Regulated information
30 April 2013

Bekaert Corporation

Issue on 3 March 2005 of € 100 000 000 4.125% bonds due 3 March 2015, unconditionally and irrevocably guaranteed by NV Bekaert SA

Periodic information in accordance with the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market

Bekaert Corporation and Subsidiaries
Consolidated Financial Statements and Other Information
as of and for the Years Ended
December 31, 2012 and 2011

Information about the Issue

Reference is made to the prospectus of 24 January 2005 relative to the public offer by Bekaert Corporation (the "Issuer") of € 100 000 000 4.125% bonds due 3 March 2015, unconditionally and irrevocably guaranteed by NV Bekaert SA (the "Prospectus").

Home Member State Election

The Issuer is an issuer of debt instruments with a nominal value of € 1 000 or higher and has its registered office outside the European Economic Area, and the bonds are listed on a regulated market in Belgium and in no other EEA Member State. Accordingly, the Issuer has on May 29, 2012 elected Belgium as its home Member State.

Information about the Issuer

1. General Information

1.1. Name

The Issuer was incorporated on 12 January 1988 for an indefinite period with the name Bekaert Corporation, and is registered in the State of Delaware under ID#2149009.

1.2. Registered Office

The Issuer has its registered office at the office of its registered agent, The Corporation Trust Company, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801-1196, U.S.A.

1.3. Legal form

The Issuer is a company with limited liability under the laws of the State of Delaware, U.S.A.

2. Capital

The authorized capital stock of the Issuer is 80,000 shares of common stock, par value USD 25.00 per share, of which 41,162 shares are issued and outstanding.

The Issuer is a wholly-owned subsidiary of Bekaert North America Management Corporation "BNAMC"), a Delaware company. BNAMC is a wholly-owned subsidiary of NV Bekaert SA (the "Guarantor" or the "Parent"), a Belgian company.

3. Corporate purpose

According to Article 3 of its Amended and Restated Certificate of Incorporation, the purpose of the Issuer is to engage, directly or indirectly, in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware, either alone or with others through wholly

or partly owned subsidiaries, as a partner (limited or general) in a partnership, as a joint venturer in any joint venture or otherwise.

4. Activities

The Issuer is the most significant subsidiary of the Guarantor in North America. The Issuer and its subsidiary are principally active in the manufacture and sale of steel wire products and coating solutions, making use of the Bekaert Group's core competences of metal transformation and coating technologies.

The Issuer produces, imports, markets, and sells a wide range of products used in various sectors including automotive, construction, energy, agriculture, basic materials, and equipment. The Issuer's products consist of steel cord for tire reinforcement, bead wire for tires, spring wire, fencing, barbed wire, vineyard wire, steel fibers for concrete reinforcement, staple wire, highway barrier cables, guy strand, sawing wire, flat and shaped wires for flexible pipes and other products, book binding wires including nylon coated binding wires, carding wire, stitching wire, hose reinforcement wire for high pressure industrial hoses, bailing wire, fine metal knit for heating and drying applications, for heat resistant textiles, and for polymer filtration.

During 2011 the Issuer sold its membership interest in the specialized films activities headquarted in San Diego, California, U.S.A., known as Bekaert Specialty Films, LLC, a market leader in the development, manufacture and distribution of window films and other specialty films for automotive, architectural, photovoltaic, and other custom coating applications.

The Issuer operates production facilities in the states of Arkansas, Georgia, Kentucky, South Carolina and Ohio employing 1,377 people as of December 31, 2012.

5. Management

The Issuer's overall management is handled by the Board of Directors, consisting of:

- David R. Best — Chief Financial and Administration Officer
- Rick Alan McWhirt — President and Chief Executive Officer
- Geert Voet — Vice President

The Directors do not hold management positions outside the Bekaert Group. Each of the Directors elects domicile at the registered office of the Issuer.

