the reinforcement of belts which continuously transport the extracted ores from the mines, Bekaert significantly contributes to longer equipment life time and lower total life time cost. In addition, woven steel cord fabric with Bekaert steel cord offers conveyor belts increased resistance against impact, cutting or heat.

Wire ropes must operate in very harsh conditions where large machines dig the ore out of the ground. Specially designed Bekaert wires are required to tolerate shock loading, wear and bending fatigue.

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

02

Spanning a wide range of industries



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

Spanning a wide range of industries

Automotive

Products

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

etc.

Green product

Around 36% of Bekaert's sales are generated in the automotive sector, making it our largest buyer. With often invisible steel cord and wire products, Bekaert is present in nearly all automobile components: under the hood, in the steering mechanism and power system, in the doors and windows, the wheel housing and bumper, and in the interior.

Our steel cord business makes up the lion's share of sales in this sector. We supply to almost all of the world's truck and passenger tire manufacturers, generating sales of 63% and 37% in these segments respectively. Approximately 75% is supplied to the replacement market, which is generally less subject to cyclic fluctuations than the OEM market. Thanks to the strong automotive growth drivers of the BRIC countries and our solid presence in after-sales markets, especially tires, we remained resilient in 2009 on a global scale.

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

Consumer preferences are changing rapidly: the global demand for small and basic cars is on the up. Increasingly stringent emission regulations are challenging the automotive sector too. Bekaert is catering to these trends with products that lower the environmental impact such as its medium for the filtration of diesel soot particles, heating cord, window film, steel wheel weights offering an alternative to lead and high tensile steel cord.

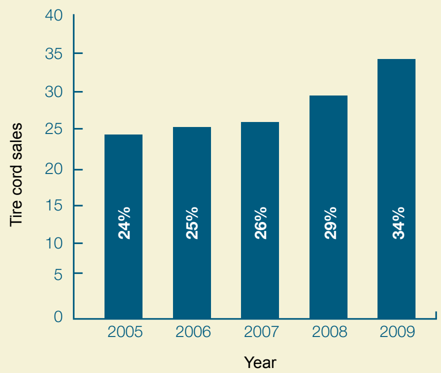
GDP growth, cost reduction, safety, comfort and environmental prescriptions are the main drivers of the automotive industry. Bekaert's comprehensive innovation strategy provides us with all the tools to successfully exploit the many opportunities that arise. An example: some 34% of Bekaert's sales of tire cord products are high-performance cords, specifically designed to meet the requirements of our customers for more cost-competitive, lighter tires, with a longer lifespan.

Ultra tensile steel cord: pioneering a global trend

As worldwide concern for the environment increases, so do the automotive manufacturers' efforts to reduce the weight of vehicles to lower fuel consumption. For almost a decade now, Bekaert has increasingly – and successfully – turned its attention to the production of thinner and stronger steel cord to reinforce rubber tires.

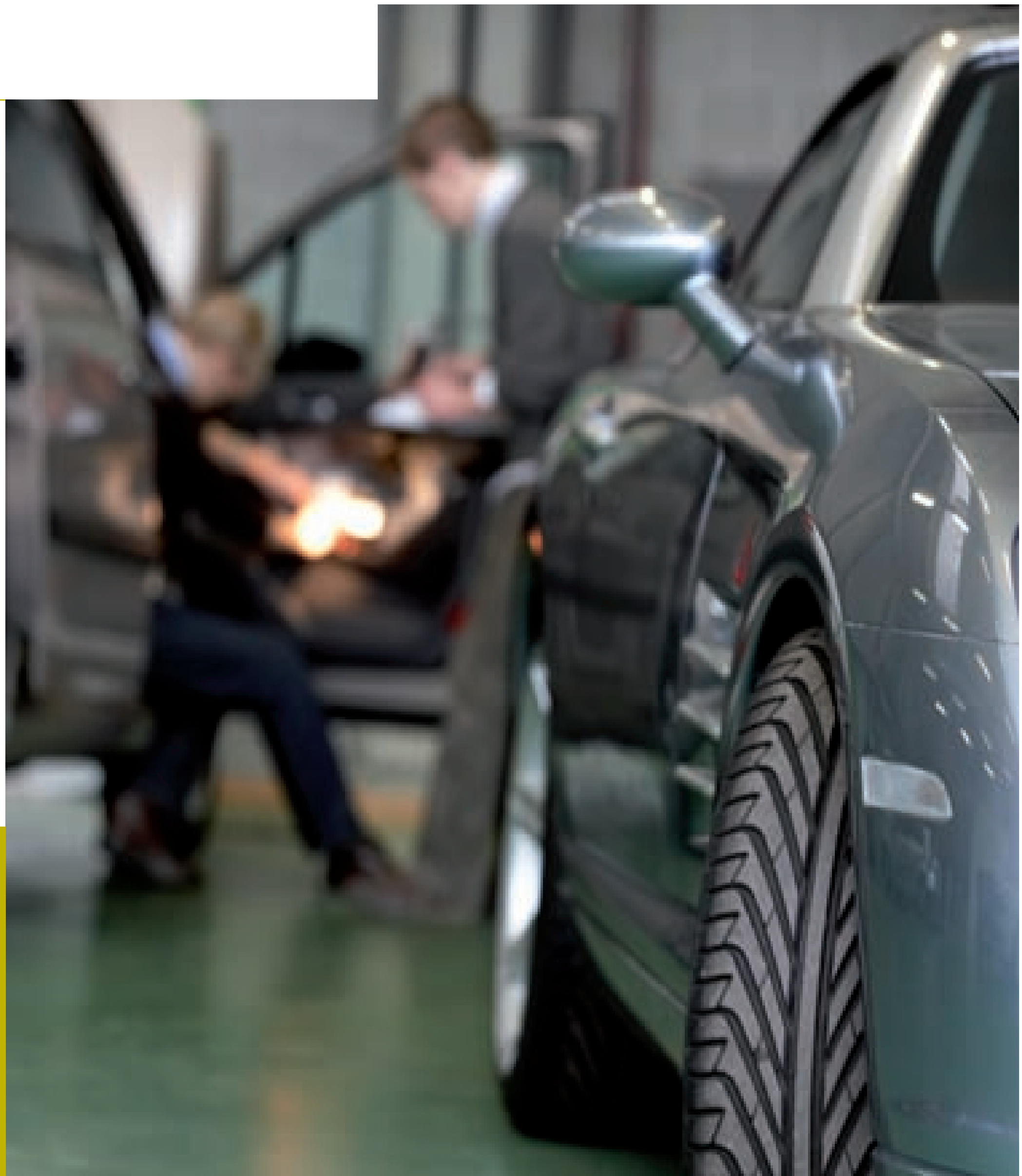
Thinner steel cord for an equal tensile strength makes tires lighter without loss in performance or durability. Switching to ultra tensile steel cord saves around 25% on weight and about 8% on rubber, leading to an overall weight saving of about 20%. As a result ultra tensile steel cord turns out to be less expensive than the conventional steel cord it replaces. Not surprisingly, sales of ultra tensile steel cord have been rising in 2009.

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



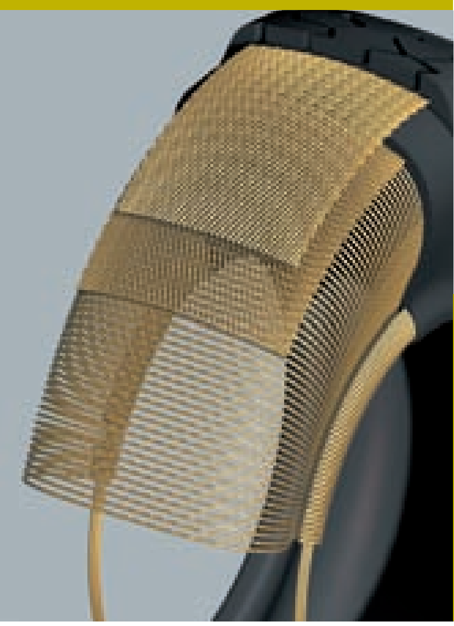
** High-end cords destined for passenger car and truck tire reinforcement, reducing tire weight and prolonging tire lifetime.*

Valve collet wire is a shaped steel wire that is tapered with beads on the section. The wire requires precision drawing and rolling technologies.



Bekaert meets its customer needs by developing products which ensure that solutions last longer and reduce the environmental impact. Our metal fibers for filtering fine particulates from diesel truck exhausts have many advantages over ceramic filters. As well as removing the particulates, metal fiber filters also reduce fuel consumption and CO_2 emissions. An added bonus is that they require hardly any maintenance.

"A passenger car can contain up to 30 kg of Bekaert wire products."



Radial tires are reinforced with various types of steel cord to improve safety, assure a longer life cycle and provide better fuel economy. The tire belt, carcass and bead can all be reinforced with Bekaert steel cord. Our high performance cords reinforce tires of off-the-road trucks which require superior impact resistance.

The circumstances for oil recovery are increasingly challenging, and demand ever-improved methods and materials. Bekaert supplies the industry with high-quality solutions like wires and cables for offshore oil exploration, and flat and profiled wires to reinforce offshore pipes. →

“Bekaert can produce 1 000 km of sawing wire without one weld.”

Overhead powerlines are being reinforced with our super high tensile steel wires and strands. Bezinal® coatings allow increased conductor temperatures and guarantee superior corrosion resistance. ←

Bekaert sawing wire is used in the photovoltaic industry to slice polysilicon wafers. Bekaert has become the leading supplier thanks to its expertise in high quality thin wire. Thinner wire allows for more wafers per silicon ingot. In this way Bekaert ensures more output and lower cost for its customers. ← →

Energy & Utilities

Products

- Sawing wire for cutting polysilicon ✱
- Wire and cable for oil and gas exploration
- Wire for the reinforcement of telecom and energy cables
- Wire for the reinforcement of overhead power lines
- Flat and profiled wires for the reinforcement of flexible pipes
- Backsheet film for photovoltaic applications ✱
- AZO rotatable sputter targets for photovoltaic applications ✱
- Steel cord reinforced thermoplastic strips
- Steel cord reinforced belts for driving wind turbine blades ✱
- Burners for environmentally friendly incineration of residual gasses during oil extraction ✱
- High-pressure vessels for water desalinization ✱ etc.

✱ *Green product*

The energy and utilities sector is experiencing strong growth, accounting for 21% of Bekaert's sales. Our products are aimed at energy generation and distribution, but also at activities in water and telecom. Bekaert is supporting the sector with the reinforcement of cables, overhead power lines and flexible pipes. In addition, we deliver crucial components for oil and gas drilling, mining, water desalinization, and solar and wind power generation. These products give our customers access to innovative technologies and solutions that enable them to extract, convey, produce, and distribute energy and other resources in an efficient and safe way. For Bekaert, these innovative products are critical in safeguarding our profitability, also and especially in the mature markets.

2009 marked another strong year for the energy sector, in both mature and emerging markets. The shift from fossil fuels towards renewable resources experienced a boost due to the various stimulus plans, incentive programs and huge investments in sustainable energy supplies. In addition, the ever-rising need for energy, especially in the emerging countries, has called for sustainable solutions. Europe has also emerged as the leader in harnessing wind energy.

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

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

Meanwhile, oil and gas remain the biggest resources for energy. The circumstances for oil recovery are increasingly challenging, and demand ever-improved methods and materials. Energy companies increase their efforts to explore and recover oil and gas. On every continent they aim to get maximum results in oil and gas drilling, making them truly global players. Because of Bekaert's worldwide presence, we are perfectly suited to supply these companies and their contractors with high-quality solutions like steel cord reinforced thermoplastic strips, flat and profiled wires to reinforce offshore pipes, and wires and cables for on- and offshore oil and gas exploration.

Construction

Products

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

etc.

✱ *Green product*

The construction sector accounts for 19% of Bekaert's sales. The list of different applications for which our wire, mesh, coatings and innovative fiber products are used is as long as it is diverse: in roads and bridges, tunnels and mines, in architectural and landscaping solutions, concrete reinforcement and in window film. We supply traditional building products such as nails, nail wire, pre-stressed concrete cord and wires, plaster laths, corner protection and masonry reinforcement. And we produce more advanced products like Dramix® steel fibers for concrete reinforcement, cables and wires for hoisting applications and elevators, and guide rail cables that increase safety on the highways. Bekaert offers a product portfolio from the smallest nail to the largest fence wire, always with a sharp focus on sustainability, cost-efficiency and a minimum impact on the environment.

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

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

Supporting the world's largest suspended building

A particularly large-scale construction project in Brazil is the new building for the administrative services of the state of Minas Gerais in Belo Horizonte. Around 16 000 employees will be relocated there in the first semester of 2010, thus freeing up many historic buildings in the city center for mainly cultural purposes. Designed by Brazilian architect Oscar Niemeyer, the project contains the longest free span in suspended concrete in the world with a total suspended span of 148 by 26 meters. The five-storey building is hung from 1 080 plastic-coated, prestressed concrete strands

from Bekaert, which are fixed onto 15 concrete beams, also reinforced by prestressed concrete strands. The two other administrative buildings integrate Bekaert Murfor® reinforced masonry.

Bekaert Mesh Track is a high performing flexible woven steel netting for surface rehabilitation and road base reinforcement. It ensures road constructors 10 to 15 years' durability, while the road top layer normally needs to be renovated after 5 years.

Looking good, being environmentally friendly and offering good value-for-money are today's must-haves for building materials. 'Gabions' or mesh wire baskets certainly live up to these criteria. Gabions are typically used for erosion control purposes: you find them at motorway and railway embankments and river banks in order to fortify the slopes.

"1 cubic metre of reinforced concrete contains an average of 5 km Dramix® fibers."

Our Dramix® steel fibers reinforce concrete used in various applications such as tunnels. We support our customers with a wide range of services, from consulting to the supply of fiber dosing equipment.

Agriculture

Products

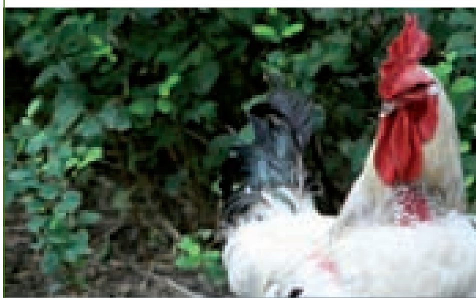
- Biodegradable wire coating ✱
- Tensioning wire for plant support and binding
- Vineyard wire
- Fencing products
- Barbed wire
- Spiral wire for the livestock feed industry
- Wire for fish farming cages and oyster breeding
- Wire for fishing ropes for industrial fishing

etc.

✱ *Green product*

Agriculture is another important sector for Bekaert. Bekaert provides innovative solutions that facilitate the growing of crops, the raising of cattle, and the farming of fish and oysters. Against all economic trends, it is still a sector which holds out relatively well.

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



←

High carbon oil tempered or induction hardened flat spring steel wire is specially designed for auger systems such as animal feed systems and bakeries.

Viticulturists choose our vineyard wires to support grape branches and our metal fiber burners to trim excess foliage. →

Bekaert's more traditional wire products, like barbed wire are particularly succesful in North and Latin America. →

"Agricultural solutions account for 8% of Bekaert's combined sales."

Often unseen, but always there: Bekaert is a part of products we all use every day. Our Bekaert bookbinding wire exists in a variety of colors. Even kitchen utensils contain Bekaert wires.

In hospitals our wires are used in medical devices.

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

Consumer goods

Products

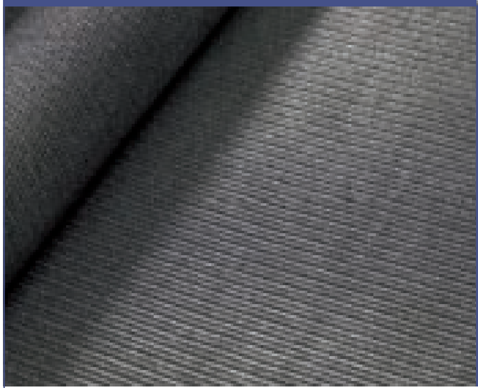
- Champagne cork wire
- Wire for kitchen utensils
- Spring wire for bedding and seating
- Bra wire
- Staple wire
- Music wire
- Bookbinding and stitching wire
- Wire for medical instruments
  etc.

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

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

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

Bekaert heat resistant separation materials (HRSM) is a textile product made of stainless steel fibers and/or heat resistant synthetic fibers. This product is used during the production of complex glass forms (car windows, bottles, …) as separation cloth between the hot glass and metal tools. It provides a cushioning effect and prevents optical defects. ↓



↑ Innovative filtration systems using microscopic fibers are revolutionizing filters by significantly increasing performance.

"From 1 metre wire of 1 cm diameter we can produce 1000 km fibers of 10 micron."

↑ For the textile industry we produce carding wire and high-quality steel wire for the heddles and springs in Jacquard looms.

Basic materials

Products

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

etc.

✻ *Green product*

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

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

Equipment

Products

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

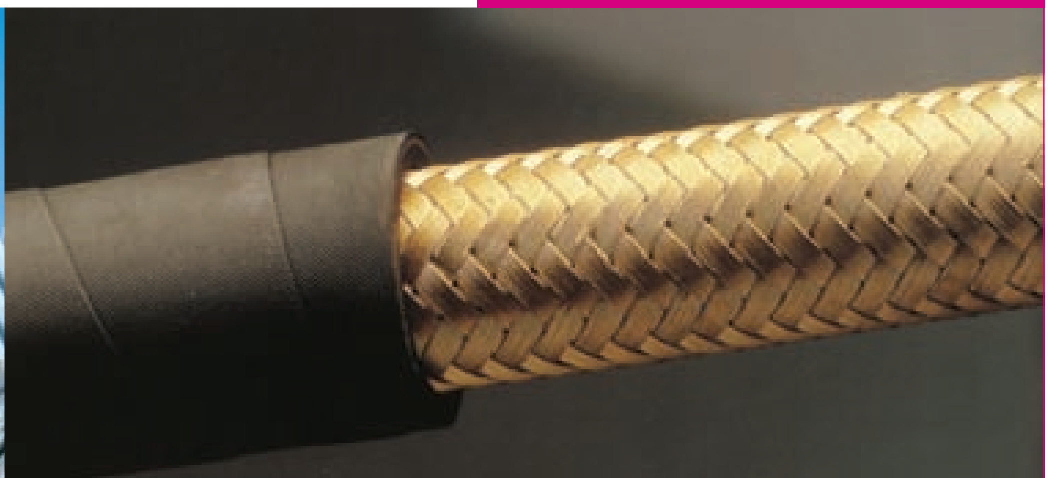
etc.

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

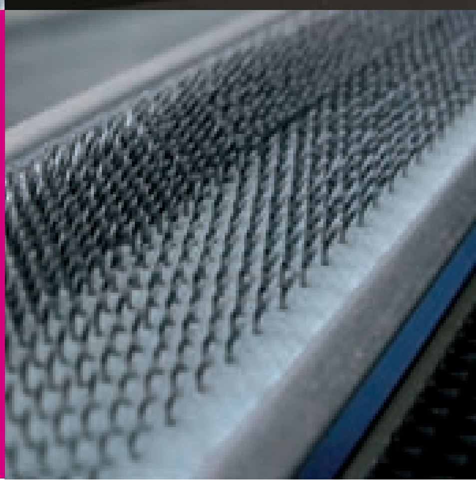
The overall non-sector dedicated industry to which we supply our materials and components is characterized by a demand for higher quality output at a lower total cost of ownership. Our fasteners, spring wire, timing belt cord and brush wire are merely a few examples of product groups in which our know-how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

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

Our hose reinforcement wire enables high pressure hydraulic hose manufacturers to produce braided and spiral wrapped hoses that meet the highest performance and quality standards.



We produce a high-performance, long-life fine cord specifically designed for use as tension member in elastomer products such as timing belts.



Bekaert offers a full range of card wire, card clothing products and auxiliaries for short staple fiber opening and carding applications. Plain rib and interlocking metallic card wires are available in a broad range of geometries, shapes, steel grades and finishes for all kind of applications.

Shovels contain several ropes made of Bekaert wires: pendant lines, hoist ropes and trip ropes. Hoist ropes usually last a relatively short time. Together with our customer, we improved the ropes to prolong their life time.

Working the oil sands together with our customers

In surface mining, huge equipment components, such as mechanical shovels, are used to remove overburden and ore from the ground. Strong and long-lasting wire rope that is used to make shovel ropes is key to maximizing the efficiency of these machines. The rough circumstances in which mining operations take place cause these shovel ropes to wear out frequently, resulting in lengthy and expensive downtime for the equipment.

Bekaert Wire Rope Industries (Canada) has been working in close cooperation with one of its customers harnessing the resources of the Alberta oil sands in Canada. The oil sands represent 30% of the world's known oil reserves. The planned expansion over the next few years makes this area the fastest growing surface mining region in North America. As working the oil sands implies special challenges, the Bekaert engineers set out to improve overall rope service life. They observed and tackled two clear issues that affected the shovel rope performance.

Tackling premature rope retirement

First, the bale design forced the ropes to endure a severe bend as the shovel is parked. As a result, the outer wires of the rope were being damaged and wire breaks began to appear early on in the rope life cycle. The second issue was related to the loading of the ropes. In typical hard rock mining, the mine wall is blasted in order to fragment it. In the oil sands, on the other hand, the shovel needs to break the bench wall so that the rope loading is high throughout the entire digging cycle. On top of that, oil sand fills the bucket more evenly than rocks and the sticky sand causes the buckets to overfill. As a result, the ropes were being loaded far more heavily than in traditional hard rock mining. Both issues combined led to premature rope retirement.

We initiated a test program designed to target the identified problem areas in close cooperation with the mine personnel. By incorporating a flat wire around the rope in the area where damage was occurring, our engineers provided protection for the rope around the bale. They also incorporated higher tensile wires in the rope, thus resulting in a 20% breaking load increase.

70% reduction in shovel downtime

Initial results have been very promising. Whereas the average service life obtained with standard plastic filled shovel ropes was 700 hours, the average life obtained so far with the test ropes is close to 1 200 hours. This has reduced shovel downtime by no less than 70%. Our efforts to provide a total customer solution were greatly appreciated, as we were awarded 100% of the shovel hoist rope business at this mine.

> “The cost of rope is small compared to the downtime on our shovels. If we can continue to keep these ropes in service for as long as the ropes we have tested so far, we can make some serious cuts to our maintenance costs and increase our shovel availability significantly.”

03

Our performance by segment

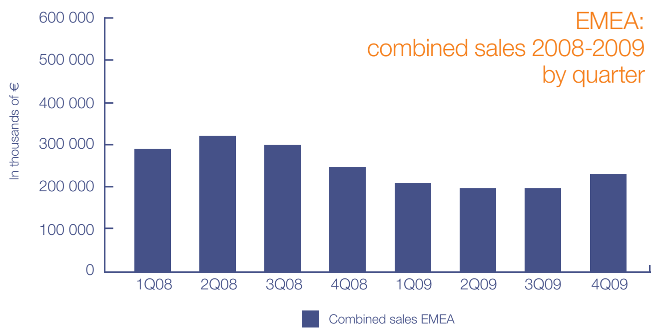
In 2009 Bekaert continued to reinforce its global presence in order to generate further sustainable profitable growth in what was undisputedly a difficult year. Bekaert has stayed close to its customers in order to respond quickly to the shifting market demand which took off in the second quarter of the year. We also continued to defend and strengthen our positions by timely aligning our productive capacity with local market developments, and by investing in high value-added products. This has allowed Bekaert to maintain its resilience in every region it is active in.

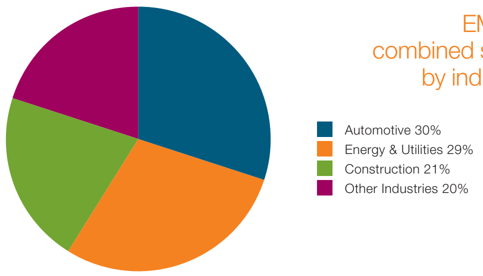
In 2009 Bekaert applied stringent working capital and cost control throughout all activity platforms and drove up volumes of basic products in order to increase capacity utilization.

EMEA: differentiation and innovation in a shifting market

Bekaert in EMEA

Combined sales:	€ 823 million
Capital expenditures: (Property, plant and equipment)	€ 53 million
Total assets:	€ 784 million
Employees:	6 200
Number of manufacturing sites:	28





Although still fragile, the world economy began its recovery during the second quarter of 2009, driven by wide-ranging public intervention. The emerging markets, and Asia in particular, recovered early. In China, growth surged, supported by a rapid increase in bank lending and the implementation of an impressive government-initiated fiscal stimulus package. For 2010 forecasts by institutions like the IMF and the OECD explicitly point to growth driven by China, India and several other Asian countries. In EMEA and North America, market demand was weak, especially in the automotive and construction markets in the first year-half. Economic growth, there, is suggested to be modest in 2010.

Industrial activity in Europe has been hit hard during the first half year of 2009: the steep drop in steel prices, combined with credit restrictions, halted buying and resulted in reduced inventories for all parties in the supply chain. At a certain point, production nearly came to a standstill. Towards the second year-half business picked up again as customers were restocking. End 2009 no one was able to assess the structural impact of the global economic recession and the long-term visibility on the development of the industrial landscape was limited.

Bekaert too faced a lower order intake at its European plants, especially in the first half of the year. Despite temporary relief from various stimulus programs, car and truck production dropped sharply. The replacement tire market was impacted due to less fleet miles but also due to significant inventory depletion along the value chain. All this had a negative impact on our sales in steel cord. However, towards the end of the third quarter, Bekaert's steel cord production regained its targeted capacity utilization in Europe as a result of increased demand.

Our steel wire offerings too were affected, especially in the first quarter of 2009. This was the case for both our industrial products (e.g. hoisting rope wire and cable armoring) and our specialty products (e.g. bookbinding wire and spring wire). In the second and third quarters, sales improved. The European building materials industry entered a sharp decline. Private investments in the construction sector, notably in industrial flooring and residential house-building, had almost dropped to zero. This resulted in reduced sales volumes for Dramix®, Murfor® and Stucanet®. Bekaert therefore reoriented its business model to target large government-financed infrastructural projects in the European Union and to other regional markets, such as China, India and Latin America. As for the oil industry, lower demand for energy caused oil prices to drop. Oil companies in Europe consequently postponed investments in output optimization projects, thereby delaying orders for Bekaert products like flexible pipe reinforcement wire.

Thanks to the flexibility of our plants and high service levels to our customers Bekaert has been able to maintain its position in the market. We reacted promptly by adjusting productive capacity to mirror market needs and by monitoring inventories and credit exposure closely. Strict cost control and a greater focus on cost savings proved effective and brought down the breakeven point of the plants. These measures contributed to minimizing the impact at the operating result level.

In order to align its capacity with the changed market demand, Bekaert has been further reconfiguring its manufacturing footprint. The Bekaert production plant in Burgos (Spain) was confronted with diminished demand because of our customers' growth stop or restructuring programs. In addition, exports from the region fell back. We therefore restructured the plant and refocused its production activity on the domestic markets. In the U.K. we announced the closure of the Cold Drawn Products plant in Scholes following continued declining sales in wire for retaining rings and hose clamps for the automotive industry as customers are relocating to emerging countries such as India. Production will now be centralized at the Bekaert facilities of Low Moor (U.K.) and Pune (India).

In Turkey Bekaert finalized the full integration of Bekaert Izmit into its international production platform. The product portfolio of hose reinforcement wire as well as steel cord and bead wire for the tire industry, can now be exported to customers within the entire EMEA market.

Bekaert further focused on developing new and cost effective processing and improved wire products, by increasing the tensile strength performance and corrosion resistance of specific coatings for instance. Our development programs for next generations of existing and new wire products were sustained without restriction and, in some cases, even accelerated. We introduced new wire products, such as biodegradable coatings, Bezinal®3000 coatings, next-generation flat blade wiper components and new profiled wires.

At its plant in Zwevegem Bekaert expanded the productive capacity of flat and shaped wire for heavier profiles, for example high-strength wires and wires with high resistance for oil transport in corrosive environments.

For our industrial coating offerings, during the first year-half, Bekaert especially felt the effects of the downturn in the glass industry in Europe. In the second half of 2009 Bekaert initiated several major upgrade projects for sputter hardware, resulting in a much better year-half for its industrial coatings offering. In addition, Bekaert won a number of lucrative projects in new applications beyond the glass and photovoltaics industry, a sign of good potential for the years to come. Future prospects for the wind energy segment in Western Europe are also looking positive.

The Bekaert management team in Izmit, Turkey.

Bezinal®3000 and Bezinal®PLUS: raising the standard in corrosion resistance

In 2009 Bekaert introduced Bezinal®3000, the next generation of its high corrosion resistance coating for high-carbon wires. Compared to zinc coating, the corrosion resistance of Bezinal®3000 is ten times better.

Although zinc provides a barrier to corrosion in most environments, specific conditions such as acidity, industrial emissions, special water treatment or use of fertilizers accelerate the corrosion process. That is why Bekaert, drawing from its deep expertise in coating technology, has developed a third-generation, advanced zinc/aluminum coating: Bezinal®3000.

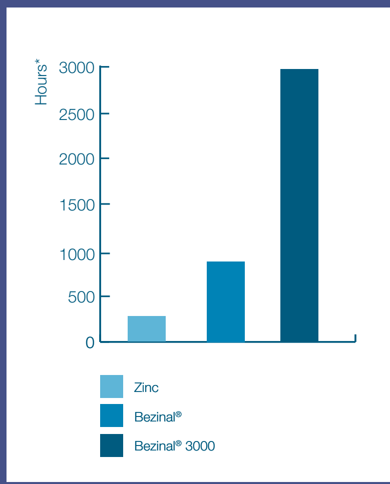
Superior corrosion resistance makes Bezinal®3000 ideally suitable for marine environments and heavy-duty applications, such as spiral strands for offshore and deepwater mooring; fishing ropes; nets for rock protection; subsea power and telecom cables and electro-mechanical cables, such as for ROVs (Remote Operating Vehicles) and tow leaders. Energy transmission system operators too can take advantage of Bezinal®3000 to protect the steel cores of conductors used in overhead power lines. For underground mines – another specific corrosive environment – the use of Bezinal®3000 results in outperforming mining rope endurance.

Bekaert also introduced a new generation coating tailored to spring wires in the course of 2009: Bezinal®PLUS. The Bezinal®PLUS coating eliminates expensive supplementary coatings for many applications, thus ensuring increased wear life for spring wire applications.

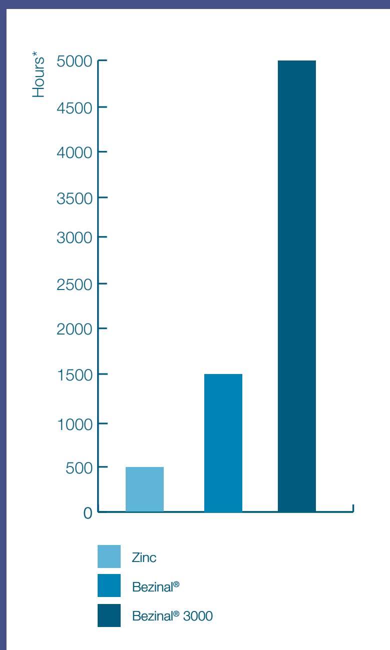
Salt spray performance

*hours exposure before appearance of 5% Dark Brown Rust (DBR)

Redrawn wires Bezinal®3000 (class B according to EN-10244-2)



Final coated wires Bezinal®3000 (class A according to EN-10244-2)



Salt spray tests (to determine how many hours of exposure it takes before 5% dark brown rust (DBR) starts to appear) indicate that Bezinal®3000 scores three times better than first generation Bezinal® and even ten times better than zinc.

Mr Garabatos from ALATEC supervising the works on site: "On-time delivery for previous jobs, a stable product quality and a full service approach including dosing equipment on site convinced us in choosing Bekaert."

Building durable ports

Testimonial

The Port of Algeciras in the south of Spain is a leading port in the Mediterranean area. It handles an annual container cargo volume of 3.3 million tonnes of TEUs (Twenty feet Equivalent Units, or standard six-meter containers). Bekaert was selected to supply Dramix® steel fibers to reinforce the concrete pavement of a brand new terminal comprising 392 000 m^2. We therefore played a key role in the construction of a reliable, safe and durable port.

In 2008, the local port authority awarded the South Korean concern Hanjin Shipping the development and operation of a brand new terminal at the Port of Algeciras. To realize the project, Hanjin partnered with the Spanish group Acciona and the engineering company ALATEC. Works at the site began in April 2009 and are planned to be finished in March 2010. When completed, some 3 700 tonnes of Dramix® steel fibers will have been used to reinforce around 98 000 m^3 of concrete pavement.

Exceeding the standard

The three berths at the new terminal will be intensively used by large cargo vessels carrying between 5 000 and 13 000 TEU. Because of the high number of loading and unloading cycles – the projected container traffic is set at a staggering 1.7 million TEU per year – the concrete terminal floor requires optimal reinforcement. Should a delay in operations occur because of a faulty terminal floor, the repair and down-time cost could jeopardize the profitability of its operator.

Moreover, the Spanish standard for the design and construction of port pavement sets the minimum durability at 25 years. As concrete strengthened with Dramix® steel fibers greatly exceeds this standard because of its high fatigue resistance and load bearing capacity, ALATEC opted for Bekaert.

In addition, Dramix® has significant advantages in usage, compared to other reinforcement fibers. For example, ALATEC confirmed that the fibers could be distributed more uniformly in the concrete pavement with Dramix®. This is one of the reasons why ALATEC has been using Dramix® steel fibers in its container terminal construction work for over 15 years now.

Bekaert's experience in this type of project and the excellent relationship that it has built up with ALATEC for over a decade now, are other major reasons why the engineering company chose Bekaert as a crucial partner in yet another successful, large-scale construction project. Plans exist to expand the Port of Algeciras with a similar terminal in another five to eight years time. Most likely, ALATEC will then again opt for Bekaert's Dramix® steel fibers to build a safe, reliable and durable port terminal.

“The pavement of the new Algeciras port terminal extends well over 40 hectares. Reinforcing such a large surface area with conventional steel bar reinforced concrete would be a labor intensive task. By using concrete reinforced with Dramix® steel fibers, the hours of manual labor are sharply reduced, which lowers the overall cost price. More importantly, the solution provided by Bekaert significantly improves the durability of the terminal pavement.”

Antonio Garabatos, Project Engineer – ALATEC

Emerging Europe

Slovakia – Czech Republic

To achieve economies of scale, Bekaert realigned its manufacturing platform in Slovakia by integrating the tire cord activities of its plant in Hlohovec into those of its plant in Sládkovičovo. The latter continues to be developed as the Bekaert tire cord production platform for Central & Eastern Europe. The plant is optimally equipped to meet our strategic goals and customer requirements on the related markets.

The Hlohovec plant, which manufactures a wide variety of wire products and advanced cords, was granted all the necessary ISO certifications and is systematically being upgraded. Both Hlohovec and Bohumín (Czech Republic), which received additional production quotas after last year's adjustments in the European platform, performed at their maximum capacity and boasted strong results. The Bohumín plant made great strides in the areas of flexibility and customer focus and assisted considerably in preserving our market share in Central and Eastern Europe.

Russia

In the course of 2009 Bekaert finalized the building of its first steel cord plant in Russia. Our global market leadership position and a fast developing local automotive sector driving the demand for top-quality steel cord were the main reasons for establishing a steel cord plant in the region. Bekaert Lipetsk produces steel cord for reinforcing radial passenger car, truck and bus tires.

We are confident that the country's economic growth potential and its government's investment programs, e.g. in highway construction and related infrastructure, will further fuel this demand.

First Belgian investor in Lipetsk

To optimally locate the plant, Bekaert opted for the Lipetsk Special Economic Zone (SEZ), some 400 km south of Moscow, because of its strategic proximity to target group markets and raw material suppliers, its logistical advantages, and easy access to energy supplies and skilled labor. Our presence in the SEZ has provided us with a ready infrastructure, simplified administration, tax incentives and a duty-free customs regime, thus creating optimal beneficial conditions in which to set up our operations.

As the first Belgian investor in Lipetsk, Bekaert is a pioneer in the area. We successfully rounded off the plant's construction in just over a year – quite an achievement.

Bekaert is investing close to € 100 million in the Lipetsk plant, spread over three phases in a five-year timeframe, lasting till 2013. At the start-up, around 90 people were employed at the Lipetsk plant. We expect to at least quadruple our workforce there as we reach the final investment phase.

At start up, the new plant in Lipetsk employed 92 people. Another 320 jobs will be created along with the continued investments planned through 2013.

Paul Wyckaert (Bekaert) and Vladimir Lavrentiev (SEZ): The speed at which the Bekaert investment was approved by the SEZ Supervisory Board was truly astonishing. In less than a month the required papers were prepared.

better together put to practice in setting up the Lipetsk plant

It took Bekaert just over a year from the decision to set up a new steel cord plant in the Lipetsk Special Economic Zone to the moment of first production. Key to this success was efficient cooperation between Bekaert, on the one hand, and the Lipetsk Special Economic Zone regional management agency and regional authorities, on the other.

Bekaert opted for the Lipetsk Special Economic Zone (SEZ) to locate its new plant after several years of exhaustive research, visiting many different regions and considering numerous possible locations and set-up configurations. Only the Lipetsk SEZ could meet the site selection criteria, for example, the availability of skilled labor, high-quality power supply, and of communications and transport infrastructure. Moreover, Bekaert wanted an efficient collaboration with the local authorities. And that is just what the Lipetsk SEZ offered.

Close cooperation results in fast approval

Bekaert was immediately impressed by the positive atmosphere and can-do attitude of the SEZ management when they first met. Mr. Lavrentiev, Director of the SEZ regional management agency, displayed a deep knowledge of all issues of concern to Bekaert. For example, the selection of a suitable land plot, power supply and engineering infrastructure were discussed openly and in detail. In addition, Bekaert received wide support from the regional authorities, more specifically in the person of Oleg Korolev, Governor of the Lipetsk Province.

The speed at which the Bekaert investment was approved by the SEZ Supervisory Board was truly astonishing. Bekaert staff and the SEZ management agency worked day and night to successfully prepare all the required papers in less than a month.

Investing in quality and in the local community

For the construction of a new plant Bekaert prefers to work with local companies as they know the local conditions. In this way Bekaert also aims to contribute to the welfare of the region. Of the twelve subcontractors employed to build the new plant, four were local Lipetsk companies.

All through the employment period, Bekaert offers an intensive training program for both operators and plant management. Bekaert wants the competencies of its staff at Lipetsk to be of the same high standard as at all other Bekaert plants worldwide. As for the quality of the Bekaert products manufactured at the Lipetsk plant, Bekaert will be able to match the same high standards as well. In the construction of the Lipetsk plant Bekaert spared no trouble nor expense to install the most modern infrastructure and state-of-the-art machinery.

“The professional attitude of the Bekaert management towards the Lipetsk SEZ and its people was much appreciated. Their coordinated approach allowed us to swiftly finalize the preparations. We collectively tackled all the challenges concerning the general contractor and subcontractors, customs, and procurement of construction materials and equipment.”

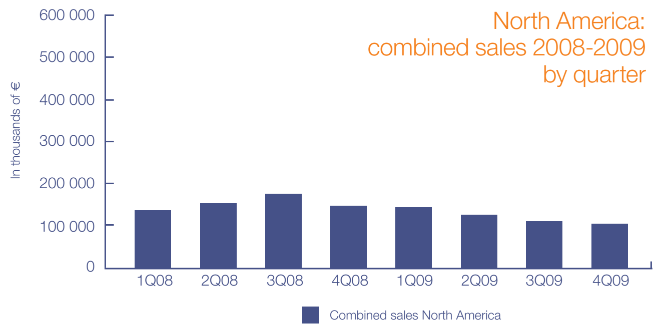
Vladimir Lavrentiev, Director of the SEZ regional management agency

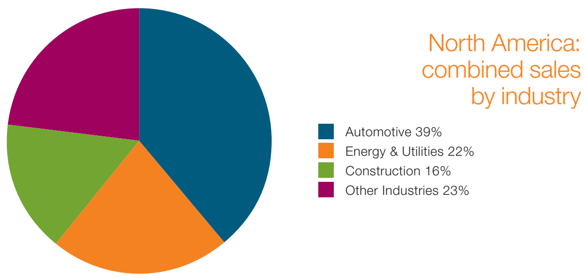
We responded to the downturn in automotive by applying several measures in our North-American plants, all in order to enhance added value with our customers.

