

Financial review



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Consolidated financial statements

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2014	2015
Sales	5.1.	3 215 714	3 671 081
Cost of sales	5.1.	-2 729 995	-3 072 673
Gross profit	5.1.	485 719	598 408
Selling expenses	5.1.	-138 126	-156 106
Administrative expenses	5.1.	-126 894	-150 005
Research and development expenses	5.1.	-59 261	-64 597
Other operating revenues	5.1.	21 978	17 120
Other operating expenses	5.1.	-19 009	-21 931
Operating result before non-recurring items (REBIT)	5.1.	164 407	222 889
Non-recurring items	5.1.	6 847	-2 769
Operating result (EBIT)	5.1. / 5.2.	171 254	220 120
Interest income	5.3.	5 291	8 585
Interest expense	5.3.	-68 215	-70 941
Other financial income and expenses	5.4.	-3 730	-33 811
Result before taxes		104 600	123 953
Income taxes	5.5.	-42 376	-36 387
Result after taxes (consolidated companies)		62 224	87 566
Share in the results of joint ventures and associates	5.6.	25 330	18 320
RESULT FOR THE PERIOD		87 554	105 886
Attributable to			
<i>the Group</i>		87 176	101 969
<i>non-controlling interests</i>	6.14.	378	3 917
Earnings per share			
in € per share	5.7.	2014	2015
Result for the period attributable to the Group			
<i>Basic</i>		1.513	1.826
<i>Diluted</i>		1.333	1.819

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

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2014	2015
Result for the period		87 554	105 886
Other comprehensive income (OCI)	6.13.		
<i>Other comprehensive income reclassifiable to income statement in subsequent periods</i>			
Exchange differences			
Exchange differences arising during the year		91 826	-16 463
Reclassification adjustments relating to entity disposals or step acquisitions		1 042	393
Inflation adjustments		1 574	1 208
Cash flow hedges			
Fair value changes to hedging instruments		-7 896	6 034
Reclassification adjustments for amounts recognized in income statement		8 651	-5 859
Available-for-sale investments			
Net fair value gain on available-for-sale investments during the year		1 248	-
Reclassification adjustments relating to impairments or disposals		157	-2 001
Deferred taxes relating to reclassifiable OCI	6.6.	1 066	-67
OCI reclassifiable to income statement in subsequent periods, after tax		97 668	-16 755
<i>Other comprehensive income non-reclassifiable to income statement in subsequent periods</i>			
Remeasurement gains and losses on defined-benefit plans		-28 418	11 321
Share of non-reclassifiable OCI of joint ventures and associates		-219	-30
Deferred taxes relating to non-reclassifiable OCI	6.6.	1 021	130
OCI non-reclassifiable to income statement in subsequent periods, after tax		-27 616	11 421
Other comprehensive income for the period		70 052	-5 334
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		157 606	100 552
Attributable to			
the Group		141 948	91 184
non-controlling interests	6.14.	15 658	9 368

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

Consolidated balance sheet

Assets as at 31 December			
in thousands of €			
	Notes	2014	2015
Non-current assets		1 850 842	1 920 697
Intangible assets	6.1.	98 087	109 448
Goodwill	6.2.	18 483	35 699
Property, plant and equipment	6.3.	1 432 803	1 490 454
Investments in joint ventures and associates	6.4.	155 734	114 119
Other non-current assets	6.5.	44 468	39 773
Deferred tax assets	6.6.	101 267	131 204
Current assets		2 106 873	1 960 422
Inventories	6.7.	640 807	628 731
Bills of exchange received	6.7.	114 118	68 005
Trade receivables	6.7.	707 569	686 364
Other receivables	6.8.	106 627	99 286
Short-term deposits	6.9.	14 160	10 216
Cash and cash equivalents	6.9.	458 542	401 771
Other current assets	6.10.	65 050	66 049
Assets classified as held for sale	6.11.	-	-
Total		3 957 715	3 881 119

Equity and liabilities as at 31 December			
in thousands of €			
	Notes	2014	2015
Equity		1 566 212	1 515 911
Share capital	6.12.	176 914	176 957
Share premium		31 693	31 884
Retained earnings	6.13.	1 352 197	1 397 356
Treasury shares	6.13.	-145 953	-144 747
Other Group reserves	6.13.	-48 060	-76 751
Equity attributable to the Group		1 366 791	1 384 699
Non-controlling interests	6.14.	199 421	131 212
Non-current liabilities		1 204 581	1 077 862
Employee benefit obligations	6.15.	175 774	167 131
Provisions	6.16.	55 744	50 198
Interest-bearing debt	6.17.	910 074	792 116
Other non-current liabilities	6.18.	8 736	15 204
Deferred tax liabilities	6.6.	54 253	53 213
Current liabilities		1 186 922	1 287 346
Interest-bearing debt	6.17.	441 552	494 714
Trade payables	6.7.	390 943	456 783
Employee benefit obligations	6.7. / 6.15.	121 934	131 281
Provisions	6.16.	20 493	26 973
Income taxes payable		97 424	105 832
Other current liabilities	6.19.	114 576	71 763
Liabilities associated with assets classified as held for sale	6.11.	-	-
Total		3 957 715	3 881 119

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

Consolidated statement of changes in equity

in thousands of €	Other Group reserves ¹								Total
	Share capital	Share premium	Retained earnings	Treasury shares	Cumulative translation adjustments	Other reserves	Equity attributable to the Group	Non-controlling interests ²	
Balance as at 1 January 2014	176 773	31 055	1 307 618	-73 851	-84 776	-10 543	1 346 276	157 600	1 503 876
Total comprehensive income for the period	-	-	89 003	-	76 861	-23 916	141 948	15 658	157 606
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	53 399	53 399
Effect of business combination with ArcelorMittal	-	-	7 238	-	1 459	309	9 006	11 797	20 803
Effect of business combination with Maccaferri	-	-	-	-	-	-8 200	-8 200	2 753	-5 447
Effect of business combination with Pirelli	-	-	82	-	-	-82	-	9 197	9 197
Effect of other changes in Group structure	-	-	-2 094	-	307	-2 324	-4 111	2 241	-1 870
Equity-settled share-based payment plans	-	-	-	-	-	2 845	2 845	-	2 845
Creation of new shares	141	638	-	-	-	-	779	-	779
Treasury shares transactions	-	-	-	-72 102	-	-	-72 102	-	-72 102
Dividends	-	-	-49 650	-	-	-	-49 650	-53 224	-102 874
Balance as at 31 December 2014	176 914	31 693	1 352 197	-145 953	-6 149	-41 911	1 366 791	199 421	1 566 212
Balance as at 1 January 2015	176 914	31 693	1 352 197	-145 953	-6 149	-41 911	1 366 791	199 421	1 566 212
Total comprehensive income for the period	-	-	103 667	-	-21 942	9 459	91 184	9 368	100 552
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	14 967	14 967
Reclassifications	-	-	16 407	-	-	-16 407	-	-	-
Effect of business combination with Pirelli	-	-	227	-	-	-227	-	1 732	1 732
Effect of business combination with Arrium	-	-	-	-	-	-	-	-7 086	-7 086
Effect of Ropes portfolio realignment with Chilean partners ³	-	-	-16 972	-	-1 364	-126	-18 462	-71 223	-89 685
Effect of purchasing non-controlling interests ⁴	-	-	-10 712	-	-654	4	-11 362	-6 609	-17 971
Effect of other changes in Group structure	-	-	548	-	-341	1	208	-1 967	-1 759
Equity-settled share-based payment plans	-	-	-	-	-	2 906	2 906	-	2 906
Creation of new shares	43	191	-	-	-	-	234	-	234
Treasury shares transactions	-	-	-	1 206	-	-	1 206	-	1 206
Dividends	-	-	-48 006	-	-	-	-48 006	-7 391	-55 397
Balance as at 31 December 2015	176 957	31 884	1 397 356	-144 747	-30 450	-46 301	1 384 699	131 212	1 515 911

¹ See note 6.13. 'Retained earnings and other Group reserves'.

² See note 6.14. 'Non-controlling interests'.

³ Mainly related to the purchase of 35% non-controlling interests from Matco Cables SpA in December 2015.

⁴ Includes two Chinese entities: Bekaert Applied Material Technology (Shanghai) Co Ltd (formerly co-owned by Baosteel Metal Company Ltd) and Bekaert-Jiangyin Wire Products Co Ltd (formerly co-owned by Jiangsu Fasten Stock Company Ltd) and 5 entities formerly co-owned by Southern Steel Bhd: Bekaert Ipoh Sdn Bhd (Malaysia), Bekaert Shah Alam Sdn Bhd (Malaysia), Bekaert Singapore Holding Pte Ltd (Singapore), Cempaka Raya Sdn Bhd (Malaysia) and PTE Bekaert Southern Wire (Indonesia).

The accompanying notes are an integral part of this statement.

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2014	2015
Operating activities			
Operating result (EBIT)	5.1. / 5.2.	171 254	220 120
Non-cash items included in operating result	7.1.	187 847	246 239
Investing items included in operating result	7.1.	-8 057	-13 551
Amounts used on provisions and employee benefit obligations	7.1.	-44 452	-40 807
Income taxes paid	5.5. / 7.1.	-45 827	-56 657
Gross cash flows from operating activities		260 765	355 344
Change in operating working capital	6.7.	-54 623	212 266
Other operating cash flows	7.1.	-19 193	15 952
Cash flows from operating activities		186 949	583 562
Investing activities			
New business combinations	7.2.	-108 512	-129 833
Other portfolio investments	7.1.	-1 973	-109 559
Proceeds from disposals of investments	7.2.	3 103	30 761
Dividends received	6.4.	20 724	18 411
Purchase of intangible assets	6.1. / 7.2.	-21 752	-5 868
Purchase of property, plant and equipment	6.3.	-132 784	-170 702
Other investing cash flows	7.1.	15 847	3 806
Cash flows from investing activities		-225 347	-362 984
Financing activities			
Interest received	5.3.	5 338	7 320
Interest paid	5.3.	-61 069	-64 302
Gross dividend paid to shareholders of NV Bekaert SA		-49 650	-48 006
Gross dividend paid to non-controlling interests		-16 746	-7 560
Proceeds from non-current interest-bearing debt	6.17.	343 960	145 151
Repayment of non-current interest-bearing debt	6.17.	-191 172	-127 945
Cash flows from / to (-) current interest-bearing debt	6.17.	147 605	-184 093
Treasury shares transactions	6.13.	-72 102	1 206
Other financing cash flows	7.1.	-18 219	10 421
Cash flows from financing activities		87 945	-267 808
Net increase or decrease (-) in cash and cash equivalents		49 547	-47 230
Cash and cash equivalents at the beginning of the period		391 857	458 542
Effect of exchange rate fluctuations		17 138	-9 541
Cash and cash equivalents at the end of the period		458 542	401 771

The accompanying notes are an integral part of this statement.

Notes to the consolidated financial statements

1. General information

NV Bekaert SA (the 'Company') is a company domiciled in Belgium. The Company's consolidated financial statements include those of the Company and its subsidiaries (together referred to as the 'Group' or 'Bekaert') and the Group's interest in joint ventures and associates accounted for using the equity method. The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 23 March 2016.

2. Summary of principal accounting policies

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) which have been endorsed by the European Union. These financial statements are also in compliance with the IFRSs as issued by the IASB.

New and amended standards and interpretations

Standards, interpretations and amendments effective in 2015

The following amended standards have been adopted in the current period. Their adoption has not had any impact on the amounts reported in these financial statements, but may impact the accounting for future transactions or arrangements.

- Amendments to IAS 19 (effective for annual periods beginning on or after 1 July 2014), published in November 2013. These amendments clarify the accounting treatment for contributions from employees or third parties to a defined-benefit plan. If contributions are linked to service, they will reduce service costs; if not, they affect the remeasurement of the net defined-benefit liability (asset). The amendment requires retrospective application.
- Annual Improvements to IFRSs (2010-2012 Cycle) (effective 1 July 2014), published in December 2013. These improvements relate to IFRS 2 'Share-based payment', defining vesting conditions; IFRS 3 'Business Combinations', clarifying how to account for contingent consideration in a business combination; IFRS 8 'Operating Segments', clarifying when to aggregate operating segments and how to reconcile the total of the reportable segments' assets to the entity's assets; IFRS 13 'Fair Value Measurement', elaborating on short-term receivables and payables; IAS 16 'Property, Plant and Equipment', clarifying the proportionate restatement of accumulated depreciation when

applying the revaluation method; IAS 24 'Related Party Disclosures', clarifying the definition of key management personnel; and IAS 38 'Intangible Assets', clarifying the proportionate restatement of accumulated amortization when applying the revaluation method.

- Annual Improvements to IFRSs (2011-2013 Cycle) (effective 1 July 2014), published in December 2013. These improvements relate to IFRS 1 'First-time Adoption of International Financial Reporting Standards', clarifying the meaning of 'effective IFRSs'; IFRS 3 'Business Combinations', specifying scope exceptions for joint ventures; IFRS 13 'Fair Value Measurement', clarifying the scope of portfolio exceptions; and IAS 40 'Investment Property', clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Standards, amendments and interpretations that are not yet effective in 2015 and have not been early adopted

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

- IFRS 9 'Financial instruments' (effective 1 January 2018). All recognized financial assets that are within the scope of IAS 39 are required to be subsequently measured at amortized cost or fair value. Only debt investments acquired with the intention of collecting the contractual cash flows until their maturity are measured at amortized cost. Other debt investments and all equity investments are measured at fair value. With regard to the measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, except if such treatment would create or enlarge an accounting mismatch in profit or loss. IFRS 9 also modifies the requirements with respect to hedge

- accounting and introduces the expected loss model for impairment of financial assets.
- IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018), establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The new standard introduces a 5-step approach to revenue recognition and measurement: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; (5) recognize revenue when (or as) the entity satisfies a performance obligation. It also requires extensive disclosures.
 - Annual Improvements to IFRSs (2012-2014 Cycle) (effective 1 January 2016), published in September 2014. These improvements relate to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', elaborating on changes in methods of disposal; IFRS 7 'Financial Instruments: Disclosures', clarifying continuing involvement in transferred financial assets through servicing contracts and the applicability of the amendments to IFRS 7 to condensed interim financial statements; IAS 34 'Interim Financial Reporting', regulating disclosure of information 'elsewhere in the interim financial report' and IAS 19 'Employee Benefits', clarifying how to determine the applicable discount rate. The latter amendment states that, for currencies for which there is no deep market in high quality corporate bonds, the discount rate to be used for post-employment benefit obligations should be based on market yields on government bonds denominated in that currency. It also requires the application of this principle from the beginning of the earliest comparative period presented in the first financial statements in which the entity applies the amendment. Bekaert decided not to early adopt the IAS 19 amendment in the annual financial statements considering that this matter is still under discussion. Bekaert expects an initial adjustment to equity of about € -5.7 million (based on year-end 2014 data) at first application of the amendment, which would mainly affect the defined-benefit obligations in Ecuador.
 - Amendments to IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations' (effective 1 January 2016), providing guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 'Business Combinations'.
 - Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (effective 1 January 2016) specifying that any gain incurred on the contribution of a business to an associate or joint venture should not be eliminated in consolidation.
 - Amendments to IAS 1 'Presentation of Financial Statements', Disclosure Initiative (effective 1 January 2016), specifying that materiality should be considered in presenting information whether on the face of the financial statements or in the disclosures.
 - IFRS 16 'Leases' (effective 1 January 2019), which supersedes IAS 17 'Leases' and related interpretations. The new standard eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are capitalized and accounted for in a similar way to finance leases under IAS 17, except short-term leases and leases of low-value assets. Lessor accounting however remains largely unchanged.
 - Amendments to IAS 7 'Statement of Cash Flows', Disclosure Initiative (effective 1 January 2017), requiring more disclosures on changes in liabilities arising from financing activities.
- Other new and amendments to standards and interpretations effective after 2015 are not expected to have a material impact on the financial statements.

2.2. General principles

Basis of preparation

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

Principles of consolidation

Subsidiaries

Subsidiaries are entities over which NV Bekaert SA exercises control, which is the case when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Group acquires control until the date when control is relinquished. All intercompany transactions, balances with and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated unless the impairment is permanent. Equity and net result attributable to non-controlling shareholders are shown separately in the balance sheet and income statement, respectively. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying

amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

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

Joint arrangements and associates

A joint arrangement exists when NV Bekaert SA has contractually agreed to share control with one or more other parties, which is the case only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement can be treated as a joint operation (i.e. NV Bekaert SA has rights to the assets and obligations for the liabilities) or a joint venture (i.e. NV Bekaert SA only has rights to the net assets). Associates are companies in which NV Bekaert SA, directly or indirectly, has a significant influence and which are neither subsidiaries nor joint arrangements. This is presumed if the Group holds at least 20% of the voting rights attaching to the shares. The financial information included for these companies is prepared using the accounting policies of the Group. When the Group has acquired joint control in a joint venture or significant influence in an associate, the share in the acquired assets, liabilities and contingent liabilities is initially remeasured to fair value at the acquisition date and accounted for using the equity method. Any excess of the purchase price over the fair value of the share in the assets, liabilities and contingent liabilities acquired is recognized as goodwill. When the goodwill is negative, it is immediately recognized in profit or loss. Subsequently, the consolidated financial statements include the Group's share of the results of joint ventures and associates accounted for using the equity method until the date when joint control or significant influence ceases. If the Group's share of the losses of a joint venture or associate exceeds the carrying amount of the investment, the investment is carried at nil value and recognition of additional losses is limited to the extent of the Group's commitment. Unrealized gains arising from transactions with joint ventures and associates are set against the investment in the joint venture or associate concerned to the extent of the Group's interest. The carrying amounts of investments in joint ventures and associates are reassessed if there are indications that the asset has been impaired or that impairment losses recognized in prior years have ceased to apply. The investments in joint ventures and associates in the balance sheet include the carrying amount of any related goodwill.

Foreign currency translation

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

- assets and liabilities are translated at the closing exchange rate of the European Central Bank or, in the case of the Venezuelan bolivar fuerte, at the economic rate that is deemed representative for dividend repatriations at the balance sheet date;
- income, expenses and cash flows are translated at the average exchange rate for the year, or, for the Venezuelan entities, at the economic rate at the balance sheet date, as required for entities whose functional currency is the currency of a hyperinflationary economy in accordance with IAS 21, 'The Effects of Changes in Foreign Exchange Rates';
- shareholders' equity is translated at historical exchange rates.

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

2.3. Balance sheet items

Intangible assets

Intangible assets acquired in a business combination are initially measured at fair value; intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and method are reviewed at each financial year-end. A change in the useful life of an intangible asset is accounted for prospectively as a change in

estimate. Under the provisions of IAS 38 intangible assets may have indefinite useful lives. If the useful life of an intangible asset is deemed indefinite, no amortization is recognized and the asset is reviewed at least annually for impairment.

Licenses, patents and similar rights

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

Computer software

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

Rights to use land

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

Research and development

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

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

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

Capitalized development costs are amortized from the commencement of commercial production of the product on a straight-line basis over the period during which benefits are expected to accrue. The period of amortization normally does not exceed ten years. An in-process research and development project acquired in a business combination is

recognized as an asset separately from goodwill if its fair value can be measured reliably.

Emission rights

In the absence of any IASB standard or interpretation regulating the accounting treatment of CO₂ emission rights, the Group has applied the 'net approach', according to which:

- the allowances are recognized as intangible assets and measured at cost (the cost of allowances issued free of charge being therefore zero); and
- any short position is recognized as a liability at the fair value of the allowances required to cover the shortfall at the balance sheet date.

Other intangible assets

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

Goodwill and business combinations

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

The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the difference between:

- (i) the sum of the following elements:
 - consideration transferred;
 - amount of any non-controlling interests in the acquiree;
 - fair value of the Group's previously held equity interest in the acquiree (if any); and
- (ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, this difference is negative ('negative goodwill'), it is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are initially measured either at fair value or at their proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a

business combination. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and any resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Impairment of goodwill

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

Property, plant and equipment

The Group has opted for the historical cost model and not for the revaluation model. Property, plant and equipment separately acquired is initially measured at cost. Property, plant and equipment acquired in a business combination is initially measured at fair value, which thus becomes its deemed cost. After initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Depreciation is provided over the estimated useful lives of the various classes of property, plant and equipment on a straight-line basis.

The useful life and depreciation method are reviewed at least at each financial year-end. Unless revised due to specific changes in the estimated economic useful life, annual depreciation rates are as follows:

- land	0%
- buildings	5%
- plant, machinery & equipment	8%-25%
- R&D testing equipment	16.7%-25%
- furniture and vehicles	20%
- computer hardware	25%

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

Leases

Finance leases

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

Operating leases

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

Government grants

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

Financial assets

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

Financial assets at fair value through profit or loss (FVTPL)

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. The Group's loans and receivables category comprises, unless stated otherwise, trade and other receivables, bills of exchange received, short-term deposits and cash and cash equivalents in the balance sheet. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Bills of exchange received

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

Cash & cash equivalents and short-term deposits

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

Available-for-sale financial assets

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

Impairment of financial assets

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

Inventories

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

Share capital

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

Non-controlling interests

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

Provisions

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

Restructuring

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

Site remediation

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

Employee benefit obligations

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

Defined-benefit plans

Most pension plans are defined-benefit plans with benefits based on years of service and level of remuneration. For defined-benefit plans, the amount recognized in the balance sheet (net liability or asset) is the present value of the defined-benefit obligation less the fair value of any plan assets. The present value of the defined-benefit obligation is the

present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The present value of the defined-benefit obligation and the related current and past service costs are calculated using the projected unit credit method. The discount rate used is the yield at balance sheet date on high-quality corporate bonds with remaining terms to maturity approximating those of the Group's obligations. In case the fair value of plan assets exceeds the present value of the defined-benefit obligations, the net asset is limited to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The net interest on the net defined-benefit liability/asset is based on the same discount rate. 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. Past service cost is the change in the present value of the defined-benefit obligation for employee service in prior periods and resulting in the current period from a plan amendment or a curtailment. Past service cost are recognized immediately through profit or loss. Remeasurements of the net defined-benefit liability (asset) comprise (a) actuarial gains and losses, (b) the return on plan assets, after deduction of the amounts included in net interest on the net defined-benefit liability (asset) and (c) any change in the effect of the asset ceiling, after deduction of any amounts included in net interest on the net defined-benefit liability (asset). Remeasurements are recognized immediately through equity. A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined-benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

In the income statement, current and past service cost, including gains or losses from settlements are included in the operating result (EBIT), and the net interest on the net defined-benefit liability (asset) is included in interest expense, under interest on interest-bearing provisions. Pre-retirement pensions in Belgium and plans for medical care in the United States are also treated as defined-benefit plans.

Defined-contribution plans

Obligations in respect of contributions to defined-contribution pension plans are recognized as an expense in the income statement as they fall due. By law, defined-contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, those plans classify as defined-benefit plans. Before 2015 the defined-contribution plans in Belgium were basically accounted for as defined-contribution plans. New legislation dated December 2015 however triggered the qualification as defined-benefit plan and the recognition of a net defined-benefit obligation.

Other long-term employee benefits

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

Share-based payment plans

The Group issues equity-settled and cash-settled share-based payments to certain employees. Stock option plans and performance share plans which allow Group employees to acquire shares of NV Bekaert SA are of the equity-settled type.

Share appreciation rights plans are of the cash-settled type, as they entitle Group employees to receive payment of cash bonuses, the amount of which is based on the price of the Bekaert share on the Euronext stock exchange.

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

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

Interest-bearing debt

Interest-bearing debt includes loans and borrowings which are initially recognized at the fair value of the consideration received net of transaction costs incurred. In subsequent periods, they are carried at amortized cost using the effective interest-rate method, any difference between the proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the period of the liability. If financial liabilities are hedged using derivatives qualifying as a fair value hedge, the hedging instruments are carried at fair value and the hedged items are remeasured for fair value changes due to the hedged risk (see accounting policies for derivatives and hedging).

Trade payables and other current liabilities

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

Income taxes

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

Derivatives, hedging and hedging reserves

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

Derivatives are initially and subsequently measured and carried at fair value. The fair value of traded derivatives is equal to their market value. If no market value is available, the fair value is calculated using standard financial valuation models, based upon the relevant market rates at the reporting date.

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

Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets and liabilities. The derivatives classified as fair value hedges are carried at fair value and the related hedged items (assets or liabilities) are remeasured for fair value changes due to the hedged risk. The corresponding changes in fair value are recognized in the income statement. When a hedge ceases to be highly effective, hedge accounting is

discontinued and the adjustment to the carrying amount of a hedged interest-bearing financial instrument is recognized as income or expense and will be fully amortized over the remaining period to maturity of the hedged item.

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

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

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

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

Impairment of assets

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

2.4. Income statement items

Revenue recognition

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

Non-recurring items

Operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that

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

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

The statement of comprehensive income presents an overview of all income and expenses recognized both in the income statement and in equity. In accordance with IAS 1, 'Presentation of Financial Statements', an entity can elect to present either a single statement of comprehensive income or two statements, i.e. an income statement immediately followed by a comprehensive income statement. The Group elected to do the latter. A further consequence of presenting a statement of comprehensive income is that the content of the statement of changes in equity is confined to owner-related changes only.

2.6. Miscellaneous

Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a

separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

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

Contingencies

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

Events after the balance sheet date

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

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

- Management assessed that a constructive obligation exists to provide pre-retirement schemes for employees as from the first day of service (see note 6.15. 'Employee benefit obligations') and therefore these pre-retirement schemes are treated as defined-benefit plans using the projected unit credit method.
- Management concluded that the criteria for capitalizing development expenditure were not met (see note 6.1. 'Intangible assets').
- Management concluded that the functional currency of Bekaert Izmit Çelik Kord Sanayi ve Ticaret AS (Turkey) and of Bekaert Kartepe Çelik Kord Sanayi ve Ticaret AS (Turkey) is the euro, consistent with the current economic substance of the transactions relevant to these entities. For the same reasons, management concluded that the functional currency of Productos de Acero Cassadó SA (Peru) is the US dollar.
- As regards its Venezuelan operations, management decided to use the economic exchange rate for translating the VEF financial statements to the reporting currency for consolidation as from 31 December 2012. In view of the restrictions on dividend repatriation for overseas investors introduced in 2009, and given the ongoing dramatic decline in the economic exchange rate, combined with hyperinflation, management concluded that this is the best choice for providing a fair view of the contribution of the Venezuelan operations to the consolidated financial statements. Applying the economic exchange rate to the Venezuelan operations has further reduced the significance of their contribution to the consolidated financials ever since. In spite of the political and monetary instability, management concluded that there is no reason to deconsolidate its Venezuelan entities. At year-end 2015, the cumulative translation adjustments amount to € -42.3 million, which - in case of loss of control - would be recycled to income statement.
- Management concluded that Bekaert, given its non-controlling interest of 13.0% at year-end 2015, has no significant influence in Shougang Concord Century Holdings Ltd and therefore the investment is a financial asset available for sale accounted for at fair value through equity. As any significant or prolonged decline in fair value provides objective evidence for impairment, management agreed to consider any decline in fair value (a) exceeding 30% of the cost as significant and (b) continuing for more than one year as prolonged.
- Management concluded that the Company has control over Bekaert Ansteel Tire Cord (Chongqing) Co Ltd and accordingly consolidates this entity.
- Management concluded that the Company has control over Bekaert Maccaferri Underground Solutions BVBA considering the share options agreed between the parties.
- Management concluded that the Company lost control in Bekaert (Xinyu) New Materials Co Ltd (formerly a subsidiary) and did no longer have joint control in Bekaert Xinyu Metal Products Co Ltd (formerly a joint venture) as from 31 March 2015 due to an agreement with Xin Steel, the Chinese partner. From that date onwards, the involvement of the Group in managing these entities was reduced to the level of a significant influence, implying their reclassification as associates. The agreement includes the intention to gradually dilute the Group's interest in these entities in the short run by not participating in a capital increase. At the balance sheet date, the Group concluded that, going forward, it cannot even exert a significant influence in these entities and reclassified them as investments available for sale.
- Given its global presence, Bekaert is exposed to tax risks in many jurisdictions. Tax authorities in those jurisdictions conduct regular tax audits which may reveal potential tax issues. While the outcome of such tax audits is not certain, management is convinced that Bekaert, based on an overall evaluation of potential tax liabilities, has recorded adequate tax liabilities in its consolidated financial statements.