6. Subsidiaries as of December 31, 2012

Industrial companies	*Address*	*Ownership*
Bekaert Carding Solutions, Inc.	Wilmington, Delaware, USA	100%

7. Financial information

The consolidated financial statements of Bekaert Corporation and its subsidiaries as of and for the years ended December 31, 2012 and 2011 have been prepared for the sole purpose of their inclusion into the consolidated financial statements of the Guarantor. There is no specific statutory requirement that a Delaware corporation prepare financial statements in any specific form or provide audited financial statements for its shareholders or for the State of Delaware.

BEKAERT CORPORATION AND SUBSIDIARIES

Consolidated Income Statement

In thousands of USD - Years ended December 31,	**2011**	**2012**
Sales	888,026	728,300
Cost of sales	-784,213	-655,657
Gross profit	**103,813**	**72,643**
Selling expenses	-35,381	-21,439
Administrative expenses	-10,444	-9,111
Research and development expenses	-3,437	-158
Other operating revenues	1,089	1,217
Other operating expenses	-30,296	-22,310
Reallocation corporate overhead expenses	-21	47
Operating result (EBIT) before non-recurring items	**25,324**	**20,889**
Non-recurring items	-1,854	2,450
Operating result (EBIT)	**23,470**	**23,339**
Interest income	612	1,231
Interest expense	-9,830	-10,053
Other financial income and expenses	27,698	3,050
Result from continuing operations before taxes	**41,950**	**17,567**
Income taxes	-1,972	-3,431
Result for the period	**39,977**	**14,136**

BEKAERT CORPORATION AND SUBSIDIARIES

Consolidated statement of comprehensive income

in thousands of USD - Years ended December 31,	**2011**	**2012**
RESULT FOR THE PERIOD	**39,977**	**14,136**
Other comprehensive income		
Exchange differences	-223	-
Cash flow hedges	806	2,742
Fair value changes of available-for-sale investments	-	-
Actuarial gains and losses on DB plans	-25,331	-7,988
Share of OCI of JVs	-	-
Deferred taxes relating to OCI	-1	-
Other comprehensive income for the period, net of tax	**-24,750**	**-5,246**
Total comprehensive income for the period	**15,227**	**8,890**
Attributable to		
the Company	*15,227*	*8,890*

BEKAERT CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet

In thousands of USD - Years ended December 31,	**2011**	**2012**
Assets as of December 31,		
in Thousands of USD		
Non-current assets	**119,284**	**116,211**
Intangible assets	3,176	3,000
Goodwill	12,022	12,022
Property, plant and equipment	89,106	84,815
Other non-current assets	3,566	6,062
Deferred tax assets	11,415	10,312
Current assets	**291,976**	**309,250**
Inventories	64,151	67,690
Trade receivables	96,884	88,768
Advances paid to vendors	7,481	2,480
Other receivables	3,771	1,116
Short-term deposits	88,000	75,000
Cash and cash equivalents	3,128	3,443
Other current assets	24,068	70,753
Assets classified as held for sale	4,493	-
Total	**411,260**	**425,461**

In thousands of USD - Year ended December 31,	**2011**	**2012**
Equity and Liabilities as of December 31,		
Equity	**114,910**	**123,800**
Share capital	271,574	271,574
Retained earnings	-92,889	-78,753
Other reserves	-63,775	-69,021
Equity attributable to the Group	**114,910**	**123,800**
Non-current liabilities	**215,144**	**218,340**
Employee benefit obligations - non-current	71,174	76,573
Provisions - non-current	68	73
Interest-bearing debt - non-current	131,959	134,670
Other non-current liabilities	11,943	7,024
Deferred tax liabilities	-	-
Current liabilities	**81,206**	**83,321**
Interest-bearing debt - current	5	4
Trade payables	51,332	51,906
Employee benefit obligations - current	12,459	12,364
Provisions - current	4,340	4,405
Income taxes payable	-	-
Other current liabilities	12,467	14,642
Liabilities associated with assets classified as held for sale	603	-
Total	**411,260**	**425,461**

