

## 7. Miscellaneous items

### 7.1. Notes to the cash flow statement

<b>Summary</b> in thousands of €	<b>2010</b>	<b>2009</b>
Cash from operating activities	342 478	497 400
Cash from investing activities	-210 513	-126 987
Cash from financing activities	80 112	-340 597
<b>Net increase or decrease in cash and cash equivalents</b>	<b>212 077</b>	<b>29 816</b>

Of the increase in cash and cash equivalents of € 212.1 million, an amount of € 154.6 million is explained by a reclassification of short-term deposits as cash and cash equivalents.

<b>Details of selected items</b> in thousands of €	<b>2010</b>	<b>2009</b>
<b>Non-cash and investing items included in operating result</b>		
Depreciation and amortization	173 026	139 841
Impairment losses on assets	17 980	13 506
Recognition in income statement of negative goodwill	-563	-
Gains (-) and losses on disposals of assets	-3 694	5 012
Provisions for liabilities and charges	3 470	-50 977
Equity-settled share-based payments	2 547	1 559
<b>Total</b>	<b>192 766</b>	<b>108 941</b>
<b>Other investing cash flows</b>		
Proceeds from disposal of intangible assets	1 837	5
Proceeds from disposal of property, plant and equipment	12 262	2 403
Other	-14	-46
<b>Total</b>	<b>14 085</b>	<b>2 362</b>
<b>Other financing cash flows</b>		
New shares issued following exercise of subscription rights	9 301	2 986
Capital paid in by minority interests	1 639	5 646
Increase (-) or decrease in current and non-current loans and receivables	23 015	-71 052
Increase (-) or decrease in current financial assets	52 141	-140 464
Impact of unrealized exchange results on non working capital items	12 791	-3 356
Cash-out related to derivative financial instruments	-8 665	-
<b>Total</b>	<b>90 222</b>	<b>-206 240</b>

Similarly, of the decrease in current financial assets of € 52.1 million, an amount of € 154.6 million is explained by a reclassification of short-term deposits as cash and cash equivalents.

### 7.2. Effect of new business combinations and business disposals

Early 2010, Bekaert announced the acquisition of two Bridgestone tire cord plants i.e. BMI, Sardinia (Italy) and BSSH, Huizhou (Guangdong Province, China). The acquisition was finalized through a share deal covering 100% of the shares and effective from 31 March. As part of this transaction, Bekaert and Bridgestone have entered into a long-term agreement to supply tire cord to Bridgestone. The business combination fits in the Group's strategy to be the number one global tire cord supplier to the tire industry and reinforces the Group's market leadership in the EMEA region. The total purchase consideration for this deal amounted to € 31.9 million and was settled in cash. The fair value of the net assets acquired was measured at € 32.5 million, resulting into a negative goodwill of € 0.6 million. Consequently, a gain of € 0.6 million was recognized in the non-recurring items section of the income statement. The limited negative goodwill implies that this is an equitable deal.

In accordance with IFRS 3 Business Combinations (revised 2008), acquisition-related costs have been excluded from the consideration paid and recognized as expenses for the period. An amount of € 0.9 million has been reported as administrative expenses in the income statement.

The table below presents the net assets acquired by balance sheet caption, showing the effect of fair value adjustments applied in accordance with IFRS 3 Business Combinations (revised 2008). It also clarifies the amount shown in the consolidated cash flow statement as 'new business combinations'.

Total in thousands of €	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Intangible assets	892	10 632	11 524
Property, plant and equipment	74 187	-37 863	36 324
Deferred tax assets	-	5 474	5 474
Inventories	8 705	2 843	11 548
Trade receivables	13 645	-2 547	11 098
Advances paid	13	-	13
Other receivables	825	-	825
Cash and cash equivalents	2 298	-	2 298
Other current assets	81	-	81
Non-current employee benefit obligations	-1 753	255	-1 498
Provisions	-230	-110	-340
Deferred tax liabilities	-	-3 659	-3 659
Current interest-bearing debt	-31 399	-	-31 399
Trade payables	-6 552	-1	-6 553
Current employee benefit obligations	-1 750	-1	-1 751
Current provisions	-1 244	-	-1 244
Other current liabilities	-230	-	-230
<b>Total net assets acquired in a business combination</b>	<b>57 488</b>	<b>-24 977</b>	<b>32 511</b>
Negative goodwill	-	-	-563
<b>Consideration paid</b>			<b>31 948</b>
Cash acquired			-2 298
<b>New business combinations</b>			<b>29 650</b>

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

The substantial negative fair value adjustment applied to the property, plant and equipment is based on a discounted cash flow model.

Although the supply agreement with Bridgestone represents an intangible asset, its fair value was deemed nil. Of the € -2.5 million fair value adjustments to the trade receivables, only € -0.1 million relates to a general bad debt allowance. The remaining part relates to cut-off adjustments offset by equivalent adjustments to the inventories.

The effect on consolidated sales and on the result for the period is shown below:

in thousands of €	Date of acquisition	Net sales for the period	Result for the period
Bridgestone acquisition	31 March 2010	45 956	-3 744

It is impracticable to recalculate the consolidated sales and results for the period as if the acquisition date were 1 January, mainly because this would cause undue effort and cost in view of its limited relevance.

On 1 July 2010, Bekaert sold its diamond-like carbon coating business to Sulzer (Switzerland). The deal covers the move of 6 production plants (in EMEA and North America) and 150 employees to Sulzer.

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

The table below presents the net assets disposed by balance sheet caption. It also clarifies the amount shown in the consolidated cash flow statement as 'Proceeds from disposal of investments'. The other disposals relate to Bekinit KK (Japan), Precision Surface Technology Pte Ltd (Singapore) and Bekaert Handling Group AS (Denmark), none of which is material enough to be disclosed separately.

in thousands of €	Diamond-like carbon coating business	Composites business	Other disposals	Total disposals
Goodwill	-	-	-33	-33
Property, plant and equipment	-9 204	13	-	-9 191
Investments	-351	-	-649	-1 000
Other non-current assets	-28	-3	-	-31
Deferred tax assets	-103	-374	-	-477
Inventories	-448	-3 395	-	-3 843
Trade receivables	-2 673	-6 493	-	-9 166
Other receivables	-285	-176	-	-461
Cash and cash equivalents	-2 242	-4 979	-	-7 221
Assets held for sale	-	-	-5 964	-5 964
Other current assets	-45	-34	-	-79
Non-controlling interests	-	-	1 121	1 121
Non-current employee benefit obligations	115	74	-	189
Provisions	27	187	-	214
Non-current interest-bearing debt	244	-	-	244
Deferred tax liabilities	1 181	1	-	1 182
Current financial liabilities	28	-508	-	-480
Trade payables	648	3 228	-8	3 868
Advances received	12	272	-	284
Current employee benefit obligations	970	546	-	1 516
Current provisions	-	428	-	428
Income taxes payable	75	-	-	75
Liabilities associated with assets held for sale	-	-	2 658	2 658
Other current liabilities	313	4 836	96	5 245
<b>Total net assets disposed</b>	<b>-11 766</b>	<b>-6 377</b>	<b>-2 779</b>	<b>-20 922</b>
Gain or loss (-) on disposal	-109	-390	-606	-1 105
<b>Consideration received</b>	<b>11 657</b>	<b>5 987</b>	<b>2 173</b>	<b>19 817</b>
Cash disposed	-2 242	-4 979	-	-7 221
<b>Proceeds from disposals of investments</b>	<b>9 415</b>	<b>1 008</b>	<b>2 173</b>	<b>12 596</b>

The contribution of the main disposed businesses to the consolidated sales (before disposal) and to the result for the period (including the result on disposal) is shown below:

in thousands of €	Date of disposal	Net sales for the period	Result for the period
Diamond-like carbon coating business	1 July 2010	8 049	-360
Composites business	22 December 2010	23 467	-3 842

## 7.3. Financial risk management and financial derivatives

### Principles of financial risk management

The Group is exposed to risks from movements in exchange rates, interest rates and market prices that affect its assets and liabilities. Financial risk management within the Group aims at reducing the impact of these market risks through ongoing operational and financing activities. Selected derivative hedging instruments are used depending on the assessment of risk involved. The Group mainly hedges the risks that affect the Group's cash flows. Derivatives are used exclusively as hedging instruments and not for trading or other speculative purposes. To reduce the credit risk, hedging transactions are generally only concluded with financial institutions whose credit rating is at least A.

