EVS ANNUAL REVIEW 2012

EVS **IN A NUTSHELL**

More details on our figures on page 20 or www.evs.com

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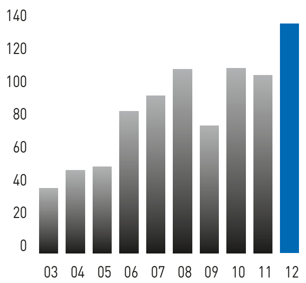
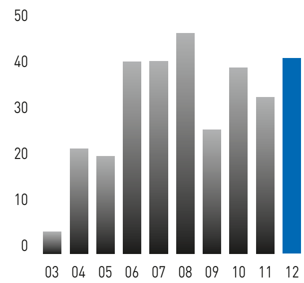
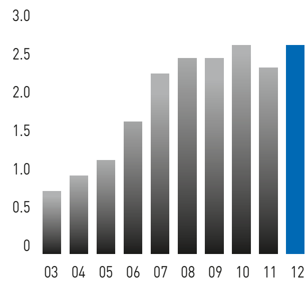


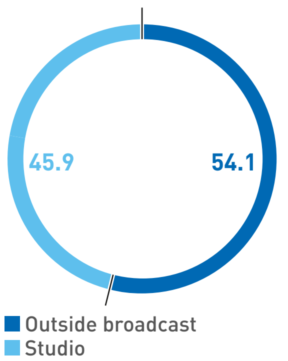
NET PROFIT (EUR MILLIONS)



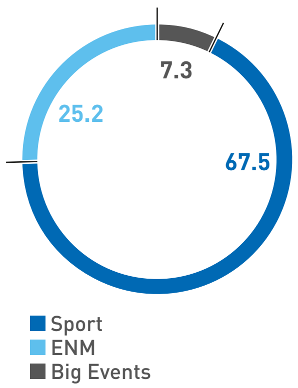
DIVIDEND, REIMBURSEMENT AND TREASURY SHARES BUYBACK (EUR, PER SHARE)



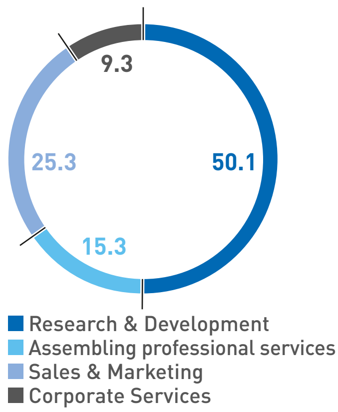
SPLIT OF 2012 REVENUE (STUDIO AND OUTSIDE BROADCAST PRODUCTION) (%)



SPLIT OF 2012 REVENUE (SPORT AND ENTERTAINMENT/ NEWS/MEDIA) (%)



BREAKDOWN OF STAFF BY DEPARTMENT (AS OF 31 DECEMBER) (%)



29%
SALES INCREASE IN 2012

463
STAFF IN 16 COUNTRIES

OUR **MISSION**

To provide our customers with technology to enable the production of live, enriched video programming – allowing them to be more efficient and to make more money.

OUR **VALUES**

- We are **a trusted partner** for our customers
- We deliver reliable **quality solutions** that work
- We focus and are **technology experts** in the areas we serve
- We deliver **practical innovations** that help our customers succeed
- We have **integrity** in everything we do
- We have a **real passion** for what we do
- We take it **personally**

A RECORD YEAR, A NEW STRATEGY

Pierre Rion, Chairman of the Board of Directors
Joop Janssen, CEO & Managing Director

Our company is entering a new phase in its history.
After a record year in 2012 (turnover of EUR 138 million), EVS launched its new 4 market strategy with a Rio 2016 horizon.
Sports, Entertainment, News and the Media are now the four pillars of EVS.

2012, A RECORD YEAR

With a growth of 29%, EVS' sales reached a new record of 137.9 million EUR in 2012. The company achieved this result by relying on a solid competitive position, the positive dynamics generated by the major sporting events of last summer and the significant demand for our HD solutions. We are very happy with the increase of our market share in activities that are not sport-related, and all of this in a macro-economic environment which has remained uncertain. These higher sales, with costs under control, have resulted in an increased operating margin of 44.4% of turnover.

A DIVIDEND YIELD OF 6.6%

Taking into account the financial robustness of the company, its confidence in the future growth prospects and also the significant investment agreed for the construction of the new operating headquarters in Liège, the Board of Directors will propose to the Ordinary General Meeting the distribution of a total gross dividend of EUR 2.64 per share (including the interim dividend of EUR 1.16 distributed in November 2012), an increase of 11.9% compared with 2011. This represents a payout ratio of 79.8%.

A NEW GROWTH STRATEGY

At the end of 2012, following the arrival of our new CEO Joop Janssen, we undertook a detailed review of our strategy. This has resulted in a new approach, based on four key markets: Sports, Entertainment, News and the Media. This new strategy will enable us to differentiate ourselves even further and take full advantage of the structural engines for growth that drive the television industry.

To support this approach, we have also reviewed the internal structure of the company, strengthened the Executive Committee and introduced a divisional structure aligned with our four target markets.

Finally, it is with a new visual identity that we present ourselves to our customers today in order to reflect all these changes.

2013, A YEAR OF TRANSFORMATION

2013 is emerging as a year of transformation for EVS, with the necessary adaptation time for setting up the division-based structure and activities which will not receive rental income linked to the large-scale sporting events.

We look to the future with great confidence. We believe that we are well positioned to achieve our new ambition. We know that the quality and commitment of our teams across the world are essential for our customers, and we are very grateful to them. The relationship of trust that we have with our customers, suppliers and shareholders are essential cornerstones of our company.

It is together, with all the stakeholders, that we wish to write the future of EVS.

44.4%
OPERATING MARGIN

EUR 2.64
TOTAL GROSS DIVIDEND

Find out more online
www.evs.com

2012 HIGHLIGHTS

02/2012 – MONACO
The Audiovisual Archives of the Principality of Monaco selects MediArchive Director, EVS' asset management solution, for the digitization and showcasing of up to 8,000 hours of video archives.

03/2012 – JAPAN
SKY Perfect JSAT, the Japanese-based broadcasting network that owns the rights of the Japanese Football League, J.League, chooses Epsio Live control systems to create virtual graphics during live operations and insert them instantly during a live match broadcast.

04/2012 – PRODUCTS
At the NAB tradeshow in Las Vegas, EVS announces native support for Sony XDCAM 422 50Mbps HD codec in its flagship XT3 and XS suite of live and near-live broadcast production servers. This new module in the XT3 platform will be delivered to the market as from the first half of 2013. At the tradeshow, EVS also announces the launch of the XSnano server, an ideal alternative to VTR and obsolete digital recorder offering the unique EVS loop recording with Gigabit networking capability and dedicated to studio production operations under third-party systems control.

04/2012 – UNITED STATES
Video Equipment Rentals (VER), a leading broadcast equipment rental company, signs a major deal with EVS which includes 20 EVS XT3 six-channel servers, underscoring VER's commitment to offer the most up-to-date high performance broadcast solutions to meet the needs of broadcasters across the USA, Canada and Europe.

04/2012 – UNITED STATES
Top US broadcaster Turner Sports selects EVS solutions to provide a centralized ingest and playout workflow for its live sports and webcast events. EVS supplies XS and XT3 video production servers, among other tools, to enable constant recording and a fail-safe workflow.

05/2012 – CHINA
EVS equips Beijing Television's new 3D outside broadcast (OB) unit with XT3 servers as well as IPDirector and XFile software. The truck is designed as a general purpose unit but will primarily be used for sport production, in both 2D and 3D.

07/2012 - UK

02/2012 - MONACO

05/2012 - CHINA

06/2012 - AUSTRALIA

06/2012 – FRANCE
beIN Sport, a French premium network of sports channels operated by Qatar-based broadcaster Al Jazeera, goes on air with workflows heavily relying on EVS technologies.

06/2012 – JAPAN
Dentsu, a Japanese media company and one of the world's largest advertising agencies, selects C-Cast to power its second screen application, VOLLEYBALL EyeSurround.

06/2012 – AUSTRALIA
Channel Nine, one of Australia's largest and most popular television channels, chooses EVS to provide a complementary integrated playout infrastructure to their existing playout system based on Harris Media Spy integration. Based on EVS XT series servers, the new system is used for fast and highly reliable playout control of promos, commercials, breaking news, and sports highlights.

06/2012 – POLAND & UKRAINE
EVS technologies are at the heart of the 2012 European Soccer championships in Poland and Ukraine. More than 100 servers are deployed in the stadiums and the International Broadcast Center to capture and spread all the images from the 31 games. In addition to this, most of the TV stations broadcasting the events worldwide also rely on EVS technologies for that event.

07/2012 – BRAZIL

Brazil's largest broadcaster, Rede Globo, invests in EVS solutions for its HD studios in São Paulo and Brasilia. Globo also chooses EVS solutions to equip its new HD truck, based in Rio de Janeiro.