3.2. Key sources of estimation uncertainty

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

- Deferred tax assets are recognized for the carry-forward of unused tax losses, unused tax credits and temporary differences to the extent that it is probable that taxable profit will be available in the foreseeable future. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 5.5. 'Income taxes' and 6.6. 'Deferred tax assets and liabilities').
- Since the expected useful life of specific product lines is deemed significantly shorter than average, higher depreciation rates are applied to dedicated assets which are not expected to be reallocated to another product line. Consequently, depreciation percentages ranging from 10% to 25% are used instead of 8% for plant, machinery and equipment. R&D testing equipment dedicated to specific product lines is also depreciated at 25% p.a. Other R&D testing equipment is depreciated at 16.7% p.a.
- Credit risk related to customers: management closely reviews the outstanding trade receivables, also considering ageing, payment history and credit risk coverage. Specific and general bad debt allowances recognized are based on management's best estimates at the balance sheet date (see note 6.7. 'Operating working capital').
- Employee benefit obligations: the defined-benefit obligations are based on actuarial assumptions such as discount rate and salary increases, which are extensively detailed in note 6.15. 'Employee benefit obligations'.
- Provisions for environmental issues: at each year-end an estimate is made of future expenses to remediate soil pollution, based on the advice of an external expert (see note 6.16. 'Provisions').
- Impairment: the Group performs annual impairment tests on goodwill and on cash-generating units for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon assumptions such as market evolution, market share, margin evolution and discount rates (see note 6.2. 'Goodwill').
- According to Chinese tax legislation and regulation, certain entities of the Group which enjoy preferential treatment in the form of a reduced income tax rate are granted a gradual transition to the statutory tax rate over a five year period. Based on current practice, management judges that the investments comply with the conditions for this tax incentive. Should the tax regulation or practice change in this area, the Company may be required to update its tax liabilities or provisions.
- Fair value adjustments for business combinations: in accordance with IFRS 3, 'Business Combinations', Bekaert remeasures the assets, liabilities and contingent liabilities acquired through a business combination to fair value. Similarly, consideration (including consideration in shares), contingent consideration and any stake in the acquiree held prior to the business combination are also measured at fair value. When significant influence is acquired in an associate, or joint control is acquired in a joint venture, Bekaert also remeasures its share in the assets, liabilities and contingent liabilities in that associate or joint venture to its acquisition-date fair value. Where possible, fair value adjustments are based on external appraisals or valuation models, e.g. for contingent liabilities and intangible assets which were not recognized by the acquiree. Internal benchmarks are often used for valuing specific production equipment. All of these valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life etc.
- In view of the geopolitical situation in Russia, which constitutes an indicator of impairment, management has recorded an impairment loss of 215 million ruble on the assets of its Russian operations since 2014.
- Fair value measurements that cannot be fully based on observable market parameters involve judgment that could affect estimated fair value. This includes the option attached to the convertible bond issued in June 2014 and the put option granted to Maccaferri for the non-controlling interests in Bekaert Maccaferri Underground Solutions BVBA.
- Tax receivables (ICMS) in Brazil: recovery of the tax receivables of Belgo Bekaert Arames Ltda and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda is deemed highly probable as several action plans have already been successfully implemented. Other tax claims in Brazil, including claims relating to the taxability of ICMS incentives received by Belgo Bekaert Arames Ltda, have not been provided for, supported by legal advice (see note 6.4. 'Investments in joint ventures and associates').

4. Segment reporting

The Group uses a geographical segmentation since this is the best enabler to evaluate the nature and financial effects of the business and to make stakeholders understand our business as a whole in a transparent way. The segmentation reflects the importance of the regions following the company's global growth strategy.

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

- 1) EMEA – Europe, Middle-East and Africa: 33% of consolidated sales (2014: 33%)
- 2) North America: 16% of consolidated sales (2014: 17%)
- 3) Latin America: 21% of consolidated sales (2014: 20%)
- 4) Asia Pacific: 30% of consolidated sales (2014: 30%)

Key data by reporting segment

Only capital employed elements (intangible assets, goodwill, property, plant and equipment and the elements of the operating working capital) are allocated to the various segments. All other assets and liabilities are reported as unallocated assets or liabilities. 'Group & Business support' mainly consists of the functional unit technology and unallocated expenses for group management and services; it does not constitute a reportable segment in itself. The geographical segmentation is based on the location of the Bekaert entities rather than on the location of its customers. Since it is Bekaert's strategy to produce as close as possible to the customers, most customers are serviced by Bekaert entities in their own region. Any sales between segments are transacted at prices which reflect the arm's length principle.

2015 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	Reconcilia- tions	Consoli- dated
Net sales	1 227 350	593 013	764 464	1 086 254	-	-	3 671 081
Operating result before non-recurring items (REBIT)	138 963	19 604	45 799	82 275	-68 770	5 018	222 889
Non-recurring items	5 974	13 612	-593	-11 363	-10 399	-	-2 769
Operating result (EBIT)	144 937	33 216	45 206	70 912	-79 169	5 018	220 120
Depreciation and amortization	56 389	12 745	26 474	116 538	10 701	-14 446	208 401
Impairment losses	89	-	426	12 809	-62	-	13 262
Negative goodwill	-	-	-	-340	-	-	-340
EBITDA	201 415	45 961	72 106	199 919	-68 530	-9 428	441 443
Segment assets	883 520	334 539	582 091	1 269 072	148 149	-183 544	3 033 827
Unallocated assets	-	-	-	-	-	847 292	847 292
Total assets	883 520	334 539	582 091	1 269 072	148 149	663 748	3 881 119
Segment liabilities	223 960	68 157	113 251	172 526	94 808	-87 234	585 468
Unallocated liabilities	-	-	-	-	-	1 779 740	1 779 740
Total liabilities	223 960	68 157	113 251	172 526	94 808	1 692 506	2 365 208
Capital employed	659 560	266 382	468 840	1 096 546	53 341	-96 310	2 448 359
Weighted average capital employed	687 933	248 822	486 344	1 149 190	68 523	-108 536	2 532 276
Return on weighted average capital employed (ROCE) ¹	21.1%	13.3%	9.3%	6.2%	-	-	8.7%
Capital expenditure – PP&E	47 677	55 387	24 261	50 185	4 770	-11 578	170 702
Capital expenditure – intangible assets	3 783	22	478	440	1 145	-	5 868
Share in the results of joint ventures and associates	-	-	24 268	-5 948	-	-	18 320
Investments in joint ventures and associates	-	-	114 119	-	-	-	114 119
Number of employees (year-end) ²	6 584	1 496	4 452	9 403	1 731	-	23 666

2014 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	Reconcilia- tions	Consoli- dated
Net sales	1 063 846	554 698	631 287	965 883	-	-	3 215 714
Operating result before non-recurring items (REBIT)	114 418	20 045	26 069	63 005	-60 987	1 857	164 407
Non-recurring items	1 816	7 882	7 944	-9 320	-1 475	-	6 847
Operating result (EBIT)	116 234	27 927	34 013	53 685	-62 462	1 857	171 254
Depreciation and amortization	43 883	9 476	16 739	93 906	14 545	-13 938	164 611
Impairment losses	4 974	226	-	11 762	-	-	16 962
Negative goodwill	-	-	-10 893	-	-	-	-10 893
EBITDA	165 091	37 629	39 859	159 353	-47 917	-12 081	341 934
Segment assets	876 913	302 759	620 126	1 282 277	159 738	-205 050	3 036 763
Unallocated assets	-	-	-	-	-	920 952	920 952
Total assets	876 913	302 759	620 126	1 282 277	159 738	715 902	3 957 715
Segment liabilities	210 683	68 607	111 746	143 744	76 165	-98 166	512 779
Unallocated liabilities	-	-	-	-	-	1 878 724	1 878 724
Total liabilities	210 683	68 607	111 746	143 744	76 165	1 780 558	2 391 503
Capital employed	666 230	234 152	508 380	1 138 533	83 573	-106 884	2 523 984
Weighted average capital employed	545 080	210 761	388 466	1 112 720	80 623	-99 180	2 238 470
Return on weighted average capital employed (ROCE) ¹	21.3%	13.3%	8.8%	4.8%	-	-	7.7%
Capital expenditure – PP&E	33 421	26 196	31 779	51 190	3 987	-13 789	132 784
Capital expenditure – intangible assets	33 237	-	1 987	1 882	846	-16 200	21 752
Share in the results of joint ventures and associates	-	-	26 386	-1 056	-	-	25 330
Investments in joint ventures and associates	-	-	144 697	11 037	-	-	155 734
Number of employees (year-end) ²	6 162	1 606	4 739	9 849	1 771	-	24 127

¹ ROCE: Operating result (EBIT) relative to weighted average capital employed.

² Number of employees: full-time equivalents.

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

Reconciliations in thousands of €	2014	2015
Operating result (EBIT)		
PP&E	-11 873	-10 642
Inventories	-208	1 214
Intersegment margin eliminations	-12 081	-9 428
Intangible assets	-6	-6
PP&E	-13 932	-14 440
Depreciation and amortization relating to intersegment margin eliminations	-13 938	-14 446
Intangible assets	6	6
PP&E	2 059	3 798
Inventories	-208	1 214
EBIT: intersegment elimination minus related depreciation & amortization	1 857	5 018
Segment assets		
Intangible assets	-16 540	-16 534
PP&E	-82 962	-75 203
Inventories	-6 336	-4 692
Trade receivables	-99 204	-87 115
Advances paid	-8	-
Intersegment eliminations on capital employed assets	-205 050	-183 544
Unallocated assets		
Other assets than capital employed elements	920 952	847 292
Segment liabilities		
Trade payables	-98 158	-87 115
Advances received	-8	-119
Intersegment eliminations on capital employed liabilities	-98 166	-87 234
Unallocated liabilities		
Other liabilities than capital employed elements	1 878 724	1 779 740
Capital employed		
Segment assets eliminations	-205 050	-183 544
- Segment liabilities eliminations	98 166	87 234
Intersegment eliminations on capital employed elements	-106 884	-96 310
Capex PP&E		
Intersegment margin eliminations on PP&E	-13 789	-11 578
Capex PP&E adjustments	-13 789	-11 578
Capex intangible assets		
Intersegment margin eliminations on intangible assets	-16 200	-
Capex intangible assets adjustments	-16 200	-

Revenue by product application

in thousands of €	2014	2015	Variance (%)
Net sales			
<i>Rubber reinforcement products</i>	1 205 565	1 503 081	24.7%
<i>Other steel wire products</i>	1 851 473	2 004 759	8.3%
<i>Stainless products</i>	143 494	153 257	6.8%
<i>Other</i>	15 182	9 984	-34.2%
Total	3 215 714	3 671 081	14.2%

Rubber reinforcement products include tire cord, bead wire and hose reinforcement wire. Other steel wire products include industrial steel wires, specialty steel wires (including stainless wires), building products, ropes and sawing wire. Stainless products include fibers and combustion products for heating and drying. In 2015, belt cord and steel cord fabric were moved from Rubber reinforcement products to Other steel wire products (ropes).

All product groups are sold in all segments. The product mix is very similar in EMEA and North America, while in Asia Pacific rubber reinforcement products are predominant, whereas in Latin America other steel wire products make up the largest part of the business.

Additional information by country

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

in thousands of €	2014	% of total	2015	% of total
Net sales from Belgium	290 236	9%	326 590	9%
Net sales from Chile	282 441	9%	312 832	9%
Net sales from China	680 904	21%	746 433	20%
Net sales from USA	495 412	15%	536 905	15%
Net sales from Slovakia	263 140	8%	276 089	8%
Net sales from other countries	1 203 581	38%	1 472 232	39%
Total net sales	3 215 714	100%	3 671 081	100%
Non-current assets located in Belgium	108 678	7%	114 319	7%
Non-current assets located in Chile	100 852	7%	96 475	6%
Non-current assets located in China	581 896	38%	568 863	35%
Non-current assets located in USA	91 876	6%	137 566	8%
Non-current assets located in Slovakia	156 345	10%	151 732	9%
Non-current assets located in other countries	509 726	32%	566 646	35%
Total non-current assets	1 549 373	100%	1 635 601	100%

5. Income statement items and other comprehensive income

5.1. Operating result (EBIT) by function

in thousands of €	2014	2015	variance
Sales	3 215 714	3 671 081	455 367
Cost of sales	-2 729 995	-3 072 673	-342 678
Gross profit	485 719	598 408	112 689
Selling expenses	-138 126	-156 106	-17 980
Administrative expenses	-126 894	-150 005	-23 111
Research and development expenses	-59 261	-64 597	-5 336
Other operating revenues	21 978	17 120	-4 858
Other operating expenses	-19 009	-21 931	-2 922
Operating result before non-recurring items (REBIT)	164 407	222 889	58 482
Non-recurring items	6 847	-2 769	-9 616
Operating result (EBIT)	171 254	220 120	48 866

Sales and gross profit in thousands of €	2014	2015	variance (%)
Sales	3 215 714	3 671 081	14.2%
Cost of sales	-2 729 995	-3 072 673	12.6%
Gross profit	485 719	598 408	23.2%
Gross profit in % of sales	15.1%	16.3%	

Bekaert's consolidated sales increased by 14.2% versus last year. The net impact of this year's acquisitions (integration of Pirelli's steel cord plants, Arrium's ropes business in Australia and the step acquisition of BOSFA Pty Ltd) and divestments (Carding Solutions activities) explained 9.1% of the sales increase. Favorable currency movements (8.4%) (mainly related to CNY and USD) further strengthened this evolution. The organic growth of 1.5% over the year was the result of positive price-mix effects (+3.8%), a slight volume decline (-1.3%) and minor price erosion (-1.0%). Top line growth was tempered by significantly lower raw material prices (-4.7%), passed on to our customers.

Gross profit increased by 23.2% compared to 2014. While the biggest part of this positive evolution is due to the contribution of the newly acquired businesses (+10.2%) and positive currency movements (8.5%), the organic business in EMEA continued to contribute positively. The other segments contributed positively as well, though to a lesser degree.

Overheads in thousands of €	2014	2015	variance (%)
Selling expenses	-138 126	-156 106	13.0%
Administrative expenses	-126 894	-150 005	18.2%
Research and development expenses	-59 261	-64 597	9.0%
Total	-324 281	-370 708	14.3%

Apart from the impact of currency movements, the increase in selling expenses mainly relates to the movement in bad debt provisions in 2015, while this was not the case in 2014. Administrative expenses increased due to the acquisitions and the incurred expenses related to the realized and anticipated acquisition transactions. Research and development expenses increased due to the acquisitions.

Other operating revenues in thousands of €	2014	2015	variance
Royalties received	10 189	9 227	-962
Gains on disposal of PP&E and intangible assets	478	610	132
Realized exchange results on sales and purchases	2 146	-950	-3 096
Government grants	5 084	415	-4 669
Miscellaneous	4 081	7 818	3 737
Total	21 978	17 120	-4 858

Government grants mainly relate to subsidies in China. There are no indications that the conditions attached to those grants will not be complied with in the future and therefore it is not expected that subsidies may have to be refunded. Miscellaneous contains the compensations received for claims which increased with € 1.6 million in 2015.

Other operating expenses in thousands of €	2014	2015	variance
Losses on disposal of PP&E and intangible assets	-1 597	-1 970	-373
Amortization of intangible assets	-474	-2 970	-2 496
Bank charges	-2 475	-3 019	-544
Tax related expenses (other than income taxes)	-3 112	-2 705	407
Miscellaneous	-11 351	-11 267	84
Total	-19 009	-21 931	-2 922

The increase in amortization of intangible assets is due to the intangible assets acquired as part of the business combinations with Pirelli and Maccaferri.

Non-recurring items in thousands of €		2014	2015	variance
Restructuring - impairment losses	(a)	-6 971	-1 930	5 041
Restructuring - other revenues	(b)	3 673	5 005	1 332
Restructuring - other expenses	(b)	-6 289	-24 863	-18 574
Other impairment losses	(a)	-6 853	-9 196	-2 343
Gains on business disposals	(c)	310	16 553	16 243
Losses on business disposals	(c)	-1 474	-3 292	-1 818
Gains on step acquisitions	(c)	1 804	-	-1 804
Losses on step acquisitions	(c)	-	-1 098	-1 098
Negative goodwill on business combinations	(c)	10 893	340	-10 553
Other revenues	(d)	30 815	45 029	14 214
Other expenses	(d)	-19 061	-29 317	-10 256
Total		6 847	-2 769	-9 616

Non-recurring items amounted to € -2.8 million compared with € +6.8 million last year.

- (a) In 2015, a net impairment loss of € -11.1 million was recorded. This amount includes the impairment losses of the Industrial Steel Wire business in China. Further impairment losses have been recorded as a consequence of the decision to step out of the external round stainless steel wire market, mainly affecting assets located in India.
- (b) The restructuring and closure programs announced in previous years were further implemented resulting in additional costs after write-backs of provisions recorded in the previous years. Moreover 'Other revenues' also relate to the result on asset divestments (mainly Canada), while 'Other expenses' include write-down on inventories in businesses under restructuring, as well as the impact of further adjusting the Group overheads.
- (c) In 2015, the Group sold its Carding Solutions activities to Groz-Beckert, resulting in a net gain (after recycling of CTA loss) of € 9.5 million. Furthermore a net gain (after recycling of CTA gain) was recognized on the loss of control in Bekaert (Xinyu) New Materials Co Ltd and the loss of joint control in Bekaert Xinyu Metal Products Co Ltd. Finally the Group also executed a step acquisition of BOSFA Pty Ltd (Australia), resulting in a net loss of € -1.1 million.
- (d) 'Other revenues' mainly report the outcome of the final assessment on the compensations from the insurance company following the fire in the Rome plant (USA) in 2014, while 'Other expenses' relate to business interruption losses.

5.2. Operating result (EBIT) by nature

The table below provides information on the major items contributing to the operating result (EBIT), categorized by nature.

in thousands of €	2014		2015	
Sales	3 215 714	100%	3 671 081	100%
Non-recurring revenues	47 495	-	66 927	-
Other operating revenues	21 978	-	17 120	-
Total operating revenues	3 285 187	-	3 755 128	-
Own construction of PP&E	48 800	1.5%	53 014	1.4%
Raw materials	-1 242 818	-38.6%	-1 279 035	-34.8%
Semi-finished products and goods for resale	-246 866	-7.7%	-256 000	-7.0%
Change in work-in-progress and finished goods	38 795	1.2%	-15 031	-0.4%
Staff costs	-610 121	-19.0%	-742 856	-20.2%
Depreciation and amortization	-164 610	-5.1%	-208 401	-5.7%
Impairment losses	-16 962	-0.5%	-13 262	-0.4%
Transport and handling of finished goods	-151 649	-4.7%	-165 922	-4.5%
Consumables and spare parts	-219 200	-6.8%	-260 683	-7.1%
Utilities	-219 001	-6.8%	-264 203	-7.2%
Maintenance and repairs	-52 430	-1.6%	-60 260	-1.6%
Expenses operating leases	-20 406	-0.6%	-23 286	-0.6%
Commissions in selling expenses	-3 414	-0.1%	-3 690	-0.1%
Export VAT and export customs duty	-28 842	-0.9%	-30 428	-0.8%
ICT costs	-25 074	-0.8%	-29 595	-0.8%
Advertising and sales promotion	-6 792	-0.2%	-7 203	-0.2%
Travel, restaurant & hotel	-33 760	-1.0%	-25 239	-0.7%
Consulting and other fees	-25 725	-0.8%	-40 456	-1.1%
Office supplies and equipment	-11 425	-0.4%	-12 863	-0.4%
Venture capital funds R&D	-982	0.0%	-1 819	0.0%
Temporary or external labor	-20 696	-0.6%	-25 619	-0.7%
Insurance expenses	-6 459	-0.2%	-8 768	-0.2%
Miscellaneous	-94 296	-2.9%	-113 403	-3.1%
Total operating expenses	-3 113 933	-96.8%	-3 535 008	-96.3%
Operating result (EBIT)	171 254	5.3%	220 120	6.0%

5.3. Interest income and expense

in thousands of €	2014	2015
Interest income on financial assets not classified as at FVTPL	5 291	8 585
Interest income	5 291	8 585
<i>Interest expense on interest-bearing debt not classified as at FVTPL</i>	<i>-54 801</i>	<i>-55 864</i>
<i>Other debt-related interest expense</i>	<i>-7 336</i>	<i>-8 123</i>
Interest expense	-62 137	-63 987
Interest element of interest-bearing provisions	-6 078	-6 954
Interest expense	-68 215	-70 941
Total	-62 924	-62 356

The higher average gross debt during 2015 was compensated by a lower average interest rate. Interest expense on interest-bearing debt not classified as at fair value through profit or loss (FVTPL) relates to all debt instruments of the Group, other than hedging instruments and interest-rate risk mitigating derivatives designated as economic hedges.

The interest element of interest-bearing provisions mainly relates to the defined-benefit liability (see note 6.15. 'Employee benefit obligations').

5.4. Other financial income and expenses

in thousands of €	2014	2015
<i>Value adjustments to derivatives</i>	<i>-18 991</i>	<i>14 973</i>
<i>Value adjustments to hedged items</i>	<i>4 829</i>	<i>-2 424</i>
<i>Exchange results on hedged items</i>	<i>23 749</i>	<i>-29 784</i>
Net impact of derivatives and hedged items	9 587	-17 235
Other exchange results	-6 213	-7 172
Impairment losses on available-for-sale financial assets	-157	-302
Inflation accounting effects	2 655	5 280
Gains and losses on disposal of financial assets	-	-76
Dividends from non-consolidated equity investments	147	742
Bank charges and taxes on financial transactions	-2 877	-5 388
Impairments of loans and receivables	-6 039	-9 235
Other	-833	-425
Total	-3 730	-33 811

Value adjustments include changes in the fair value of all derivatives, other than those designated as cash flow hedges, and of all debt hedged by fair value hedges. A fair value gain of € 2.1 million has been recognized in 2015 (2014: gain of € 13.4 million) on the conversion option relating to the convertible debt issued in June 2014 (refer to the 'Financial instruments by fair value measurement hierarchy' section in note 7.3. 'Financial risk management and financial derivatives'). The net impact of derivatives and hedged items presented here does not include any impacts recognized in other income statement elements, such as interest expense, cost of sales or other operating revenues and expenses. For more details on the impact of derivatives and hedged items, refer to note 7.3. 'Financial risk management and financial derivatives'.

Inflation accounting effects relate to the Venezuelan operations. An impairment loss of € 9.2 million was recognized on receivables from the Venezuelan authorities (2014: € 5.7 million). Bank charges and taxes on financial transactions included a stamp duty of € 3.2 million on the business combination with Arrium (cf. note 7.2. 'Effect of business combinations and disposals').

5.5. Income taxes

in thousands of €	2014	2015
Current income taxes - current year	-57 142	-55 725
Current income taxes - prior periods	-135	2 473
Deferred taxes - due to changes in temporary differences	15 570	16 518
Deferred taxes - due to changes in tax rates	-669	347
Total tax expense	-42 376	-36 387

Relationship between tax expense and accounting profit

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

in thousands of €	2014	2015
Accounting profit	104 600	123 953
Tax expense at the theoretical domestic rates applicable to results of taxable entities in the countries concerned	-28 857	-27 086
Tax expense related to distribution of retained earnings	-2 171	-1 965
Total theoretical tax expense	-31 028	-29 051
Theoretical tax rate ¹	-29.7%	-23.4%
Tax effect of:		
Non-deductible items	-10 991	-16 903
Other tax rates and special tax regimes	4 766	139
Non-recognition of deferred tax assets ²	-12 205	-21 849
Utilization of deferred tax assets not previously recognized ³	8 566	34 684
Tax relating to prior periods	-8 687	2 473
Exempted income ⁴	4 589	2 432
Other ⁵	2 614	-8 312
Total tax expense	-42 376	-36 387
Effective tax rate	-40.5%	-29.4%

¹ The theoretical tax rate is computed as a weighted average. The decrease in 2015 vs 2014 is mainly generated by higher profit before tax in countries with lower tax rates.

² In 2015 as well as in 2014, the non-recognition of deferred tax assets mainly relates to losses in China, Malaysia and India.

³ Includes in 2015 an effect of € 20.1 million of a reorganization in anticipation of the Bridon Bekaert Ropes Group transaction generating taxable profits in the foreseeable future.

⁴ Relates in 2015 mainly to the disposal of the Carding Solutions activities and the deconsolidation as a consequence of the loss of control in Bekaert (Xinyu) New Materials Co Ltd (formerly a subsidiary) and the loss of joint control in Bekaert Xinyu Metal Products Co Ltd (formerly a joint venture).

⁵ Includes in 2015 € -5.0 million taxes related to a gain on an intercompany share transfer in Chile.

5.6. Share in the results of joint ventures and associates

Despite the ailing economy, the Brazilian joint ventures managed to record comparable or even better operating results than last year but their net results in euros came out lower due the substantial depreciation of the real. Additional information relating to the Brazilian joint ventures is provided under note 6.4. 'Investments in joint ventures and associates'.

The result presented for BOSFA in 2015 relates to the first five months of the year, since Bekaert acquired the remaining interests on 12 June (cf. note 7.2. 'Effect of business combinations and disposals').

As Bekaert lost control in Bekaert (Xinyu) New Materials Co Ltd on 1 April, retaining only a significant influence, this former subsidiary has been accounted for using the equity method as from that date. In addition to its ongoing operating losses, its results went further down by non-recurring impairment losses on production equipment recognized in the fourth quarter.

in thousands of €		2014	2015
Joint ventures			
BOSFA Pty Ltd	Australia	183	43
Belgo Bekaert Arames Ltda	Brazil	26 754	21 725
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	-368	2 543
Bekaert (Xinyu) New Materials Co Ltd	China	-	-4 404
Bekaert Xinyu Metal Products Co Ltd	China	-1 239	-1 587
Total		25 330	18 320

5.7. Earnings per share

2015	Number
Weighted average number of ordinary shares (basic)	55 841 843
Dilution effect of subscription rights and options	218 834
Dilution effect of convertible bond issued in 2014	-
Weighted average number of ordinary shares (diluted)	56 060 677

in thousands of €	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders	101 969	101 969
Effect on earnings of convertible bond issued in 2014 ¹	-	-
Earnings	101 969	101 969
Earnings per share (in €)	1.826	1.819

¹ Not to be reported if the effect of the convertible bond is anti-dilutive, i.e. if its effect is such that it would improve the EPS (see below).