BEKAERT CORPORATION AND SUBSIDIARIES

Consolidated statement of changes in equity

In thousands of USD	Issued capital	Share premium	Other group reserves: Conversion differences	Other group reserves: Other reserves	Retained Earnings	Consolidated equity
Balance as at January 1, 2011	**271,574**	**-**	**1,873**	**-31,900**	**-141,853**	**99,694**
Effect of changes in accounting principles:						
Adjusted opening statement 2011.12	**271,574**	**-**	**1,873**	**-31,900**	**-141,853**	**99,694**
Total comprehensive income for the period	**-**	**-**	**-223**	**-24,527**	**39,977**	**15,227**
Capital contribution by non-controlling interests	-	-	-	-	-	-
Equity reclassifications	-	-	-	-	-	-
Effect of acquisitions and disposals	-	-	-1,649	-	1,649	-
Equity-settled share-based payment plans	-	-	-	-	-	-
Creation of new shares	-	-	-	-	-	-
Treasury shares transactions	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Balance as at December 31, 2011	**271,574**	**-**	**-**	**-56,427**	**-100,237**	**114,910**
Balance as at January 1, 2012	**271,574**	**-**	**-**	**-56,427**	**-100,237**	**114,910**
Effect of changes in accounting principles:						
Adjusted opening statement 2012.12	**271,574**	**-**	**-**	**-56,427**	**-100,237**	**114,910**
Total comprehensive income for the period	**-**	**-**	**-**	**-5,246**	**14,136**	**8,890**
Capital contribution by non-controlling interests	-	-	-	-	-	-
Equity reclassifications	-	-	-	-	-	-
Effect of acquisitions and disposals	-	-	-	-	-	-
Equity-settled share-based payment plans	-	-	-	-	-	-
Creation of new shares	-	-	-	-	-	-
Treasury shares transactions	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Balance as at December 31, 2012	**271,574**	**0**	**0**	**-61,673**	**-86,101**	**123,800**

BEKAERT CORPORATION AND SUBSIDIARIES

Consolidated cash flow statement

In Thousands of USD - Years ended December 31,	2011	2012
Operating activities		
Operating result (EBIT)	23,470	23,339
Non-cash and investing items included in operating result	634	6,001
Income taxes paid	-3,772	-253
Gross cash flows from operating activities	**20,332**	**29,087**
Change in operating working capital	-29,112	11,627
Other operating cash flows	3,995	1,053
Cash flows from operating activities	**-4,784**	**41,767**
Investing activities		
Other portfolio investments	-	-
Proceeds from disposals of investments	115,003	2,788
Dividends received	-	-
Purchase of intangible assets	-882	-391
Purchase of property, plant and equipment	-17,222	-9,233
Other investing cash flows	95	3,693
Cash flows from investing activities	**96,994**	**-3,143**
Financing activities		
Interest received	664	543
Interest paid	-8,874	-7,556
Repayment of non-current interest-bearing debt	-6	-5
Cash flows from current interest-bearing debt	-671	-
Other financing cash flows	-84,236	-31,296
Cash flows from financing activities	**-93,123**	**-38,314**
Net increase or decrease (-) in cash and cash equivalents	**-913**	**310**
Cash and cash equivalents at the beginning of the period	**4,068**	**3,128**
Effect of exchange rate fluctuations	-26	5
Effect of change in accounting policies		
Cash and cash equivalents at the end of the period	**3,128**	**3,443**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization — The Issuer, a Delaware corporation, is a wholly owned subsidiary of Bekaert North America Management Corporation ("BNAMC"), a Delaware corporation. BNAMC is a wholly owned subsidiary of NV Bekaert SA (the "Parent"), a Belgian corporation. The Issuer and its subsidiaries (the "Company") are engaged primarily in the business of manufacturing and importing steel wire and wire products. The Company owns production facilities in Arkansas, Georgia, Kentucky, South Carolina and Ohio. The Company leases various manufacturing, sales, and administrative offices in the United States and is headquartered at 3200 West Market Street, Suite 303, Akron, Ohio, 44333.

