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Regulated information – Interim Management Report
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVS.BR)

EVS REPORTS REVENUE AND RESULTS FOR FIRST QUARTER 2012

HIGH SALES AND ORDER BOOK OF EUR 53.8 MILLION CONFIRMING STRONG MOMENTUM

- 1Q12 revenue of EUR 30.0 million, +32.5% vs. 1Q11
- OB segment jumped by +58.1%, mainly due to major Russian deal
- 1Q12 EBIT margin of 45.1%, up from 39.8% in 1Q11
- EPS of EUR 0.65
- EUR 3.5 million contract for the upcoming 2Q12 European soccer championship
- Record spring global order book of EUR 53.8 million at May 9, 2012, +131.5%
- Total gross dividend of EUR 2.36 (dividend yield of 5.9%)
- Strong momentum anticipating record 1H12, encouraging 2H12
- Slight EBIT margin improvements despite operating expenses growth

Key figures

IFRS - EUR millions, except earnings per share expressed in EUR	(unaudited)			
	1Q12	4Q11	1Q11	1Q12/1Q11
Revenue	30.0	31.0	22.7	+32.5%
Operating profit – EBIT	13.6	13.0	9.0	+50.3%
Operating margin – EBIT %	45.1%	41.9%	39.8%	-
Contribution from XDC	0.1	-0.7	2.6	
Net profit – group share	8.7	7.5	8.9	-1.8%
Net profit from operations, excl. XDC – group share ⁽¹⁾	8.9	8.7	6.5	+36.7%
Basic earnings per share	0.65	0.56	0.66	-1.5%
Basic earnings per share from operations, excl. XDC ⁽¹⁾	0.66	0.65	0.48	+37.1%

(1) The net profit from operations, excl. XDC, is the net profit (share of the group) excluding non operating items (net of tax) and the XDC contribution. Refer to Annex 5.3: use of non-GAAP financial measures.

Comments

Commenting on the results and perspectives, Jacques Galloy, CFO, said: “Our first quarter has shown strong momentum in all our regions, especially APAC with +75% growth. This is due the success of our new XT3 platform, some traction from next summer’s big sporting events in EMEA and the increasing success rate in our studio proposals, amongst other in NALA. The NAB trade show in Las Vegas mid April has confirmed that trend, despite a macro-economic environment that remains challenging. The Q1 revenue and the EUR 53.8 million order book anticipate a year that will mark a new step in our company development. The EUR 15 million that we have invested in cutting edge innovation over the last years are promising. Despite those investments and overall operating expenses growth, EBIT margin has grown to 45.1% over 1Q12. The summer will be very busy and our teams are fully dedicated on all the ongoing projects. While we know that the first nine months of the year will be strong, the last quarter of 2012 is the usual question mark but we notice some encouraging signs.”

Pierre Rion, Chairman of the Board of Directors of EVS added: “The Board of Directors is very satisfied of all the achievements of the company and its management. A new CEO should join the company very soon and reinforce the management team. We have decided to propose to the shareholders the payment of a total gross dividend of EUR 2.36, given our confidence in the future of the company, but also the lower 2011 earnings and the short term needs of cash for the new building.”

Revenue

EVS revenue amounted to **EUR 30.0 million** in 1Q12, an increase by 32.5% at actual exchange rate compared to 1Q11, and a +34.3% increase at constant exchange rate and excluding the big events rentals. Indeed, revenues in 1Q11 included EUR 0.5 million of rentals relating to the Winter Asian Games. Outside broadcast sales grew by 58.1% in 1Q12 to EUR 17.9 million (+57.0% at cst exch. rate and excl. big events) mainly due to the third tranche of a major Russian deal (EUR 4 million) and new outside broadcast vans in various countries not specifically linked to this year events. They represented 59.6% of total sales in 1Q12. Sales of solutions in the studios increased by 7.0% in a hesitant market (+5.9% at cst exch. rate and excl. big events) to EUR 12.1 million, representing 40.4% of total group sales in 1Q12, meaning market shares gains..

Revenue – EUR millions ⁽¹⁾	1Q12	1Q11	% 1Q12 /1Q11
Total reported	30.0	22.7	+32.5%
Total at constant exchange rate	29.8	22.7	+31.5%
Total at constant exchange rate and excluding big events rentals	29.8	22.2	+34.3%

(1) Refer to the geographical segmentation in annex 5.4.