Earnings per share ('EPS') is the amount of post-tax profit attributable to each share. Basic EPS is calculated as the result for the period attributable to the Group divided by the weighted average number of shares outstanding during the year. Diluted EPS reflects any commitments the Group has to issue shares in the future. These comprise subscription rights, options and the convertible bond issued in June 2014. Subscription rights and options are only dilutive to the extent that their exercise price is lower than the average closing price of the period. The dilution effect of subscription rights and options is limited to the weighted average number of shares to be used in the denominator of the EPS ratio; there is no effect on the earnings to be used in the numerator of the EPS ratio. The convertible bond tends to affect both the denominator and the numerator of the EPS ratio. The dilution effect of the convertible bond on the earnings (to be used in the numerator of the EPS ratio) consists of a reversal of all income and expenses directly related to the convertible bond and having affected the 'basic' earnings for the period. Following income statement items were affected by the convertible bond:

- the effective interest expense of € -8.3 million (2014: € -4.4 million),
- transaction costs (only in 2014: € -0.3 million) and
- fair value gains of € 2.1 million on the derivative liability representing the conversion option (2014: € 13.4 million).

The convertible bond was anti-dilutive in 2015, since it caused the diluted EPS ratio to improve. To calculate the impact, it is assumed that all dilutive subscription rights and options are exercised and that the conversion option of the convertible bond is exercised in its entirety at the beginning of the period, or, if the instruments were issued during the period, at the issue date. The features of the conversion option are such that only the share price increase over and above the conversion price is convertible into shares, and that Bekaert has a call option on the

conversion option when the share price exceeds the conversion price by 32.5%. The amount of shares to be converted has thus been capped at 1 868 033. Consequently, management decided to buy back as many shares (1 868 033) as could possibly be converted to counter any dilution effect resulting from the convertible bond issuance. The buy-back program started in June 2014 and was finalized by the end of September 2014.

2014	Number
Weighted average number of ordinary shares (basic)	57 599 873
Dilution effect of subscription rights and options	274 966
Dilution effect of convertible bond issued in 2014	1 001 473
Weighted average number of ordinary shares (diluted)	58 876 312

in thousands of €	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders	87 176	87 176
Effect on earnings of convertible bond issued in 2014 ¹	-	-8 668
Earnings	87 176	78 508
Earnings per share (in €)	1.513	1.333

¹ Not to be reported if the effect of the convertible bond is anti-dilutive, i.e. if its effect is such that it would improve the EPS (see below).

The weighted average closing price during 2015 was € 26.12 per share (2014: € 27.15 per share). The following options and subscription rights were out of the money, and therefore antidilutive, for the period presented:

Antidilutive instruments	Date granted	Exercise price (in €)	Number granted	Number outstanding
SOP2 - options	19.02.2007	30.175	37 500	10 000
SOP2 - options	18.02.2008	28.335	43 500	19 500
SOP2 - options	15.02.2010	33.990	49 500	49 500
SOP 2005-2009 - subscription rights	19.02.2007	30.175	153 810	9 670
SOP 2005-2009 - subscription rights	18.02.2008	28.335	229 200	118 850
SOP 2005-2009 - subscription rights	15.02.2010	33.990	225 450	172 950
SOP 2010-2014 - options	14.02.2011	77.000	360 925	314 925

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

6. Balance sheet items

6.1. Intangible assets

Cost in thousands of €	Licenses, patents & similar rights	Computer software	Rights to use land	Develop- ment costs	Other	Total
As at 1 January 2014	8 691	64 791	64 684	19	16 057	154 242
Expenditure	15 021	5 138	1 149	-	443	21 752
Disposals and retirements	-	-420	-	-	-86	-506
Transfers ¹	-284	272	-	-	-	-12
New consolidations	-	2	-	-	6 010	6 012
Exchange gains and losses (-)	54	1 900	7 023	-	1 657	10 634
As at 31 December 2014	23 483	71 683	72 856	19	24 081	192 121
As at 1 January 2015	23 483	71 683	72 856	19	24 081	192 121
Expenditure	26	5 389	194	-	259	5 868
Disposals and retirements	-23	-601	-16	-	-79	-719
Transfers ¹	-	119	7 738	-	-	7 857
New consolidations	674	258	5 843	-	919	7 694
Deconsolidations	-425	-20	-2 703	-	-353	-3 501
Exchange gains and losses (-)	9	1 533	3 850	-	1 497	6 889
As at 31 December 2015	23 744	78 360	87 762	19	26 324	216 208

Accumulated amortization and impairment

As at 1 January 2014	8 138	52 854	8 788	19	13 399	83 198
Charge for the year	168	4 827	1 330	-	955	7 280
Impairment losses	-	116	-	-	-	116
Disposals and retirements	-	-420	-	-	-86	-506
Exchange gains (-) and losses	44	1 501	1 039	-	1 363	3 947
As at 31 December 2014	8 350	58 878	11 157	19	15 631	94 034
As at 1 January 2015	8 350	58 878	11 157	19	15 631	94 034
Charge for the year	1 647	4 160	1 751	-	2 154	9 712
Impairment losses	-	11	1 534	-	241	1 786
Disposals and retirements	-23	-601	-	-	-79	-703
Deconsolidations	-425	-18	-537	-	-352	-1 332
Exchange gains (-) and losses	33	1 240	719	-	1 271	3 263
As at 31 December 2015	9 582	63 670	14 624	19	18 866	106 760
Carrying amount as at 31 December 2014	15 133	12 805	61 699	-	8 450	98 087
Carrying amount as at 31 December 2015	14 162	14 690	73 138	-	7 458	109 448

¹ Total transfers equal zero when aggregating the balances of 'Intangible assets' and 'Property, plant and equipment' (see note 6.3.).

The software expenditure mainly relates to the Satellite project (sales and outbound logistics), the MES project (Manufacturing Excellence System) and ERP software (SAP).

As for the rights to use land, the new consolidations in 2015 relate to the acquisition of the Pirelli Steelcord plant in Jining (China) whereas the deconsolidations mainly relate to the loss of control of Bekaert (Xinyu) New Materials Co Ltd (see note 7.2. 'Effect of business combinations and business disposals'). The transfer relates to a reclassification of rights to use land from Property, plant & equipment.

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

6.2. Goodwill

This note relates only to goodwill on acquisition of subsidiaries. Goodwill in respect of joint ventures and associates is disclosed in note 6.4. 'Investments in joint ventures and associates'.

Cost in thousands of €	2014	2015
As at 1 January	35 566	38 018
Increases	784	16 701
Deconsolidation	-	-1 010
Exchange gains and losses (-)	1 668	268
As at 31 December	38 018	53 977
Impairment losses in thousands of €	2014	2015
As at 1 January	19 197	19 535
Deconsolidation	-	-1 010
Exchange gains (-) and losses	338	-247
As at 31 December	19 535	18 278
Carrying amount as at 31 December	18 483	35 699

In 2015, the completion of the business combination with Pirelli resulted in an additional goodwill of € 3.5 million being recognized. On the acquisition of Arrium's ropes business in Australia, a goodwill of € 13.2 million was recorded. The step acquisition of BOSFA Pty Ltd in Australia results in a negative goodwill of € 0.3 million which is recognized through income statement. The net effect on goodwill of the deconsolidation of the Carding Solutions activities in 2015 is zero, as the related goodwill was already fully impaired at the time of disposal of this cash-generating unit.

More information about the goodwill calculation is provided in note 7.2. 'Effect of business combinations and business disposals'.

In 2014, the increase of goodwill was a consequence of new business combinations which relate to the commercial partnership with Maccaferri for underground solutions (€ 0.1 million) and the acquisition of Pirelli's steel cord plants (€ 0.7 million – provisional amount). The business combination with ArcelorMittal in Costa Rica, Brazil and Ecuador resulted in a negative goodwill of € 10.9 million which was recognized through income statement.

Goodwill by cash-generating unit (CGU)

Goodwill acquired in a business combination is allocated on acquisition to the cash-generating units (CGU) that are expected to benefit from that business combination. The carrying amount of goodwill and any related movements of the period have been allocated as follows:

Segment in thousands of €	Group of cash-generating units	Carrying amount 1 Jan 2014	Increases	Impairments	Exchange differences	Carrying amount 31 Dec 2014
Subsidiaries						
EMEA	Cold Drawn Products Ltd	2 685	-	-	189	2 874
EMEA	Combustion - heating	3 027	-	-	-	3 027
EMEA	Building Products	-	71	-	-	71
EMEA	Rubber Reinforcement	-	713	-	-	713
North America	Orrville plant (USA)	8 505	-	-	1 157	9 662
Latin America	Inchalam group	876	-	-	-16	860
Latin America	Bekaert Ideal SL companies	844	-	-	-	844
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	-	-	385
Asia Pacific	Bekaert-Jiangyin Wire Products Co Ltd	47	-	-	-	47
Asia Pacific	Bekaert Wire Ropes Pty Ltd	-	-	-	-	-
Subtotal		16 369	784	-	1 330	18 483
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	4 614	-	-	53	4 667
Subtotal		4 614	-	-	53	4 667
Total		20 983	784	-	1 383	23 150

Segment in thousands of €	Group of cash-generating units	Carrying amount			Exchange differences	Carrying amount 31 Dec 2015
		1 Jan 2015	Increases	Impairments		
Subsidiaries						
EMEA	Cold Drawn Products Ltd	2 874	-	-	176	3 050
EMEA	Combustion - heating	3 027	-	-	-	3 027
EMEA	Building Products	71	-	-	-	71
EMEA	Rubber Reinforcement	713	3 542	-	-	4 255
North America	Orrville plant (USA)	9 662	-	-	1 112	10 774
Latin America	Inchalam group	860	-	-	-40	820
Latin America	Bekaert Ideal SL companies	844	-	-	-	844
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	-	-	385
Asia Pacific	Bekaert-Jiangyin Wire Products Co Ltd	47	-	-	-	47
Asia Pacific	Bekaert Wire Ropes Pty Ltd	-	13 160	-	-734	12 426
Subtotal		18 483	16 702	-	514	35 699
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	4 667	-	-	-1 181	3 486
Subtotal		4 667	-	-	-1 181	3 486
Total		23 150	16 702	-	-667	39 185

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

- The time horizon is normally 12 years (average lifetime of equipment) but can differ case by case.
- The future free cash flows are based on the latest budgeting/planning exercises for the coming 3 years. In the budgeting exercise the key assumptions relate to sales forecasts which mainly reflect regional industrial GDP evolution, and margin evolutions taking into account agreed action plans. All cash flows thereafter are extrapolations made by the management of the cash-generating unit. Given the uncertain outlook in the mid-term, the Group takes a conservative approach on extrapolations, not exceeding the appropriate market related growth rate. No cost structure improvements are taken into account unless they can be substantiated.
- The future cash flows are based on the assets in their current condition and do not include future restructuring not yet committed or future capital expenditures improving or enhancing the assets in excess of their originally assessed standard of performance. Only that capital expenditure required to maintain the assets in good working order is included. The cash outflows relating to working capital are calculated as a percentage of incremental sales based on the past performance of the specific cash-generating unit.
- The discount factor is based on a (long-term) pre-tax cost of capital, the risks being implicit in the cash flows. A weighted average cost of capital (WACC) is determined for euro, US dollar and Chinese renminbi regions. For countries with a higher perceived risk, the WACC is raised with a country risk factor. The WACC is pre-tax based, since relevant cash flows are also pre-tax based. Similarly, it is stated in real terms (without inflation), since cash flows are also stated in real terms. In determining the weight of the cost of debt vs. the cost of equity, a target gearing (net debt relative to equity) of 50% is used. The discount factors are reviewed at least annually.

Discount rates for impairment testing		Euro region	USD region	CNY region
Group target ratio's				
Gearing: net debt/equity	50%			
% debt	33%			
% equity	67%			
% LT debt	75%			
% ST debt	25%			
Cost of Bekaert debt				
Long term interest rate		3.7%	4.1%	6.4%
Short term interest rate		2.0%	2.0%	6.0%
Cost of Bekaert equity				
	$= R_f + \beta \cdot E_m$	8.4%	9.8%	12.4%
Risk free rate= R_f		1.0%	2.3%	4.9%
Beta = β	1.2			
Market equity risk premium= E_m	6.2%			
Corporate tax rate				
	27%			
Cost of equity before tax				
		11.5%	13.4%	16.9%
WACC - nominal				
		8.9%	10.3%	13.4%
Expected inflation				
		1.3%	1.7%	2.1%
WACC in real terms				
		7.6%	8.6%	11.3%

Based on current knowledge, reasonable changes in key assumptions (including discount rate, sales and margin evolution) would not generate impairments for any of the cash-generating units for which goodwill has been allocated.

6.3. Property, plant and equipment

Cost in thousands of €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construc- tion	Total
As at 1 January 2014	896 869	2 223 839	90 445	8 425	5 070	67 589	3 292 237
Expenditure	21 871	89 433	5 347	1 373	833	16 390	135 247
Disposals and retirements	-3 144	-146 445	-7 055	-	-	-1 588	-158 232
New consolidations	80 544	78 597	707	-	157	2 535	162 540
Transfers ¹	-	-	-	-	-	12	12
Exchange gains and losses (-)	52 051	147 716	4 769	-61	70	5 263	209 809
Inflation effects on opening balances	1 659	1 921	206	-	-	116	3 901
Other inflation effects	-	-	-	-	-	22	22
As at 31 December 2014	1 049 850	2 395 062	94 418	9 738	6 129	90 339	3 645 537
As at 1 January 2015	1 049 850	2 395 062	94 418	9 738	6 129	90 339	3 645 537
Expenditure	31 088	125 478	7 584	2 319	2 156	4 606	173 231
Disposals and retirements	-15 242	-16 486	-8 389	-	-434	-2	-40 553
New consolidations	48 939	30 210	1 573	-	-	343	81 065
Deconsolidations	-18 299	-30 680	-1 513	-	-750	-5 638	-56 880
Transfers ¹	-	-	-	-	-	-7 857	-7 857
Exchange gains and losses (-)	27 546	108 619	3 250	-356	108	3 510	142 677
Inflation effects on opening balances	1 952	2 326	237	-	-	7	4 522
Other inflation effects	-	-	-	-	-	45	45
As at 31 December 2015	1 125 834	2 614 529	97 160	11 701	7 209	85 354	3 941 787
Accumulated depreciation and impairment							
As at 1 January 2014	388 714	1 576 692	73 835	1 421	2 855	-	2 043 516
Charge for the year	34 308	111 077	7 823	227	499	-	153 934
Impairment losses	290	17 803	176	-	-	-	18 270
Reversal impairment losses and depreciations	-9	-1 383	-32	-	-	-	-1 423
Disposals and retirements	-2 353	-143 332	-6 797	-	-	-	-152 482
Transfers ¹	2	-1	-	-	-	-	-
Exchange gains (-) and losses	24 334	101 683	3 994	38	-	-	130 049
Inflation effects on opening balances	405	931	157	-	-	-	1 493
As at 31 December 2014	445 691	1 663 470	79 156	1 686	3 354	-	2 193 357
As at 1 January 2015	445 691	1 663 470	79 156	1 686	3 354	-	2 193 357
Charge for the year	42 002	141 470	7 531	340	433	-	191 776
Impairment losses	2 064	10 750	132	-	-	-	12 946
Reversal impairment losses and depreciations	-29	-1 520	-99	-	-	-	-1 648
Disposals and retirements	-13 556	-16 855	-7 800	-	-64	-	-38 275
Transfers ¹	47	-60	16	-	-2	-	-
Deconsolidations	-3 708	-14 738	-1 229	-	-145	-	-19 820
Exchange gains (-) and losses	19 591	78 299	2 800	-23	69	-	100 736
Inflation effects on opening balances	539	1 243	207	-	-	-	1 989
As at 31 December 2015	492 641	1 862 059	80 714	2 003	3 645	-	2 441 061

¹ Total transfers equal zero when aggregating the balances of 'Intangible assets' (see note 6.1.) and 'Property, plant and equipment'. In 2015, the main part relates to a reclassification of rights to use land from Property, plant & equipment to Intangible assets.

in thousands of €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construction	Total
Carrying amount as at 31 December 2014 before investment grants and reclassification of leases	604 159	731 592	15 262	8 052	2 775	90 339	1 452 180
Net investment grants	-7 676	-11 701	-	-	-	-	-19 377
Finance leases by asset category	7 891	15	146	-8 052	-	-	-
Carrying amount as at 31 December 2014	604 373	719 907	15 409	-	2 775	90 339	1 432 803
Carrying amount as at 31 December 2015 before investment grants and reclassification of leases	633 193	752 470	16 447	9 698	3 564	85 354	1 500 726
Net investment grants	-7 739	-2 535	-	-	-	-	-10 274
Finance leases by asset category	7 314	2 308	76	-9 698	-	-	-

The investment programs in Belgium, Chile, China, India, Indonesia, Slovakia, and United States accounted for most of the expenditure. The net exchange gain for the year (€ 41.9 million) mainly relates to assets denominated in Chinese renminbi (€ 41.0 million), US dollar (€ 30.8 million) and Brazilian real (€ -18.2 million).

The methodology for impairment testing is consistent with the one presented in note 6.2. 'Goodwill'. For new consolidations and deconsolidations, please refer to note 7.2. 'Effect of business combinations and business disposals'. The new consolidations mainly relate to the acquisition of the Pirelli steel cord plants (€ 56.7 million) and of Arrium's ropes business in Australia (€ 32.8 million) whereas the deconsolidations relate to the disposal of the Carding Solutions activities (€ 10.9 million) and the loss of control of Bekaert (Xinyu) New Materials Co Ltd (€ 26.2 million).

Inflation effects relate to the application of inflation accounting in Venezuela.

No items of PP&E are pledged as securities.

6.4. Investments in joint ventures and associates

The Group has no investments in entities qualified as associates.

Investments excluding related goodwill

Carrying amount in thousands of €	2014	2015
As at 1 January	151 224	151 067
Result for the year	25 330	18 320
Dividends	-20 577	-18 682
Exchange gains and losses	3 339	-34 660
Deconsolidations	-8 030	-5 382
Other comprehensive income	-219	-30
As at 31 December	151 067	110 633

For an analysis of the result for the year, please refer to note 5.6. 'Share in the results of joint ventures and associates'. Substantial exchange losses in 2015 mainly originated from the depreciation of the Brazilian real. Deconsolidations in 2015 relate to the loss of significant influence in Bekaert Xinyu New Materials Co Ltd and Bekaert Xinyu Metal Products Co Ltd at year-end (see note 6.5. 'Other non-current assets') and to the step acquisition of BOSFA Pty Ltd (see note 7.2. 'Effect of business combinations and business disposals'). Deconsolidations in 2014 related to the carve-out of Bekaert Cimaf Cabos from Belgo Bekaert Arames Ltda in view of the business combination with ArcelorMittal in Costa Rica and Brazil and to the liquidation of Bekaert Faser Vertriebs GmbH.

Related goodwill

Cost in thousands of €	2014	2015
As at 1 January	4 614	4 667
Exchange gains and losses	53	-1 181
As at 31 December	4 667	3 486
Carrying amount of related goodwill as at 31 December	4 667	3 486
Total carrying amount of investments in joint ventures as at 31 December	155 734	114 119

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

in thousands of €		2014	2015
Joint ventures			
BOSFA Pty Ltd ¹	Australia	3 393	-
Belgo Bekaert Arames Ltda	Brazil	125 806	98 621
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	14 224	12 012
Bekaert (Xinyu) New Materials Co Ltd ²	China	-	-
Bekaert Xinyu Metal Products Co Ltd ³	China	7 644	-
Total for joint ventures excluding related goodwill		151 067	110 633
Carrying amount of related goodwill		4 667	3 486
Total for joint ventures including related goodwill		155 734	114 119

¹ On 12 June 2015, Bekaert acquired control in this company (see note 7.2. 'Effect of business combinations and business disposals').

² On 1 April 2015, Bekaert lost control in this company, retaining only a significant influence. As its level of influence was no longer deemed significant, Bekaert reclassified its investment from an associate to an available-for-sale financial asset at year-end.

³ On 1 April 2015, Bekaert lost joint control in this company, retaining only a significant influence. As its level of influence was no longer deemed significant, Bekaert reclassified its investment from an associate to an available-for-sale financial asset at year-end.

No major contingent assets relating to joint ventures have been identified at the balance sheet date. The main contingent liabilities identified at the balance sheet date relate to taxes at Belgo Bekaert Arames Ltda and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda. These Brazilian joint ventures have been trying to compensate ICMS tax receivables with a total carrying amount of € 6.6 million (2014: € 9.3 million). They also have been facing claims relating to ICMS credits totaling € 9.0 million (2014: € 13.4 million), ICMS incentives: nil (2014: € 1.7 million) and several other tax claims, most of which date back several years, for a total nominal amount of € 12.9 million (2014: € 12.3 million). Evidently, any potential losses resulting from the above-mentioned contingencies would only affect the Group to the extent of their interest in the joint ventures involved (i.e. 45%).

In accordance with IFRS 12, 'Disclosures of Interests in Other Entities', following information is provided on material joint ventures. The two Brazilian joint ventures have been aggregated in order to emphasize the predominance of the partnership with ArcelorMittal when analyzing the relative importance of the joint ventures.

Name of joint venture in thousands of €	Country	Proportion of ownership interest (and voting rights) held by the Group at year-end	
		2014	2015
Belgo Bekaert Arames Ltda	Brazil	45.0% (50.0%)	45.0% (50.0%)
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	44.5% (50.0%)	44.5% (50.0%)

Belgo Bekaert Arames Ltda manufactures and sells a wide variety of wire products mostly for industrial customers, and BMB manufactures and sells mainly wires and cables for rubber reinforcement in tires.

Brazilian joint ventures: income statement in thousands of €	2014	2015
Sales	820 208	709 597
Operating result (EBIT)	79 084	79 665
Interest income	2 780	3 998
Interest expense	-5 752	-6 447
Other financial income and expenses	-2 405	-5 899
Income taxes	-6 801	-9 391
Result for the period	66 906	61 926
Other comprehensive income for the period	-486	-73
Total comprehensive income for the period	66 420	61 853
Depreciation and amortization	20 498	18 084
EBITDA	99 582	97 749
Dividends received from the entity	20 577	18 682

Brazilian joint ventures: balance sheet in thousands of €	2014	2015
Current assets	252 426	184 355
Non-current assets	237 101	172 056
Current liabilities	-126 689	-84 319
Non-current liabilities	-52 644	-27 363
Net assets	310 194	244 729

Brazilian joint ventures: net debt elements in thousands of €	2014	2015
Non-current interest-bearing debt	47	-
Current interest-bearing debt	14 773	14 691
Total financial debt	14 820	14 691
Non-current financial receivables and cash guarantees	-24 262	-83
Cash and cash equivalents	-16 508	-13 700
Net debt	-25 950	908

Brazilian joint ventures: reconciliation with carrying amount

in thousands of €

	2014	2015
Net assets of Belgo Bekaert Arames Ltda	278 802	218 323
Proportion of the Group's ownership interest	45.0%	45.0%
Proportionate net assets	125 461	98 245
Consolidation adjustments	345	377
Carrying amount of the Group's interest in Belgo Bekaert Arames Ltda	125 806	98 622
Net assets of BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	31 392	26 406
Proportion of the Group's ownership interest	44.5%	44.5%
Proportionate net assets	13 969	11 751
Consolidation adjustments	255	261
Carrying amount of the Group's interest in BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	14 224	12 012
Carrying amount of the Group's interest in the Brazilian joint ventures	140 030	110 634

Aggregate information of the other joint ventures

in thousands of €

	2014	2015
The Group's share in the result from continuing operations	-1 057	-5 948
The Group's share of total comprehensive income	-1 057	-5 948
Aggregate carrying amount of the Group's interests in these joint ventures	11 037	-

Furthermore, the Group has no unrecognized commitments relating to its interests in joint ventures at the balance sheet date (2014: none).

6.5. Other non-current assets

in thousands of €	2014	2015
Non-current financial receivables and cash guarantees	19 551	9 694
Reimbursement rights and other non-current amounts receivable	8 973	8 549
Derivatives (cf. note 7.3.)	5 944	5 897
Overfunded employee benefit plans - non-current	21	7
Available-for-sale financial assets	9 979	15 626
Total other non-current assets	44 468	39 773

In 2014, the non-current financial receivables were mainly due to the deferred proceeds on the sale of the Industrial Coating activity in 2012, which was fully settled in 2015.

Available-for-sale financial assets - non-current

Carrying amount in thousands of €	2014	2015
As at 1 January	8 713	9 979
Expenditure	21	100
Disposals	-	-123
Fair value changes	1 405	-2 001
Impairment losses	-157	-302
New consolidations	5	-
Reclassifications	-	8 007
Exchange gains and losses	-8	-34
As at 31 December	9 979	15 626

The available-for-sale financial assets mainly consist of the investments in:

- Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company.
On this investment, an impairment loss of € 0.3 million has been recognized through income statement as well as a decrease in fair value (€ 2.0 million) recognized through equity during the year in accordance with IAS 39, 'Financial Instruments: Recognition and Measurement'.
- Bekaert Xinyu New Materials Co Ltd, formerly a subsidiary but accounted for using the equity method as from 1 April following its reclassification as an associate, and Bekaert Xinyu Metal Products Co Ltd, formerly a joint venture and reclassified as an associate as from 1 April, still accounted for using the equity method. At year-end both entities were reclassified as available-for-sale financial assets as the Group deemed the level of its retained influence as not even significant. Consequently, the remaining interest was restated to fair value (€ 8.0 million).

6.6. Deferred tax assets and liabilities

Carrying amount in thousands of €	Assets		Liabilities	
	2014	2015	2014	2015
As at 1 January	77 551	101 267	37 023	54 253
Increase or decrease via income statement	26 554	26 882	11 653	10 017
Increase or decrease via OCI	732	63	-1 355	-
New consolidations	10 487	8 174	24 580	292
Deconsolidations	-	-291	-	-
Exchange gains and losses	5 745	2 538	2 154	-3 920
Change in set-off of assets and liabilities	-19 802	-7 429	-19 802	-7 429
As at 31 December	101 267	131 204	54 253	53 213

Recognized deferred tax assets and liabilities

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

in thousands of €	Assets		Liabilities		Net assets	
	2014	2015	2014	2015	2014	2015
Intangible assets	7 581	7 550	6 038	6 845	1 543	705
Property, plant and equipment	39 346	45 486	47 330	44 638	-7 984	848
Financial assets	1	7	16 065	24 804	-16 064	-24 797
Inventories	10 116	10 726	4 534	2 980	5 582	7 746
Receivables	8 072	9 296	261	3 769	7 811	5 527
Other current assets	258	977	8 292	3 428	-8 034	-2 451
Employee benefit obligations	29 286	25 685	104	105	29 182	25 580
Other provisions	4 274	5 921	2 474	5 959	1 800	-38
Other liabilities	20 744	14 180	9 436	8 395	11 308	5 785
Tax deductible losses carried forward, tax credits and recoverable income taxes	21 870	59 086	-	-	21 870	59 086
Tax assets / liabilities	141 548	178 914	94 534	100 923	47 014	77 991
Set-off of assets and liabilities	-40 281	-47 710	-40 281	-47 710	-	-
Net tax assets / liabilities	101 267	131 204	54 253	53 213	47 014	77 991

The deferred taxes on property, plant and equipment mainly relate to differences in useful lives between IFRS and tax books. The deferred tax liabilities on financial assets mainly relate to temporary differences arising from undistributed profits from subsidiaries and joint ventures.