The guidelines and principles of the Bekaert financial risk policy are defined by the Audit and Finance Committee and overseen by the Board of the Group. Group Treasury is responsible for implementing the financial risk policy. This encompasses defining appropriate policies and setting up effective control and reporting procedures. The Audit and Finance Committee is regularly kept informed as to the currency and interest-rate exposure.

### Currency risk

The Group's currency risk can be split into two categories: translational and transactional currency risk.

#### *Translational currency risk*

A translation risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi (considering the growing weight of the activities in China), US dollar, Czech koruna, Brazilian real and Chilean peso. Since there is no impact on the cash flows, the Group usually does not hedge against such risk. However, in view of its intention to stream up important amounts of dividends from its Chinese subsidiaries, the Group has decided to hedge its translational risk in renminbi. In February 2010, the Group entered into non-deliverable forward contracts (NDFs) with various financial institutions for a total of CNY 1.8 billion with expiry date in November 2010. These NDFs have been designated as an effective net investment hedge, i.e. a hedge of an investment in a foreign operation. As a result of this hedge, cumulative translation adjustments on the Chinese renminbi have decreased by € 8.7 million.

#### *Transactional currency risk*

The Group is exposed to transactional currency risks resulting from its investing, financing and operating activities.

Foreign currency risk in the area of investment results from the acquisition and disposal of investments in foreign companies. At the reporting date, the Group was not exposed to any significant risk from foreign currency transactions in the field of investments. As a consequence, no hedging transactions were outstanding at the reporting date.

Foreign currency risk in the financing area results from financial liabilities in foreign currencies. In line with its policy, Group Treasury hedges these risks. Cross-currency interest-rate swaps and forward exchange contracts are used to convert financial obligations denominated in foreign currencies into the entity's functional currency. At the reporting date, the foreign currency liabilities for which currency risks were hedged consisted of Eurobonds and intercompany loans mainly in euro and US dollar. Due to the hedges, the Group was not exposed to any significant currency risk in the area of financing at the reporting date.

A transactional currency risk has arisen in November 2010 due to administrative delay in the settlement of intra group dividend payments. In December 2010, the group entered into non-deliverable forward contracts (NDFs) with various financial institutions for a total of CNY 2.2 billion with expiry date in January and February 2011. The fair value of these NDFs amounted to a gain of € 0.1 million at the balance sheet date.

Foreign currency risk in the area of operating activities arises from commercial activities with sales and purchases in foreign currencies, as well as payments and receipts of royalties. The Group uses forward exchange contracts to hedge the forecasted cash inflows and outflows for the coming three

months. Significant exposures and firm commitments beyond that time frame may also be covered. Due to the hedges outstanding at the reporting date, the Group was not exposed to any significant currency risk in the area of its operating activities.

### Currency sensitivity analysis

#### Currency sensitivity in relation to the operating activities

The table below summarizes the Group's net foreign currency positions of trade receivables and trade payables at the reporting date for the most important currency pairs. Positive amounts indicate that the Group has a net future cash inflow in the first currency. In the table, the 'Total exposure' column represents the position on the balance sheet, while the 'Total derivatives' column includes all financial derivatives hedging those balance sheet positions as well as forecasted transactions. The annualized volatility is based on the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

Currency pair - 2010 in thousands of €	Annualized volatility in %	Total exposure	Total derivatives	Open position
AUD/USD	23.99%	2 752	-3 146	-393
CAD/CNY	19.02%	63	-347	-283
CAD/USD	19.33%	1 389	-	1 389
CNY/EUR	17.90%	663	-	663
EUR/CNY	17.90%	-23 674	2 246	-21 428
EUR/CZK	8.79%	5 656	1 875	7 531
EUR/GBP	15.57%	-1 797	-	-1 797
EUR/INR	16.01%	-1 420	2 015	595
EUR/JPY	23.51%	979	-	979
EUR/RUB	13.52%	-2 135	-	-2 135
EUR/USD	18.54%	-3 723	10	-3 713
GBP/CZK	18.66%	1 006	-	1 006
GBP/EUR	15.57%	1 168	-1 313	-145
GBP/USD	16.86%	1 206	-	1 206
IDR/USD	10.44%	-1 569	-	-1 569
JPY/CNY	16.64%	1 905	-	1 905
JPY/USD	16.68%	402	-492	-90
NZD/USD	23.81%	151	-157	-6
SGD/CNY	9.45%	1 736	-	1 736
USD/CNY	2.76%	15 394	-16 106	-712
USD/COP	20.09%	-294	106	-187
USD/EUR	18.54%	18 749	-8 965	9 784
USD/INR	14.52%	-8 674	8 462	-213
USD/PEN	7.91%	1 058	-	1 058
USD/SGD	9.97%	-1 144	-	-1 144

Currency pair - 2009 in thousands of €	Annualized volatility in %	Total exposure	Total derivatives	Open position
AUD/USD	31.22%	1 583	-2 152	-569
CHF/EUR	10.48%	-201	-1 618	-1 818
EUR/CNY	20.60%	-2 086	-331	-2 417
EUR/CZK	16.30%	4 192	-1 284	2 908
EUR/GBP	20.37%	-1 148	-	-1 148
EUR/RUB	20.11%	-2 379	-	-2 379
EUR/USD	21.26%	-4 127	-	-4 127
GBP/CZK	24.14%	756	-	756
GBP/EUR	20.37%	655	-3 288	-2 633
JPY/USD	21.66%	902	-1 183	-281
NOK/EUR	64.16%	278	-958	-680
SEK/EUR	19.38%	378	-2 292	-1 914
USD/CNY	2.81%	7 477	-10 430	-2 953
USD/INR	17.75%	-3 015	3 021	6
USD/EUR	21.26%	19 467	-21 407	-1 939
USD/JPY	21.66%	-964	-	-964
USD/PEN	18.14%	4 412	-	4 412

If rates had weakened/strengthened by the above estimated possible changes with all other variables constant, the result for the period before taxes would have been € 0.6 million lower/higher (2009: € 2.1 million).

### Currency sensitivity in relation to hedge accounting

Some derivatives are also part of effective cash flow hedges in relation to the Eurobond issued in 2005 to hedge the currency risk. Exchange rate fluctuations in the currencies involved (US dollar and euro) affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. If the euro had weakened/strengthened by the above estimated possible changes, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.6 million higher/lower (2009: € 0.5 million).

If the euro had weakened/strengthened against the renminbi by the above estimated possible changes, with all other variables constant, the effect of the net investment hedge in China (see Net investment hedge in the 'Consolidated Statement of comprehensive income') on the cumulative translation adjustments (CTA) in shareholders' equity would have been € 37.4 million higher/lower.