North America: anticipating new trends

Bekaert in North America

Combined sales:	€ 469 million
Capital expenditures: (Property, plant and equipment)	€ 10 million
Total assets:	€ 266 million
Employees:	1 700
Number of manufacturing sites:	13





The economy in North America was severely affected by the global downturn, and so was Bekaert. This was felt mostly in the automotive and the residential markets. Sales improved slightly towards the end of the year though, as customers in North America started to replenish their inventories and governmental stimulus programs were getting off the ground.

The proactive measures Bekaert took in previous years to realign its production platform to changed market demand limited the adverse effects on our business experienced throughout the first year-half. Faced with a further decline in industrial demand due to the increasingly difficult marketing conditions Bekaert stepped up this process and responded rapidly by initiating cost-cutting programs. In August we announced the plan to discontinue operations at the plant in Clarksdale (Mississippi) and to consolidate activities there into the Rome (Georgia) plant. By making maximum use of economies of scale and by further optimizing the standardization of production and operational excellence, Bekaert aims to further safeguard its competitive position in the region.

Bekaert also responded to the downturn in automotive by expanding its product portfolio (for example in the Rogers (Arkansas) plant) and by increasing its tailor-made production in order to enhance added value with its customers. We also succeeded in breaking through the supply chain of the U.S.-based Japanese car-makers by replacing traditionally imported wire and wire products by products manufactured in the U.S.

Several U.S. government stimulus programs also boosted our business in the region. The ‘Cash for Clunkers’ program and the recent tax measures had a positive impact on our automotive business in the second year-half. Another U.S. governmental initiative, notably the increased number of states banning lead wheel weights for wheel balancing, has also opened new doors to our operations in the sector. In anticipation of the important movement in the U.S. that strives to have a ban in effect as of 2011, Bekaert invested in a new production line to supply the markets with our eco-friendlier, steel-made wheel weights. In 2010, this production line will be expanded with state-of-the-art technology to increase capacity still further.

In line with the governmental plans to modernize and upgrade the U.S. power grid Bekaert invested heavily in new wire drawing and stranding equipment at the Van Buren (Arkansas) plant to serve the Aluminum Conductor Steel Reinforced (ACSR) market. High-voltage lines are increasingly being refurbished with new conductors to cope with transportation needs over longer distances. Bekaert wires and coatings ensure higher tensile strength as well as better temperature and corrosion resistance to meet this new requirement.

Our Bekaert window films business in San Diego (California), with production mostly aimed at automotive and construction, was in the eye of the financial storm at the beginning of the year. Cost-control measures were implemented accordingly while our focus of the business was redirected to the Chinese market and to the production of business-to-business applications. As part of its renewable energy focus, Bekaert Specialty Films further diversified its portfolio by successfully introducing the new Solar Gard® PV backsheet. Bekaert used its expertise in flexible films to manufacture laminate backsheets for photovoltaic modules – a critical component in solar panels.

Our Canadian operations in Surrey struggled with a low sales demand and an ongoing reorganization, combined with adverse effects from currency movements. As a result the profitability of the plant was put under pressure. Bekaert Wire Rope Industries, our rope joint venture company in Pointe Claire (Canada), performed well in a difficult environment where demand for ropes was depressed. They pursued product innovation and close cooperation with several mining companies. This led to the successful introduction of a new, improved rope for the oil & gas and mining markets – the Cushion Pac Ultra™ or CPU.

With the globalization of the electricity market, high-voltage lines are being refurbished with new conductors to cope with increasing transportation needs over longer distances. Bekaert developed both higher performance wires and coatings to enable the necessary upgrades in the electricity network.

Flexibility and strength in power distribution

While the U.S. population has grown approximately 100 percent over the last 60 years, electricity consumption has increased more than 1 500 percent, based on data from the U.S. Energy Information Administration. This increased electricity demand has caused congestion in the U.S. transmission system, which is in vital need of upgrading.

According to an industry analysis done by the Edison Electric Institute, approximately 70% of transmission lines in the U.S. are more than 25 years old. As the U.S. power grid continues to break down, Bekaert is working closely with its customers as investment is being made to modernize the system. Major North American customers include producers of transmission and distribution power cable used by electrical utility companies. Bekaert supplies stranded steel core reinforcement materials for their aluminum conductor steel reinforced and aluminum conductor steel support (ACSR and ACSS) conductors.

General Cable, a Fortune 500 company headquartered in Highland Heights, Kentucky, is one particular customer that has partnered with Bekaert to provide solutions for the future. General Cable is a global leader in the development, design, manufacture, marketing and distribution of copper, aluminum and fiber optic wire and cable products for the energy, industrial, specialty and communications markets. Energy cables include low-, medium- and high-voltage power distribution and power transmission products.

The relationship between Bekaert and General Cable has grown significantly over the last few years. What began as a small scale trial program with Bekaert in 2004 has now evolved into a strategic partnership with its foundation built on service and quality. “Over the years we have found tremendous value in our relationship with Bekaert. At General Cable, our competitive strengths are in areas such as breadth of product line, brand recognition, distribution and logistics, sales and service and operating efficiency. We see Bekaert as an integral partner with the same strengths and core values as ours,” said Paul Eaglin, Director of Sourcing, General Cable.

A case in point came in 2009 when General Cable won a major project to supply four million feet of transmission cable that will eventually connect wind farm developments to the U.S. power grid. Bekaert supplied all of the ACSR 7-wire strand for that project. Eaglin: “This was the single largest project that we have worked on with Bekaert to date. We were very pleased with the excellent product quality and level of service that we have come to expect from Bekaert. Bekaert delivered all of the ACSR materials on-time and with no quality issues. These two crucial supply factors allowed us to seamlessly service our customer in a critical market for our collective growth.”

The North American Electric Reliability Corporation reports in their 2009 Long-Term Reliability Assessment that there are plans to install approximately 32 000 miles of transmission line throughout North America from 2009 to 2013. “General Cable plans to play a significant part in the growth of transmission cable, including for the renewable energy sector, both in the U.S. as well as around the world. Bekaert is a reliable global partner for General Cable’s future growth,” Eaglin said.

Troy Irwin (left), Sales and Marketing Manager, Wire North America, Bekaert and Paul Eaglin (right), Director of Sourcing, General Cable.

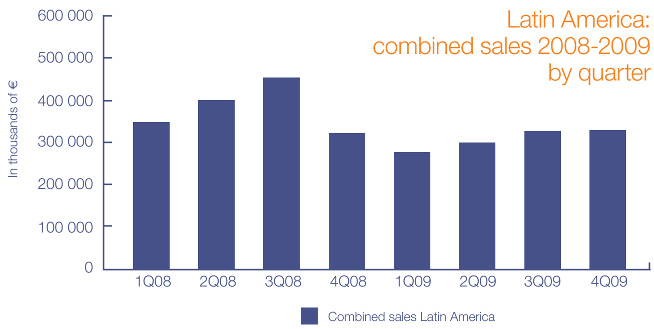
In Latin America, volume decline and wire rod price fluctuations impacted the profit margins in the first half of 2009. However, recovery in demand improved profitability in the second year half.

Latin America: strong recovery in key growth markets

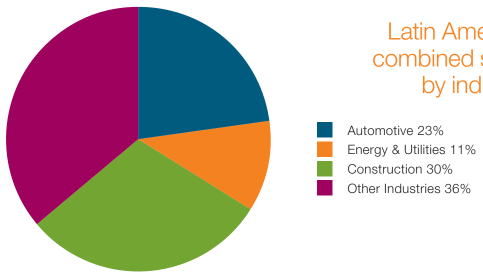
Bekaert in Latin America

Consolidated sales:	€ 327 million
Combined sales:	€ 1 237 million
Capital expenditures: (Property, plant and equipment)	€ 9 million
Total assets:	€ 179 million
Employees:	6 600
Number of manufacturing sites:	18

Latin America: combined sales 2008-2009 by quarter



Latin America: combined sales by industry



The overall economically robust Latin American countries are key growth markets for Bekaert. We further consolidated our activities in the region by establishing the holding company Bekaert Ideal, which includes the subsidiaries in Venezuela, Ecuador and Colombia and part of Bekaert's shareholding in Peru. Bekaert owns 80% of the stakes in this new holding company. Consolidated sales growth in Latin America was the result of integrating our operations in Ecuador and Peru (the latter indirectly became a subsidiary of Bekaert when the holding company was established).

The effect of the economic slowdown on our wire business has been felt since late 2008, when the prices of steel collapsed. After bottoming out in the second quarter of 2009, Latin America showed strong signs of recovery, with Brazil taking the lead.

In Brazil, a crucial market for Bekaert, the results from Bekaert's joint ventures were subject to a negative currency translation impact in the Group figures, while the weakening USD fueled competition from imports in Brazil. The Brazilian government launched programs such as a reduction in taxes on locally manufactured products, which favored the automobile, home appliance and construction materials industries. As of May the domestic market started recovering.

To offset the decrease in sales volume in the first year-half for its Brazilian operations, Bekaert launched several measures aimed at reducing fixed costs while improving processes and product quality at the same time. Increased synergy was a focal point at the three plants in Contagem and Sabará. By reassigning production orders between the plants and by optimizing all galvanization lines we were able to greatly reduce energy, labor and maintenance costs. In the long term, Bekaert will continue to benefit from this increased synergy. In 2009 several actions were implemented to intensify personalized customer service. By doing so we regained market share and showed signs of recovery more quickly.

To support its business in Brazil, Bekaert also established a development department aimed at managing product and service optimization projects, using tools such as the Bekaert Innovation Process and creating a database for access to related technical information.

As for Chile the positive impact of the economic recovery instigated by the stimulus plan implemented by the Chilean government was felt from the second half of 2009 onwards. At Prodinsa, our rope manufacturing plant in Santiago, we completed and started operation of a new state-of-the-art strander, which was completely in-house engineered and locally built. Prodalam, our distribution arm, relocated its headquarters to Renca where the main warehousing and logistics center has been based since 2008. Inchalam started the production and commercialization of colored wires, and approved investments for producing Bezinal® wires in 2010.

In mining the acceptance of our high-carbon supporting mesh for tunnels has continued to gain acceptance and is fast becoming the preferred solution of the industry.

Although slow in the first year half, Peru's economic performance, over the full year, was among the best in the Andina region. At Prodac, the Bekaert subsidiary in Peru, the market demand and financial performance improved considerably in the second half. The entity succeeded in creating a more cost-competitive structure and in lowering raw material inventory, bringing down working capital levels drastically.

Bekaert's operations in Ecuador performed well in 2009, despite the fact that the economy was severely impacted by the global recession, in which lower oil prices and a slowdown of the remesas (remittances) sent to the country by Ecuadorian nationals living abroad played a major part.

In October, The Federation of Enterprises in Belgium organized a business forum on the occasion of the state visit to Belgium of Brazilian President Lula da Silva. Bekaert was invited to present its business case at the event. CEO Bert De Graeve and Chairman Baron Buysse shared their insights with President Lula.

In Colombia, Proalco broadened its product portfolio in 2009 by adding hexagonal nettings to its range while also expanding its mesh production. Bekaert enlarged its main production facility in Muña to house additional equipment, including new drawing equipment for both low and high-carbon activities. Economic activity in Colombia is negatively impacted by the reduction in trade with Venezuela.

In Venezuela we started up a new galvanizing line for fine wires which resulted in additional drawing capacity. Despite challenging economic circumstances, especially during the first half of the year, local demand was reasonably strong. These economic difficulties combined with severe energy shortages are impacting the country. Continued inflation drove the country into hyperinflation (100% inflation over a period of three year) in the fourth quarter. As a result we adjusted our accounts applying free market exchange rates (we refer you to Note 3.2 in the Financial Review).

The outlook for economic performance in Latin America, overall, is favorable. The prospects of Brazil, for example, are good not only for 2010 but also beyond, driven by major development programs, including the Olympic games of 2016. The view on the future for Chile is positive as copper and other mining commodities will pull up activity in that sector. Investments in power generation are expected to continue at a good level.

For a huge hydro-electric project in Colombia, generating electricity from the river Porce, our Dramix® steel fibers were used to reinforce the concrete in the tunnel and dam. Ingetec S.A., one of the most important engineering consulting companies in Colombia, particularly appreciated the easy handling of the Dramix® steel fibers, resulting in considerable time-savings.

From left to right, General Managers from the various mini companies: Daniel Masias, Central Manager Environmental Solutions Business Unit, Fernando Muñoz, Central Manager Mining Business Unit, Victor Marquina, Central Manager Agriculture Business Unit, Antonio Aguilar, Central Manager Building Business Unit and Michele Bio, Central Manager Distribution and Retail Business Unit.

Mini-companies: a future-proof business model

At the end of 2007, Peru's economy was booming, boasting a continuous GDP growth for more than 60 months on end. Prodac, Bekaert's local production platform, proved no exception to the national trend: demand was skyrocketing, resulting in double digit growth. When import duties for steel were totally abolished by the Peruvian government, international competition toughened. In order to stay on track towards sustainable and profitable growth, Bekaert had to fundamentally reinvent its business model.

The starting point, as ever, was the voice of the customer. After being credited as the market's premier benchmark company for wires and wire-related products, Prodac went further down the path of integration and a total solution approach.

Shifting the mindset towards market orientation

In 2008, the ambitious business model project was launched. Prodac established five business units that are no longer linked to a product, but each to a single market: mining, building, agriculture, erosion control and retail. The new business units operate as 'mini-companies': the team members work towards a specific goal, constantly aiming for optimization and forge strong ties with suppliers and customers. This requires a fundamental change in mindset, flexibility, openness and a market-oriented approach. We recognized from the start that we could not be experts in everything. Our specialty was wire, but our knowledge on the industries that were applying our wire products needed to be broadened. That is why experts in areas such as geomechanics for tunnels, retail marketing or engineers in the correct applications of geosynthetics were incorporated into the Prodac teams, thus allowing us to increase the speed of acquiring industry-specific knowledge.

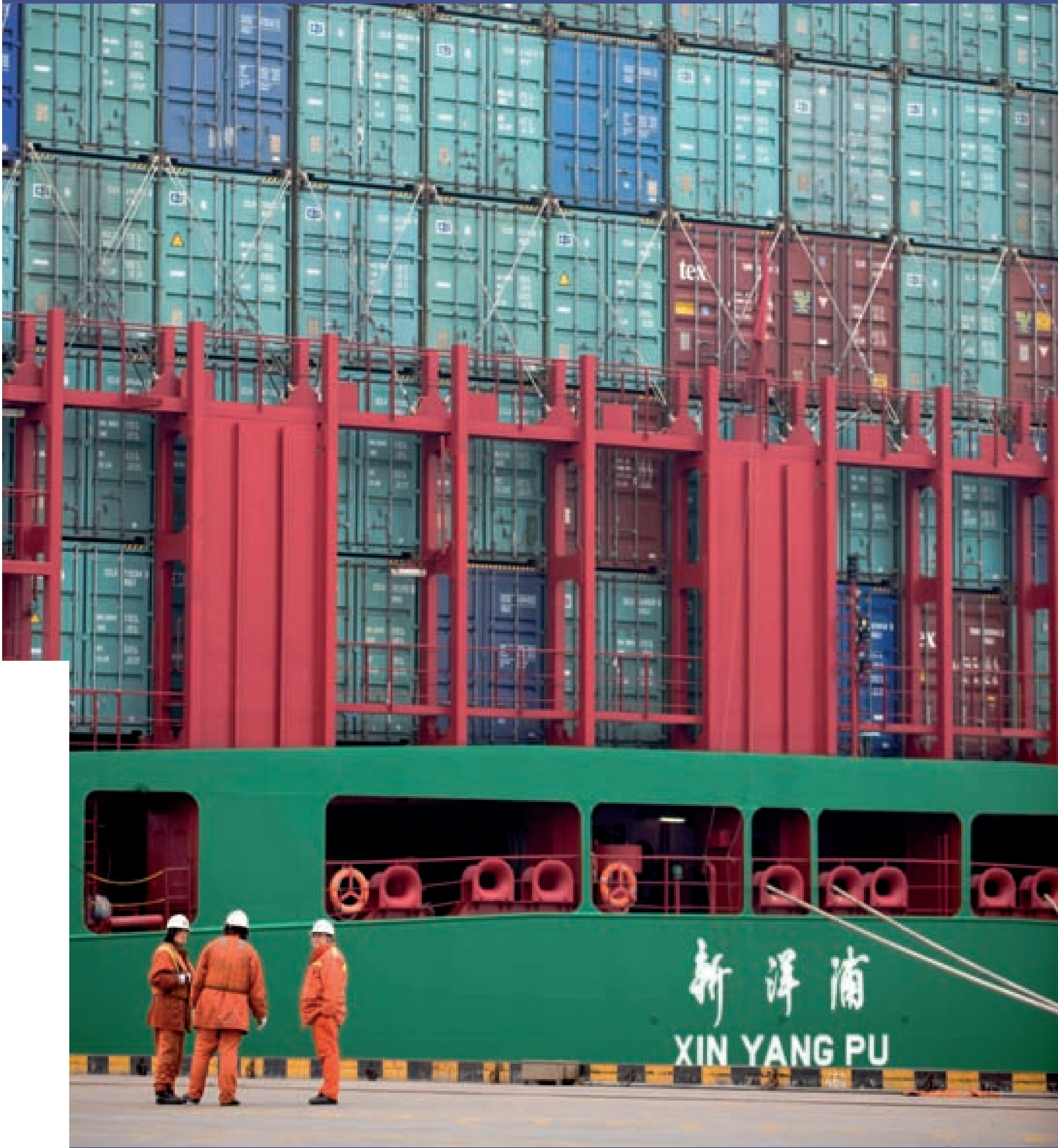
Even though the project is still in its implementation phase, the company's portfolio has already undergone several changes and extensions. And we offer planning, logistics and installation assistance to our customers. In short: Prodac is now considered as a true specialist in tunnel sustaining for mines, in vineyard conduction technology and in steel reinforcement for concrete.

Strategic diversification in our product portfolio

As a result, the five market-oriented business units have materially broadened their product and service offering. Diversification is key here. Products can be manufactured locally by Prodac, sourced from other Bekaert plants or delivered by a third-party supplier.

The 'new business model' project will be further deployed in the coming year. Today it is already clear that Prodac's future-oriented vision and its customer-oriented approach will offer a competitive advantage.

In Chile too the mini-company model has been introduced successfully, as from 2003, in order to encourage individual initiative, customer orientation and sense of ownership.



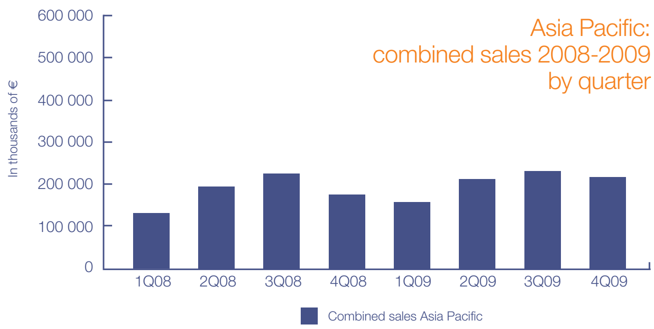
During the economic standstill early 2009 we did not lay off any personnel. This way we were ideally positioned to capitalize on the upturn. In China, in full support of our customers, we achieved record volumes and sales from April onwards. India and Indonesia have also remained resilient throughout 2009.

Asia Pacific: when crisis becomes an opportunity

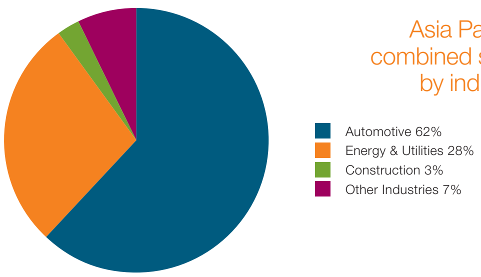
Bekaert in Asia Pacific

Combined sales:	€ 814 million
Capital expenditures: (Property, plant and equipment)	€ 81 million
Total assets:	€ 989 million
Employees:	8 500
Number of manufacturing sites:	20

Asia Pacific: combined sales 2008-2009 by quarter



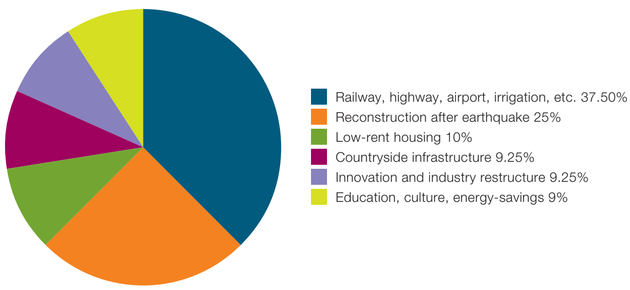
Asia Pacific: combined sales by industry



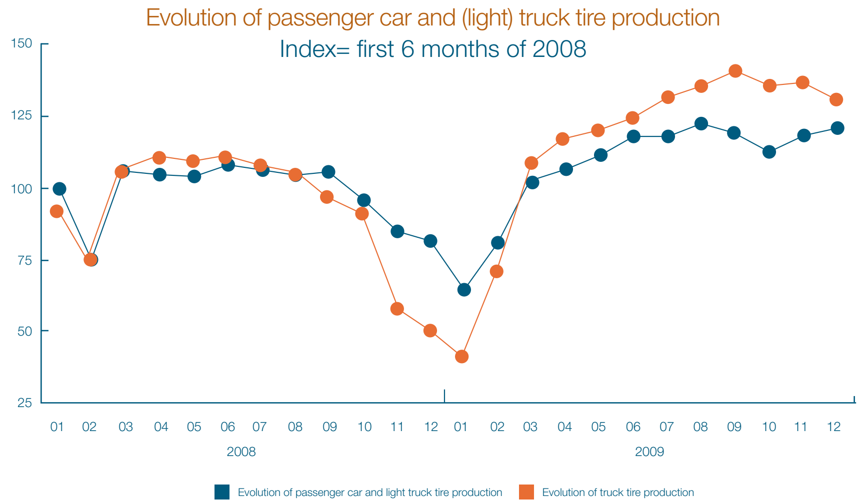
China: instant response

After years of strong growth, the global economic crisis that caused substantial reduction in exports for China has led to a sudden standstill in industrial production at the turn of the year. This was reflected in empty order books, idle standing plants, machines and employees. Helped by the Chinese government's CNY 4 000 billion fiscal stimulus package, the economy picked up at an unparalleled high pace after the Chinese New Year 2009. Chinese companies could count on financial support, and investment programs for road and transport infrastructure were laid out. The supply chain regained momentum and greater demand for tires and steel cord followed in due course. Consequently, our activities in tire reinforcement exhibited outstanding performance, increasing market share and setting new sales records in China.

China's CNY 4 000 billion investment in 2009



China's impressive fiscal stimulus package, with a dedicated allocation to infrastructural works, has indirectly helped boost our business in the country.



After the Chinese New Year passenger and (light) truck tire production picked up again, even exceeding 2008 levels as from the second quarter.

Bekaert was able to quickly seize opportunities in the region for a number of reasons. Our geographic position, in close proximity to our customers, meant that we were the first to hear their needs. We had prepared our plants for recovery during production downtime by improving production lines, by looking into new ways to optimize the manufacturing processes, and by offering our employees extensive training in different components of Bekaert's Operational Excellence program, such as safety, quality and maintenance. Bekaert also continued to invest in product innovation. New products were launched on a continual basis in the Chinese market. Our high-performance tire cord, for example, is a fast grower in China. All these measures allowed us to deliver a fast response to the sudden pick-up in customer demand and to capture this rebound in sales.

In April Bekaert officially opened, together with Chinese steel producer Ansteel, a brand-new production plant within the framework of our 50/50 joint venture. The plant, which produces steel cord products for tire reinforcement, is located in the uprising automotive production center of Chongqing. At the end of 2009, 245 employees were working in the plant. Some 50% of its production is sold to customers within the municipality. The plant is geared for future growth in line with market demand and will represent a total investment of € 150 million.

To boost our production efficiency and further strengthen our position in the wire market we integrated the production activities of Jiangyin Fasten-Bekaert Optical Cable Steel Products Co, Ltd into Bekaert Jiangyin Wire Products Co, Ltd. This merger included construction works and the installation and commissioning of machinery and production lines. It has enabled us to expand the spring wire product portfolio produced in China and to increase our capacity in the production of phosphate-coated high carbon wire.

In April Mr Zhang Xiaogang, Chairman of Ansteel, Baron Buysse, Chairman of Bekaert and Huang Qifan, Mayor of Chongqing Municipal People's Government officially opened the new steel cord plant in Chongqing, China.

The basic materials sector pulled through the worst of the downturn and has gradually found its way back to recovery. Plastics, paper, textile and mining all received their fair share of funding in China's financial stimulus program. In industrial coatings, Bekaert boosted its sales in the Chinese market. The glass industry performed well all year long, resulting in a record-high turnover for our industrial coatings business. The commercial and residential markets in China also have new regulations now to use low-E glass, thus creating an opening in the market for our coating business. Bekaert Specialty Films enjoyed strong growth in the branded Solar Gard® and Quantum® network in China due to continued support and training of the distribution channel. Combined with a strong penetration in the architectural markets this positions Bekaert as one of the leaders on the Chinese architectural window film market.

The crisis has clearly brought about future opportunities. China has made itself less dependent on exports and is further developing its own internal market. Since our activities in China are largely aimed at the domestic market, this further increases possibilities for Bekaert.

Terminal 3 at the Beijing Capital International Airport is known for being the world's largest airport building. The breathtaking dragon-like structure took four years to construct, covers more than a million square meters and is designed to accommodate an estimated 50 million passengers a year by 2020.

Beautiful glass ceilings make for a stunning architectural structure, but also a solar heat gain nightmare. To solve their solar heat control problems, the airport looked to Solar Gard® Sterling 20. Solar Gard® Sterling 20 window film has been successfully installed on 10 000 square meters of the structures' glass roof. With the film blocking 99% of ultraviolet rays and total solar energy rejection up to 76%, the airport management are completely satisfied with our films effects on solar heat reduction.

Recognition for Bekaert's contributions to China

Geert Roelens, Bekaert Group Executive Vice President Steelcord and Member of the Bekaert Group Executive was granted the '2009 State Friendship Award' by the China State Council via the State Administration of Foreign Experts Affairs. The State Friendship Award is the highest award in China for foreign experts who have made outstanding contributions to China's economic and social progress. Geert Roelens received this award due to his and Bekaert's contributions and achievements in China, as well as the efforts made in promoting continued cooperation and friendship between China and Belgium.

India and Indonesia: further reinforcing our base

In both India and Indonesia Bekaert had already started to broaden its product portfolio to prepare its business for the future and continued to do so in 2009.

Indonesia has managed to maintain an annual GDP growth of 4.5%, owing to robust domestic demand. After a slow start at the beginning of 2009, our customers were soon building up inventory again and market demand recovered. At our plant in Karawang we expanded our product portfolio with galvanized construction wire for local customers. In the second year-half we recorded increased sales for Dramix® concrete reinforcement fibers following a boost in tunnel and mining projects for the Australian market.

As for steel cord, our plant in Karawang is expanding its capacity to supply to local customers. Several high-speed freeway projects will increase the demand for truck and bus radial tires.

Bekaert Advanced Filtration moved production from Jakarta to a greenfield plant, also in the local industrial area of Karawang, to enable the plant to expand production in function of the growth potential of the polymer market in Asia which is one of the main application areas of the Bekaert's fiber-based filtration offerings.

In 2009, India recorded GDP growth of 6.5%. Despite being hard hit by the economic downturn, the Indian economy was quick to recover, driven by domestic demand and a sound financial system. According to market forecasts, India will remain one of the world's fastest growing economies throughout the next decades.

All businesses in India were affected by the recession during the last quarter of 2008 and the first half of 2009. In the second quarter the Indian economy began its recovery. This recovery was felt first in Bekaert's tire cord-, wire- and building products-related markets. We made sure we were ready to ride the first wave of revival in the demand for steel cord.

Similar to other Asian markets, Bekaert continued to expand its capacity and product portfolio with more steel cord, stainless steel wire, and several wire and filtration products. In August, as part of our partnership with Mukand, we successfully commissioned our stainless steel wire production plant in Lonand. In the fourth quarter Bekaert Carding Solutions in Pune experienced a high demand.

CEO Bert De Graeve visited the new Advanced Filtration plant in Indonesia, which moved from Tangerang to the industrial area of Karawang. The plant is now ready to expand production in function of the growth potential of the polymer market in Asia.

In the first quarter of 2010 we put the Bekaert India Technology Center in Pune, India into service. The center supports the technological challenges and needs of our Indian customers in the tire business.

Bekaert also took swift action in customer relations, cost control and operating efficiency. We successfully rolled out, in all departments, new initiatives in cash conservation and waste reduction. At the Ranjangaon (Pune) plant we further enhanced machine uptime in order to maximize asset utilization and reduce conversion costs. When our Bekaert Advanced Filtration plant at Ranjangaon was confronted with lower occupancy, we temporarily relocated the operators to the Bekaert steel cord plant on the same site. In this way, we avoided layoffs and reduced contract labor at the Bekaert Advanced Filtration plant at the same time. During the 'Customer Orientation Week' at Ranjangaon, we invited our customers to the plant. They met with our teams – from executives to operators – to discuss their needs and how Bekaert could fulfill them even better.

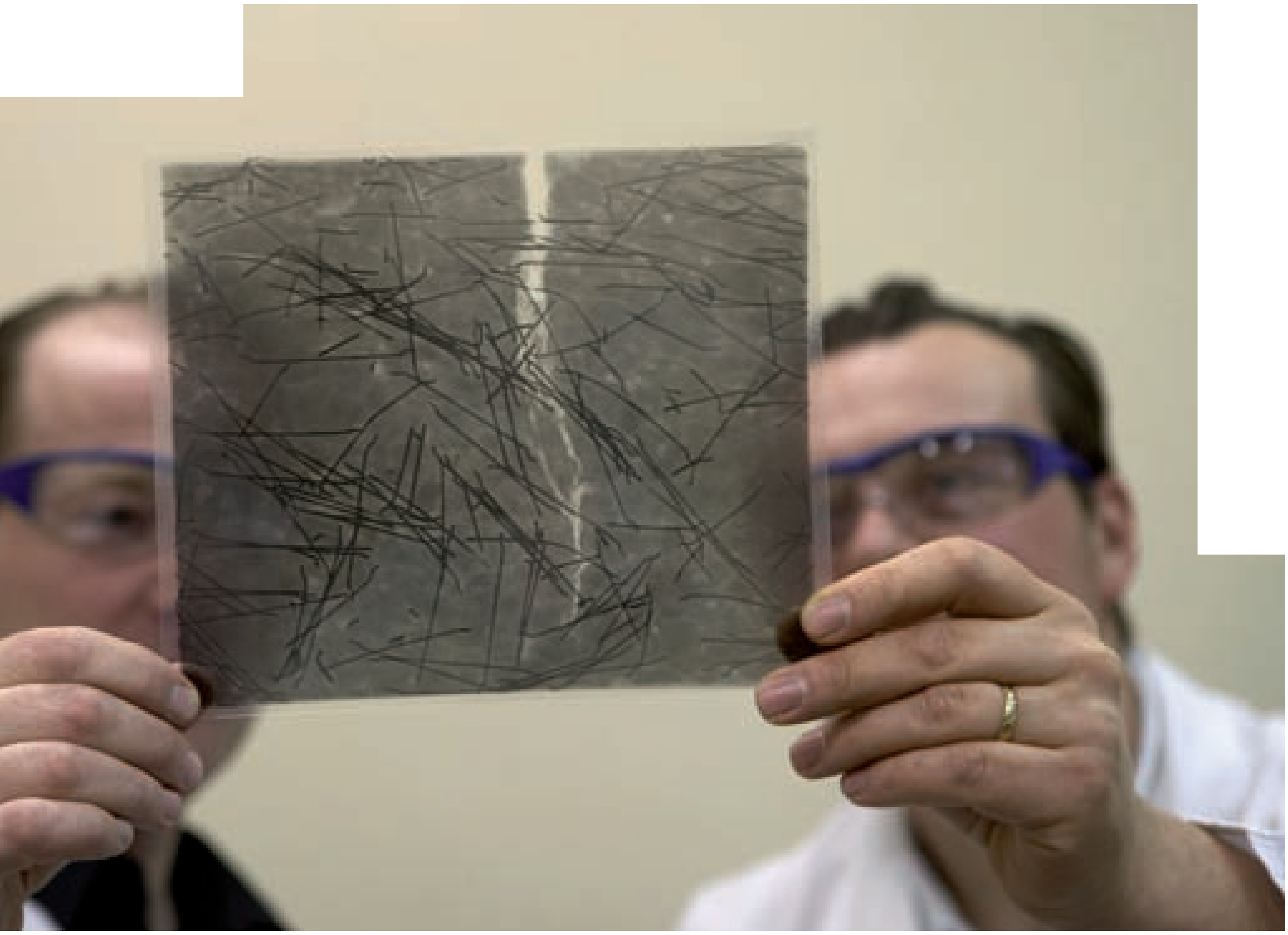
The services industry in India has experienced fast growth in recent years. As prosperity increases in the country, the automobile production and the radialization of truck tires will soon follow, creating major opportunities for our steel cord business. Our plant at Ranjangaon already increased its steel cord productive capacity by 40% to respond to the increased demand in radial tires.

Bekaert is ready for future growth in India, which is also one of the reasons why we put the Bekaert India Technology Center (BITC) in Pune into service in the first quarter of 2010. Bekaert's first steel cord technical center in India supports the technological challenges and needs faced by Indian tire manufacturers as India surges forward in steel reinforced radial tire usage. In anticipation of increasing tire demand over the next three years, BITC will provide – with R&D support from the Bekaert Asia Research and Development Center (Jiangyin, China) and the Bekaert Technology Center (Deerlijk, Belgium) – problem-solving and testing solutions to local Indian customers and thus capture market growth. In March 2010 the center was visited by HRH Prince Philippe of Belgium.

04

Technology and innovation at the core of our growth strategy

Being at the forefront of technological innovation is one of the key pillars in Bekaert's strategy to achieve sustainable profitable growth. Our research and development activities are aimed at new products and product applications as well as innovative production processes that limit costs, environmental impact and energy consumption; we also create and design increasingly efficient production equipment in our Engineering department.



Technology and innovation at the core of our growth strategy

In 2009 we successfully pursued our strategy by:

- Investing € 63 million in R&D
- Earmarking € 10 million capital investments towards expanding and realizing state-of-the-art R&D facilities in Belgium and China;
- Focusing on greener and more cost-effective solutions both on a product and process innovation level.
- Recommitting resources for mid and long-term innovation by refocusing on the front-end of the innovation funnel (idea generation; market opportunity identification)

Our efforts to develop new materials and products are centered on two major technological core competencies. We carry out research into metal transformation and into the mechanical properties of metal, such as strength, ductility and fatigue. In addition, our research efforts also focus on improving the surface properties of metal with the help of advanced coatings: for example, coatings to improve adhesion and corrosion resistance. The purpose of our technology centers is to continuously optimize the synergy between our metal transformation and coatings knowhow. The increasing cross-functional cooperation between people from technology, engineering and from the business units is a crucial driver for our innovation.

In the economically challenging year 2009 we continued to allocate a high budget to research and development. In the years to come, the current level of R&D investments will be increased. With this commitment, we strive to strenghten our technological leadership, today and tomorrow, in order to contribute to Bekaert's sustainable profitable growth and further bolster our global resilience.

R&D at Bekaert in figures

R&D is part of Bekaert's DNA. The resources invested in technology and innovation account for approximately 3% of consolidated sales and 7.1% of the added value we achieve.

Over the period 2003 to 2009, investments in technology grew substantially, both in terms of operating budget and in terms of allocated staff. Currently more than 600 employees are active in technology and innovation at Bekaert, more than 350 (representing 12 different nationalities) of whom work in the Technology Center at Deerlijk (Belgium). Another 250 employees work on developing specific products and providing technological support to plants and customers in China. In 2009 we further developed and expanded both teams. The fact that we filed 39 new patents in 2009 illustrates the success of Bekaert's focus on R&D.

Throughout the years our in-house engineering department has built up a thorough expertise and specialized knowledge of our manufacturing needs. Thanks to this expertise, our production plants are equipped with the most advanced machines and process equipment. This, in turn, enables us to match our production methods closely to the working practices of our customers.

Engineering focused on lean and green operations

Bekaert's in-house engineering department designs, assembles and installs production lines, contributes to the development of new products, and globalizes spare parts asset management. In addition to adjusting manufacturing capacity worldwide in 2009, Engineering was also involved in the start-up of the new Bekaert plants at Chongqing (China) and Lipetsk (Russia), and in the installation and commissioning of new production lines for existing plants in Belgium, Brazil, China and India.

In the course of 2009 the R&D activity of Engineering clearly focused on increased energy saving, eco-friendlier equipment and the upgrading of existing equipment in order to reduce energy consumption and put in higher levels of automation. As for Enterprise Resource Planning (ERP), our Engineering department started the implementation of SAP, with the aim of finalizing the rollout thereof in 2010.

Worldwide Bekaert Engineering employs 470 employees of which 232 are located in Ingelmunster (Belgium). (figures GAMM= Global Asset Maintenance Management not included)

Intellectual property protected

In 2009 Bekaert filed 39 first patent applications. A growing contribution from China was noticed: In 6 of the 39 first filings, a Chinese inventor was designated. 9 of the 39 first filings were drafted by members of the Bekaert Industrial Property department in China. The current patent portfolio of Bekaert comprises 350 patent families with 1916 patent applications and granted patents.

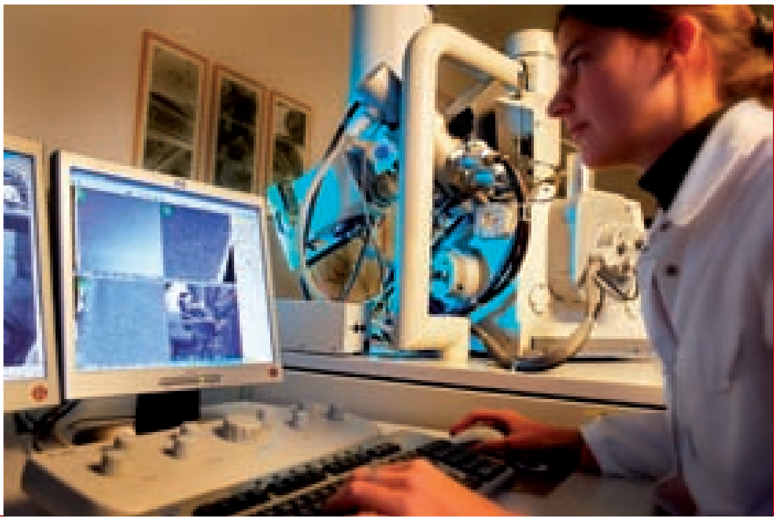
A system of intellectual property protection and confidentiality was rolled out in 2008 in the Chinese steel cord plants of Bekaert. This system comprises heightening awareness in the field of intellectual property, round tables for sharing good practices, use of a balanced score card and audits on intellectual property. In 2009 this system has been extended to also cover the engineering and wire activities of Bekaert in China. In addition a policy around website domain names was implemented.

Serving customers across the globe with dedicated R&D teams

Bekaert has clearly opted for a global footprint for its technology and engineering services. Apart from our main R&D and Engineering centers in Belgium and China, we operate development labs in the Netherlands, Chile, India and in the U.S.