The beginning of 2012 has shown mixed signals from the market. While the industry seems to suffer from the uncertain macro-economic environment, the strong competitive position of EVS has enabled our company to post strong growth. Both the outside broadcast and the studio segments have shown continued momentum in 1Q12, and a lot of projects are still under discussion. The XT3 continues to generate strong new sales but also some upgrades sales. The enlarged portfolio of EVS products is bringing the company to a new plateau. The success rate in studio is increasing as well in a very competitive environment. Launches of new TV stations and emerging countries are also clear growth drivers.

Geographically, sales have evolved in 1Q12 as follows:

- Europe, Middle-East and Africa (“**EMEA**”): EUR 17.6 million (+25.0% compared to 1Q12), representing 58.7% of group revenue.
- Americas (“**NALA**”): EUR 5.6 million (+15.2% at constant exchange rate).
- Asia & Pacific (“**APAC**”): EUR 6.8 million (+74.9%).

Important deal wins include the rental contract for the European soccer championship, contracts for new OB vans in the US (including VER and Bexel), in Russia (Panorama) and in APAC, or a sports news initiative for Al Jazeera in France. Those deals have been delivered in 1Q12 or are to be shipped during the next quarters.

Operating results in 1Q12

Consolidated gross margin was 77.6% for 1Q12, slightly up compared to 1Q11. Operating expenses increased by 16.6% in 1Q12. This growth is mainly due to the 14.4% increase in number of new employees at EVS, and the one-time R&D tax credit of EUR 0.5 million in 1Q11. As revenue increased more rapidly (+32.5%) than operating expenses (+15.0%), the **operating (EBIT) margin increased to 45.1% of revenue**, compared to 39.8% in 1Q12.

Exchange result was negative in 1Q12 (EUR -1.0 million), mainly due to non-operational IFRS consolidation methodology. Net profit amounted to EUR 8.7 million in 1Q12, or -1.8% compared to 1Q11 where XDC posted a one-time profit linked to the disposal of its Cinestore activities. Net profit from operations, excluding XDC, was EUR 8.9 million in 1Q12. **Basic net profit from operations per share, excl. XDC, amounted to EUR 0.66** in 1Q12, compared to EUR 0.48 for 1Q11.

XDC, in which EVS owns 41.3% of shares (30.2% fully diluted), continue to benefit from the digital cinema transition. 45% of the European market is still to be digitized. XDC revenue in 1Q12 jumped by 25.9% to EUR 22.2 million. XDC recorded a positive EBITDA of EUR 4.9 million, or 22.1% of revenues. XDC had a positive group share (41.3%) contribution to the 1Q12 results of EVS of EUR 0.1 million, compared to a group share contribution of EUR 2.6 million in 1Q12 (which included a EUR 5.0 million one-time profit on the disposal of the CineStore activities).

Staff

At the end of March 2012, EVS employed 428 people (FTE), an increase by 14.0% over March 2011. On average, EVS employed 422 FTE in 1Q12, compared to 370 in 1Q11, a 14.1% increase. While EVS continues to hire some good broadcast experts, the company is more selective and not mainly focus on R&D, but also on the other departments of the company.

Balance sheet and cash flow statement

Net Equity represents 68.1% of total liabilities. The inventories amounted to EUR 17.1 million at the end of March, an 16.9% increase compared to the end of 2011. This increase is mainly due to the preparation of the big events of next summer, and some important projects that were still in progress at the end of the quarter.

The net cash from operating activities amounted to EUR 8.6 million in 1Q12. On March 31, 2012, the group balance sheet showed **EUR 24.6 million** in cash and cash equivalents, and EUR 1.1 million in long-term financial debts (including short term portion of it).

At the end of 2011, EVS started the construction of a new building in the same area, in order to gather all employees of EVS headquarters, split today in 6 different buildings. That project will be financed through financial debt and net excess cash.

At the end of March 2012, there were 13,625,000 EVS outstanding shares, of which 183,372 were owned by the company. No share was repurchased in 1Q12. At the same date, 286,550 warrants were outstanding with an average strike price of EUR 39.37.