The Company employed 1,377 and 1,424 people as of December 31, 2012 and 2011, respectively.

The consolidated financial statements as of and for the year ended December 31,2012 were approved by management of the Company and authorized to be issued on April 30, 2013.

General — The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, except for stocks, where LIFO is used (as discussed below under *Stocks*).

Basis of Presentation — The consolidated financial statements have been prepared under the historical cost convention, except where IFRS requires measurement at fair value, present value or any other valuation method. Exceptions to measurement at cost mainly include certain financial assets (as discussed below under *Financial assets*), derivative financial instruments and certain debt instruments (as discussed below under *Hedging*) and certain provisions for employee benefits (as discussed below under *Defined-Benefit Plans*).

Reporting Currency — Because of the international nature of the Company's activities and the fact that the Company transacts more of its business in U.S. dollars than in any other currency, the consolidated financial statements are prepared in U.S. dollars.

Principles of Consolidation — The consolidated financial statements of the Company include Bekaert Corporation and the companies that it controls. This control is normally evidenced when the Company owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an entity so as to benefit from its activities. As of December 31, 2012 the Company does not have any interests attributed to either non-controlling interest or joint venture relationships. If the Company had either non-controlling or joint venture interest the equity and net income attributable to these relationships would be shown separately in the consolidated balance sheet and income statement, respectively.

The acquisition method of accounting is used for acquired businesses (as discussed below under *Goodwill*). Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

All other investments held on a long-term basis are considered to be financial instruments and are valued accordingly.

Intracompany balances, transactions, intracompany profits and losses are eliminated. Unrealized intracompany losses are not eliminated if the impairment is permanent. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Translation of Foreign Currencies — The Company translates certain balance sheet accounts at the rates of exchange in effect at the consolidated balance sheet date and income statement accounts at the average rates of exchange during the year. The cumulative effect of such changes is shown as translation reserve in the accompanying consolidated statement of changes in equity.

The realized and unrealized effects of foreign currency transactions are reported in other income, net, in the accompanying consolidated statements of operations. During 2012 and 2011, the Company recognized currency income of $2,069 and currency losses of $131, respectively.

Financial Assets — The Company 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 are classified as at fair value through profit or loss (FVTPL) 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.

Cash and Cash Equivalents — Cash includes cash on hand and demand deposits. Cash equivalents are short-tem, highly liquid investments that are readily convertible to known amounts of cash, have original maturities of three months or less and are subject to an insignificant risk of change in value. Cash, cash equivalents and short-term deposits are carried in the balance sheet at face value. The Company holds no cash equivalents classified as at FVTPL.

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 Company's loans and receivables category comprises trade and other receivables, short-term deposits and cash and cash equivalents. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment or allowance for doubtful accounts. For trade receivables, amounts deemed uncollectible are written off against the allowance account for trade receivables at each balance sheet date.

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 they are impaired, 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.

Stocks — Stocks (or inventories) are stated at the lower of cost and net realizable value, net of reserve for excess and obsolete items.

Substantially all inventories are valued using the last-in, first-out (LIFO) method. The LIFO method of costing inventories is no longer permitted by IFRS effective for the Company on January 1, 2005. IFRS require that the Company cost its inventories using the first-in, first-out method or the weighted average cost method. If the Company used the first-in, first-out method of costing inventories, it would result in an increase in inventories of $34,210 and $31,392, a decrease in net deferred income tax assets of $13,085 and $14,163, and a decrease in accumulated deficit of $21,125 and $19,385 as of December 31, 2012 and 2011, respectively; an increase in expense of $,2,818in 2012 and a decrease in cost of sales of $5,671 in 2011, and a decrease in benefit for income taxes of $1,078 and $2,169 in 2012, and 2011, respectively; and a decrease in net income of $1,740 in 2012 and an increase in net income of $3,502 in 2011.