Movements in deferred tax assets and liabilities arise from the following:

2014 in thousands of €	As at 1 January	Recognized via income statement	Recognized via OCI	Acquisitions and disposals ¹	Exchange gains and losses	As at 31 December
Temporary differences						
Intangible assets	-5 031	1 679	-	5 510	-615	1 543
Property, plant and equipment	13 417	2 200	-	-24 487	886	-7 984
Financial assets	-20 761	3 833	1 066	-	-202	-16 064
Inventories	3 550	1 433	-	1 101	-502	5 582
Receivables	8 226	-1 088	-	2	671	7 811
Other current assets	-1 321	-6 628	-	-	-85	-8 034
Employee benefit obligations	20 275	5 344	1 021	1 027	1 515	29 182
Other provisions	354	-1 549	-	2 641	354	1 800
Other liabilities	9 036	1 594	-	113	565	11 308
Tax deductible losses carried forward, tax credits and recoverable income taxes	12 783	8 083	-	-	1 004	21 870
Total	40 528	14 901	2 087	-14 093	3 591	47 014

2015 in thousands of €	As at 1 January	Recognized via income statement	Recognized via OCI	Acquisitions and disposals ¹	Exchange gains and losses	As at 31 December
Temporary differences						
Intangible assets	1 543	-178	-	-3	-657	705
Property, plant and equipment	-7 984	-3 173	-	6 485	5 520	848
Financial assets	-16 064	-9 149	-67	-	483	-24 797
Inventories	5 582	4 429	-	-1 666	-599	7 746
Receivables	7 811	-2 627	-	-3	346	5 527
Other current assets	-8 034	5 663	-	31	-111	-2 451
Employee benefit obligations	29 182	-6 378	130	1 496	1 150	25 580
Other provisions	1 800	-2 631	-	553	240	-38
Other liabilities	11 308	-5 750	-	351	-124	5 785
Tax deductible losses carried forward, tax credits and recoverable income taxes	21 870	36 659	-	347	210	59 086
Total	47 014	16 865	63	7 591	6 458	77 991

¹ Relates in 2014 to the ArcelorMittal deal in Costa Rica, Brazil and Ecuador, the commercial partnership with Maccaferri for underground solutions and the acquisition of Pirelli's steel cord plants. In 2015 it related to the business combinations and disposals as disclosed in see note 7.2. 'Effect of business combinations and business disposals'.

Deferred taxes related to other comprehensive income (OCI)

2014 in thousands of €	Before tax	Tax impact	After tax
Exchange differences	92 868	1 355	94 223
Inflation adjustments	1 574	-	1 574
Cash flow hedges	755	-	755
Available-for-sale investments	1 405	-289	1 116
Remeasurement gains and losses on defined-benefit plans	-28 418	1 021	-27 397
Share of OCI of joint ventures and associates	-219	-	-219
Total	67 965	2 087	70 052

2015 in thousands of €	Before tax	Tax impact	After tax
Exchange differences	-16 070	-	-16 070
Inflation adjustments	1 208	-	1 208
Cash flow hedges	175	-67	108
Available-for-sale investments	-2 001	-	-2 001
Remeasurement gains and losses on defined-benefit plans	11 321	130	11 451
Share of OCI of joint ventures and associates	-30	-	-30
Total	-5 397	63	-5 334

Unrecognized deferred tax assets

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

in thousands of €	2014	2015	Variance 2015 vs 2014
Deductible temporary differences	270 086	298 863	28 777
Capital losses	14 781	26 627	11 846
Trade losses and tax credits	829 911	708 929	-120 982
Total	1 114 778	1 034 419	-80 359

Capital losses, trade losses and tax credits by expiry date

2014 in thousands of €	Expiring within 1 year	Expiring between 1 and 5 years	Expiring after more than 5 years	Not expiring	Total
Capital losses	-	-	-	14 781	14 781
Trade losses	23 501	194 696	103 823	509 839	831 859
Tax credits	-	65 978	-	10 779	76 757
Total	23 501	260 674	103 823	535 399	923 397

2015 in thousands of €	Expiring within 1 year	Expiring between 1 and 5 years	Expiring after more than 5 years	Not expiring	Total
Capital losses	-	-	-	26 627	26 627
Trade losses	13 673	154 015	71 946	604 398	844 032
Tax credits	-	57 052	-	35 942	92 994
Total	13 673	211 067	71 946	666 967	963 653

6.7. Operating working capital

in thousands of €	2014	2015
<i>Raw materials, consumables and spare parts</i>	223 367	199 091
<i>Work in progress and finished goods</i>	312 423	323 451
<i>Goods purchased for resale</i>	105 017	106 189
Inventories	640 807	628 731
Trade receivables	707 569	686 364
Bills of exchange received	114 117	68 005
Advances paid	24 897	15 126
Trade payables	-390 943	-456 783
Advances received	-5 106	-3 137
Remuneration and social security payables	-107 432	-117 532
Employment-related taxes	-9 298	-8 016
Operating working capital	974 611	812 758

Carrying amount in thousands of €	2014	2015
As at 1 January	792 836	974 611
Organic increase or decrease	54 623	-212 266
Write-downs and write-down reversals	-4 364	-8 281
New consolidations	71 900	58 899
Deconsolidations	-	-8 465
Impact inflation accounting	647	1 241
Exchange gains and losses (-)	58 969	7 019
As at 31 December	974 611	812 758

Average operating working capital represented 24.8% of sales (2014: 26.7%).

Additional information is as follows:

- Inventories

The cost of sales includes expenses related to transport and handling of finished goods amounting to € 165.9 million (2014: € 151.6 million), which have never been capitalized in inventories. Movements in inventories include net write-downs in 2015 of € 6.8 million (2014: net write-downs of € 5.0 million).

No inventories were pledged as security for liabilities (2014: none).

- Trade receivables

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

Allowance for bad debt in thousands of €	2014	2015
As at 1 January	-39 371	-41 767
Losses recognized in current year	-3 128	-8 614
Losses recognized in prior years - amounts used	807	4 140
Losses recognized in prior years - reversal of amounts not used	2 933	3 013
Deconsolidations	-	52
Exchange gains and losses (-)	-3 008	-1 900
As at 31 December	-41 767	-45 076

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

Trade receivables and bills of exchange received in thousands of €	2014	2015
Gross amount	863 453	799 445
Allowance for bad debts (impaired)	-41 767	-45 076
Net carrying amount	821 686	754 369
<i>of which past due but not impaired</i> <i>amount</i>	97 669	93 097
<i>average number of days outstanding</i>	98	106

Regarding trade receivables that are neither impaired nor past due, there are no indications that the debtors will not meet their payment obligations. For more information on credit enhancement techniques, refer to note 7.3. 'Financial risk management and financial derivatives'.

6.8. Other receivables

Carrying amount in thousands of €	2014	2015
As at 1 January	83 781	106 627
Increase or decrease	10 517	-12 483
Write-downs and write-down reversals	-158	1 556
New consolidations	6 134	3 219
Deconsolidations	-	-3 165
Exchange gains and losses	6 353	3 532
As at 31 December	106 627	99 286

Other receivables mainly relates to income taxes (€ 40.3 million (2014: € 32.6 million)), VAT and other non-income taxes (€ 49.7 million (2014: € 45.8 million)) and social loans to employees (€ 3.0 million (2014: € 3.2 million)).

6.9. Cash & cash equivalents and short-term deposits

Carrying amount in thousands of €	2014	2015
Cash & cash equivalents	458 542	401 771
Short-term deposits	14 160	10 216

For the changes in cash & cash equivalents, please refer to the consolidated cash flow statement and to note 7.1. 'Notes to the cash flow statement'. Cash equivalents and short-term deposits do not include any listed securities or equity instruments at the balance sheet date and are all classified as loans and receivables.

6.10. Other current assets

Carrying amount in thousands of €	2014	2015
Current loans and receivables	13 998	33 185
Advances paid	24 897	15 126
Derivatives (cf. note 7.3.)	18 213	9 747
Deferred charges and accrued revenues	7 942	7 991
As at 31 December	65 050	66 049

The current loans and receivables mainly relate to a loan to the available-for-sale investment Bekaert Xinyu New Materials Co Ltd (€ 31.4 million), covered by a repayment plan within the year, and to various cash guarantees (€ 1.6 million). The derivatives relate to CCIRS agreements (€ 5.8 million) and forward exchange contracts (€ 3.9 million).

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

Carrying amount in thousands of €	2014	2015
As at 1 January	2 096	-
Increases and decreases (-)	-2 096	-
As at 31 December	-	-

In 2015 no individual asset or disposal groups are classified as held for sale at the balance sheet date.

The movements of 2014 relate to land and buildings in Belgium that were sold during 2014.

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

Issued capital in thousands of €		2014		2015	
		Nominal value	Number of shares	Nominal value	Number of shares
1	As at 1 January	176 773	60 063 871	176 914	60 111 405
	Movements in the year				
	Issue of new shares	141	47 534	43	14 120
	As at 31 December	176 914	60 111 405	176 957	60 125 525
2	Structure				
2.1	Classes of ordinary shares				
	Ordinary shares without par value	176 914	60 111 405	176 957	60 125 525
2.2	Registered shares		1 722 615		148 202
	Non-material shares		58 353 432		59 977 323
	Shares to be dematerialized		35 358		-
	Authorized capital not issued	152 176		152 175	

A total of 14 120 subscription rights were exercised under the Company's SOP1 and SOP 2005-2009 stock option plans in 2015, requiring the issue of a total of 14 120 new shares of the Company.

From the 4 275 010 treasury shares held as of 31 December 2014, the Company disposed of 26 300 shares in connection with stock option plans. No treasury shares were purchased or cancelled in 2015. As a result, the Company held an aggregate 4 248 710 treasury shares as of 31 December 2015.

Details of the stock option plans which showed an outstanding balance either at the balance sheet date or at the previous balance sheet date, are as follows:

Overview of SOP1 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights			Out-standing	First exercise period	Last exercise period
				Granted	Exercised	Forfeited			
12.07.2002	10.09.2002	25.09.2002	15.825	106 152	105 432	720	-	22.05 - 30.06.2006	22.05 - 15.06.2015
				106 152	105 432	720	-		

Overview of SOP2 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options			Out-standing	First exercise period	Last exercise period
			Granted	Exercised	Forfeited			
21.12.2006	19.02.2007	30.175	37 500	27 500	-	10 000	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	28.335	12 870	12 690	-	180	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	28.335	30 630	11 310	-	19 320	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	16.660	64 500	-	-	64 500	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	33.990	49 500	-	-	49 500	22.05 - 30.06.2013	15.11 - 15.12.2019
			195 000	51 500	-	143 500		

Overview of SOP 2005-2009 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights				Out-standing	First exercise period	Last exercise period
				Granted	Exercised	Forfeited				
22.12.2005	20.02.2006	22.03.2006	23.795	190 698	180 567	15	10 116	22.05 - 30.06.2009	15.11 - 15.12.2020	
21.12.2006	19.02.2007	22.03.2007	30.175	153 810	143 540	600	9 670	22.05 - 30.06.2010	15.11 - 15.12.2021	
20.12.2007	18.02.2008	22.04.2008	28.335	14 100	2 100	9 900	2 100	22.05 - 30.06.2011	15.11 - 15.12.2017	
20.12.2007	18.02.2008	22.04.2008	28.335	215 100	85 650	12 700	116 750	22.05 - 30.06.2011	15.11 - 15.12.2022	
18.12.2008	16.02.2009	20.10.2009	16.660	288 150	123 750	19 500	144 900	22.05 - 30.06.2012	15.11 - 15.12.2018	
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	-	52 500	172 950	22.05 - 30.06.2013	15.11 - 15.12.2019	
				1 087 308	535 607	95 215	456 486			

Overview of SOP 2010-2014 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options				Out-standing	First exercise period	Last exercise period
			Granted	Exercised	Forfeited				
16.12.2010	14.02.2011	77.000	360 925	-	46 000	314 925	28.02 - 13.04.2014	Mid Nov. - 15.12.2020	
22.12.2011	20.02.2012	25.140	287 800	26 300	2 600	258 900	27.02 - 12.04.2015	Mid Nov. - 21.12.2021	
20.12.2012	18.02.2013	19.200	267 200	-	2 700	264 500	End Feb. - 10.04.2016	Mid Nov. - 19.12.2022	
29.03.2013	28.05.2013	21.450	260 000	-	-	260 000	End Feb. - 09.04.2017	End Feb. - 28.03.2023	
19.12.2013	17.02.2014	25.380	373 450	-	-	373 450	End Feb. - 09.04.2017	Mid Nov. - 18.12.2023	
18.12.2014	16.02.2015	26.055	349 810	-	-	349 810	End Feb. - 09.04.2018	Mid Nov. - 17.12.2024	
			1 899 185	26 300	51 300	1 821 585			

	2014		2015	
	Number of subscription rights	Weighted average exercise price (in €)	Number of subscription rights	Weighted average exercise price (in €)
SOP1 Stock Option Plan				
Outstanding as at 1 January	14 254	15.664	720	15.825
Exercised during the year	-13 534	15.655	-720	15.825
Outstanding as at 31 December	720	15.825	-	-

	2014		2015	
	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)
SOP2 Stock Option Plan				
Outstanding as at 1 January	143 500	25.166	143 500	25.166
Outstanding as at 31 December	143 500	25.166	143 500	25.166

	2014		2015	
	Number of subscription rights	Weighted average exercise price (in €)	Number of subscription rights	Weighted average exercise price (in €)
SOP 2005-2009 Stock Option Plan				
Outstanding as at 1 January	523 401	26.068	489 386	26.720
Forfeited during the year	-15	23.795	-19 500	33.873
Exercised during the year	-34 000	16.678	-13 400	16.660
Outstanding as at 31 December	489 386	26.720	456 486	26.710

	2014		2015	
	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)
SOP 2010-2014 Stock Option Plan				
Outstanding as at 1 January	1 160 625	38.640	1 498 075	34.413
Granted during the year	373 450	25.380	349 810	26.055
Exercised during the year	-	-	-26 300	25.140
Forfeited during the year	-36 000	77.000	-	-
Outstanding as at 31 December	1 498 075	34.413	1 821 585	32.942

Weighted average remaining contractual life in years	2014	2015
	SOP1	0.5
SOP2	4.7	3.7
SOP 2005-2009	5.4	4.5
SOP 2010-2014	7.7	7.1

The weighted average share price at the date of exercise in 2015 was € 26.22 for the SOP1 subscription rights (2014: € 27.82), not applicable for the SOP2 options (2014: not applicable), € 26.36 for the SOP 2005-2009 subscription rights (2014: € 27.45) and € 27.09 for the SOP 2010-2014 options (2014: not applicable). The exercise price of the subscription rights and options is equal to the lower of (i) the average closing price of the Company's share during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer. When subscription rights are exercised under the SOP1 or SOP 2005-2009 plan, equity is increased by the amount of the proceeds received. Under the terms of the SOP1 and SOP2 plans any subscription rights or options granted through 2004 were vested immediately.

Under the terms of the SOP 2010-2014 stock option plan, options to acquire existing Company shares have been offered to the members of the Bekaert Group Executive, the Senior Vice Presidents and senior executive personnel during the period 2010-2014. The grant dates of each offering were scheduled in the period 2011-2015. The exercise price of the SOP 2010-2014 options was determined in the same manner as in the previous plans. The vesting conditions of the SOP 2010-2014 grants, as well as of the SOP 2005-2009 grants and of the SOP2 grants beginning in 2006, are such that the subscription rights or options will be fully vested on 1 January of the fourth year after the date of the offer. In accordance with the Economic Recovery Act of 27 March 2009, the

exercise period of the SOP2 options and SOP 2005-2009 subscription rights granted in 2006, 2007 and 2008 was extended by five years in favor of the persons who were plan beneficiaries and subject to Belgian income tax at the time such extension was offered. The incremental fair value granted as a result of this amounts to € 0.3 million.

The members of the Bekaert Group Executive, the senior management and a limited number of management staff members of the Company and a number of its subsidiaries received during 2015 Performance Share Units entitling the beneficiary to acquire Performance Shares subject to the conditions of the Performance Share Plan 2015-2017. These Performance Share Units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The performance target was set by the Board of Directors, in line with the Company strategy.

The options granted under SOP2 and SOP 2010-2014, the subscription rights granted under SOP 2005-2009 and the performance shares granted under the Performance Shares Plan 2015-2017 are recognized at fair value at grant date in accordance with IFRS 2 (see note 6.13. 'Retained earnings and other Group reserves'). The fair value of the options is determined using a binomial pricing model. Inputs and outcome of this option pricing model are detailed below:

Option pricing model details	Granted in February 2014	Granted in February 2015	Granted in December 2015¹	Granted in February 2016²
Inputs to the model				
Share price at grant date (in €)	27.32	25.65	27.25	27.25
Exercise price (in €)	25.38	26.06	-	26.38
Expected volatility	39%	39%	39%	39%
Expected dividend yield	3.0%	3.0%	3.0%	3.0%
Vesting period (years)	3	3	3	3
Contractual life (years)	10	10	-	10
Employee exit rate	3%	3%	3%	3%
Risk-free interest rate	1.0%	0.05%	-0.20%	0.05%
Exercise factor	1.40	1.40	-	1.40
Outcome of the model				
Fair value (in €)	7.96	6.71	36.08	7.44

¹ Performance Share Plan 2015-2017

² See note 7.6. 'Events after the balance sheet date'.

The model allows for the effects of early exercise through an exercise factor. An exercise factor of 1.40 stands for the assumption that the beneficiaries exercise the options and the subscription rights after the vesting date when the share price exceeds the exercise price by 40% (on average).

During 2015, 349 810 options (2014: 373 450) were granted under SOP 2010-2014 at a fair value per unit of € 6.71 (2014: € 7.96). The Group has recorded an expense against equity of € 2.9 million (2014: € 2.8 million) based on a straight-line amortization over the vesting period of the fair value of options and subscription rights granted over the past three years.

An offer of 50 850 Performance Share Units was made on 17 December 2015 under the terms of the Performance Share Plan 2015-2017. The granted units represent a fair value of € 1.8 million.

6.13. Retained earnings and other Group reserves

Carrying amount in thousands of €	2014	2015
<i>Hedging reserve</i>	132	-
<i>Revaluation reserve for available-for-sale investments</i>	2 098	97
<i>Remeasurements on defined-benefit plans</i>	-79 146	-68 317
<i>Other revaluation reserves</i>	-16 905	-8 200
<i>Deferred taxes booked in OCI</i>	29 722	30 119
<i>Equity-settled share-based payment plans</i>	22 188	-
<i>Treasury shares</i>	-145 953	-144 747
Other reserves	-187 864	-191 048
Cumulative translation adjustments	-6 149	-30 451
Total other Group reserves	-194 013	-221 499
Retained earnings	1 352 197	1 397 356

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

Hedging reserve in thousands of €	2014	2015
As at 1 January	-623	132
Recycled to income statement	8 651	-6 166
Fair value changes to hedging instruments	-7 896	6 034
As at 31 December	132	-
Of which		
<i>Cross-currency interest-rate swaps (on Eurobonds)</i>	132	-

Changes in the fair value of hedging instruments designated as effective cash flow hedges are calculated and recognized directly in equity on a quarterly basis. In accordance with IFRS hedge accounting policies for cash flow hedges, exchange gains or losses arising from translating the underlying debt at the closing rate are offset by recycling the equivalent amounts to the income statement on a quarterly basis. The cash flow hedging instruments have been settled when the Eurobond expired in March 2015.

Revaluation reserve for available-for-sale investments in thousands of €	2014	2015
As at 1 January	693	2 098
Recycled to income statement	157	302
Fair value changes	1 248	-2 303
As at 31 December	2 098	97
Of which		
<i>Investment in Shougang Concord Century Holdings Ltd</i>	2 001	-
<i>Other</i>	97	97

The revaluation of the investment in Shougang Concord Century Holdings Ltd is based on the closing price of the share on the Hong Kong Stock Exchange. At year-end 2015, an amount of € 0.3 million was recycled to income statement as a result of an impairment loss (€ 0.2 million at midyear 2014).

Remeasurements on defined-benefit plans in thousands of €	2014	2015
As at 1 January	-52 076	-79 146
Remeasurements of the period	-27 742	11 967
Inflation effects	-269	-430
Changes in ownership	941	-708
As at 31 December	-79 146	-68 317

The remeasurements originate from using different actuarial assumptions in calculating the defined-benefit obligation and from differences with actual returns on plan assets at the balance sheet date (see note 6.15. 'Employee benefit obligations'). This reserve does not include any remeasurements attributable to non-controlling interests.

Other revaluation reserves in thousands of €	2014	2015
As at 1 January	-5 894	-16 905
Reclassifications to retained earnings	-	8 687
Changes in ownership	-2 811	18
Put option on purchase of non-controlling interests	-8 200	-
As at 31 December	-16 905	-8 200

Part of other revaluation reserves included historical fair value adjustments relating to business combinations before 2011. The active use of revaluation reserves may suggest certain readers of our financial statements that Bekaert does apply the revaluation model to measure its fixed assets, which is not the case. Therefore, fair value adjustments relating to business combinations have been consistently recognized directly in retained earnings since 2011. Consequently, the relevant part of other revaluation reserves has been reclassified to retained earnings at year-end 2015.

As part of the initial accounting for last year's business combination with Maccaferri, a liability of € 8.2 million has been set up versus equity, which represents the initial fair value of the liability resulting from the put option granted to Maccaferri on its remaining non-controlling interests in Bekaert Maccaferri Underground Solutions BVBA. Any subsequent changes in fair value of this financial liability are recognized through income statement in accordance with IFRS.

Deferred taxes booked in equity in thousands of €	2014	2015
As at 1 January	28 014	29 722
Deferred taxes relating to other comprehensive income	1 844	-91
Inflation effects	92	146
Changes in ownership	-228	342
As at 31 December	29 722	30 119

Deferred taxes relating to other comprehensive income are also recognized in OCI (see note 6.6. 'Deferred tax assets and liabilities').

Equity-settled share-based payment plans in thousands of €	2014	2015
As at 1 January	19 343	22 188
Equity instruments granted	2 845	2 906
Reclassifications to retained earnings	-	-25 094
As at 31 December	22 188	-

Options granted under the SOP2 and SOP 2010-2014 stock option plans and subscription rights granted under the SOP 2005-2009 stock option plan (see note 6.12. 'Ordinary shares, treasury shares, subscription rights, share options and performance shares') are accounted for as equity-settled share-based payments in accordance with IFRS 2, 'Share-based Payment'. The grant date fair value of stock option plans is expensed over the vesting period, with a corresponding increase in equity. Ever since IFRS 2 was first applied, this reserve has been increasing, which may be rather confusing. Therefore, this reserve has been reclassified to retained earnings at year-end 2015.

Treasury shares in thousands of €	2014	2015
As at 1 January	-73 851	-145 953
Shares purchased	-72 102	-
Shares sold	-	1 206
As at 31 December	-145 953	-144 747

While 2.6 million shares were bought back in 2014 to anticipate any dilution resulting either from the convertible bond issued in June or from the exercise of options granted under its option plans, the only treasury shares transactions in 2015 related to a minor number of options being exercised (see note 6.12. 'Ordinary shares, treasury shares, subscription rights, share options and performance shares').

Cumulative translation adjustments		
in thousands of €	2014	2015
As at 1 January	-84 776	-6 149
Exchange differences on dividends declared	-5 606	-5 296
Recycled to income statement - relating to disposed entities or step acquisitions	1 042	393
Changes in ownership	1 766	-2 359
Movements arising from exchange rate fluctuations	81 425	-17 040
As at 31 December	-6 149	-30 451
Of which relating to entities with following functional currencies		
<i>Chinese renminbi</i>	123 304	158 720
<i>US dollar</i>	15 994	35 911
<i>Brazilian real</i>	-107 398	-170 636
<i>Chilean peso</i>	-1 677	-9 370
<i>Venezuelan bolivar</i>	-38 307	-42 344
<i>Indian rupee</i>	-5 620	-3 183
<i>Czech koruna</i>	6 587	7 557
<i>Russian ruble</i>	-1 015	-5 433
<i>Other currencies</i>	1 983	-1 673

The swings in CTA reflect both the exchange rate evolution and the relative importance of the net assets denominated in the presented currencies.

6.14. Non-controlling interests

Carrying amount in thousands of €	2014	2015
As at 1 January	157 600	199 421
Changes in Group structure	25 988	-85 152
Share of the result for the period	378	3 917
Share of other comprehensive income excluding CTA	-338	-281
Dividend pay-out	-54 663	-7 391
Capital increases	53 399	14 967
Exchange gains and losses (-)	17 057	5 731
As at 31 December	199 421	131 212

In 2015, the changes in Group structure mainly relate to Bekaert acquiring the remaining non-controlling interests held by the Chilean partners in the Ropes entities (€ -78.3 million) in December. Other changes in Group structure (totaling € -6.8 million) originated from the business combination with Pirelli, the acquisition of the remaining non-controlling interests in two Chinese companies and in the Malaysian and Indonesian 'Southern Wire' companies from Southern Steel, and the loss of control in Bekaert (Xinyu) New Materials Co Ltd. In 2014, the changes in Group structure mainly originated from the business combination with ArcelorMittal (€ 11.2 million), due to non-controlling interests of 42% arising in the new entities in Costa Rica and to an increase in non-controlling interests from 20% to 42% in the existing entity in Ecuador. Substantial increases also resulted from the business combinations with Pirelli (€ 9.2 million) and Maccaferri (€ 2.8 million).

In 2015, the share of the result for the period mainly improved due to the positive contribution from the Pirelli entities and the less negative contribution from the Southern Wire companies (after having recognized sizeable impairment losses in 2014), while the Ropes entities were hit by the sagging demand from the oil and gas sector.

In 2014, dividends paid out by Inchalam SA and Prodalam SA were used by the Chilean partners to fund capital increases totaling € 40.5 million in Acma Inversiones SA, Prodinsa SA and Procables Wire Ropes SA. These capital increases are part of a portfolio realignment initiated in 2014, through which Bekaert was to raise its interest in the ropes activities in Chile, Peru and Canada from 52% to 65% early 2015. Further capital increases in the Ropes entities were effected in 2015 (€ 15.6 million).

In accordance with IFRS 12, 'Disclosures of Interests in Other Entities', following information is provided on subsidiaries that have non-controlling interests ('NCI') that are material to the Group. The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements evaluate (a) the nature and risks associated with its interests in other entities, and (b) the effects of those interests on its financial position, financial performance and cash flows. Bekaert has many partnerships across the world, most of which would not individually meet any reasonable materiality criterion. Therefore, the Group has identified three non-wholly owned groups of entities which are interconnected through their line of business and shareholder structure: (1) the Ropes entities, a global business in which Bekaert has recently expanded its worldwide footprint and increased its interests vs. its Chilean partners; (2) the Wire entities in Chile and Peru, where the non-controlling interests are mainly held by the Chilean partners, and (3) the Wire entities in the Andina region, where the non-controlling interests are mainly held by the Ecuadorian Kohn family and ArcelorMittal. In presenting aggregated information for these entity groups, only intercompany effects within each entity group have been eliminated, while all other entities of the Group have been treated as third parties.