### Interest-rate risk

The Group is exposed to interest-rate risk, mainly in the US dollar, Chinese renminbi and euro. To minimize the effects of interest-rate fluctuations in these regions, the Group manages the interest-rate risk for net debt denominated in the respective currencies of these countries separately. General guidelines are applied to cover interest-rate risk:

- The target average life of long-term debt is four years.
- The allocation of long-term debt between floating and fixed interest rates must remain within the defined limits approved by the Audit and Finance Committee.

Group Treasury uses interest-rate swaps and cross-currency interest-rate swaps to ensure that the floating and fixed portions of the long-term debt remain within the defined limits. The Group also purchases forward starting interest-rate options to convert fixed and floating-rate long-term debt to capped long-term debt. As such, the Group is protected against adverse fluctuations in interest rates while still having the ability to benefit from decreasing interest rates.

The following table summarizes the average interest rates at the balance sheet date.

2010	Long-term			Short-term	Total
	Fixed rate	Floating rate	Total		
US dollar	5.39%	6.06%	5.41%	1.65%	3.43%
Chinese renminbi	5.19%	4.88%	5.11%	4.70%	4.86%
Euro	5.54%	4.53%	5.53%	-	5.53%
Other	6.81%	6.12%	6.72%	5.00%	5.45%
<b>Total</b>	<b>5.61%</b>	<b>4.87%</b>	<b>5.56%</b>	<b>3.35%</b>	<b>4.94%</b>

  

2009	Long-term			Short-term	Total
	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%
<b>Total</b>	<b>5.53%</b>	<b>9.45%</b>	<b>5.77%</b>	<b>2.83%</b>	<b>5.19%</b>

### Interest-rate sensitivity analysis

#### Interest-rate sensitivity of the financial debt

As disclosed in note 6.16. 'Interest-bearing debt', the total financial debt of the Group as of 31 December 2010 amounted to € 1 017.2 million (2009: € 739.3 million). The following table shows the currency and interest rate profile, i.e. the percentage distribution of the total financial debt by currency and by type of interest rate (fixed, floating, capped).

Currency and interest rate profile 2010	Long-term			Short-term	Total
	Fixed rate	Floating rate	Capped rate	Floating rate	
US dollar	8.7%	0.3%	-	9.9%	18.9%
Chinese renminbi	7.6%	2.6%	-	17.0%	27.2%
Euro	42.0%	0.4%	2.2%	-	44.6%
Other	2.1%	0.3%	-	6.9%	9.3%
<b>Total</b>	<b>60.4%</b>	<b>3.6%</b>	<b>2.2%</b>	<b>33.8%</b>	<b>100.0%</b>

Currency and interest rate profile 2009	Long-term			Short-term	Total
	Fixed rate	Floating rate	Total	Floating rate	
US dollar	10.6%	0.6%	-	9.1%	20.3%
Chinese renminbi	17.4%	1.4%	-	3.8%	22.6%
Euro	35.1%	1.2%	11.7%	-	48.0%
Other	0.8%	1.8%	-	6.5%	9.1%
<b>Total</b>	<b>63.9%</b>	<b>5.0%</b>	<b>11.7%</b>	<b>19.4%</b>	<b>100.0%</b>

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2010 and 2009, the reasonable estimates of possible interest rate changes, with a 95% confidence interval, are set out in the table below for the main currencies.

Currency	Interest rate at 31 Dec 2010	Annualized volatility in %	Range interest rate
Chinese renminbi <sup>1</sup>	3.69%	18.95%	2.99% - 4.39%
Euro	1.01%	13.39%	0.87% - 1.15%
US dollar	0.30%	35.78%	0.19% - 0.41%

Currency	Interest rate at 31 Dec 2009	Annualized volatility in %	Range interest rate
Chinese renminbi <sup>1</sup>	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%

<sup>1</sup> For the Chinese renminbi, the interest rate is the PBOC benchmark interest rate for lending up to six months.

Applying the estimated possible increase in the interest rates to the floating and capped rated debt, with all other variables constant, the result for the period before tax would have been € 1.2 million lower (2009: € 0.6 million lower). Applying the estimated possible decrease in the interest rates to the floating and capped rated debt, with all other variables constant, the result for the period before tax would have been € 1.2 million higher (2009: € 0.6 million higher).

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

Changes in market interest rates in relation to derivatives that are part of effective cash flow hedges to hedge payment fluctuations resulting from interest movements affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. Applying the estimated possible increases of the interest rates to these transactions, with all other variables constant, the hedging reserve in shareholders' equity would have been € 1.5 million higher (2009: € 2.3 million). Applying the estimated possible decreases of the interest rates to these transactions, with all other variables constant, the hedging reserve in shareholders' equity would have been € 1.7 million lower (2009: € 3.0 million).

### Credit risk

The Group is exposed to credit risk from its operating activities and certain financing activities. In respect of its operating activities, the Group has a credit policy in place, which takes into account the risk profiles of the customers in terms of the market segment to which they belong. Based on activity platform, product sector and geographical area, a credit risk analysis is made of customers and a decision is taken regarding the covering of the credit risk. The exposure to credit risk is monitored on an ongoing basis and credit evaluations are made of all customers. In terms of the characteristics of some steel wire activities with a limited number of global customers, the concentration risk is closely

monitored and, in combination with the existing credit policy, action is taken as and when needed. Based on this credit strategy, the credit risk exposure was 54.8% (2009: 46.2%) covered by credit insurance policies and by trade finance techniques as at 31 December 2010. In respect of financing activities, transactions are normally concluded with counterparties that have at least an A credit rating. There are also limits allocated to each counterparty which depend on their rating. Due to this approach, the Group considers the risk of counterparty default to be limited in both operating and financing activities.

### Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines at its disposal in the major currencies and in amounts considered adequate for current and near-future financial needs. These facilities are generally of the mixed type and may be utilized, for example, for advances, overdrafts, acceptances and discounting. The Group also has committed credit facilities at its disposal up to a maximum equivalent of € 125.0 million (2009: € 125.0 million) at floating interest rates with fixed margins. These credit facilities will mature in 2012 and 2013. At year-end, € 4.4 million was outstanding under these facilities (2009: € 2.5 million). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2009: € 123.9 million). No commercial paper notes were outstanding as at 31 December 2010 (2009: none).

The total contractually agreed outflows of the Group's financial liabilities (including interest payments, trade and other payables, without compensation for gross settled derivatives) as at 31 December 2010 are: € 830.7 million in 2011, € 276.9 million in 2012, € 554.8 million for 2013-2015 and € 119.8 million in 2016 and later.

The following table shows the Group's contractually agreed (undiscounted) outflows in relation to financial liabilities. Only net interest payments and principal repayments are included.

<b>2010</b> in thousands of €	<b>2011</b>	<b>2012</b>	<b>2013-2015</b>	<b>2016 and thereafter</b>
Financial liabilities - principal				
<i>Trade payables</i>	-341 664	-	-	-
<i>Other payables</i>	-176 300	-	-	-
<i>Interest-bearing debt</i>	-320 315	-232 569	-367 919	-100 000
<i>Derivatives - gross settled</i>	-116 485	-	-115 851	-5 969
Financial liabilities - interests				
<i>Interest-bearing debt</i>	-44 192	-37 645	-51 820	-13 500
<i>Derivatives - net settled</i>	-2 052	-1 866	-3 092	-
<i>Derivatives - gross settled</i>	-5 957	-4 835	-16 142	-283
<b>Total undiscounted cash flow</b>	<b>-1 006 965</b>	<b>-276 915</b>	<b>-554 824</b>	<b>-119 752</b>
<b>2009</b> in thousands of €	<b>2010</b>	<b>2011</b>	<b>2012-2014</b>	<b>2015 and thereafter</b>
Financial liabilities - principal				
<i>Trade payables</i>	-244 337	-	-	-
<i>Other payables</i>	-76 409	-	-	-
<i>Interest-bearing debt</i>	-143 152	-66 666	-438 637	-100 036
<i>Derivatives - gross settled</i>	-88 316	-	-6 890	-90 823
Financial liabilities - interests				
<i>Interest-bearing debt</i>	-33 940	-31 522	-63 789	-4 125
<i>Derivatives - net settled</i>	-2 429	-1 442	-1 326	-479
<i>Derivatives - gross settled</i>	-4 541	-3 430	-13 915	-4 809
<b>Total undiscounted cash flow</b>	<b>-593 124</b>	<b>-103 060</b>	<b>-524 557</b>	<b>-200 272</b>

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities is not included. Amounts in foreign currencies have been translated at the closing rate at the reporting date. The variable interest



payments arising from the financial instruments were calculated using the applicable forward interest rates.