In addition to these initiatives, we also established a focused regional development center in Brazil to respond to growing demand in the domestic market there for hi-tech wire solutions. As for the other emerging market India, we will be putting Bekaert's first and only steel cord technical center in the region, the Bekaert India Technology Center (BITC), into service in March 2010 in Pune.

Global cooperation is paramount to succeed. Tackling technology projects via different locations involves a number of benefits: because of the close proximity to our customers, we are able to serve them faster and more efficiently; the complementary skills of our R&D centers in Belgium and in China can be capitalized and the diversity further enhances the constant search for new and better solutions.



The state-of-the-art materials lab, chemical lab, and mechanical lab in our R&D Centers in Belgium and China supply fast and accurate test results to support customer-driven research projects.

To boost our R&D efforts we have earmarked € 10 million towards the realization and expansion of state-of-the art R&D facilities in Belgium and China. In both countries we have set up new laboratories for materials analysis as well as 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 of times.

In China several major projects were executed to support local product and process developments in close collaboration with the Technology Center in Belgium and technical support to all production sites in Asia has been set up. To support this strong business growth in China and the rest of Asia, the corporate technology organization, based in Jiangyin (Jiangsu province) has been accommodated in a new building which was constructed in the course of 2009.

Customer-driven fast and long-term innovation

Innovation at Bekaert is customer driven, it responds to the basic and latent needs of our customers, both existing and prospective. Listening closely to our customers and understanding how our products function in their products and their production lines is key to developing fit-for-use products. Furthermore, we aim to be fast in our development and reduce our

The highly qualified scientists and engineers of our Technology Centers work closely together with lead customers on new product development. The Bekaert Asia R&D Center in Jiangyin, China has been accommodated in a new building.

Our technology centers are also equipped with pilot lines. Extensive testing of new materials and products in these pilot plants allows us to roll them out to our production platforms worldwide without the initial difficulties that typically arise during a new start-up.

time to market as much as possible. To achieve this, we have adopted a structured approach based on the Bekaert Innovation Process to ensure we develop the right products in the shortest possible timeframe.

Cooperation with other parties leads to faster innovation, to finding complementary knowledge and capacities, and to more cost-effective R&D. In 2009 Bekaert was involved in the set-up and the first project-call of the Strategic Initiative Materials (SIM) in Flanders (Belgium). A public/private R&D initiative aiming at stimulating high-level and medium- to long-term R&D leveraged between industry, public research institutes and universities in Flanders.

In China more intense R&D cooperation was created with the Institute of Metals Research (IMR) - Chinese Faculty of Sciences.

To keep our efforts in technology and innovation focused in the long term, we appointed innovation managers throughout the whole organization. They have a unique mission to foster the process of new idea generation. The goal is to fill the product pipeline and the long-term product portfolio with market-driven innovation so that we can make the most of promising future opportunities. Their ideas are presented to a New Business Development Council, in which the senior management – focused on both technology and business – thoroughly but quickly assesses and discusses innovative proposals and selects and funds the ideas that are to be developed further. Thanks to this efficient filtering process, a number of these ideas rapidly find their way to the production plants. Other promising ideas are channeled to our Technology Center where they are integrated into existing or new projects.

Greener and more cost-efficient solutions

For many years now, our investments in R&D have been yielding significant results, as evidenced by the recent introduction of several new products and processes contributing to Bekaert's growth. Growing concern for the environment has an increasingly bigger influence on our business and on our innovation strategy. The need for more sustainable solutions in energy production and for lower energy consumption are major drivers of the innovation-driven culture at Bekaert. We develop new products that are used in the solar and wind energy sectors – sectors that undoubtedly represent important growth opportunities.

Bekaert has developed an extensive list of products that allow its customers to reduce their impact on the environment, save energy and operate in a more cost-effective way. Here are some examples:

- Ultra-thin metal fibers used in gas burners allow for efficient incineration and low NO_x and hydrocarbon emissions.
- Clean enclosed burners for torching gas at oil fields or plants incinerate superfluous gasses, thus greatly reducing hydrocarbon and CO emissions.
- Wheel weights, made from profiled steel wire, which are attached to the rim to balance the wheel, are the environmentally-friendly alternative to lead, which is harmful to the environment.
- Biodegradable polymer coatings on wire used in the agricultural sector make for eco-friendlier disposal of old stock.
- Sintered or welded fibers that go in diesel particulate filters filtrate fine particulates that can be harmful to health.
- Ultra-tensile steel cord for tires weighs less, causing vehicles to consume less fuel and, at the same time, provides better reinforcement.
- Heating cord, comprised of extremely thin wires with a plastic coating, is a crucial component in limiting soot emissions by trucks.

We continued to put great effort into process improvement as well. For example, we are currently able to build steel cord plants that are significantly more cost-effective than the ones we used to build. We achieve this by re-engineering our processes, redesigning our production equipment and localizing part of the manufacturing of our machines. And we have made huge strides in the certification of our plants: our goal is to have all our plants ISO 14001 certified by the end of 2011.

New products introduced in 2009

By applying newly developed technologies Bekaert is busy preparing next-generation wires for some hi-tech products in which it has already been successful in recent years. For the offshore industry new flexible pipe wires were being prepared throughout 2009; for the automotive industry we are meeting new customer requests to develop a wider flatblade for windscreen wipers. Likewise we continued developing stronger and thinner sawing wire up to 80 micron for photovoltaic applications.

In 2009 we commercialized the award-winning, steel cord reinforced EASI GMT material, an abbreviation for Energy, Absorption, Safety, Integrity Glass Mat Thermoplastic. This material is a hybrid reinforcement structure, made of steel and glass fiber in a polypropylene matrix. As the product combines lightweight and high performance features, it will be used as the matrix material for the bumper of a new exclusive type of sports car.

We also introduced the Bekaert Compact heat cell, a highly compact combination of a burner and heat exchanger, which has an optimized design in flame shape and combustion room to achieve the best emissions.

In addition we launched Bezinal®3000, the next generation of our corrosion-resistant coating for high-carbon wires. Compared to zinc coating, the corrosion resistance of Bezinal®3000 is ten times better. This superior corrosion resistance results in a longer wear life, thus making Bezinal®3000 intrinsically suitable for applications in technically demanding environments underground (e.g. mining), in open water (e.g. offshore and deepwater mooring) and in the air (e.g. overhead power lines).

With the development of the new AZO (aluminum-doped, zinc oxide) rotatable sputter target, Bekaert delivered a significant contribution towards making better and cheaper solar cells. We create high value for photovoltaic customers as it ensures high-quality transparent conductive oxide (TCO) layers, higher deposition rates and a high stability over the lifetime of the solar cells.

We have applied our expertise in flexible films to make laminate backsheets for photovoltaic modules, a critical component in solar panels. Backsheets are essential in the overall design of crystalline photovoltaic modules. Their job is to insulate the electronics and protect photovoltaic cells from the environment by preventing the ingress of moisture and by stopping UV rays from damaging sensitive electrical components.

Acknowledgements

Our thanks go to the Flemish government agency for Innovation by Science and Technology (IWT). Its subsidies for R&D projects involving highly-educated scientific personnel and researchers in Flanders are pivotal to the ongoing foothold of our R&D activities in Belgium. In 2009, we presented 6 new R&D-projects to IWT. We also applied successfully for an R&D grant in the Walloon-region for our Bekaert Advanced Filtration (BAF) activity in Sprimont. Furthermore, Bekaert registered for 2 new European projects under the FP7 Framework Program.

Bekaert's entire product portfolio, is centered around two major technology axes: metal transformation and coating technologies. The purpose of our technology centers is to continuously optimize the synergy between both domains. The increasing cross-functional cooperation between people from technology, engineering and from the business units is a crucial driver for our innovation.

Stijn Janssens (left) process engineer at Photovoltech: "The introduction of Bekaert's rotatable targets provided us with many benefits: the sputter process runs much more stably, allows for longer production cycles and results in a lower failure percentage."

Working towards grid parity together with Photovoltech

Testimonial

The subsidy programs for consumers investing in renewable energy are gradually being cut back. This makes it imperative for producers to speed up cost-efficiencies in order to reach 'grid parity': the turning point where the cost price for generating solar energy equals the cost of electricity generated through traditional means such as oil, coal, nuclear energy and gas.

Sputtering – a key phase in the manufacture of solar cells

The research team of Photovoltech, a manufacturer of photovoltaic cells based in Tienen (Belgium), is continuously searching for ways that both improve the output of the solar cells and also lower the costs of the production process to make these cells. With this goal in mind, they called on Bekaert in mid-2008 to introduce an alternative sputter technology.

One way to manufacture photovoltaic cells is starting with slices of silicon. This silicon slice, or 'substrate', goes through a series of treatments before becoming an active solar cell. One crucial step in obtaining cell efficiency is applying an anti-reflective layer. This layer includes silicon, nitrogen and hydrogen and allows cells to easily catch the rays of the sun. It also hides defects. 'Sputtering' is one of the technologies to apply this special covering layer. Silicon particles are 'shot' from the sputter target using a vacuum vaporization process. They are then deposited in a thin layer on the substrate. This gives the solar cell its characteristic blue color.

Lower cost-of-ownership because of Bekaert rotatable sputter targets

In mid-2008, Photovoltech investigated whether it was possible to switch from high-purity flat silicon targets to rotatable targets. Bekaert is a market leader in rotatable sputter solutions and was able to quickly offer a solution with a short cost recovery time. It also allowed optimal integration in Photovoltech's existing manufacturing process.

The solution was tested during 2008 and was made operational in 2009. With good results, because the switchover provided Photovoltech with significant cost advantages and increased efficiency. Rotatable targets are different from flat targets because they erode more evenly, allowing for the use of 85% of the target (in comparison: this is only 25% for flat targets). This significantly lengthens the life of the target – up to three times as long – and that is a benefit for Photovoltech because it means lower maintenance, given that the equipment has to be stopped for a few hours when replacing the targets. The switchover also significantly lowers Photovoltech's energy costs because the rotatable targets work at a lower capacity. Finally the product quality also improves: since the introduction of the rotatable targets the number of sputter defects has been cut in half and cell efficiency has been more level.

"We experienced Bekaert's 'close-to-the-customer' approach all through the switchover process: there was always a Bekaert employee present when switching targets to analyze the interference between our production process and the target. When we had questions they always responded immediately. From day 1 after implementation we also started looking for possible improvements together. This project is a co-development prototype."

Jozef Szlufcik, R&D manager Photovoltech

05

Corporate sustainability

Creating a healthy and safe working environment for our employees is a crucial element in realizing our ambitions of sustainable profitable growth, as is our deep concern for the environment. We continue the process of formulating clearly defined goals and are engaging in a more comprehensive approach to reduce the impact on the environment. Furthermore, we aim to act as a corporate citizen in all the countries where we operate by providing local community support with a clear focus on educational programs.

Corporate sustainability

In 2009, Bekaert took up its role of a globally sustainable corporation by:

- Further enhancing learning & development opportunities for its employees:
  - on average 24 hours of training per year per employee (figure for Bekaert subsidiaries)
  - Training of operators in China represented 35% in 2009 or more than one third of all training efforts worldwide
  - % employees that received a performance review in 2009:

	% of the population covered in a Performance Mgt System	% of the population with link performance & base pay	% of the population with link performance & variable bonus
Managers	100	100	100
White collars	97	95	75
Blue collars	75	42	70

- Diversifying our talent pool with 46 different nationalities in our management for which 64% from the mature markets and 36% from the emerging markets

Our strongest asset: 23 000 resilient employees

Bekaert considers its 23 000 employees as the driving force behind its global success. They create the dynamics that characterize our international corporate culture. We recruit them, value their aspirations and support them in their careers through a centrally managed and locally executed HR policy. It is our employees who have made the difference in the challenging year 2009. The resilience, trust and integrity they have demonstrated in their daily work have generated the much needed force to realize our goals, in all the regions we are active in.

better together in recruitment & selection: close on-campus contacts

For several years now, Bekaert has maintained close partnerships with universities and schools the world over. We support student associations, such as the association of Master of Engineering Science students at the universities of Ghent, Leuven and Brussels (Belgium). In the U.S., we have built up a strong recruiting relationship with the Colorado School of Mines by participating in its fall and spring career fairs. And, during an extensive campus recruitment tour, we visited the leading universities in China. Furthermore, a project with a local secondary technical school in Hlohovec (Slovakia) was set up, through which employees at our plant provided practical classes to the students.

By participating in job fairs at leading universities and schools on the world stage, we met with students and high-potential graduates who were pursuing internships and full-time positions at Bekaert. In addition, we convened with various departmental faculties and staff in an effort to further broaden Bekaert's presence and enhance our recognition on university campuses. Through internships and thesis projects, students got the opportunity to participate directly in projects with various Bekaert plants the world over.

In December in London (U.K.) we participated for the first time in 'Careers in Asia' – a recruitment event that supports Asian-based companies in attracting, selecting and recruiting high-caliber Asian graduates and early-career professionals living outside their home countries. Bekaert's global and Asian recruitment teams cooperated on the organization of and participation in this successful recruitment event.

Additional staff for new production platforms

To staff our newly-built plants in 2009, we recruited over 200 people. Of those 90 were deployed at the Lipetsk (Russian Federation) plant. Another 320 jobs will be created there along with the continued investments planned as from now until 2013. At our new plant in Chongqing (China) 130 new hires were welcomed in the course of 2009.

Acting as a responsible employer in difficult times

Through several realignment operations in previous years, Bekaert had already anticipated the inherent industrial overcapacity in the mature markets. Due to these proactive measures the adverse effects on our business from the global recession were subdued. Nevertheless in the U.S. and U.K. we faced a continued structural decline in demand and had to continue readjusting our manufacturing platform in order to equate our capacity with changed demand. At the affected plants in Clarksdale (U.S.) and Scholes (U.K.), we initiated a constructive dialogue with the social partners in order to minimize the impact on the people involved.

Despite the global challenging economic circumstances, the overall impact on employment in our operations was kept limited by relying on a series of temporary measures. To bridge the periods of low production activity we relied on economic unemployment systems, non-renewal of temporary contracts and internal re-assignment. Measures were also taken to control salary increases.

In China, where we expected the downturn to be limited in time – and where we had experienced an urgent need for broader-based training due to several years of very fast growth – we seized the opportunity of low plant activity to keep people operational and have them trained on specific topics. They took part in different modules of Bekaert's Operational Excellence program, such as safety, quality and maintenance.

In August our regional headquarters and steel cord sales office at Akron (Ohio, U.S.) organized the 'Bekaert Employee Appreciation Week'. In this week the Akron management showed its appreciation to the employees by surprising them each day with a new activity with, among other things, a special breakfast and - to close off the festive week - a lunch prepared by the Akron office supervisors and managers. A much appreciated initiative, as the employees testified.

HR processes further aligned at Bekaert Ideal

In Latin America, our efforts to align the HR processes of the Bekaert subsidiaries in Venezuela, Colombia, Peru and Ecuador, with Bekaert's own processes made steady progress throughout the year. Networking and teamwork among the entities there have been success factors in completing this task. After determining uniform job levels, performance management and remuneration systems, we focused on recruitment, training and development, organizational climate survey methodology and the standardization of HR indicators. The goal is to have all entities fully integrated into the Bekaert talent management process by 2010. This will offer our employees in the region broader career prospects while, at the same time, enabling us to enjoy the benefits of a rich talent pool.

Integrating our core values in Learning & Development

In 2009 we expanded our 'Managing Personal Growth' basic training with a 'Building Personal Resilience' module. This module links personal values and career aspirations to Bekaert's core values and aspirations, and focuses on personal resilience. The 'Managing Personal Growth' basic training course is a program which all managers worldwide need to go through at

a certain point in their career. The first 40 managers participated in the updated training in October and reported the new module to be helpful in their personal and career development. It supports their goal of aiming for a higher contribution within Bekaert, while experiencing increased personal satisfaction. We will continue this updated training in 2010.

In 2009 we aligned the HR processes of the Bekaert subsidiaries in Latin America with Bekaert's own processes. The goal is to have all entities fully integrated into the Bekaert talent management process by 2010.

Within our Global Introduction Program for new Bekaert managers worldwide, we have integrated a course on business ethics, control and legal guidelines, thus promoting a higher level of awareness and understanding.

Raising cultural awareness

Cultural diversity is inherent and implicit in global business. Bekaert clearly sees this diversity as an opportunity to increase the cultural awareness of its global managers. For several years now, Bekaert has been organizing training courses for employees who often collaborate with colleagues from a specific foreign country (e.g. China Conduct, India Conduct, Japan Conduct and Russia Conduct).

In 2009 we experienced the need for a broader, 'multi-way' training program, focusing on differences between various cultures. As a result, we introduced training on 'Cultural Awareness' for our employees working at our Technology Centers in Belgium and in China. In this program we map the differences between various cultures using specific examples. The purpose of this course is to explain the origins and typical characteristics of various cultures and, most importantly, to show our employees how they can deal with and benefit from these differences.

In 2010 we will roll out the Cultural Awareness training to other departments as well.

Professional opportunities that span the globe

Because Bekaert spans the globe we are able to offer our employees professional growth on a truly international level. In 2009 77 expatriations took place within the Bekaert Group. The following people, for example, are pursuing a career at Bekaert that has taken them thousands of miles from their cities of origin.

- A native of Brazil moved from Operations Manager Colombia to Plant Manager Indonesia.
- A native of the United Kingdom moved from Process Engineer CBSC, Jiangyin (China) to Technical Commercial Support Engineer in Rogers (U.S.).
- A native of Chile moved from Production Manager Van Buren (U.S.), to Plant Manager Bekaert Canada.
- A native of Belgium moved from Product Marketing Manager in Shanghai (China), to Innovation Manager in Marietta (U.S.).
- A native from Turkey moved from Senior Process Engineer in Belgium, to Plant Manager in Lipetsk (Russian Federation).
- A native from Slovakia moved from Process Engineer in Slovakia, to Process Engineer in Spain.

Championing health and safety

Safety always come first at Bekaert. Throughout our long tradition of operational excellence, safety has taken up a pivotal role in our activities. This is why safety objectives are a mandatory component of the annual business plan for each Bekaert plant. Performance in this area is monitored continually and compared globally.

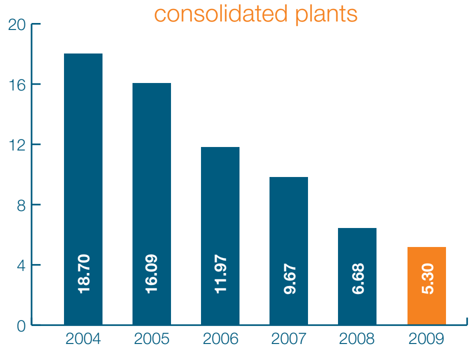
A safety model that spans the globe

In 2009, we further implemented the 'Bekaert Safety Tree Model' in our steel cord plants worldwide. All plant managers and plant safety coordinators received extensive training after which the model was rolled out to the different production plants. To facilitate this, the requisite tools were made available to them: checklists for performing safety audits, the procedure for conducting risk analysis and observations, and the group-wide system to report and solve unsafe situations. For their part, the plant managers and plant safety coordinators trained the local staff.

Every three months the Bekaert 'Safety Tree Model Scorecard' was used to monitor the implementation process. The number of lost-time accidents dropped from 43 to 18. In preparation of the opening of our new production plant in Lipetsk we integrated the Bekaert Safety Tree Model into the new organization there. Several teams participated: the Bekaert Russia team, representatives from local authorities, representatives of contractors, and trainers from other Bekaert organizations.

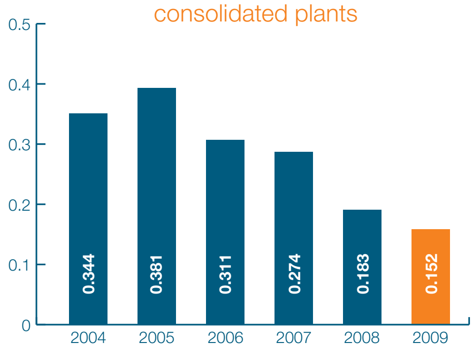
In 2009 we could bring down the number of lost time accidents by 21% as compared to 2008 thanks to enhanced safety efforts.

Repeatability Index Bekaert consolidated plants



Repeatability Index = Number of lost time accidents (LTA) per million worked hours. In 2009 we managed to decrease the number by 21% as compared to 2008.

Severity Index Bekaert consolidated plants



Severity Index = Number of lost days due to occupational accident per thousand worked hours. In 2009 we managed to decrease the number by 17% as compared to 2008.

Safety has been a key concern at Bekaert since the company was founded: it is embedded in our long tradition of operational excellence.

During Bekaert's International Health & Safety Day in September, several activities related to Health & Safety were planned in all entities worldwide. Because safety is OUR business.

Safety as a state of mind

In September Bekaert organized the second edition of its International Health & Safety Day. With this annual initiative we reaffirmed our commitment to a healthy and safe working environment, a key priority for our employees. During the day numerous activities were planned in all Bekaert entities around the world. From Peru to China and from Canada to Indonesia, all 23 000 Bekaert employees participated in initiatives aimed at keeping safety awareness high.

'Safety is OUR business', the main theme in 2009, underscored the importance of everybody's involvement in establishing a safe shop floor. While the Bekaert International Health & Safety Day takes place on one day only, Bekaert considers optimal health and safety conditions to be a 365-days-per-year commitment at all its locations.

The safety department within our subsidiary Prodac in Peru, organized an activity for the employees' children. During this session, the children got acquainted with health and safety guidelines.

Bekaert plants that distinguished themselves by *successive years* without accidents causing lost time

EMEA:
- Bekaert Engineering Hlohovec (Slovakia): 2 years
- NV Bekaert SA (Zwevegem-Moen, Belgium): 2 years

North-America:
- Bekaert Corporation (Amherst, U.S.): 3 years
- Bekaert Corporation (Shelbyville, U.S.): 2 years
- Bekaert Carding Solutions (Simpsonville, U.S.): 2 years

Latin-America:
- BMB-Belgo Mineira Bekaert Artefatos de Arame ltda (Itaúna, Brazil): 9 years
- BBA-Belgo Bekaert Arames Ltda (Sabara, Brazil): 3 years
- BBA-Belgo Bekaert Arames Ltda (Hortolandia, Brazil): 2 years

Asia Pacific:
- Bekaert Toko Metal Fiber Co, Ltd Ibaraki (Japan): 8 years
- PT Bekaert Indonesia (Karawang, Indonesia): 7 years
- Shanghai Bekaert-Ergang Co Ltd, (China): 2 years
- Bekaert Jiangyin Wire Products (Jiangyin, China): 2 years
- Wuxi Bekaert Textile Machinery and Accessories Co Ltd (Wuxi, China): 2 years
- Bekaert Industries Pvt Ltd (Pune, India): 2 years

Bekaert plants that produced in *2009* without any accidents causing lost time

EMEA:
- Bekaert Hlohovec steelcord operations (Slovakia)
- Bekaert Lipetsk OOO (Lipetsk, Russia)
- Bekaert Advanced Coatings (Zulte, Belgium)

North America:
- Bekaert Corporation (Raleigh-Durham, U.S.)

Asia Pacific:
- Bekaert Ansteel Tire Cord Co Ltd (Chongqing, China);
- Bekaert Shenyang Steel Cord Co Ltd; (Shenyang, China)
- Bekaert Advanced Coatings Co Ltd; Bekaert Binjiang Advanced Products Co, Ltd; Bekaert Binjiang Steel Cord Co Ltd; Bekaert Technology & Engineering Co Ltd; Bekaert Technology Research & Development Co Ltd; Bekaert Asia Research & Development Center (Jiangyin, China)
- Mukand Bekaert Wire Industries Pvt Ltd (Lonand, India)
- Bekaert Carding Solutions Pvt Ltd (Pune, India)
- PT Bekaert Advanced Filtration (Karawang, Indonesia)
- Bekinit K.K. (Saitama, Japan)

By installing a wireless safety management system on all forklifts in our Van Buren (U.S.) plant, we are now able to monitor all forklift-related issues. This both prevents forklifts accidents and fosters a culture of responsible and safe usage.

Lifting levels of forklift security in the U.S. …

Enhancing employee safety is a constant effort at all our locations. One of the focal points of our efforts in this field in 2009 were the many forklifts on the ever-busy shop floors. By installing a wireless safety management system, the Van Buren plant (U.S.) can now monitor all forklift-related issues. This, in turn, helps to foster a culture of responsible and safe usage.

To prevent forklift accidents involving impact damage that bring about high maintenance costs and – though extremely rare – personal injury, two major issues were tackled. Firstly, forklift access needed to be closely controlled, in order to prevent unauthorized and untrained personnel from operating them. And, secondly, the operator responsible for an incident had to be identified so corrective measures could be applied. It became clear that this could only be achieved by means of an effective safety management system.

Real-time impact reporting and strict access control

After evaluating several of these systems, the Van Buren safety team opted for a wireless monitoring system – Shockwatch – that significantly enhances forklift management. It reports impact detection in real time, disables the forklift and sounds an audible alarm when the forklift encounters an impact beyond a pre-determined level. After that impact, the system can only be reactivated by a supervisor who reports the cause and the necessary corrective action to the safety coordinator and ultimately to senior management.

The system fully controls access to the lifts. Certified operators receive specific identification keys that are programmed to allow only specific operators on designated lifts. The certifications are filed and managed by the safety coordinator. Each forklift operator needs to watch a forklift safety video, pass a written test, and then pass a practical hands-on test in order to be certificated.
Also notable is the fact that the safety management system ensures full compliance with the rules and regulations of the Occupational Safety & Health Administration (OHSA). The forklift cannot be operated until an OSHA required pre-operation safety checklist has been performed by a properly trained and authorized forklift operator.

New way of thinking yields results

These practical changes have brought about a crucial change in mentality concerning safe forklift operation at the Van Buren plant. Increased operator accountability has improved driving behavior and equipment is now handled with greater care. The results are impressive: repair costs have been reduced by 67%.

… and in the steel cord plants in China as well

In China as well, forklift safety was a focal point. For the year 2009, the Bekaert steel cord plants there had set themselves a clear goal: to attain zero Lost Time Accidents (LTA) related to forklift operation.

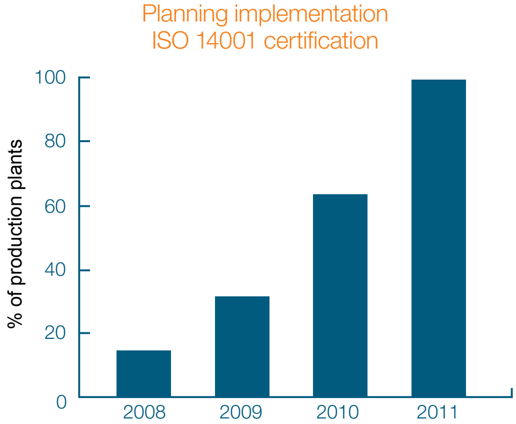
Efforts have not gone unrewarded. Three evaluation audits in all the Chinese steel cord plants have shown great improvement in operator behavior, shop floor management and state of equipment. ‘Safety first’ is the motto. And, indeed, the goal set was achieved. In 2009, there were zero LTAs related to forklift operations in all of our steel cord plants in China.

Minimizing our impact on the environment

Use fewer materials, bring down our energy consumption level and reduce our waste production; these are Bekaert's ambitions in order to keep its impact on the environment as small as possible. Bekaert develops products that contribute to a cleaner environment: for example, our sawing wire for solar cells, steel (instead of lead) weights for wheel balancing, biodegradable wire coatings, ultra-tensile steel cord to reinforce tires, sintered or welded fibers that go in diesel particulate filters, etc. At the same time we are putting our concern for the environment into practice by developing new and eco-friendlier ways of producing at our plants.

Global certification: a clear commitment to the environment

At the onset of 2009 we structurally addressed the certification issue at our production plants. Our aim is to have all of them ISO 14001 certified by year-end 2011. The identification of our significant environmental aspects and impacts served as the foundation for the global implementation of the ISO 14001 standardization. In support of this process we launched several training initiatives. Both the certificated and its implementation are running according to plan.



Bekaert is making great strides in the certification of its production plants worldwide. The goal is to have all plants ISO 14001 certificated by year-end 2011.

Our plant in Deinze, Belgium, invested in exhaust equipment that assures that there are no unpurified emissions anymore.

Process renewal driven by the need for energy reduction

As we have done in the previous years, we undertook several initiatives in order to reduce energy consumption at our steel cord and wire factories. To reduce insidious energy losses at our production plants we frequently perform checks of our infrastructure.
In addition, we launched several focused projects aimed at lowering energy consumption. For our new steel cord and wire plants we are drawing up new specifications – in concordance with tougher technical standards, specific process demands and energy consumption – for state-of-the-art, energy-efficient lighting systems. This will also allow us to optimally implement retrofit lighting projects at our existing plants. We also thoroughly studied the energy-saving possibilities of the cooling and ventilation systems of our machinery. And we looked into the effect of harmonics on the power-quality ratio and the energy-saving potential connected therewith.

In 2009, Bekaert took up its role of a globally sustainable corporation by:

- Investing over € 2 million in energy-saving measures at our wire and steel cord plants;
- Hosting 13 governmental and diplomatic delegations at the Bekaert Group Headquarters in Belgium throughout 2009. A larger number of delegations were hosted at corporate and local events.

Green Action Plan further implemented

As for our efforts in the area of process improvement, we further implemented the Bekaert ‘Green 2007 Action Plan’ to attain energy reduction in both retrofit projects and the installation of new machines and process lines. Parallel to the already defined projects we launched, in 2009, several new energy-saving initiatives, such as an in-depth study of a wide range of process- and machine parameters on the energy consumption of the post-drawing treatments and retrofit adjustments to existing coating- and patenting lines (e.g. power reduction and heat recuperation).

For example, at the Hlohovec (Slovakia) plant we replaced a central boiler installation by several high-performance steam boilers and installed a waste heat recovery system on one of the wire coating lines. At the steel cord plants we also continued the process of switching from direct current to alternating current for the machinery. And we aerodynamically redesigned fast, rotating machine parts in the bunching machines. We were able to implement these projects thanks to a specially allocated energy-saving budget of over € 2 million.

Bekaert actively considers green energy for its production sites. We are therefore – in partnership with Electrabel, the largest energy provider in the Benelux – currently studying the possibilities of on-site power generation at our production sites. Provided that the necessary permits are obtained, we will launch a wind turbine power generation project at our site in Zwevegem (Belgium) and thus generate our own green electricity. The goal is to develop similar plans for our other plants around the globe.

We also turned our attention to staff training and raising awareness in the field of energy-saving. Examples of this are the training sessions focusing on energy theory and measurement, and the rolling-out of a total energy cost model and an ‘Energetic Excellence Program’ in parallel with our ‘Operational Excellence Program’.

Supporting communities across the globe

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

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

Raising the educational level of children in Asia

In China, Bekaert has launched several initiatives focused on disaster relief, education and the well-being of children. In the aftermath of the 2008 earthquake in the Sichuan province, we maintained our support by organizing a charity sale, the proceeds of which went to the construction of a mini-library in the area.

On 9 September Mark Goyens, President Bekaert Asia, attended the official reopening of the Fengjie Zhuyuan Primary School in Chongqing. The school had been severely hit by an earthquake in May 2008. Bekaert allocated 1 million CNY (€ 100 000) for funding the rebuilding of the school.

In September, the Fengjie Zhuyuan Primary School in Chongqing was reopened, after being devastated by the earthquake of May 2008. Bekaert had allocated CNY 1 million to this project. We also donated hundreds of books, bought with the funds raised in the charity sale.

For over nine years now, Bekaert has built up a special relationship with the 'Shenyang Enlighten Intelligence Kindergarten for disabled and non-disabled children' (SEIK). In 2009 the employees of our Shenyang production facility installed a telephone and Internet network in the school. In anticipation of this project we had donated 50 cell phones as a New Year's gift to temporarily solve the communication problems. Throughout the year, we frequently engaged in activities with students and teachers to strengthen our relationship with the school.

Bekaert has developed a special relationship with the "Shenyang Enlighten Intelligence Kindergarten".

In addition, we donated sporting goods to the Dezheng Elementary School as well as – together with one of our steel cord customers – computers and classroom furniture. Our staff also supported the Bethel Training Center for the Blind – an institute that takes care of the welfare and development of blind orphans. At the five-year anniversary celebration of our production plant in Weihai, Bekaert donated over CNY 1 million to the Weihai Children Welfare Home in order to rebuild its sports fields.

China expresses appreciation for Bekaert's community support

For its efforts to support the local communities in China, Bekaert received several awards, of which we list some examples below:

- Bekaert Weihai received the Weihai Charity Award and the '2008 Advanced Enterprise of Social Welfare' Award. From the trade union of the Weihai Economic & Technological Development Zone, the plant received the titles of 'Advanced enterprise of fighting economic crisis, getting through difficulty and getting over the hard times' and of 'Pioneer Labor'.
- Bekaert Chongqing received an honorable commendation for its donation following the Sichuan earthquake.
- Our plant in Shenyang was granted the titles of 'Excellent foreign investment enterprise in fulfillment of social responsibility in the Liaoning province' and 'Well-known trademark of the Liaoning province'.
- Baron Buysse, Chairman of the Bekaert Board of Directors, was made an honorary citizen of Chongqing.
- Geert Roelens, Bekaert Group Executive Vice-President Steel Cord and Member of Bekaert Group Executive, was awarded the prestigious '2009 State Friendship Award' granted by the China State Council and was made honorary citizen of the cities of Wuxi and Weihai.
- Mark Goyens, President Bekaert Asia, was elected as a Member and Vice Chairman of the Jiangyin International Consultative Council, and was made a Member of the Corporate Advisory Board of the China Europe International Business School (CEIBS) in Shanghai.

In Indonesia, Bekaert sponsored The Learning Farm, a non-profit organization located near Cipanas, West Java. Its goal is to enable young people to become economically more self-sufficient, capable, and productive members of their communities. To achieve this, they participate in a residential training program in which they learn about organic farming, enterprise development and valuable life skills. Where disaster relief is concerned, we have collected donations to support the Padang region which was hit by a major earthquake in September.

In September the Padang region in Indonesia was hit by a major earthquake. Bekaert's Indonesia staff collected both monetary and material donations for the victims.

On the day the UNESCO recognized batik as an Indonesian national cultural heritage, all Bekaert employees at our plant in Karawang wore batik shirts.

Reaching out to communities in the Americas

As for North America, we have made special efforts in the field of safety & health care. Bekaert Rogers donated 200 battery-operated smoke detectors to the Rogers Fire Department for use in residential buildings. This donation was made in conjunction with Bekaert's Employee Health & Safety Fair, in which the Rogers Fire Department assisted with hands-on fire extinguisher training. With the donation we demonstrated that our dedication to health and safety extends beyond the limits of employees working at our facilities,

Our Rogers plant donated 200 smoke detectors to the local Fire Department for use in residential buildings.

reaching out into the communities in which they live. To demonstrate its commitment to helping prevent the skin damage due to the harmful rays from the sun, Bekaert Specialized Films in San Diego funded the Skin Cancer Foundation's 2009 'Road to Healthy Skin Tour'. The tour visited 80 cities throughout the U.S.

Brazilian employees are planting trees during the Volunteer Day 2009 at one of the institutions they support via their social program.

providing free full body skin cancer screenings and the latest skin cancer information. UV-protective film is an effective way to reduce UV exposure in your home or car. Solar Gard® window film has earned the Foundation's Seal of Recommendation which ensures that it is a safe and effective sun protection product.

Bekaert Specialized Films in San Diego (US) sponsored the Skin Cancer Foundation's 2009 "Road to Healthy Skin Tour". Bekaert's Solar Gard® Window film rejects 99% of the UVA and UVB rays.

The communities in Latin America have traditionally received a large share of our attention as regards social responsibility. We are actively involved in local housing and educational projects. In Brazil, Bekaert is taking part in several community programs related to health, the environment, education and volunteering, benefiting over 4 000 people in the seven cities in which we have operations. Bekaert employees, in collaboration with their family members, customers and suppliers coordinate the volunteering project that is funded by the 'Citizens of Tomorrow' program. The funds raised via Citizens of Tomorrow are used in the Pro-Volunteer Program which supports several charity institutions with a specific focus on initiatives that help children with social and educational needs.

Our Brazilian subsidiaries supported the "Hearing well to learn better" program. This programs detects and treats hearing problems with primary school students. If necessary, the children are referred to a doctor for examination and appropriate treatment. This also includes the donation of hearing prothesis.

06

Corporate Governance Statement

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

Corporate Governance Statement

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

Board of Directors

The Board of Directors consists of fourteen members, eight of whom are nominated by the principal shareholders. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors.

Three of the Directors were independent in 2009 in accordance with the criteria of Article 526ter of the Companies Code and provision 2.3 of the Belgian Corporate Governance Code: Dr Alan Begg (appointed in 2008), Sir Anthony Galsworthy (first appointed in 2004) and Lady Barbara Thomas Judge (appointed in 2007). Mr Manfred Wennemer has become the fourth independent member of the Board on 1 January 2010. Although he was appointed a Director on 13 May 2009 and has since completed his induction program, Mr Wennemer did not qualify as independent in 2009 as he had been the Chief Executive Officer of a significant customer of Bekaert until August 2008.

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

Name	First appointed	Expiry of current term	Principal occupation (*)	Number of regular meetings attended
Chairman				
Baron Buysse	2000	2012	NV Bekaert SA	**6**
Chief Executive Officer				
Bert De Graeve	2006	2012	NV Bekaert SA	**6**
Members nominated by the principal shareholders				
Baron Bekaert	1994	2012	Director of companies	**6**
Roger Dalle	1998	2010	Director of companies	**6**
Count Charles de Liedekerke	1997	2012	Director of companies	**6**
François de Visscher	1992	2010	President, de Visscher & Co. LLC (United States)	**6**
Hubert Jacobs van Merlen	2003	2012	President & CEO, IEE SA (Luxembourg)	**6**
Maxime Jadot	1994	2012	Member of the Executive Committee, BNP Paribas Fortis, Head of Corporate and Public Banking Belgium	**6**
Bernard van de Walle de Ghelcke	2004	2010	Of Counsel, Linklaters LLP (Belgium)	**6**
Baudouin Velge	1998	2010	CEO, Interel PR & PA (Belgium)	**6**
Independent Directors				
Dr Alan Begg	2008	2011	Senior Vice President Technology Development and Quality, SKF (Sweden)	**5**
Sir Anthony Galsworthy	2004	2010	Advisor to Standard Chartered Bank (United Kingdom)	**6**
Lady Barbara Thomas Judge	2007	2010	Chairman of the UK Atomic Energy Authority (United Kingdom)	**6**
Manfred Wennemer (**)	2009	2012	Director of companies	**3**

(*) The detailed resumes of the Board members are available at www.bekaert.com.
(**) Appointed on 13 May 2009.

The Board held six regular meetings in 2009. In addition to its statutory powers and powers under the Articles of Association and the Bekaert Charter, the Board of Directors considered the following matters, among others, in 2009:

- the financial crisis, its impact on Bekaert, and the company's actions in the face of the changed economic and financial conditions;
- the debt position of the Group, including the public issue of bonds in the aggregate amount of € 300 million;
- the 2009 budget;
- the follow-up of the long term-strategy of the Group and its major components;
- the plans for the period 2010-2012;
- the grant of new subscription rights and stock options, and the extension of the exercise period of the subscription rights and stock options granted in 2006, 2007 and 2008;
- the revision of the Bekaert Charter.

Committees of the Board of Directors

The Board of Directors has established three advisory Committees.

Audit and Finance Committee

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

Contrary to provision 5.2/3 of the Belgian Corporate Governance Code, the Committee is chaired by the Chairman of the Board: Bekaert wishes the Chairman to preside over all Committees, to enable him to discharge as effectively as possible his specific duties with regard to protecting the interests of all shareholders. Contrary to provision 5.2/4 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Audit and Finance Committee should reflect the balanced composition of the full Board.