06/2012 - POLAND-UKRAINE

06/2012 - FRANCE

09/2012 - UNITED ARAB EMIRATES

07/2012 – SINGAPORE

Asia's biggest sports content provider and long-standing customer ESPN STAR Sports (ESS) upgrades its EVS systems for the London 2012 Olympic Games.

07-08/2012 – UK

The Olympic Games in London capture all the attention of the world. EVS is once again a key technology partner at the center of ingest, editing logging and playout operations.

09/2012 – CORPORATE

Joop Janssen joins EVS as the new CEO. He brings more than 25 years of experience in the broadcast industry and will help EVS to prepare the company for the future.

09/2012 – PRODUCTS

At the IBC in Amsterdam, EVS announces the full integration of its production servers with Adobe Premiere Pro CS6 software video editing suites.

09/2012 - FRANCE

08/2012 – UNITED STATES

Turner Field, home to Major Baseball's Atlanta Barves, is the 100th sports arena in North America equipped with the EVS technologies. Providing innovative technology and broadcasting solutions, EVS continues to equip control rooms at sport venues throughout Canada and the United States.

09/2012 – UNITED ARAB EMIRATES

Sky News Arabia airs with a fully integrated EVS workflow. The free-to-air rolling news channel is being transmitted in both SD and HD across the region, and is available on multiple platforms including tablets and smartphones.

09/2012 – FRANCE

Canal+ kicks off the new season with Canal Football application, using EVS C-Cast solution. The new application is the first of its kind providing up-to-the-minute statistics, multicam video clips of all the highlights and bonus materials is such as Super Slow Motion action replays in full length.

10/2012 – INDIA

Indian television network, Captain News, deploys EVS solutions for its entire news production set up. Captain News chooses the integrated EVS system for ingest, production and playout.

11/2012 – BRAZIL

Sistema Clube invests in 4 XT3 servers and other applications and storage solutions for its the new truck dedicated to cover sporting events and concerts, as well as preparing the major sporting events taking place in Brazil in 2014 and 2016.

12/2012 – UNITED STATES

NEP announces a multiyear agreement with EVS, naming the company a preferred supplier of tapeless workflow solutions and components for mobile units across all NEP global brands, as well as all NEP studios and control rooms.

OUR
SOLUTIONS

A strong integration between its performing and reliable technological platforms, a wide range of applications and top quality service, these are EVS' fundamentals.

More information on
www.evs.com

The XT3 hardware platform, is the core of the EVS solutions. This hardware platform has established itself as the fastest, most reliable and most utilized broadcast tool for live production. The intimate partnerships developed between the EVS teams across the globe and the world's leading broadcasters have led to significant development around its core foundation. Empowering the hardware platform with a multitude of software applications has given broadcasters the ability to manage, control, browse, edit (non-linear, of course) and orchestrate the ingest of digital media across a complete network of interconnected servers.

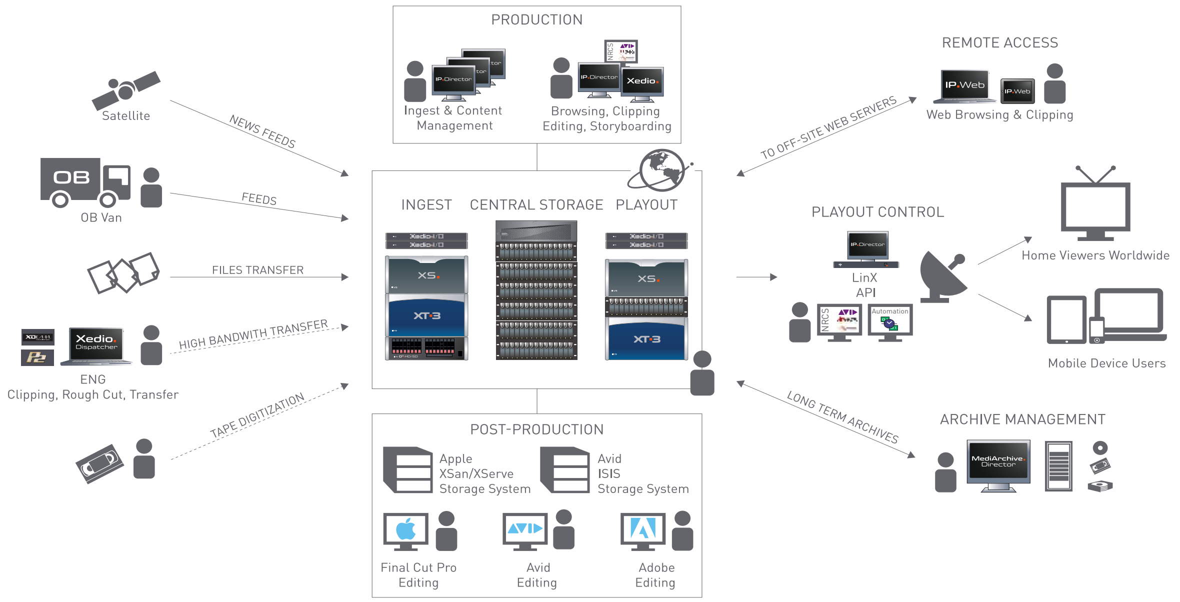
TARGETED APPROACHES FOR DIFFERENT MARKETS

In its new strategy, EVS has chosen for a go-to-market strategy articulated around four attractive markets : sports, entertainment, news and media. Each of them will have more flexibility to better target its customer needs and further develop specific features that will be added to the general EVS solutions.

STRUCTURAL GROWTH DRIVERS

TV stations are investing to move to new and more efficient production workflow, benefiting from the flexibility of tapeless server technologies. EVS is also benefiting from other growth drivers such as the transition from standard definition (SD) to high definition (HD), the increasing demand for remote production tools, the fast developments in emerging markets, 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. More advanced camera and display technologies such as UltraHD (4K) and 3D technologies appear to speed up the conversion to and subsequent upgrades in tapeless production facilities.

EVS SOLUTIONS: THE EXTERT IN TAPELESS DIGITAL VIDEO TECHNOLOGY SOLUTIONS



Targeted approach
A targeted approach in its different markets should enable EVS to accelerate its growth in the coming years

"EVS provides comprehensive solutions to ensure speed, efficiency, high stability and integration with external systems.

EVS SPORTS

The sports media business is undergoing rapid change, with more competition than ever for viewers. The partitioning of content rights, merging of IT and traditional broadcast technology, as well as the proliferation of competing digital media platforms and viewing devices, are causing huge technical and business challenges. EVS helps its customers to take on these challenges successfully, giving them the time and security to enrich and add value to their content. EVS Sports brings together the industry's most reliable live production controllers, novel highlight creation and content management suites, resourceful archive monetization tools, and instant multimedia delivery platforms. EVS is helping the sport content owners and broadcasters to shape their future.

Find out more online
www.evs.com

LIVE SPORTS

With unique loop recording technology and Multicam LSM (Live Slow Motion) software, EVS' XT series servers continually set the industry standard for speed, precision and reliability. Outside broadcast producers and facility companies have come to rely on EVS technology for the production of live events requiring a high performance level for the acquisition of multiple camera feeds, instant production operations such as: Live Slow Motion, Super Motion, Ultra Motion replays, the insertion of analytical graphics on live programs, as well as on-the-fly highlight creations.

SECOND SCREEN MEDIA DELIVERY

In today's challenging sports media environment of rights distribution partitioning, broadcasters must be able to deliver dedicated content on multiple platforms such as TV, web, mobile phones, tablets or connected TV, to their respective viewing audiences.
EVS' new "Cloud-Cast" (C-Cast) solution is designed to facilitate the distribution of live media directly to consumers via dedicated web applications. Using tablets, mobile devices or web interfaces, C-Cast works in conjunction with EVS' live production applications, allowing viewers to access key sequences, specially edited packages or multi-angle camera shots.

SPORTS BROADCAST CENTERS

EVS provides maximum efficiency for demanding programming such as sports production where deadlines are extremely tight. EVS' integrated solutions offer a robust, lightning-fast method to record, edit and play back countless hours of game coverage and post-game interviews required for live shows and sports programming. Intuitive tools, including remote production tools, enable all clips to be logged and stored, allowing any producer or editor instant access to all online and near line media. EVS systems can be tailored to specific workflow needs, integrating with other departments for the repurposing or post-production of any type of content, at any given time.

ARCHIVE MANAGEMENT

Today, sports media management can be complex due to rapid increases in content volume spread over countless platforms. The use of various media file formats also contributes to this environment of complexity. At the same time there is an issue of diminished value of unused content. As a result, EVS has developed a centralized media management system, based on integrated hardware and software tools guaranteeing quick and easy access to media, while simplifying the promotion and distribution of sport content.