Entities included in material NCI disclosure	Country	Proportion of NCI at year-end	
		2014	2015
Ropes entities			
Acma Inversiones SA	Chile	48.0%	0.0%
Inversiones Bekaert Andean Ropes SA	Chile	0.0%	0.0%
Procables Wire Ropes SA	Chile	48.0%	0.0%
Prodinsa SA	Chile	48.0%	0.0%
Bekaert Cimaf Cabos Ltda	Brazil	0.0%	0.0%
Procables SA	Peru	50.0%	3.9%
Bekaert Wire Rope Industry NV	Belgium	0.0%	0.0%
Wire Rope Industries Ltd	Canada	48.0%	0.0%
Wire Rope Industries USA Inc	USA	0.0%	0.0%
Bekaert Wire Ropes Pty Ltd	Australia	0.0%	0.0%
Wire entities Chile and Peru			
Acma SA	Chile	48.0%	48.0%
Acmanet SA	Chile	48.0%	48.0%
Industrias Acmanet Ltda	Chile	48.0%	48.0%
Industrias Chilenas de Alambre - Inchalam SA	Chile	48.0%	48.0%
Procercos SA	Chile	48.0%	48.0%
Prodalam SA	Chile	48.0%	48.0%
Impala SA	Panama	48.0%	48.0%
Productos de Acero Cassadó SA	Peru	62.5%	62.5%
Prodac Contrata SAC	Peru	62.5%	62.5%
Prodac Selva SAC	Peru	62.5%	62.5%
Wire entities Andina region			
Bekaert Ideal SL	Spain	20.0%	20.0%
Productora de Alambres Colombianos - Proalco SAS	Colombia	20.0%	20.0%
Bekaert Costa Rica SA	Costa Rica	41.6%	41.6%
BIA Alambres Costa Rica SA	Costa Rica	41.6%	41.6%
Ideal Alambrec SA	Ecuador	41.6%	41.6%
InverVicson SA	Venezuela	20.0%	20.0%
Vicson SA	Venezuela	20.0%	20.0%

The principal activity of the main entities listed above is manufacturing and selling wire, ropes and other wire products, mainly for the local market. Following entities are essentially holdings, having interests in one or more of the other entities listed above: Acma Inversiones SA, Inversiones Bekaert Andean Ropes SA, Procables Wire Ropes SA, Bekaert Wire Rope Industry NV, Industrias Acmanet Ltda, Procercos SA, Impala SA and Bekaert Ideal SL. The following table shows the relative importance of the entity groups with material NCI in terms of results and equity attributable to NCI.

Material and other NCI in thousands of €	Result attributable to NCI		Equity attributable to NCI	
	2014	2015	2014	2015
Ropes entities	5 050	957	33 908	250
Wire entities Chile and Peru	33 291	6 295	83 090	83 886
Wire entities Andina region	-3 229	-1 743	21 902	20 343
Consolidation adjustments on material NCI	-27 617	-1 613	-2 333	-32 003
Contribution of material NCI to consolidated NCI	7 495	3 896	136 567	72 476
Other NCI	-7 117	21	62 854	58 731
Total consolidated NCI	378	3 917	199 421	131 207

The consolidation adjustments to the result attributable to material NCI in 2014 include the elimination of a gain of € 28 million recognized by the Chilean wire entities on the transfer of Ropes investments to the Ropes entities. The substantial consolidation adjustments to the equity attributable to material NCI in 2015 are still largely due to this equity shift from the Ropes entities (the NCI of which having been repurchased in 2015) to the Chilean wire entities.

Ropes entities		
in thousands of €	2014	2015
Current assets	70 135	89 233
Non-current assets	78 810	125 131
Current liabilities	33 536	184 034
Non-current liabilities	14 557	41 618
Equity attributable to the Group	66 944	-11 538
Equity attributable to NCI	33 908	250

Bekaert raised its interest in the ropes activities in Chile, Peru and Canada from 52% to 65% in early 2015, and then acquired the ropes activities from Arrium (Australia) together with its Chilean partners (see note 7.2. Effect of business combinations and business disposals). In December 2015, Bekaert and its Chilean partners entered into an agreement to discontinue their partnership in the Ropes business, as a result of which Bekaert purchased the remaining non-controlling interests in the Ropes entities from the Chilean partners. The minor equity attributable to NCI (€ 0.3 million) held at year-end 2015 relates to the interest held by the Peruvian shareholders in Procables SA.

Ropes entities		
in thousands of €	2014	2015
Sales	107 965	144 732
Expenses	-98 029	-150 105
Result for the period	9 936	-5 373
Result for the period attributable to the Group	4 886	-6 330
Result for the period attributable to NCI	5 050	957
Other comprehensive income for the period	540	-16 531
OCI attributable to the Group	297	-11 907
OCI attributable to NCI	243	-4 624
Total comprehensive income for the period	10 476	-21 904
Total comprehensive income attributable to the Group	5 183	-18 237
Total comprehensive income attributable to NCI	5 293	-3 667
Dividends paid to NCI	-	-
Net cash inflow (outflow) from operating activities	8 819	6 398
Net cash inflow (outflow) from investing activities	-90 987	-189 666
Net cash inflow (outflow) from financing activities	85 539	184 465
Net cash inflow (outflow)	3 371	1 197

The result for the period of the Ropes entities, both in 2014 and 2015 was adversely affected by the weak economic situation in the oil and gas sector. In 2015, the result was substantially reduced by the acquisition-related expenses for Bekaert Wire Ropes Pty Ltd (€ 3.2 million) and by a current income tax charge of € 5.0 million, fully attributable to the Group, with respect to a gain on an intercompany share transfer in Chile. The result for the period attributable to NCI reflects the fact that, on average, Matco Cables SpA held about 35% (vs. 48% in 2014) in the Ropes operating entities throughout the year. The substantial cash-outs from investing activities in 2015 mainly relate to the business combination with Arrium, the repurchase of the non-controlling interests from Matco Cables SpA and capital expenditure on plant, property and equipment. In 2014, the investing cash-outs mainly related to an intercompany share transfer in anticipation of the portfolio realignment with Matco Cables SpA.

Wire entities Chile and Peru		
in thousands of €	2014	2015
Current assets	203 143	181 799
Non-current assets	136 700	140 010
Current liabilities	146 543	112 300
Non-current liabilities	34 680	51 123
Equity attributable to the Group	75 530	74 500
Equity attributable to NCI	83 090	83 886

Strict working capital control was the main reason for the decline in current assets, while the decrease in total liabilities was mainly driven by gross debt.

Wire entities Chile and Peru

in thousands of €

	2014	2015
Sales	411 655	434 933
Expenses	-343 301	-422 039
Result for the period	68 354	12 894
Result for the period attributable to the Group	35 063	6 599
Result for the period attributable to NCI	33 291	6 295
Other comprehensive income for the period	14 751	-1 273
OCI attributable to the Group	6 866	-1 428
OCI attributable to NCI	7 885	155
Total comprehensive income for the period	83 105	11 621
Total comprehensive income attributable to the Group	41 929	5 171
Total comprehensive income attributable to NCI	41 176	6 450
Dividends paid to NCI	-53 171	-5 532
Net cash inflow (outflow) from operating activities	11 196	52 954
Net cash inflow (outflow) from investing activities	63 671	-9 502
Net cash inflow (outflow) from financing activities	-87 856	-36 885
Net cash inflow (outflow)	-12 989	6 567

Sales and operating results improved, although Peru was hit by a cut in government spending. The result for the period included a one-time gain on the transfer of the ropes investments of € 58 million in 2014. OCI mainly includes exchange differences, which are affected by the weakened Chilean peso. Operating cash flows increased substantially thanks to strong operating performance and working capital reduction. Investing cash flows in 2014 included one-time proceeds from the transfer of the ropes investments (€ 78.1 million). Financing cash flows in 2014 included one-time dividends paid out and capital contributions relating to the transfer of the ropes investments.

Wire entities Andina region

in thousands of €

	2014	2015
Current assets	113 372	110 022
Non-current assets	70 104	72 584
Current liabilities	99 973	101 758
Non-current liabilities	22 553	24 444
Equity attributable to the Group	39 048	36 061
Equity attributable to NCI	21 902	20 343

The major balance sheet subtotals remained fairly constant, although the net assets of Venezuela dwindled further as a result of the staggering depreciation of the bolivar.

Wire entities Andina region

in thousands of €

	2014	2015
Sales	172 306	204 551
Expenses	-183 570	-207 911
Result for the period	-11 264	-3 360
Result for the period attributable to the Group	-8 035	-1 617
Result for the period attributable to NCI	-3 229	-1 743
Other comprehensive income for the period	4 468	-53
OCI attributable to the Group	2 551	-1 047
OCI attributable to NCI	1 917	994
Total comprehensive income for the period	-6 796	-3 413
Total comprehensive income attributable to the Group	-5 484	-2 664
Total comprehensive income attributable to NCI	-1 312	-749
Dividends paid to NCI	-1 027	-850
Net cash inflow (outflow) from operating activities	315	11 221
Net cash inflow (outflow) from investing activities	-1 624	-6 901
Net cash inflow (outflow) from financing activities	20 766	7 679
Net cash inflow (outflow)	19 457	11 999

Sales increased in all countries except Venezuela, helped by acquisition effects in Costa Rica and a stronger dollar but adversely affected by the weaker Colombian peso. Operating results slightly improved, mainly in Colombia and Ecuador. Financial results benefited from one-time exchange gains. OCI was mainly driven by exchange losses on the translation of the net assets in Colombia and Venezuela. Operating cash flows improved, mainly in Colombia and Ecuador. Investing cash-outs increased as a result of an expansion program in Ecuador. Financing cash flows showed higher interests and dividend payments and lower increases in interest-bearing debt.

Vicson SA (Venezuela) remains exposed to restrictions on the repatriation of cash due to foreign exchange regulations in Venezuela.

6.15. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 298.4 million as at 31 December 2015 (€ 297.7 million as at year-end 2014), are as follows:

in thousands of €	2014	2015
Liabilities for		
<i>Post-employment defined-benefit plans</i>	169 651	159 941
<i>Other long-term employee benefits</i>	2 779	6 077
<i>Cash-settled share-based payment employee benefits</i>	1 675	1 946
<i>Short-term employee benefits</i>	107 432	117 532
<i>Termination benefits</i>	16 170	12 915
Total liabilities in the balance sheet	297 707	298 411
of which		
<i>Non-current liabilities</i>	175 774	167 130
<i>Current liabilities</i>	121 933	131 281
Assets for		
<i>Defined-benefit pension plans</i>	-21	-7
Total assets in the balance sheet	-21	-7
Total net liabilities	297 686	298 404

Post-employment benefit plans

In accordance with IAS 19, 'Employee benefits', post-employment benefit plans are classified as either defined-contribution plans or defined-benefit plans.

Defined-contribution plans

For defined-contribution plans, Bekaert pays contributions to publicly or privately administered pension funds or insurance companies. Once the contributions have been paid, the Group has no further payment obligation. These contributions constitute an expense for the year in which they are due.

The Belgian defined-contribution pension plans are by law subject to minimum guaranteed rates of return. Pension legislation was amended at the end of 2015 and defines the minimum guaranteed rate of return as a variable percentage linked to government bond yields observed in the market as from 1 January 2016 onwards. For 2016 the minimum guaranteed rate of return becomes 1.75% on employer contributions and employee contributions.

The old rates (3.25% on employer contributions and 3.75% on employee contributions) continue to apply to the accumulated past contributions in the group insurance as at 31 December 2015. As a consequence, the defined-contribution plans have been reclassified as defined benefit plans at 31 December 2015.

Bekaert participates in a multi-employer defined-benefit plan in the Netherlands funded through the Pensioenfond Metaal & Techniek. This plan is treated as a defined-contribution plan because no information is available with respect to the plan assets attributable to Bekaert; contributions for this plan amounted to € 0.8 million (2014: € 0.8 million).

Defined-contribution plans	2014	2015
in thousands of €		
Expenses recognized	12 304	18 545

Expenses recognized for Belgian pension plans amounted to € 6.0 million (2014: € 4.7 million).

Defined-benefit plans

Several Bekaert companies operate retirement benefit and other post-employment benefit plans. These plans generally cover all employees and provide benefits which are related to salary and length of service.

The latest actuarial valuations under IAS 19 were carried out as of 31 December 2015 for all significant post-employment defined-benefit plans by independent actuaries. The Group's largest defined-benefit obligations are in Belgium and the United States. They account for 85.4% (2014: 83.6%) of the Group's defined-benefit obligations and 99.8% (2014: 99.7%) of the Group's plan assets.

Plans in Belgium

The funded plans in Belgium mainly relate to retirement plans representing a defined-benefit obligation of € 164.1 million (2014: € 114.2 million) and € 147.3 million assets (2014: € 93.1 million). They foresee in a lump sum payment upon retirement and in risk benefits in case of death or disability prior to retirement. The plans are externally funded through two self-administrated institutions for occupational retirement provision (IORP). On a regular basis, an Asset Liability Matching (ALM) study is performed in which the consequences of strategic investment policies are analyzed in terms of risk-and-return profiles. Statement of investment principles and funding policy are derived from this study. The purpose is to have a well-diversified asset allocation to control the risk. Investment risk and liability risk are monitored on a quarterly basis. Funding policy targets to be at least fully funded in terms of the technical provision (this is a prudent estimate of the pension liabilities). As 31 December 2015, the defined-benefit obligation increased by € 51.9 million and the plan assets by € 50.3 million due to the reclassification of the defined-contribution plans.

Unfunded plans mainly relate to pre-retirement pensions (defined-benefit obligation € 23.2 million (2014: € 28.8 million)) which are not externally funded. An amount of € 8.5 million (2014: € 8.6 million) relates to employees in active service who have not yet entered into any pre-retirement agreement.

Plans in the United States

The funded plans in the United States mainly relate to pension plans representing a defined-benefit obligation of € 142.2 million (2014: € 134.7 million) and assets of € 92.4 million (2014: € 84.5 million). The plans provide for benefits for the life of the plan members but have been closed for new entrants. Plan assets are invested, in fixed-income funds and in equities. Based on an Asset Liability Matching study the strategic asset allocation has been shifted more towards long duration fixed income funds. Funding policy targets to be sufficiently funded in terms of Pension Protection Act requirements and thus to avoid benefit restrictions or at-risk status of the plans.

Unfunded plans mainly relate to medical care (defined-benefit obligation € 5.5 million (2014: € 5.2 million)) and are not externally funded.

The amounts recognized in the balance sheet are as follows:

in thousands of €	2014	2015
Belgium		
Present value of funded obligations	114 166	164 091
Fair value of plan assets	-93 145	-147 325
Deficit / surplus (-) of funded obligations	21 021	16 766
Present value of unfunded obligations	32 154	25 618
Total deficit / surplus (-) of obligations	53 175	42 384
United States		
Present value of funded obligations	134 726	142 225
Fair value of plan assets	-84 489	-92 386
Deficit / surplus (-) of funded obligations	50 237	49 839
Present value of unfunded obligations	9 611	9 884
Total deficit / surplus (-) of obligations	59 848	59 723
Other		
Present value of funded obligations	868	666
Fair value of plan assets	-512	-458
Deficit / surplus (-) of funded obligations	356	208
Present value of unfunded obligations	56 251	57 619
Total deficit / surplus (-) of obligations	56 607	57 827
Total		
Present value of funded obligations	249 760	306 982
Fair value of plan assets	-178 146	-240 169
Deficit / surplus (-) of funded obligations	71 614	66 813
Present value of unfunded obligations	98 016	93 121
Total deficit / surplus (-) of obligations	169 630	159 934

The movement in the defined-benefit obligation, plan assets, net liability and asset over the year is as follows:

in thousands of €	Defined-benefit obligation	Plan assets	Net liability / asset (-)
As at 1 January 2014	283 419	-149 330	134 089
Current service cost	10 777	-	10 777
Past service cost	2 203	-	2 203
Interest expense / income (-)	11 130	-5 856	5 274
Net benefit expense / income (-) recognized in profit and loss	24 110	-5 856	18 254
<i>Components recognized in EBIT</i>	-	-	12 980
<i>Components recognized in financial result</i>	-	-	5 274
Remeasurements			
<i>Return on plan assets, excluding amounts included in interest expense / income (-)</i>	-	-10 288	-10 288
<i>Gain (-) / loss from change in demographic assumptions</i>	7 699	-	7 699
<i>Gain (-) / loss from change in financial assumptions</i>	30 134	-	30 134
<i>Experience gains (-) / losses</i>	873	-	873
Changes recognized in equity	38 706	-10 288	28 418
Contributions			
Employer contributions / direct benefit payments	-	-28 482	-28 482
Employee contributions	132	-132	-
Payments from plans			
Benefit payments	-25 722	25 722	-
Acquisitions	8 991	-	8 991
Foreign-currency translation effect	18 140	-9 779	8 360
As at 31 December 2014	347 776	-178 146	169 630
As at 1 January 2015	347 776	-178 146	169 630
Current service cost	13 457	-	13 457
Past service cost	2 787	-	2 787
Gains (-) / losses from settlements	169	-	169
Interest expense / income (-)	11 270	-5 299	5 971
Net benefit expense / income (-) recognized in profit and loss	27 683	-5 299	22 384
<i>Components recognized in EBIT</i>	-	-	16 413
<i>Components recognized in financial result</i>	-	-	5 971
Remeasurements			
<i>Return on plan assets, excluding amounts included in interest expense / income (-)</i>	-	3 025	3 025
<i>Gain (-) / loss from change in demographic assumptions</i>	-6 660	-	-6 660
<i>Gain (-) / loss from change in financial assumptions</i>	-9 903	-	-9 903
<i>Experience gains (-) / losses</i>	2 217	-	2 217
Changes recognized in equity	-14 346	3 025	-11 321
Contributions			
Employer contributions / direct benefit payments	-	-30 053	-30 053
Employee contributions	162	-162	-
Payments from plans			
Benefit payments	-30 438	30 438	-
Reclassifications	48 861	-50 321	-1 460
Acquisitions	3 446	-	3 446
Disposals	-164	81	-83
Foreign-currency translation effect	17 122	-9 731	7 391
As at 31 December 2015	400 102	-240 168	159 934

The past service cost mainly relates to the introduction of a retirement gratuity in Peru and reflects the impact of the reclassification of the Belgian defined-contribution plans. In the income statement, current and past service cost, including gains or losses from settlements are included in the operating result (EBIT), and interest expense or income is included in interest expense, under interest element of interest-bearing provisions.

Reimbursement rights arising from reinsurance contracts covering retirement pensions, death and disability benefits in Germany amount to € 0.3 million (2014: € 0.3 million).

Estimated contributions and direct benefit payments for 2016 are as follows:

Estimated contributions and direct benefit payments	
in thousands of €	2016
Pension plans	28 247
Total	28 247

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

in thousands of €	2014	2015
Belgium		
Bonds		
Bonds	42 670	33 032
Equity	46 080	55 165
Cash	4 395	8 807
Insurance contract	-	50 321
Total Belgium	93 145	147 325
United States		
Bonds		
USD Long Duration Bonds	45 711	49 132
USD Fixed Income	8 367	9 358
USD Guaranteed Deposit	5 445	5 937
Equity		
USD Equity	17 726	20 084
Non-USD Equity	7 241	7 875
Total United States	84 489	92 386
Other		
Bonds	512	609
Total Other	512	609
Total	178 146	240 320

In the USA, investments are primarily made through mutual fund investments and insurance company separate accounts, in quoted equity and debt instruments. In Belgium, the investments of the institutions for occupational retirement provision are made through mutual fund investments in quoted equity and debt instruments. Investments are well-diversified so that the failure of any single investment would not have a material impact on the overall level of assets. The insurance contracts benefit from guaranteed interest rates, i.e. the weighted average equals 3.16% at 31 December 2015. The Group's plan assets include no direct positions in Bekaert shares or bonds, nor do they include any property used by a Bekaert entity.

The principal actuarial assumptions on the balance sheet date (weighted averages based on outstanding DBO) were:

Actuarial assumptions	2014	2015
Discount rate	3.1%	3.4%
Future salary increases	3.3%	3.4%
Underlying inflation rate	2.5%	2.8%
Health care cost increases (initial)	6.5%	6.3%
Health care cost increases (ultimate)	5.0%	4.5%
Health care (years to ultimate rate)	6	8

The discount rate for the USA and Belgium is reflective both of the current interest rate environment and the plan's distinct liability characteristics. The plan's projected cash flows are matched to spot rates, after which an associated present value is developed. A single equivalent discount rate is then determined that produces that same present value. The underlying yield curve for deriving spot rates is based on high quality AA-credit rated corporate bonds issues denominated in the currency of the applicable regional market. This resulted into the following discount rates:

Discount rates	2014	2015
Belgium	1.8%	2.0%
United States	3.9%	4.2%
Other	4.7%	4.6%

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into the following average life expectancy in years for a pensioner retiring at age 65:

	2014	2015
Life expectancy of a man aged 65 (years) at balance sheet date	21.5	20.9
Life expectancy of a woman aged 65 (years) at balance sheet date	23.9	23.1
Life expectancy of a man aged 65 (years) ten years after balance sheet date	22.4	21.7
Life expectancy of a woman aged 65 (years) ten years after balance sheet date	24.8	24.0

Sensitivity analyses show the following effects:

Sensitivity analysis in thousands of €	Change in assumption	Impact on defined-benefit obligation	
Discount rate	-0.50%	Increase by	21 379 5.3%
Salary growth rate	0.50%	Increase by	6 028 1.5%
Health care cost	0.50%	Increase by	214 0.1%
Life expectancy	Increase by 1 year	Increase by	3 968 1.0%

The above analyses were done on a mutually exclusive basis, and holding all other assumptions constant.

Through its defined-benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Salary risk	The majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a salary increase of plan members higher than expected will lead to higher liabilities.
Longevity risk	Belgian pension plans provide for lump sum payments upon retirement. As such there is limited or no longevity risk. Pension plans in the USA provide for benefits for the life of the plan members, so increases in life expectancy will result in an increase in the plans' liabilities.

The weighted average durations of the defined-benefit obligations are as follows:

Belgium	12.6
United States	12.4
Other	9.9
Total	12.1

Other long-term employee benefits

The other long-term employee benefits relate to service awards. The increase of the liabilities is due to acquisitions and a reclassification of one plan in Italy.

Cash-settled share-based payment employee benefits

Stock appreciation rights

The Group issues stock appreciation rights (SARs) to certain management employees, granting them the right to receive the intrinsic value of the SARs at the date of exercise. These SARs are accounted for as cash-settled share-based payments in accordance with IFRS 2. The fair value of each grant is recalculated at balance sheet date, using the same binomial pricing model as for the equity-settled share-based payments (see note 6.12. 'Ordinary shares, treasury shares, subscription rights, share options and performance shares'). Based on local regulations, the exercise price for any grant under the USA SAR plan is equal to the average closing price of the Company's share during the thirty days following the date of the offer. The exercise price for the other SAR plans is determined in the same way as for the equity-settled stock option plans: it is equal to the lower of (i) the average closing price of the Company's share during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer.

Following inputs to the model are used for all grants: share price at balance sheet date: € 28.39 (2014: € 26.35), expected volatility of 39% (2014: 39%), expected dividend yield of 3.0% (2014: 3.0%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 4% in Asia (2014: 4%) and 4% in other countries (2014: 3%), and an exercise factor of 1.40 (2014: 1.40). Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO¹'s with a term equal to the maturity of the SAR grant under consideration.

Exercise prices and fair values of outstanding SARs by grant are shown below:

USA SAR Plan details by grant in €	Exercise price	Fair value as at 31 Dec 2014	Fair value as at 31 Dec 2015
Grant 2008	28.76	2.66	-
Grant 2009	16.58	9.60	11.20
Grant 2010	37.05	2.83	2.69
Grant 2011	83.43	1.21	1.16
Grant 2012	27.63	5.73	6.44
Grant 2013	22.09	7.88	8.36
Exceptional grant 2013	22.51	8.80	9.45
Grant 2014	25.66	7.18	7.85
Grant 2015	25.45	7.46	8.39
Grant 2016 ²	28.38	-	7.80

Other SAR Plans details by grant in €	Exercise price	Fair value as at 31 Dec 2014	Fair value as at 31 Dec 2015
Grant 2007	30.17	3.37	3.06
Grant 2008	28.33	4.52	4.83
Grant 2009	16.66	9.73	11.37
Grant 2010	33.99	4.17	4.56
Grant 2011	77.00	1.34	1.31
Grant 2012	25.14	6.23	7.08
Grant 2013	19.20	9.02	9.84
Exceptional grant 2013	21.45	9.11	9.93
Grant 2014	25.38	7.08	7.84
Grant 2015	26.06	7.05	7.96
Grant 2016 ²	26.38	-	8.01

At 31 December 2015, the total liability for the USA SAR plan amounted to € 0.9 million (2014: € 0.8 million), while the total liability for the other SAR plans amounted to € 1.1 million (2014: € 0.9 million).

The Group recorded a total loss of € 0.3 million (2014: loss of € 0.2 million) during the year in respect of SARs.

¹ *Obligation Linéaire / Lineaire Obligatie*

² *The fair value of this grant has been determined at grant date. See note 7.6. 'Events after the balance sheet date'.*

Performance Share Units

Certain management employees received cash-settled Performance Share Units during 2015 entitling the beneficiary to receive the value of Performance Share Units subject to the conditions of the Performance Share Plan 2015-2017. These Performance Share Units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The performance target was set by the Board of Directors, in line with the Company strategy.

Under the terms of the cash-settled performance share plan, a regular offer of 11 850 performance share units was made on 17 December 2015. The granted units represent a fair value of € 0.5 million.

These performance share units are accounted for as cash-settled share-based payments in accordance with IFRS 2. The fair value of each grant is recalculated at balance sheet date, using the same binomial pricing model as for the equity-settled share-based payments (see note 6.12. 'Ordinary shares, treasury shares, subscription rights, share options and performance shares').

Following inputs to the model are used for all grants: share price at balance sheet date: € 28.39, expected volatility of 39%, expected dividend yield of 3.0%, vesting period of 3 years and an employee exit rate of 4%. Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO¹s with a term equal to the maturity of the SAR grant under consideration.

The fair value of outstanding performance share units by grant is shown below:

Performance Share Plan details by grant in €	Fair value as at 31 Dec 2015
Grant 2015 ²	38,29

Short-term employee benefit obligations

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

¹ *Obligation Linéaire / Lineaire Obligatie*

² *The fair value of this grant has been determined at grant date. See note 7.6. 'Events after the balance sheet date'.*

6.16. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2015	5 789	5 216	33 089	32 143	76 237
Additional provisions	3 094	1 809	149	9 039	14 091
Unutilized amounts released	-1 563	-1 288	-2 358	-5 128	-10 337
Increase in present value	-	-	-	1 092	1 092
Charged to the income statement	1 531	521	-2 209	5 003	4 846
New consolidations	-	1 200	-	3 602	4 802
Deconsolidations	-	-87	-	-20	-107
Amounts utilized during the year	-1 985	-2 067	-848	-2 413	-7 313
Transfers	-78	1 297	78	-2 403	-1 106
Exchange gains (-) and losses	9	-173	-181	157	-188
As at 31 December 2015	5 266	5 907	29 929	36 069	77 171
Of which					
<i>current</i>	<i>2 403</i>	<i>2 341</i>	<i>3 040</i>	<i>19 189</i>	<i>26 973</i>
<i>non-current - between 2 and 5 years</i>	<i>2 863</i>	<i>3 236</i>	<i>6 415</i>	<i>9 303</i>	<i>21 817</i>
<i>non-current - more than 5 years</i>	<i>-</i>	<i>330</i>	<i>20 474</i>	<i>7 577</i>	<i>28 381</i>

The decrease of provisions for restructuring mainly relates to previously announced programs in Belgium whereas the further integration program of the Italian ex-Pirelli plant mainly explains the increase.