## Hedging

All financial derivatives the Group enters into, relate to an underlying transaction or forecasted exposure. In function of the expected impact on the income statement and if the stringent IAS 39 criteria are met, the Group decides on a case by case basis whether hedge accounting will be applied. The following sections describe the transactions whereby hedge accounting is applied and transactions which do not qualify for hedge accounting but constitute an economical hedge.

### **Hedge accounting**

Depending on the nature of the hedged exposure, IAS 39 makes a distinction between fair value hedges, cash flow hedges and hedges of a net investment. Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets and liabilities. Cash flow hedges are hedges of the exposure to variability in future cash flows related to recognized assets or liabilities, highly probable forecasted transactions or unrecognized firm commitments. Hedges of a net investment are hedges of the exposure to variability of the net investment in the assets of an entity with a different functional currency.

### **Fair value hedges**

In 2005, Bekaert Corporation, a US based entity, issued a fixed rated 100 million Eurobond. Simultaneously, the entity also entered into two € 50.0 million cross-currency interest-rate swap to convert half of the fixed euro payments into floating US dollar payments and the other half of the fixed euro payments into fixed US dollar payments. During 2005, the entity reduced its floating US dollar exposure from € 50.0 million to € 30.9 million.

The Group has designated the portion of € 30.9 million from the 2005 Eurobond as a hedged item in a fair value hedge (the remaining € 69.1 million is treated as a hedged item in a cash flow hedge – see next section). The changes in the fair values of the hedged items resulting from changes in the spot rate USD/EUR are offset against the changes in the value of the cross-currency interest-rate swaps. Credit risks are not addressed or covered by this hedging.

The Group has designated cross-currency interest-rate swaps with an aggregate notional amount of € 30.9 million (2009: € 30.9 million) as fair value hedges as at 31 December 2010, the fair value amounting to € 2.1 million (2009: € 3.7 million). The change in fair value of the hedging instruments during 2010 resulted in a loss of € 1.9 million (2009: € 37.1 million loss) which was recognized in other financial income and expenses. The remeasurement of the hedged items resulted in a gain of € 2.0 million (2009: € 37.1 million gain), and this was also recognized in other financial income and expenses.

### **Cash flow hedges**

The currency risk and interest-rate risk resulting from the remaining € 69.1 million of the 2005 Eurobond (see previous section on fair value hedges) has been hedged using a cross-currency interest-rate swap for € 50 million and a combination of a cross-currency interest-rate swap and an interest-rate swap for € 19.1 million. These financial derivatives convert fixed euro payments into fixed US dollar payments. The Group has designated the related portion of the Eurobond as a hedged item. The objective of the hedge is to eliminate the risk from payment fluctuations as a result of changes in the exchange and interest rates. Credit risks are not addressed or covered by this hedging.

As at 31 December 2010, the Group has designated cross-currency interest-rate swaps and interest-rate swaps with notional amounts totaling € 88.2 million (2009: € 88.2 million) as cash flow hedges, the fair value amounting to € -2.7 million (2009: € 3.6 million). During 2010, losses totaling € 6.6 million (2009: € 8.2 million gains) resulting from the change in fair values of cross-currency and interest-rate swaps were taken directly to equity (hedging reserve). These changes represent the effective portion of the hedge relationship. A total amount of € 5.4 million was credited to equity (hedging reserve) against other financial income and expenses to offset the unrealized exchange gains (2009: losses of € 2.4 million) recognized on the remeasurement of the Eurobond at closing rate.

### Hedges of a net investment

In February 2010 the Group has entered into non-deliverable forward (NDF) contracts amounting to a sale of CNY 1 837 million against € 200 million to be settled on 30 November 2010. The Group thereby intended to lock in the euro amounts of a part of the dividends expected to be declared by Bekaert Binjiang Steel Cord Co Ltd, a Chinese subsidiary with functional currency renminbi, to Bekaert Specialty Wire Products Hong Kong Limited, its parent with functional currency euro. The Group has designated these NDFs as a hedge of its net investment in Bekaert Binjiang Steel Cord Co Ltd. No ineffectiveness has been recognized in profit or loss on these NDFs throughout the period. In accordance with IAS 39, the loss of € 8.7 million on the settlement of the NDFs has been recognized directly in equity (in cumulative translation adjustments).

The Group has no outstanding transactions for hedging a net investment at the balance sheet date.

### Economic hedging

The Group also uses financial instruments that represent an economic hedge but for which no hedge accounting is applied, either because the criteria to qualify for hedge accounting defined in IAS 39 'Financial Instruments: Recognition and Measurement' are not met or because the Group has elected not to apply hedge accounting. These derivatives are treated as free-standing instruments held for trading.

- The Group uses cross-currency interest-rate swaps and forward exchange contracts to hedge the currency risk on intercompany loans involving two entities with different functional currencies. Until now, the Group has elected not to apply hedge accounting as defined in IAS 39 since nearly all cross-currency interest-rate swaps are floating-to-floating and, hence, the fair value gain or loss on the financial instruments is expected to offset the foreign-exchange result arising from the remeasurement of the intercompany loans. The Group has entered into cross-currency interest-rate swaps with notional amounts totaling € 143.0 million (2009: € 95.6 million), the fair value amounting to € 0.5 million (2009: € -2.1 million). The major currencies involved are US dollars, Canadian dollars and British pounds. Foreign-exchange contracts represented a notional amount of € 75.6 million (2009: € 47.2 million) with a fair value close to nil (2009: € -0.3 million). During 2010, a gain of € 2.8 million (2009: loss of € 3.2 million) resulting from changes in the fair values of cross-currency interest-rate swaps and forward exchange contracts was recognized under other financial income and expenses. A gain of € 3.7 million (2009: gain of € 1.0 million) has been recognized under unrealized exchange results arising on the remeasurement of the intercompany loans at spot rate.
- To manage its interest-rate exposure, the Group uses interest-rate swaps, forward rate agreements and interest-rate options to convert its floating-rate debt to a fixed and/or capped rate debt. Except for an interest-rate swap for USD 25.0 million, none of these interest-rate derivatives were designated as hedges as defined in IAS 39. As at 31 December 2010, the interest-rate exposure of debt was hedged using interest-rate swaps for a total gross amount of € 115.0 million (2009: € 320.1 million). The Group also purchased additional interest-rate options which resulted at year-end in an outstanding notional amount totaling € 25.0 million (2009: € 127.8 million). No forward rate agreements were outstanding at 31 December 2010 (2009: none). The fair value at year-end of the interest-rate swaps amounted to € -3.6 million (2009: € 3.4 million) and that of the interest-rate options close to nil (2009: € 1.9 million). During 2010, a loss of € 1.8 million (2009: € 1.1 million gain) resulting from the changes in fair values was recognized under other financial income and expenses.
- The Group uses forward exchange contracts to limit its commercial foreign-exchange risk. Since the Group has not designated its forward exchange contracts as cash flow hedges, the fair value change is recorded immediately under other financial income and expenses. As at 31 December 2010, the notional amount of the forward exchange contracts relating to commercial transactions was € 42.2 million (2009: € 58.6 million). The fair value at year-end amounted to € -0.2 million (2009: € -0.7 million), with a gain of € 0.4 million (2009: € 0.2 million loss). An additional loss of € 0.7 million (2009: € 1.2 million loss) was incurred from unrealized exchange losses on receivables and payables. However, the forward exchange contracts also relate to forecasted commercial transactions, for which there is no offsetting position on the balance sheet.
- Finally, the Group has entered into non-deliverable forward contracts (NDFs) for a notional amount of € 249.4 million with expiry date in January and February 2011 to limit its foreign exchange risk on

dividends receivable from its Chinese subsidiaries. The fair value of these NDFs amounted to a gain of € 0.1 million.