EUR 350 MILLION
TOTAL ADDRESSABLE MARKET

WE LIVE AND BREATHE SPORTS

"EVS is the industry standard and has enabled us to move to a faster, less costly way of working. Their servers are highly reliable and require only minimal maintenance.

John Peers, Vice-President of Engineering, Crosscreek Television Productions (US).

EVS
ENTERTAINMENT, NEWS & MED

As part of its new ambition, EVS aims at developing specific go-to-market strategies for the entertainment, news and media businesses. Over the years, the expertise of the company in sport productions has been translated in other types of TV programs, such as entertainment shows, talk shows, concerts, TV news, etc. The Media division has unequal skills in ensuring a maximum interoperability throughout technical workflows and throughout the media's lifecycle, making files functional for the short, middle and long-term.

+28%
CAGR 04-12
ENM REVENUE

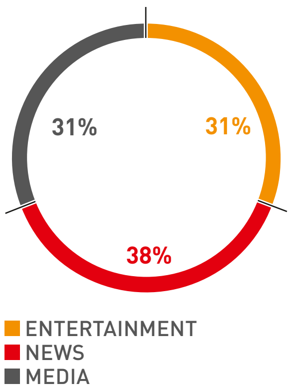
ENTERTAINMENT
EVS technology is designed for fast-turnaround productions, offering multichannel servers to broadcasting companies seeking to boost the creativity, efficiency and speed of their production workflow. EVS production servers expedite and optimise ingest to post-production operations by enabling reliable recording solutions, immediate access to all recorded media, instant media exchange, on-the-fly media conforming, and reduced time between recording and post-production processes.

NEWS
EVS offers innovative news production solutions based on its live broadcast technology, renowned for its speed and reliability. This technology addresses the needs of newscasters seeking major gains in productivity and efficiency throughout their entire production chain. EVS news solutions enable a modular and scalable approach to production. Solutions also enable significant workflow streamlining with ultra-high performance exchange and editing tools, as well as seamless integration with most existing newsroom infrastructures.

MEDIA
Production workflows have progressively become more and more complex: often media clips have to be sent to several destinations in different formats while preserving quality. The way files with metadata are ingested will ensure genuine interoperability throughout the workflow. One of today's biggest challenges is to guarantee media integrity and ensure that repurposing meets quality levels of all current and future standards.

Ensuring the continued existence of audiovisual heritage for the long-term is now common for companies. The EVS solutions for archive management offer a set of software tools to centrally manage the different platforms of the workflows, including their formats, and allow for intelligent media browsing based on metadata and logging. Fast and easy delivery is automatically handled by a central tool, which manages automated media digitization, re-wrapping, and controls all of the necessary storage robots to optimize management and provides a cost-effective content solution delivery.

TOTAL ADDRESSABLE MARKET:
EUR 1.3 BILLION



Find out more online
www.evs.com

IA

Over the years, our expertise in sport productions has been successfully translated in other TV productions.

SPEED TO AIR

OUR KEY **PRODUCTS**

EVS solutions are based on modular architectures.
Here are some of our key products.

VIDEO SERVERS

XT3
Production and playout server

The XT3 is a production server which allows recording, controlling and playing media in real time, in SD, HD and 3D. Combined with the Multicam LSM, it is the ideal solution for live sport productions. Able to record multiple cameras in a synchronized way, the XT3 is also an asset for multicam studio productions, live or recorded. Up to 8 channels (e.g. recording and playout of 4 cameras) its internal 3.6 TB capacity is able to store around 300 hours of TV at bitrates up to 300 Mbps. It has an additional external capacity of 20 TB.
Its unique features are:

- Continuous loop recording (even during replays).
- Most reliable server on the market.
- Instant response (real time encoding and decoding).
- Open architecture for maximum interoperability with third-party systems and numerous existing codecs.
- Powerful networking with immediate content sharing.
- Up to 96 audio channels supported by a single server.
- High bandwidth.
- Smaller version (4 RU) available in a 7-channel server.

XTnano
Production and playout server

The XTnano is a 4 or 6-channel HD/SD slow motion replay entry-level server.
Designed for live sport productions requiring simple workflows, XTnano is the perfect toolbox for essential high-speed operations with maximum reliability. XTnano offers a flexible configuration. With its GigE networking capabilities, A/V files can be instantly transferred to all standard edition and archive systems.

XS
Ingest and playout server

The XS is a 6-channel server designed for multi camera studio productions in SD or HD.
This server, controlled by Insio or IPDirector (or by third-party tools through control protocol standards) offers producers a performing alternative to tape-based workflows.
It reduces post-production time, increases efficiency and is cost-effective. Its main assets are native support of multi formats and codecs, interoperability and control with third-party systems, powerful networking with immediate content sharing (XNet2) and simultaneous action between production, post-production, storage and archiving.

XSnano
Third-party control server

The XSnano is a 4-channel entry-level server dedicated midrange studio production operations under third-party systems control.

OpenCube HD/SD
Ingest platform based on the MXF standard

The OpenCube HD/SD is an MXF ingest server (natively supporting numerous formats, including XDCamHD®, Jpeg2000, ProRes®, AVC-Intra, Uncompressed, DNxHD®). MXF files (SMPTE compliant) are automatically created providing maximum interoperability in any production and post-production environment.

STORAGE

XStoreSE
Central storage server

The XStoreSE is a high capacity online storage server, ideal for storing, sharing, exchanging and editing audio and video content, in SD and HD. It is an ideal and secure long term storage complement to the XT3, XTnano and XS servers. With its external encoders/decoders, it stores up to 76 TB.

XF2
Removable storage server

The XF2 is a secured removable storage tool, based on hard drives, that complements the XT3, XTnano and XS servers. With up to 8 TB of media storage (with up to 4 X 1TB removable hard disk drive), the XF2 is the ideal tool for content transfer between live production vans and associated near-live studio productions, such as sport post game talk shows.

XFly
Platform for portable storage

The compact and portable platform contains eight hard drives, providing up to 6,3 TB of capacity (up to 140 hours of HD at 100 Mbps). This tool offers XT/XS operators an easy way to carry out full production or clips. The XFly is easy to connect to Avid or Apple postproduction tools.

XStoreSan
Storage solutions

San storage solutions are designed to provide clients with an optimal balance between their online and archive storage capacities. Based on San architecture, EVS storage solutions are optimized to offer the highest level of flexibility and security.

MEDIA TRANSFER AND EXCHANGE

XTAccess
Transfer and transcoding software

XTAccess is the EVS' gateway software built to facilitate media interchange between EVS' production servers and third party tools with the highest level of security and efficiency. XTAccess handles a series of automatic media conforming operations such as on-the-fly transcoding, media rewrapping and playlist rendering offering smooth interchange of non-natively supported media.

Xedio Dispatcher
Preview and transfer software

The Xedio Dispatcher automatically detects connected devices (such as P2 or XDCAM cameras and players/readers) and instantly displays their content, enabling immediate media browsing for clip selection and/or fast rough-cut editing. Simultaneous transfers to multiple destinations in multiple formats are supported thanks to the Xedio Dispatcher on-the-fly SD/HD rewrapping and transcoding capabilities.

MEDIA TRANSFER AND EXCHANGE - Xedio Dispatcher

VIDEO SERVERS - XT3

VIDEO SERVERS - OpenCube HD/SD

CONTROL

Multicam LSM
Live slow motion control and creation of playlists

The "Live Slow Motion" Multicam LSM offers extremely performant live replay control and playlist creation solutions. Loop recording and access to the recording train means you never lose shots. Targeting sport and other live event productions, the Multicam LSM, combined with the XT3 or XTnano server, guarantees an unlimited level of reliability and functionalities. It manages all types of replays (from -400% to +400%), including Super Motion (2 to 3 times the speed) or Hyper Motion (e.g. 200 images/sec). Furthermore, it offers a range of on-the-fly editing possibilities.

IPDirector
Production content management

The IPDirector is an integrated suite of video production management applications that give you total control of your video and audio feeds via the XT3, XTnano or XS video server. The IPDirector allows you to easily ingest, log, manage, search, track, edit (via IPEdit), create clips and highlights, browse and ultimately play out any video or audio content instantly. The Windows-based GUI makes it easy to learn and use. With the IPDirector, complete control of one or more XT3, XTnano or XS servers is at your fingertips.

Insio
Management of studio multicam ingest

Insio offers producers a toolbox for controlling and accelerating each step of the production of a TV program. In addition to the review and control of recording, Insio eases the selection of the best sequences, the metadata management, the clip transfers and the feed streaming to post-production, with a touch screen interface.

CONTROL - IPDirector

NEW MEDIA - C-Cast

STORAGE - XStoreSE

CONTROL - Multicam LSM

ARCHIVE

MediArchive Director
Digitization and archive management solutions

The MediArchive Director offers a set of software tools to centrally manage the different platforms of the workflows, including their formats, and allows intelligent media browsing based on metadata and logging. Fast and easy delivery is handled automatically by the central tool, which manages automated media digitization, re-wrapping, and controls all the necessary robots to optimize management and provides a cost effective content solution delivery.