Final dividend

The Board has proposed a total gross EUR 2.36 dividend (including the EUR 1.16 interim) to the Ordinary General Meeting of Shareholders to be held next May 15, 2012, implying a final gross dividend of EUR 1.20 to be paid next May 25, 2012 (ex-date May 22). This represents a payout ratio of 100.4% and a gross dividend yield of 5.9% based on the average 1Q12 share price.

Outlook 2012

Sport is where EVS is born. And sport is also where all the new technologies are used first. This is why the long term growth drivers that have supported the development of EVS over the last decade are now also supporting its diversification outside of live sport productions. With its **EVS Sports360°** strategy, EVS wants its clients to be at the forefront in this rapidly changing environment: the partitioning of rights, the mergence between IT and traditional broadcast technology, the profusion of digital media platforms. EVS Sports360° helps the market to take on these challenges successfully, bringing together the industry's most reliable live production tools, novel highlight creation and content management suites, resourceful archive monetization tools, and instant multimedia delivery platforms.

In its diversification process, EVS wants to take a leading position in niches that have a high growth potential. Its "**Speed to Air**" strategy is an answer to TV stations desire to move to new production workflows, benefiting from the flexibility of tapeless workflows. The other main reasons of investments in TV stations are the transition from standard definition (SD) to high definition (HD), the look for catching audiences on "second screens", and an increased focus of broadcasters/IPTV and advertisers on large popular sport broadcasts to gain new viewers. 3D technologies appear to speed up the conversion to tapeless HD production facilities. In the medium to long term, EVS targets the studio market (tapeless solutions) which is estimated to be currently **USD 0.8 billion** per annum according to the IABM Broadcast Industry survey and includes storage solutions, video servers, editing solutions, services, etc.. The tapeless studio market is expected to grow by 10% per annum in the next decade, partly due to the simple fact that still 60% of studio processes are tapebased. EVS succeeded in growing its market share in its currently addressable market from 1% in 2005 to around 8% currently. Therefore, taking into account usual business risks and uncertainties, EVS Board and teams believe that the underlying demand for EVS products should continue to be supported by these structural growth drivers, which will impact the business over a long period of time and will follow usual equipment acquisition wave patterns.

The global **spring order book** (to be invoiced in 2012) at May 9, 2012 amounts to **EUR 53.8 million**, which is 131,5% higher compared to EUR 23.3 million on the same date one year ago (+91,4% excluding big event rentals), and EUR 34.2 million in 2010, another sporting year. This is a new record order book for EVS. In addition to this EUR 53.8 million order book, EVS already has orders for EUR 5.6 million that should be invoiced in 2013 and beyond. EVS increases progressively its recurring service revenues.

Outside Broadcast business exceeds earlier expectations, with an order intake increase of 117.0% in 1Q12. The company defends its market share despite competition and consolidates its position in that segment. Studio orders increased by 53.0% in 1Q12, represent 50% of the spring order book while they represented 41% of the total order intake in 1Q12. EVS continues to gain some market shares and significant customers in this promising and quite competitive segment.

While EVS already has over EUR 83 million orders that should translate in revenue in 2012, the Management and the Board of Directors want to highlight the following elements: the first half of the year shall be very strong, even record, also supported by the Euro Soccer championship rental agreement. The second half of the year shall benefit from the London Games rentals (August) and from the release of new products but also from strong business not linked to the big events. The usual slow-down of the broadcast market following big event summer could be offset by new market opportunities even if the macro-economic environment adds some uncertainties. This is due not only to the success of the new XT3 platform and EVS continued focus on service quality but also due to the fact that the EVS product portfolio allows to bid for more diversified studio systems. Margins should improve in 2012 thanks to sales growing faster than operating expenses, which are expected to grow between 13 and 18%.

The Board decided to accelerate **investments in innovation** back early 2009 when the industry was hit by the most severe downturn in a decade. This strategy obviously translates into growing operating expenses, mainly R&D. Thanks to the current strong momentum, margins are improving. Current investments could create some future positive leverage on longer term margins while industry remains competitive. EVS targets small niches where the combination of infrastructure reliability, applications agility and service quality are essential satisfaction criteria. It should be clear that risk factors such as economical uncertainties, banking troubles, balance-sheets constraints for clients or major currencies fluctuations are not easing any forecast.

Status of the control by the Statutory Auditors

The statutory Auditors BDO Atrio has not reviewed the quarterly financial statements as presented in this press release.