Provisions for claims mainly relate to product warranty programs and various product quality claims in several entities.

The environmental provisions mainly relate to sites in EMEA. The expected soil sanitation costs are reviewed at each balance sheet date. Based on external expert assessments, the main decrease in 2015 relates to the plant in Hlohovec (Slovakia). Timing of settlement is uncertain as it is often triggered by decisions on the destination of the premises.

Other provisions include bank guarantees for a subsidiary in Venezuela. In 2014, part of these guarantees was recognized as a financial liability; additional guarantees have been recorded in 2015 and the entire amount is now recognized as other provisions (€ 16.3 million). As part of the opening balance on the acquisition of the Pirelli steel cord plants, a contingent liability has been recognized for stamp duty and a contractor pension cost. A provision of € 8.3 million relating to a put option for a non-controlling interest in an investment has been transferred to derivative liabilities in 2015. Furthermore, other provisions also include the effects of the long-term secured wire rod supply contract (expiring in 2022) with ArcelorMittal (€ 7.9 million) and a tax provision for the plant in Sumaré (Brazil) (€ 2.4 million).

6.17. Interest-bearing debt

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

2015 in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
<i>Finance leases</i>	219	3 545	-	3 764
<i>Credit institutions</i>	288 289	163 737	-	452 026
<i>Bonds</i>	205 000	340 614	-	545 614
<i>Convertible bonds</i>	1 206	284 220	-	285 426
Carrying amount	494 714	792 116	-	1 286 830
Value adjustments	-	-	-	-
Total financial debt	494 714	792 116	-	1 286 830

2014 in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
<i>Finance leases</i>	76	513	959	1 548
<i>Credit institutions</i>	341 293	84 353	508	426 154
<i>Bonds</i>	100 183	500 000	45 614	645 797
<i>Convertible bonds</i>	-	278 127	-	278 127
Carrying amount	441 552	862 993	47 081	1 351 626
Value adjustments	7 584	-	-	7 584
Total financial debt	449 136	862 993	47 081	1 359 210

Total financial debt decreased slightly. No new bonds were issued in 2015. During 2015, the Group has more actively used its short-term credit facilities (committed credit facility, factoring program and uncommitted credit facilities).

As a general principle, loans are entered into by Group companies in their local currency to avoid currency risk. If funding is in another currency without an offsetting position on the balance sheet, the companies hedge the currency risk through derivatives (cross-currency interest-rate swaps or forward exchange contracts). Bonds, commercial paper and debt towards credit institutions are unsecured, except for the factoring program that has been set up with KBC and BNP Paribas Fortis.

For further information on financial risk management, we refer to note 7.3. 'Financial risk management and financial derivatives'.

Net debt calculation

The derivative representing the conversion option (€ 5.8 million vs. € 7.9 million in 2014) embedded in the convertible bond is not included in the net debt. The table below summarizes the calculation of the net debt.

in thousands of €	2014	2015
Non-current interest-bearing debt	910 074	792 116
Value adjustments	7 584	-
Current interest-bearing debt	441 552	494 714
Total financial debt	1 359 210	1 286 830
Non-current financial receivables and cash guarantees	-19 551	-9 694
Current loans	-13 998	-33 185
Short-term deposits	-14 160	-10 216
Cash and cash equivalents	-458 542	-401 771
Net debt	852 959	831 964

6.18. Other non-current liabilities

Carrying amount in thousands of €	2014	2015
Other non-current amounts payable	815	820
Derivatives (cf. note 7.3.)	7 921	14 384
Total	8 736	15 204

The derivatives relate to the embedded financial instrument (€ 5.8 million (2014: € 7.9 million)) of the convertible bond which was issued in the course of 2014 (cf. notes 6.17. and 7.3.) and the put option (€ 8.6 million) for a non-controlling interest in an investment which has been reclassified from provisions in 2015.

6.19. Other current liabilities

Carrying amount in thousands of €	2014	2015
Other amounts payable	5 849	4 453
Derivatives (cf. note 7.3.)	49 240	22 236
Advances received	5 106	3 137
Other taxes	34 303	28 117
Accruals and deferred income	20 078	13 820
Total	114 576	71 763

The derivatives include mainly forward exchange contracts (€ 4.5 million (2014: € 7.6 million)) and CCIRs (€ 17.7 million (2014: € 41.4 million)). Other taxes mainly relate to VAT payable, employment-related taxes withheld and other non-income taxes payable. Accruals and deferred income contain accrued interest on outstanding interest-bearing debt for € 6.5 million (2014: € 13.1 million) and other accrued charges and deferred income for € 7.3 million (2014: € 7.0 million).

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary		
in thousands of €	2014	2015
Cash from operating activities	186 949	583 562
Cash from investing activities	-225 347	-362 984
Cash from financing activities	87 945	-267 808
Net increase or decrease in cash and cash equivalents	49 547	-47 230

The cash flow from operating activities is presented using the indirect method, whereas the direct method is used for the cash flows from other activities. The direct method focuses on classifying gross cash receipts and gross cash payments by category.

Cash from operating activities

Gross cash flows from operating activities increased by € 94.6 million thanks to better operating performance fueled by recent business combinations. The increase in non-cash items mainly reflects higher depreciation and amortization, originating from business combinations as well as from stepped up capital expenditure on property, plant and equipment. Negative goodwill in 2015 relates to the step acquisition of BOSFA Pty Ltd (cf. note 7.2. 'Effect of business combinations and disposals') while in 2014 it related to the business combination with ArcelorMittal in Costa Rica, Brazil and Ecuador.

The investing items included in operating result in 2015 predominantly consist of gains on business disposals (net of CTA recycled) with respect to Carding Solutions and the Xinyu entities (cf. note 7.2. 'Effect of business combinations and disposals'). In 2014 the main investing items were gains on disposals of land and buildings in Belgium and machinery in Canada.

In 2015, drastic reductions in operating working capital contributed € 212.3 million to the cash flows from operating activities (see organic increase in note 6.7. 'Operating working capital'). As for the 'other operating cash flows', the movements in other current assets and liabilities are largely due to insurance indemnifications for the fire in Rome being accrued in 2014 and received in 2015.

The following table presents more details about selected operating items:

Details of selected operating items		
in thousands of €	2014	2015
Non-cash items included in operating result		
Depreciation and amortization ¹	164 610	208 401
Impairment losses on assets	16 962	13 262
Gains (-) and losses on step acquisitions	-1 804	1 098
Employee benefits: set-up / reversal (-) of amounts not used	16 242	16 767
Provisions: set-up / reversal (-) of amounts not used	-1 156	3 752
Negative goodwill	-10 893	-340
CTA recycled on business disposals	1 041	393
Equity-settled share-based payments	2 845	2 906
Total	187 847	246 239
Investing items included in operating result		
Gains (-) and losses on business disposals	122	-13 653
Gains (-) and losses on disposals of PP&E	-8 179	102
Total	-8 057	-13 551
Amounts used on provisions and employee benefit obligations		
Employee benefits: amounts used	-34 177	-33 493
Provisions: amounts used	-10 275	-7 314
Total	-44 452	-40 807
Income taxes paid		
Current income tax expense	-57 276	-53 251
Increase or decrease (-) in net income taxes payable	11 449	-3 406
Total	-45 827	-56 657
Other operating cash flows		
Movements in other current assets and liabilities	-20 228	12 748
Other	1 034	3 203
Total	-19 194	15 951

¹ Including € -8.3 million (2014: € -4.4 million) write-downs and reversals of write-downs on inventories and trade receivables (see note 6.7. 'Operating working capital').

Cash from investing activities

Cash-outs on new business combinations (cf. note 7.2. 'Effect of business combinations and disposals') amounted to € -129.8 million (2014: € -108.5 million), mainly relating to the final acquisition phase of the Pirelli steel cord plants and Arrium's ropes business in 2015 and to the first acquisition phase of the Pirelli steel cord plants in 2014. Other portfolio investments mainly consist of Bekaert acquiring non-controlling interests in certain entities in order to pursue its own strategic course. Capital expenditure programs for property, plant and equipment were stepped up mainly in Europe and North America; the latter relating to the rebuilding the bead wire plant in Rome (Georgia, USA) that was destroyed by a fire in 2014.

The higher proceeds from disposal of property, plant and equipment in 2014 mainly relate to the sale of land and buildings in Aalter (Belgium), and plant, machinery and equipment in Surrey (Canada).

The following table presents more details on selected investing cash flows:

Details of selected investing items in thousands of €	2014	2015
Other portfolio investments		
Purchase of non-controlling interests in Carding Solutions entities	-1 304	-
Purchase of non-controlling interests in Ropes entities	-	-91 488
Purchase of non-controlling interests in Southern Wire entities	-	-5 270
Purchase of non-controlling interests in Chinese entities	-	-12 700
Purchase of non-controlling interests in other entities	-648	-
Other investments	-21	-101
Total	-1 973	-109 559
Other investing cash flows		
Proceeds from disposal of intangible assets	-	17
Proceeds from disposal of property, plant and equipment	15 846	3 789
Total	15 846	3 806

Cash from financing activities

New long-term debt issued (€ 145.2 million) mainly related to financing transactions in Belgium, Chile, China and Australia, while the issuance of a € 300 million convertible bond was the main financing event in 2014. Repayments of long-term debt (€ -127.9 million) mainly related to a Eurobond issued by Bekaert Corporation in 2005, while in 2014 (€ -191.2 million) a € 100 million bond issued by NV Bekaert SA expired and some long-term debt was swapped with short-term debt. While 2014 brought considerable cash-ins from current interest-bearing debt, sizeable amounts were repaid in 2015, mainly in Brazil, Chile, China, the Netherlands, Peru and Malaysia. Treasury shares transactions in 2015 (€ 1.2 million) were limited to cash-ins from options being exercised whereas the net cash-outs in 2014 (€ -72.1 millions) originated from share buy-back programs. Capital paid in by minority interests in 2015 (€ 15.0 million) mainly relates to contributions from the Chilean partners in the ropes entities in Australia and the USA before the Group repurchased their interests to take full control of the ropes business by the end of the year.

The following table presents more details about selected financing items:

Details of selected financing items in thousands of €	2014	2015
Other financing cash flows		
New shares issued following exercise of subscription rights	779	234
Capital paid in by minority interests	4 222	14 967
Increase (-) or decrease in current and non-current loans and receivables	-8 776	2 041
Increase (-) or decrease in current financial assets	-2 896	9 616
Other financial income and expenses	-11 548	-16 437
Total	-18 219	10 421

Cash flows relating to loans and receivables mainly comprise movements in cash guarantees, while cash flows relating to current financial assets are about short-term deposits. Other financial income and expenses include bank charges and tax charges on financial transactions.

7.2. Effect of business combinations and business disposals

Business combinations (1): the acquisitions of Pirelli's steel cord plants

On 28 February 2014, Bekaert announced the signing of an agreement with Pirelli, the global tire manufacturer, for the acquisition of Pirelli's steel cord activities for a total enterprise value of € 255 million. The acquisition agreement includes Pirelli's manufacturing sites in Figline Valdarno (Italy), Slatina (Romania), Izmit (Turkey), Yanzhou (China) and Sumaré (Brazil). The transaction is estimated to add approximately € 300 million to Bekaert's consolidated sales on an annual basis.

On 18 December 2014, Bekaert and Pirelli successfully closed the acquisition by Bekaert of the Pirelli steel cord plants in Figline Valdarno (Italy), Slatina (Romania) and Sumaré (Brazil). Due to delays in regulatory approvals, the acquisition of the Pirelli plants in Turkey and China could not be closed before year-end 2014. On 5 February 2015, Bekaert completed the acquisition of the Pirelli steel cord plant in Izmit (Turkey) and on 27 March 2015, Bekaert completed the acquisition of the Pirelli steel cord plant in Yanzhou (Shandong province, China). Bekaert now holds 100% of the interests in the Pirelli steel cord plants in Italy, Brazil and Turkey, i.e. (by their new name):

- Bekaert Figline SpA;
- Bekaert Sumaré Ltda;
- Bekaert Kartepe Çelik Kord Sanayi ve Ticaret AS.

It holds 80% of the interests of the Pirelli steel cord plants in Romania and China, i.e. (by their new name):

- Bekaert Slatina SRL, the remaining 20% being retained by Continental AG;
- Bekaert (Jining) Steel Cord Co Ltd, the remaining 20% being retained by Hixih Rubber Industrial Group Co Ltd.

As part of this transaction, Bekaert and Pirelli entered into a long-term supply agreement of tire cord to Pirelli.

The initial accounting for the business combination presented in last year's financial statements was evidently partial and provisional, since control had only been acquired in three out of the five targeted plants shortly before year-end. Now that the business combination has been fully completed, Bekaert has performed an extensive analysis to identify, and to assess the fair value of, the net assets acquired and the liabilities assumed.

The fair value assessments on property, plant and equipment are based on external appraisals for land and buildings and on internal appraisals for plant, machinery and equipment. Deferred tax assets and liabilities arising from any of these adjustments have been recognized at the applicable tax rates in the respective jurisdictions.

The non-controlling interests arising on the acquirees have been measured at their share in the fair value of the net assets acquired. The accounting for the business combination resulted in a goodwill of € 4.3 million, which mainly reflects the importance for Bekaert of reinforcing its global competitive position through this deal.

The table below presents the net assets acquired by balance sheet caption, showing the effect of fair value adjustments applied in accordance with IFRS 3, 'Business combinations', and the goodwill calculation for the full transaction, including the part effected last year.

The positive fair value adjustments on property, plant and equipment mainly relate to the land and buildings in Brazil (€ 23.0 million) and Turkey (€ 22.2 million), as these plants are located on premium industrial sites. These surpluses are partially compensated by negative fair value adjustments on land and buildings in the other locations (€-3.8 million, mainly China) and on plant, machinery and equipment (€ -7.1 million). The positive fair value adjustments on inventories mainly reflect the capitalization of spare parts and consumables that had been directly expensed under Pirelli accounting policies, and the gross profit to be generated on work in process and finished goods upon their subsequent sales.

Contingent liabilities relating to indirect taxes in Romania and Turkey have been identified amounting to € 4.1 million.

Total in thousands of €	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Intangible assets	5 882	-	5 882
Property, plant and equipment	136 072	34 848	170 920
Deferred tax assets	4 969	5 600	10 569
Non-current loans and receivables	629	-	629
Other non-current assets	92	-	92
Inventories	32 376	7 923	40 299
Trade receivables	107 777	-	107 777
Advances paid	4 033	-	4 033
Other receivables	9 353	2	9 355
Short-term deposits	5 857	-	5 857
Cash and cash equivalents	8 365	-	8 365
Current loans and receivables	4 230	-	4 230
Other current assets	1 683	-154	1 529
Non-current employee benefit obligations	-12 485	-60	-12 545
Non-current provisions	-7 542	-1 558	-9 100
Non-current interest-bearing debt	-17 733	-	-17 733
Deferred tax liabilities	-3 425	-11 967	-15 392
Current interest-bearing debt	-61 969	-	-61 969
Trade payables	-49 062	124	-48 938
Current employee benefit obligations	-5 581	-	-5 581
Current provisions	-24	-	-24
Income taxes payable	-1 668	-728	-2 396
Other current liabilities	-6 678	-1 500	-8 178
Total net assets acquired in a business combination	155 151	32 530	187 681
Non-controlling interests arising on the acquirees	-13 929	3 001	-10 928
Goodwill			4 255
Consideration paid in cash			-181 008
Cash acquired	8 365	-	8 365
New business combinations			-172 643

A summary of the business combination accounting by period is presented below:

Total in thousands of €	Full business combination totals	Summary disclosure presented at year- end 2014	Effects recognized in 2015
Total net assets acquired in a business combination	187 681	119 066	68 615
Non-controlling interests arising on the acquirees	-10 928	-9 197	-1 731
Goodwill	4 255	713	3 542
Consideration paid in cash	-181 008	-110 582	-70 426
Cash acquired	8 365	1 103	7 262
New business combinations	-172 643	-109 479	-63 164

It also clarifies the contribution of the business combination to the amount shown in the consolidated cash flow statement as 'new business combinations' by period. The total purchase consideration paid in 2014 amounted to € 110.6 million and was settled in cash. After cash acquired, the net cash-out amounted to € -109.5 million. In December 2014, Bekaert also paid € 15.0 million to Pirelli for the acquisition of intellectual property, mainly manufacturing know-how and patents, all of which have been capitalized as intangible assets and will be amortized over 10 years. In the course of 2015, an additional amount of € 70.4 million was paid in cash, covering the purchase consideration for the two plants acquired during the period, as well as purchase price adjustments for variances from target working capital and debt. After cash acquired, the net cash-out for the period amounted to € -63.2 million.

Following table shows the effect of the business combination on consolidated sales and result for the period (after acquisition related expenses):

Total in thousands of €	Net sales for the	
	period	Result for the period
Total for all 5 entities acquired	258 542	15 514

The acquisition-related expenses, which consisted mainly of consultancy fees, amounted to € 4.8 million (of which € 0.6 million incurred in 2015) and were included in administrative expenses. If all of these entities had been acquired as from 1 January 2015, the Group would have additionally recognized € 10.6 million of net sales and a result for the period of € 0.7 million.

Business combinations (2): the acquisition of Arrium's ropes business in Australia

On 5 February 2015, Bekaert announced the signing of an agreement with Arrium Ltd of Australia, for the acquisition of its wire ropes business for an enterprise value of approximately € 60 million. The deal includes all of the personnel and assets of the business located in Newcastle, Australia. The transaction is estimated to add approximately € 40 million to Bekaert's consolidated sales.

On 1 March 2015, Bekaert successfully completed the acquisition of Arrium's ropes business in Australia. The Australian entity has been named Bekaert Wire Ropes Pty Ltd and is part of the Bekaert Rope Group in which Bekaert and their Chilean partners (through Matco Cables SpA) held 65% and 35% respectively of the ropes entities in Canada, Chile, Peru, Brazil, the USA, and Australia. With this deal Bekaert confirms its strategy to expand its steel wire ropes platform to serve mining, oil & gas, lifting equipment and infrastructure markets with high performance ropes. The platform's strategy targets both organic and acquisitive growth in markets with interesting potential where Bekaert's core competences, global reach and service model offer a differentiating lever to the industry.

The accounting for the business combination resulted in a goodwill of € 13.2 million, which mainly reflects the synergies expected to arise on the integration of the Australian business in Bekaert's expanding global ropes platform. Since Bekaert opted not to apply the full goodwill option, only 65% of the full goodwill is recognized while 35% is accounted for through a reduction of the non-controlling interests on behalf of the Chilean partners. The fact that Bekaert subsequently repurchased the 35% non-controlling interests held by the Chilean partners in December does not have any consequences for the amount of goodwill recognized. The table below presents the net assets acquired by balance sheet caption, showing the effect of fair value adjustments in accordance with IFRS 3, 'Business Combinations', and the goodwill calculation.

Total in thousands of €	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Intangible assets	258	1 556	1 814
Property, plant and equipment	21 019	11 820	32 839
Deferred tax assets	573	68	641
Inventories	7 604	1 160	8 764
Trade receivables	5 509	-14	5 495
Other current assets	123	-	123
Non-current employee benefit obligations	-783	-227	-1 010
Trade payables	-1 537	-	-1 537
Advances received	-320	-	-320
Current employee benefit obligations	-1 126	-	-1 126
Current provisions	-15	-109	-124
Total net assets acquired in a business combination	31 305	14 254	45 559
Non-controlling interests adjustment relating to goodwill	-	-	7 086
Goodwill	-	-	13 160
Consideration paid in cash			-65 805
Cash acquired	-	-	-
New business combinations			-65 805

As a result of the purchase price allocation, the acquired patents and trademarks were valued at € 1.6 million and recognized as intangible assets. The fair value assessments on property, plant and equipment are based on external appraisals for land and buildings and on internal appraisals for plant, machinery and equipment. Positive fair value adjustments on PP&E consisted of € 3.8 million on land and buildings and € 8.0 million on plant, machinery and equipment. The positive fair value adjustments on inventories mainly reflect the gross profit to be generated on work in process and finished goods upon their subsequent sales. An actuarial review of the employee benefits obligations entailed an increase of € 0.2 million. A contingent liability relating to product warranties was recognized for € 0.1 million. Deferred tax consequences of all fair value adjustments were very limited (€ 0.1 million additional assets).

The business combination required a net cash-out of € 65.8 million, included in the amount shown in the consolidated cash flow statement as 'new business combinations'.

Following table shows the effect of the business combination on consolidated sales and result for the period (after acquisition-related expenses):

Total in thousands of €	Date of acquisition	Net sales for the period	Result for the period
Bekaert Wire Ropes Pty Ltd	1 March 2015	31 509	-2 390

The acquisition-related costs amounted to € 3.6 million, consisting of € 3.2 million stamp duties reported in other financial expenses and € 0.4 million consultancy fees and other expenses reported in administrative expenses. If the entity had been acquired as from 1 January 2015, the Group would have additionally recognized € 7.3 million of net sales and a result for the period of € 1.0 million.

Business combinations (3): the step acquisition of BOSFA Pty Ltd in Australia

On 12 June 2015, Bekaert acquired control in BOSFA Pty Ltd (Australia), a distributor of building products mainly for Australia and New Zealand, by purchasing the remaining 50% of the shares held by Arrium Ltd of Australia for an amount of € 2.3 million. Until that date, the entity was classified as a joint venture and accounted for using the equity method. In accordance with the IFRS requirements for a step acquisition, the interests previously held by the Group in the joint venture were remeasured to fair value, based on the transaction price for the remaining 50%, which resulted in a loss on step acquisition of € 1.1 million recognized in non-recurring items. Furthermore, the transaction generated a negative goodwill of € 0.3 million offset by a loss of € 0.3 million on recycling the cumulative translation adjustments, all of which were also recognized in non-recurring items. The table below presents the net assets acquired by balance sheet caption, showing the effect of fair value adjustments in accordance with IFRS 3, 'Business Combinations', and the goodwill calculation.

Total in thousands of €	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Property, plant and equipment	34	-	34
Deferred tax assets	2 391	-2 388	3
Inventories	5 332	774	6 106
Trade receivables	4 092	-11	4 081
Cash and cash equivalents	1 476	-	1 476
Current loans and receivables	26	-	26
Non-current interest-bearing debt	-1 402	-	-1 402
Other non-current liabilities	-674	-	-674
Deferred tax liabilities	48	-232	-184
Trade payables	-4 079	-	-4 079
Current employee benefit obligations	-218	-	-218
Income taxes payable	-85	-	-85
Other current liabilities	-69	-	-69
Total net assets acquired in a business combination	6 872	-1 857	5 015
Equity method investment held prior to business combination	-3 436	1 098	-2 338
Negative goodwill			-340
Consideration paid in cash			-2 337
Cash acquired	1 476	-	1 476
New business combinations			-861

The main fair value adjustments related to the derecognition of the deferred tax assets (€ -2.4 million) formerly recognized on tax loss carry-forwards that have expired, and to the inventories (€ +0.8 million) remeasured to selling price less costs to sell. The following table shows the effect of the business combination on consolidated sales and result for the period. The result for the period includes the negative goodwill (€ 0.3 million), the loss on step acquisition of € 1.1 million and the loss on CTA of € 0.3 million being recycled at the acquisition date. No material acquisition-related expenses were incurred on this deal, which was agreed in the aftermath of the acquisition of Arrium's ropes business in Australia.

Total in thousands of €	Date of acquisition	Net sales for the period Result for the period	
Bosfa Pty Ltd	12 June 2015	2 847	-1 204

If the entity had been acquired as from 1 January 2015, the Group would have additionally recognized € 2.4 million of net sales and a result for the period of € 0.1 million.

Business disposals

On 7 May 2015, Bekaert sold its Carding Solutions activities to Groz-Beckert, a global company with headquarters in Albstadt, Germany. The transaction covered the carding production facilities in Belgium, India, Turkey, China and the USA and the global sales and services network. A transaction gain of € 11.8 million was recognized in non-recurring items, as well as a loss of € 2.3 million on recycling CTA. The table below presents the net assets disposed by balance sheet caption, the gain recognized on the transaction and the proceeds shown in the consolidated cash flow statement. The other disposals relate to following events:

- The loss of control in Bekaert (Xinyu) New Materials Co Ltd (formerly a subsidiary) and the loss of joint control in Bekaert Xinyu Metal Products Co Ltd (formerly a joint venture) as from 1 April 2015 due to an agreement with the Chinese partner and the reclassification of these investments from associates to investments available for sale at the balance sheet date (cf. note 3.1. 'Critical judgments in applying the entity's accounting policies'). These events resulted in non-cash gains totalling € 4.1 million.
- The disposal of minor available-for-sale investments (total proceeds: € 0.1 million).
- The collection of € 17.8 million deferred proceeds relating to the business disposal of the Industrial Coatings activities in 2012.

in thousands of €	Carding Solutions	Other disposals	Total disposals
Intangible assets	4	2 167	2 171
Property, plant and equipment	10 890	26 170	37 060
Investments	-	2 069	2 069
Other non-current assets	29	-	29
Deferred tax assets	132	1 781	1 913
Inventories	7 361	1 028	8 389
Trade receivables	4 060	2 810	6 870
Advances paid	79	190	269
Other receivables	519	2 646	3 165
Short-term deposits	6	-	6
Cash and cash equivalents	1 118	381	1 499
Other current assets	72	-25 508	-25 436
Non-current employee benefit obligations	-88	-	-88
Provisions	-106	-	-106
Non-current interest-bearing debt	-1 158	-	-1 158
Deferred tax liabilities	-212	-	-212
Current financial liabilities	-16 203	-	-16 203
Trade payables	-2 430	-3 250	-5 680
Advances received	-335	-	-335
Current employee benefit obligations	-894	-500	-1 394
Current provisions	-1	-	-1
Income taxes payable	-16	-73	-89
Other current liabilities	-302	-5	-307
Total net assets disposed	2 525	9 906	12 431
Gain or loss (-) on business disposals	9 547	4 119	13 666
Gain or loss (-) on non-consolidated investments	-	-76	-76
Reversal non-cash (gain)/loss	2 292	-3 837	-1 545
Fair value of remaining interest retained	-	-8 007	-8 007
Cash disposed	-1 118	-381	-1 499
NCI disposed	-	-1 959	-1 959
Deferred proceeds from earlier business disposal	-	17 750	17 750
Proceeds from disposals of investments	13 246	17 515	30 761

As a result of the deconsolidation of Bekaert (Xinyu) New Materials Co Ltd, its current debt of € 25.5 million versus the Group is no longer eliminated in consolidation but becomes a financial receivable from third parties in consolidation. The contribution of the disposed activities to the consolidated sales and to the result for the period (excluding the result on disposal) is shown below:

in thousands of €	Date of disposal resp. loss of (joint) control	Net sales for the period	Result for the period
Carding solutions	7 May 2015	9 558	-564
Bekaert (Xinyu) New Materials Co Ltd	1 April 2015	2 753	-5 295
Bekaert Xinyu Metal Products Co Ltd	1 April 2015	-	-1 587

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 translational currency risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi, US dollar, Czech koruna, Brazilian real, Chilean peso, Russian ruble, Indian rupee and Venezuelan bolivar (cf. cumulative translation adjustments in note 6.13. 'Retained earnings and other Group reserves'). Since there is no impact on the cash flows, the Group usually does not hedge against such risk.