EDITING

Xedio
News and highlights editing suite

The Xedio is a solution for news and highlights production. It hinges on CleanEdit, the non-linear editing tool, allowing the postproduction for highly compressed digital file, with a tight bandwidth. It does not alter the original file, often stored on an XStore, XT3 or XS servers. The final news clip, in SD and HD, can be broadcast instantly (no rendering required). The Xedio is fully integrated with Sony XDCAM™ and Panasonic P2™ (the portable cameras with embedded recorders that are most used by journalists) and also supports multiple file formats.

NEW MEDIA

C-Cast
Broadcast live content on a second screen

C-Cast is a tool that instantly delivers additional content to viewers on alternative media platforms. Via this solution, all clips or highlights created during a production can be made instantly available on online tools such as laptops or tablets. This allows unprecedented viewing angles.

GRAPHICS

Epsio Live, Epsio Air and Epsio FX
Analytical graphic tools for live sport productions

The Epsio range includes a series of analytical graphic tools for live sport productions. Today, it allows operators to instantly design virtual offside lines. Epsio is an integral part of the Multicam LSM and allows producers to optimize their live production workflow without additional resources. Epsio is based on patented algorithmic codes for automated drawings of the field and its limits in real-time.

SERVICE

From consulting to maintenance

Besides its strong products and software applications, EVS is committed to the highest level of service. It covers different areas, including workflow and process consulting, installation, maintenance, upgrades, and user training. For specific events, EVS also proposes rental contracts for its servers and applications, in order to meet its clients' punctual needs. The foundation of this great service quality is the EVS team, available and reactive, in constant interaction with its customer base and user community.

OUR **CORPORATE SOCIAL RESPONSIBILITY**

There are many ways for a company to put its values into practice and demonstrate its commitment to the environment, its employees and the community in which it operates. This long term commitment is an integral part of EVS' culture and values since the company's creation.

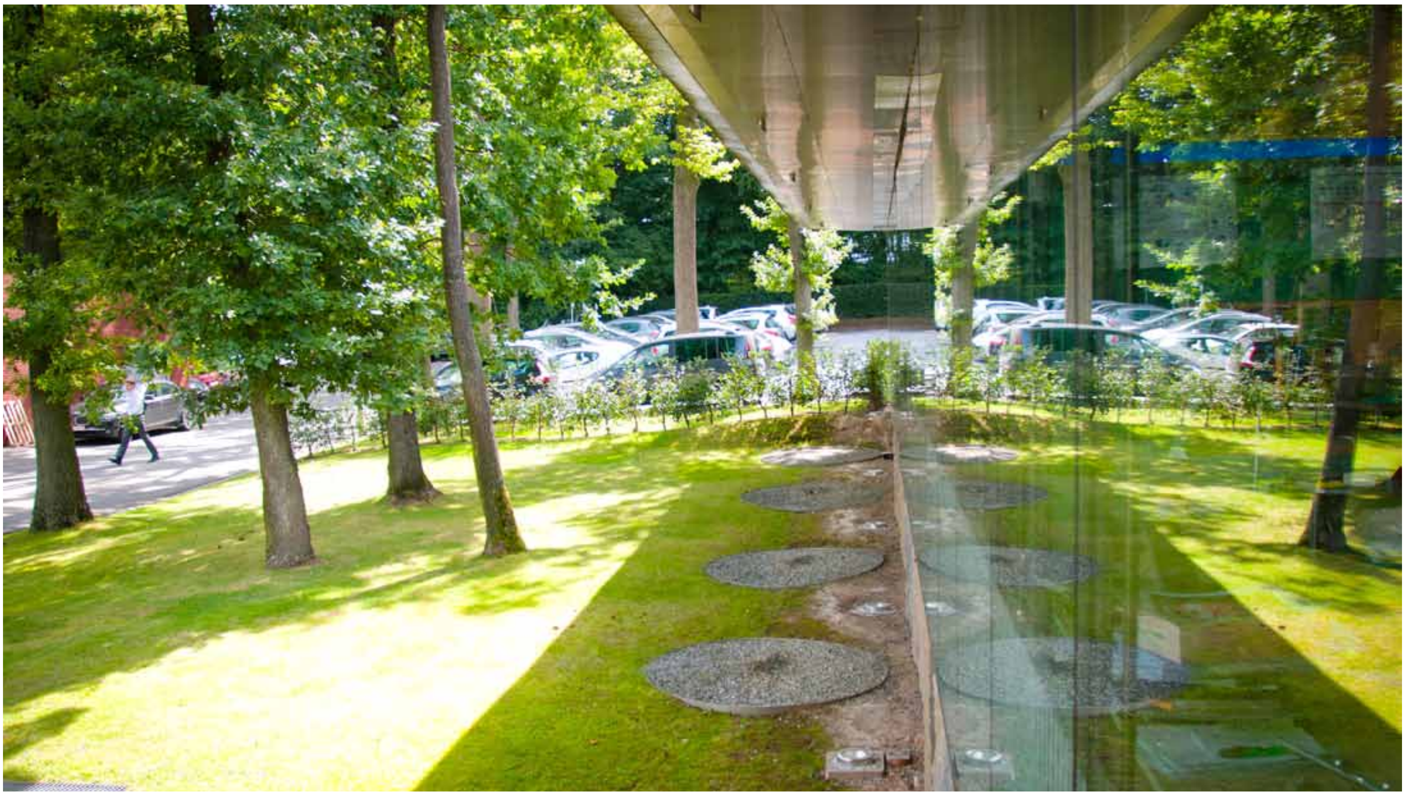
THE ENVIRONMENT

Since its creation in 1994, EVS has been mindful of its impact on the environment. Over the years, decisions have been taken in order to honor this commitment. The harmonious integration of the company's buildings into its wooded environment near Liège, the frequent use of energy-saving methods, such as "free cooling" to cool premises subject to major temperature variations, low-energy lighting, solar panels for the production of hot water and recycling of rainwater.

Through its activities, EVS also further helps reducing the environmental footprint of the broadcast industry. As an example, EVS develops solutions to allow its clients to produce or access the video content from a remote location, allowing operators to dramatically reduce their travel. For instance, during major sporting events, broadcast production tools favor image sharing between the event venue and the television channel greatly reduces the air travel for a large number of people.

THE EMPLOYEES

Employees are the main drivers of EVS. They develop the solutions, offer them to customers throughout the world, install them and provide the necessary training and maintenance.



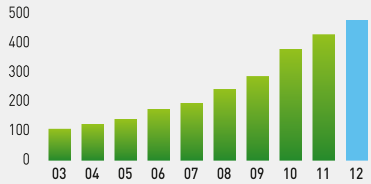
The management of the company is therefore particularly careful to offer employees a working environment based on personal development and respect for the individual. This includes, among other:

- an attractive workplace (open and luminous buildings in a wooded environment, cordial company cafeteria, etc.);
- listening carefully to people, internal training programs for new employees;
- numerous activities organized by and for the employees aimed at building the team spirit, such as departmental incentives, various company events (some of which also include spouses and children) or incentives to practice a sport in the neighborhood;
- a competitive global remuneration package in relation to the skills and experience of each person, accompanied by company profit sharing programs.

This policy is bearing fruit and reinforces a sense of belonging feeling. The turnover rate remains particularly low despite the young average age of the company's employees (36 years).

THE COMMUNITY
EVS has a strong regional anchorage and tries to participate in the development of the communities in which its offices are located. The company builds partnerships with local suppliers, actively supports cultural and social projects and encourages its employees to do likewise in their own environment through targeted sponsoring.

NUMBER OF EMPLOYEES



MORE THAN
70
PROJECTS TO A SPORTING OR SOCIAL PURPOSE WERE SUPPORTED BY EMPLOYEES OF EVS IN 2012

25
NATIONALITIES WORK TOGETHER AT EVS

> *"Employees and appropriate care for a sustained and green environment are key elements in EVS' everyday decision making.*

DCINEX SOLUTIONS FOR DIGITAL CINEMA

Created in 2004, dcinex, 41.3% owned by EVS (30.3% fully diluted) is the leading Pan-European provider of fully integrated and best in class solutions for movie operations.

EUR 88.8
MILLION SALES

35%
MARKET SHARE IN EUROPE

The company operates three business lines: Exhibitor Services, Content Services and Consulting.

- Exhibitor Services:
provides end-to-end solutions, from equipment financing, sales, installation and maintenance to training and support services for movie theaters.
- Content Services:
offers a complete range of post-production, mastering and transcoding services, as well as Pan-European physical and electronic delivery and digital rights management.
- Consulting:
advises cinema operators, local authorities, real estate firms and corporate investors providing a.o. cinema design and lay-out, project management, feasibility studies as well as market research, expert witness and due diligence.