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

2010 in thousands of €	Due between		
	Due within one year	one and 5 years	Due after more than 5 years
Interest-rate swaps	114 807	48 645	-
Interest-rate options	25 000	-	-
Forward exchange contracts	367 173	-	-
Cross-currency interest-rate swaps	120 532	115 851	5 969
<b>Total</b>	<b>627 512</b>	<b>164 496</b>	<b>5 969</b>

2009 in thousands of €	Due between		
	Due within one year	one and 5 years	Due after more than 5 years
Interest-rate swaps	166 649	108 299	45 120
Interest-rate options	102 766	25 000	-
Forward exchange contracts	105 793	-	-
Cross-currency interest-rate swaps	88 316	6 890	90 823
<b>Total</b>	<b>463 524</b>	<b>140 189</b>	<b>135 943</b>

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		Liabilities	
	2010	2009	2010	2009
<b>Financial instruments</b>				
Forward exchange contracts				
<i>Held for trading</i>	674	597	925	1 521
Interest-rate options				
<i>Held for trading</i>	38	1 931	-	-
Interest-rate swaps				
<i>Held for trading</i>	378	330	3 966	3 761
<i>In connection with cash flow hedges</i>	-	-	2 042	-
Cross-currency interest-rate swaps				
<i>Held for trading</i>	20 668	13 016	20 207	15 115
<i>In connection with fair value hedges</i>	2 141	3 745	-	-
<i>In connection with cash flow hedges</i>	1 325	4 894	1 940	1 291
<b>Total</b>	<b>25 224</b>	<b>24 513</b>	<b>29 080</b>	<b>21 688</b>
Non-current	3 760	9 833	8 949	4 957
Current	21 464	14 680	20 131	16 731
<b>Total</b>	<b>25 224</b>	<b>24 513</b>	<b>29 080</b>	<b>21 688</b>

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

2010 in thousands of €	Hedged item	Hedging instrument	Recognized in equity	Impact on income statement
Fair value hedges	Fair value changes	Fair value changes		
<i>Cross-currency interest-rate swaps</i>	1 982	-1 911	-	71
Cash flow hedges	Spot price changes	Fair value changes		
<i>Cross-currency interest-rate swaps and interest-rate swaps</i>	5 440	-6 590	-1 150	-
<i>Discontinued hedge relationship - depreciation</i>	-	-	82	-82
	<b>Underlying risk</b>	<b>Financial derivative</b>		
Held for trading	Spot price changes	Fair value changes		
<i>Cross-currency interest-rate swaps</i>	2 237	2 633	-	4 870
<i>Interest-rate swaps</i>	-	63	-	63
<i>Interest-rate options</i>	-	-1 894	-	-1 894
<i>Forward exchange contracts relating to intercompany loans</i>	1 505	124	-	1 629
<i>relating to intercompany dividends</i>	-81	81	-	-
<i>relating to commercial transactions</i>	-743	389	-	-354
<b>Total</b>	-	-	<b>-1 068</b>	<b>4 303</b>

Of the total income statement effect in 2010, € 4.4 million is recognized in other financial income and expenses and € -0.1 million, i.e. the depreciation relating to the discontinued hedge relationship, is recognized in interest expense.

2009 in thousands of €	Hedged item	Hedging instrument	Recognized in equity	Impact on income statement
Fair value hedges	Fair value changes	Fair value changes		
<i>Cross-currency interest-rate swaps</i>	37 140	-37 121	-	19
Cash flow hedges	Spot price changes	Fair value changes		
<i>Cross-currency interest-rate swaps and interest-rate swaps</i>	-2 424	8 242	5 818	-
<i>Discontinued hedge relationship - depreciation</i>	-	-	81	-81
	<b>Underlying risk</b>	<b>Financial derivative</b>		
Held for trading	Spot price changes	Fair value changes		
<i>Cross-currency interest-rate swaps</i>	1 069	-2 268	-	-1 199
<i>Interest-rate swaps</i>	-	1 188	-	1 188
<i>Forward rate agreements</i>	-	568	-	568
<i>Interest-rate options</i>	-	-692	-	-692
<i>Forward exchange contracts relating to intercompany loans</i>	-114	-894	-	-1 008
<i>relating to commercial transactions</i>	-1 220	-210	-	-1 430
<b>Total</b>	-	-	<b>5 899</b>	<b>-2 635</b>

Of the total income statement effect in 2009, € -2.6 million is recognized in other financial income and expenses and € -0.1 million, i.e. the depreciation relating to the discontinued hedge relationship, is recognized in interest expense.

### Additional disclosures on financial instruments by class and category

The following tables list the different classes of financial assets and liabilities with their carrying amounts in the balance sheet and their respective fair value and analyzed by their measurement category in accordance with IAS 39, Financial Instruments: Recognition and Measurement or IAS 17, Leases.

Cash and cash equivalents, short-term deposits, trade and other receivables, loans and receivables primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values. Furthermore, the Group has no exposure to collateralized debt obligations (CDOs). Trade and other payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values.

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

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

2010 in thousands of €	Category in accordance with IAS 39	Carrying	Amounts recognized in balance sheet in accordance with IAS 39 at		Amounts recognized in balance sheet in accordance with IAS 17		Fair value
		amount 2010	Amortized cost	Fair value through equity	Fair value through profit or loss	in balance sheet in accordance with IAS 17	2010
<b>Assets</b>							
Cash and cash equivalents	L&R	338 238	338 238	-	-	-	338 238
Short-term deposits	L&R	104 699	104 699	-	-	-	104 699
Trade receivables	L&R	774 308	774 308	-	-	-	774 308
Other receivables	L&R	63 942	63 942	-	-	-	63 942
Loans and receivables	L&R	57 573	57 573	-	-	-	57 573
Available for sale financial assets	AfS	23 176	789	22 387	-	-	23 176
Derivative financial assets							
- without a hedging relationship	FAFVTPL	21 759	-	-	21 759	-	21 759
- with a hedging relationship	Hedge accounting	3 465	-	1 324	2 141	-	3 465
<b>Liabilities</b>							
Interest-bearing debt							
- finance leases	n.a.	195	-	-	-	195	195
- credit institutions	FLMaAC	419 068	419 068	-	-	-	419 068
- credit institutions	Hedge accounting	-	-	-	-	-	-
- bonds	Hedge accounting	101 540	69 107	-	32 433	-	104 986
- bonds	FLMaAC	500 000	500 000	-	-	-	527 830
Trade payables	FLMaAC	341 664	341 664	-	-	-	341 664
Other payables	FLMaAC	176 300	176 300	-	-	-	176 300
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	25 099	-	-	25 099	-	25 099
- with a hedging relationship	Hedge accounting	3 981	-	3 981	-	-	3 981
<b>Aggregated by category in accordance with IAS 39</b>							
Loans and receivables	L&R	1 338 760	1 338 760	-	-	-	1 338 760
Available-for-sale financial assets	AfS	23 176	789	22 387	-	-	23 176
Financial assets - hedge accounting	Hedge accounting	3 465	-	1 324	2 141	-	3 465
Financial assets at fair value through profit or loss	FAFVTPL	21 759	-	-	21 759	-	21 759
Financial liabilities measured at amortized cost	FLMaAC	1 437 032	1 437 032	-	-	-	1 464 862
Financial liabilities - hedge accounting	Hedge accounting	105 521	69 107	3 981	32 433	-	108 967
Financial liabilities at fair value through profit or loss	FLFVTPL	25 099	-	-	25 099	-	25 099