The Chief Executive Officer and the Chief Financial Officer are not members of the Committee, but are invited to attend its meetings. This arrangement guarantees the essential interaction between the Board of Directors and executive management.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	4
François de Visscher	2010	3
Baudouin Velge	2010	4
Lady Barbara Thomas Judge	2010	3

The Committee met four times in 2009. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- Bekaert's financing actions as a result of the financial crisis;
- the treasury situation;
- the development of an enterprise risk management process.

In addition, the Statutory Auditor provided the Committee with an update on the International Financial Reporting Standards in a session that was open to all members of the Board of Directors.

Nomination and Remuneration Committee

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

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	4
Roger Dalle	2010	4
Maxime Jadot	2012	4
Dr Alan Begg	2011	4

The Committee met four times in 2009. In addition to its powers under the Articles of Association and the Bekaert Charter, the Committee discussed the following main subjects:

- the actions of the HR department in the face of the economic crisis;
- the appointment of a new Director and a new member of the senior management;
- the remuneration of the Chairman of the Board for the period 2009-2012.

Strategic Committee

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

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	5
Bert De Graeve	2012	5
Baron Bekaert	2012	5
Count Charles de Liedekerke	2012	5
Maxime Jadot	2012	4
Sir Anthony Galsworthy	2010	5

The Committee met five times in 2009. In addition to its powers under the Articles of Association and the Bekaert Charter, the main items on the Committee's agenda were:

- a preliminary analysis of the budget for 2009;
- the follow-up of the long-term strategy of the Group and its major components.

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.

In 2009 the Chairman conducted a performance appraisal of the three Committees to ascertain the Directors' appreciation of the Committees' proceedings and the interaction of the Committees with the full Board.

Executive Management

Composition

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

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

Internal control and risk management systems

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 to support the financial reporting. 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 global 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 company's exposure to risk, its potential financial impact and the actions required to monitor and control the exposure.

Remuneration Report

Remuneration policy for non-executive Directors

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

Remuneration policy for Executive Management

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

Remuneration of Directors

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

in €	Fixed remuneration	Variable Board attendance	Variable Committee attendance	Total Gross 2009
Chairman				
Baron Buysse	500 040	-	-	500 040
Directors				
Alan Begg	37 184	12 395	5 948	55 527
Baron Bekaert	37 184	14 874	7 435	59 493
Roger Dalle	37 184	14 874	5 948	58 006
Bert De Graeve	37 184	14 874	-	52 058
Count Charles de Liedekerke	37 184	14 874	7 435	59 493
François de Visscher	37 184	14 874	4 461	56 519
Julien De Wilde	18 592	7 437	-	26 029
Sir Anthony Galsworthy	37 184	14 874	7 435	59 493
Hubert Jacobs van Merlen	37 184	14 874	-	52 058
Maxime Jadot	37 184	14 874	11 896	63 954
Lady Barbara Thomas Judge	37 184	14 874	4 461	56 519
Bernard van de Walle de Ghelcke	37 184	14 874	-	52 058
Baudouin Velge	37 184	14 874	5 948	58 006
Manfred Wennemer	23 240	7 437	-	30 677
Total	**988 080**	**190 883**	**60 967**	**1 239 930**

Remuneration of the Chief Executive Officer

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

in €	Fixed remuneration (*)	Variable remuneration	Other contractual remuneration	Total 2009
Bert De Graeve	669 768	470 000	173 616	1 313 384
Number of stock options granted				10 000

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

Remuneration of Executive Management

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

in thousand €	2008	2009
Number of persons	19	22
Short-term employee benefits		
Basic remuneration	3 912	4 576
Variable remuneration	1 954	2 248
Remuneration as directors of subsidiaries	502	675
Post-employment benefits		
Defined-benefit pension plans	227	312
Defined-contribution pension plans	426	498
Share-based payment benefits	746	723
Total gross remuneration	**7 767**	**9 032**
Average gross remuneration per person	409	411
Number of subscription rights and options granted (stock option plans)	45 400	62 500

Stock options

A number of stock options is offered each year to each member of the Bekaert Group Executive. The decision to accept an offer of options, and consequently the number of options to be granted, reflects a personal choice that may be influenced by multiple considerations, and the disclosure on an individual basis of the number of options granted would therefore intrude on the privacy of the persons concerned: for that reason Bekaert has elected to deviate from provision 7.16 of the Belgian Corporate Governance Code, and only to disclose, on an individual basis, the number of options granted to the Chief Executive Officer.

Shares and shareholders

Our approach

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

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

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

Share identification

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

The Bekaert share in 2009

The year 2009 commenced with a sharp decline in line with the trend of previous year. The volatility in the financial markets remained extremely high. Valuations became very cheap in the first months of 2009 and there was no view on a short-term recovery. On a worldwide scale orders decreased, the pipeline of inventories dropped to a bare minimum, giving rise to a sharp decrease in activity in the industry. The share started the year at a price of € 49.21 and slipped to € 37.25 on 24 February, the lowest price since April 2003, and far below the equity value. The financial markets recognized the challenges facing Bekaert in 2009 and rated the share accordingly.

The banks' restrictive credit policies shifted attention to the debt structure and businesses' refinancing options. Supported by its strong balance sheet structure and the issue of bonds worth € 300 million in the first quarter, Bekaert remained fairly unscathed by this problem.

Later on, the first green shoots started to show and indicated a slowdown of the recession. The stock market turned and the Bekaert share showed a strong outperformance of the BEL20 index, by increasing by more than 80%. The March announcement of strong 2008 results and the change in sales mix, geographically as well as by product mix, supported the positive view on Bekaert. This was the basis of a rise in the share price until May, which then hovered around € 70 until July.

The decline in industrial production and the monetization of inventories were partially reversed. Several governments, the Chinese government in particular, announced steps to counter a global slowdown. Whilst China was leading the global recovery, the economic prospects of the different emerging countries varied widely depending on the economic policies that had been in place since the beginning of the crisis. China chose to boost investments and, together with India, it succeeded in averting a serious economic downturn, while the Russian economy was likely to contract significantly. The Latin American indicators suggested that the economy there was to continue to perform well from August onwards. With European stimulus policies being less pronounced than in the U.S., the EMEA region was likely to underperform the U.S. economy and to fall short of pre-crisis levels. This macro-economic environment proved the assumption that emerging countries, especially China, were very helpful to overcome the crisis. As a consequence, investors began to recognize that the Bekaert strategy of moving into the emerging countries could have been the right one.

The first half-year results 2009 were presented in July. Due to its increased geographic presence, Bekaert had decided to change its segment reporting. The geographic segmentation corresponds to the company's global presence and growth strategy. This segmentation was considered by the financial markets as a major improvement and, for the first time, provided investors with insight into the result breakdown per region, thus enabling them to better evaluate the nature and financial effects of the business. The geographic split clearly showed the crucial role of the Asian activities. The high profitability in this region proved the better-than-expected resilience of Bekaert in a turbulent economic environment.

The half-year results were better than expected. A substantial drop in raw material prices had a one-off effect on the results, hiding at first sight the underlying quality. Bekaert reached a 7.2% REBIT margin over the first half of the year, and based on this performance, the share appeared on the radar screens of investors focusing on Asia. The share price started to increase again, reaching almost € 100 in September.

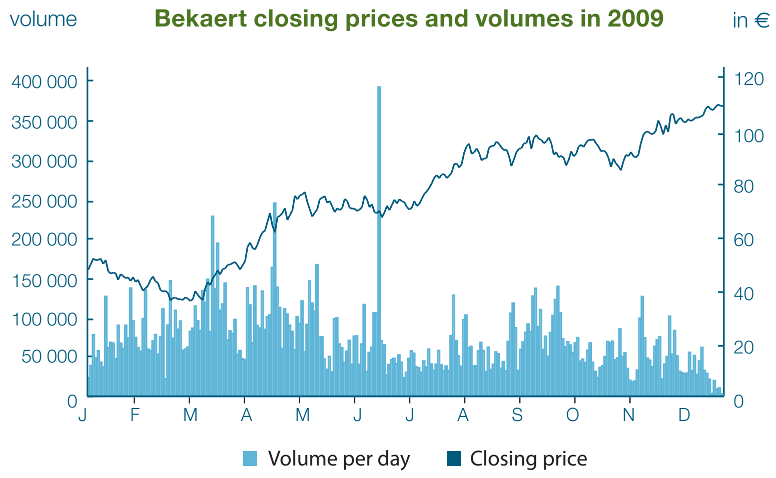
Bekaert released an encouraging trading update for the third quarter, driven by the high-margin sales in emerging markets and a very healthy cash flow generation and reduced net debt. Solid sales volumes were expected for the fourth quarter on the back of continuing strong demand in the emerging markets and a gradually improving trend in the mature markets. Moreover, the development of wire rod prices was stable, indicating that there was not a second hit into the results of 2009. All this resulted in a share price high of € 109.40 on 30 December 2009.

On 31 December 2009, the share traded at € 108.50. The highest target price in 2009 amounted to € 127. In late December, Bekaert confirmed its membership in the BEL20, the Belgian reference index.

	2005	2006	2007	2008	2009
Price as at 31 December (in €)	78.95	94.70	92.00	48.32	108.50
Price high (in €)	78.95	102.60	113.90	121.24	109.40
Price low (in €)	55.30	69.20	82.90	43.70	37.25
Price average (in €)	65.13	81.99	98.19	88.53	75.43
Strips as at 31 December (in €)	0.62	0.56	0.45	0.68	0.80
Daily volume	39 639	58 414	57 430	74 380	71 867
Daily turnover (in millions of €)	2.6	4.5	5.4	6.4	5.0
Annual turnover (in millions of €)	653	1 228	1 433	1 652	1 310
Market capitalizaton (in millions of €)	1 700	1 984	1 824	956	2 152
Velocity (%, annual)	46	69	72	96	93
Velocity (%, adjusted free float)	77	115	111	148	143
Free float (in %)	57.2	56.1	61.7	60.9	61.0

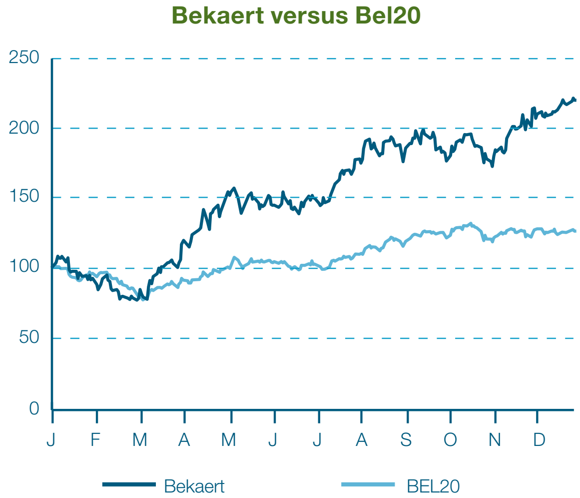
Volumes traded

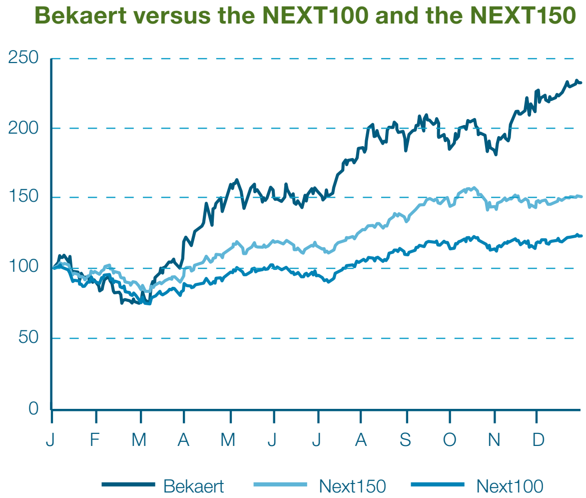
The average daily trading volume was about 72 000 shares in 2009, the same level as in 2008. The volumes were high in the first half of the year but slowed down in the third and fourth quarter. The volume peaked on 19 June at 392 000. As a reference, in 2001 only 18 000 shares were traded per day.



Bekaert versus Bel20, NEXT100 and NEXT150 (2009)

Until March the share performed broadly in line with the market indexes. The March announcement of strong 2008 results and the change in sales mix, both geographically and by product mix, was the sign for outperforming all the benchmark indexes. The share more than doubled compared to its year low in February. The BEL20 index has increased by 30% since January, while the Bekaert share has increased by 120%.





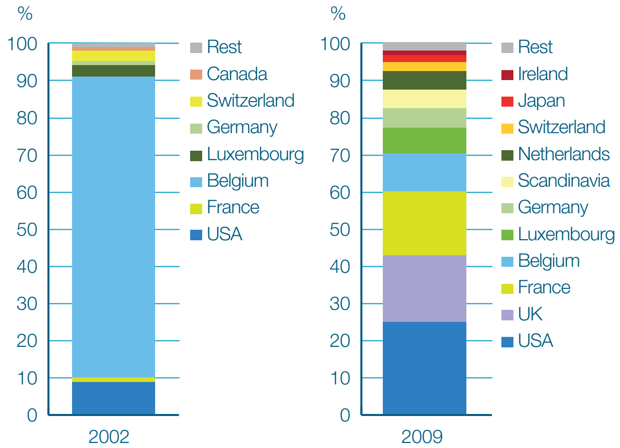
Internationalization of the shareholder structure and significant participations

The shareholder structure showed a strong internationalization in previous years and this trend was continued in 2009. The United Kingdom in particular, but also France and Asia, have taken a larger stake.

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act) Bekaert has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the current notifications of participations of 3% or more can be found in the Financial Review (Parent company information: interests in share capital).

The principal shareholders own 39.01% of the shares, while two international institutional investors hold more than 3% of the shares each. Bekaert has 103 registered shareholders who represent a combined total of 2.9%.

Increasing internationalization of our shareholder structure



Capital structure

As of 31 December 2009 the registered capital of NV Bekaert SA amounts to € 175 118 000, and is represented by 19 834 469 shares without par value. The shares are in registered, bearer or non-material form.

The number of VVPR strips is 4 058 470.

The total number of outstanding subscription rights under the SOP1 and SOP 2005-2009 stock option plans is 313 784.

A total of 50 844 subscription rights were exercised in 2009 under the SOP1 1999-2004 and SOP 2005-2009 employee stock option plans, resulting in the issue of 50 844 new NV Bekaert SA shares and VVPR strips, and an increase of the registered capital by € 450 000 and of the share premium by € 2 536 636.71.

Bekaert neither purchased nor cancelled any own shares in 2009. Of the 55 000 treasury shares held as of 31 December 2008, an aggregate 25 100 shares were delivered to the individuals who had exercised their options under the SOP2 stock option plan in 2009. The remaining 29 900 shares are held as treasury shares as of 31 December 2009. As a result of those movements, the number of issued shares and the number of VVPR strips each increased by 50 844.

In 2009 a fourth issue of subscription rights took place under the SOP 2005-2009 stock option plan: 96 050 subscription rights were issued to members of the Bekaert Group Executive, senior management and senior executive personnel. Each subscription right is convertible into one newly issued NV Bekaert SA share with VVPR strip at an exercise price of € 49.98. A fifth and final offer of 97 800 subscription rights was made on 17 December 2009. Each subscription right of the fifth series is convertible into one newly issued NV Bekaert SA share with VVPR strip at an exercise price of € 101.97. An aggregate 303 886 subscription rights had been granted under the SOP 2005-2009 stock option plan as of 31 December 2009.

An aggregate 21 500 options were granted under the SOP2 stock option plan in 2009: each option will be convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of € 49.98. A new offer of 16 500 options was made on 17 December 2009. Each option of this series is convertible into one existing NV Bekaert SA share with VVPR strip at an exercise price of € 101.97. A total of 137 920 options had been granted under the SOP2 stock option plan as of 31 December 2009.

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

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

Bekaert's dividend policy

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

in €	2005	2006	2007	2008	2009
Per share					
Gross dividend	3.00	2.50	2.76	2.80	2.940
Net dividend	2.25	1.88	2.07	2.10	2.205
Net dividend with VVPR strip	2.55	2.13	2.35	2.38	2.499
Coupon number	7	8	9	10	11
Date of payment	17/05/06	16/05/07	21/05/08	20/05/09	19/05/10
Ex-date				15/05/09	14/05/10

Appropriation of available profit

In the light of the company's strong performance in 2009 and its confidence in the future, the Board of Directors will propose that the General Meeting of Shareholders approve the distribution of a gross dividend of € 2.940 per share. If this proposal is accepted, the net dividend per share will be € 2.205, and the net dividend on shares with VVPR strip, thereby reducing the withholding tax to 15%, will be € 2.499 per share.

General Meetings of Shareholders

The Annual General Meeting was held on 13 May 2009. An Extraordinary General Meeting was held on the same day. A Special General Meeting took place on 15 April 2009. The resolutions of the three meetings are available at www.bekaert.com.

More detailed information is available in the Bekaert Shareholders' Guide 2009 and on www.bekaert.com

Conduct Policies

Statutory conflicts of interests in the Board of Directors

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interests of a financial nature with the company, and should refrain from participating in the discussion of and voting on those items. A conflict of interests arose twice in 2009, and the provisions of Article 523 were complied with on both occasions.

On 12 March 2009 the Board had to determine the remuneration of the Chief Executive Officer. Excerpt from the minutes:

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

- *the grant of a bonus of € 470 000 to the Chief Executive Officer for 2008;*
- *the 2009 bonus target proposal for the Chief Executive Officer; and*
- *an increase in the fixed remuneration of the Chief Executive Officer by 2.5% for 2009.*

Also on 12 March 2009 the Board had to determine the remuneration of the Chairman of the Board. Excerpt from the minutes:

Sir Anthony Galsworthy assumes the chair of the meeting in his capacity as the longest serving independent Member of the Board.
Dr Alan Begg chaired the Nomination and Remuneration Committee meeting and Mr Maxime Jadot acted as the Committee's secretary during the discussion of this subject. At Sir Anthony's request, Mr Jadot reports the Committee's recommendations:

- *to keep the set amount of € 500 000 per year, without variable remuneration or stock options in accordance with the Belgian Corporate Governance Code, and to extend the terms of the existing contract;*
- *to keep the required availability of 50% of the Chairman's time;*
- *to have the outstanding deferred compensation (pension arrangement) reviewed by the Committee;*
- *timely to initiate the Chairman succession planning process.*

On the motion of the Nomination and Remuneration Committee, the Board resolves to keep the *remuneration of the Chairman for the performance of all his duties in the Company at the set amount of € 500 000 for each of the periods June 2009 - May 2010, June 2010 - May 2011 and June 2011 - May 2012, and otherwise to extend the terms of the existing contract between the Company and the Chairman for those periods. The Board requests the Committee to review the Chairman's outstanding deferred compensation. This resolution is subject to:*

- *the re-appointment of the Chairman as a Director for a term of three years up to and including the Ordinary General Meeting to be held in 2012;*
- *his re-election as Chairman for the same term; and*
- *the approval of this resolution by the Ordinary General Meeting of Shareholders.*

Reference is also made to Note 7.6 (Events after the balance sheet date) to the consolidated financial statements.

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 2009 (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 Banking, Finance and Insurance Commission (CBFA). The Chairman of the Board is the Compliance Officer for purposes of the Bekaert Insider Dealing Code.

Elements pertinent to a take-over bid

Restrictions on the transfer of securities

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

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

Restrictions on the exercise of voting rights

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

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

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

Agreements among shareholders

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

Appointment and replacement of Directors

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

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

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

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

Amendments to the Articles of Association

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

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

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

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

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

This authority can also be extended by the General Meeting.

The Board of Directors is authorized by Article 12 of the Articles of Association to acquire a maximum number of shares that, in the aggregate, represent no more than 20% of the issued capital, during a period of five years (that can be extended by the General Meeting), at a price ranging between minimum € 1 and maximum 30% above the arithmetic average of the closing price of the share during the last 30 trading days preceding the Board's resolution to acquire. The Board is authorized to cancel all or part of the purchased shares during the five-year period. The Board is also authorized to acquire shares, if required, to prevent a threatened serious harm to the company, including a public take-over bid. Such authority is granted for a period of three years, but can be extended by the General Meeting.

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

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

Change of control

NV Bekaert SA is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the company following a public takeover bid or otherwise. To the extent that those agreements grant rights to third parties that affect the assets of the company or that give rise to a debt or an obligation of the company, those rights were granted by the Special General Meetings held on 13 April 2006, 16 April 2008 and 15 April 2009 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 and 17 April 2009 respectively and are available at www.bekaert.com.

Most agreements are joint venture contracts (describing the relationship between the parties in the context of a joint venture company), contracts whereby financial institutions commit funds to the company or one of its subsidiaries, and service contracts. Each of those contracts contains clauses that, in the case of a change of control of the company, entitle the other party, in certain cases and under certain conditions, to terminate the contract prematurely and, in the case of financial contracts, also to demand early repayment of the loan funds. The joint venture contracts provide that, in the case of a change of control of the company, the other party can acquire the company's shareholding in the joint venture (except for the

Chinese joint ventures, where the parties have to agree whether one of them will continue the joint venture on its own, whereupon that party has to purchase the other party's shareholding), whereby the value for the transfer of the shareholding is determined in accordance with contractual formulas that aim to ensure a transfer at an arm's length price.

Other elements

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

"The economic turbulence of the past year has not stopped us from delivering optimal service to our customers, nor from investing for the future and creating value for our shareholders."

Baron Buysse, Chairman of the Board of Directors

07

Key figures and résumé of financial results

In 2009 Bekaert won the award for Best Financial Information, granted by the Belgian Association of Financial Analysts. We also took home the first prize in the category of Best Annual Report. This award is both a recognition as it is an encouragement to continue our commitment to keep investing in good financial communications and investor relations.

Key figures*

Combined figures

in millions of €	2008	2009	TREND
Sales	4 010	3 343	-16.6%
Capital expenditure	290	189	-34.6%
Personnel as at 31 December	22 570	22 592	+0.1%

Consolidated financial statements

in millions of €	2008	2009	TREND
Sales	2 662	2 437	-8.5%
Operating result (EBIT)	210	232	+10.3%
EBIT before non-recurring items	294	257	-12.7%
Result for the period	192	170	-11.3%
attributable to the Group	174	152	-12.8%
attributable to minority interests	18	18	
Cash flow	376	305	-18.9%
EBITDA	412	386	-6.5%
Depreciation PP&E	125	139	+11.4%
Amortization and impairment	77	14	-81.5%
Balance sheet			
Equity	1 172	1 374	+17.2%
Non-current assets	1 409	1 536	+9.0%
Capital expenditure (PP&E)	239	158	-33.6%
Balance sheet total	2 667	2 830	+6.1%
Net debt	627	395	-37.0%
Capital employed	1 835	1 752	-4.5%
Working capital	653	519	-20.5%
Employees as at 31 December	16 971	18 103	+6.7%
Ratios			
EBITDA on sales	15.5%	15.8%	
EBIT on sales	7.9%	9.5%	
EBIT interest coverage	5.5	4.9	
ROCE	12.5%	12.9%	
ROE	16.5%	13.4%	
Capital ratio	44.0%	48.5%	
Gearing (Net debt on equity)	53.5%	28.8%	
Net debt on EBITDA	1.5	1.0	

Joint ventures and associates

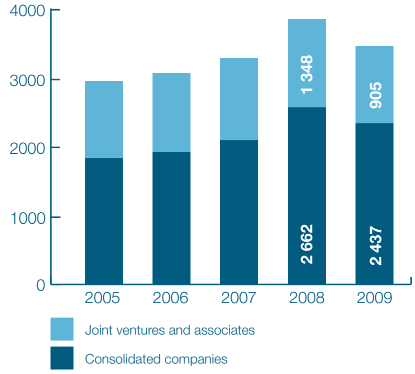
in millions of €	2008	2009	TREND
Sales	1 348	905	-32.8%
Operating result (EBIT)	182	104	-43.0%
Net result	125	82	-34.1%
Group's share in net result	56	38	-32.7%
Capital expenditure	51	31	-39.3%
Depreciation	34	30	-11.7%
Group's share in equity	195	213	+8.9%
Employees as at 31 December	5 599	4 489	-19.8%

Key figures per share

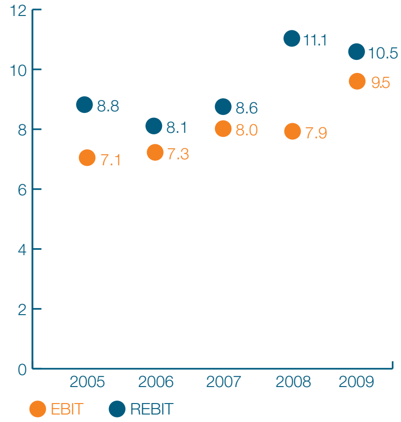
NV BEKAERT SA	2008	2009	TREND
Number of shares as at 31 December	19 783 625	19 834 469	
Market capitalization as at 31 December (in millions of €)	956	2 152	
Per share (in €)			
EPS	8.83	7.69	-12.9%
Gross dividend	2.800	2.940	+5.0%
Net dividend	2.100	2.205	+5.0%
Net dividend with VVPR strip	2.380	2.499	+5.0%
Valorization (in €)			
Price as at 31 December	48.32	108.50	
Price (average)	88.53	75.43	

** More detailed figures are available in the Bekaert Shareholders' Guide 2009.*

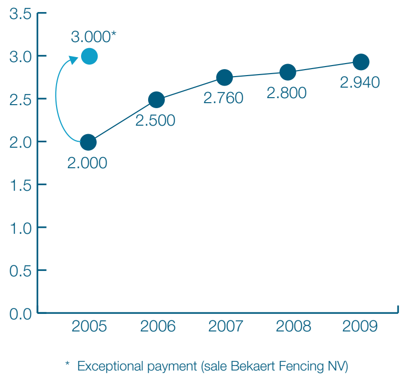
Sales
in millions of €



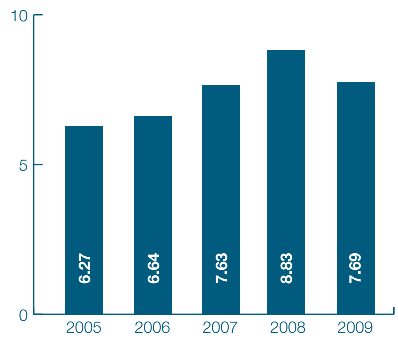
EBIT on sales
in %



Gross dividend
in €



EPS
in €

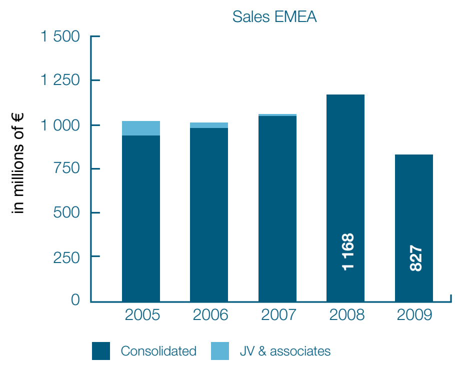


Key figures per segment

EMEA

in millions of €	2008	2009	TREND
Consolidated sales	1 168	827	-29%
Operating result (EBIT)	-9	-19	-113%
EBIT on sales	-0.7%	-2.3%	
EBITDA	95	47	-51%
EBITDA on sales	8.2%	5.7%	
Combined sales	**1 157**	**823**	**-29%**

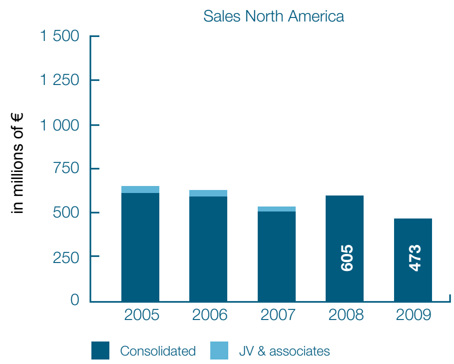
EMEA
€ 823 million
combined sales
25%



NORTH AMERICA

in millions of €	2008	2009	TREND
Consolidated sales	605	473	-22%
Operating result (EBIT)	25	-8	-133%
EBIT on sales	+4.2%	-1.8%	
EBITDA	44	13	-70%
EBITDA on sales	7.2%	2.7%	
Combined sales	**600**	**469**	**-22%**

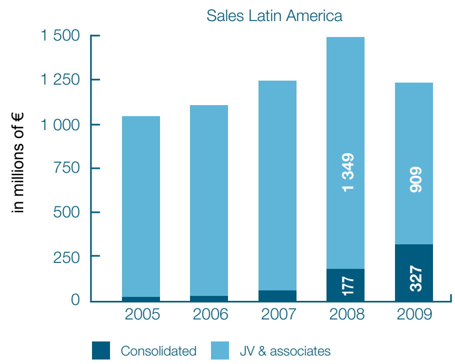
NORTH AMERICA
€ 469 million
combined sales
14%



LATIN AMERICA

in millions of €	2008	2009	TREND
Consolidated sales	177	327	85%
Operating result (EBIT)	16	26	64%
EBIT on sales	8.8%	8.0%	
EBITDA	21	36	74%
EBITDA on sales	11.8%	11.1%	
Combined sales	**1 525**	**1 237**	**-19%**

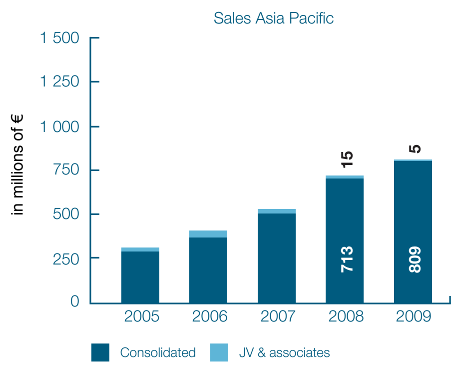
LATIN AMERICA
€ 1 237 million
combined sales
37%



ASIA PACIFIC

in millions of €	2008	2009	TREND
Consolidated sales	713	809	13%
Operating result (EBIT)	244	288	18%
EBIT on sales	34.2%	35.6%	
EBITDA	319	349	10%
EBITDA on sales	44.7%	43.2%	
Combined sales	**728**	**814**	**12%**

ASIA PACIFIC
€ 814 million
combined sales
24%



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

Summary of financial review

Bekaert accelerated the efforts to enhance its global operational excellence and innovation strategy, close to its customers. Continued growth in emerging markets and fast growing industries contributed to sustained profitability in 2009. Notwithstanding a difficult economic environment, Bekaert succeeded in raising EBIT and EBITDA margins to record levels.

Fast and effective implementation of inventory restriction and cost saving measures led to a substantial reduction of working capital and net debt, so that Bekaert's strong balance sheet was even further improved.

Sales

Compared with the exceptional year 2008, Bekaert's consolidated sales were down a limited 8.5%, with major differences among regions. Weak market demand, primarily during the first half of 2009, and lower raw material prices year-on-year drove an organic sales decline of 16.9%. This was partly compensated by the integration of Prodac (Peru) and Ideal Alambrec (Ecuador) in Latin America, which added 5.9%, and a minor positive effect of currency movements, which contributed 2.5%[1].

Combined sales[2] decreased 16.6% in comparison with 2008. Lower market demand resulted in an organic decline of 17.5%, while the effect of currency movements was almost neutralized (+0.9%).

Financial Review

5% dividend increase

In light of Bekaert's robust performance in 2009 and confidence in its future, the Board of Directors will propose that the General Meeting of Shareholders on 12 May 2010 approve the distribution of a gross dividend of € 2.940 per share, compared with € 2.800 last year. If this proposal is accepted, the net dividend per share will amount to € 2.205 and the net dividend on shares with VVPR strip, entitling the holder to reduced withholding tax of 15%, will be € 2.499. The dividend will be payable as from 19 May 2010.

Strong financial results

Bekaert achieved a record operating result (EBIT) of € 232 million, compared with € 210 million for the financial year 2008 (+10%). This equates to an EBIT margin on sales of 9.5%. The operating result before non-recurring items (REBIT) amounted to € 257 million, representing a margin of 10.5%. Non-recurring expenses related to restructuring programs announced in 2008 (€ 11 million), as well as to asset impairments and other realignment programs (€ 14 million).

1 All comparisons are made relative to the financial year 2008, of which the figures were readjusted according to the new segment reporting.
2 Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

EBITDA amounted to € 386 million, representing a record EBITDA margin on sales of 15.8%.

Bekaert implemented stringent cost saving measures, both at the level of its manufacturing organization as well as in selling and administrative expenses. While selling and administrative expenses increased firstly as a result of the integration of Ideal Alambrec and Prodac (adding € 13 million), Bekaert managed to lower these expenses at the total consolidated level by 8.3%. Research and development expenses remained high (€ 63 million), in accordance with Bekaert's continuous innovation strategy.

The increase in interest expenses was mainly due to increased average debt and interest rates and the integration of Prodac and Ideal Alambrec. Taxation on profit amounted to € 34 million compared with € 25 million in 2008. The overall effective tax rate thereby increased from 15.8% to 20.4%.

The transfer of Ideal Alambrec and Prodac to the consolidated perimeter and lower profits in the Brazilian and Chilean activities reduced our share in the results of joint ventures and associated companies to € 38 million (2008: € 56 million).

The result for the period thus reached € 170 million. After third-party minority interests (€ 19 million), the result for the period attributable to the Group was € 152 million.

Healthy balance sheet

As at 31 December 2009, shareholders' equity represented 48.5% of total assets. Net debt was brought down by 37% to € 395 million, mainly as a result of the strong reduction of working capital. The gearing ratio (net debt to equity) was 28.8% compared with 53.5% as at 31 December 2008.

Cash flow statement

Cash from operating activities amounted to € 497 million (2008: € 222 million). Operating working capital decreased by € 196 million due to the substantial reduction of inventory. Cash flow attributable to investing activities amounted to € 127 million: € 158 million related to expenditure from investments in, amongst others, Asia Pacific, Slovakia, Russian Federation and Belgium, while dividends received from joint ventures represented a positive cash flow of € 41 million.

Investment Update

On 1 February 2010 Bekaert announced the acquisition of two Bridgestone tire cord plants (in Sardinia, Italy and in Huizhou, China) and a multi-year supply agreement. The transaction, with an enterprise value of approximately € 70 million, includes all of the personnel and assets of the two manufacturing sites and is expected to complete in the second quarter of 2010.

Several expansion projects came into effect to support the growth in the emerging markets. Capital expenditure amounted to € 158 million in 2009 and is expected to increase in 2010. Capacity increases in China, India and Russia, and the planned integration of the Bridgestone tire cord plants will raise Bekaert's total tire cord capacity from 625 000 tons at present (of which 350 000 in China) to an estimated 700 000 tons by the end of 2010 (of which 400 000 in China).

Bekaert further maintained its high investments in research and development, totaling € 63 million in 2009 (3% of sales). These R&D expenses applied to the activities of the international technology centers in Deerlijk (Belgium) and Jiangyin (China). Investments in venture capital were temporarily put on hold.

Sales by segment

EMEA

The first half of 2009 was characterized by an overall drop in demand, especially in automotive and construction markets. The negative operating result also reflected the impact of declining raw material prices on the profit margins.

Bekaert actively countered the negative margin impact from lower sales through a detailed action plan which took effect in the second half of the year: Bekaert applied stringent working capital and cost control throughout all activity platforms and drove up volumes of basic products in order to increase capacity utilization. After a long period of steep decline, raw material prices stabilized and market demand picked up slightly in a number of sectors. The combination of these elements led to positive margins in the second half of 2009.

North America

In North America, sales dropped by more than 20% as a result of raw material price decreases and declining volumes in line with low economic activity. The impact was particularly strong in platforms that serve the automotive and construction markets. Actions taken to increase capacity utilization could not offset the impact of continued weak market demand.

Latin America

Latin America's consolidated sales growth was the result of the integration of Ideal Alambrec (Ecuador) and Prodac (Peru). Also in this region, volume decline and wire rod price fluctuations impacted the profit margins in the first half of the year.

Recovery in demand improved the segment's profitability in the second half of 2009.

After a severe slowdown in the first quarter of 2009, Bekaert's joint ventures in Brazil saw a gradual recovery in demand from the second quarter onward.

Asia Pacific

Bekaert China's platforms started off slowly in the first months of the year. However, Bekaert was ideally positioned to capitalize on the upturn, since the company did not lay off personnel during the economic standstill that occurred around the turn of the year. In full support of its customers, Bekaert achieved record volumes and sales from April onward, operating at very high capacity utilization levels at the lowest possible cost. The high demand was sustained throughout the year.

The entities in India and Indonesia have remained resilient throughout the crisis.

EBITDA margin on sales of
15.8% (2008: 15.5%)

EBIT of
€ 232 million (+10%)

EBIT margin on sales of
9.5% (2008: 7.9%)

Net debt of
€ 395 million (-37%)

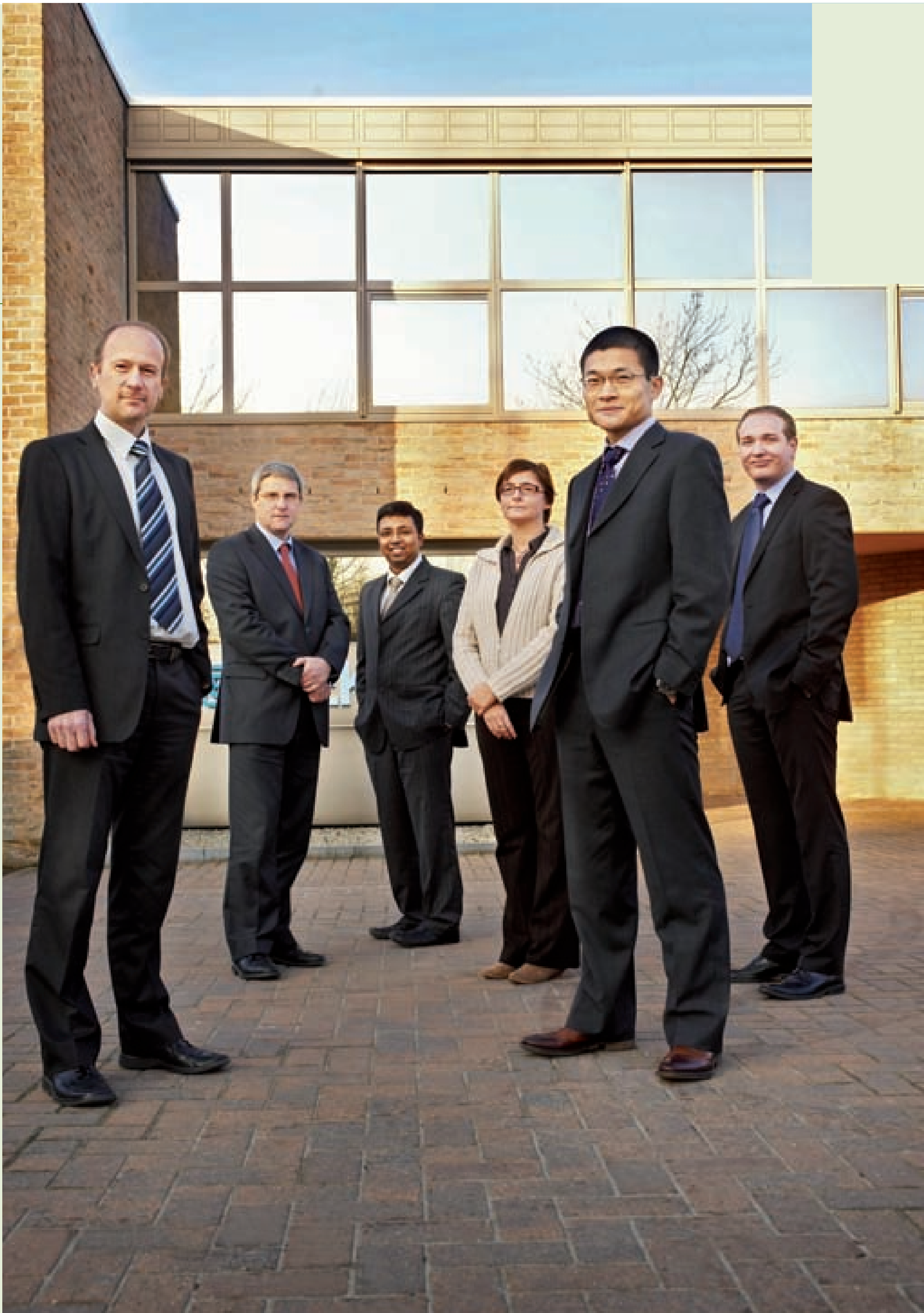
Gearing of
28.8% (2008: 53.5%)

EPS
€ 7.69 (2008: 8.83)

Consolidated sales of
€ 2.44 billion

Combined sales of
€ 3.34 billion

Dividend of
€ 2.94 (+5%)



Members from Bekaert Group Control and consultants from SAP BusinessObjects and IT partner Tata Consultancy Services.