Property, Plant, and Equipment — Property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. Costs include all direct costs and all expenditures 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 using the straight-line method. The remaining useful life is reviewed at least at each financial year-end.

Unless revised due to specific changes in the estimated economic useful life, approximate annual depreciation rates are:

Buildings	5 %
Plant, machinery, and equipment	8-25%
Furniture and vehicles	20%
Computer hardware	25%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (as discussed below under *Impairment of Assets*). Maintenance, repairs, and insignificant renewals are expensed as incurred. Gains or losses on disposals of property, plant, and equipment are reflected in other expense (income) — net, in the accompanying consolidated income statement.

Improvements to leased buildings are capitalized and depreciated over the remaining term of the lease or the expected useful life if shorter.

Operating Leases — Leases of assets under which 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.

Finance Leases — Leases under which the Company 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.

Intangible Assets — Intangible assets are originally measured at cost. Intangible assets are recognized if it is probable that the future economic benefits which are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost 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 fiscal 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 International Accounting Standard (IAS) 38, *Intangible Assets*, intangible assets can have indefinite useful lives. If the useful life of an intangible asset is deemed indefinite, no amortization is recognized but the asset is reviewed at least annually for impairment.(as discussed below under *Impairment of Assets*). The Company currently has no intangible assets with indefinite lives.

Goodwill — Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred. The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the difference between:

(i) the sum of the following elements:

- Consideration transferred;
- Amount of any non-controlling interests in the acquiree;
- Fair value of the Company's previously held equity interest in the acquiree (if any); and

(ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, this difference is negative ("negative goodwill"), it is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company

obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

Impairment of Assets — At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Hedging — At inception, the Company identifies certain derivative financial instruments as either a hedge of the fair value of an asset or liability (a fair value hedge) or as a hedge of the exposure to variability in cash flows attributable to an asset or liability or forecasted transaction. The criteria for classifying an instrument as a hedge include: (1) the hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation of the hedging relationships at the inception of the hedge, and (4) for cash flow hedges, the forecasted transaction that is subject of the hedges must be highly probable.

Derivatives classified as fair-value hedges are carried at fair value with the corresponding change in value recognized in the consolidated income statement. The carrying amount of the hedged asset or liability is also adjusted for changes in fair value attributable to the hedged risk and the gain or loss associated with that remeasurement is also recognized in net profit or loss.

Changes in the fair value of a hedging instrument that qualifies as a highly effective cash-flow hedge are recognized as a component of other reserves in equity. Gains and losses initially recognized in equity are recognized in profit or loss in the period during which the hedged transaction affects the consolidated income statement.

Derivative Financial Instruments — Derivative financial instruments that are not designated as hedging instruments are classified as held-for-trading and carried at fair value, with changes in fair value included in net profit or loss. The fair value is equal to the market value. If no market value is available, the fair value is calculated using standard valuation models, based on the relevant market rates at the reporting date. In the case of interest bearing derivatives, the fair values carried correspond to the clean price, excluding interest accrued.

Provisions — Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimate of the future obligation. Where the effect of the time value of money is material as in the postretirement and other benefits, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Components of provisions are as follows:

	Postretirement and Other Benefits	Restructuring	Warranty	Environmental and Other	Total
At January 1, 2012	$ 71,747	$	$ 4,385	$ 23	$ 76,155
Additional provisions	7,605		140		7,745
Via equity	7,988				7,988
Amounts used	(9,871)				(9,871)
Amounts unused	(430)		(70)		(500)
At December 31, 2012	$ 77,039	$	$ 4,455	$ 23	$ 81,517

Restructuring — A provision for restructuring is only recognized when the Company has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly before the balance sheet date. Any restructuring provision only includes 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.