2009 in thousands of €	Category in accordance with IAS 39	Carrying	Amounts recognized in balance sheet in accordance with IAS 39 at		Fair value through equity	Fair value through profit or loss	Amounts recognized in balance sheet in accordance with IAS 17	Fair value
		amount 2009	Amortized cost	2009				2009
<b>Assets</b>								
Cash and cash equivalents	L&R	121 171	121 171	-	-	-	-	121 171
Short term deposits	L&R	154 636	154 636	-	-	-	-	154 636
Trade receivables	L&R	479 630	479 630	-	-	-	-	479 630
Other receivables	L&R	49 289	49 289	-	-	-	-	49 289
Loans and receivables	L&R	73 924	73 924	-	-	-	-	73 924
Available for sale financial assets	AfS	23 929	878	23 051	-	-	-	23 929
Derivative financial assets								
- without a hedging relationship	FAFVTPL	15 874	-	-	-	15 874	-	15 874
- with a hedging relationship	Hedge accounting	8 639	-	4 894	-	3 745	-	8 639
<b>Liabilities</b>								
Interest-bearing debt								
- finance leases	n.a.	494	-	-	-	-	494	490
- credit institutions	FLMaAC	247 998	247 998	-	-	-	-	247 998
- credit institutions	Hedge accounting	-	-	-	-	-	-	-
- bonds	Hedge accounting	101 014	69 107	-	31 907	-	-	103 283
- bonds	FLMaAC	400 000	400 000	-	-	-	-	425 563
Trade payables	FLMaAC	244 337	244 337	-	-	-	-	244 337
Other payables	FLMaAC	76 409	76 409	-	-	-	-	76 409
Derivative financial liabilities								
- without a hedging relationship	FLFVTPL	20 397	-	-	-	20 397	-	20 397
- with a hedging relationship	Hedge accounting	1 291	-	1 291	-	-	-	1 291
<b>Aggregated by category in accordance with IAS 39</b>								
Loans and receivables	L&R	878 650	878 650	-	-	-	-	878 650
Available-for-sale financial assets	AfS	23 929	878	23 051	-	-	-	23 929
Financial assets - hedge accounting	Hedge accounting	8 639	-	4 894	-	3 745	-	8 639
Financial assets at fair value through profit or loss	FAFVTPL	15 874	-	-	-	15 874	-	15 874
Financial liabilities measured at amortized cost	FLMaAC	968 744	968 744	-	-	-	-	994 307
Financial liabilities - hedge accounting	Hedge accounting	102 305	69 107	1 291	-	31 907	-	104 574
Financial liabilities at fair value through profit or loss	FLFVTPL	20 397	-	-	-	20 397	-	20 397

## Financial instruments by fair value measurement hierarchy

The fair value measurement of financial assets and financial liabilities can be characterized in one of the following ways:

- *'Level 1'* fair value measurement: the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices in active markets for identical assets and liabilities. This mainly relates to available-for-sale financial assets such as the investment in Shougang Concord Century Holdings Ltd (see note 6.5. 'Other non-current assets').
- *'Level 2'* fair value measurement: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments. Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. Interest-rate swaps, forward rate agreements and interest-rate options are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates adjusted for the Group's credit spread. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward exchange rates, quoted interest rates adjusted for the Group's credit spread and applicable yield curves derived there from.
- *'Level 3'* fair value measurement: the fair values of the remaining financial assets and financial liabilities are derived from valuation techniques which include inputs which are not based on observable market data. As at the balance sheet date, no 'Level 3' techniques were used to determine the fair value of any financial assets or financial liabilities.

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

<b>2010</b> in thousands of €	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets - hedge accounting				
<i>Derivative financial assets</i>	-	3 465	-	3 465
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	21 759	-	21 759
Available-for-sale financial assets				
<i>Equity investments</i>	22 387	-	-	22 387
<b>Total assets</b>	<b>22 387</b>	<b>25 224</b>	<b>-</b>	<b>47 611</b>
Financial liabilities - hedge accounting				
<i>Interest-bearing debt</i>	-	32 433	-	32 433
<i>Derivative financial liabilities</i>	-	3 981	-	3 981
Financial liabilities at fair value through profit or loss				
<i>Derivative financial liabilities</i>	-	25 099	-	25 099
<b>Total liabilities</b>	<b>-</b>	<b>61 513</b>	<b>-</b>	<b>61 513</b>



<b>2009</b>				
in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets - hedge accounting				
<i>Derivative financial assets</i>	-	8 639	-	8 639
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	15 874	-	15 874
Available-for-sale financial assets				
<i>Equity investments</i>	23 051	-	-	23 051
<b>Total assets</b>	<b>23 051</b>	<b>24 513</b>	<b>-</b>	<b>47 564</b>
Financial liabilities - hedge accounting				
<i>Interest-bearing debt</i>	-	31 907	-	31 907
<i>Derivative financial liabilities</i>	-	1 291	-	1 291
Financial liabilities at fair value through profit or loss				
<i>Derivative financial liabilities</i>	-	20 397	-	20 397
<b>Total liabilities</b>	<b>-</b>	<b>53 595</b>	<b>-</b>	<b>53 595</b>

There were no transfers between Level 1 and 2 in the period.

### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the net debt and equity balance. The Group's overall strategy remains unchanged from 2009. Actions are taken to increase the average tenor of the debt.

The capital structure of the Group consists of net debt, which includes the elements disclosed in note 6.16. 'Interest-bearing debt', and equity (both attributable to the Group and to non-controlling interests).

### Gearing ratio

The Group's Audit and Finance Committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 50% determined as the proportion of net debt to equity.

<b>Gearing</b>		
in thousands of €	2010	2009
Net debt	521 865	395 364
Equity	1 696 627	1 373 581
<b>Net debt to equity ratio</b>	<b>30,8%</b>	<b>28,8%</b>

## 7.4. Off-balance-sheet commitments

As at 31 December, the important commitments were:

in thousands of €	2010	2009
Guarantees given to third parties on behalf of subsidiaries	378 835	247 770
Commitments to purchase fixed assets	33 755	14 270
Commitments to invest in venture capital funds	1 465	2 058

The increase in guarantees given to third parties mainly relates to the higher draw downs by the Chinese and Indian companies.

The Group has entered into several rental contracts classified as operating leases mainly with respect to vehicles and buildings, predominantly in Europe. A large portion of the contracts contain a renewal clause, except those relating to most of the vehicles and the equipment. The assets are not subleased to a third party.