Improved standardization and automation in financial reporting

Due to its geographical expansion, the complexity of the Bekaert organization has increased significantly. Changing partnerships, for example from joint ventures to subsidiaries, have a clear impact on its financial reporting. Along with the rapid-changing IFRS reporting requirements and disclosures of the last few years this added to the need for a globally standardized and highly automated financial reporting tool.

Over the years a growing number of Bekaert entities have been running on a SAP platform, however not in a globally standardized way. To further optimize the financial reporting process we had put together a project team in May 2008, consisting of staff from Bekaert Group Control and the SAP Competency Center, key users in accounting and financial reporting at Bekaert, consultants from SAP BusinessObjects, and from IT partner Tata Consultancy Services. In October 2009 this project team successfully completed the implementation of a new financial reporting tool (SAP BusinessObjects Financial Consolidation) enabling a flexible and integrated legal consolidation process.

Following the analysis and design of the SAP BusinessObjects solution by the core project team, the solution engineering phase, which took eight months, was finished in May 2009. As of February the project team had already started the migration of the historical data, including key users in the process. The subsequent training of 170 local end-users scattered all over the globe was a crucial task. All Group Control team members and key users prepared the necessary training material and successfully delivered the training.

Robust reporting tool contains multiple benefits

In July-August a test run by end-users took place at the local levels, followed by a parallel run by Group Control at central level in September. In October, Bekaert went globally live with the system for the third quarter reporting process. The implementation of the SAP BusinessObjects solution offers more efficient data gathering across entities, businesses or regions. It also contributes greatly to the transparency, accuracy and gathering speed of the data, since Bekaert now no longer has to deal with fragmented info coming from different systems. In addition, we need less time to prepare the numbers, allowing more time to perform broader added value analysis. Not only is Bekaert now running the same financial reporting software in all its entities around the globe, the Bekaert staff is using it everywhere in the same way. This makes, for example, the training of end users and the offering of support to the local entities much easier to organize.

Since the accounting departments generate the source data, it is essential for this to be also done in a highly standardized way. This is why, parallel to the main project, the existing SAP R/3 platform was enhanced to obtain a high level of integration with the consolidation tools of SAP BusinessObjects. This ‘R/3 Readiness’ subproject ran during the same period and is still on-going in the light of the next phase scheduled to start in July 2010: the replacement of the management reporting process.

This integrated financial reporting solution, which now also includes our joint ventures, allows for manual input to be replaced by automatic input upload to the maximum extent, currently leading to a 90% automatic upload level. This high level of automation means no more typing errors, less time spent on the process and more accurate interpretations of the data.

Before, the Bekaert transactional system and the financial reporting solution ran completely separated. Today we have established a new level of integration between the two resulting in significant time saving. To illustrate: this tool enabled us to report our full year results in February instead of March 2010 with data restated according to the new segment reporting.

08

Bekaert: Financial review

Despite a difficult economic and financial environment throughout the year, Bekaert managed to maintain strong profitability records. A swift response to new market realities and the fast recovery in the emerging markets have been instrumental in this solid performance. Bekaert's healthy balance sheet and financial position added to its resilience and both were further improved throughout 2009 by substantially bringing down the debt level and working capital.

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Consolidated financial statements

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2009	2008
Sales	5.1	2 437 328	2 662 377
Cost of sales	5.1	-1 903 161	-2 060 619
Gross profit	**5.1**	**534 167**	**601 758**
Selling expenses	5.1	-105 401	-121 815
Administrative expenses	5.1	-110 621	-113 648
Research and development expenses	5.1	-63 430	-68 534
Other operating revenues	5.1	15 442	10 831
Other operating expenses	5.1	-13 392	-14 365
Operating result before non-recurring items (REBIT)	**5.1**	**256 765**	**294 227**
Non-recurring items	5.1	-24 574	-83 758
Operating result (EBIT)	**5.1-2**	**232 191**	**210 469**
Interest income	5.3	6 253	4 947
Interest expense	5.3	-62 933	-46 360
Other financial income and expenses	5.4	-8 944	-7 829
Result before taxes		**166 567**	**161 227**
Income taxes	5.5	-33 902	-25 533
Result after taxes (consolidated companies)		**132 665**	**135 694**
Share in the results of joint ventures and associates	5.6	37 773	56 109
RESULT FOR THE PERIOD		**170 438**	**191 803**
Attributable to			
the Group		*151 792*	*174 075*
minority interests	*6.13*	*18 646*	*17 728*

Earnings per share in € per share	**5.7**	**2009**	**2008**
Result for the period attributable to the Group			
Basic		*7.689*	*8.828*
Diluted		*7.672*	*8.793*

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

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2009	2008
Result for the period		**170 438**	**191 803**
Other comprehensive income	**5.8**		
Exchange differences		7 251	4 383
Cash flow hedges	6.12	5 909	-3 853
Remeasurement of net assets held prior to acquiring control	6.12	7 952	-
Available-for-sale investments	6.12	15 055	-15 523
Actuarial gains and losses (-) on defined-benefit plans	6.12	10 031	-52 032
Share of other comprehensive income of joint ventures and associates		-1	-95
Other		-1	-4
Deferred taxes relating to other comprehensive income	5.8	1 794	9 445
Other comprehensive income for the period, net of tax		**47 990**	**-57 679**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**218 428**	**134 124**
Attributable to			
the Group		*202 275*	*113 109*
minority interests	*6.13*	*16 153*	*21 015*

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	2009	2008
Non-current assets		**1 535 524**	**1 408 708**
Intangible assets	6.1	50 709	52 332
Goodwill	6.2	54 302	59 133
Property, plant and equipment	6.3	1 127 714	1 070 667
Investments in joint ventures and associates	6.4	218 559	199 869
Other non-current assets	6.5	40 609	17 960
Deferred tax assets	6.6	43 631	8 747
Current assets		**1 293 989**	**1 258 456**
Inventories	6.7	358 413	510 541
Trade receivables	6.7	479 630	483 176
Other receivables	6.8	49 289	52 982
Short-term deposits	7.1	154 636	13 560
Cash and cash equivalents		121 171	104 761
Other current assets	6.9	121 924	72 300
Assets classified as held for sale	6.10	8 926	21 136
Total		**2 829 513**	**2 667 164**

Equity and liabilities as at 31 December

in thousands of €	Notes	2009	2008
Equity		**1 373 581**	**1 172 332**
Share capital	6.11	175 118	174 668
Share premium		19 404	16 868
Retained earnings	6.12	1 168 913	1 098 816
Other Group reserves	6.12	-78 599	-159 770
Equity attributable to the Group		**1 284 836**	**1 130 582**
Minority interests	**6.13**	**88 745**	**41 750**
Non-current liabilities		**820 976**	**513 684**
Employee benefit obligations	6.14	135 623	143 375
Provisions	6.15	29 383	32 237
Interest-bearing debt	6.16	598 146	288 099
Other non-current liabilities	6.17	5 085	10 663
Deferred tax liabilities	6.6	52 739	39 310
Current liabilities		**634 956**	**981 148**
Interest-bearing debt	6.16	151 360	503 128
Trade payables	6.7	247 131	253 824
Employee benefit obligations	6.7/6.14	98 393	117 566
Provisions	6.15	8 683	30 271
Income taxes payable		39 402	18 150
Other current liabilities	6.18	87 721	53 502
Liabilities associated with assets classified as held for sale	6.10	2 266	4 707
Total		**2 829 513**	**2 667 164**

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]		Equity attributable to the Group	Minority interests	Total
				Other reserves	Cumulative translation adjustments			
Balance as at 1 January 2008	**173 663**	**12 510**	**995 481**	**20 236**	**-103 736**	**1 098 154**	**48 432**	**1 146 586**
Total comprehensive income for the period	-	-	183 417	-71 352	1 044	113 109	21 015	134 124
Capital contribution by minority interests	-	-	-	-	-	-	6 672	6 672
Effect of disposals	-	-	-13 730	-	-	-13 730	-26 573	-40 303
Transfer of cumulative translation adjustments of EURO currencies	-	-	5 962	-	-5 962	-	-	-
Equity-settled share-based payment plans	-	-	1 724	-	-	1 724	-	1 724
Creation of new shares	1 005	4 358	-	-	-	5 363	-	5 363
Treasury shares transactions	-	-	-19 749	-	-	-19 749	-	-19 749
Dividends	-	-	-54 289	-	-	-54 289	-7 796	-62 085
Balance as at 31 December 2008	**174 668**	**16 868**	**1 098 816**	**-51 116**	**-108 654**	**1 130 582**	**41 750**	**1 172 332**
Balance as at 1 January 2009	**174 668**	**16 868**	**1 098 816**	**-51 116**	**-108 654**	**1 130 582**	**41 750**	**1 172 332**
Total comprehensive income for the period	-	-	151 791	40 958	9 526	202 275	16 153	218 428
Capital contribution by minority interests	-	-	-	-	-	-	5 646	5 646
Effect of acquisitions and disposals	-	-	-1 913	2 492	1 951	2 530	23 625	26 155
Equity-settled share-based payment plans	-	-	-	1 560	-	1 560	-	1 560
Creation of new shares	450	2 536	-	-	-	2 986	-	2 986
Treasury shares transactions	-	-	-471	2 231	-	1 760	-	1 760
Dividends	-	-	-55 240	-	-	-55 240	-46	-55 286
Equity reclassifications [1]	-	-	-24 070	22 452	1	-1 617	1 617	-
Balance as at 31 December 2009	**175 118**	**19 404**	**1 168 913**	**18 577**	**-97 176**	**1 284 836**	**88 745**	**1 373 581**

The accompanying notes are an integral part of this statement.

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

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2009	2008
Operating activities			
Operating result (EBIT)		232 191	210 469
Non-cash and investing items included in operating result	7.1	108 941	227 889
Income taxes paid		-31 141	-27 505
Gross cash flows from operating activities		**309 991**	**410 853**
Change in operating working capital	6.7	195 642	-162 363
Other operating cash flows	7.1	-8 233	-26 279
Cash flows from operating activities		**497 400**	**222 211**
Investing activities			
New business combinations	7.2	-3 299	-
Other portfolio investments		-63	-44 177
Proceeds from disposals of investments		-525	668
Dividends received		41 070	46 066
Purchase of intangible assets	4/6.1	-8 136	-12 391
Purchase of property, plant and equipment	4/6.3	-158 396	-238 622
Other investing cash flows		2 362	5 292
Cash flows from investing activities		**-126 987**	**-243 164**
Financing activities			
Interest received		4 872	4 947
Interest paid		-44 069	-36 495
Gross dividend paid		-50 625	-62 156
Proceeds from non-current interest-bearing debt		397 984	149 711
Repayment of non-current interest-bearing debt		-159 747	-25 274
Cash flows from current interest-bearing debt		-284 532	40 245
Treasury shares transactions	6.12	1 760	-19 749
Other financing cash flows	7.1	-206 240	15 672
Cash flows from financing activities		**-340 597**	**66 901**
Net increase or decrease (-) in cash and cash equivalents		**29 816**	**45 948**
Cash and cash equivalents at the beginning of the period		**104 761**	**58 063**
Effect of exchange rate fluctuations		-13 406	750
Cash and cash equivalents at the end of the period		**121 171**	**104 761**

The accompanying notes are an integral part of this statement.

Notes to the consolidated financial statements

1. General information

NV Bekaert SA (the 'Company') is a company domiciled in Belgium. The Company's consolidated financial statements include those of the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in joint ventures and associates accounted for using the equity method. The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 19 March 2010.

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 2009

In its 2008 financial statements, the Group already elected to early apply IAS 1 (Revised 2007), Presentation of Financial Statements (effective from 1 January 2009). The following new and revised standards and interpretations have been adopted in the current period and have affected the amounts reported in these financial statements:

- IFRS 8, Operating Segments (effective from 1 January 2009). The new standard requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. The new geographical segmentation is in accordance with IFRS 8.

- IFRS 7 (Amendment), Financial Instruments: Disclosures (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. Fair value measurements should be categorized in accordance with a fair value measurement hierarchy.

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

- IAS 23 (Amendment), Borrowing Costs (effective from 1 January 2009). The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. Before this amendment came into effect, the accounting policy of the Group was to expense all borrowing costs. However, the impact of the amended IAS 23 on these financial statements was nil in the absence of any qualifying assets for which the construction started on or after 1 January 2009.

- IFRS 2 (Amendment), Share-based Payment (effective from 1 January 2009), relating to vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only; all other ('non-vesting') conditions should be included in the fair value measurement at grant date. Furthermore, it clarifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

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

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

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

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

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

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

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

- IAS 1 (Amendment), Presentation of Financial Statements (effective from 1 January 2009), published in May 2008 as part of the IASB's annual improvement project. The changes relate to the classification of assets and liabilities as current or non-current in view of the entity's operating cycle.

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

- IFRIC 13, Customer Loyalty Programmes (effective from 1 January 2009), clarifying the treatment of customer award credits.

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

- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective from 1 January 2009), clarifying that net investment hedging should relate to functional currency risk only and that hedging instruments may be held anywhere in the Group.

- IFRIC 18, Transfers of Assets from Customers (effective from 1 July 2009), clarifying the requirements for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

- IFRIC 9 (Amendment), Reassessment of Embedded Derivatives (effective 1 January 2009).

Standards, amendments and interpretations that are not yet effective in 2009 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:

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

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

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

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

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

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

- IFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations, and consequential amendments to IFRS 1, First-time Adoption of IFRS (both effective from 1 January 2010), published in May 2008 in part I of the Improvements to IFRSs. This amendment requires that all of a subsidiary's assets and liabilities be classified as held for sale if a partial disposal sale plan results in loss of control.

- IFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations (effective from 1 January 2010), published in April 2009 in part I of the Improvements to IFRSs. The amendment specifies that disclosure requirements from other IFRSs do not apply to non-current assets (or disposal groups) classified as held for sale except in a limited number of specified circumstances.

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

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

- IAS 7 (Amendment), Statement of Cash Flows (effective from 1 January 2010), published in April 2009 in part I of the Improvements to IFRSs. The amendment specifies that only expenditure that results in the recognition of an asset can be reported as an investing cash flow.

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

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

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

- IFRS 1 (Amendment), First-time Adoption of IFRS (effective from 1 January 2010). This amendment introduces some new exemptions.

- IAS 24 (Revised 2009), Related Party Disclosures (effective from 1 January 2011). This revision basically introduces exemptions for state-owned entities.

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

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

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

2.2. General principles

Basis of preparation

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

Principles of consolidation

Subsidiaries

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

Joint ventures and associates

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

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

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

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

2.3. Balance sheet items

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

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

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

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

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

Expenditure on development activities where research findings are applied to a plan or design for the production of new or substantially improved products and processes prior to commercial production or use is capitalized if, and only if, all of the recognition criteria set out below are met:
- the product or process is clearly defined and costs are separately identified and reliably measured;
- the technical feasibility of the product is demonstrated;

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

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

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

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

Goodwill
Goodwill represents the excess of acquisition cost over the Group's interest in the net fair value at the date of acquisition of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortized, but is reviewed for impairment at least annually. The excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost is recognized immediately as a profit. In accordance with IFRS 3, the purchase of a minority interest after control is obtained cannot be accounted for as a business combination but an appropriate accounting treatment is not foreseen in the current standard. As a consequence, Bekaert has decided to apply the accounting principles set out in IAS 27 (revised January 2008), Consolidated and Separate Financial Statements, in this respect. Consequently, a purchase of a minority interest after control is obtained is accounted for as a transaction between equity holders in that capacity. As such, the purchase of a minority interest cannot give rise to goodwill or to a gain or loss in the income statement. Any difference between the fair value of the acquired minority interest and the purchase consideration is recognized directly in equity.

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

Property, plant and equipment
The Group has opted for the historical cost model and not for the revaluation model. Property, plant and equipment acquired separately is initially measured at cost. Property, plant and equipment acquired in a business combination is initially measured at fair value, which thus becomes its deemed cost. After initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use. Borrowing costs 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%-16.7%
- furniture and vehicles	20%
- computer hardware	25%

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

Leases

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

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

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

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

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

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

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

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

recoveries from this allowance account are reported under 'selling expenses' in the income statement.

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

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

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

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

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

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

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

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

Past service cost is the increase in the present value of the defined-benefit obligation for employee service in prior periods and resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.
Past service costs are recognized as an expense on a straight-line basis over the average period to vesting. To the extent that the benefits are already vested following the introduction of, or changes to, a defined-benefit plan, past service costs are expensed immediately. Where the calculated amount

to be recognized in the balance sheet is negative, an asset is only recognized if it does not exceed the net total of any unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan (the asset ceiling principle). Past service costs are also recognized immediately if their deferred recognition would result under the asset ceiling principle in a gain being recognized solely as a result of a past service cost in the current period. The amount charged to the income statement consists of the aggregate of current service cost, recognized past service cost, interest cost, expected return on plan assets and impact of the change in asset ceiling. In the income statement, current and past service costs are included in the operating result and all other elements are included in interest expense. Pre-retirement pensions in Belgium and plans for medical care in the United States are also treated as defined-benefit plans.

Defined-contribution plans

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

Other long-term employee benefits

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

Share-based payment plans

The Group issues equity-settled and cash-settled share-based payments to certain employees. Stock option plans which allow Group employees to acquire shares of NV Bekaert SA are of the equity-settled type. Share appreciation rights plans and phantom stocks plans are of the cash-settled type, as they entitle Group employees to receive payment of cash bonuses, the amount of which is based on the price of the Bekaert share on the Euronext stock exchange.

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

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

Interest-bearing debt

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

Trade payables and other current liabilities

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

Income taxes

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

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

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

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

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

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

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

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

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

Impairment of assets

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

2.4. Income statement items

Revenue recognition

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

Non-recurring items

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

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

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

2.6. Miscellaneous

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

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

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

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

3. Critical accounting judgments and key sources of estimation uncertainty

3.1. General business risks

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

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

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

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

- Management concluded that the criteria for capitalizing development expenditure were not met (cf. note 6.1 'Intangible assets').

- Management concluded that the functional currency of Bekaert Izmit Celik Kord Sanayi ve Ticaret AS (Turkey) is the euro, consistent with the economic substance of the transactions relevant to that entity. For the same reason, management concluded that the functional currency of Vicson SA (Venezuela) is the US dollar. Consequently, hyperinflationary accounting is not applicable to Vicson SA.

- In accordance with Venezuelan laws, all US dollar transactions concluded by Venezuelan companies should be approved by the monetary foreign exchange control authorities (CADIVI). US dollars received should be sold to CADIVI at the official rate and approved payments in US dollars are effected via CADIVI at the official rate. The official rate for approved transactions was 2.15 VEF/USD at the balance sheet date. If a purchase transaction in US dollar is not approved by CADIVI, a Venezuelan company can turn to the parallel market for converting bolivares fuertes (VEF) into US dollars; the parallel market rate was 5.97 VEF/USD at the balance sheet date. In accordance with IAS 21[1] and due to growing uncertainty about obtaining CADIVI approvals, management concluded that the parallel market rate should be used to convert bolivares fuertes into US dollars as from 31 December 2009. The effect of translating the monetary items at the parallel rate at balance sheet date is included in other financial income and expenses (cf. note 5.4 'Other financial income and expenses').
  On 8 January 2010, the Venezuelan authorities announced a devaluation of the bolivar fuerte and the imposition of a dual-rate foreign exchange system (cf. note 7.6 'Events after the balance sheet date'). Management is convinced that, in view of the continuing monetary and economic uncertainty in Venezuela, using the parallel market rate instead of a dual official rate will result in a more appropriate measurement of its financial position and performance. With respect to the limited visibility on the outcome of the approval process, Bekaert uses the parallel rate and records a realized exchange result when the dollars are obtained from CADIVI at the official rate.

- Management concluded that Bekaert, given its minority participating interest of 13.0% at year-end 2009, has no significant influence in Shougang Concord Century Holdings Ltd and therefore the investment is treated as a financial asset available for sale.

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

- Given its global presence, Bekaert is exposed to currency risks, both transactional and translational in nature. Transactional risks arise from the Group's investing, financing and operating transactions, while translational risks arise from converting financial statements of foreign entities to the Group's presentation currency, the euro. Management is convinced that it has adequate risk policies in place to mitigate transactional risks to the best of its ability, but the Group does not hedge against translational risks to the extent that these do not affect cash flows (cf. note 7.3 'Financial risk management and financial derivatives').

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

3.3. Key sources of estimation uncertainty

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

- Based on the expected economic life of specific product lines, which is expected to be significantly shorter than average, higher depreciation rates are

[1] *IAS 21 'The Effects of Changes in Foreign Exchange Rates' §26 states 'When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date'.*

applied, i.e. 16.7% instead of 8% for plant, machinery and equipment, to dedicated assets which are not expected to be reallocated to another product line.

- Credit risk related to customers: management closely reviews the outstanding trade receivables, also considering ageing, payment history and credit risk coverage. In comparison with the end of 2008, the improved payment record of several customers previously identified as bad debtors has led to a decrease in the bad debt reserve, mainly in China (cf. note 6.7 ‘Operating working capital’).

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

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

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

- Tax receivable (ICMS) in Brazil: recovery of the tax receivables of Belgo Bekaert Arames Ltda and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda is deemed highly probable as several action plans have already been successfully implemented. Other tax claims in Brazil, including claims relating to the taxability of ICMS incentives received by Belgo Bekaert Nordeste, have not been provided for, supported by legal advice (cf. note 6.4 ‘Investments in joint ventures and associates’).

- Fair value adjustments for business combinations: in accordance with IFRS 3 ‘Business Combinations’, Bekaert remeasures the assets, liabilities and contingent liabilities acquired through a business combination to 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 has adopted IFRS 8, Operating Segments, with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group' s reportable segments has changed; and the segment reporting is now based on a geographical segmentation in accordance with the system of internal financial reporting to the Bekaert Group Executive, the CEO and the Board.

The geographical segmentation shapes the basis for the Company's financial reporting as 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 choice 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 (2009: 34% of consolidated sales)
2) North America (2009: 20% of consolidated sales)
3) Latin America (2009: 13% of consolidated sales)
4) Asia Pacific (2009: 33% of consolidated sales)

Key data by reporting segment

Only capital employed elements (intangible assets, goodwill, property, plant and equipment and the elements of the operating working capital) are allocated to the various segments. All other assets and liabilities are reported as unallocated corporate assets or liabilities. 'Other' mainly consists of the functional unit technology and unallocated expenses for group management and services. The geographical segmentation is based on the location of the Bekaert entities rather than on the location of its customers. Since it is Bekaert's strategy to produce as close as possible to the customers, most customers are serviced by Bekaert entities in their own region.

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

2008 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Other	Elimina-tions	Consoli-dated
Net sales	1 167 825	605 056	176 616	712 880	-	-	2 662 377
Operating result before non-recurring items (REBIT)	67 786	24 610	15 739	249 072	-50 742	-12 238	294 227
Non-recurring items	-76 502	522	-271	-5 017	-2 490	-	-83 758
Operating result (EBIT)	**-8 716**	**25 132**	**15 468**	**244 055**	**-53 232**	**-12 238**	**210 469**
Depreciation and amortization	73 195	18 694	5 130	69 779	9 012	-9 901	165 909
Impairment losses	30 819	-	271	4 690	-	-	35 780
EBITDA	**95 298**	**43 826**	**20 869**	**318 524**	**-44 220**	**-22 139**	**412 158**
Segment assets	859 223	327 506	101 729	963 275	191 403	-252 140	2 190 996
Unallocated assets	-	-	-	-	-	-	476 168
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**2 667 164**
Segment liabilities	204 037	44 566	14 955	136 228	106 956	-151 182	355 560
Unallocated liabilities	-	-	-	-	-	-	1 139 272
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**1 494 832**
Capital employed	655 186	282 940	86 774	827 047	84 447	-100 958	1 835 436
Average capital employed	663 420	260 120	80 284	706 152	68 850	-94 255	1 684 570
Return on average capital employed (ROCE) [1]	-1.3%	9.7%	19.3%	34.6%	-	-	12.5%
Capital expenditure – PP&E	57 182	15 169	5 762	162 852	20 176	-22 519	238 622
Capital expenditure – intangible assets	1 861	95	-	8 135	2 300	-	12 391
Share in the results of joint ventures and associates	54	-	56 181	-126	-	-	56 109
Investments in joint ventures and associates	102	-	192 467	7 300	-	-	199 869
Number of employees (year-end)	5 836	1 828	995	6 716	1 596	-	16 971

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

Revenue by product application

in thousands of €	2009	2008	%
Net sales			
Steel wire products	*2 167 004*	*2 331 429*	*-7.1*
Stainless products	*126 345*	*169 041*	*-25.3*
Coatings & other	*143 979*	*161 907*	*-11.1*
Total	**2 437 328**	**2 662 377**	**-8.5**

Additional information by country

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

in thousands of €	2009	% of total	2008	% of total
Net sales from Belgium	266 999	11%	483 258	18%
Net sales from China	711 898	29%	622 960	23%
Net sales from USA	431 529	18%	597 842	23%
Net sales from other countries	1 026 902	42%	958 317	36%
Total net sales	**2 437 328**	**100%**	**2 662 377**	**100%**
Non-current assets located in Belgium	154 349	13%	170 111	15%
Non-current assets located in China	521 136	42%	519 774	44%
Non-current assets located in USA	113 138	9%	121 698	10%
Non-current assets located in other countries	444 102	36%	370 549	31%
Total non-current assets	**1 232 725**	**100%**	**1 182 132**	**100%**

5. Income statement items and other comprehensive income

5.1. Operating result (EBIT) by function

in thousands of €	2009	2008	variance
Sales	2 437 328	2 662 377	-225 049
Cost of sales	-1 903 161	-2 060 619	157 458
Gross profit	**534 167**	**601 758**	**-67 591**
Selling expenses	-105 401	-121 815	16 414
Administrative expenses	-110 621	-113 648	3 027
Research and development expenses	-63 430	-68 534	5 104
Other operating revenues	15 442	10 831	4 611
Other operating expenses	-13 392	-14 365	973
Operating result before non-recurring items (REBIT)	**256 765**	**294 227**	**-37 462**
Non-recurring items	-24 574	-83 758	59 184
Operating result (EBIT)	**232 191**	**210 469**	**21 722**

Bekaert's consolidated operating result before non-recurring items (REBIT) amounted to € 256.8 million, compared with € 294.2 million in 2008.

Sales and gross profit in thousands of €	2009	2008	variance (%)
Sales	2 437 328	2 662 377	-8.5%
Cost of sales	-1 903 161	-2 060 619	-7.6%
Gross profit	**534 167**	**601 758**	**-11.2%**
Gross profit in % of sales	21.9%	22.6%	

Bekaert's consolidated sales were down 8.5%. Weak market demand, primarily during the first half of 2009, and lower raw material prices year-on-year drove an organic sales decline of 16.9%. This was partly compensated by the integration of Prodac SA (Peru) and Ideal Alambrec SA (Ecuador) in Latin America, which added 5.9%, and a minor positive effect of currency movements, which contributed 2.5%.

Overall gross profit is 11.2% down, mainly due to an unfavorable margin impact from decreasing wire rod prices during the first half of 2009, and a lower sales volume in the mature markets, partially offset by better volumes in Asia Pacific.

Sales in EMEA decreased with 29%, reflecting a lower volume (mainly due to weak demand in the first half year) and lower average sales prices due to lower wire rod prices. Increased volume, stable prices and cost control measures resulted in an important profitability improvement in the second half of 2009.
Also North America was confronted with weaker demand across all sectors, but primarily in automotive and construction.
The growth in Latin America reflects the integration of Prodac SA (Peru) and Ideal Alambrec SA (Ecuador). Organic sales and results remained stable despite the economic downturn.
The sales growth of 14% in Asia Pacific is mainly the result of a strong volume increase partly offset by a lower price due to cheaper wire rod. After a very weak start in 2009, sales volume in China increased continuously and the plants were operating at very high capacity utilization levels and at low cost. The entities in South-East Asia remained resilient throughout the crisis.

Overheads

in thousands of €	2009	2008	variance (%)
Selling expenses	-105 401	-121 815	-13.5%
Administrative expenses	-110 621	-113 648	-2.7%
Research and development expenses	-63 430	-68 534	-7.4%
Total	**-279 453**	**-303 997**	**-8.1%**

Despite an increase of the selling and administrative expenses with € 13 million due to the integration of Prodac SA and Ideal Alambrec SA, those overheads decreased substantially thanks to cost reduction measures (mainly in EMEA and North America), and a release of bad debt reserves mainly in China.

Own research and development expenses remained at a similar high level, but investments in venture capital were put on hold.

Other operating revenues

in thousands of €	2009	2008	variance
Royalties received	7 543	8 636	-1 093
Gains on disposal of PP&E and intangible assets	145	656	-511
Realized exchange results on sales and purchases	-1 245	-2 795	1 550
Tax rebates	123	803	-680
Government grants	5 502	979	4 523
Miscellaneous	3 374	2 552	822
Total	**15 442**	**10 831**	**4 611**

Government grants relate mainly to subsidies in China (€ 4.2 million) and Belgium (€ 0.7 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 €	2009	2008	variance
Losses on disposal of PP&E and intangible assets	-1 278	-2 065	787
Amortization of intangible assets	-1 941	-2 447	506
Personnel charges	-2 480	-2 636	156
Bank charges	-1 886	-2 049	163
Other taxes	-	-296	296
Miscellaneous	-5 807	-4 872	-935
Total	**-13 392**	**-14 365**	**973**

Non-recurring items

in thousands of €	2009	2008	variance
Restructuring	-14 820	-50 558	35 738
Impairment losses	-8 845	-28 837	19 992
Other	-909	-4 363	3 454
Total	**-24 574**	**-83 758**	**59 184**

The 2009 restructuring costs relate mainly to the restructuring programs announced in 2008 concerning the Belgian operational footprint and relocation of assets in Zwevegem and Slovakia (€ 11 million). Restructuring costs include impairment losses amounting to € 4.7 million.

Impairments on goodwill and assets were booked for Combustion - drying (€ 5.1 million), Diamond Like Coatings (€ 3.0 million) and advanced filtration (€ 0.8 million).

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 €	2009		2008	
Sales	2 437 328	100%	2 662 377	100%
Other operating revenues	15 442	-	10 831	-
Total operating revenues	**2 452 770**	**-**	**2 673 208**	**-**
Own construction of PP&E	68 760	-	143 431	-
Raw materials	-876 914	36%	-1 116 160	42%
Semi-finished products and goods for resale	-63 226	3%	-128 109	5%
Change in work-in-progress and finished goods	-110 810	5%	91 719	-3%
Staff costs	-499 070	20%	-524 216	20%
Depreciation and amortization	-139 841	6%	-165 909	6%
Impairment losses	-13 506	1%	-35 780	1%
Transport and handling of finished goods	-84 440	3%	-98 394	4%
Consumables and spare parts	-142 298	6%	-157 378	6%
Utilities	-136 125	6%	-139 068	5%
Maintenance and repairs	-36 838	2%	-56 752	2%
Miscellaneous operating expenses	-186 271	8%	-276 123	10%
Total operating expenses	**-2 220 579**	**91%**	**-2 462 739**	**93%**
Operating result (EBIT)	**232 191**	**10%**	**210 469**	**8%**

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

5.3. Interest income and expense

in thousands of €	2009	2008
Interest income on financial assets carried at amortized cost	6 253	4 947
Interest income	**6 253**	**4 947**
Interest expense on financial liabilities carried at amortized cost	*-48 903*	*-38 230*
Interest expense on financial liabilities carried at fair value	*-5 051*	*-4 988*
Interest and similar expense	-53 954	-43 218
Interest element of interest-bearing provisions	-8 979	-3 142
Interest expense	**-62 933**	**-46 360**
Total	**-56 680**	**-41 413**

The increase in interest expense on financial liabilities reflects the higher average debt level (+ € 175.5 million based on monthly averages) as well as higher interest rates partially due to the replacement of short-term debt with long-term debt (cf. note 6.16 'Interest-bearing debt'). Interest expense on financial liabilities carried at amortized cost relates to all interest-bearing debt which is not hedged by a fair value hedge. Interest expense on financial liabilities carried at fair value relates both to interest-bearing debt hedged by a fair value hedge and to interest-rate risk mitigating derivatives (see note 7.3 'Financial risk management and financial derivatives'). Since interest-rate risk mitigating derivatives were used in connection with financial liabilities only, all interest expense adjustments from those derivatives are recorded as interest expense on financial liabilities at fair value.

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

5.4. Other financial income and expenses

in thousands of €	2009	2008
Value adjustments to derivatives	*-39 429*	*-11 824*
Value adjustments to hedged items	*37 140*	*4 678*
Unrealized exchange results on underlying items of derivatives held for trading	*-265*	*6 945*
Impact of derivatives (see note 7.3)	-2 554	-201
Other unrealized exchange results	7 107	-1 998
Realized exchange results	-14 406	-6 591
Translation gain on Vicson SA	1 569	-
Gains and losses on disposal of financial assets	293	158
Dividends from other shares	3	459
Write-downs and write-down reversals of loans and receivables	-1 087	-283
Other	131	627
Total	**-8 944**	**-7 829**

Value adjustments include changes in the fair value of all derivatives, other than those designated as cash flow hedges, and of all debt hedged by fair value hedges (cf. note 7.3 'Financial risk management and financial derivatives'). Unrealized exchange results relate to the effect of translating monetary balance sheet items at closing rates and realized exchange results relate to transactions other than normal trading sales and purchases. 'Translation gain on Vicson SA' represents the one-time effect of translating the monetary items of Vicson at the parallel rate against the bolivar fuerte at balance sheet date (cf. note 3.2 'Critical judgments in applying the entity's accounting policies').

5.5. Income taxes

in thousands of €	2009	2008
Current taxes for the year	-60 986	-34 031
Adjustment to current taxes in respect of prior periods	2 276	645
Deferred taxes	24 808	7 853
Total tax expense	**-33 902**	**-25 533**

Relationship between tax expense and accounting profit

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

in thousands of €	2009	2008
Accounting profit	166 567	161 227
Tax expense at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	-28 168	-40 428
Theoretical tax rate	-16.9%	-25.1%
Tax effect of:		
Non-deductible items	*-15 754*	*-4 345*
Other tax rates and special tax regimes	*38 735*	*43 404*
Non-recognition of deferred tax assets	*-38 656*	*-15 221*
Utilization of deferred tax assets not previously recognized	*1 913*	*446*
Tax adjustments relating to prior periods	*-934*	*645*
Taxes on distributed and undistributed earnings	*11 330*	*-10 614*
Other	*-2 368*	*580*
Total tax expense	**-33 902**	**-25 533**

Tax losses in certain high tax jurisdictions lead to a lower theoretical tax expense. Tax losses on a legal entity level were incurred as a consequence of the economic downturn in some segments. The total actual tax expense subsequently increased as a consequence of the non-recognition (allowance) of certain related deferred tax assets. Other tax rates and special tax regimes reflect temporary tax holidays and notional interest deduction. Taxes on distributed and undistributed earnings reflect a one-time positive impact due to changes in cash repatriation strategy.

5.6. Share in the results of joint ventures and associates

As a consequence of the worldwide economic downturn which started in the fourth quarter of 2008, the joint ventures in Latin America generally reported shrinking profits over 2009. The significant drop in results in Belgo Bekaert Arames Ltda and subsidiary relates to the economic downturn in Brazil, mainly in the first semester. Only BMB, the Brazilian steel cord company whose functional currency is the US dollar, managed to improve profits after a negative result in 2008 which was largely driven by a substantial devaluation of the Brazilian real. Since the closure of its steel cord plant, BOSFA Pty Ltd solely acts as a sales office for building products; its negative result relates to an impairment of the steel cord building.

in thousands of €		2009	2008
Joint ventures			
BOSFA Pty Ltd	Australia	-336	537
Bekaert Faser Vertriebs GmbH	Germany	-	54
Belgo Bekaert Arames Ltda and subsidiary	Brazil	25 953	45 048
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	3 188	-1 612
Inchalam group	Chile	8 264	9 465
Ideal Alambrec group [1]	Ecuador	-	3 281
Bekaert Handling Group AS [2]	Denmark	704	-
Mukand Bekaert Wire Industries Pvt Ltd [3]	India	-	-624
Subtotal - joint ventures		**37 773**	**56 149**
Associates			
Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd [4]	China	-	-40
Subtotal - associates		**-**	**-40**
Total - joint ventures and associates		**37 773**	**56 109**

[1] *As from 1 January 2009, the Ideal Alambrec group is fully consolidated since Bekaert acquired control through a share deal with its Ecuadorean partners (cf. note 7.2 'Effect of new business combinations').*

[2] *The investment in Bekaert Handling Group AS has been fully written down for many years. Bekaert Handling Group AS is about to be liquidated and the profit shown represents the proceeds to be received from the liquidation pursuant to a shareholders resolution passed in 2009.*

[3] *As from 1 January 2009, Mukand Bekaert Wire Industries Pvt Ltd is fully consolidated since Bekaert acquired control by contributing more capital than its Indian partners.*

[4] *As from 1 January 2009, Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd was merged with Bekaert Jiangyin Wire Products Co Ltd through a share deal with its Chinese partners, as a result of which Bekaert now holds 82% (formerly 90%) of the interests in the latter company.*

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

2009	Number
Weighted average number of ordinary shares (basic)	19 740 206
Dilution effect of subscription rights	45 104
Weighted average number of ordinary shares (diluted)	19 785 310

	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders (in 000 €)	151 792	151 792
Earnings per share (in €)	**7.689**	**7.672**

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

	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders (in 000 €)	174 075	174 075
Earnings per share (in €)	**8.828**	**8.793**

The weighted average closing price during 2009 was € 75.43 per share (2008: € 88.53 per share). The following options and subscription rights were out of the money, and therefore antidilutive, for the period presented, but could potentially dilute basic earnings per share in the future (cf. note 6.11 'Ordinary shares, treasury shares, subscription rights and share options').