Defined-Benefit Plans — The Company’s four qualified, non-contributory defined-benefit plans have benefits based on years of service and level of remuneration. For defined-benefit plans, the amount recognized in the balance sheet 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 Company'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 Company has elected to recognize all actuarial gains and losses through equity, 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 until the benefits become vested. 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 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 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 current service cost, any recognized past service cost, interest cost, the expected return on any plan assets plus any 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.

Post-retirement healthcare plans 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 Company are mainly covered by external insurance policies where premiums are paid annually and charged to the income statement.

Share-based Payment Plans — The Company issues cash-settled share-based payments to certain employees. Share appreciation rights plans entitle Company 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. Cash-settled share-based payments are recognized to the extent that they are vested 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 stated 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, their carrying amounts are adjusted for changes in fair value due to the hedged risk (as discussed before under *Hedging*).

Equity Reserves — The translation reserve is used for translation differences arising on the consolidation of financial statements of foreign entities, as explained under Translation of Foreign Currencies. The cash-flow hedge reserve includes the cumulative net change in the fair value of effective hedges until the hedged forecasted transaction occurs or is no longer expected to occur.

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. 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.

Income Tax and Deferred Income Taxes — Income tax expense/benefit is based on profit/loss for the year and considers deferred income taxes. Deferred income taxes are calculated using the balance sheet liability method and reflect the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The principal differences relate to different depreciation methods for tax and financial reporting and certain financial reserves not deductible for tax purposes until paid.

Deferred tax on temporary differences arising on investments in subsidiaries is provided for except where the Company 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.

Key Sources of Estimation Uncertainty — The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Key source of estimation uncertainty include the recognition of deferred tax assets and the valuation of goodwill. 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 its judgment management considers elements such as long-term business strategy and tax planning opportunities. The Company tests the goodwill for impairment annually, or more frequently if there are indication that goodwill might be impaired.

Major Customers — A significant portion of the Company’s sales and receivables are related to certain major customers in the tire manufacturing industry. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all counterparties requiring significant credit limits.

Supplemental Cash Flow Information — In 2012 and 2011, cash paid for interest was $7,556 and $8,874, respectively. Cash paid for income taxes in 2012 and 2011 was $253 and $3,772, respectively.

2. CHANGES IN THE COMPANY’S ORGANIZATION

Divestments – In March 2012, the company divested the business and assets of its advanced coatings business in Spring Green, Wisconsin. This business generated $11,942 in 2011 and $1,138 in the first three months of 2012 before the sale and employed 15 people.

In September 2011 the Company sold its membership interest in its specialized films business, headquartered in San Diego, California and known as Bekaert Specialty Films, LLC to an unrelated third party. The business is a market leader in the development, manufacture, and distribution of window films and other specialty films for automotive, architectural, photovoltaic, and other custom coating applications. Sales for this business in the first 9 months of 2011 were $127,562.

3. LINES OF CREDIT

At December 31, 2012 and 2011, the Company had available credit facilities with an intercompany entity with a maximum capacity of $75,000. There were no outstanding borrowings under this facility at December 31, 2012 and 2011. Interest is charged on borrowings at cost of funding plus a margin of .125%.

The Company had no third-party unsecured line of credit arrangements or third-party credit facilities at December 31, 2012 and 2011.

4. LONG-TERM DEBT

The Company's long-term debt obligations at December 31, 2012 and 2011, were as follows:

	2012	**2011**
Bond offering of EUR 100,000 — interest fixed at 4.125% payable annually — principal payable on March 15, 2015. The bond is guaranteed by the Parent. The Company has entered into a cross-currency interest rate swap to convert EUR to USD and EURIBOR to LIBOR.	$ 134,670	$ 131,995
Total	134,670	131,995
Less — current portion	0	0
Total — long-term portion	$ 134,670	$ 131,995

As of December 31, 2012, long-term debt payments were scheduled as follows:

Years Ending December 31	
2013	$
2014	
2015	$ 134,670
2016	
2017	
Thereafter	
Total	$ 134,670

5. COMMITMENTS AND CONTINGENCIES

At December 31, 2012, the Company has commitments to purchase from the Parent and its subsidiaries and third parties approximately $595 of fixed assets relating to the Company's production facilities.