Future payments in thousands of €	2010	2009
Within one year	14 956	14 045
Between one and five years	27 834	19 007
More than five years	11 547	183
<b>Total</b>	<b>54 337</b>	<b>33 235</b>

Expenses in thousands of €	2010	2009
Vehicles	9 323	6 372
Industrial buildings	4 493	5 185
Equipment	1 899	1 763
Offices	5 259	4 560
Other	1 009	970
<b>Total</b>	<b>21 983</b>	<b>18 850</b>

2010	Weighted average lease term (in years)	Weighted average fixed period of rental (in years)
Vehicles	3	3
Industrial buildings	7	4
Equipment	4	4
Offices	4	4
Other	11	3

2009	Weighted average lease term (in years)	Weighted average fixed period of rental (in years)
Vehicles	4	4
Industrial buildings	4	4
Equipment	4	4
Offices	4	4
Other	17	3

No major contingent assets or liabilities have been identified, which relate to the fully consolidated companies. The entities of the Group are subjected to regular tax audits in their jurisdictions. While the ultimate outcome of tax audits is not certain, we have considered the merits of our filing positions in our overall evaluation of potential tax liabilities and believe we have adequate liabilities recorded in our consolidated financial statements for exposures on these matters. Based on our evaluation of the potential tax liabilities and the merits of our filing positions, we also believe it is unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in our consolidated financial statements will be material to our financial condition (see note 6.4. 'Investments in joint ventures and associates' for tax contingencies relating to joint ventures and associates).

## 7.5. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note. Transactions with other related parties are disclosed below.

<b>Transactions with joint ventures and associates</b> in thousands of €	<b>2010</b>	<b>2009</b>
Sales of goods	29 556	14 603
Purchases of goods	14 661	8 680
Royalties and management fees received	9 741	7 369
Interest and similar income	135	6
Dividends received	39 761	41 066
<b>Outstanding balances with joint ventures and associates</b> in thousands of €	<b>2010</b>	<b>2009</b>
Trade receivables	10 459	5 384
Other current receivables	122	150
Trade payables	5 457	2 321

None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24 Related Party Disclosures.

Total Key Management includes the Board of Directors, the CEO, the members of the Bekaert Group Executive (see last page of the Financial Review) and Senior Management (see last page of the Financial Review).

<b>Total Key Management remuneration</b> in thousands of €	<b>2010</b>	<b>2009</b>
Number of persons	36	37
Short-term employee benefits		
<i>Basic remuneration</i>	6 388	6 055
<i>Variable remuneration</i>	3 275	2 955
<i>Remuneration as directors of subsidiaries</i>	921	817
Post-employment benefits		
<i>Defined-benefit pension plans</i>	528	486
<i>Defined-contribution pension plans</i>	527	498
Share-based payment benefits	1 642	863
<b>Total gross remuneration</b>	<b>13 281</b>	<b>11 674</b>
Average gross remuneration per person	369	316
Number of subscription rights and options granted (stock option plans)	158 400	217 500

The disclosures relating to the Belgian Corporate Governance Code are included in the Corporate Governance Statement of this annual report.

## 7.6. Events after the balance sheet date

A first offer of 398 400 options was made on 16 December 2010 under the terms of the SOP 2010-2014 stock option plan. 360 925 of those options were accepted, and were granted on 14 February 2011. Their exercise price is € 77.000. The granted options represent a fair value of € 6.4 million.

## 7.7. Services provided by the statutory auditor and related persons

During 2010, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 003 964. These fees relate essentially to further assurance services (€ 164 877), tax advisory services (€ 824 420) and other non-audit services (€ 14 667). The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 1 642 306.

## 7.8. Subsidiaries, joint ventures and associates

### Companies forming part of the Group as at 31 December 2010

#### Subsidiaries

<i>Industrial companies</i>	<i>Address</i>	<i>%</i>
<b>EMEA</b>		
Bekaert Advanced Coatings NV	Deinze, Belgium	100
Bekaert Advanced Filtration SA	Sprimont, Belgium	100
Bekaert Bohumín sro	Bohumín, Czech Republic	100
Bekaert Carding Solutions Ltd	Bradford, United Kingdom	100
Bekaert Carding Solutions NV	Zwevegem, Belgium	100
Bekaert Combustion Technology BV	Assen, Netherlands	100
Bekaert Hemiksem NV	Zwevegem, Belgium	100
Bekaert Hlohovec as	Hlohovec, Slovakia	100
Bekaert Izmit Celik Kord Sanayi ve Ticaret AS	Izmit, Turkey	100
Bekaert Petrovice sro	Petrovice, Czech Republic	100
Bekaert Sardegna SpA	Assemini, Italy	100
Bekaert Slovakia sro	Sládkovičovo, Slovakia	100
Bekintex NV	Wetteren, Belgium	100
Cold Drawn Products Ltd	Bradford, United Kingdom	100
Industrias del Ubierna SA	Burgos, Spain	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	100
Solaronics SA	Armentières, France	100
<b>North America</b>		
Bekaert Canada Ltd	Vancouver, Canada	100
Bekaert Corporation	Wilmington (Delaware), United States	100
Bekaert Specialty Films LLC	Wilmington (Delaware), United States	100
<b>Latin America</b>		
Ideal Alambrec SA	Quito, Ecuador	80
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	80
Productos de Acero Cassadó SA	Callao, Peru	52
Vicson SA	Valencia, Venezuela	80
<b>Asia Pacific</b>		
Bekaert Ansteel Tire Cord (Chongqing) Co Ltd	Chongqing, China	50
Bekaert Binjiang Advanced Products Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Carding Solutions Pvt Ltd	Pune, India	100
Bekaert (China) Technology Research and Development Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	100
Bekaert (Jiangyin) Advanced Coatings Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	82
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	100
Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	100
Bekaert-Shenyang Steel Cord Co Ltd	Shenyang (Liaoning province), China	98
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	70
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
Mukand Bekaert Wire Industries Pvt Ltd	Pune, India	74
PT Bekaert Advanced Filtration	Karawang, Indonesia	100
PT Bekaert Indonesia	Karawang, Indonesia	100
Shanghai Bekaert-Ergang Co Ltd	Shanghai, China	70
Wuxi Bekaert Textile Machinery and Accessories Co Ltd	Wuxi (Jiangsu province), China	75

<b>Sales offices, warehouses and others</b>	<b>Address</b>	<b>%</b>
<b>EMEA</b>		
Barnards Unlimited	Bradford, United Kingdom	100
Bekaert AS	Vejle, Denmark	100
Bekaert Carding Solutions SAS	Armentières, France	100
Bekaert CEB Technologies BV	Assen, Netherlands	100
Bekaert Combustion Technology Ltd	Solihull, United Kingdom	100
Bekaert Emirates LLC	Dubai, United Arab Emirates	49
Bekaert France SAS	Antony, France	100
Bekaert Ges mbH	Vienna, Austria	100
Bekaert GmbH	Friedrichsdorf, Germany	100
Bekaert Ltd	Bradford, United Kingdom	100
Bekaert Middle East LLC	Dubai, United Arab Emirates	49
Bekaert Norge AS	Frogner, Norway	100
Bekaert Poland Sp z oo	Warsaw, Poland	100
Bekaert Romania SRL	Bucharest, Romania	100
Bekaert (Schweiz) AG	Baden, Switzerland	100
Bekaert Specialty Films Nordic AB	Norrköping, Sweden	100
Bekaert Specialty Films (UK) Ltd	Grimley, United Kingdom	100
Bekaert Svenska AB	Gothenburg, Sweden	100
Bekaert Tarak Aksesuarları ve Makineleri Ticaret AS	Istanbul, Turkey	100
Lane Brothers Engineering Industries	Bradford, United Kingdom	100
Leon Bekaert SpA	Trezzano Sul Naviglio, Italy	100
OOO Bekaert Wire	Moscow, Russian Federation	100
Rylands-Whitecross Ltd	Bradford, United Kingdom	100
Sentinel (Wire Products) Ltd	Bradford, United Kingdom	100
Sentinel Wire Fencing Ltd	Bradford, United Kingdom	100
Solaronics AB	Vänernborg, Sweden	100
Solaronics GmbH	Achim, Germany	100
Solaronics Oy	Vantaa, Finland	100
Tinsley Wire Ltd	Bradford, United Kingdom	100
Twil Company	Bradford, United Kingdom	100
<b>North America</b>		
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Saint John, Canada	100
Bekaert Carding Solutions Inc	Wilmington (Delaware), United States	100
Bekaert Specialty Films (Canada) Inc	Oakville, Canada	100
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	100
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	100
Specialty Films de Services Company SA de CV	Monterrey, Mexico	100
<b>Latin America</b>		
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	100
Prodac Contrata SAC	Lima, Peru	52
Prodac Selva SAC	Ucayali, Peru	52
Productos de Alambre de Guatemala SA	Ciudad de Guatemala, Guatemala	100
<b>Asia Pacific</b>		
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Japan Co Ltd	Tokyo, Japan	100
Bekaert Korea Ltd	Seoul, Korea	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Singapore Pte Ltd	Singapore	100
Bekaert Specialty Films Australia Pty Ltd	Seven Hills, Australia	100
Bekaert Specialty Films (SEA) Pte Ltd	Singapore	100
Bekaert Specialty Films (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	100