Antidilutive instruments	Date granted	Weighted average exercise price (in €)	Number granted	Number outstanding
SOP2 - options	14.05.2006	85.85	2 000	2 000
SOP2 - options	19.02.2007	90.52	12 500	12 500
SOP2 - options	18.02.2008	85.00	14 500	14 500
SOP 2005-2009 - subscription rights	19.02.2007	90.52	60 670	58 170
SOP 2005-2009 - subscription rights	18.02.2008	85.00	76 400	73 900

5.8. Total comprehensive income

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

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

in thousands of €	2009	2008
Cash flow hedges	-65	1 330
Actuarial gains and losses on defined-benefit plans	752	8 564
Exchange differences	1 107	-454
Other	-1	5
Reallocation to minority interests	-114	-5
Total deferred tax booked in equity	**1 679**	**9 440**

6. Balance sheet items

6.1. Intangible assets

Cost in thousands of €	**Licenses, patents & similar rights**	**Computer software**	**Rights to use land**	**Development costs**	**Other**	**Total**
As at 1 January 2008	34 446	46 947	17 002	1 428	20 337	120 160
Expenditure	-	4 203	8 133	-	54	12 390
Disposals and retirements	-1 358	-2 164	-	-233	-	-3 755
Transfers [1]	29	29	-	-	-43	15
Reclassification to (-) / from held for sale	-	-67	-	-	-	-67
Exchange gains and losses (-)	2	378	2 593	11	-2 613	371
As at 31 December 2008	**33 119**	**49 326**	**27 728**	**1 206**	**17 735**	**129 114**
As at 1 January 2009	33 119	49 326	27 728	1 206	17 735	129 114
Expenditure	311	6 168	1 471	-	186	8 136
Disposals and retirements	-	-4 054	-	-136	-2 715	-6 905
Transfers [1]	-4 108	137	-	-69	4 129	88
Reclassification to (-) / from held for sale	-	67	-	-	-	67
New consolidation	38	1	92	-	1 380	1 510
Exchange gains and losses (-)	-9	-205	-977	-	630	-561
As at 31 December 2009	**29 350**	**51 439**	**28 315**	**1 001**	**21 345**	**131 449**

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

Accumulated amortization and impairment in thousands of €	**Licenses, patents & similar rights**	**Computer software**	**Rights to use land**	**Development costs**	**Other**	**Total**
As at 1 January 2008	24 371	32 882	2 402	894	7 724	68 273
Charge for the year	2 644	4 930	387	224	2 661	10 846
Impairment losses	-	309	290	-	1 452	2 051
Disposals and retirements	-1 307	-1 973	-	-233	-	-3 513
Transfers	29	14	-	-	-43	-
Reclassification to / from (-) held for sale	-	-67	-	-	-	-67
Exchange gains (-) and losses	1	352	349	11	-1 521	-808
As at 31 December 2008	**25 738**	**36 447**	**3 428**	**896**	**10 273**	**76 782**
As at 1 January 2009	25 738	36 447	3 428	896	10 273	76 782
Charge for the year	2 815	3 847	555	124	2 528	9 870
Impairment losses	-	-	-	-	753	753
Disposals and retirements	-	-4 054	1	-136	-2 710	-6 899
Transfers	-4 108	73	-	-69	4 104	-
Reclassification to / from (-) held for sale	-	67	-	-	-	67
Exchange gains (-) and losses	-4	-186	-133	-	490	167
As at 31 December 2009	**24 441**	**36 195**	**3 850**	**815**	**15 438**	**80 739**
Carrying amount as at 31 December 2008	**7 381**	**12 879**	**24 300**	**310**	**7 462**	**52 332**
Carrying amount as at 31 December 2009	**4 909**	**15 243**	**24 464**	**186**	**5 907**	**50 709**

The implementation of ERP software (SAP) accounted for € 6.2 million (2008: € 4.2 million) of the expenditure. The rights to use land, acquired in 2008 for new plants in Jiangyin and Chongqing in China, have a carrying amount of € 8.1 million (2008: € 8.1 million). Licenses, patents and similar rights consist mainly of intellectual property relating to the specialized films activity acquired in 2001, with a carrying amount of € 4.3 million (2008: € 7.0 million). Other intangible assets predominantly consist of customer lists and trade marks acquired in a business combination. The carrying amount mainly relates to Cold Drawn Products Ltd (€ 2.2 million vs. € 3.7 million in 2008), Bekaert Corporation (€ 1.7 million vs. € 2.0 million in 2008) and Ideal Alambrec SA (€ 1.2 million), in which Bekaert gained control in 2009. For advanced filtration, the intangible asset recognized at the time of the business combination in 2005 has been fully impaired now.

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

6.2. Goodwill

Cost in thousands of €	**2009**	**2008**
As at 1 January	74 592	75 157
Increases	866	-
Exchange gains and losses (-)	-605	1 116
Reclassification from / to (-) held for sale	1 707	-1 681
As at 31 December	**76 560**	**74 592**

Impairment losses in thousands of €	**2009**	**2008**
As at 1 January	15 459	5 039
Impairment losses	6 770	10 568
Exchange gains (-) and losses	29	-148
As at 31 December	**22 258**	**15 459**
Carrying amount as at 31 December	**54 302**	**59 133**

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'.

The reclassification as held for sale relates to the Diamond Like Coatings activity, which was classified as held for sale in 2008 and declassified as such in 2009.

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 goodwill allocation has been aligned with the new segment reporting.

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

Segment in thousands of €	**Group of cash-generating units**	**Carrying amount 31 Dec 2009**	**Impairment 2009**	**Carrying amount 31 Dec 2008**	**Impairment 2008**	**Carrying amount 31 Dec 2007**
Subsidiaries						
EMEA	Carding solutions EMEA	-	-	-	-1 073	1 073
EMEA	Cold Drawn Products Ltd	2 520	-	2 350	-	3 052
EMEA	Advanced filtration EMEA	-	-	-	-995	995
EMEA	Combustion - heating EMEA	3 027	-	3 027	-	3 027
EMEA	Combustion - drying EMEA	-	-5 065	5 055	-8 500	13 613
EMEA	Industrial coatings EMEA	4 285	-	4 285	-	4 285
EMEA	Diamond Like Coatings [1]	-	-1 705	-	-	1 694
North America	Bekaert Canada Ltd and Van Buren plant (USA)	4 246	-	3 779	-	3 779
North America	Orrville plant (USA)	8 142	-	8 429	-	7 968
North America	Specialized films North America	31 199	-	32 208	-	30 632
Latin America	Bekaert Ideal SL companies	844	-	-	-	-
Asia Pacific	Bekaert Jiangyin Wire Products Co Ltd	39	-	-	-	-
Subtotal		**54 302**	**-6 770**	**59 133**	**-10 568**	**70 118**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	5 985	-	4 633	-	5 785
Subtotal		**5 985**	**-**	**4 633**	**-**	**5 785**
Total		**60 287**	**-6 770**	**63 766**	**-10 568**	**75 903**

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

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

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

- The future free cash flows are based on the latest budgeting/planning exercises for the coming 3 years. All cash flows thereafter are extrapolations made by the management of the cash-generating unit. Given the current economic crisis and the uncertain outlook in the midterm, the Group takes a conservative approach on 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% or 2%. The WACC is pre-tax based, since relevant cash flows are also pre-tax based. Similarly, it is stated in real terms (without inflation), since cash flows are also stated in real terms. In determining the weight of the cost of debt vs. the cost of equity, a target gearing (net debt relative to equity) of 50% is used. The discount factors are reviewed at least annually.

Discount rates for impairment testing			Euro region	USD region	CNY region
Group target ratio's					
Gearing: net debt/equity		50%			
% debt		33%			
% equity		67%			
% LT debt		75%			
% ST debt		25%			
Cost of Bekaert debt			**4.8%**	**5.2%**	**6.6%**
Long term interest rate			5.1%	5.6%	6.9%
Short term interest rate			3.7%	4.0%	5.7%
Cost of Bekaert equity	$= R_f + ß . E_m$		**9.2%**	**8.9%**	**11.4%**
Risk free rate= R_f			3.7%	3.4%	5.9%
Beta = ß		1.1			
Market equity risk premium= E_m		5%			
Corporate tax rate			**25.0%**	**25.0%**	**25.0%**
Cost of equity before tax			**12.2%**	**11.8%**	**15.3%**
WACC - nominal			**9.7%**	**9.6%**	**12.4%**
Expected inflation			2.0%	2.0%	3.0%
WACC in real terms			**7.7%**	**7.6%**	**9.4%**

The tests resulted in an impairment of the goodwill in 2009 for Combustion – drying EMEA (Solaronics) and Diamond Like Coatings on the grounds that the results were not in line with the original business plans and short-term improvements are uncertain. No write-down of the carrying amounts of other assets in the cash-generating unit was necessary for Combustion – drying EMEA. For Diamond Like Coatings, the test resulted in an additional impairment of PP&E of € 1.3 million.

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

Cost in thousands of €	**Land and buildings**	**Plant, machinery and equipment**	**Furniture and vehicles**	**Leases and similar rights**	**Other PP&E**	**Assets under construction and advance payments**	**Total**
As at 1 January 2008	505 136	1 581 668	68 101	2 617	4 003	77 696	2 239 221
Expenditure	52 406	144 819	11 523	-176	-1 158	31 190	238 604
New leases	-	-	-	18	-	-	18
Disposals and retirements	-7 843	-61 996	-8 337	-325	-29	-344	-78 874
Transfers [2]	-	-	-	-	-	-15	-15
Reclassification to (-) / from held for sale	-13 493	-18 541	-1 428	-700	-810	-1 138	-36 110
Exchange gains and losses (-)	25 450	78 108	2 099	-264	36	9 258	114 687
As at 31 December 2008	**561 656**	**1 724 058**	**71 958**	**1 170**	**2 042**	**116 647**	**2 477 531**
As at 1 January 2009	561 656	1 724 058	71 958	1 170	2 042	116 647	2 477 531
Expenditure [1]	55 250	137 318	6 707	-	213	-33 985	165 501
New leases	-	-	-	119	-	-	119
Disposals and retirements	-3 578	-82 104	-7 682	-226	-5	-351	-93 946
New consolidation	27 019	31 929	2 332	-	-	7 650	68 931
Transfers [2]	-	-	-	-	-	-88	-88
Reclassification to (-) / from held for sale	-4 107	16 695	692	700	786	1 197	15 962
Exchange gains and losses (-)	-9 528	-27 996	-799	72	-30	-1 312	-39 593
As at 31 December 2009	**626 712**	**1 799 899**	**73 208**	**1 835**	**3 005**	**89 757**	**2 594 416**
Accumulated depreciation and impairment in thousands of €							
As at 1 January 2008	264 099	998 165	52 817	1 726	3 557	-	1 320 364
Charge for the year	20 602	97 922	7 385	120	-1 484	-	124 545
Impairment losses	2 778	20 225	159	-	-	-	23 162
Disposals and retirements	-7 067	-58 220	-8 018	-304	-30	-	-73 639
Reclassification to (-) / from held for sale	-12 378	-10 198	-1 147	-342	-810	-	-24 875
Exchange gains (-) and losses	7 966	27 500	1 138	-224	56	-	36 436
As at 31 December 2008	**276 000**	**1 075 394**	**52 334**	**976**	**1 289**	**-**	**1 405 993**
As at 1 January 2009	276 000	1 075 394	52 334	976	1 289	-	1 405 993
Charge for the year	24 314	107 203	9 081	160	264	-	141 022
Impairment losses	358	5 739	-	-	-	-	6 096
Disposals and retirements	-3 401	-75 510	-7 406	-207	-5	-	-86 529
New consolidation	1 533	2 722	276	-	-	-	4 531
Reclassification to (-) / from held for sale	-1 528	8 040	406	342	796	-	8 056
Exchange gains (-) and losses	-3 903	-13 538	-547	65	-14	-	-17 937
As at 31 December 2009	**293 373**	**1 110 049**	**54 145**	**1 336**	**2 329**	**-**	**1 461 232**
Carrying amount as at 31 December 2008 before investment grants and reclassification of leases	**285 656**	**648 664**	**19 624**	**194**	**753**	**116 647**	**1 071 538**
Net investment grants	-3	-868	-	-	-	-	-871
Reclassification of leases	-	111	83	-194	-	-	-
Carrying amount as at 31 December 2008	**285 653**	**647 907**	**19 707**	**-**	**753**	**116 647**	**1 070 667**
Carrying amount as at 31 December 2009 before investment grants and reclassification of leases	**333 339**	**689 850**	**19 063**	**499**	**676**	**89 757**	**1 133 184**
Net investment grants	-3	-5 467	-	-	-	-	-5 470
Reclassification of leases	295	102	102	-499	-	-	-
Carrying amount as at 31 December 2009	**333 631**	**684 484**	**19 165**	**0**	**676**	**89 757**	**1 127 714**

[1] Difference in expenditure because of investment grants which are netted in the cash flow statement.

[2] Transfers equal zero if the balances of 'Intangible assets' (see note 6.1) and 'Property, plant and equipment' are added up.

The investment programs in Belgium, China, India, United States, Russia and Slovakia accounted for most of the expenditure. The net exchange loss for the year (€ -21.7 million) relates mainly to exchange losses on assets denominated in US dollars (€ -6.1 million) and Chinese renminbis (€ -20.0 million) and exchange gains on assets denominated in British pounds (€ 0.5 million), Columbian pesos (€ 0.8 million), Peruvian nuevos soles (€ 1.2 million), Canadian dollars (€ 1.2 million) and Czech korunas (€ 0.4 million). Impairment losses were recognized on assets located in Belgium, mainly related to restructuring programs announced in 2008 and the Diamond Like Coatings business in the US. The methodology for impairment testing is consistent with the one presented in note 6.2 'Goodwill'. For reclassifications to or from held for sale, please refer to note 6.10 'Assets classified as held for sale and liabilities associated with those assets'.
No items of PP&E are pledged as securities.

6.4. Investments in joint ventures and associates

Investments excluding related goodwill

Carrying amount in thousands of €	**2009**	**2008**
As at 1 January	195 236	209 775
Capital increases and decreases	-4	3 349
Result for the year	37 773	56 109
Dividends	-41 066	-39 540
Exchange gains and losses	40 673	-34 362
Changes in consolidation method	-20 058	-
Transfers	21	-
Other comprehensive income	-1	-95
As at 31 December	**212 574**	**195 236**

For an analysis of the result for the year, please refer to 5.6 'Share in the results of joint ventures and associates'. For the changes in consolidation method, please refer to the footnotes attached to the table analyzing the Group's share in equity of the joint ventures below. Exchange gains and losses relate mainly to the substantial swings in closing rates of both the Brazilian real (2.5 in 2009 vs 3.2 in 2008) and the Chilean peso (729.5 in 2009 vs 884.3 in 2008).

Related goodwill

Cost in thousands of €	**2009**	**2008**
As at 1 January	4 633	5 785
Exchange gains and losses	1 352	-1 152
As at 31 December	**5 985**	**4 633**
Carrying amount of related goodwill as at 31 December	**5 985**	**4 633**
Total carrying amount of investments in joint ventures and associates as at 31 December	**218 559**	**199 869**

Combined items

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

in thousands of €	2009	2008
Property, plant and equipment	125 281	121 360
Other non-current assets	61 088	22 052
Current assets	170 327	172 528
Non-current liabilities and minority interests	-63 307	-32 416
Current liabilities	-80 815	-88 288
Total net assets	**212 574**	**195 236**

	2009	2008
Sales	442 007	625 487
Operating result (EBIT)	50 878	83 655
Result for the period	37 773	56 109
Total comprehensive income for the period	37 772	56 014

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

in thousands of €		2009	2008
Joint ventures			
BOSFA Pty Ltd	Australia	3 231	2 850
Bekaert Faser Vertriebs GmbH	Germany	102	102
Belgo Bekaert Arames Ltda and subsidiary	Brazil	127 175	105 860
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	14 802	18 650
Inchalam group	Chile	66 559	49 836
Ideal Alambrec group [1]	Ecuador	-	13 488
Bekaert Handling Group AS [2]	Denmark	705	-
Mukand Bekaert Wire Industries Pvt Ltd [3]	India	-	3 011
Subtotal for joint ventures		**212 574**	**193 797**
Associates			
Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd [4]	China	-	1 439
Subtotal for associates		**-**	**1 439**
Total for joint ventures and associates excluding related goodwill		**212 574**	**195 236**
Carrying amount of related goodwill		**5 985**	**4 633**
Total for joint ventures and associates including related goodwill		**218 559**	**199 869**

[1] *As from 1 January 2009, the Ideal Alambrec group is fully consolidated since Bekaert acquired control through a share deal with its Ecuadorean partners (cf. note 7.2 'Effect of new business combinations').*

[2] *The investment in Bekaert Handling Group AS has been fully written down for many years. Bekaert Handling Group AS is about to be liquidated and the equity value shown represents the proceeds to be received from the liquidation pursuant to a shareholders resolution passed in 2009.*

[3] *As from 1 January 2009, Mukand Bekaert Wire Industries Pvt Ltd is fully consolidated since Bekaert acquired control by contributing more capital than its Indian partners.*

[4] *As from 1 January 2009, Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd was merged with Bekaert Jiangyin Wire Products Co Ltd through a share deal with its Chinese partners, as a result of which Bekaert now holds 82% (formerly 90%) of the interests in the latter company.*

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, Belgo Bekaert Nordeste SA and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda. These Brazilian joint ventures are faced with problems to recover ICMS tax receivables with a total carrying amount of € 18.5 million, claims relating to ICMS incentives in 2006 totaling € 7.7 million and several other tax claims, most of which date back several years, for a total nominal amount of € 38.7 million. Evidently, any potential losses resulting from the above-mentioned contingencies would only affect the Group to the extent of their interest in the joint ventures involved (i.e. 45%).

6.5. Other non-current assets

in thousands of €	2009	2008
Loans and receivables - non-current	5 780	3 700
Derivatives (cf. note 7.3)	10 900	5 478
Available-for-sale financial assets	23 929	8 782
Total other non-current assets	**40 609**	**17 960**

Available-for-sale financial assets - non-current

Carrying amount in thousands of €	2009	2008
As at 1 January	8 782	24 287
Expenditure	62	62
Disposals and closures	-22	-2
Fair value changes	15 055	-15 523
Transfers	21	-11
Reclassification as held for sale	31	-31
As at 31 December	**23 929**	**8 782**

The substantial swing in fair value changes relates to the investment in Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company which is classified as available for sale. Its fair value increase in 2009 has nearly compensated the decrease incurred in 2008.

6.6. Deferred tax assets and liabilities

Carrying amount	Assets		Liabilities	
in thousands of €	2009	2008	2009	2008
As at 1 January	8 747	5 445	39 310	55 010
Increase or decrease via income statement	2 303	-25 051	-22 505	-32 904
Increase or decrease via equity	698	9 702	-1 107	257
New consolidations	3 975	-	8 110	-
Deconsolidations	-	-	-	-
Reclassification as held for sale	150	-150	1 091	-1 147
Exchange gains and losses	-543	2 025	-461	1 318
Change in set-off of assets and liabilities	28 301	16 776	28 301	16 776
As at 31 December	**43 631**	**8 747**	**52 739**	**39 310**

Recognized deferred tax assets and liabilities

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

	Assets		Liabilities	
in thousands of €	2009	2008	2009	2008
Intangible assets	832	1 282	7 319	6 203
Property, plant and equipment	4 293	2 178	30 445	24 311
Financial assets	-	-	30 340	43 020
Inventories	3 040	8 803	3 523	9 787
Receivables	2 515	3 604	113	1 308
Other current assets	457	75	850	-
Employee benefit obligations	28 086	15 731	59	-
Other provisions	1 307	2 792	498	-
Other liabilities	2 795	1 289	1 571	4 960
Tax losses carried forward, tax credits and recoverable income taxes	22 285	23 272	-	-
Tax assets / liabilities	**65 610**	**59 026**	**74 718**	**89 589**
Set-off of assets and liabilities	-21 979	-50 279	-21 979	-50 279
Net tax assets / liabilities	**43 631**	**8 747**	**52 739**	**39 310**

The deferred tax liabilities on property, plant and equipment and inventories include the impact of the exchange rate change in Venezuela (an increase of € 7.9 million). The deferred tax liabilities on financial assets relate mainly to temporary differences arising from undistributed profits from subsidiaries, joint ventures and associates. Movements in deferred tax assets/(liabilities) arise from the following:

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

Unrecognized deferred tax assets

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

in thousands of €	2009	2008	Variance 2009 vs 2008
Deductible temporary differences	91 566	143 853	-52 287
Capital losses	26 881	29 965	-3 084
Trade losses and tax credits	261 984	90 236	171 748
Total	**380 431**	**264 054**	**116 377**

The majority of the trade losses have no expiry date while the balance will not expire in the near future.

6.7. Operating working capital

in thousands of €	2009	2008
Raw materials, consumables and spare parts	*149 241*	*205 688*
Work in progress and finished goods	*181 212*	*271 814*
Goods purchased for resale	*27 960*	*33 039*
Inventories	358 413	510 541
Trade receivables	479 630	483 176
Advances paid	31 472	15 147
Trade payables	-247 131	-253 824
Advances received	-6 524	-5 054
Remuneration and social security payables	-84 257	-88 395
Employment-related taxes	-12 347	-8 287
Operating working capital	**519 256**	**653 304**

Average operating working capital represented 24.1% of sales (2008: 21.5%). Operating working capital decreased by € 134.0 million in 2009, explained primarily by:
- decrease of € 195.6 million related to organic negative growth (as reflected in the consolidated cash flow statement);
- decrease of € 5.4 million from currency movements;
- increase of € 8.7 million from net reversals of write-downs on inventories and trade receivables;
- increase of € 0.6 million from reclassifications from assets and liabilities held for sale;
- increase of € 57.7 million from new consolidations.

Additional information is as follows:
- Inventories
  The cost of inventories recognized as an expense during the period amounted to € 1 731.4 million (2008: € 1 861.7 million), including net reversals of write-downs in 2009 of € 2.7 million (2008: net write-downs of € 17.9 million). No inventories were pledged as security for liabilities (2008: none).
- Trade receivables
  Net reversals of write-downs in 2009 amounted to € 6.0 million (2008: net write-downs of € 13.4 million). More information about allowances and past due receivables is provided in the following table:

Trade receivables in thousands of €	**2009**	**2008**
Gross amount	493 966	502 217
Allowance for bad debts (impaired)	-14 336	-19 041
Net carrying amount	479 630	483 176
of which past due but not impaired		
amount	*103 566*	*158 634*
average number of days outstanding	*101*	*102*

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

6.8. Other receivables

Carrying amount in thousands of €	**2009**	**2008**
As at 1 January	52 982	52 694
Increase or decrease	-9 056	-428
Write-downs and write-down reversals	-1 087	-
New consolidations	8 355	-
Deconsolidations	-	-314
Reclassification as held for sale	298	-
Exchange gains and losses	-2 203	1 030
As at 31 December	**49 289**	**52 982**

Other receivables relate mainly to taxes (€ 39.3 million (2008: € 44.3 million)), outplacement grants (€ 1.5 million (2008: nil)), reinsurance balances receivable (€ 1.1 million (2008: € 1.2 million)), employee loans (€ 2.3 million (2008: nil)) and investment grants (€ 1.9 million (2008: nil)). No collection issues are expected.

6.9. Other current assets

Carrying amount in thousands of €	**2009**	**2008**
Current loans and receivables	68 144	109
Advances paid	31 472	15 147
Derivatives (cf. note 7.3)	13 613	45 331
Deferred charges and accrued revenues	8 695	11 713
As at 31 December	**121 924**	**72 300**

The increase in current loans and receivables is mainly related to entrust loans provided to third parties in China.

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

Carrying amount

in thousands of €	2009	2008
As at 1 January	21 136	7 562
Increase	3 935	16 147
Disposal	-	-3 453
Reclassifications	-15 993	-
Exchange gains and losses	-152	880
As at 31 December	**8 926**	**21 136**

in thousands of €	2009	2008
Individual items of property, plant and equipment	3 653	1 050
Disposal groups	5 273	20 086
Total assets classified as held for sale	**8 926**	**21 136**
Disposal groups	2 266	4 707
Total liabilities associated with assets classified as held for sale	**2 266**	**4 707**

The change in individual items of property, plant and equipment relates to the premises of the former Jiangyin Fasten-Bekaert Optical Cable Steel Products Co, Ltd (China) which have been classified as held for sale. Fasten Group agrees to buy back these premises before end of October 2010. As for the disposal groups, Precision Surface Technology Pte Ltd (Singapore) is still classified as held for sale. In 2009, the subsidiaries relating to the Diamond Like Coatings business have been declassified as held for sale, since the negotiations with the potential acquirer have been discontinued. Bekinit Kabushiki Kaisha (Japan) has been classified as held for sale as Bekaert intends to sell its majority interest in 2010. All of these amounts belong to the Asia Pacific segment.

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

Issued capital

in thousands of €		Nominal value	Number of shares
1	As at 1 January 2009	174 668	19 783 625
	Movements in the year		
	Issue of new shares	*450*	*50 844*
	Cancellation of shares	-	-
	As at 31 December 2009	175 118	19 834 469
2	Structure		
2.1	Classes of ordinary shares		
	Ordinary shares without par value	*175 118*	*19 834 469*
2.2	Registered shares	-	572 315
	Non-material shares	-	14 619 366
	Bearer shares	-	4 642 788
Authorized capital not issued		**168 545**	

A total of 50 844 subscription rights were exercised under the Company's SOP1 and SOP2005-2009 stock option plans in 2009, requiring the issue of a total of 50 844 new shares of the Company.

The Company neither purchased nor cancelled any own shares in 2009. Of the 55 000 treasury shares held as of 31 December 2008, an aggregate 25 100 shares were delivered to the individuals who had exercised their options under the Company's SOP2 stock option plan in 2009. The remaining 29 900 shares are held as treasury shares as of 31 December 2009.

Details of the stock option plans outstanding during the year are as follows:

Overview of SOP1 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights: Granted	Exercised	Forfeited	Outstanding	First exercise period	Last exercise period
17.12.1999	15.02.2000	04.04.2000	52.60	35 790	34 865	505	420	01.06 - 15.06.2003	15.11 - 30.11.2012
17.12.1999	15.02.2000	04.04.2000	52.60	2 830	240	2 590	-	01.06 - 15.06.2003	15.11 - 30.11.2009
17.12.1999	15.02.2000	04.04.2000	52.60	1 000	1 000	-	-	01.06 - 15.06.2003	15.11 - 30.11.2004
14.07.2000	12.09.2000	26.09.2000	54.00	106 647	102 302	820	3 525	01.06 - 15.06.2004	22.05 - 15.06.2013
14.07.2000	12.09.2000	26.09.2000	54.00	5 415	960	4 355	100	01.06 - 15.06.2004	22.05 - 15.06.2010
14.07.2000	12.09.2000	26.09.2000	49.85	4 750	4 750	-	-	01.06 - 15.06.2004	22.05 - 15.06.2005
13.07.2001	11.09.2001	26.09.2001	41.94	139 639	138 301	806	532	22.05 - 30.06.2005	22.05 - 15.06.2014
13.07.2001	11.09.2001	26.09.2001	41.94	3 875	3 755	120	-	22.05 - 30.06.2005	22.05 - 15.06.2011
12.07.2002	10.09.2002	25.09.2002	47.48	35 384	33 224	240	1 920	22.05 - 30.06.2006	22.05 - 15.06.2015
12.07.2002	10.09.2002	25.09.2002	47.48	360	300	-	60	22.05 - 30.06.2006	22.05 - 15.06.2012
11.07.2003	09.09.2003	06.10.2003	40.89	33 580	31 930	-	1 650	22.05 - 30.06.2007	22.05 - 15.06.2013
09.07.2004	07.09.2004	30.09.2004	47.29	167 394	131 442	-	35 952	22.05 - 30.06.2008	22.05 - 15.06.2014
				536 664	**483 069**	**9 436**	**44 159**		

Overview of SOP2 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Outstanding	First exercise period	Last exercise period
26.07.2000	24.09.2000	49.85	2 850	2 850	-	-	01.06 - 15.06.2004	22.05 - 15.06.2013
13.07.2001	11.09.2001	41.94	11 450	11 450	-	-	22.05 - 30.06.2005	22.05 - 15.06.2014
12.07.2002	10.09.2002	47.48	3 040	3 040	-	-	22.05 - 30.06.2006	22.05 - 15.06.2015
11.07.2003	09.09.2003	40.89	2 780	2 780	-	-	22.05 - 30.06.2007	22.05 - 15.06.2013
09.07.2004	07.09.2004	47.29	32 800	22 800	-	10 000	22.05 - 30.06.2008	22.05 - 15.06.2014
22.12.2005	20.02.2006	71.39	16 400	13 500	-	2 900	22.05 - 30.06.2009	15.11 - 15.12.2015
22.12.2005	20.02.2006	71.39	11 600	11 600	-	-	22.05 - 30.06.2009	15.11 - 15.12.2020
15.03.2006	14.05.2006	85.85	2 000	-	-	2 000	22.05 - 30.06.2010	15.11 - 15.12.2020
15.09.2006	14.11.2006	74.10	6 500	-	-	6 500	22.05 - 30.06.2010	15.08 - 14.09.2016
21.12.2006	19.02.2007	90.52	12 500	-	-	12 500	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	85.00	4 290	-	-	4 290	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	85.00	10 210	-	-	10 210	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	49.98	21 500	-	-	21 500	22.05 - 30.06.2012	15.11 - 15.12.2018
			137 920	**68 020**	**-**	**69 900**		

Overview of SOP 2005-2009 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights: Granted	Exercised	Forfeited	Outstanding	First exercise period	Last exercise period
22.12.2005	20.02.2006	22.03.2006	71.39	7 200	2 300	4 900	-	22.05 - 30.06.2009	15.11 - 15.12.2015
22.12.2005	20.02.2006	22.03.2006	71.39	63 566	22 061	-	41 505	22.05 - 30.06.2009	15.11 - 15.12.2020
21.12.2006	19.02.2007	22.03.2007	90.52	9 400	-	2 500	6 900	22.05 - 30.06.2010	15.11 - 15.12.2016
21.12.2006	19.02.2007	22.03.2007	90.52	51 270	-	-	51 270	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	22.04.2008	85.00	4 700	-	2 500	2 200	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	22.04.2008	85.00	71 700	-	-	71 700	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	20.10.2009	49.98	96 050	-	-	96 050	22.05 - 30.06.2012	15.11 - 15.12.2018
				303 886	**24 361**	**9 900**	**269 625**		

SOP1 Stock Option Plan	2009 Number of subscription rights	2009 Weighted average exercise price (in €)	2008 Number of subscription rights	2008 Weighted average exercise price (in €)
Outstanding as at 1 January	70 642	47.41	184 267	47.28
Forfeited during the year	-	-	-	-
Exercised during the year	-26 483	47.11	-113 625	47.19
Outstanding as at 31 December	**44 159**	**47.60**	**70 642**	**47.41**

SOP2 Stock Option Plan	2009 Number of options	2009 Weighted average exercise price (in €)	2008 Number of options	2008 Weighted average exercise price (in €)
Outstanding as at 1 January	73 500	74.68	81 800	65.22
Granted during the year	21 500	49.98	14 500	85.00
Exercised during the year	-25 100	71.39	-22 800	47.29
Outstanding as at 31 December	**69 900**	**68.27**	**73 500**	**74.68**

SOP 2005-2009 Stock Option Plan	2009 Number of subscription rights	2009 Weighted average exercise price (in €)	2008 Number of subscription rights	2008 Weighted average exercise price (in €)
Outstanding as at 1 January	206 336	82.05	131 436	80.22
Granted during the year	96 050	49.98	76 400	85.00
Forfeited during the year	-8 400	81.13	-1 500	71.39
Exercised during the year	-24 361	71.39	-	-
Outstanding as at 31 December	**269 625**	**71.62**	**206 336**	**82.05**

Weighted average remaining contractual life

in years	2009	2008
SOP1	4.4	5.4
SOP2	9.1	5.6
SOP 2005-2009	10.8	8.0

No subscription rights or options under either plan were exercisable at year-end (2008: none). The weighted average share price at the date of exercise in 2009 was € 97.97 for the SOP1 subscription rights (2008: € 106.92), € 98.31 for the SOP2 options (2008: € 106.71) and € 98.42 for the SOP2005-2009 subscription rights (no exercises in 2008). 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 SOP2005-2009 plan, equity is increased by the amount of the proceeds received. Under the terms of the SOP1 and SOP2 plans any subscription rights or options granted through 2004 were vested immediately.

Under the terms of the SOP 2005-2009 stock option plan, which was approved by the Board of Directors on 16 September 2005, up to 850 000 subscription rights will be offered to the members of the Bekaert Group Executive, Senior Management and senior executive personnel during the period 2005-2009. The dates of grant of each offering are scheduled in the period 2006-2010. The vesting conditions of the SOP 2005-2009 grants, as well as of the SOP2 grants beginning in 2006, are such that the subscription rights or options will be fully vested on 1 January of the fourth year after the date of the offer. In accordance with the Economic Recovery Act of 27 March 2009, the exercise period of the SOP2 options and SOP2005-2009 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 the subscription rights granted under SOP 2005-2009 are recognized at fair value in accordance with IFRS 2 (cf. note 6.12 'Retained earnings and other Group reserves').

6.12. Retained earnings and other Group reserves

Carrying amount in thousands of €	**2009**	**2008 after reclassification**	**Equity reclassicification**	**2008 as presented**
Hedging reserve	*-3 119*	*-9 008*	-	*-9 008*
Revaluation reserve for available-for-sale investments	*7 209*	*-7 846*	-	*-7 846*
Actuarial gains and losses on defined-benefit plans	*-33 019*	*-43 402*	-	*-43 402*
Remeasurement of net assets held prior to acquiring control	*19 584*	*9 140*	-	*9 140*
Deferred taxes booked in equity	*25 383*	*23 704*	*23 704*	-
Equity-settled share-based payment plans	*5 116*	*3 556*	*3 556*	-
Treasury shares	*-2 577*	*-4 808*	*-4 808*	-
Other reserves	18 577	-28 664	22 452	-51 116
Cumulative translation adjustments	-97 176	-108 654	-	-108 654
Total other Group reserves	**-78 599**	**-137 318**	**22 452**	**-159 770**
Retained earnings	**1 168 913**	**1 076 364**	**-22 452**	**1 098 816**

For reasons of transparency and consistency, other Group reserves have been redefined as from 1 January 2009 to include deferred taxes booked in equity, equity-settled share-based payment plans and treasury shares. The share premium, which was presented as part of the other reserves last year, is now presented on a separate line in the balance sheet. Retained earnings are only affected by the result of the period attributable to the Group and by transactions with owners, i.e. distributions to owners, results on treasury share transactions and results on minority interests transactions.

Hedging reserve in thousands of €	**2009**	**2008**
As at 1 January	-9 008	-5 211
Recycled to income statement	-2 342	3 853
Fair value changes to hedging instruments	8 231	-7 650
As at 31 December	**-3 119**	**-9 008**
Of which		
Cross-currency interest-rate swaps (on Eurobonds)	*-3 119*	*-8 758*
Interest rate swaps (on debt in Chinese renminbi)	-	*-250*

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 €	**2009**	**2008**
As at 1 January	-7 846	7 677
Fair value changes	15 055	-15 523
As at 31 December	**7 209**	**-7 846**
Of which		
Investment in Shougang Concord Century Holdings Ltd	*7 209*	*-7 846*

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

Actuarial gains and losses on defined-benefit plans in thousands of €	**2009**	**2008**
As at 1 January	-43 402	8 630
Actuarial gains and losses (-) of the period	10 383	-52 032
As at 31 December	**-33 019**	**-43 402**

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

Remeasurement of net assets held prior to acquiring control

in thousands of €	2009	2008
As at 1 January	9 140	9 140
Interests remeasured	7 952	-
Minority interests disposed	2 492	-
As at 31 December	**19 584**	**9 140**

The remeasurement of net assets held prior to acquiring control relates to former joint ventures in Latin America and an associate in China, which, until Bekaert acquired control in 2009, were accounted for using the equity method (cf. note 7.2 'Effect of new business combinations'). In accordance with IFRS 3, Business Combinations, all of the acquirees' assets, liabilities and contingent liabilities were remeasured to fair value at the acquisition date and the goodwill was calculated as the excess of the purchase consideration over the Group's interest in the acquirees' assets, liabilities and contingent liabilities. Consequently, the fair value adjustments corresponding with the Group's interest in the acquirees held prior to acquiring control give rise to a revaluation gain.
The interests remeasured relate to the step acquisitions of Ideal Alambrec SA (Ecuador), Prodac SA (Peru) and Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd (China) in 2009. The minority interests disposed relate to the shares in Vicson SA (Venezuela) and Proalco SA (Colombia) contributed by Bekaert to Bekaert Ideal SL, a new holding in which a partner holds an interest of 20%.

Deferred taxes booked in equity

in thousands of €	2009	2008
As at 1 January	23 704	14 264
Deferred taxes relating to other comprehensive income	1 679	9 440
As at 31 December	**25 383**	**23 704**

Deferred taxes relating to other comprehensive income are also recognized directly in equity (cf. note 5.8 'Total comprehensive income').

Equity-settled share-based payment plans

in thousands of €	2009	2008
As at 1 January	3 556	1 832
Equity instruments granted	1 560	1 724
As at 31 December	**5 116**	**3 556**

Options granted under the SOP2 stock option plan and subscription rights granted under the SOP 2005-2009 stock option plan (cf. note 6.11 'Ordinary shares, treasury shares, subscription rights and share options') are accounted for as equity-settled share-based payments in accordance with IFRS 2.

During 2009, 21 500 options (2008: 14 500) were granted at a weighted average fair value per unit of € 12.52 (2008: € 18.15) and 96 050 subscription rights (2008: 76 400) were granted at a weighted average fair value per unit of € 12.37 (2008: € 18.15). The Group has recorded an expense against equity of € 1.6 million (2008: € 1.7 million) based on a straight-line amortization over the vesting period of the fair value of options and subscription rights granted over the past three years. The fair value of the options and the subscription rights is determined using a binomial pricing model. The inputs to the model are: share price of € 41.50 at grant date (2008: € 78.53), exercise price of € 49.98 (2008: € 85.00), expected volatility of 42% (2008: 27%), expected dividend yield of 2.5% (2008: 2.5%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 10.0% for options (2008: 9.3%) and 8.8% for subscription rights (2008: 9.3%) and a risk-free interest rate of 4.2% for options (2008: 4.1%) and 4.1% for subscription rights (2008: 4.1%). To allow for the effects of early exercise, it was assumed that the employees would exercise the options and the subscription rights after vesting date when the share price was 1.25 (2008: 1.25) times the exercise price. Historical volatility was between 25% and 42% at grant date.

Treasury shares in thousands of €	2009	2008
As at 1 January	-4 808	-
Shares purchased	-	-20 827
Proceeds from shares sold	1 760	1 078
Price difference on shares sold	471	1 333
Cancellations	-	13 608
As at 31 December	**-2 577**	**-4 808**

In 2009, 25 100 shares were sold for an amount of € 1.8 million to beneficiaries of the SOP2 plan who exercised their options (cf. 6.11 'Ordinary shares, treasury shares, subscription rights and share options').

6.13. Minority interests

Carrying amount in thousands of €	2009	2008
As at 1 January	41 750	48 432
Changes in Group structure	23 625	-26 573
Share of net profit of subsidiaries	18 646	17 728
Share of other comprehensive income	-219	-51
Dividend pay-out	-46	-7 796
Capital increases	5 646	6 672
Reclassification from retained earnings	1 617	-
Exchange gains and losses (-)	-2 274	3 338
As at 31 December	**88 745**	**41 750**

In 2009, the changes in Group structure relate to the step acquisitions through which Bekaert acquired control of Ideal Alambrec SA (Ecuador), Prodac SA (Peru) and Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd (China). As a consequence of these deals, minority interests have changed as follows in 2009:

- Vicson SA: 20% (2008: 0%);
- Proalco SA: 20% (2008: 12.5%);
- Prodac SA: 48% (none recognized in 2008 due to equity method accounting);
- Ideal Alambrec SA: 20% (none recognized in 2008 due to equity method accounting);
- Bekaert Jiangyin Wire Products Co Ltd: 18% (10% in 2008 before the merger with Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd, none recognized on the latter company in 2008 due to equity method accounting).

In 2008, the changes in group structure related to the purchase of the remaining 50% in Bekaert Izmit Celik Kord Sanayi ve Ticaret AS from the Sabanci group.

6.14. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 234.0 million as at 31 December 2009 (€ 260.9 million as at year-end 2008), are as follows:

in thousands of €	2009	2008
Liabilities for		
Defined-benefit pension plans	*71 887*	*90 299*
Other defined-benefit plans	*60 267*	*55 979*
Other long-term employee benefits	*2 372*	*2 472*
Cash-settled share-based payment employee benefits	*2 070*	*585*
Short-term employee benefits	*84 257*	*88 395*
Other employee benefit obligations	*13 163*	*23 211*
Total liabilities in the balance sheet	**234 016**	**260 941**
of which		
non-current liabilities	*135 623*	*143 375*
current liabilities	*98 393*	*117 566*
Assets for		
Defined-benefit pension plans	-	-
Total assets in the balance sheet	**-**	**-**
Total net liabilities	**234 016**	**260 941**

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 € 0.9 million (2008: € 1.0 million).