PERFORMANCE

The dcinex Group recorded EUR 88.8 million sales in 2012, EBITDA of EUR 23.8 million (26.8% of sales). With a market share estimated at 35%, dcinex is the European leader in this sector.

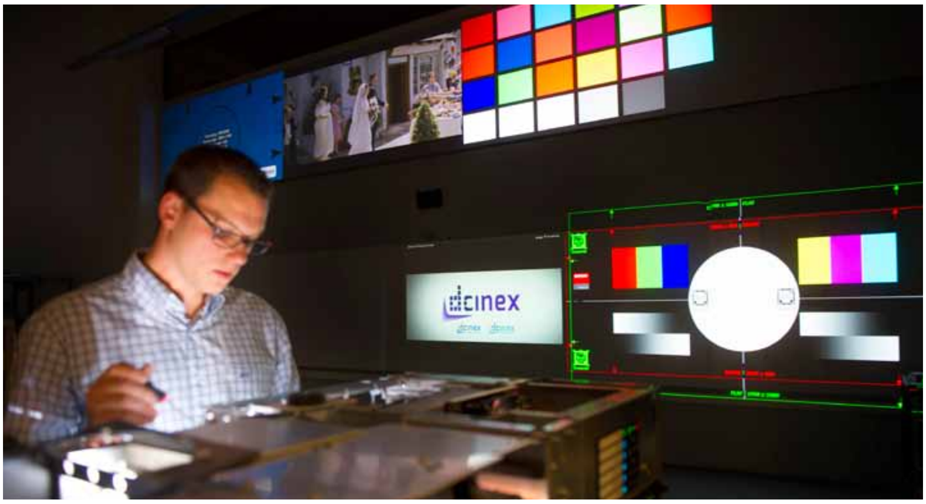
THE POTENTIAL AND THE RISK

Worldwide, there is a total market of 120,000 screens; of which 30% are in Europe and 35% in the United States.

To date, over 65% of the screens have been digitized across the world. In Europe, more than 22,000 screens have already been converted. The multicultural and fragmented nature of European cinema market differs from the oligopolistic structure of the U.S. market.

Services and proximity-oriented company, the dcinex Group is made up of a young and innovative team of about 200 people who focus on the European market (Western and Eastern). On this market, the company has a market share estimated at 35%.

Digital cinema is on the way and dcinex has everything to remain a major player in this revolution. The main risks lie in the increasing competition in a maturing market and in the fact that this service and infrastructure activity requires major financing and investments. Since 2009, dcinex has been able to secure financing and necessary capital for this activity. If market conditions were to deteriorate, this potential could be put at risk.



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SHAREHOLDERS' INFORMATION

EVS SHARES

EVS capital is represented by 13,625,000 shares without nominal value. Since December 15, 2011, EVS shares are either registered or dematerialized (and must be registered in a securities account). At December 31, 2012, there were 4,066 shares still to be dematerialized, or 0.03% of the capital of the company.

STOCK MARKET AND LISTING

EVS shares are listed on the continuous NYSE EURONEXT Brussels market under the ISIN code BE0003820371.They were listed in October 1998 at a price of EUR 7.44 (EUR 37.20 before split). The share was split into five on June 5, 2005. EVS is part of the Next150 and BelMid indexes and of the "Next Economy" segment, which includes other techno-logical growth companies. During 2012, the maximum value reached by the stock price was EUR 46.00 on November 6, 2012 and the minimum value of EUR 34.97 was reached on July 17, 2012. EVS had a market capitalization of EUR 605 million at December 31, 2012 with a share price of EUR 44.40. In 2012, the EVS shares increased by 12.4%, while the BEL20 gained 18.8%, the Dow Jones Euro Stoxx Technology™ 26.8% and the Nasdaq Composite increased by 15.9% of its value.

During 2012, around 64% of the company's shares were exchanged. An average of 34,000 shares were traded daily on NYSE-Euronext and the other trading platforms, which represents EUR 1.4 million, a decrease compared to 2011. Adjusted for an average free float of 94%, EVS had a velocity of 68,7% during 2012.

At the end of 2012, around 70 to 75% of EVS capital was held by institutional investors, compared to 20% in 2003.

DIVIDEND

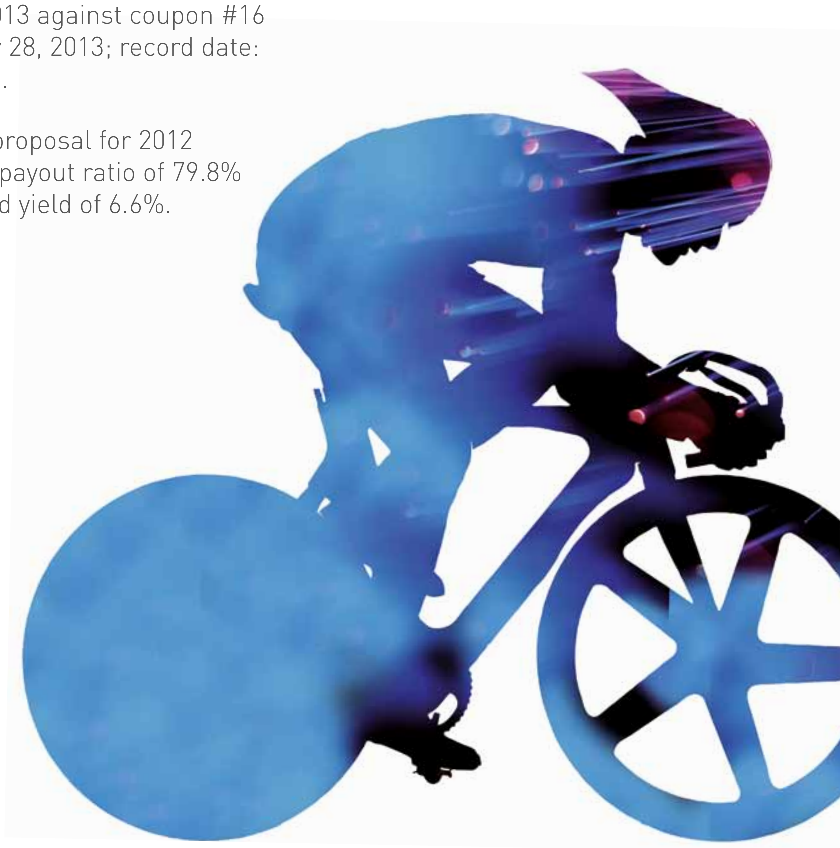
EVS aims at paying a stable or increasing dividend, with a maximum payout ratio of 100%. Since its IPO in 1998, EVS has always paid a dividend to its shareholders. In addition, in 2006, the company initiated the payment of an interim dividend at year end. The prospectus announced a payout ratio of 30%. This ratio has evolved from 60 to 125% since 2004. The dividend yield varied from 4% to 10% over the same period, while the average payout ratio was 85%.

For the 2012 fiscal year, the Board of Directors will propose to the shareholders, at the Ordinary General Meeting of May 21, 2013, the approval of the distribution of a gross dividend per share of EUR 2.64, of which EUR 1.16 was paid as an interim dividend in November 2012. If approved by the Ordinary General Meeting, the remaining gross dividend of EUR 1.48 (or EUR 1.11 net of Belgian withholding tax of 25%) will be paid on May 31, 2013 against coupon #16 (ex-date: May 28, 2013; record date: May 30, 2013).

The Board's proposal for 2012 represents a payout ratio of 79.8% and a dividend yield of 6.6%.

EUR 2.64
GROSS DIVIDEND PER SHARE

79.8%
PAYOUT RATIO



6.6%

DIVIDEND YIELD
FOR 2012

SHAREHOLDING

Shareholders have an obligation to report the percentage of EVS shares they hold when this percentage crosses upwards and downwards the treshold of 3% (a condition imposed by the Articles of Association) and for any multiple of 5% (a requirement of the Belgian Act). The percentage of shares held must be calculated based on the number of shares outstanding (13,625,000 shares at the end of 2012).