<b>Financial companies</b>	<b>Address</b>	<b>%</b>
Alambres Andinos SA (Alansa)	Quito, Ecuador	80
Becare Ltd	Dublin, Ireland	100
Bekaert Building Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Carding Solutions Hong Kong Ltd	Hong Kong, China	100
Bekaert Coördinatiecentrum NV	Zwevegem, Belgium	100
Bekaert do Brasil Ltda	Contagem, Brazil	100
Bekaert Holding BV	Assen, Netherlands	100
Bekaert Holding Hong Kong Ltd	Hong Kong, China	100
Bekaert Ibérica Holding SL	Burgos, Spain	100
Bekaert Ideal SL	Burgos, Spain	80
Bekaert Industrial Coatings Hong Kong Ltd	Hong Kong, China	100
Bekaert Investments NV	Zwevegem, Belgium	100
Bekaert Investments Italia SpA	Trezzano Sul Naviglio, Italy	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	100
Bekaert Specialty Films Hong Kong Ltd	Hong Kong, China	100
Bekaert Specialty Wire Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Stainless Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Steel Cord Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	100
Bekaert Wire Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Xinyu Hong Kong Limited	Hong Kong, China	100
InverVicson SA	Valencia, Venezuela	80
Sentinel Garden Products Ltd	Bradford, United Kingdom	100
<b>Joint ventures</b>		
<b>Industrial companies</b>	<b>Address</b>	<b>%</b>
<b>Latin America</b>		
Acma SA <sup>1</sup>	Santiago, Chile	50
Acmanet SA <sup>1</sup>	Talcahuano, Chile	50
Belgo Bekaert Arames Ltda	Contagem, Brazil	45
Belgo Bekaert Nordeste SA <sup>2</sup>	Feira de Santana, Brazil	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	45
Industrias Chilenas de Alambre - Inchalam SA <sup>1</sup>	Talcahuano, Chile	50
Procables SA <sup>1</sup>	Callao, Peru	48
Productos de Acero SA Prodinsa <sup>1</sup>	Maipu, Chile	50
Transportes Puelche Ltda <sup>1</sup>	Talcahuano, Chile	50
Wire Rope Industries Ltd <sup>1</sup>	Pointe-Claire, Canada	50
<b>Sales offices, warehouses and others</b>	<b>Address</b>	<b>%</b>
<b>EMEA</b>		
Bekaert Faser Vertriebs GmbH	Idstein, Germany	50
Netlon Sentinel Ltd	Blackburn, United Kingdom	50
<b>Latin America</b>		
Prodalam SA <sup>1</sup>	Santiago, Chile	50
Prodinsa Ingeniería y Proyectos SA <sup>1</sup>	Santiago, Chile	50
Wire Rope Industries Inc <sup>1</sup>	Wilmington (Delaware), United States	50
<b>Asia Pacific</b>		
Bekaert Engineering (India) Pvt Ltd	New Delhi, India	40
BOSFA Pty Ltd	Port Melbourne, Australia	50
<b>Financial companies</b>	<b>Address</b>	<b>%</b>
Acma Inversiones SA <sup>1</sup>	Talcahuano, Chile	50
Impala SA <sup>1</sup>	Panama, Panama	50
Industrias Acmanet Ltda <sup>1</sup>	Talcahuano, Chile	50
Inversiones Invafer Ltda <sup>1</sup>	Santiago, Chile	50

<sup>1</sup> Belongs to the Inchalam group (see notes 5.6. and 6.4.).

<sup>2</sup> Is a subsidiary of Belgo Bekaert Arames Ltda (see notes 5.6. and 6.4.).

## Changes in 2010

### 1. New investments

<b>Subsidiaries</b>	<b>Address</b>	<b>%</b>
Bekaert (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	100
Bekaert Investments Italia SpA	Trezzano Sul Naviglio, Italy	100
Bekaert Sardegna SpA	Assemini, Italy	100
Bekaert Specialty Films (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert Xinyu Hong Kong Limited	Hong Kong, China	100
Productos de Alambre de Guatemala SA	Ciudad de Guatemala, Guatemala	100

### 2. Increases / decreases in ownership

<b>Subsidiaries</b>	<b>Address</b>	
Bekaert Dymonics GmbH	Herford, Germany	From 100 to 0%
Bekaert Progressive Composites LLC	Wilmington (Delaware), United States	From 100 to 0%
Bekaert Progressive Composites SA	Munguía, Spain	From 100 to 0%
Nikko Techno KK	Tokyo, Japan	From 60 to 10%
Precision Surface Technology Pte Ltd	Singapore	From 67 to 0%
Sorevi NV	Zulte, Belgium	From 100 to 0%
Sorevi SAS	Limoges, France	From 100 to 0%

### 3. Mergers / conversions

<b>Subsidiaries</b>	<b>Merged into</b>
Becorp Holding Corporation	Bekaert Corporation
Bekaert NCD Inc	Bekaert Corporation

### 4. Name changes

<b>New name</b>	<b>Former name</b>
Bekaert (Huizhou) Steel Cord Co Ltd	Bridgestone (Huizhou) Steel Cord Co Ltd
Bekaert Sardegna SpA	Bridgestone Metalpha Italia SpA
Nikko Techno KK	Bekinit KK
Productora de Alambres Colombianos Proalco SAS	Productora de Alambres Colombianos Proalco SA

### 5. Closed down

<b>Companies</b>	<b>Address</b>
Bekaert-CMTM GmbH	Friedrichsdorf, Germany
Bekaert Handling Group AS	Middelfart, Denmark
Bekaert Hong Kong Ltd	Hong Kong, China
Delta Wire LLC	Wilmington (Delaware), United States

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

<b>Companies</b>	<b>Company number</b>
Bekaert Advanced Coatings NV	BTW BE 0423.237.031 RPR Gent
Bekaert Advanced Filtration SA	TVA BE 0430.104.631 RPM Liège
Bekaert Carding Solutions NV	BTW BE 0405.443.271 RPR Kortrijk
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Hemiksem NV	BTW BE 0403.676.188 RPR Kortrijk
Bekaert Investments NV	BTW BE 0406.207.096 RPR Kortrijk
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
Sorevi NV	BTW BE 0898.947.696 RPR Gent