Defined-contribution plans

in thousands of €	2009	2008
Expenses recognized	12 155	9 480

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	Pension plans		Other plans	
in thousands of €	2009	2008	2009	2008
Present value as at 1 January	224 598	220 188	55 979	60 993
Current service cost	12 977	11 127	1 822	1 359
Interest cost	13 321	11 415	3 717	3 058
Plan participants' contributions	6	4	146	152
Past service cost	118	202	-	-
New consolidations and deconsolidations	5 406	-	3 673	-
Curtailments	-	-525	-	-932
Settlements	-553	-	-	-
Reclassifications within employee benefit obligations	-2 309	-	5 903	-
Benefits paid	-25 654	-17 635	-11 053	-9 398
Actuarial gains (-) and losses	4 505	-5 352	1 415	443
Exchange gains (-) and losses	-6 502	5 174	-1 335	304
Present value of defined-benefit obligation as at 31 December	**225 913**	**224 598**	**60 267**	**55 979**

Other plans mainly relate to pre-retirement pensions in Belgium (defined-benefit obligation € 51.2 million (€ 50.4 million in 2008)) and other post-employment benefits for medical care in the United States (defined-benefit obligation € 4.8 million (€ 5.6 million in 2008)), which are not externally funded. Of the defined-benefit obligation in Belgium, an amount of € 18.2 million (2008: € 18.7 million) relates to employees in active service who have not yet entered into any pre-retirement agreement.

Movement in plan assets	Pension plans		Other plans	
in thousands of €	2009	2008	2009	2008
Fair value as at 1 January	134 647	181 321	-	-
Expected return on plan assets	*7 570*	*11 348*	-	-
Actuarial gains and losses (-)	*15 951*	*-56 989*	-	-
Actual return on plan assets	23 521	-45 641	-	-
Company contributions	24 195	13 911	10 907	9 246
Plan participants' contributions	6	4	146	152
Settlements	-452	-	-	-
Benefits paid	-25 654	-17 635	-11 053	-9 398
Exchange gains and losses (-)	-2 062	2 687	-	-
Fair value of plan assets as at 31 December	**154 201**	**134 647**	**-**	**-**

Movement in reimbursement rights	Pension plans		Other plans	
in thousands of €	2009	2008	2009	2008
Fair value as at 1 January	-	-	-	-
Expected return on reimbursement rights	*23*	-	-	-
Actuarial gains and losses (-)	*20*	-	-	-
Actual return on reimbursement rights	43	-	-	-
Company contributions	24	-	-	-
Plan participants' contributions	-	-	-	-
New consolidations and deconsolidations	514	-	-	-
Settlements	-	-	-	-
Benefits paid	-70	-	-	-
Exchange gains and losses (-)	-	-	-	-
Fair value of reimbursement rights as at 31 December	**511**	**-**	**-**	**-**

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

Funded status as at 31 December	Pension plans		Other plans	
in thousands of €	2009	2008	2009	2008
Present value of funded obligations	*195 942*	*194 695*	-	-
Fair value of plan assets	*-154 201*	*-134 647*	-	-
Surplus (-) or deficit for funded plans	41 741	60 048	-	-
Present value of unfunded obligations	29 972	29 903	60 267	55 979
Present value of net obligations	**71 713**	**89 951**	**60 267**	**55 979**
Unrecognized past service cost	174	348	-	-
Net assets (-) and liabilities	**71 887**	**90 299**	**60 267**	**55 979**
Amounts in the balance sheet				
Assets	-	-	-	-
Liabilities	*71 887*	*90 299*	*60 267*	*55 979*

Movement in liability	Pension plans		Other plans	
in thousands of €	2009	2008	2009	2008
Net assets (-) and liabilities as at 1 January	90 299	38 867	55 979	60 993
Contributions paid and direct benefit payments	-24 195	-13 911	-10 906	-9 246
Expense recognized in the income statement	18 548	11 209	5 539	3 485
Expected return on reimbursement rights	23	-	-	-
Actuarial gains (-) and losses recognized through equity	-11 445	51 637	1 415	443
New consolidations and deconsolidations	5 406	-	3 673	-
Reclassifications within employee benefit obligations	-2 309	-	5 903	-
Exchange gains (-) and losses	-4 440	2 497	-1 336	304
Net assets (-) and liabilities as at 31 December	**71 887**	**90 299**	**60 267**	**55 979**
Amounts in the balance sheet				
Assets	-	-	-	-
Liabilities	*71 887*	*90 299*	*60 267*	*55 979*

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

Changes recognized in equity	Pension plans		Other plans	
in thousands of €	2009	2008	2009	2008
Cumulative changes as at 1 January	-52 561	-926	9 172	9 615
Actuarial gains and losses (-) for the period	11 445	-51 635	-1 415	-443
Cumulative changes as at 31 December	**-41 116**	**-52 561**	**7 757**	**9 172**

The amounts recognized in the income statement are as follows:

Net benefit expense	Pension plans		Other plans	
in thousands of €	2009	2008	2009	2008
Current service cost	12 977	11 127	1 822	1 359
Interest cost	13 321	11 415	3 717	3 058
Expected return on plan assets	-7 570	-11 348	-	-
Expected return on reimbursement rights	-23	-	-	-
Past service cost	-57	539	-	-
Curtailments and settlements	-100	-524	-	-932
Total	**18 548**	**11 209**	**5 539**	**3 485**

Estimated contributions and direct benefit payments for 2010 are as follows:

Estimated contributions and direct benefit payments	
in thousands of €	2010
Pension plans	9 708
Other plans	8 535
Total	**18 243**

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

Fair value of plan assets by type		
In thousands of €	2009	2008
Equity instruments	71 916	56 210
Debt instruments	64 353	64 438
Insurance contracts	17 932	13 999
Total plan assets	**154 201**	**134 647**
Equity instruments (%)	47%	42%
Debt instruments (%)	42%	48%
Insurance contracts (%)	11%	10%
Total plan assets (%)	**100%**	**100%**

Financial market-related parameters are derived from recent market information and determined in agreement with the contracted actuaries. The discount rate is based on the yields for AA corporate bonds with maturities approximating to those of the benefit obligations. The expected rate of return on plan assets is a weighted return based on the target asset allocation by plan. The expected rate of return on equity instruments is based on the aggregate of the risk-free rate and an average risk premium of 4%, weighted by the different types of equity instrument. The risk premium may vary between parts of the world and for different types of equity instrument. The target mix is dependent on the investment strategy of each fund and may vary from 0% to 70% equity instruments. The principal actuarial assumptions on the balance sheet date (weighted averages) were:

Actuarial assumptions	Pension plans 2009	Pension plans 2008	Other plans 2009	Other plans 2008
Discount rate	5.2%	5.7%	5.3%	5.7%
Expected return on plan assets	6.3%	6.0%	-	-
Future salary increases	3.6%	3.8%	3.9%	3.3%
Health care cost increases (initial)	-	-	8.0%	8.0%
Health care cost increases (ultimate)	-	-	5.0%	5.0%
Health care (years to ultimate rate)	-	-	6	5
Life expectancy of a man aged 65 (years) at balance sheet date	18.9	18.8	18.9	18.8
Life expectancy of a man aged 65 (years) ten years from the balance sheet date	20.5	20.6	20.6	20.6

Weighted averages for other plans are slightly different from those for pension plans because of regional variations; the actuarial assumptions for each country were, however, identical. Sensitivity analyses of assumptions concerning the evolution of health care costs show the following effects:

Sensitivity analysis on health care cost assumptions in thousands of €	1% increase	1% decrease
Service cost and interest cost	64	-54
Defined-benefit obligation	432	-387

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 €	2009	2008	2007	2006	2005
Pension plans					
Present value of defined-benefit obligation	225 913	224 598	220 188	241 830	242 474
Fair value of plan assets	154 201	134 647	181 321	186 813	183 880
Surplus (-) or deficit	71 712	89 951	38 867	55 017	58 594
Experience adjustments arising on					
plan liabilities	*-3 836*	*-2 566*	*-3 854*	*258*	*320*
plan assets	*15 951*	*-56 989*	*-2 456*	*7 793*	*8 614*
Other plans					
Present value of defined-benefit obligation	60 267	55 979	60 993	75 462	79 147
Fair value of plan assets	-	-	-	-	-
Surplus (-) or deficit	60 267	55 979	60 993	75 462	79 147
Experience adjustments arising on					
plan liabilities	*-1 226*	*1 694*	*-1 869*	*-1 449*	*382*
plan assets	-	-	-	-	-

Other long-term employee benefits

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

Cash-settled share-based payment employee benefits

The Group issued stock appreciation rights (SARs) to certain 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 41% (2008: 41%), expected dividend yield of 3.2% (2008: 2.5%), vesting period of 3 years, average contractual life of 5.4 years (2008: 5.2 years), employee exit rate of 0% (2008: 0%) and a risk-free interest rate of 2.7% (2008: 3.3%). 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 1.44 (2008: 1.45) times the exercise price. Historical volatility was between 25% and 41%.

The Group recorded total expenses of € 1.6 million (2008: € 0.3 million) during the year in respect of SARs.
At 31 December 2009, the total fair value of the vested unexercised SARs was € 1.6 million (2008: € 0.3 million).

At 31 December 2009, the Group had recorded liabilities of € 2.1 million (2008: € 0.6 million) for SARs. These liabilities were measured at fair value in accordance with IFRS 2.
In the past, the Group has also issued phantom stocks to certain employees, granting them the right to receive the intrinsic value of the shares at the date of exercise.
At 31 December 2009, the Group had recorded liabilities of € 0.01 million (2008: € 0.01 million) for phantom stocks, measured at intrinsic value. Since the amounts involved are immaterial and the plan is now closed, the effort of determining the fair value of these liabilities by means of a model was deemed unwarranted.

Short-term employee benefit obligations

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

Other employee benefit obligations

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

6.15. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2009	**12 474**	**7 535**	**26 773**	**15 726**	**62 508**
Additional provisions	1 277	2 244	1 383	4 747	9 651
Unutilized amounts released	-3 099	-2 308	-900	-5 016	-11 323
Increase in present value	-	37	-	-	37
Charged to the income statement	**-1 822**	**-27**	**483**	**-269**	**-1 635**
New consolidations	-	-	-	-	-
Amounts utilized during the year	-7 352	-2 435	-887	-11 677	-22 351
Transfers	-50	-	248	-198	-
Exchange gains (-) and losses	24	-27	-216	-237	-456
As at 31 December 2009	**3 274**	**5 046**	**26 401**	**3 345**	**38 066**
Of which					
current	*3 257*	*3 075*	*1 674*	*677*	*8 683*
non-current	*17*	*1 971*	*24 727*	*2 668*	*29 383*

The movements in the provisions for restructuring relate mainly to the reorganizations in Belgium and Slovakia announced in 2008 and the reorganization in the UK initiated in 2009. An important part of the increase in the provisions for claims refers to the warranty provisions of the combustion business in Europe. The movements in the environmental provisions are based on the appraisal of an external expert and relate mainly to soil sanitation in Belgium, of which the timing at this stage is not fixed. The movements in the other provisions relate mainly to the settlement of the provisions set up in 2008 for onerous contracts for wire rod purchases.

6.16. Interest-bearing debt

In April 2009, Bekaert has restructured its debt in order to improve the average life time by issuing two Eurobonds of € 150 million each. One Eurobond matures on 16 April 2012, and the other one on 16 April 2014. In July 2009, Bekaert Corporation paid back a maturing Eurobond of € 100 million issued in 2001.
Information concerning the contractual maturities of the Group's interest-bearing loans and borrowings (current and non-current) is given below:

Carrying amount in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
Finance leases	*134*	*360*	-	*494*
Credit institutions	*151 226*	*96 736*	*36*	*247 998*
Bonds	-	*400 000*	*101 014*	*501 014* [1]
As at 31 December 2009	**151 360**	**497 096**	**101 050**	**749 506**

[1] *Before value adjustments of € 10.2 million as a result of hedge accounting (reduces net debt by € 10.2 million).*

Carrying amount in thousands of €	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing debt				
Finance leases	*73*	*84*	*-*	*157*
Credit institutions	*401 845*	*87 747*	*-*	*489 592*
Bonds	*101 210*	*100 000*	*100 268*	*301 478* [2]
As at 31 December 2008	**503 128**	**187 831**	**100 268**	**791 227**

[2] Before value adjustments of € 45.3 million as a result of hedge accounting (reduces net debt by € 45.3 million).

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

For further information on financial risk management we refer to note 7.3 ‘Financial risk management and financial derivatives’.

Net debt calculation

The debt calculation of the Group reflects the amount to be repaid as a result of hedging with a derivative, rather than the amount presented as a financial liability in the balance sheet. The financial liabilities are therefore adjusted for either the impact of the spot revaluation, where they relate to a cash flow hedge or trading, or the fair value adjustment, where they relate to fair value hedges. The table below summarizes the calculation of the net debt (the amounts eliminated as described above being included as ‘value adjustments’).

in thousands of €	**2009**	**2008**
Non-current interest-bearing debt	598 146	288 099
Value adjustments	-10 191	-45 330
Current interest-bearing debt	151 360	503 128
Total financial debt	**739 315**	**745 897**
Current loans	-68 144	-109
Short-term deposits	-154 636	-13 560
Cash and cash equivalents	-121 171	-104 761
Net debt	**395 364**	**627 467**

6.17. Other non-current liabilities

Carrying amount in thousands of €	**2009**	**2008**
Other non-current amounts payable	500	513
Derivatives (cf. note 7.3)	4 585	10 150
Total	**5 085**	**10 663**

6.18. Other current liabilities

Carrying amount in thousands of €	**2009**	**2008**
Other amounts payable	4 252	3 814
Derivatives (cf. note 7.3)	17 103	6 436
Advances received	6 524	5 054
Other taxes	32 255	21 346
Accruals and deferred income	27 587	16 852
Total	**87 721**	**53 502**

Other taxes relate mainly to VAT payable and payroll taxes withheld. The accrued interest on outstanding interest-bearing debt is the most significant item of the accruals (€ 23.6 million).

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary

in thousands of €	2009	2008
Cash from operating activities	497 400	222 211
Cash from investing activities	-126 987	-243 164
Cash from financing activities	-340 597	66 901
Net increase or decrease in cash and cash equivalents	**29 816**	**45 948**

Details of selected items

in thousands of €	2009	2008
Non-cash and investing items included in operating result		
Depreciation and amortization	139 841	165 909
Impairment losses on assets	13 506	35 780
Gains (-) and losses on disposals of assets	5 012	3 018
Provisions for liabilities and charges	-50 977	21 458
Equity-settled share-based payments	1 559	1 724
Total	**108 941**	**227 889**
Other operating cash flows		
Changes in other current and non-current liabilities, assets and receivables	-8 129	-19 282
Miscellaneous	-104	-6 997
Total	**-8 233**	**-26 279**
Other financing cash flows		
New shares issued following exercise of subscription rights	2 986	5 363
Capital paid in by minority interests	5 646	6 672
Increase (-) or decrease in current and non-current loans and receivables	-71 052	2 677
Increase (-) or decrease in current financial assets	-140 464	960
Impact of unrealized exchange results on other than working capital items	-3 356	-
Total	**-206 240**	**15 672**

Increase in current and non-current loans and receivables is mainly related to entrust loans provided to third parties in China.
The proceeds of the two Eurobonds were used to restructure the debt and the remainder was invested in current financial assets.

7.2. Effect of new business combinations

- Early 2009, Bekaert and its Ecuadorean partners finalized the deal through which they merged their interests in:
  - o Vicson SA in Venezuela;
  - o Productora de Alambres Colombianos Proalco SA in Colombia;
  - o Ideal Alambrec SA in Ecuador;
  - o Productos de Acero Cassadó SA (Prodac SA) in Peru.

  The merger was fully effected through an exchange of shares, formalized by the establishment of Bekaert Ideal SL, a Spanish holding company in which 80% of the shares are held by Bekaert and the remaining 20% by its partners. As a result of the merger, Bekaert indirectly owns 80% of each of Vicson SA, Proalco SA and Ideal Alambrec SA, and 52% of Prodac SA. The latter two companies, which have been accounted for using the equity method in the previous financial statements, have now become subsidiaries and are therefore fully consolidated by Bekaert as from 1 January 2009. Apart from an exchange of shares, the purchase consideration includes acquisition fees (€ 0.3 million) and a dividend payment to the partner after the acquisition date (€ 2.8 million).

- Furthermore, Bekaert and its Chinese partners finalized the merger of Bekaert Jiangyin Wire Products Co Ltd with Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd. The latter company was merged into the former company, and Bekaert now holds 82% of the restructured company. Apart from an exchange of shares, the purchase consideration includes a cash payment of € 1.9 million by Bekaert.

Total in thousands of €	**Acquiree's carrying amount before combination**	**Fair value adjustments**	**Fair value**
Intangible assets	131	1 287	1 418
Property, plant and equipment	32 685	26 570	59 255
Other non-current assets	541	-	541
Deferred tax assets	2 516	1 458	3 974
Inventories	44 053	-1 483	42 570
Trade receivables	19 773	-12	19 761
Advances paid	113	-	113
Other receivables	8 360	1 337	9 697
Short-term deposits	1 279	-	1 279
Cash and cash equivalents	1 707	-	1 707
Other current assets	149	-	149
Minority interests	-9 269	-4 263	-13 532
Non-current employee benefit obligations	-3 664	-5 432	-9 096
Provisions	-	-	-
Non-current financial liabilities	-4 078	-12	-4 090
Other non-current liabilities	-20	-	-20
Deferred tax liabilities	-1 052	-2 223	-3 275
Current financial liabilities	-50 046	-4 954	-55 000
Trade payables	-4 537	-12	-4 549
Advances received	-58	-	-58
Current employee benefit obligations	-2 087	-	-2 087
Current provisions	-20	-	-20
Income taxes payable	-3 451	-	-3 451
Other current liabilities	-4 492	-	-4 492
Total net assets acquired in a business combination	**28 533**	**12 261**	**40 794**
Goodwill	-	-	866
Translation differences on cash flows	-	-	-225
Minority interests disposed	-9 290	-2 235	-11 525
Reclassification of investments previously accounted for using the equity method	-16 998	-7 906	-24 904
Consideration paid			**5 006**
Cash acquired			-1 707
New business combinations			**3 299**

The initial accounting of the above transactions was determined provisionally. Please note that, for the purpose of the goodwill calculation, all balance sheet amounts have been translated at the exchange rate of the acquisition date, whereas the amounts shown as 'first consolidation' in the disclosures on balance sheet items have generally been translated at the average exchange rates.

in thousands of €	Date of acquisition	Net sales for the period	Result for the period
Acquisitions in 2009			
Ideal Alambrec SA	*1 January 2009*	*76 531*	*5 068*
Prodac SA and subsidiaries	*1 January 2009*	*69 299*	*3 441*
Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd	*1 January 2009*	*n.a.*	*n.a.*

Since Jiangyin Fasten-Bekaert Optical Cable Products Co Ltd no longer exists, its net sales and result for the period are not available.

Bekaert Ideal SL companies in thousands of €	Acquiree's carrying amount before ombination	Fair value adjustments	Fair value
Intangible assets	131	1 287	1 418
Property, plant and equipment	28 547	26 534	55 081
Other non-current assets	541	-	541
Deferred tax assets	2 494	1 456	3 950
Inventories	42 966	-1 543	41 423
Trade receivables	17 522	-12	17 510
Advances paid	-	-	-
Other receivables	8 347	1 337	9 684
Short-term deposits	1 279	-	1 279
Cash and cash equivalents	1 125	-	1 125
Other current assets	142	-	142
Minority interests	-8 436	-4 250	-12 686
Non-current employee benefit obligations	-3 664	-5 432	-9 096
Provisions	-	-	-
Non-current financial liabilities	-4 078	-12	-4 090
Other non-current liabilities	-20	-	-20
Deferred tax liabilities	-1 052	-2 197	-3 249
Current financial liabilities	-50 046	-4 954	-55 000
Trade payables	-4 115	-12	-4 127
Advances received	-	-	-
Current employee benefit obligations	-2 027	-	-2 027
Current provisions	-20	-	-20
Income taxes payable	-3 451	-	-3 451
Other current liabilities	-1 450	-	-1 450
Total net assets acquired in a business combination	**24 735**	**12 202**	**36 937**
Goodwill	-	-	844
Translation differences on cash flows	-	-	-168
Minority interests disposed	-9 290	-1 766	-11 056
Reclassification of investments previously accounted for using the equity method	-15 609	-7 884	-23 493
Consideration paid			**3 064**
Cash acquired			-1 125
New business combinations			**1 939**

Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd in thousands of €	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Property, plant and equipment	4 138	36	4 174
Deferred tax assets	22	2	24
Inventories	1 087	60	1 147
Trade receivables	2 251	-	2 251
Advances paid	113	-	113
Other receivables	13	-	13
Cash and cash equivalents	582	-	582
Other current assets	7	-	7
Minority interests	-833	-13	-846
Deferred tax liabilities	-	-26	-26
Trade payables	-422	-	-422
Advances received	-58	-	-58
Current employee benefit obligations	-60	-	-60
Other current liabilities	-3 042	-	-3 042
Total net assets acquired in a business combination	**3 798**	**59**	**3 857**
Goodwill	-	-	22
Translation differences on cash flows	-	-	-57
Minority interests disposed	-	-469	-469
Reclassification of investments previously accounted for using the equity method	-1 389	-22	-1 411
Consideration paid			**1 942**
Cash acquired			-582
New business combinations			**1 360**

7.3. Financial risk management and financial derivatives

Principles of financial risk management
The Group is exposed to risks from movements in exchange rates, interest rates and market prices that affect its assets and liabilities. Financial risk management within the Group aims at reducing the impact of these market risks through ongoing operational and financing activities. Selected derivative hedging instruments are used depending on the assessment of risk involved. The Group hedges only the risks that affect the Group's cash flow. Derivatives are used exclusively as hedging instruments and not for trading or other speculative purposes. To reduce the credit risk, hedging transactions are generally only concluded with financial institutions whose credit rating is at least A.

The guidelines and principles of the Bekaert financial risk policy are defined by the Audit and Finance Committee and overseen by the Board of the Group. Group Treasury is responsible for implementing the financial risk policy. This encompasses defining appropriate policies and setting up effective control and reporting procedures. The Audit and Finance Committee is regularly kept informed as to the currency and interest-rate exposure.

Currency risk
The Group's currency risk can be split into two categories: translational and transactional currency risk.

Translational currency risk
A translation risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi (considering the growing weight of the activities in China), US dollar, Czech koruna, Brazilian real and Chilean peso. Since there is no impact on the cash flows, the Group does not hedge against such risk.

Transactional currency risk
The Group is exposed to transactional currency risks resulting from its investing, financing and operating activities.

Foreign currency risk in the area of investment results from the acquisition and disposal of investments in foreign companies. At the reporting date, the Group was not exposed to any significant risk from foreign currency transactions in the field of investments. As a consequence, no hedging transactions were outstanding at the reporting date.

Foreign currency risk in the financing area results from financial liabilities in foreign currencies. In line with its policy, Group Treasury hedges these risks. Cross-currency interest-rate swaps and forward exchange contracts are used to convert financial obligations denominated in foreign currencies into the entity's functional currency. At the reporting date, the foreign currency liabilities for which currency risks were hedged consisted of Eurobonds and intercompany loans mainly in euro and US dollar. Due to the hedges, the Group was not exposed to any significant currency risk in the area of financing at the reporting date.
A transactional currency risk arising from intra group dividend payments has increased significantly in the past year. At balance sheet date, the undistributed retained earnings of all Chinese entities amounted to CNY 3.8 billion. After balance sheet date the Group entered into non-deliverable forward contracts (NDFs) with different financial institutions for a total of CNY 1.8 billion with expiry date in November 2010.
Foreign currency risk in the area of operating activities arises from commercial activities with sales and purchases in foreign currencies, as well as payments and receipts of royalties and dividends. The Group uses forward exchange contracts to hedge the forecasted cash inflows and outflows for the coming six months. Significant exposures and firm commitments beyond that time frame may also be covered. Due to the hedges outstanding at the reporting date, the Group was not exposed to any significant currency risk in the area of its operating activities.

Currency sensitivity analysis

Currency sensitivity in relation to the operating activities
The table below summarizes the Group's net foreign currency positions of trade receivables and trade payables at the reporting date for the most important currency pairs. Positive amounts indicate that the Group has a net future cash inflow in the first currency. In the table, the 'Total exposure' column represents the position on the balance sheet, while the 'Total derivatives' column includes all financial derivatives hedging those balance sheet positions as well as forecasted transactions. The annualized volatility is based on the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

Currency pair - 2009 in thousands of €	Annualized volatility in %	Total exposure	Total derivatives	Open position
AUD/USD	31.22%	1 583	-2 152	-569
CHF/EUR	10.48%	-201	-1 618	-1 818
EUR/CNY	20.60%	-2 086	-331	-2 417
EUR/CZK	16.30%	4 192	-1 284	2 908
EUR/GBP	20.37%	-1 148	-	-1 148
EUR/RUB	20.11%	-2 379	-	-2 379
EUR/USD	21.26%	-4 127	-	-4 127
GBP/CZK	24.14%	756	-	756
GBP/EUR	20.37%	655	-3 288	-2 633
JPY/USD	21.66%	902	-1 183	-281
NOK/EUR	64.16%	278	-958	-680
SEK/EUR	19.38%	378	-2 292	-1 914
USD/CNY	2.81%	7 477	-10 430	-2 953
USD/INR	17.75%	-3 015	3 021	6
USD/EUR	21.26%	19 467	-21 407	-1 939
USD/JPY	21.66%	-964	-	-964
USD/PEN	18.14%	4 412	-	4 412

Currency pair - 2008 in thousands of €	Annualized volatility in %	Total exposure	Total derivatives	Open position
AUD/CNY	38.56%	589	-1 030	-441
EUR/CNY	22.74%	-730	-1 607	-2 337
EUR/CZK	17.00%	5 072	-	5 072
GBP/EUR	19.74%	3 688	-4 567	-879
JPY/EUR	32.59%	-	-490	-490
SEK/EUR	14.07%	-	-1 840	-1 840
TRY/EUR	36.64%	4 607	-	4 607
AUD/USD	39.01%	2 723	-2 593	130
SGD/USD	12.26%	535	-	535
USD/JPY	25.21%	1 418	612	2 030
GBP/USD	22.87%	2 335	-	2 335
USD/COP	36.82%	-1 999	2 768	769
USD/CNY	3.51%	3 252	5 420	8 672
USD/CAD	26.16%	-287	-	-287
USD/EUR	23.43%	10 652	-38 143	-27 491

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 € 2.1 million lower/higher (2008: € 3.5 million).

Currency sensitivity in relation to hedge accounting

Some derivatives are also part of effective cash flow hedges in relation to the Eurobond issued in 2005 to hedge the currency risk. Exchange rate fluctuations in the currencies involved (US dollar and euro) affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. If the euro had weakened/strengthened by the above estimated possible changes, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.5 million higher/lower (2008: € 0.5 million).

Interest-rate risk

The Group is exposed to interest-rate risk, mainly in the US dollar, Chinese renminbi and euro. To minimize the effects of interest-rate fluctuations in these regions, the Group manages the interest-rate risk for net debt denominated in the respective currencies of these countries separately. General guidelines are applied to cover interest-rate risk:

- The target average life of long-term debt is four years.
- The allocation of long-term debt between floating and fixed interest rates must remain within the defined limits approved by the Audit and Finance Committee.

Group Treasury uses interest-rate swaps and cross-currency interest-rate swaps to ensure that the floating and fixed portion of the long-term debt remains within the defined limits. The Group also purchases forward starting interest-rate options to convert fixed and floating-rate long-term debt to capped long-term debt. As such, the Group is protected against adverse fluctuations in interest rates while still having the ability to benefit from decreasing interest rates.

The following table summarizes the average interest rates at the balance sheet date.

	Long-term			Short-term	Total
2009	**Fixed rate**	**Floating rate**	**Total**		
US dollar	6.46%	5.91%	6.44%	1.24%	4.09%
Chinese renminbi	5.18%	4.89%	5.16%	4.27%	5.00%
Euro	5.46%	4.18%	5.42%	-	5.42%
Other	5.30%	17.45%	13.71%	4.16%	6.91%
Total	**5.53%**	**9.45%**	**5.77%**	**2.83%**	**5.19%**

	Long-term			Short-term	Total
2008	**Fixed rate**	**Floating rate**	**Total**		
US dollar	4.68%	3.22%	3.99%	4.41%	4.21%
Chinese renminbi	5.19%	5.59%	5.31%	4.49%	4.82%
Euro	4.71%	4.81%	4.72%	3.64%	4.24%
Other	15.12%	22.14%	20.16%	8.08%	11.83%
Total	**5.07%**	**5.87%**	**5.33%**	**4.61%**	**4.93%**

Interest-rate sensitivity analysis

Interest-rate sensitivity of the financial debt

As disclosed in note 6.16, the total financial debt of the Group as of 31 December 2009 amounted to € 739.3 million (2008: € 745.9 million). Of the total debt, 24.5% (2008: 62.4%) was bearing a floating interest rate, 11.7% (2008: 14.5%) a capped interest rate and 63.8% (2008: 23.1%) a fixed interest rate.

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2009 and 2008, the reasonable estimates of possible changes, with a 95% confidence interval, are set out in the table below for the main interest rates.

Currency	Interest rate at 31 Dec 2009	Annualized volatility in %	Range interest rate
Chinese renminbi[1]	4.86%	18.95%	3.94% - 5.78%
Euro	0.70%	16.33%	0.59% - 0.81%
US dollar	0.25%	38.60%	0.15% - 0.35%

Currency	Interest rate at 31 Dec 2008	Annualized volatility in %	Range interest rate
Chinese renminbi[1]	4.86%	30.80%	3.36% - 6.36%
Euro	2.89%	16.89%	2.40% - 3.38%
US dollar	1.43%	61.10%	0.55% - 2.30%

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

Applying the estimated possible increase in the interest rates to the floating and capped rated debt, with all other variables constant, the result for the period before tax would have been € 0.6 million lower (2008: € 4.9 million lower). Applying the estimated possible decrease in the interest rates to the floating and capped rated debt, with all other variables constant, the result for the period before tax would have been € 0.6 million higher (2008: € 4.9 million higher).

Interest-rate sensitivity in relation to hedge accounting
Changes in market interest rates in relation to derivatives that are part of effective cash flow hedges to hedge payment fluctuations resulting from interest movements affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. Applying the estimated possible increases of the interest rates to these transactions, with all other variables constant, the hedging reserve in shareholders' equity would have been € 2.3 million higher (2008: € 0.6 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 € 3.0 million lower (2008: € 2.1 million).

Credit risk

The Group is exposed to credit risk from its operating activities and certain financing activities. In respect of its operating activities, the Group has a credit policy in place, which takes into account the risk profiles of the customers in terms of the market segment to which they belong. Based on activity platform, product sector and geographical area, a credit risk analysis is made of customers and a decision is taken regarding the covering of the credit risk. The exposure to credit risk is monitored on an ongoing basis and credit evaluations are made of all customers. In terms of the characteristics of some steel wire activities with a limited number of global customers, the concentration risk is closely monitored and, in combination with the existing credit policy, action is taken as and when needed. Based on this credit strategy, the credit risk exposure was 46.2% (2008: 44.1%) covered by credit insurance policies and by trade finance techniques as at 31 December 2009. In respect of financing activities, transactions are normally concluded with counterparties that have at least an A credit rating. There are also limits allocated to each counterparty which depend on their rating. Due to this approach, the Group considers the risk of counterparty default to be limited in both operating and financing activities.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines at its disposal in the major currencies and in amounts considered adequate for current and near-future financial needs. These facilities are generally of the mixed type and may be utilized, for example, for advances, overdrafts, acceptances and discounting. The Group also has committed credit facilities at its disposal up to a maximum equivalent of € 125.0 million (2008: € 125.0 million) at floating interest rates with fixed margins. These credit facilities will mature in 2012 and 2013. At year-end, € 2.5 million was outstanding under these facilities (2008: € 43.0 million). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2008: € 123.9 million). No commercial paper notes were outstanding as at 31 December 2009 (2008: € 34.7 million).

The total contractually agreed outflows of the Group's financial liabilities (including interest payments and trade payables, without compensation for gross settled derivatives) as at 31 December 2009 are: € 516.7 million in 2010, € 103.1 million in 2011, € 524.6 million for 2012-2014 and € 200.3 million in 2015 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.

2009 in thousands of €	2010	2011	2012-2014	2015 and thereafter
Financial liabilities - principal				
Trade payables	*-244 337*	*-*	*-*	*-*
Interest-bearing debt	*-143 152*	*-66 666*	*-438 637*	*-100 036*
Derivatives - net settled	*-*	*-*	*-*	*-*
Derivatives - gross settled	*-88 316*	*-*	*-6 890*	*-90 823*
Financial liabilities - interests				
Trade payables	*-*	*-*	*-*	*-*
Interest-bearing debt	*-33 940*	*-31 522*	*-63 789*	*-4 125*
Derivatives - net settled	*-2 429*	*-1 442*	*-1 326*	*-479*
Derivatives - gross settled	*-4 541*	*-3 430*	*-13 915*	*-4 809*
Total undiscounted cash flow	**-516 715**	**-103 060**	**-524 557**	**-200 272**

2008 in thousands of €	2009	2010	2011-2013	2014 and thereafter
Financial liabilities - principal				
Trade payables	*-253 824*	*-*	*-*	*-*
Interest-bearing debt	*-501 918*	*-57 995*	*-129 836*	*-100 000*
Derivatives - net settled	*-*	*-*	*-*	*-*
Derivatives - gross settled	*-193 386*	*-*	*-*	*-47 007*
Financial liabilities - interests				
Trade payables	*-*	*-*	*-*	*-*
Interest-bearing debt	*-33 322*	*-16 273*	*-30 829*	*-8 250*
Derivatives - net settled	*-1 536*	*-1 623*	*-3 419*	*-1 844*
Derivatives - gross settled	*-5 840*	*-2 481*	*-7 456*	*-4 955*
Total undiscounted cash flow	**-989 826**	**-78 372**	**-171 540**	**-162 056**

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities is not included. Amounts in foreign currencies have been translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the applicable forward interest rates.

Hedging

All financial derivatives the Group enters into, relate to an underlying transaction or forecasted exposure. In function of the expected impact on the income statement and if the stringent IAS 39 criteria are met, the Group decides on a case by case basis whether hedge accounting will be applied. The following sections describe the transactions whereby hedge accounting is applied and transactions which do not qualify for hedge accounting but constitute an economical hedge.

Hedge accounting

Depending on the nature of the hedged exposure, IAS 39 makes a distinction between fair value hedges, cash flow hedges and hedges of a net investment. Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets and liabilities. Cash flow hedges are hedges of the exposure to variability in future cash flows related to recognized assets or liabilities, highly probable forecasted transactions or unrecognized firm commitments. Hedges of a net investment are hedges of the exposure to variability of the net investment in the assets of an entity with a different functional currency.

Fair value hedges
In 2005, Bekaert Corporation, a U.S. based entity, issued a fixed rated 100 million Eurobond. Simultaneously, the entity also entered into two € 50 million cross-currency interest-rate swap to convert half of the fixed euro payments into floating US dollar payments and the other half of the fixed euro payments into fixed US dollar payments. During 2005, the entity reduced its floating US dollar exposure from € 50 million to € 30.9 million.
The Group has designated the 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 (2008: € 130.9 million) as fair value hedges as at 31 December 2009, the fair value amounting to € 3.7 million (2008: € 41.1 million). The change in fair value of the hedging instruments during 2009 resulted in a loss of € 37.1 million (2008: € 4.8 million loss) and this was included in other financial income and expenses.

The remeasurement of the hedged items resulted in a gain of € 37.1 million (2008: € 4.7 million gain), and this was also included in other financial income and expenses.

Cash flow hedges
The currency risk and interest-rate risk resulting from the remaining € 69.1 million of the 2005 Eurobond (see previous section on fair value hedges) has been hedged using a cross-currency interest-rate swap for € 50 million and a combination of a cross-currency interest-rate swap and an interest-rate swap for € 19.1 million. These financial derivatives convert fixed euro payments into fixed US dollar payments. The Group has designated the related portion of the Eurobond as hedged item. The objective of the hedge is to eliminate the risk from payment fluctuations as a result of changes in the exchange and interest rates. Credit risks are not addressed or covered by this hedging.

As at 31 December 2009, the Group has designated cross-currency interest-rate swaps and interest-rate swaps with notional amounts totaling € 88.2 million (2008: € 102.4 million) as cash flow hedges, the fair value amounting to € 3.6 million (2008: € -4.5 million). During 2009, gains totaling € 8.2 million (2008: € 7.7 million losses) resulting from the change in fair values of cross-currency and interest-rate swaps were taken directly to equity (hedging reserve). These changes represent the effective portion of the hedge relationship. A total amount of € 2.4 million was transferred from equity (hedging reserve) to other financial income and expenses to offset the unrealized exchange losses (2008: gains of € 3.7 million) recognized on the remeasurement of the Eurobond at closing rate.

Hedges of a net investment
The Group has no outstanding transactions for hedging a net investment.

Economic hedging
The Group also uses financial instruments that represent an economic hedge but for which no hedge accounting is applied, either because the criteria to qualify for hedge accounting defined in IAS 39 ‘Financial Instruments: Recognition and Measurement’ are not met or because the Group has deliberately chosen not to apply hedge accounting. These derivatives are treated as free-standing instruments held for trading.

- The Group uses cross-currency interest-rate swaps and forward exchange contracts to hedge the currency risk on intercompany loans involving two entities with different functional currencies. Until now, the Group has elected not to apply hedge accounting as defined in IAS 39 since 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 € 95.6 million (2008: € 219.6 million), the fair value amounting to € -2.1 million (2008: € 0.2 million). The major currencies involved are US dollars, Canadian dollars and British pounds. Foreign-exchange contracts represented a notional amount of € 47.2 million (2008: € 56.4 million) with a fair value of € -0.3 million (2008: € 0.6 million). During 2009, a loss of € 3.2 million (2008: loss of € 3.1 million) resulting from changes in the fair values of cross-currency interest-rate swaps and forward exchange contracts was recognized under other financial income and expenses. A gain of € 1.0 million (2008: gain of € 6.5 million) has been recognized under unrealized exchange results arising on the remeasurement of the intercompany loans at spot rate.

- To manage its interest-rate exposure, the Group uses interest-rate swaps, forward rate agreements and interest-rate options to convert its floating-rate debt to a fixed and/or capped rate debt. Except for an interest-rate swap for 25 million US dollars, none of these interest-rate derivatives were designated as hedges as defined in IAS 39. As at 31 December 2009, the interest-rate exposure of debt was hedged using interest-rate swaps for a total gross amount of € 320.1 million (2008: € 148.0 million).
  The Group also purchased additional interest-rate options which resulted at year-end in an outstanding notional amount totaling € 127.8 million (2008: € 272.4 million). No forward rate agreements were outstanding at 31 December 2009 (2008: € 158.1 million). The fair value at year-end of the interest-rate swaps amounted to € 3.4 million (2008: € -4.7 million) and that of the interest-rate options to € 1.9 million (2008: € 2.6 million). During 2009, a gain of € 1.1 million (2008: € 2.7 million loss) resulting from the changes in fair values was recognized under other financial income and expenses.

- Finally, the Group uses forward exchange contracts to limit its commercial foreign-exchange risk. Since the Group has not designated its forward exchange contracts as cash flow hedges, the fair value change is recorded immediately under other financial income and expenses. As at 31 December 2009, the notional amount of the forward exchange contracts relating to commercial transactions was € 58.6 million (2008: € 106.1 million). The fair value at year-end amounted to € -0.7 million (2008: € -0.5 million), with a loss of € 0.2 million (2008: € 1.2 million loss). An additional loss of € 1.2 million (2008: € 0.4 million gain) 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.