THE EVS SHARE OVER THE LAST 10 YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Number of shares issued (average)	13,625,000	13,625,000	13,625,000	13,736,111	13,875,000	13,875,000	13,948,973	14,075,000	14,056,250	14,079,940
Number of shares issued (Dec. 31)	13,625,000	13,625,000	13,625,000	13,625,000	13,875,000	13,875,000	13,875,000	14,075,000	14,075,000	14,000,000
Average number of shares, excl. own shares	13,449,081	13,465,244	13,511,048	13,554,643	13,578,250	13,587,090	13,630,464	13,716,934	13,665,062	13,585,895
Average free float	93.5%	88.5%	82.8%	80.9%	79.5%	77.4%	75.0%	67.5%	60.8%	58.8%
Annual volume [1]	8,758,751	16,614,717	13,166,859	15,990,689	13,393,117	8,938,624	10,109,440	10,366,182	9,827,745	5,004,966
Average daily volume (number of share) [1]	34,348	63,904	51,034	62,463	52,317	35,053	39,645	40,335	38,540	19,627
Average daily volume (EUR) [1]	1,383,196	2,726,774	2,154,676	2,318,011	2,731,703	2,220,117	1,545,759	944,646	391,952	96,369
Standard velocity [2]	64.3%	121.9%	96.6%	116.4%	96.5%	64.4%	72.5%	73.6%	69.9%	35.5%
Adjusted velocity - Average free float [3]	68.7%	137.8%	116.8%	144.0%	121.5%	83.3%	96.7%	109.1%	115.1%	60.5%
Average annual share price (EUR)	40.27	42.67	42.22	37.11	55.78	61.27	38.99	23.42	10.17	4.91
Closing share price (EUR)	44.40	39.49	47.90	44.80	25.50	79.60	43.80	28.69	16.16	6.40
Highest share price	46.00	48.30	49.49	53.24	80.39	83.86	44.85	31.85	16.50	6.91
Lowest share price	34.97	34.10	31.97	21.22	21.00	42.50	27.85	16.05	6.50	3.56
Market capitalization (average, EUR millions)	548.7	581.4	575.2	509.7	773.9	850.1	543.9	329.6	143.0	69.1
Market capitalization (Dec. 31, EUR millions)	605.0	538.1	652.6	610.4	353.8	1.104.5	607.7	403.8	227.5	89.6
Gross dividend (EUR)	2.64	2.36	2.64	2.48	2.48	2.28	1.68	1.20	1.00	0.80 [4]
Net dividend (EUR)	1.98	1.71	1.98	1.71	1.86	1.71	1.26	0.90	0.75	0.75 [4]
Dividend yield (gross dividend on average share price)	6.6%	5.5%	6.3%	6.7%	4.4%	3.7%	4.3%	5.1%	9.8%	16.3%
Share buyback/share	0.00	0.17	0.27	0.05	0.52	0.16	0.47	0.16	0.11	0.09
Current EPS (EUR)	3.31	2.35	2.94	1.97	3.56	3.21	2.89	1.46	1.22	0.56
Payout ratio (gross dividend on current EPS)	79.8%	100.4%	89.8%	125.9%	69.7%	71.0%	58.1%	82.2%	82.0%	142.3%
Price/earnings ratio (average on current EPS) [5]	12.2	18.2	14.4	18.8	15.7	19.1	13.5	16.0	8.3	8.7

[1] Source : volumes according to NYSE-Euronext until 2008; as from 2009, the source is Fidessa, which also includes the exchanges made on alternative platforms.

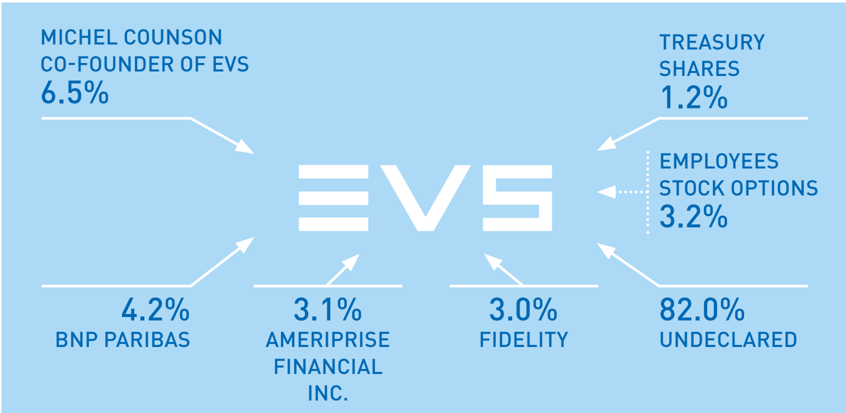
[2] Standard velocity represents the annual volume traded on the stock market expressed as a percentage of the total number of tyhe company's shares.

[3] Adjusted velocity represents the annual volume traded on the stock market expressed as a percentage of the average free float.

[4] Including EUR 0.60 of capital reimbursement per share.

[5] The price/earnings ratio is the average share price for the year divided by the current EPS over the same period.

At December 31, 2012, the shareholding of EVS Broadcast Equipment was as follows (from recent statements received by the company and the position of treasury shares at December 31, 2012). For more details about the shareholding, please refer to the Statement of Corporate Governance in the second part of the Annual Report.



GENERAL MEETINGS

Each year since its IPO in 1998, EVS holds its Ordinary General Meeting on the third Tuesday of May. Shareholders are invited to participate in this meeting. All instructions are published one month before the meeting.

To promote interaction between the company and its shareholders, but also to know them better and to serve them better, EVS requires, under Article 24 of its Statutes, the proxies for participation in its General Meetings to be signed by the final effective economic beneficiary. Proxies by a custodian or sub-custodian must therefore be accompanied by another power of attorney duly signed by the final effective economic beneficiary allowing it to exercise its rights.

In the interest of good governance, this provision is strictly applied and results at each meeting, a few non-compliant discharges of proxies, including those from stakeholders.

FINANCIAL SERVICE

Dividends are payable at ING BANK SA, which is the sole paying agent in the Euroclear Belgium "E.S.E.S." dematerialized system :

ING BANK S.A.
Avenue Marnix, 24
1000 Brussels, Belgium

In June 2005, EVS shares were split in 5. The old shares can still be exchanged by contacting:

DELTA LLOYD BANK S.A.
B.O. Epargne et placements
Administration/liquidation
Av. de l'astronomie, 23
1210 Brussels, Belgium
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Mail: dossierstitres@dlbank.be

INFORMATION ACCESSIBILITY

The group website (www.evs.com) gives general information on the company and its products, as well as financial information, the Corporate Governance rules and annual reports. A page is also dedicated to the financial analysts who monitor the stock.

All legal documents are available at the company head office or on our website.

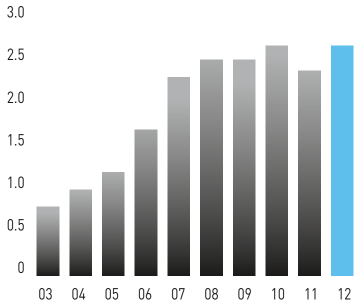
EVS has adopted a "quiet period" policy, which limits communication with investors during sensitive periods to basic, historic and non time-specific information. This quiet period begins on the first day of the new fiscal quarter and continues until the next earnings release. EVS appreciates the interest of its shareholders in the company and believes that this policy enables the company to balance the needs of a business along with communicating with both new and potential investors in the company.

If you would like information concerning the events in which EVS participates or wish to receive automatic email news, please subscribe on our web site or send an email to corpcom@evs.com

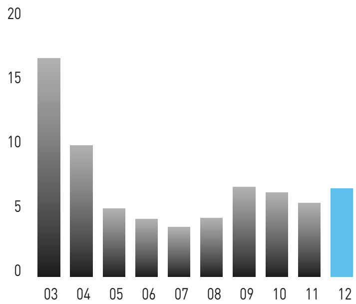
SHAREHOLDER'S CALENDAR

Thursday, May 16, 2013	First quarter 2013 results
Tuesday, May 21, 2013	Ordinary General Meeting
Tuesday, May 28, 2013	Coupon #16: final dividend ex date
Thursday, May 30, 2013	Coupon #16: final dividend record date
Friday, May 31, 2013	Coupon #16: final dividend payment date
Thursday, August 29, 2013	Second quarter 2013 results
Thursday, November 14, 2013	Third quarter 2013 results

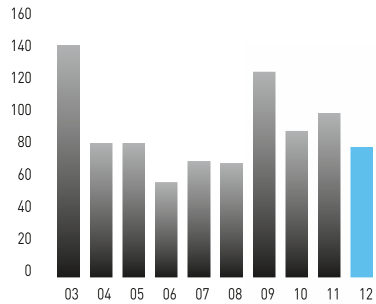
GROSS DIVIDEND AND REIMBURSEMENT PER SHARE AFTER SPLIT (EUR)



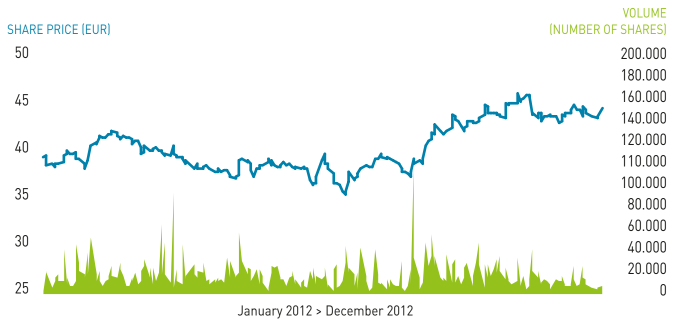
DIVIDEND YIELD (%)