EVS will hold today the following events:

- Financial analysts & investors meeting in French/Dutch in EVS offices in Liège at 11:00 am CET.
- A conference call in English will be held at 3:00 pm CET (please contact corpcom@evs.tv to receive the dial-in number and the presentation).

They will be attended by Jacques Galloy, CFO and Geoffroy d'Oultremont, IRO.

Corporate Calendar:

Tuesday May 15, 2012	Ordinary General Meeting
Tuesday May 22, 2012	Final dividend coupon 14: ex-date
Thursday May 24, 2012	Final dividend coupon 14: record date
Friday May 25, 2012	Final dividend coupon 14: payment date
Thursday August 30, 2012	2Q12 earnings
Thursday November 15, 2012	3Q12 earnings

For more information, please contact:

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Forward Looking Statements

This press release contains forward-looking statements with respect to the business, financial condition, and results of operations of EVS and its affiliates. These statements are based on the current expectations or beliefs of EVS's management and are subject to a number of risks and uncertainties that could cause actual results or performance of the Company to differ materially from those contemplated in such forward-looking statements. These risks and uncertainties relate to changes in technology and market requirements, the company's concentration on one industry, decline in demand for the company's products and those of its affiliates, inability to timely develop and introduce new technologies, products and applications, and loss of market share and pressure on pricing resulting from competition which could cause the actual results or performance of the company to differ materially from those contemplated in such forward-looking statements. EVS undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

About EVS Group

EVS Broadcast Equipment designs leading broadcast and media production systems for sports, news and TV entertainment. Its innovative Live Slow Motion system revolutionized live broadcasting, and its reliable and integrative tapeless solutions are now widely used for non-linear editing and 3D HD productions across the globe. The company's dedicated hardware and software suite offer a complete production platform: live slow motion (LSM), high speed slow motion, replay only, clips generation, quick clips editing, real-time SD/HD video files transfer, time delay, multi-camera recording, metadata association, graphics storage and play-out, digital transmission, multi-format ingest and play-back, audio record & edit, webcasting, mobile phone clipping. Main software applications like the "IP Director®" are running on the dedicated robust and flexible hardware the "XT3® Platform". The world's leading broadcasters, such as NBC, BSKyB, FOX, RTBF, RTL, NHK, CANAL+, ABC, ESPN, TF1, CCTV, PBS, CBS, BBC, ZDF, Channel One, Channel7, RAI, TVE, NEP, MEDIAPRO, EUROMEDIA, BEXEL, ALFACAM and many others use EVS' solutions.

The company is headquartered in Belgium and has offices in Europe, the Middle East, Asia and North America. Approximately 427 EVS professionals from 20 offices are selling its branded products in over 100 countries, and provides customer support globally. EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371. For more information, refer to www.evs-global.com, www.evs.tv XDC, of which EVS owns 41.3%, is the European leader for Digital Cinema technology and services in Europe with more than 4,900 committed digital screens in Europe, out of which 2,000 have already been deployed. www.xdcinema.com

Condensed financial statements

ANNEX 1: EVS GROUP – IFRS CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Annex	1Q12 Unaudited	4Q11 Unaudited	1Q11 Unaudited
Revenue	5.4	30,050	30,964	22,677
Costs of sales		-6,744	-6,824	-5,179
Gross profit		23,306	24,140	17,498
Gross margin %		77.6%	78.0%	77.2%
Selling and administrative expenses		-4,441	-5,453	-4,155
Research and development expenses	5.8	-5,108	-5,283	-4,038
Other revenue		124	181	47
Other expenses		-64	-112	-68
Stock based compensation and ESOP plan		-105	-117	-107
Amortization and impairment on goodwill, acquired technology and IP		-161	-371	-162
Operating profit (EBIT)		13,551	12,985	9,015
Operating margin (EBIT) %		45.1%	41.9%	39.8%
Net interest		-28	52	9
Other net financial income / (expenses)	5.9	-1,048	-82	94
Share in the result of the enterprise accounted for using the equity method	5.11	90	-685	2,637
Profit before taxes (PBT)		12,565	12,269	11,756
Income taxes	5.10	-3,852	-4,736	-2,886
Net profit from continuing operations		8,713	7,534	8,870
Net profit		8,713	7,534	8,870
Attributable to :				
Non controlling interests		-	-	-
Equity holders of the parent company		8,713	7,534	8,870
Net profit from operations, excl XDC – share of the group ⁽¹⁾	5.3	8,905	8,750	6,515
RESULT PER SHARE (in number of shares and in EUR)				
	5.7	1Q12 Unaudited	4Q11 Unaudited	1Q11 Unaudited
Weighted average number of subscribed shares for the period less treasury shares		13,441,628	13,447,403	13,482,066
Weighted average fully diluted number of shares		13,728,178	13,732,317	13,778,036
Basic earnings – share of the group		0.65	0.56	0.66
Fully diluted earnings – share of the group		0.63	0.55	0.64
Basic net profit from operations, excl XDC – share of the group		0.66	0.65	0.48
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
(EUR thousands)		1Q12 Unaudited	4Q11 Unaudited	1Q11 Unaudited
Net profit		8,713	7,534	8,870
Other comprehensive income of the period				
Currency translation differences		-78	-113	65
Other increase/(decrease)		52	-416	-12
Total comprehensive income for the period		8,687	7,005	8,923
Attributable to :				
Non controlling interests		-1	+1	+1
Equity holders of the parent company		8,686	7,006	8,924