Transactional currency risk

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

Foreign currency risk in the area of investment results from the acquisition and disposal of investments in foreign companies, and sometimes also from dividends receivable from foreign investments. If material, these risks are hedged by means of forward exchange contracts.

Foreign currency risk in the financing area results from financial liabilities in foreign currencies. In line with its policy, Group Treasury hedges these risks using cross-currency interest-rate swaps and forward exchange contracts to convert financial obligations denominated in foreign currencies into the entity's functional currency. At the reporting date, the foreign currency liabilities for which currency risks were hedged mainly consisted of intercompany loans in euro and US dollar.

Foreign currency risk in the area of operating activities arises from commercial activities with sales and purchases in foreign currencies, as well as payments and receipts of royalties. The Group uses forward exchange contracts to limit the currency risk on the forecasted cash inflows and outflows for the coming three months. Significant exposures and firm commitments beyond that time frame may also be covered.

Currency sensitivity analysis

Currency sensitivity relating to the operating, investing and financing activities

The following table summarizes the Group's net foreign currency positions of operating, investing and financing receivables and payables at the reporting date for the most important currency pairs. The net currency positions are presented before intercompany eliminations. Positive amounts indicate that the Group has a net future cash inflow in the first currency. In the table, the 'Total exposure' column represents the position on the balance sheet, while the 'Total derivatives' column includes all financial derivatives hedging those balance sheet positions as well as forecasted transactions.

Currency pair - 2015

in thousands of €

	Total exposure	Total derivatives	Open position
CNY/EUR	15 702	-4 249	11 453
CZK/EUR	-12 100	4 165	-7 935
EUR/CNY	-66 349	65 723	-626
EUR/USD	28 305	-30 000	-1 695
IDR/USD	9 222	-	9 222
USD/BRL	-8 120	-	-8 120
USD/CAD	12 680	-3 572	9 108
USD/CLP	74 670	-	74 670
USD/CNY	-244 088	215 519	-28 569
USD/EUR	461 769	-485 210	-23 441
USD/INR	-63 897	47 511	-16 386
USD/SGD	-24 298	-	-24 298

Currency pair - 2014

in thousands of €

	Total exposure	Total derivatives	Open position
CAD/USD	11 857	-9 244	2 613
CNY/EUR	17 597	-	17 597
EUR/CNY	-120 251	109 186	-11 065
EUR/CZK	6 577	-5 083	1 494
EUR/USD	28 311	-30 000	-1 689
USD/CAD	8 157	-	8 157
USD/CLP	5 336	-	5 336
USD/CNY	-231 604	221 845	-9 759
USD/COP	-8 267	18 638	10 371
USD/EUR	417 977	-435 768	-17 791
USD/INR	-56 123	52 269	-3 854
USD/MYR	-9 568	-	-9 568

If rates had weakened/strengthened by reasonably possible changes with all other variables constant, the result for the period before taxes would have been € 1.6 million lower/higher (2014: € 1.5 million). The reasonably possible changes used in this calculation were based on annualized volatility relating to the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

Currency sensitivity in relation to hedge accounting

At 31 December 2015, the Group does not apply hedge accounting anymore and no sensitivity analysis was done. At previous year-end, some derivatives were also part of effective cash flow hedges to hedge the currency risk relating to the Eurobond issued in 2005 and expired in March 2015. Last year's sensitivity analysis established that, if the euro had weakened/strengthened by reasonably possible changes, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.04 million higher/lower at year-end 2014.

Interest-rate risk

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

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

Group Treasury uses interest-rate swaps and cross-currency interest-rate swaps to ensure that the floating and fixed portions of the long-term debt remain within the defined limits.

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

2015	Long-term			Short-term	Total
	Fixed rate	Floating rate	Total		
US dollar	4.63%	-	4.63%	1.27%	1.35%
Chinese renminbi	5.81%	-	5.81%	3.24%	5.65%
Euro	2.99%	-	2.99%	0.53%	2.90%
Other	7.34%	3.00%	7.16%	4.75%	5.58%
Total	3.41%	3.00%	3.41%	1.82%	2.80%

2014	Long-term			Short-term	Total
	Fixed rate	Floating rate	Total		
US dollar	5.24%	-	5.24%	1.11%	1.88%
Chinese renminbi	5.76%	-	5.76%	4.73%	5.33%
Euro	3.16%	-	3.16%	0.33%	3.06%
Other	8.41%	3.00%	8.05%	5.53%	6.09%
Total	3.67%	3.00%	3.67%	2.01%	3.01%

Interest-rate sensitivity analysis

Interest-rate sensitivity of the financial debt

As disclosed in note 6.17. 'Interest-bearing debt', the total financial debt of the Group as of 31 December 2015 amounted to € 1 286.8 million (2014: € 1 359.2 million). The following table shows the currency and interest rate profile, i.e. the percentage distribution of the total financial debt by currency and by type of interest rate (fixed, floating).

Currency and interest rate profile	Long-term		Short-term	Total
	Fixed rate	Floating rate	Floating rate	
2015				
US dollar	0.70%	-	29.70%	30.40%
Chinese renminbi	3.80%	-	0.20%	4.00%
Euro	53.90%	-	2.00%	55.90%
Other	3.20%	0.10%	6.30%	9.60%
Total	61.70%	0.10%	38.20%	100.00%

Currency and interest rate profile	Long-term		Short-term	Total
	Fixed rate	Floating rate	Floating rate	
2014				
US dollar	6.70%	-	29.70%	36.40%
Chinese renminbi	2.80%	-	2.00%	4.80%
Euro	48.40%	-	1.70%	50.10%
Other	1.80%	0.20%	6.70%	8.70%
Total	59.70%	0.20%	40.10%	100.00%

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2015 and 2014, 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 2015	Reasonably possible changes (+/-)
Chinese renminbi ¹	2.41%	0.40%
Euro	0.00%	0.03%
US dollar	0.61%	0.19%

Currency	Interest rate at 31 Dec 2014	Reasonably possible changes (+/-)
Chinese renminbi ¹	3.75%	0.62%
Euro	0.08%	0.06%
US dollar	0.26%	0.04%

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

Applying the estimated possible changes in the interest rates to the floating rated debt, with all other variables constant, the result for the period before tax would have been € 0.8 million higher/lower (2014: € 0.7 million higher/lower).

Interest-rate sensitivity in relation to hedge accounting

At 31 December 2015, the Group does not apply hedge accounting and no sensitivity analysis was done. At previous year-end, some derivatives were also part of effective cash flow hedges to hedge the interest-rate risk relating to the Eurobond issued in 2005 and expired in March 2015. Last year's sensitivity analysis established that applying the estimated possible increases and decreases of the interest rates to these hedging transactions, with all other variables constant, the hedging reserve in shareholders' equity would not have been changed.

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, appropriate action is taken when needed. In accordance with IFRS 8 §34, none of the specified disclosures on individual customers (or groups of customers under common control) are required, since none of the Group's customers accounts for more than 10% of its revenues. At 31 December 2015, 65.4% (2014: 64.8%) of the credit risk exposure was covered by credit insurance policies and by trade finance techniques. In respect of financing activities, transactions are normally concluded with counterparties that have at least an A credit rating. There are also limits allocated to each counterparty which depend on their rating. Due to this approach, the Group considers the risk of counterparty default to be limited in both operating and financing activities.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines at its disposal in the major currencies and in amounts considered adequate for current and near-future financing needs. These facilities are generally of the mixed type and may be utilized, for example, for advances, overdrafts, acceptances and discounting. The Group also has committed credit facilities at its disposal up to a maximum equivalent of € 50.0 million (2014: € 70.6 million) at floating interest rates with fixed margins. At year-end, nothing was outstanding under these facilities (2014: nil). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2014: € 123.9 million). At the end of 2015, no commercial paper notes were outstanding (2014: none). At year-end, none of the Group's outstanding debt was subject to debt covenants (2014: none). The Group has a joint factoring agreement with BNP Paribas Fortis and KBC and has the possibility to borrow up to € 90 million (2014: € 40 million) for two months withdrawals, but no withdrawals were done before year-end (2014: none).

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.

2015 in thousands of €	2016	2017	2018-2020	2021 and thereafter
Financial liabilities - principal				
<i>Trade payables</i>	-456 783	-	-	-
<i>Other payables</i>	-141 539	-820	-	-
<i>Interest-bearing debt</i>	-494 714	-13 343	-778 773	-
<i>Derivatives - gross settled</i>	-512 735	-	-11 872	-
Financial liabilities - interests				
<i>Interest-bearing debt</i>	-36 401	-22 744	-39 025	-
<i>Derivatives - net settled</i>	-	-	-	-
<i>Derivatives - gross settled</i>	-7 240	-1 153	-1 153	-
Total undiscounted cash flow	-1 649 412	-38 060	-830 823	-
2014				
2014 in thousands of €	2015	2016	2017-2019	2020 and thereafter
Financial liabilities - principal				
<i>Trade payables</i>	-389 254	-	-	-
<i>Other payables</i>	-179 433	-815	-	-
<i>Interest-bearing debt</i>	-449 136	-282 823	-580 170	-47 081
<i>Derivatives - gross settled</i>	-607 477	-12 988	-	-
Financial liabilities - interests				
<i>Interest-bearing debt</i>	-38 855	-30 604	-49 726	-2 168
<i>Derivatives - net settled</i>	-1 796	-	-	-
<i>Derivatives - gross settled</i>	-9 453	-1 279	-	-
Total undiscounted cash flow	-1 675 404	-328 509	-629 896	-49 249

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities has not been included. Amounts in foreign currencies have been translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the applicable forward interest rates.

Hedging

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

Hedge accounting

At 31 December 2015, the Group does not apply hedge accounting. At previous year-end, some derivatives were still part of effective cash flow hedges and fair value hedges relating to the Eurobond issued in 2005. In 2005, Bekaert Corporation, a USA based entity, issued a fixed rated € 100.0 million Eurobond expiring in March 2015. Simultaneously, the entity also entered into two € 50.0 million cross-currency interest-rate swaps to convert half of the fixed euro payments into floating US dollar payments and the other half of the fixed euro payments into fixed US dollar payments.

Fair value hedges

During 2005, the entity reduced its floating US dollar exposure from € 50.0 million to € 30.9 million. The Group 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 being treated as a hedged item in a cash flow hedge – see next section). The changes in fair values of the hedged items resulting from changes in the spot rate USD/EUR were offset against the changes in fair value of the cross-currency interest-rate swaps. Credit risks were not addressed or covered by this hedging. Fair value hedges affected the income statement as shown below:

2015 in thousands of €	Hedged item	Hedging instrument	Recognized in income statement
Fair value hedges	Fair value changes	Fair value changes	
<i>Currency and interest-rate risk on financing cash flows</i>	-2 424	2 445	21
<i>Interest expense adjustments</i>	-	-	144
Total	-2 424	2 445	165

2014 in thousands of €	Hedged item	Hedging instrument	Recognized in income statement
Fair value hedges	Fair value changes	Fair value changes	
<i>Currency and interest-rate risk on financing cash flows</i>	4 829	-4 815	14
<i>Interest expense adjustments</i>	-	-	909
Total	4 829	-4 815	923

Cash flow hedges

The currency and interest-rate risk resulting from the remaining € 69.1 million of the 2005 Eurobond (see previous section on fair value hedges) was hedged using a cross-currency interest-rate swap for € 50.0 million and a combination of a cross-currency interest-rate swap and an interest-rate swap for € 19.1 million. These financial derivatives converted fixed euro payments into fixed US dollar payments. The Group designated the related portion of the Eurobond as a hedged item. The objective of the hedge was to eliminate the risk from payment fluctuations as a result of changes in the exchange and interest rates. Credit risks were not addressed or covered by this hedging. Cash flow hedges directly affected equity via other comprehensive income and also affected the income statement, as shown below:

2015 in thousands of €	Hedged item	Hedging instrument	Recognized in income statement	Recognized in equity (OCI)
Cash flow hedges	Spot price changes	Fair value changes		
<i>Currency and interest-rate risk on financing cash flows</i>	-5 873	6 034	161	- ¹
<i>Interest expense adjustments</i>	-	-	-326	-
<i>Amortization of discontinued hedges (recycled to profit or loss)</i>	-	-	-14	14
Total	-5 873	6 034	-179	14

¹ The hedging reserve has been recycled to income statement when the hedged item and the hedging instruments were settled.

As for the discontinued hedge which also related to the Eurobond issued in 2005 and expired in 2015, any related amounts previously kept in the hedging reserve have been fully recycled to the income statement.

2014 in thousands of €	Hedged item	Hedging instrument	Recognized in income statement	Recognized in equity (OCI)
Cash flow hedges	Spot price changes	Fair value changes		
<i>Currency and interest-rate risk on financing cash flows</i>	8 582	-7 896	-	686
<i>Interest expense adjustments</i>	-	-	-797	-
<i>Amortization of discontinued hedges (recycled to interest expense)</i>	-	-	69	69
Total	8 582	-7 896	-728	755

Since both the hedging instruments and hedged items expired in March 2015, the hedging reserve amounts to zero at the balance sheet date (2014: € 0.1 million).

Economic hedging and other free-standing derivatives

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, 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 major currencies involved are US dollars, euros and Russian rubles.
- To manage its interest-rate exposure, the Group uses interest-rate swaps to convert its floating-rate debt to a fixed rate debt. Except for an interest-rate swap for USD 25.0 million which expired in 2015, none of these interest-rate derivatives were designated as hedges as defined in IAS 39.
- The Group uses forward exchange contracts to limit currency risks on its various operating and financing activities. Since the Group has not designated its forward exchange contracts as cash flow hedges, the fair value change is recorded immediately under other financial income and expenses.
- In June 2014, the Company issued a convertible bond of € 300.0 million. The characteristics of this convertible bond are such that its conversion option constitutes an embedded derivative which, in accordance with IAS 39, is separated from the host contract. The fair value of the conversion derivative amounted to € 5.8 million at 31 December 2015 (2014: € 7.9 million), as a result of which a gain of € 2.1 million was recognized in other financial income. Since the host contract (the plain vanilla debt without the conversion option) is recognized at amortized cost using the effective interest method, this gain is more than offset by interest expense adjustments of € 6.1 million (2014: € 3.2 million).
- The put option relating to the 2014 business combination with Maccaferri qualifies as a financial liability at fair value through profit or loss and is reported as a non-current derivative liability. The change in fair value recorded in other financial income and expenses amounted to a loss of € 0.3 million (2014: loss of € 0.1 million).

Derivatives

The following table analyzes the notional amounts of the derivatives according to their maturity date. For derivatives designated for hedge accounting as set out in IAS 39, a distinction is made depending on whether these are part of a fair value hedge (FVH) or cash flow hedge (CFH):

2015 in thousands of €	Due within one year	Due between one and 5 years	Due after more than 5 years
Held for trading			
Forward exchange contracts	370 847	-	-
Cross-currency interest-rate swaps	561 109	11 872	-
Conversion derivative	-	300 000	-
Total	931 956	311 872	-

2014 in thousands of €	Due within one year	Due between one and 5 years	Due after more than 5 years
Hedge accounting			
Interest-rate swaps / CFH	20 591	-	-
Cross-currency interest-rate swaps / CFH	74 475	-	-
Cross-currency interest-rate swaps / FVH	33 292	-	-
Held for trading			
Forward exchange contracts	429 921	-	-
Interest-rate swaps	32 946	-	-
Cross-currency interest-rate swaps	383 918	32 256	-
Conversion derivative	-	300 000	-
Total	975 143	332 256	-

The following table summarizes the fair values of the various derivatives carried. For derivatives designated for hedge accounting as set out in IAS 39, a distinction is made depending on whether these are part of a fair value hedge (FVH) or cash flow hedge (CFH):

Fair value of current and non-current derivatives in thousands of €	Assets		Liabilities	
	2014	2015	2014	2015
Financial instruments				
Hedge accounting				
Interest-rate swaps /CFH	-	-	141	-
Cross-currency interest-rate swaps / FVH	-	-	2 235	-
Cross-currency interest-rate swaps / CFH	-	-	5 373	-
Held for trading				
Forward exchange contracts	2 637	3 900	7 625	4 525
Interest-rate swaps	-	-	235	-
Cross-currency interest-rate swaps	21 521	11 744	33 631	17 711
Put options relating to non-controlling interests ¹	-	-	-	8 559
Conversion derivative	-	-	7 921	5 825
Total	24 158	15 644	57 161	36 620
Non-current	5 944	5 897	7 921	14 384
Current	18 214	9 747	49 240	22 236
Total	24 158	15 644	57 161	36 620

¹ Gross liability mainly relating to the commercial partnership with Maccaferri for underground solutions announced in June 2014. This item has been reclassified from non-current provisions.

The Group has no financial assets and financial liabilities that are presented net in the balance sheet due to set-off in accordance with IAS 32. The Group enters into ISDA master agreements with its counterparties for all of its derivatives, allowing the counterparties to net derivative assets with derivative liabilities when settling in case of default. Under these agreements, no collateral is being exchanged, neither in cash nor in securities.

The potential effect of the netting of derivative contracts is shown below:

Effect of enforceable netting agreements in thousands of €	Assets		Liabilities	
	2014	2015	2014	2015
Total derivatives recognized in balance sheet	24 158	15 644	57 161	36 620
Enforceable netting	-15 576	-5 847	-15 576	-5 847
Net amounts	8 582	9 797	41 585	30 773

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 and their respective fair values, analyzed by their measurement category in accordance with IAS 39, 'Financial Instruments: Recognition and Measurement'.

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

The following abbreviations are used for IAS 39 categories:

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

2015 in thousands of €	Category in accordance with IAS 39	Carrying amount 2015	Fair value 2015
Assets			
Cash and cash equivalents	L&R	401 771	401 771
Short-term deposits	L&R	10 216	10 216
Trade receivables	L&R	686 364	686 364
Bills of exchange received	L&R	68 005	68 005
Other receivables	L&R	97 766	97 766
Loans and receivables	L&R	51 428	51 428
Available-for-sale financial assets	AfS	15 626	15 626
Derivative financial assets			
- without a hedging relationship	FAFVTPL	15 644	15 644
Liabilities			
Interest-bearing debt			
- finance leases	n.a.	3 764	3 764
- credit institutions	FLMaAC	452 026	452 026
- bonds	FLMaAC	831 040	869 422
Trade payables	FLMaAC	456 783	456 783
Other payables	FLMaAC	142 359	142 359
Derivative financial liabilities			
- without a hedging relationship	FLFVTPL	36 620	36 620
Aggregated by category in accordance with IAS 39			
Loans and receivables	L&R	1 315 550	1 315 550
Available-for-sale financial assets	AfS	15 626	15 626
Financial assets at fair value through profit or loss	FAFVTPL	15 644	15 644
Financial liabilities measured at amortized cost	FLMaAC	1 882 208	1 920 590
Financial liabilities at fair value through profit or loss	FLFVTPL	36 620	36 620
2014			
in thousands of €	Category in accordance with IAS 39	Carrying amount 2014	Fair value 2014
Assets			
Cash and cash equivalents	L&R	458 542	458 542
Short-term deposits	L&R	14 160	14 160
Trade receivables	L&R	707 569	707 569
Bills of exchange received	L&R	114 118	114 118
Other receivables	L&R	106 627	106 627
Loans and receivables	L&R	42 523	42 523
Available-for-sale financial assets	AfS	9 979	9 979
Derivative financial assets			
- without a hedging relationship	FAFVTPL	24 157	24 157
- with a hedging relationship	Hedge accounting	-	-
Liabilities			
Interest-bearing debt			
- finance leases	n.a.	1 548	1 548
- credit institutions	FLMaAC	426 154	426 154
- credit institutions	Hedge accounting		
- bonds	Hedge accounting	100 184	100 594
- bonds	FLMaAC	823 740	868 376
Trade payables	FLMaAC	390 943	390 943
Other payables	FLMaAC	143 497	143 497
Derivative financial liabilities			
- without a hedging relationship	FLFVTPL	49 411	49 411
- with a hedging relationship	Hedge accounting	7 750	7 750
Aggregated by category in accordance with IAS 39			
Loans and receivables	L&R	1 443 539	1 443 539
Available-for-sale financial assets	AfS	9 979	9 979
Financial assets - hedge accounting	Hedge accounting	-	-
Financial assets at fair value through profit or loss	FAFVTPL	24 157	24 157
Financial liabilities measured at amortized cost	FLMaAC	1 784 334	1 828 970
Financial liabilities - hedge accounting	Hedge accounting	107 934	108 344
Financial liabilities at fair value through profit or loss	FLFVTPL	49 411	49 411

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 these 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 with matching maturities. Interest-rate swaps are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward exchange rates, quoted interest rates and applicable yield curves derived therefrom.
- *'Level 3'* fair value measurement: the fair value of the remaining financial assets and financial liabilities is derived from valuation techniques which include inputs that are not based on observable market data. The share conversion option in the convertible bond issued in June 2014 is a non-closely related embedded derivative that has to be separated from the host debt instrument and measured at fair value through profit or loss. The main inputs in the valuation model for this conversion option are the Bekaert share price (level 1), the reference swap rate and Bekaert's credit spread (level 2), as well as the volatility of the Bekaert share (level 3). Consequently, the conversion option is classified as a level-3 financial instrument. Similarly, the fair value of the put option relating to non-controlling interests has not been based on observable market data, but on the business plan that was agreed between the partners in the business combination with Maccaferri. The fair value was established using discounted cash flows.

Main inputs to the option pricing model

	At issue date	At 31 Dec 2014	At 31 Dec 2015
Level 1 inputs			
Share price	€ 27.97	€ 26.35	€ 28.39
Level 2 inputs			
Reference swap rate	0.54%	0.25%	0.01%
Credit spread	210 bps	200 bps	200 bps
Level 3 inputs			
Volatility	25.40%	22.00%	20.00%

Outcome of the model

in thousands of €

Fair value of the convertible debt	300 000	286 379	298 014
Fair value of the plain vanilla debt	278 700	278 458	292 189
Fair value of the conversion option	21 300	7 921	5 825

The carrying amount (i.e. the fair value) of the level-3 derivative liability representing the conversion option has evolved as follows:

Level-3 Derivative liability: Conversion option in thousands of €	2014	2015
At 1 January	-	7 921
At issue of the convertible debt (10 June 2014)	21 300	-
(Gain) /loss in fair value	-13 379	-2 096
At 31 December	7 921	5 825

The following table shows the sensitivity of the fair value calculation to the most significant level-3 input.

Sensitivity analysis in thousands of €	Change Impact on derivative liability	
Volatility	3.5% increase by	3 786
	-3.5% decrease by	-3 099

The fair value of all financial instruments measured at amortized cost in the balance sheet, either in accordance with IAS 39 or with IAS 17, has been determined using level-2 fair value measurement techniques. 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:

2015 in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets - hedge accounting				
<i>Derivative financial assets</i>	-	-	-	-
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	15 644	-	15 644
Available-for-sale financial assets				
<i>Equity investments</i>	6 193	8 514	-	14 707
Total assets	6 193	24 158	-	30 351
Financial liabilities - hedge accounting				
<i>Interest-bearing debt</i>	-	-	-	-
<i>Derivative financial liabilities</i>	-	-	-	-
Financial liabilities at fair value through profit or loss				
<i>Put option relating to non-controlling interests</i>	-	-	8 559	8 559
<i>Derivative financial liabilities</i>	-	22 236	5 825	28 061
Total liabilities	-	22 236	14 384	36 620

2014 in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets - hedge accounting				
<i>Derivative financial assets</i>	-	-	-	-
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	24 157	-	24 157
Available-for-sale financial assets				
<i>Equity investments</i>	8 495	503	-	8 998
Total assets	8 495	24 660	-	33 155
Financial liabilities - hedge accounting				
<i>Interest-bearing debt</i>	-	31 076	-	31 076
<i>Derivative financial liabilities</i>	-	7 750	-	7 750
Financial liabilities at fair value through profit or loss				
<i>Derivative financial liabilities</i>	-	41 490	7 921	49 411
Total liabilities	-	80 316	7 921	88 237

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 2014.

The capital structure of the Group consists of net debt, as defined in note 6.17. 'Interest-bearing debt', and equity (both attributable to the Group and to non-controlling interests).

Gearing ratio

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

Gearing		2014	2015
in thousands of €			
Net debt		852 959	831 964
Equity		1 566 212	1 515 911
Net debt to equity ratio		54.5%	54.9%

7.4. Contingencies and commitments

As at 31 December, the important contingencies and commitments were:

in thousands of €	2014	2015
Contingent liabilities	22 548	29 031
Commitments to purchase fixed assets	19 129	13 796
Commitments to invest in venture capital funds	5 038	3 644

The contingent liabilities mainly relate to environmental obligations. Most of them are covered by bank guarantees.

The entities of the Group are subjected to regular tax audits in their jurisdictions. While the ultimate outcome of tax audits is not certain, Bekaert has considered the merits of its filing positions in an overall evaluation of potential tax liabilities and concludes that the Group has adequate liabilities recorded in its consolidated financial statements for exposures on these matters. Accordingly, Bekaert also considers it unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in the consolidated financial statements will be material to its financial condition (see note 6.4. 'Investments in joint ventures and associates' for tax contingencies relating to the Brazilian joint ventures).

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 €	2014	2015
Within one year	13 871	17 101
Between one and five years	26 016	30 488
More than five years	1 018	749
Total	40 905	48 338

Expenses in thousands of €	2014	2015
Vehicles	9 850	10 369
Industrial buildings	3 063	4 228
Equipment	2 770	3 809
Offices	3 394	3 528
Land	377	18
Other	952	1 306
Total	20 406	23 258

2015 in years	Weighted average lease term
Vehicles	4
Industrial buildings	5
Equipment	3
Offices	4
Land	1
Other	1

2014 in years	Weighted average lease term
Vehicles	4
Industrial buildings	2
Equipment	3
Offices	4
Land	1
Other	1

During 2015 Bekaert Corporation (the 'Company') completed building construction, restoration, and modernization of its plant in Rome, Georgia, USA (the 'Project'). In connection with the Project the Company obtained property tax abatements through a Payment-In-Lieu-of-Taxes ('PILOT') program available through the local tax authority (the 'Authority') on its new real and personal property for periods of five and eight years. The PILOT program involved the purchase by the Company of USD 39.5 million of 4.25% Industrial Development Revenue Bonds (the 'Bonds') issued by the Authority, the proceeds of which were used by the Authority to purchase the Project and lease it back to the Company at a rental rate equal to the amount of the interest on the Bonds (the 'Lease'). At the conclusion of the Lease and maturity of the Bonds, the Project will be purchased back by the Company from the Authority and the Bonds will mature and be paid to the Company. For the 2015 period both interest income on the Bonds and rent expense on the Project were USD 0.1 million. Following the provisions of SIC 27 'Evaluating the Substance of Transactions involving the Legal Form of a Lease' these transactions are deemed to be without economic substance and, accordingly, are not included in the financial statements.