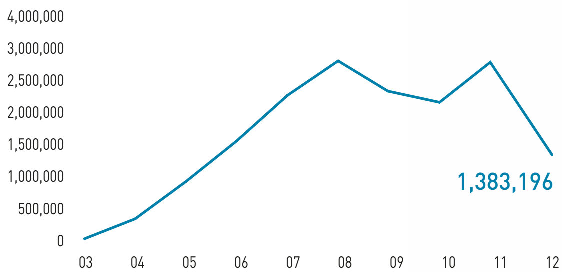
PAYOUT RATIO (% OF NET PROFIT FROM OPERATIONS)



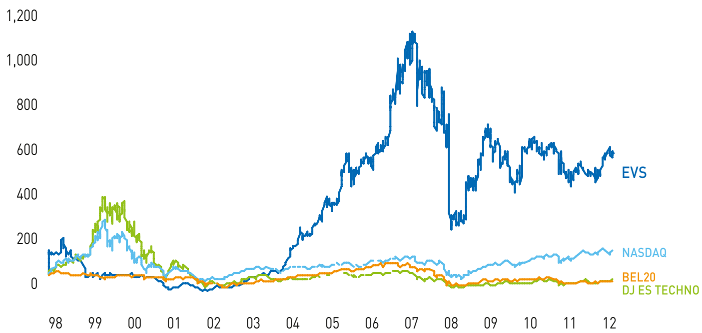
SHARE PRICE AND VOLUME



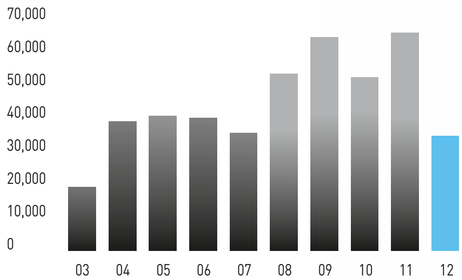
LIQUIDITY – AVERAGE DAILY VOLUME ON THE STOCK MARKET (EUR)



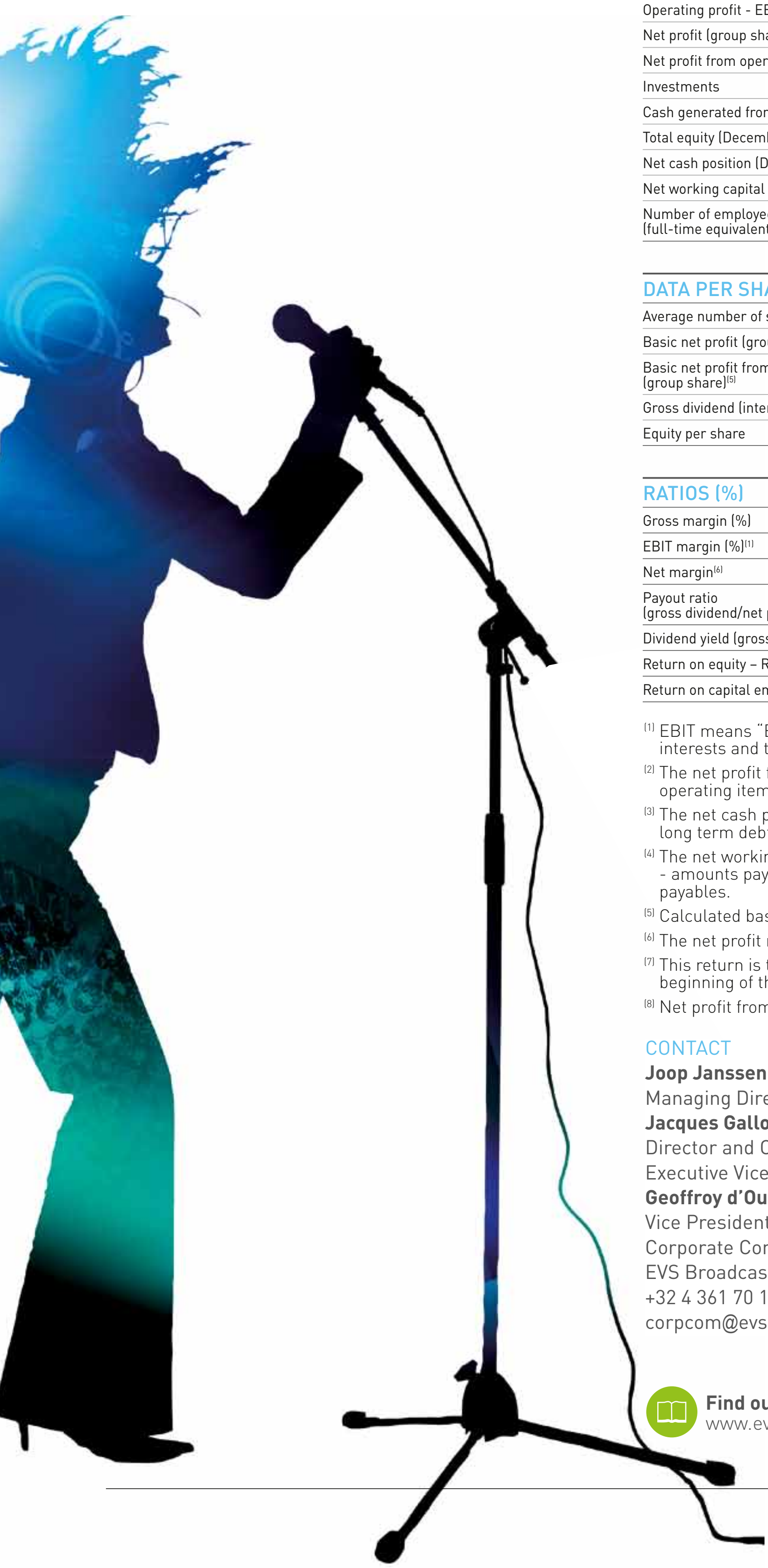
FROM THE IPO UNTIL TODAY – STOCK PRICE TREND COMPARISON SINCE THE EVS IPO ON 14 OCTOBER 1998 (BASE 100)



LIQUIDITY – AVERAGE DAILY VOLUME ON THE STOCK MARKET (NUMBER OF SHARES)



"EUR 20.6 million net cash position at the end of 2012.



KEY FIGURES, CONSOLIDATED – IFRS (EUR MILLIONS)	2012	2011	2010	2012/2011
Revenue	137.9	106.9	111.2	+29.0%
Operating profit - EBIT[1]	62.1	44.1	55.5	+38.8%
Net profit (group share)	41.7	32.1	38.1	+30.2%
Net profit from operations, excl. dcinex (group share)[2]	44.6	31.7	39.7	+40.8%
Investments	9.6	3.0	1.9	+211.5%
Cash generated from operations	60.9	47.6	52.9	+27.9%
Total equity (December 31 before profit allocation)	67.3	55.7	60.8	+20.8%
Net cash position (December 31)[3]	20.6	18.8	25.9	+9.7%
Net working capital at 31 december[4]	18.3	14.1	14.0	+29.4%
Number of employees (full-time equivalents, December 31)	463	415	366	+11.6%

DATA PER SHARE (EUR)	2012	2011	2010	2012/2011
Average number of shares excl. treasury shares	13,449,081	13,465,244	13,511,048	-0.1%
Basic net profit (group share)[5]	3.10	2.38	2.82	+30.3%
Basic net profit from operations, excl. dcinex (group share)[5]	3.31	2.35	2.94	+40.9%
Gross dividend (interim + final dividend)	2.64	2.36	2.64	+11.9%
Equity per share	4.94	4.09	4.46	+20.8%

RATIOS (%)	2012	2011	2010	2012/2011
Gross margin (%)	77.3%	78.4%	79.6%	-
EBIT margin (%)[1]	44.4%	41.3%	50.0%	-
Net margin[6]	32.3%	29.6%	35.7%	-
Payout ratio (gross dividend/net profit from operations, excl. dcinex)	79.8%	100.4%	89.8%	-
Dividend yield (gross dividend/average share price)	6.6%	5.5%	6.3%	-
Return on equity – ROE[7]	75.0%	52.7%	63.6%	-
Return on capital employed – ROCE[8]	115.5%	103.4%	141.1%	-

[1] EBIT means "Earnings Before Interests and Taxes" and corresponds to the operating result before interests and taxes. The EBIT margin is the EBIT divided by the revenue.

[2] The net profit from operations, excluding dcinex, is the net profit (group share) excluding non-operating items (net of tax) and the dcinex contribution.

[3] The net cash position is the cash and cash equivalents less the financial liabilities and the other long term debts (incl. their short term portion).

[4] The net working capital = stocks + trade receivables + other receivables - trade payables - amounts payable regarding remuneration and social security - income tax payable - other payables.

[5] Calculated based on the number of shares excluding treasury shares and warrants.

[6] The net profit margin is the net profit from operations divided by the revenue.

[7] This return is the result of the net profit (group share) divided by (the shareholders' equity at the beginning of the year less the final dividend decided during the Ordinary General Meeting of May).