(1) The net profit from operations, excl. XDC, is the net profit (share of the group) excluding non operating items (net of tax) and the XDC contribution. Refer to Annex 5.3: use of non-gaap financial measures.

ANNEX 2: EVS GROUP – IFRS CONSOLIDATED BALANCE SHEET

ASSETS (EUR thousands)	Annex	Mar. 31, 2012 Unaudited	Dec. 31, 2011 Audited
Non-current assets :			
Goodwill		610	610
Acquired technology and IP		897	1,059
Other intangible assets		957	328
Lands and buildings		15,203	11,899
Other tangible assets		1,996	2,056
Investment accounted for using equity method	5.11	7,874	7,784
Subordinated bonds	5.11	830	830
Other financial assets		205	338
Total non-current assets		28,572	24,903
Current assets :			
Inventories		17,139	14,657
Trade receivables		21,966	23,994
Other amounts receivable, deferred charges and accrued income		3,151	2,983
Cash and cash equivalents		24,559	19,932
Total current assets		66,814	61,565
Total assets		95,386	86,468
EQUITY AND LIABILITIES (EUR thousands)			
	Annex	Mar. 31, 2012 Unaudited	Dec. 31, 2011 Audited
Equity :			
Capital		8,342	8,342
Reserves		63,517	69,704
Interim dividends		-	-15,592
Treasury shares		-6,915	-6,915
Total consolidated reserves		56,602	47,197
Translation differences		49	127
Equity attributable to equity holders of the parent company		64,994	55,666
Minority interests		7	8
Total equity	4	65,001	55,674
Long term provisions		1,050	1,050
Deferred taxes liabilities		1,230	1,083
Financial long term debts		795	875
Other long term debts		0	0
Non-current liabilities		3,075	3,008
Short term portion of financial long term debts		291	291
Trade payables		6,226	5,499
Amounts payable regarding remuneration and social security		7,278	7,501
Income tax payable		8,910	6,139
Other amounts payable, advances received, accrued charges and deferred income		4,605	8,357
Current liabilities		27,310	27,787
Total equity and liabilities		95,386	86,468

ANNEX 3: EVS GROUP – IFRS CONSOLIDATED CASH FLOW STATEMENT

(EUR thousands)	1Q12 Unaudited	1Q11 Unaudited
Cash flows from operating activities		
Operating Profit (EBIT)	13,551	9,015
Adjustment for non cash items :		
- Amortization, depreciation and write-offs on fixed assets	743	692
- Foreign exchange result	-1,054	117
- Stock based compensation and ESOP	105	107
- Provisions and deferred taxes increase/(decrease)	147	73
	13,492	10,004
Increase (+)/decrease (-)		
- Amounts receivable	2,018	-91
- Accruals	-881	-1,424
- Trade debts and prepayments	406	1,402
- Taxes, remuneration and social security debts	2,548	3,179
- Other amounts payable	-2,700	123
- Inventories	-2,482	-317
<i>Cash generated from operations</i>	<i>12,400</i>	<i>12,876</i>
Interest received	48	69
Income taxes	-3,852	-2,886
Net cash from operating activities	8,597	10,060
Cash flows from investing activities		
Acquisition of OpenCube, net cash acquired		-
Purchase (-)/disposal (+) of intangible assets	-684	-224
Purchase (-)/disposal (+) of property, plant and equipment	-3,772	-706
Purchase (-)/disposal (+) of other financial assets	133	21
Net cash used in investing activities	-4,323	-909
Cash flows from financing activities		
Operations with treasury shares	-	-844
Other net equity variations	509	52
Interest paid	-76	-60
Movements on long-term borrowings	-80	-84
Interim dividend paid	-	-
Final dividend paid	-	-
Net cash used in financing activities	353	-936
Net increase/(decrease) in cash and cash equivalents	4,627	8,215
Cash and cash equivalents at beginning of period	19,932	27,946
Cash and cash equivalents at end of period	24,559	36,161