7.5. Related parties

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

Transactions with joint ventures in thousands of €	2014	2015
Sales of goods	36 930	15 224
Purchases of goods	19 654	17 916
Services rendered	-	237
Royalties and management fees received	10 125	8 956
Interest and similar income	169	690
Dividends received	19 881	17 674

Outstanding balances with joint ventures in thousands of €	2014	2015
Trade receivables	11 251	2 542
Other current receivables	443	869
Trade payables	3 892	2 411
Other current payables	185	-

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

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

Key Management remuneration in thousands of €	2014	2015
Number of persons	40	41
Short-term employee benefits		
<i>Basic remuneration</i>	7 043	6 887
<i>Variable remuneration</i>	4 227	2 349
<i>Remuneration as directors of subsidiaries</i>	936	679
Post-employment benefits		
<i>Defined-benefit pension plans</i>	712	518
<i>Defined-contribution pension plans</i>	967	608
Share-based payment benefits	2 376	2 376
Total gross remuneration	16 261	13 417
Average gross remuneration per person	407	327
Number of options and stock appreciation rights granted	251 500	267 000

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

7.6. Events after the balance sheet date

- An offer of 232 750 options was made on 17 December 2015 under the terms of the SOP 2015-2017 stock option plan. 227 250 of those options were accepted, and were granted on 15 February 2016. Their exercise price is € 26.375. The granted options represent a fair value of € 1.7 million.
- Under the terms of the USA SAR plans, a regular offer of 20 250 Stock Appreciation Rights was made on 17 December 2015. 20 250 of those rights were accepted, and will be granted when the acceptance term expires on 25 March 2016. Their exercise price is € 28.385. The granted rights represent a fair value of € 0.2 million.
- Under the terms of the other SAR plans, a regular offer of 38 500 Stock Appreciation Rights was made on 17 December 2015. All of those rights were accepted, and were granted on 15 February 2016. Their exercise price is € 26.375. The granted rights represent a fair value of € 0.3 million.
- A total of 203 710 treasury shares have been disposed of as a result of stock options under the terms of the SOP 2010-2014 stock option plan being exercised since 1 January 2016.

7.7. Services provided by the statutory auditor and related persons

During 2015, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 131 782.

These fees essentially relate to further assurance services (€ 49 037), tax advisory services (€ 969 776) and other non-audit services (€ 112 969).

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

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 1 897 308.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2015

Subsidiaries

<i>Industrial companies</i>	<i>Address</i>	<i>%</i>
EMEA		
Bekaert Bohumín sro	Bohumín, Czech Republic	100
Bekaert Combustion Technology BV	Assen, Netherlands	100
Bekaert Figline SpA	Milano, Italy	100
Bekaert Hlohovec as	Hlohovec, Slovakia	100
Bekaert Izmit Çelik Kord Sanayi ve Ticaret AS	Izmit, Turkey	100
Bekaert Kartepe Çelik Kord Sanayi ve Ticaret AS	Kartepe, Turkey	100
Bekaert Petrovice sro	Petrovice, Czech Republic	100
Bekaert Sardegna SpA	Assemini, Italy	100
Bekaert Slatina SRL	Slatina, Romania	80
Bekaert Slovakia sro	Sládkovičovo, Slovakia	100
Bekintex NV	Wetteren, Belgium	100
Cold Drawn Products Ltd	Bradford, United Kingdom	100
Industrias del Ubierna SA	Burgos, Spain	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	100
Solaronics SA	Armentières, France	100
North America		
Bekaert Corporation	Wilmington (Delaware), United States	100
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Pointe-Claire, Canada	100
Wire Rope Industries USA Inc	Wilmington (Delaware), United States	100
Latin America		
Acma SA	Santiago, Chile	52
Acmanet SA	Talcahuano, Chile	52
Bekaert Cimaf Cabos Ltda	São Paulo, Brazil	100
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	58
Bekaert Sumaré Ltda	Sumaré, Brazil	100
BIA Alambres Costa Rica SA	San José-Santa Ana, Costa Rica	58
Ideal Alambrec SA	Quito, Ecuador	58
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	52
Procables SA	Callao, Peru	96
Prodinsa SA	Maipú, Chile	100
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	80
Productos de Acero Cassadó SA	Callao, Peru	38
Vicson SA	Valencia, Venezuela	80
Asia Pacific		
Bekaert Ansteel Tire Cord (Chongqing) Co Ltd	Chongqing, China	50
Bekaert Applied Material Technology (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Binjiang Advanced Products Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
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 Ipoh Sdn Bhd	Kuala Lumpur, Malaysia	100
Bekaert (Jining) Steel Cord Co Ltd	Jining City, Yanzhou district (Shandong Province)	80
Bekaert-Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	100
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert (Qingdao) Wire Products Co Ltd	Qingdao (Shandong province), China	100
Bekaert Shah Alam Sdn Bhd	Kuala Lumpur, Malaysia	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	100
Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	100
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	70
Bekaert Wire Ropes Pty Ltd	Mayfield East, Australia	100
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
PT Bekaert Indonesia	Karawang, Indonesia	100
PT Bekaert Southern Wire	Karawang, Indonesia	100

Sales offices, warehouses and others	Address	%
EMEA		
Bekaert AS	Vejle, Denmark	100
Bekaert Emirates LLC	Dubai, United Arab Emirates	49
Bekaert France SAS	Armentières, France	100
Bekaert Ges mbH	Vienna, Austria	100
Bekaert GmbH	Neu-Anspach, Germany	100
Bekaert Ltd	Bradford, United Kingdom	100
Bekaert Maccaferri Underground Solutions BVBA	Aalst (Erembodegem), Belgium	50
Bekaert Maccaferri Underground Solutions Srl	Zola Predosa, Bologna, Italy	50
Bekaert Middle East LLC	Dubai, United Arab Emirates	49
Bekaert Norge AS	Frogner, Norway	100
Bekaert Poland Sp z oo	Warsaw, Poland	100
Bekaert (Schweiz) AG	Baden, Switzerland	100
Bekaert Svenska AB	Gothenburg, Sweden	100
Leon Bekaert SpA	Milano, Italy	100
OOO Bekaert Wire	Moscow, Russian Federation	100
Rylands-Whitecross Ltd	Bradford, United Kingdom	100
Scheldestroom NV	Zwevegem, Belgium	100
Twil Company	Bradford, United Kingdom	100
North America		
Bekaert Canada Ltd	Vancouver, Canada	100
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Saint John, Canada	100
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	100
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	100
Specialty Films de Services Company SA de CV	Monterrey, Mexico	100
Latin America		
Bekaert Guatemala SA	Ciudad de Guatemala, Guatemala	100
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	100
Prodac Contrata SAC	Callao, Peru	38
Prodac Selva SAC	Ucayali, Peru	38
Prodalam SA	Santiago, Chile	52
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	100
Asia Pacific		
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Japan Co Ltd	Tokyo, Japan	100
Bekaert Korea Ltd	Seoul, Korea	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Singapore Pte Ltd	Singapore	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	100
BOSFA Pty Ltd	Port Melbourne, Australia	100
Cempaka Raya Sdn Bhd	Kuala Lumpur, Malaysia	100
PT Bekaert Trade Indonesia	Karawang, Indonesia	100
Financial companies		
Address		
%		
Acma Inversiones SA	Talcahuano, Chile	100
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 Hong Kong Ltd	Hong Kong, China	100
Bekaert Ibérica Holding SL	Burgos, Spain	100
Bekaert Ideal SL	Burgos, Spain	80
Bekaert Investments NV	Zwevegem, Belgium	100
Bekaert Investments Italia SpA	Milano, Italy	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	100
Bekaert Singapore Holding Pte Ltd	Singapore	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 Wire Rope Industry NV	Zwevegem, Belgium	100
Bekaert Xinyu Hong Kong Ltd	Hong Kong, China	100
Blue Subsidiary Ltd	London, United Kingdom	100
Blue Topco Ltd	London, United Kingdom	100
Impala SA	Panama, Panama	52
Industrias Acmanet Ltda	Talcahuano, Chile	52
Inversiones Bekaert Andean Ropes SA	Santiago, Chile	100
InverVicson SA	Valencia, Venezuela	80
Procables Wire Ropes SA	Maipú, Chile	100
Procercos SA	Talcahuano, Chile	52

Joint ventures

Industrial companies

Address	%
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Latin America

Belgo Bekaert Arames Ltda	Contagem, Brazil	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	45

Sales offices, warehouses and others

Address	%
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EMEA

Netlon Sentinel Ltd	Blackburn, United Kingdom	50
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Asia Pacific

Bekaert Engineering (India) Pvt Ltd	New Delhi, India	40
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Changes in 2015

1. New investments

Subsidiaries	Address	%
Bekaert Maccaferri Underground Solutions Srl	Zola Predosa, Bologna, Italy	50
Blue Subsidiary Ltd	London, United Kingdom	100
Blue Topco Ltd	London, United Kingdom	100

2. Subsidiaries acquired through business combinations

Subsidiaries	Address	
Bekaert (Jining) Steel Cord Co Ltd	Jining City, Yanzhou district (Shandong Province)	From 0% to 80%
Bekaert Kartepe Çelik Kord Sanayi ve Ticaret AS	Kartepe, Turkey	From 0% to 100%
Bekaert Wire Ropes Pty Ltd	Mayfield East, Australia	From 0% to 65%

3. Disposals

Subsidiaries	Address	
Bekaert Carding Solutions NV	Deerlijk, Belgium	From 100% to 0%
Bekaert Carding Solutions Pvt Ltd	Pune, India	From 100% to 0%
Bekaert Tarak Aksesuarları ve Makineleri Ticaret AS	Istanbul, Turkey	From 100% to 0%
Wuxi Bekaert Textile Machinery and Accessories Co Ltd	Wuxi (Jiangsu province), China	From 100% to 0%

4. Changes in ownership without change in control

Subsidiaries	Address	
Acma Inversiones SA	Talcahuano, Chile	From 52% to 100%
Bekaert Applied Material Technology (Shanghai) Co Ltd	Shanghai, China	From 70% to 100%
Bekaert Ipoh Sdn Bhd	Kuala Lumpur, Malaysia	From 55% to 100%
Bekaert-Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	From 82% to 100%
Bekaert Shah Alam Sdn Bhd	Kuala Lumpur, Malaysia	From 55% to 100%
Bekaert Singapore Holding Pte Ltd	Singapore	From 55% to 100%
Bekaert Wire Ropes Pty Ltd	Mayfield East, Australia	From 65% to 100%
Cempaka Raya Sdn Bhd	Kuala Lumpur, Malaysia	From 55% to 100%
Procables SA	Callao, Peru	From 50% to 96%
Procables Wire Ropes S.A.	Maipú, Chile	From 52% to 100%
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	From 52% to 100%
Prodinsa SA	Maipú, Chile	From 52% to 100%
PT Bekaert Southern Wire	Karawang, Indonesia	From 55% to 100%
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Pointe-Claire, Canada	From 52% to 100%

5. Changes in ownership with change in control

Subsidiaries	Address	
BOSFA Pty Ltd	Port Melbourne, Australia	From 50% to 100%

6. Transfer of control

	Address
Bekaert (Xinyu) New Materials Co Ltd	Xinyu City (Jiangxi province), China
Bekaert Xinyu Metal Products Co Ltd	Xinyu City (Jiangxi province), China

7. Mergers / conversions

Subsidiaries	Merged into
Acma Inversiones Canada SA	Procables Wire Ropes SA

8. Name changes

New name	Former name
Bekaert Applied Material Technology (Shanghai) Co Ltd	Shanghai Bekaert-Ergang Co Ltd
Bekaert Figline SpA	Bekaert Figline Srl
Bekaert Ipoh Sdn Bhd	Bekaert Southern Wire Sdn Bhd
Bekaert Shah Alam Sdn Bhd	Bekaert Southern Speciality Wire Sdn Bhd
Bekaert Singapore Holding Pte Ltd	Bekaert Southern Wire Pte Ltd
Inversiones Bekaert Andean Ropes SA	Inversiones Bekaert Andean Ropes Ltda

9. Closed down

Companies	Address
Barnards Unlimited	Bradford, United Kingdom
Bekaert Carding Solutions Ltd	Bradford, United Kingdom
Bekaert Carding Solutions SAS	Armentières, France
Bekaert Sàrl	Luxemburg, Luxemburg
Lane Brothers Engineering Industries	Bradford, United Kingdom
Sentinel Garden Products Ltd	Bradford, United Kingdom
Sentinel Wire Fencing Ltd	Bradford, United Kingdom
Sentinel (Wire Products) Ltd	Bradford, United Kingdom
Solaronics GmbH	Achim, Germany
Tinsley Wire Ltd	Bradford, United Kingdom

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

Companies	Company number
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Investments NV	BTW BE 0406.207.096 RPR Kortrijk
Bekaert Maccaferri Underground Solutions BVBA	BTW BE 0561.750.457 RPR Dendermonde
Bekaert Wire Rope Industry NV	BTW BE 0550.983.358 RPR Kortrijk
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
Scheldestroom NV	BTW BE 0403.676.188 RPR Kortrijk

Parent company information

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

The report of the Board of Directors and the financial statements of the parent company, NV Bekaert SA (the 'Company'), are presented below in a condensed form.

The report of the Board of Directors ex Article 96 of the Belgian Companies Code is not included in full in the report ex Article 119.

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

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

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

The directors' report and financial statements of the Company, together with the statutory auditor's report, will be deposited with the National Bank of Belgium as provided by law.

Condensed income statement

in thousands of € - Year ended 31 December	2014	2015
Sales	413 834	419 945
Operating profit or loss	44 843	17 454
Financial result	7 062	343 872
Extraordinary result	18 046	-8 658
Current and deferred income taxes	1 303	2 472
Result for the period	71 254	355 140

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2014	2015
Fixed assets	2 369 972	1 768 547
Formation expenses, intangible fixed assets	77 307	97 148
Tangible fixed assets	30 894	38 694
Financial fixed assets	2 261 771	1 632 705
Current assets	376 039	379 409
Total assets	2 746 011	2 147 956
Shareholders' equity	530 209	835 111
Share capital	176 914	176 957
Share premium	31 693	31 884
Revaluation surplus	1 995	1 995
Statutory reserve	17 691	17 696
Unavailable reserve	145 940	120 621
Reserves available for distribution, retained earnings	155 976	485 958
Provisions and deferred taxes	69 421	73 328
Creditors	2 146 381	1 239 517
Amounts payable after one year	1 045 764	715 764
Amounts payable within one year	1 100 617	523 753
Total equity and liabilities	2 746 011	2 147 956

Valuation principles

Valuation and foreign currency translation principles applied in the parent company's financial statements are based on Belgian accounting legislation.

Summary of the annual report of the Board of Directors

The Belgium-based entity's sales amounted to € 419.9 million, an increase of 1% compared to 2014.

The operating profit was € 17.5 million, compared with a profit of € 44.8 million last year. This is mainly the result of higher depreciations due to the capitalization of research and development costs and additional costs due to the realized and anticipated acquisition transactions.

The financial result increased to € 343.9 million compared to a profit of € 7.1 million in 2014, due to a higher dividend income (2015: € 374.2 million compared to 2014: € 62.6 million), the revaluation of treasury shares (2015: € -9.2 million compared to 2014: € 2.2 million) and other financial expenses.

The extraordinary result amounts to € -8.7 million, mainly related to amortization of assets. Last year's extraordinary result of € 18.0 million mainly related to the gain on the disposal of intangible and tangible fixed assets and extraordinary depreciations.

The combination of the operating profit, the financial and the extraordinary result explain the net profit for the year ended 31 December 2015: € 355.1 million compared with € 71.3 million in 2014.

Environmental programs

The provisions for environmental programs decreased to € 22.6 million (2014: € 23.2 million).

Information on research and development

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

Dematerialization of bearer shares

The company is compliant with the regulations around dematerialization of bearer shares as also confirmed by the statutory auditor in his report dated 17 December 2015.

Interests in share capital

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act), the Company has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the current notifications of participations of 3% or more is presented hereafter. On 31 December 2015, the total number of securities conferring voting rights was 60 125 525.

Notification of 27 February 2015 – denominator: 60 111 405

Holders of voting rights	Number of voting rights	Percentage of voting rights
Stichting Administratiekantoor Bekaert	22 376 532	37.23%
Aliunde Ltd	51 852	0.09%
Azem SA	179 000	0.30%
Berfin SA	108 470	0.18%
Gedecor SA	163 000	0.27%
Kamiclar SA	182 370	0.30%
Individual controlling Millenium 3 SA	22 055	0.04%
Millenium 3 SA	130 200	0.22%
Serilico SA	114 000	0.19%
Individual controlling Tersaet BVBA	58 443	0.10%
Tersaet BVBA	1 200	0.00%
Velge International NV	57 000	0.09%
One of the seven individuals controlling Zweve (société de droit commun)	200 000	0.33%
Zweve (société de droit commun)	220 000	0.37%
Individual 1	7 500	0.01%
Individual 2	70 320	0.12%
Individual 3	260 360	0.43%
Individual 4	45 200	0.08%
Individual 5	19 430	0.03%
Individual 6	38 400	0.06%
Individual 7	100 637	0.17%
Individual 8	107 850	0.18%
Individual 9	78 582	0.13%
Individual 10	10 000	0.02%
Individual 11	16 000	0.03%
Individual 12	177 457	0.30%
Total	24 795 858	41.25%

The notifying persons are acting in concert in that they have concluded an agreement (a) aimed either at acquiring control, at frustrating the successful outcome of a bid or at maintaining control, and (b) to adopt, by concerted exercise of the voting rights they hold, a lasting common policy.

Stichting Administratiekantoor Bekaert is not controlled by an individual. Aliunde Ltd is controlled by an individual. Azem SA is controlled by an individual. Berfin SA is controlled by an individual. Gedecor SA is controlled by two individuals. Kamiclar SA is controlled by an individual. Millenium 3 SA is controlled by an individual, through Charisa SA. Serilico SA is controlled by an individual. Tersaet BVBA is controlled by an individual. Velge International NV is controlled by an individual, through Noral SA and its fully owned subsidiary Triplex SA. Zweve (société de droit commun) is jointly owned by seven individuals.

Notification of 6 March 2015 – denominator: 60 111 405

Holders of voting rights	Number of voting rights	Percentage of voting rights
Kiltearn Partners LLP	1 856 567	3.09%
Kiltearn Limited	-	0.00%
Total	1 856 567	3.09%

Kiltearn Limited notified the Company in its capacity as parent company or controlling person of Kiltearn Partners LLP.

Notification of 16 February 2016 – denominator: 60 125 525

Holders of voting rights	voting rights	voting rights
Stichting Administratiekantoor Bekaert	21 773 265	36.21%
Total	21 773 265	36.21%

The above mentioned agreement to act in concert was terminated on 12 February 2016. As a result thereof, the threshold of 40% was crossed downward. The Stichting Administratiekantoor Bekaert is not controlled.

On 8 December 2007 Stichting Administratiekantoor Bekaert disclosed in accordance with Article 74 of the Act of 1 April 2007 on public takeover bids that it was holding individually more than 30% of the securities with voting rights of the Company on 1 September 2007.

Proposed appropriation of NV Bekaert SA 2015 result

The after-tax result for the year was € 355 139 604, compared with € 71 254 650 for the previous year.

The Board of Directors has proposed that the Annual General Meeting to be held on 11 May 2016 appropriate the above result as follows:

	in €
Result of the year 2015 to be appropriated	355 139 604
Profit brought forward from previous year	37 648 448
Transfer to statutory reserves	-4 300
Transfer to the reserves	-342 311 280
Profit for distribution	50 472 472

The Board of Directors has proposed that the Annual General Meeting approve the distribution of a gross dividend of € 0.90 per share (2014: € 0.85 per share).

The dividend will be payable in euros on 17 May 2016 by the following banks:

- ING Belgium, BNP Paribas Fortis, KBC Bank, Bank Degroof Petercam and Belfius Bank in Belgium;
- Société Générale in France;
- ABN AMRO Bank in the Netherlands;
- UBS in Switzerland.

Appointments pursuant to the Articles of Association

The term of office of the Directors Messrs François de Visscher, Bernard van de Walle de Ghelcke, Baudouin Velge, and of the independent Directors Lady Barbara Judge and Mr Manfred Wennemer will expire at the close of the Annual General Meeting of 11 May 2016.

The Board of Directors has proposed that the General Meeting:

- appoint Mr Christophe Jacobs van Merlen, Ms Emilie van de Walle de Ghelcke and Mr Henri Jean Velge as Director for a term of four years, up to and including the Annual General Meeting to be held in 2020;
- appoint Ms Celia Frances Baxter, Ms Pamela Knapp and Ms Martina Merz as independent Director for a term of four years, up to and including the Annual General Meeting to be held in 2020.

The Board of Directors has proposed that the General Meeting re-appoint Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Ms Charlotte Vanrobaeys, as Statutory Auditor for a term of three years, up to and including the Ordinary General Meeting to be held in 2019.

Auditor's report

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

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

NV Bekaert SA
Statutory auditor's report
to the shareholders' meeting
on the consolidated financial statements
for the year ended 31 December 2015

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of NV Bekaert SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 3.881.119 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 101.969 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

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

Statutory auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements of NV Bekaert SA give a true and fair view of the group's net equity and financial position as of 31 December 2015, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

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

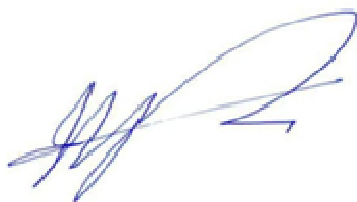
As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, March 23, 2016

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Joël Brehmen



Joël Brehmen

As of end March 2016:

Bekaert Group Executive

Matthew Taylor	Chief Executive Officer
Bruno Humblet	Chief Financial Officer & Executive Vice President Latin America Region
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Business Platforms
Curd Vandekerckhove	Executive Vice President North Asia and Global Operations
Geert Van Haver	Chief Technology & Engineering Officer
Piet Van Riet	Executive Vice President Industrial and Specialty Products Business Platforms
Stijn Vanneste	Executive Vice President Europe, South Asia and South East Asia
Frank Vromant	Executive Vice President Americas
Bart Wille	Chief Human Resources Officer

Senior Vice Presidents

Axel Ampolini	Senior Vice President South East Asia
Marco Cipparrone	Senior Vice President Rubber Reinforcement Europe
Bruno Cluydts	Chief Integration Officer
Philip Eyskens	Senior Vice President Legal, IT and Mergers & Acquisitions
Oliver Forberich	Senior Vice President Bekaert Stainless Technologies
Ton Geurts	Chief Purchasing Officer & Senior Vice President Supply Chain Excellence
Jun Liao	Senior Vice President Rubber Reinforcement North Asia
Patrick Louwagie	Senior Vice President Brazil
Dirk Moyson	Senior Vice President Manufacturing Excellence
Alejandro Sananez	Senior Vice President Latin America
Demet Tunç	Chief Marketing Officer & Senior Vice President Customer Excellence
Geert Voet	Senior Vice President Global Ropes Platform

Company Secretary

Isabelle Vander Vekens

Auditors

Deloitte Bedrijfsrevisoren

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The annual report for the 2015 financial year is available in English and Dutch on annualreport.bekaert.com

Editor & Coordination:

Katelijan Bohez, Chief Communications & Investor Relations Officer

Financial definitions

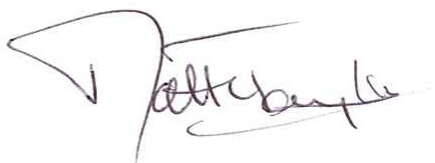
<i>Added value</i>	Operating result (EBIT) + remuneration, social security and pension charges + depreciation, amortization, impairment of assets and negative goodwill.
<i>Associates</i>	Companies in which Bekaert has a significant influence, generally reflected by an interest of at least 20%. Associates are accounted for using the equity method.
<i>Book value per share</i>	Equity attributable to the Group divided by number of shares outstanding at balance sheet date.
<i>Capital employed (CE)</i>	Working capital + net intangible assets + net goodwill + net property, plant and equipment. The average CE is weighted by the number of periods that an entity has contributed to the consolidated result.
<i>Capital ratio</i>	Equity relative to total assets.
<i>Combined figures</i>	Sum of consolidated companies + 100% of joint ventures and associated companies after elimination of intercompany transactions (if any). Examples: sales, capital expenditure, number of employees.
<i>Dividend yield</i>	Gross dividend as a percentage of the share price on 31 December.
<i>EBIT</i>	Operating result (earnings before interest and taxation).
<i>EBIT interest coverage</i>	Operating result divided by net interest expense.
<i>EBITDA</i>	Operating result (EBIT) + depreciation, amortization, impairment of assets and negative goodwill.
<i>Equity method</i>	Method of accounting whereby an investment (in a joint venture or an associate) is initially recognized at cost and subsequently adjusted for any changes in the investor's share of the joint venture's or associate's net assets (i.e. equity). The income statement reflects the investor's share in the net result of the investee.
<i>Gearing</i>	Net debt relative to equity.
<i>Joint ventures</i>	Companies under joint control in which Bekaert generally has an interest of approximately 50%. Joint ventures are accounted for using the equity method.
<i>Net capitalization</i>	Net debt + equity.
<i>Net debt</i>	Interest-bearing debt net of current loans, non-current financial receivables and cash guarantees, short-term deposits, cash and cash equivalents. For the purpose of debt calculation only, interest bearing debt is remeasured to reflect the effect of any cross-currency interest-rate swaps (or similar instruments), which convert this debt to the entity's functional currency.
<i>Non-recurring items</i>	Operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a one-time effect.
<i>REBIT</i>	EBIT before non-recurring items.
<i>Return on capital employed (ROCE)</i>	Operating result (EBIT) relative to the weighted average capital employed.
<i>Return on equity (ROE)</i>	Result for the period relative to average equity.
<i>Subsidiaries</i>	Companies in which Bekaert exercises control and generally has an interest of more than 50%.
<i>Working capital (operating)</i>	Inventories + trade receivables + bills of exchange received + advanced paid - trade payables - advances received - remuneration and social security payables - employment-related taxes.

Statement from the responsible persons

The undersigned persons state that, to the best of their knowledge:

- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 2015 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and
- the annual report on the consolidated financial statements gives a fair overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation, as well as a description of the principal risks and uncertainties faced by them.

On behalf of the Board of Directors:



Matthew Taylor
Chief Executive Officer



Bert De Graeve
Chairman of the Board of Directors

Disclaimer

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

Financial calendar

■ First quarter trading update 2016	11 May 2016
■ General meeting of shareholders	11 May 2016
■ Dividend ex-date	12 May 2016
■ Dividend payable	17 May 2016
■ 2016 half year results	29 July 2016
■ Third quarter trading update 2016	18 November 2016
■ 2016 results	24 February 2017
■ 2016 annual report available on the Net	24 March 2017
■ First quarter trading update 2017	10 May 2017
■ General meeting of shareholders	10 May 2017
■ Dividend ex-date	11 May 2017
■ Dividend payable	15 May 2017
■ 2017 half year results	28 July 2017
■ Third quarter trading update 2017	17 November 2017