As of December 31, 2012 and 2011, the Company had outstanding letters of credit of $3,215 and $3,053, respectively.

The Company leases certain of its office, production and warehouse facilities under non-cancellable operating leases. The following is a schedule of minimum lease commitments outstanding at December 31, 2012, for operating leases that have initial or remaining lease terms in excess of one year:

For the Year Ending December 31	
2013	$ 1,580
2014	1,372
2015	1,036
2016	952
2017	473
Thereafter	631
Total	$ 6,044

The Company is a party to certain legal matters incidental to its business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse impact on the consolidated financial statements of the Company.

ADDITIONAL COMMENTS ON THE FINANCIAL INFORMATION

During 2011 the Company saw an 8% increase in sales on solid demand in most sectors, except the depressed construction market and overall weaker business in agriculture. Organic sales growth in 2011 was, to a large extent, offset by the impact of activities which were disposed of including specialty films, diamond-like carbon coatings and composites. Profitability levels were heavily impacted in the second half of the year due to lower capacity utilization, year-end shut-downs for maintenance activities and declining steel-based raw materials prices.

In September 2011 the Company sold its membership interest in its specialized films business, headquartered in San Diego, California, known as Bekaert Specialty Films, LLC to an unrelated third party. The Company recognized a gain of $26,200 on this transaction in 2011. Sales for this business for the first 9 months of 2011 were $127,562.

Sales in 2012 decreased by $159,726, or 18% compared to 2011. The decrease in sales is attributable to the sale of the specialized films business mentioned above, the sale of the industrial coatings business in the first quarter 2012 (see Footnote 2 above), and market demand in automotive and other industrial sectors affected by a continued difficult economic environment in the US. Operating result before non-recurring items decreased primarily as a result of the sale of the specialized films business in 2011. Other financial income in 2011 includes a gain of $26,200 on the sale of the specialized films business as mentioned above.

The equity as reported in the financial statements at December 31, 2012 was favorably impacted by the period net income and offset in part by an increase in other equity reserves, primarily resulting from increased post-employment benefit obligations brought about by lower rates used to discount these liabilities. An increase in other current assets resulted from principally from 2012 loans made by the company to an affiliate.

The main sources of liquidity for the Company are the cash generated by its operating activities, short-term deposits, and available borrowings under an inter-company credit facility. These sources are used for financing working capital and for capital expenditures. Gross cash flows from operating activities amounted to $ 20,332 and $ 29,087 in 2011 and 2012, respectively. At December 31, 2012 the short-term deposit was $ 75,000. The inter-company credit facility is with Bekaert Coördinatiecentrum NV, an affiliate of the Company, and had unused borrowing availability at December 31, 2012 of $ 75,000. Forecasted capital expenditures are rather limited and the company considers that the net cash from operations together with its short-term deposits and available borrowings under the inter-company credit facility are sufficient to cover its needs, including without limitation complying with its obligations towards the holders of the bonds.

Information about the Guarantee

NV Bekaert SA (the “Guarantor” or the “Parent”), a Belgian company and the ultimate parent company of the Issuer, has unconditionally and irrevocably guaranteed the payments of the principal amount of and the interests on the bonds when due.

In case of failure by the Issuer to pay any amount to the holders of the bonds when due, the Guarantor is obliged, upon receiving notice of such failure, to pay such amount in the stead of the Issuer. The terms and conditions of the guarantee are set forth in the Prospectus.

Bondholders can give notice to the Guarantor by writing to the following address:

NV Bekaert SA
Mr Pierre Schaubroeck
Group General Counsel and Company Secretary
President Kennedypark 18
BE-8500 Kortrijk
Belgium
Email: pierre.schaubroeck@bekaert.com
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