**ANNEX 4: EVS GROUP – IFRS CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY**

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interest	Total equity
Balance as per December 31, 2010	8,342	57,660	-5,253	49	60,799	6	60,806
Total comprehensive income for the period		8,858		65	8,923	1	8,924
Share-based payments		107			107		107
Operations with treasury shares			-844		-844		-844
Final dividend							
Interim dividend							
Balance as per March 31, 2011	8,342	66,625	-6,097	113	68,985	7	68,991
(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interest	Total equity
Balance as per December 31, 2011	8,342	54,112	-6,915	127	55,666	8	55,674
Total comprehensive income for the period		8,765		-78	8,687	-1	8,686
Share-based payments		640			640		640
Operations with treasury shares							
Final dividend							
Interim dividend							
Balance as per March 31, 2012	8,342	63,517	-6,915	49	64,994	7	65,001

**ANNEX 5: EVS GROUP – NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS OF March 31, 2012**

NOTE 1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of EVS Group for the 3 months period ended March 31, 2012 are established and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES AND METHODS

The accounting policies and methods adopted for the preparation of the Company's IFRS consolidated financial statements are consistent with those applied in the 2011 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2011 annual report on www.evs-global.com.

NOTE 3: USE OF NON-GAAP FINANCIAL MEASURES

EVS uses certain non-GAAP measures in its financial communication. EVS does not represent these measures as alternative measures to net profit or other financial measures determined in accordance with IFRS. These measures as reported by EVS might differ from similar titled measures used by other companies. We believe that these measures are important indicators of our business and are widely used by investors, analysts and other parties. In the press release, the non-GAAP measures are reconciled to financial measures determined in accordance with IFRS.

The reconciliation between the net profit for the period and the net profit from operations, excl. XDC is as follows:

(EUR thousands)	1Q12	1Q11
Net profit for the period - IFRS	8,713	8,870
Allocation to Employees Profit Sharing Plan	-	-
Stock Option Plan	105	107
Amortization on acquired technology and IP	161	162
Contribution of XDC (41.3% share in XDC net result)	-74	-2,624
Net profit from operations, excl. XDC	8,905	6,515

NOTE 4: SEGMENT REPORTING

4.1. General information

The company already applies IFRS 8 ("Operating segments") since the fiscal year ended on December 31, 2007.

From an operational point of view, the company is vertically integrated with the majority of its staff in the headquarters in Belgium, including the R&D, production, marketing and administration departments. This explains why the majority of the investments and costs are located at the level of the Belgian parent company. The foreign subsidiaries are primarily sales and representative offices. Sales relate to products of the same nature and are realized by commercial polyvalent teams.

The company internal reporting is the reflection of the abovementioned operational organization, and is characterized by the strong integration of the activities of the company; only sales are identified by geographical market in which they are realized.

By consequence, the company is composed of one segment according to the IFRS 8 definition, and the consolidated income statement of the group reflects this unique segment. However, it does not exclude a future evolution of the segmentation according to the development of the company, of its products and of its internal performance indicators.

4.2. Additional information

4.2.1. Information on products and services

Revenue can be presented by destination: the outside broadcast vans and the TV production studios. Maintenance and after sale service are included in the complete solution proposed to the clients.

Revenue (EUR thousands)	1Q12	4Q11	1Q11	% 1Q12/1Q11
Outside Broadcast vans	17,910	15,134	11,329	+58.1%
TV production studios	12,140	15,830	11,348	+7.0%
Total Revenue	30,050	30,964	22,677	+32.5%

4.2.2. Geographical information

Activities are divided in three regions: Asia-Pacific ("APAC"), Europe, Middle East and Africa ("EMEA"), and America ("NALA").