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

2009 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Interest-rate swaps	166 649	108 299	45 120
Interest-rate options	102 766	25 000	-
Forward rate agreements	-	-	-
Forward exchange contracts	105 793	-	-
Cross-currency interest-rate swaps	88 316	6 890	90 823
Total	**463 524**	**140 189**	**135 943**

2008 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Interest-rate swaps	123 815	28 742	46 705
Interest-rate options	143 709	128 742	-
Forward rate agreements	158 080	-	-
Forward exchange contracts	149 097	13 399	-
Cross-currency interest-rate swaps	281 708	-	94 015
Total	**856 409**	**170 883**	**140 720**

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 2009	Assets 2008	Liabilities 2009	Liabilities 2008
Financial instruments				
Forward exchange contracts				
Held for trading	*597*	*3 031*	*1 521*	*2 854*
Interest-rate options				
Held for trading	*1 931*	*2 624*	-	-
Forward rate agreements				
Held for trading	-	-	-	*568*
Interest-rate swaps				
Held for trading	*330*	*19*	*3 761*	*4 742*
In connection with cash flow hedges	-	-	-	*261*
Cross-currency interest-rate swaps				
Held for trading	*13 016*	*2 799*	*15 115*	*2 625*
In connection with fair value hedges	*3 745*	*41 067*	-	-
In connection with cash flow hedges	*4 894*	*1 269*	*1 291*	*5 536*
Total	**24 513**	**50 809**	**21 688**	**16 586**
Non-current	9 833	5 478	4 957	10 150
Current	14 680	45 331	16 731	6 436
Total	**24 513**	**50 809**	**21 688**	**16 586**

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

2009 in thousands of €	**Hedged item**	**Hedging instrument**	**Recognized in equity**	**Impact on income statement**
Fair value hedges	Fair value changes	Fair value changes		
Cross-currency interest-rate swaps	*37 140*	*-37 121*	-	*19*
Cash flow hedges	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps and interest-rate swaps	*-2 424*	*8 242*	*5 818*	-
Discontinued hedge relationship - depreciation	-	-	*81*	*-81*
	Underlying risk	**Financial derivative**		
Held for trading	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps	*1 069*	*-2 268*	-	*-1 199*
Interest-rate swaps	-	*1 188*	-	*1 188*
Forward rate agreements	-	*568*	-	*568*
Interest-rate options	-	*-692*	-	*-692*
Forward exchange contracts				
relating to intercompany loans	*-114*	*-894*	-	*-1 008*
relating to commercial transactions	*-1 220*	*-210*	-	*-1 430*
Total	**-**	**-**	**5 899**	**-2 635**

Of the total income statement effect in 2009, € -2.6 million is recognized in other financial income and expenses and € -0.1 million, i.e. the depreciation relating to the discontinued hedge relationship, is recognized in interest expense.

2008 in thousands of €	Hedged item	Hedging instrument	Recognized in equity	Impact on income statement
Fair value hedges	Fair value changes	Fair value changes		
Cross-currency interest-rate swaps	*4 678*	*-4 773*	*-*	*-95*
Cash flow hedges	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps and interest-rate swaps	*3 773*	*-7 671*	*-3 898*	*-*
Discontinued hedge relationship - depreciation	*-*	*-*	*80*	*-80*
	Underlying risk	**Financial derivative**		
Held for trading	Spot price changes	Fair value changes		
Cross-currency interest-rate swaps	*4 186*	*-4 537*	*-*	*-351*
Interest-rate swaps	*-*	*-3 857*	*-*	*-3 857*
Forward rate agreements	*-*	*-537*	*-*	*-537*
Interest-rate options	*-*	*1 686*	*-*	*1 686*
Forward exchange contracts				
relating to intercompany loans	*2 325*	*1 467*	*-*	*3 792*
relating to commercial transactions	*434*	*-1 273*	*-*	*-839*
Total	**-**	**-**	**-3 818**	**-281**

Of the total income statement effect in 2008, € -0.2 million is recognized in other financial income and expenses and € -0.1 million, i.e. the depreciation relating to the discontinued hedge relationship, is recognized in interest expense.

Additional disclosures on financial instruments by class and category

The following tables list the different classes of financial assets and liabilities with their carrying amounts in the balance sheet and their respective fair value and analyzed by their measurement category in accordance with IAS 39, Financial Instruments: Recognition and Measurement, or IAS 17, Leases.

Cash and cash equivalents, short-term deposits, trade receivables, other receivables, loans and receivables primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values. Furthermore, the Group has no exposure to collateralized debt obligations (CDO's). Trade payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values.

The 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

2009 in thousands of €	Category in accordance with IAS 39	Carrying amount 2009	Amounts recognized in balance sheet in accordance with IAS 39 at Amortized cost	Fair value through equity	Fair value through profit or loss	Amounts recognized in balance sheet in accordance with IAS 17	Fair value 2009
Assets							
Cash and cash equivalents	L&R	121 171	121 171	-	-	-	121 171
Short term deposits	L&R	154 636	154 636	-	-	-	154 636
Trade receivables	L&R	489 176	489 176	-	-	-	489 176
Other receivables	L&R	49 289	49 289	-	-	-	49 289
Loans and receivables	L&R	63 922	63 922	-	-	-	63 922
Available for sale financial assets	AfS	23 929	878	23 051	-	-	23 929
Derivative financial assets							
- without a hedging relationship	FAFVTPL	15 874	-	-	15 874	-	15 874
- with a hedging relationship	Hedge accounting	8 639	-	4 894	3 745	-	8 639
Liabilities							
Interest-bearing debt							
- finance leases	n.a.	494	-	-	-	494	490
- credit institutions	FLMaAC	247 998	247 998	-	-	-	247 998
- credit institutions	Hedge accounting	-	-	-	-	-	-
- bonds	Hedge accounting	101 014	69 107	-	31 907	-	103 283
- bonds	FLMaAC	400 000	400 000	-	-	-	425 563
Trade payables	FLMaAC	244 337	244 337	-	-	-	244 337
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	20 397	-	-	20 397	-	20 397
- with a hedging relationship	Hedge accounting	1 291	-	1 291	-	-	1 291
Aggregated by category in accordance with IAS 39							
Loans and receivables	L&R	878 194	878 194	-	-	-	878 194
Available-for-sale financial assets	AfS	23 929	878	23 051	-	-	23 929
Financial assets - hedge accounting	Hedge accounting	8 639	-	4 894	3 745	-	8 639
Financial assets at fair value through profit or loss	FAFVTPL	15 874	-	-	15 874	-	15 874
Financial liabilities measured at amortized cost	FLMaAC	892 335	892 335	-	-	-	917 898
Financial liabilities - hedge accounting	Hedge accounting	102 305	69 107	1 291	31 907	-	104 574
Financial liabilities at fair value through profit or loss	FLFVTPL	20 397	-	-	20 397	-	20 397

2008 in thousands of €	Category in accordance with IAS 39	Carrying amount 2008	Amounts recognized in balance sheet in accordance with IAS 39 at Amortized cost	Fair value through equity	Fair value through profit or loss	Amounts recognized in balance sheet in accordance with IAS 17	Fair value 2008
Assets							
Cash and cash equivalents	L&R	104 761	104 761	-	-	-	104 761
Short term deposits	L&R	13 560	13 560	-	-	-	13 560
Trade receivables	L&R	483 176	483 176	-	-	-	483 176
Other receivables	L&R	52 982	52 982	-	-	-	52 982
Loans and receivables	L&R	3 809	3 809	-	-	-	3 809
Available for sale financial assets	AfS	8 782	785	7 997	-	-	8 782
Derivative financial assets							
- without a hedging relationship	FAFVTPL	8 473	-	-	8 473	-	8 473
- with a hedging relationship	Hedge accounting	42 336	-	1 269	41 067	-	42 336
Liabilities							
Interest-bearing debt							
- finance leases	n.a.	157	-	-	-	157	160
- credit institutions	FLMaAC	456 313	456 313	-	-	-	467 039
- credit institutions	Hedge accounting	33 279	33 279	-	-	-	33 279
- bonds	Hedge accounting	201 478	69 107	-	132 371	-	202 030
- bonds	FLMaAC	100 000	100 000	-	-	-	112 940
Trade payables	FLMaAC	253 824	253 824	-	-	-	253 824
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	10 789	-	-	10 789	-	10 789
- with a hedging relationship	Hedge accounting	5 797	-	5 797	-	-	5 797
Aggregated by category in accordance with IAS 39							
Loans and receivables	L&R	658 288	658 288	-	-	-	658 288
Available-for-sale financial assets	AfS	8 782	785	7 997	-	-	8 782
Financial assets - hedge accounting	Hedge accounting	42 336	-	1 269	41 067	-	42 336
Financial assets at fair value through profit or loss	FAFVTPL	8 473	-	-	8 473	-	8 473
Financial liabilities measured at amortized cost	FLMaAC	810 137	810 137	-	-	-	833 803
Financial liabilities - hedge accounting	Hedge accounting	240 554	102 386	5 797	132 371	-	241 106
Financial liabilities at fair value through profit or loss	FLFVTPL	10 789	-	-	10 789	-	10 789

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 (cf. note 6.5 'Other non-current assets').
- *'Level 2'* fair value measurement: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments. Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. Interest-rate swaps, forward rate agreements and interest-rate options are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates adjusted for the Group's credit spread. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cashflows using quoted forward exchange rates, quoted interest rates adjusted for the Group's credit spread and applicable yield curves derived therefrom.

- *'Level 3'* fair value measurement: the fair values of the remaining financial assets and financial liabilities are derived from valuation techniques which include inputs which are not based on observable market data. As at the balance sheet date, no 'Level 3' techniques were used to determine the fair value of any financial assets or financial liabilities.

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

2009

in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets - hedge accounting				
Derivative financial assets	-	8 639	-	8 639
Financial assets at fair value through profit or loss				
Derivative financial assets	-	15 874	-	15 874
Available-for-sale financial assets				
Equity investments	23 051	-	-	23 051
Total assets	**23 051**	**24 513**	**-**	**47 564**
Financial liabilities - hedge accounting				
Interest-bearing debt	-	31 907	-	31 907
Derivative financial liabilities	-	1 291	-	1 291
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	-	20 397	-	20 397
Total liabilities	**-**	**53 595**	**-**	**53 595**

2008

in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets - hedge accounting				
Derivative financial assets	-	42 336	-	42 336
Financial assets at fair value through profit or loss				
Derivative financial assets	-	8 473	-	8 473
Available-for-sale financial assets				
Equity investments	7 997	-	-	7 997
Total assets	**7 997**	**50 809**	**-**	**58 806**
Financial liabilities - hedge accounting				
Interest-bearing debt	-	132 371	-	132 371
Derivative financial liabilities	-	5 797	-	5 797
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	-	10 789	-	10 789
Total liabilities	**-**	**148 957**	**-**	**148 957**

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 2008. Actions are taken to increase the average tenor of the debt.

The capital structure of the Group consists of net debt, which includes the elements disclosed in note 6.16 'Interest-bearing debt' and equity (both attributable to the Group and to minority interests).

Gearing ratio

The Group's 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 €	2009	2008
Net debt	395 364	627 467
Equity	1 373 581	1 172 332
Net debt to equity ratio	**28.8%**	**53.5%**

7.4. Off-balance-sheet commitments

As at 31 December, the important commitments were:

in thousands of €	2009	2008
Guarantees given to third parties on behalf of subsidiaries	247 770	546 120
Commitments to purchase fixed assets	14 270	18 425
Commitments to invest in venture capital funds	2 058	3 940

The substantial decrease in guarantees given to third parties mainly relates to the debt restructuring through which short-term debt was replaced with newly issued bonds totaling € 300 million.
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 €	2009	2008
Within one year	14 045	11 512
Between one and five years	19 007	20 698
More than five years	183	2 032
Total	**33 235**	**34 242**

Expenses

in thousands of €	2009	2008
Vehicles	6 372	8 111
Industrial buildings	5 185	3 461
Equipment	1 763	1 626
Offices	4 560	2 928
Other	970	357
Total	**18 850**	**16 483**

2009	Weighted average lease term (in years)	Weighted average fixed period of rental (in years)
Vehicles	4	4
Industrial buildings	4	4
Equipment	4	4
Offices	4	4
Other	17	3

2008	Weighted average lease term (in years)	Weighted average fixed period of rental (in years)
Vehicles	4	4
Industrial buildings	5	4
Equipment	4	4
Offices	5	4
Other	3	3

No major contingent assets or liabilities have been identified, which relate to the fully consolidated companies.
The entities of the Group are subjected to regular tax audits in their jurisdictions. While the ultimate outcome of tax audits is not certain, we have considered the merits of our filing positions in our overall evaluation of potential tax liabilities and believe we have adequate liabilities recorded in our consolidated financial statements for exposures on these matters. Based on our evaluation of the potential tax liabilities and the merits of our filing positions, we also believe it is unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in our consolidated financial statements will be material to our financial condition (cf. note 6.4 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 €	2009	2008
Sales of goods	14 603	29 606
Purchases of goods	8 680	13 031
Royalties and management fees received	7 369	8 495
Interest and similar income	6	34
Interest and similar expense	-	1
Dividends received	41 066	36 820

Outstanding balances with joint ventures and associates

in thousands of €	2009	2008
Non-current receivables	-	-
Trade receivables	5 384	9 981
Other current receivables	150	2 041
Trade payables	2 321	2 626
Other current payables	-	10

Transactions with other related parties

in thousands of €	2009	2008
Bege sro (Slovakia)		
Sales of goods	-	*89*

Outstanding balances with other related parties

in thousands of €	2009	2008
Bege sro (Slovakia)		
Trade receivables	-	*7*

During 2008, Baron Bekaert has sold his interests in the Slovak company Bege sro, which no longer qualifies as a related party.

Total Key Management includes the Board of Directors, the CEO, the members of the Bekaert Group Executive (cf. last page of the Financial Review) and Senior Management (cf. last page of the Financial Review).

Total Key Management remuneration

in thousands of €	2009	2008
Number of persons	37	34
Short-term employee benefits		
Basic remuneration	*6 055*	*5 388*
Variable remuneration	*2 955*	*2 684*
Remuneration as directors of subsidiaries	*817*	*633*
Post-employment benefits		
Defined-benefit pension plans	*486*	*395*
Defined-contribution pension plans	*498*	*426*
Share-based payment benefits	863	992
Total gross remuneration	**11 674**	**10 518**
Average gross remuneration per person	316	309
Number of subscription rights and options granted (stock option plans)	72 500	53 400

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

- Under the terms of the SOP 2005-2009 stock option plan, a fifth and final offer of 97 800 subscription rights was made on 17 December 2009. 75 150 of those subscription rights were accepted, and were granted on 15 February 2010. Their exercise price is € 101.97. The granted subscription rights represent a fair value of € 2.1 million.
- Under the terms of the SOP2 stock option plan, an offer of 16 500 options was made on 17 December 2009. All 16 500 options were accepted, and were granted on 15 February 2010. Their exercise price is € 101.97. The granted options represent a fair value of € 0.5 million.
  10 000 of such options were granted to the Chief Executive Officer, and the provisions of Article 523 of the Companies Code were complied with on that occasion.
- On 8 January 2010, the Venezuelan authorities announced a devaluation of the bolivar fuerte and the imposition of a dual-rate foreign exchange system. The dual-rate system replaces the single official rate which had been fixed at 2.15 VEF/USD for years by two rates, i.e. 2.60 VEF/USD for foods, medicine and a number of indispensable goods and services and 4.30 VEF/USD for all other listed goods and services. This has no direct impact as we apply the parallel market rate to all monetary items recorded in bolivar fuerte (see 3.2 'Critical judgments in applying the entity's accounting policies'). Vicson SA continues to submit official dollar applications with CADIVI and will record realized exchange results accordingly.
- On 1 February 2010, Bekaert announced the full acquisition of two captive Bridgestone tire cord plants and a multi-year supply agreement. The transaction, with an enterprise value of approximately € 70 million, includes all of the personnel and assets of the two manufacturing sites and is expected to close in the second quarter of 2010.
- After balance sheet date the group entered into non-deliverable forward contracts (NDFs) with different financial institutions for a total of CNY 1.8 billion with expiry date in November 2010 (cf. 7.3 'Financial risk management and financial derivatives').

7.7. Services provided by the statutory auditor and related persons

During 2009, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 872 347. These fees relate essentially to further assurance services (€ 114 103), tax advisory services (€ 732 713) and other non-audit services (€ 25 531). The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 1 529 179.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2009

Subsidiaries

Industrial companies	*Address*	*%*
EMEA		
Bekaert Advanced Coatings NV	Deinze, Belgium	100
Bekaert Advanced Filtration SA	Sprimont, Belgium	100
Bekaert Bohumín sro	Bohumín, Czech Republic	100
Bekaert Carding Solutions Ltd	Cleckheaton, United Kingdom	100
Bekaert Carding Solutions NV	Zwevegem, Belgium	100
Bekaert Carding Solutions SAS	Roubaix, France	100
Bekaert Combustion Technology BV	Assen, Netherlands	100
Bekaert Dymonics GmbH	Herford, Germany	100
Bekaert Hemiksem NV	Zwevegem, Belgium	100
Bekaert Hlohovec as	Hlohovec, Slovakia	100
Bekaert Izmit Celik Kord Sanayi ve Ticaret AS	Izmit, Turkey	100
Bekaert Petrovice sro	Petrovice, Czech Republic	100
Bekaert Progressive Composites SA	Munguía, Spain	100
Bekaert Slovakia sro	Sládkovičovo, Slovakia	100
Bekintex NV	Wetteren, Belgium	100
Cold Drawn Products Ltd	Cleckheaton, United Kingdom	100
Industrias del Ubierna SA	Burgos, Spain	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	100
Solaronics SA	Armentières, France	100
Sorevi SAS	Limoges, France	100
North America		
Bekaert Canada Ltd	Vancouver, Canada	100
Bekaert Corporation	Wilmington (Delaware), United States	100
Bekaert Progressive Composites LLC	Wilmington (Delaware), United States	100
Bekaert Specialty Films LLC	Wilmington (Delaware), United States	100
Delta Wire LLC	Wilmington (Delaware), United States	100
Latin America		
Ideal Alambrec SA	Quito, Ecuador	80
Productora de Alambres Colombianos Proalco SA	Bogotá, Colombia	80
Productos de Acero Cassadó SA	Callao, Peru	52
Vicson SA	Valencia, Venezuela	80
Asia Pacific		
Bekaert Ansteel Tire Cord (Chongqing) Co Ltd	Chongqing City, China	50
Bekaert Binjiang Advanced Products Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Carding Solutions Pvt Ltd	Pune, India	100
Bekaert (China) Technology Research and Development Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	100
Bekaert (Jiangyin) Advanced Coatings Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	82
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	100
Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	100
Bekaert-Shenyang Steel Cord Co Ltd	Shenyang (Liaoning province), China	98

Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	70
Bekinit KK	Tokyo, Japan	60
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
Mukand Bekaert Wire Industries Pvt Ltd	Pune, India	74
Precision Surface Technology Pte Ltd	Singapore	67
PT Bekaert Advanced Filtration	Karawang, Indonesia	100
PT Bekaert Indonesia	Karawang, Indonesia	100
Shanghai Bekaert-Ergang Co Ltd	Shanghai, China	70
Wuxi Bekaert Textile Machinery and Accessories Co Ltd	Wuxi (Jiangsu province), China	75

Sales offices, warehouses and others	***Address***	***%***
EMEA		
Barnards Unlimited	Cleckheaton, United Kingdom	100
Bekaert (Schweiz) AG	Baden, Switzerland	100
Bekaert AS	Roskilde, Denmark	100
Bekaert CEB Technologies BV	Assen, Netherlands	100
Bekaert-CMTM GmbH	Friedrichsdorf, Germany	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	Cleckheaton, 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 Specialty Films Nordic AB	Norrtälje, Sweden	100
Bekaert Specialty Films (UK) Ltd	Droitwich, United Kingdom	100
Bekaert Svenska AB	Gothenburg, Sweden	100
Bekaert Tarak Aksesuarlari ve Makineleri Ticaret AS	Istanbul, Turkey	100
Lane Brothers Engineering Industries	Cleckheaton, United Kingdom	100
Leon Bekaert SpA	Trezzano Sul Naviglio, Italy	100
OOO Bekaert Wire	Moscow, Russian Federation	100
Rylands-Whitecross Ltd	Sheffield, United Kingdom	100
Sentinel (Wire Products) Ltd	Cleckheaton, United Kingdom	100
Sentinel Wire Fencing Ltd	Cleckheaton, United Kingdom	100
Solaronics AB	Vänusborg, Sweden	100
Solaronics GmbH	Achim, Germany	100
Solaronics Oy	Vantaa, Finland	100
Sorevi NV	Zulte, Belgium	100
Tinsley Wire Ltd	Cleckheaton, United Kingdom	100
Twil Company	Cleckheaton, United Kingdom	100
North America		
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Fredericton, Canada	100
Bekaert Carding Solutions Inc	Wilmington (Delaware), United States	100
Bekaert NCD Inc	Marietta (Georgia), United States	100
Bekaert Specialty Films (Canada) Inc	Oakville, Canada	100
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	100
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	100
Specialty Films de Services Company SA de CV	Monterrey, Mexico	100

Latin America		
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	100
Prodac Contrata SAC	Lima, Peru	52
Prodac Selva SAC	Ucayali, Peru	52

Asia Pacific		
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Hong Kong Ltd	Hong Kong, China	100
Bekaert Japan Co Ltd	Tokyo, Japan	100
Bekaert Korea Ltd	Seoul, Korea	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Singapore Pte Ltd	Singapore	100
Bekaert Specialty Films Australia Pty Ltd	Seven Hills, Australia	100
Bekaert Specialty Films (SEA) Pte Ltd	Singapore	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	100

Financial companies	*Address*	*%*
Alambres Andinos SA (Alansa)	Quito, Ecuador	80
Becare Ltd	Dublin, Ireland	100
Becorp Holding Corporation	Wilmington (Delaware), United States	100
Bekaert Building Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Carding Solutions Hong Kong Ltd	Hong Kong, China	100
Bekaert Coördinatiecentrum NV	Zwevegem, Belgium	100
Bekaert do Brasil Ltda	Contagem, Brazil	100
Bekaert Holding BV	Assen, Netherlands	100
Bekaert Holding Hong Kong Ltd	Hong Kong, China	100
Bekaert Ibérica Holding SL	Burgos, Spain	100
Bekaert Ideal SL	Burgos, Spain	80
Bekaert Industrial Coatings Hong Kong Ltd	Hong Kong, China	100
Bekaert Investments NV	Zwevegem, Belgium	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	100
Bekaert Specialty Films Hong Kong Ltd	Hong Kong, China	100
Bekaert Specialty Wire Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Stainless Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Steel Cord Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	100
Bekaert Wire Products Hong Kong Ltd	Hong Kong, China	100
InverVicson SA	Valencia, Venezuela	80
Sentinel Garden Products Ltd	Cleckheaton, United Kingdom	100

Joint ventures

Industrial companies	*Address*	*%*
Latin America		
Acma SA[1]	Santiago, Chile	50
Acmanet SA[1]	Talcahuano, Chile	50
Belgo Bekaert Arames Ltda	Contagem, Brazil	45
Belgo Bekaert Nordeste SA[2]	Feira de Santana, Brazil	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	45
Industrias Chilenas de Alambre - Inchalam SA[1]	Talcahuano, Chile	50
Procables SA[1]	Callao, Peru	48
Productos de Acero SA Prodinsa[1]	Maipu, Chile	50
Transportes Puelche Ltda[1]	Talcahuano, Chile	50
Wire Rope Industries Ltd[1]	Pointe-Claire, Canada	50

Sales offices, warehouses and others	*Address*	*%*
EMEA		
Bekaert Faser Vertriebs GmbH	Idstein, Germany	50
Netlon Sentinel Ltd	Blackburn, United Kingdom	50
Latin America		
Prodalam SA[1]	Santiago, Chile	50
Prodinsa Ingeniería y Proyectos SA[1]	Santiago, Chile	50
Wire Rope Industries Inc[1]	Wilmington (Delaware), United States	50
Asia Pacific		
Bekaert Engineering (India) Pvt Ltd	New Delhi, India	40
BOSFA Pty Ltd	Port Melbourne, Australia	50

Financial companies	*Address*	*%*
Acma Inversiones SA[1]	Talcahuano, Chile	50
Bekaert Handling Group AS	Middelfart, Denmark	50
Impala SA[1]	Panama, Panama	50
Industrias Acmanet Ltda[1]	Talcahuano, Chile	50
Inversiones Invafer Ltda[1]	Santiago, Chile	50

[1] *Belongs to the Inchalam group (cf. notes 5.6 and 6.4).*

[2] *Is a subsidiary of Belgo Bekaert Arames Ltda (cf. notes 5.6 and 6.4).*

Changes in 2009

1. New investments

Subsidiaries	Address	%
Bekaert Emirates LLC	Dubai, United Arab Emirates	49
Bekaert Ideal SL	Burgos, Spain	80

2. Increases / decreases in ownership

Subsidiaries	Address	
InverVicson SA	Valencia, Venezuela	From 100 to 80%
Productora de Alambres Colombianos Proalco SA	Bogotá, Colombia	From 88 to 80%
Vicson SA	Valencia, Venezuela	From 100 to 80%

Joint ventures	Address	
Alambres Andinos SA (Alansa)	Quito, Ecuador	From 50 to 80%
Ideal Alambrec SA	Quito, Ecuador	From 50 to 80%
Mukand Bekaert Wire Industries Pvt Ltd	Pune, India	From 50 to 74%
Prodac Contrata SAC	Lima, Peru	From 40 to 52%
Prodac Selva SAC	Ucayali, Peru	From 40 to 52%
Productos de Acero Cassadó SA	Callao, Peru	From 40 to 52%

3. Mergers / conversions

Associate	Merged into
Jiangyin Fasten-Bekaert Optical Cable Steel Products Co Ltd	Bekaert Jiangyin Wire Products Co Ltd

4. Name changes

New name	Former name
Bekaert Investments NV	Bekaert Asia NV
Bekaert Romania SRL	Pantheus Expert SRL

5. Closed down

Companies	Address
Bekaert CEB Technologies Canada Ltd	Calgary, Canada
Numelino SL	Burgos, Spain
Sowinvest SCRL	Sprimont, Belgium
Prodalam Argentina SA	Buenos Aires, Argentina

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

Companies	***Company number***
Bekaert Advanced Coatings NV	BTW BE 0423.237.031 RPR Gent
Bekaert Advanced Filtration SA	TVA BE 0430.104.631 RPM Liège
Bekaert Carding Solutions NV	BTW BE 0405.443.271 RPR Kortrijk
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Hemiksem NV	BTW BE 0403.676.188 RPR Antwerpen
Bekaert Investments NV	BTW BE 0406.207.096 RPR Kortrijk
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
Sorevi NV	BTW BE 0898.947.696 RPR Gent
Sowinvest SCRL	TVA BE 0478.543.956 RPM Liège

Parent company information

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

Parent company accounts

The financial statements of the parent company, NV Bekaert SA, are presented below in a condensed form.
In accordance with Belgian company law, the directors' report and financial statements of the parent company, NV Bekaert SA, together with the statutory auditor's report, will be deposited with the National Bank of Belgium as provided by law.

They are available on request from:

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

The statutory auditor issued an unqualified report on the financial statements of NV Bekaert SA.

Condensed income statement

in thousands of € - Year ended 31 December	2009	2008
Sales	349 154	607 999
Operating profit or loss	-59 815	625
Financial result	109 724	36 589
Extraordinary result	-13 410	-100 307
Current and deferred income taxes	2 866	4 507
Profit or loss for the year	**39 365**	**-58 586**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2009	2008
Fixed assets	**1 742 808**	**1 487 123**
Formation expenses, intangible fixed assets	32 442	27 728
Tangible fixed assets	82 660	81 353
Financial fixed assets	1 627 706	1 378 042
Current assets	**227 759**	**294 140**
Total assets	**1 970 567**	**1 781 263**
Shareholders' equity	**607 428**	**608 466**
Share capital	175 118	174 668
Share premium	19 404	16 868
Revaluation surplus	1 995	1 995
Statutory reserve	17 366	17 366
Untaxed reserves	-	3 951
Unavailable reserve	2 578	4 808
Reserves available for distribution, retained earnings	390 866	388 636
Investment grants	101	174
Provisions and deferred taxes	**59 886**	**75 600**
Creditors	**1 318 162**	**1 097 197**
Amounts payable after one year	400 450	670 450
Amounts payable within one year	917 712	426 747
Total equity and liabilities	**1 985 476**	**1 781 263**

Valuation principles
Valuation and foreign currency translation principles applied in the parent company's financial statements are based on Belgian accounting legislation.

Summary of the annual report of the Board of Directors
Sales decreased by 42.6 % compared with 2008 and amounted to € 349.2 million.
Sales of low carbon and high carbon wire products were much lower compared to previous year. Due to lower activity level of construction industry and lower average sales prices, sales of building products were also much lower. The production in Belgian steelcord factories was weak. Sales of fiber technologies also decreased in 2009.

The operating result amounted to € -59.8 million (2008: € 0.6 million). The strong decrease of the operating result is due to a strong drop of sales and negative inventory revaluations due to lower prices for raw materials in the first half year. The decrease of various goods and services and lower personnel charges were insufficient to compensate the decreased margin.

The financial result increased to € 109.7 million (2008: € 36.6 million) due to a higher dividend income.

The extraordinary result amounted to € -13.4 million (2008: € -100.3 million); there were considerably less write-downs on financial assets than last year.

Net profit for the year ended 31 December 2009 amounted to € 39.4 million (2008: net loss of € -58.6 million).

Environmental programs
The provision for environmental programs decreased to € 17.1 million (2008: € 17.2 million).

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

Conflicts of interests
Reference is made to the Corporate Governance Statement of this annual report.

Interests in share capital
In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act) NV Bekaert SA has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the current notifications of participations of 3% or more is presented below. On 31 December 2009 the total number of securities conferring voting rights was 19 834 469.

Notifier	Date of notification	Number of voting rights	Percentage of total number of voting rights
AXA S.A. (25, Avenue Matignon, FR-75008 Paris, France), on behalf of AXA Belgium, AXA France Vie and AXA France Iard	17.10.2008	598 821	3.02%
BlackRock Inc. (33 King William Street, London EC4R 9AS, United Kingdom), on behalf of BlackRock Asset Management Japan Co. Ltd, BlackRock Advisors (UK) Ltd, BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Asset Management Canada Ltd, BlackRock Luxembourg SA, BlackRock International Ltd, BlackRock Investment Management (UK) Ltd and BlackRock (Channel Islands) Ltd	07.12.2009	660 385	3.33%
Stichting Administratiekantoor Bekaert (Chasséveld 1, NL-4811 DH Breda, The Netherlands), on its own behalf and on behalf of Velge & Co (in liquidation), Berfin SA, Subeco SA and Millenium 3 SA and Gedecor SA	27.10.2008 + 28.08.2009	7 736 861	39.01%

AXA SA has declared that it is acting in its capacity as parent company or controlling person of the companies referred to in its notification.

BlackRock Inc. has declared that it is acting in its capacity as parent company or controlling person of the companies referred to in its notification. BlackRock Inc. has subsequently declared that as a result of the disposal of voting securities their participation in Bekaert had fallen below the lowest threshold of 3%.

Stichting Administratiekantoor Bekaert (holding 7 579 621 shares) has declared that it is acting in concert with Velge & Co (in liquidation) (19 000 shares), Berfin SA (30 640 shares), Subeco SA (52 600 shares), Millenium 3 SA (30 000 shares) and Gedecor SA (25 000 shares) in that they have concluded an agreement (a) aimed either at acquiring control, at frustrating the successful outcome of a bid or at maintaining control, and (b) to adopt, by concerted exercise of the voting rights they hold, a lasting common policy. Stichting Administratiekantoor Bekaert is not controlled. The other above-mentioned persons are controlled by physical persons, (i) whose (directly or indirectly held) individual participation does not reach 3% and (ii) who (on an individual basis) have an interest of less than 3%.

On 8 December 2007 Stichting Administratiekantoor Bekaert disclosed in accordance with Article 74 of the Act of 1 April 2007 on public takeover bids that it was holding individually more than 30% of the securities with voting rights of Bekaert on 1 September 2007.

Proposed appropriation of NV Bekaert SA 2009 result

The profit for the year, after tax, was € 39 364 770, compared with a loss after tax of € -58 586 287 for the previous year. An amount of € 3 950 756 is transferred from the untaxed reserves, resulting in a profit of € 43 315 526 available for appropriation.

At the General Meeting of Shareholders on 12 May 2010, the Board of Directors will propose that the above result be appropriated as follows:

	in €
Profit of the year 2009 to be appropriated	43 315 526
Transfer from reserves	15 055 407
Transfer to statutory reserves	-145 500
Profit for distribution (gross dividend)	**58 225 433**

The Board of Directors will propose that the General Meeting of Shareholders approve the distribution of a gross dividend of € 2.94 per share (2008: € 2.80 per share). If this proposal is accepted, the net dividend per share will be € 2.205, and the net dividend on shares with VVPR strip, giving entitlement to reduced withholding tax of 15%, will be € 2.499 per share.

The dividend will be payable in euros from 19 May 2010 onwards upon presentation of dividend coupon no. 11 at the following banks:
- ING Belgium, BNP Paribas Fortis, KBC Bank, Bank Degroof and Dexia Bank in Belgium;
- Société Générale in France;
- ABN AMRO Bank in the Netherlands;
- UBS in Switzerland.

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 Directors Sir Anthony Galsworthy and Lady Barbara Thomas Judge will expire at the close of the Ordinary General Meeting of Shareholders of 12 May 2010.

The Board of Directors proposes that the General Meeting
- re-appoint Messrs Roger Dalle, 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 Ordinary General Meeting to be held in 2013;
- re-appoint Lady Barbara Thomas Judge as independent Director for a term of three years, up to and including the Ordinary General Meeting to be held in 2013;
- re-appoint Sir Anthony Galsworthy as independent Director for a term of two years, up to and including the Ordinary General Meeting to be held in 2012.

The Board of Directors, acting upon the proposal of the Audit and Finance Committee, and upon nomination by the Works Council, proposes that the General Meeting re-appoint Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Mr Joël Brehmen, as Statutory Auditor for a term of three years, up to and including the Ordinary General Meeting to be held in 2013.

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Belgium

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Auditor's Report

NV Bekaert SA

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 TO THE SHAREHOLDERS' MEETING

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of NV Bekaert SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 2,829,513 (000) EUR and the consolidated income statement shows a consolidated profit (group share) of 151,792 (000) EUR for the year then ended.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

NV BEKAERT SA

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2009, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 19 March 2010

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by

Geert Verstraeten

Member of
Deloitte Touche Tohmatsu

Bekaert Group Executive

Bert De Graeve	Chief Executive Officer
Bruno Humblet	Chief Financial Officer & Group Executive Vice President Specialized films
Dominique Neerinck	Chief Technology Officer & Group Executive Vice President Industrial coatings
Geert Roelens	Group Executive Vice President Steelcord
Henri-Jean Velge	Group Executive Vice President Wire & Stainless technologies

Senior Management

Jacques Anckaert	Investor Relations Officer
Philippe Armengaud	Chief Purchasing Officer
Danny Chambaere	General Manager Building Products
Bruno Cluydts	General Manager Bekaert Stainless technologies
Patrick De Keyzer	General Manager Technology Wire
Marc de Sauvage	General Manager Bekaert Engineering
Mark Goyens	President Bekaert Asia
Lieven Larmuseau	General Manager Rubber Reinforcement
Carlos Loncke	Business Controller Wire
Rick McWhirt	General Manager Steelcord Americas
Alejandro Sananez	General Manager Andina
Geert Van Haver	General Manager Wire Europe
Herman Vandaele	General Manager Corporate Projects
Curd Vandekerckhove	General Manager Sawing Wire
Geert Voet	General Manager Wire Americas
Frank Vromant	Business Controller Steelcord
Bart Wille	Chief HR Officer
Zhong Zhang	General Manager Steelcord Asia North

Company Secretary

Pierre Schaubroeck

Auditors

Deloitte Bedrijfsrevisoren

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The annual report for the 2009 financial year is available in English and Dutch on annualreport.bekaert.com

Editor:	Katelijn Bohez, Corporate Communication Manager
Coordination:	Nathalie Meert, Corporate External Communication Manager

Financial definitions

Added value	Operating result (EBIT) + remuneration, social security and pension charges + depreciation, amortization and impairment of assets.
Associates	Companies in which Bekaert has a significant influence, generally reflected by an interest of at least 20%. Associates are accounted for using the equity method.
Capital employed (CE)	Working capital + net intangible assets + net goodwill + net property, plant and equipment. The average CE is computed as capital employed at previous year-end plus capital employed at balance sheet date divided by two.
Capital ratio	Equity relative to total assets.
Cash flow	Result from continuing operations of the Group + depreciation, amortization and impairment of assets. This definition differs from that applied in the consolidated cash flow statement.
Combined figures	Sum of consolidated companies +100% of joint ventures and associated companies after elimination of intercompany transactions (if any). Examples: sales, capital expenditure, number of employees.
Dividend yield	Gross dividend as a percentage of the share price on 31 December.
EBIT	Operating result (earnings before interest and taxation).
EBIT interest coverage	Operating result divided by net interest expense.
EBITDA	Operating result (EBIT) + depreciation, amortization and impairment of assets.
Equity method	Method of accounting whereby an investment (in a joint venture or an associate) is initially recognized at cost and subsequently adjusted for any changes in the investor's share of the joint venture's or associate's net assets (i.e. equity). The income statement reflects the investor's share in the net result of the investee.
Gearing	Net debt relative to equity.
Joint ventures	Companies under joint control in which Bekaert generally has an interest of approximately 50%. Joint ventures are accounted for using the equity method.
Net capitalization	Net debt + equity.
Net debt	Interest-bearing debt net of current loans (included in other current assets), short-term deposits and cash and cash equivalents. For the purpose of debt calculation only, interest bearing debt is remeasured to reflect the effect of any cross-currency interest-rate swaps (or similar instruments), which convert this debt to the entity's functional currency.
Non-recurring items	Operating income and expenses that are related to restructuring programs, impairment losses, environmental provisions or other events and transactions that are clearly distinct from the normal activities of the Group.
Pay-out ratio	Gross dividend as a percentage of result for the period attributable to the Group.
Price-earnings ratio	Share price divided by result for the period attributable to the Group per share.
REBIT	EBIT before non-recurring items
Return on capital employed (ROCE)	Operating result (EBIT) relative to average capital employed.
Return on equity (ROE)	Result for the period relative to average equity.
Subsidiaries	Companies in which Bekaert exercises control and generally has an interest of more than 50%.
Working capital (operating)	Inventories + trade receivables + advances paid - trade payables - advances received - remuneration and social security payables - employment-related taxes.

Statement from the responsible persons

The undersigned persons state that, to the best of their knowledge:
- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 2009 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and
- the annual report on the consolidated financial statements gives a fair overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation, as well as a description of the principal risks and uncertainties faced by them.

On behalf of the Board of Directors:

Bert De Graeve
Chief Executive Officer

Baron Buysse
Chairman of the Board of Directors

Financial calendar

First-quarter trading update 2010	12 May 2010
General Meeting of shareholders	12 May 2010
Dividend payable (coupon n°11)	19 May 2010
2010 half-year results	30 July 2010
Third-quarter trading update 2010	10 November 2010
Fourth-quarter trading update 2010	25 February 2011
2010 results	25 February 2011
2010 annual report available on internet	31 March 2011
First-quarter trading update 2011	11 May 2011
General Meeting of shareholders	11 May 2011
Ex-dividend	13 May 2011
Dividend payable (coupon n°12)	18 May 2011
2011 half-year results	29 July 2011
Third-quarter trading update 2011	10 November 2011

What would you like to know about Bekaert?

www.bekaert.com

www.bekaert.mobi

More detailed financial figures are available in the 2009 Shareholders' Guide, available on bekaert.com (investor's datacenter)

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