4.2.2.1. Revenue

Revenue for the quarter (EUR thousands)	APAC	EMEA	NALA	TOTAL
1Q12 revenue	6,769	17,633	5,649	30,050
Evolution versus 1Q11 (%)	+74.9%	+25.0%	+20.2%	+32.5%
Segment revenue at constant exchange rate	6,769	17,633	5,413	29,814
Variation versus 1Q11 (%) at constant exchange rate	+74.9%	+25.0%	+15.2%	+31.5%
Variation versus 1Q11 (%) at constant exchange rate and excluding big event rentals	+75.6%	+29.3%	+15.2%	+34.3%
1Q11 revenue	3,871	14,109	4,698	22,677

Sales from external clients in Belgium (the country of origin of the company) represent less than 10% of the total annual sales. In the last 12 months, the group realized significant sales to external clients (according to the definition of IFRS 8) in one country: the US (EUR 19.7 million in the last 12 months), included in NALA.

4.2.2.2. Long term assets

Considering the explanations given in 4.1, all long term assets are located in the parent company EVS Broadcast Equipment S.A. in Belgium.

4.2.3. Information on important clients

No external client of the company represents more than 10% of the sales over the last 12 months.

NOTE 5: DIVIDENDS

The Board of Directors has decided to propose a total gross dividend of EUR 2.36 per share at the May 15, 2012 Ordinary Shareholders Meeting, including an interim dividend of EUR 1.16 per share paid in December 2011. This leads to a final gross dividend of EUR 1.20 per share, for digital coupon # 14, ex-date May 22 and pay date May 25.

NOTE 6: EQUITY SECURITIES

The number of treasury shares has changed as follows during the period, together with the outstanding warrants at year-end:

	2012	2011
Number of own shares at January 1	140,403	140,403
Acquisition of own shares on the market	-	202,228
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-	-
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-	-500
Own shares cancellation	-	-
Number of own shares at March 31	183,372	160,131
Outstanding warrants at March 31	286,550	293,750

In 1Q12, the company has not repurchased any share on the stock market. At the end of March 2012, the company owned 183,372 own shares at an average historical price of EUR 37.71. At the same date, 286,550 warrants were outstanding with an average strike price of EUR 39.37 and an average maturity of December 2014. The Board of Directors will propose to the Ordinary General Meeting of shareholders of May 15, 2012 to approve a grant of 46 company shares to EVS employees (23 for newer employees) as a reward for their contribution to the group successes. The total underlying number of shares should approximate 11,900 own shares, or 0.08% of the number of outstanding shares.

NOTE 7: EARNINGS PER SHARE (EPS)

The group calculates both the basic earnings per share and the diluted earnings per share in accordance with IAS 33. The basic earnings per share are calculated on the basis of the weighted average number of ordinary shares in circulation during the period less treasury shares. The diluted earnings per share are calculated on the basis of the average number of ordinary shares in circulation during the period plus the potential dilutive effect of the warrants and stock options in circulation during the period less treasury shares.

NOTE 8: RESEARCH AND DEVELOPMENT

Since 4Q10, EVS takes into account a withholding tax exemption given since 2006 by the Belgian government to companies paying or allocating compensation to individual researchers who are engaged in collaborative R&D programs according to some criteria defined under section 273 of the Code of income tax in Belgium. In the presentation of the accounts, this amount comes as a deduction of R&D charges.

In addition, at the end of 2010, EVS introduced, at the Belgian tax authorities, an application for automatic relief relating to the regularization of withholding taxes deducted from the remuneration of its R&D staff during the January 1, 2006 to December 31, 2009 period. This claim on the past had been settled in 2Q11, leading to a total one-time profit of EUR 1.1 million in FY11.

The detail of the R&D expense is as follows:

(EUR thousands)	1Q12	1Q11
Gross R&D expenses	-5,324	-4,732
R&D tax credits for current fiscal year	216	182
R&D tax credits for past fiscal years (2006 to 2009)	-	512
R&D expenses	-5,108	4,038

NOTE 9: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	1Q12	1Q11
Exchange results from statutory accounts	290	707
Exchange results relating to IFRS consolidation methodology	-1,345	-590
Impairment on Tax Shelter investments	-22	-21
Other financial results	29	-2
Other net financial income/(expenses)	-1,048	94

The functional currency of EVS Broadcast Equipment S.A. as well as all of the subsidiaries is the euro, except for the American EVS Inc. subsidiary, whose functional currency is the US dollar. The presentation currency of the consolidated financial statements of EVS Group is the euro. For more information on exchange rates, see also the annex 5.13.

NOTE 10: INCOME TAX

Reconciliation of the tax charge

The effective tax charge of the group obtained by applying the effective tax rate to the pre-tax profit of the group, has been reconciled for the two periods with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	1Q12	1Q11
Reconciliation between the effective tax rate and the theoretical tax rate		
Reported profit before taxes, share in the result of the enterp. accounted for using the equity method and dilution profit	12,475	9,118
Reported tax charge based on the effective tax rate	-3,852	-2,886
Effective tax rate	30.9%	31.6%
Reconciliation items for the theoretical tax charge		
Tax effect of Tax Shelter	-	-64
Tax effect of deduction for notional interests	-39	-37
Tax effect of non deductible expenditures	131	140
Other increase/(decrease)	335	20
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-3,425	-2,827
Theoretical tax rate (relating to EVS operations, excl. XDC)	27.5%	31.0%

NOTE 11: INVESTMENTS IN ASSOCIATES - XDC S.A.

EVS currently owns 41.3% of XDC S.A. share capital and has a fully diluted share of 30.2% in the company. As of March 31, 2012, XDC shares accounted for using equity method in EVS consolidated accounts, plus the EVS share of the subordinated bonds issued by XDC, amounted to EUR 8.1 million.

The XDC accounts and their contribution into EVS consolidated accounts break down as follows:

(EUR thousands)	1Q12	1Q11
Revenue	22,170	17,607
EBITDA	4,909	3,071
One-time profit on CineStore disposal	-	5,000
Net result for the period	179	6,353
Part of XDC capital held by EVS	41.3%	41.3%
Net result – share of EVS	74	2,624

The cumulated Tax Loss Carry Forward of XDC S.A. amounts to EUR 30.8 million on March 31, 2012. Deferred tax assets are being progressively recognized as the business plan materializes. As at March 31, 2012, 56% of deferred tax assets relating to these losses have been recognized.

NOTE 12: HEADCOUNT

EVS – TV (in full time equivalents)	As at March 31	Quarter average
2012	428	422
2011	375	370
<i>Variation</i>	<i>+14.1%</i>	<i>+14.1%</i>

NOTE 13: EXCHANGE RATES

The main exchange rate that influences the consolidated financial accounts is USD/EUR which has been taken into account as follows:

USD / EUR	Average exch. rate 1Q	Exch. rate at March 31
Exchange rate 2012	1.3108	1.3356
Exchange rate 2011	1.3679	1.4207
<i>Variation</i>	<i>+4.4%</i>	<i>+6.4%</i>

For 1Q12, the average US dollar exchange rate against the Euro has strengthened by 4.4% compared to 1Q11. It had a positive impact of EUR 0.2 million (0.8%) on revenue. This was offset by both the natural hedge (both on operating expenses and foreign taxes) and the financial hedge.

NOTE 14: FINANCIAL INSTRUMENTS

Periodically, EVS measures the group's anticipated exposure to transactional exchange risk over one year, mainly relating to the EUR/USD risk. Given the group has a "long" position in USD and based on sales forecasts, EVS hedges future USD net in-flows by forward foreign exchange contracts. The relevant hedging results are booked as financial results.

On March 31, 2012, the group held USD 6.0 million in forward exchange contracts earmarked to hedge 50% of the net future cash-flows in dollars with an average maturity date of October 17, 2012 and with an average exchange rate EUR/USD of 1.3632.

NOTE 15: SUBSEQUENT EVENTS

There is no significant subsequent event.

NOTE 16: RISK AND UNCERTAINTIES

Investing in the stock of EVS involves risks and uncertainties. The risks and uncertainties relating to the remainder of the year 2012 and similar to the risks and uncertainties that have been identified by the management of the company and that are listed in the management report of the annual report (available at www.evs-global.com).

NOTE 17: RELATED PARTY TRANSACTIONS

There were no significant related party transactions in 1Q12.