[8] Net profit from operations, excl. dcinex/(goodwill + intangible and tangible assets + stocks)

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+30.2%
NET PROFIT (GROUP SHARE)

75.0%
RETURN ON EQUITY

Find out more online
www.evs.com

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Version française disponible sur demande.
The Annual Report (management report, accounts and notes) is available on the EVS website (www.evs.com).
A paper copy is available on request.

EVS
2012
ANNUAL
FINANCIAL
REPORT

TABLE OF CONTENTS

MANAGEMENT REPORT

FINANCIAL REPORT

1. CONSOLIDATED KEY FIGURES – IFRS (EUR MILLIONS)

	2012	2011	2010	2012/2011
Revenue	137.9	106.9	111.2	+29.0%
Gross margin %	77.3%	78.4%	79.6%	-
Operating profit - EBIT	61.2	44.1	55.5	+38.8%
Operating margin (EBIT) %	**44.4%**	**41.3%**	**50.0%**	-
Contribution from dcinex	0.4	2.3	-0.2	-82.0%
Income taxes	-18.3	-14.3	-16.7	-28.0%
Net profit, group share	41.7	32.1	38.1	+30.2%
Net profit from operations, excl. dcinex, group share (1)	44.6	31.7	39.7	+40.8%
Net profit margin (%)	32.3%	29.6%	35.7%	-

(1) The net profit from operations, excl. dincex, is the net profit (share of the group) excluding non operating items (net of tax) and the dcinex contribution. Refer to note 6.2 on use of non-GAAP financial measures.

2. HIGHLIGHTS

These results mark a new milestone in the already very rich and successful history of EVS. In 2012, we generated record sales and we want to thank our teams for the energy and extraordinary efforts they put in delivering on our promises. In partnership with our customers, we set a new standard in the live coverage of sporting events and even more encouraging is our growth in non-sport markets. Our team served the fast growing demand for EVS technologies and services from entertainment, news and media customers and outperformed competition in these businesses. Past investments in innovation are starting to pay off.

After some years of sales stagnating at EUR 110 million, we closed 2012 with a record level, with sales growing by 29.0%, topping EUR 137.9 million. As mentioned, we benefited from big sporting events rentals this year for about EUR 10 million but our overall business grew strongly, especially in studios (+30.9%) and in the Americas (+32.7% at constant currency). The operating result (EBIT) grew by 38.8% compared to last year, which includes a EUR 1.4 million one-off charge for the strategic repositioning of the group. Adjusted for these non-recurring items, the EBIT margin would have been 45.4% in FY12 and the EBIT growth would have reached 42.0%, which is in line with our previous guidance. As anticipated, 4Q12 delivered a weaker performance following a very strong sporting summer. The order book as of February 15, 2013 (as published during our FY12 results) was lower than at the beginning of 2012, but is at a record level for the start of an uneven year, highlighting our strong competitive position and the successful investments in the past. We remain optimistic about the long term growth drivers of EVS while our short to medium term visibility remains limited as usual. 2013 shall not benefit from such big sporting events but our continued investments in innovation and expansion pave the way for positioning the company for the future.

3. STRATEGY AND LONG TERM GROWTH DRIVERS

At the end of 2012, we operated a detailed review of our strategic options and we launched in early 2013 our new four-market strategy plan. We listened to our growing number of customers and repositioned our activities, organization and brand accordingly. Key was to focus even more our resources and investments in the most attractive markets and to strengthen our leadership team in order to deliver our renewed growth ambition.

While sport remains a significant part of the total business, the less cyclical markets i.e. Entertainment, News and Media are growing rapidly and should enable us to accelerate our growth. In our diversification process, we want to take a leading position in niches that have a high growth potential. Our “Speed to Air” strategy is an answer to TV stations desire to move to new and more efficient production workflows, benefiting from the flexibility of tapeless server technologies. The other main drivers of broadcasters’ investments are the transition from standard definition (SD) to high definition (HD), remote production, more TV demand in emerging markets, the need to capture audiences on their “second screens”, and an increased focus of broadcasters/IPTV and advertisers on large popular sport broadcasts to gain new viewers. More advanced camera and display technologies such as UltraHD (4K) and 3D technologies appear to speed up the conversion and transformation to more integrated operational processes. In the medium to long term, EVS targets the Entertainment, News and Media markets, in addition to its historical sport business.

In our strategy review, we have revisited industry numbers and we estimate the total addressable market for our four different markets at around EUR 1.6 billion, higher than what we previously expected.

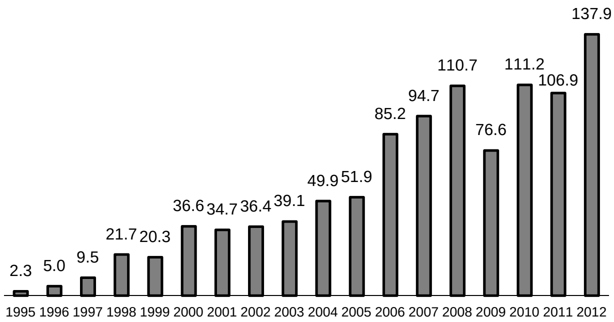
In view of the above, taking into account usual business risks and uncertainties, and especially the general world economy, the Board of EVS believes that the long term underlying demand for EVS products should continue to be supported by these structural growth drivers.

4. REVENUE

EVS revenue amounted to **EUR 137.9 million** in FY12, an increase of 29.0% compared to FY11 (+18.0% at constant currency and excluding the big events rentals). Sales of solutions in the **studios** increased by 30.9**%** (+17.3% at cst exch. rate and excl. big events) to EUR 63.3 million, representing 45.9% of total group sales in FY12. **Outside Broadcast** ("OB") sales increased by 27.4% in FY12 to EUR 74.6 million (+18.8% at cst exch. rate and excl. big events). OB sales represented 54.1% of total sales in FY12. Revenues in FY12 included EUR 10.0 million of rentals relating to the Olympic Games and to the EURO soccer championship, compared to EUR 0.8 million in 2011.

In 2012, in Europe, Middle-East and Africa ("**EMEA**"), sales amounted to EUR 74.6 million (+29.0% compared to FY11), representing 54.1% of group revenue. The United Kingdom, Eastern Europe and the Middle East were clear drivers of the business in 2012, and we expect these sub-regions to continue to perform well in 2013.

Revenue evolution (EUR millions)



Sales in **Americas** were EUR 36.7 million (+32.7% at constant currency) Americas posted a strong performance driven by new OB vans and upgrades to HD, as well as dynamic studio (+67%).

In Asia & Pacific ("**APAC**"), sales were EUR 26.6 million (+13.0%). Australia, China and South Korea were in 2012 the most active countries for the EVS business. The continued high demand for European sport content on TV in APAC is a long term driver for our company in that part of the world.

Sales by region (EUR millions)

	2012	2011	2010	Mix 2012	2012/2011
Europa, Middle-East, Africa (EMEA)	74.6	57.8	61.0	54.1%	+29.0%
Americas (NALA)	36.7	25.5	29.1	26.6%	+43.8%
at constant exchange rate [1]	*33.9*	*25.5*	*29.1*	-	*+32.9%*
Asia-Pacific (APAC)	26.6	23.5	21.1	19.3%	+13.0%
TOTAL	**137.9**	**106.9**	**111.2**	**100%**	**+29.0%**

(1) Reference exchange rate: 2011.

5. RESEARCH AND DEVELOPMENT

Research and Development expenses in 2012 **were EUR 22.3 million**, up 20.5%, reflecting the increase of the number of engineers joining EVS in this department. The expense represents around 16% of revenue. In accordance with the group's accounting rules (Belgian and IFRS), these expenses are fully expensed in the P&L over the financial year. Today, there are **more than 230 high-level engineers** working on the conversion of television to all-digital technology in 6 sites. The future of the audio-visual sector will be influenced mainly by the changes in the digital technologies which will offer viewers more choice, better quality and interactivity. Customer satisfaction is at the heart of EVS' concern. The group's strong vertical integration between the sales/support activities at the local level and the R&D enables rapid adaptation of products to ever changing customer needs. EVS priority in terms of R&D is to continue the development of tapeless modular production platforms with a broad bandwidth which offer producers even more flexibility and quality when producing and broadcasting content to viewers.

Since 4Q10, EVS benefits from 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 for 2011 and 2012, the amount relating to the current year 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 has been settled in 2Q11, leading to a total one-time profit of EUR 1.1 million in FY11.

6. STAFFING

Breakdown of personnel by department (in full-time equivalents):

	Corporate Services	Research & Development	Sales & Marketing	Assembling & Professional services	Total
Dec. 31, 2010	56	170	39	101	366
Dec. 31, 2011	58	211	41	105	415
Dec. 31, 2012	71	232	43	117	463

As of December 31, 2012, EVS had a total of 463 employees (full-time equivalents, including 5 managers, 449 employees and 9 workers), an increase of 11.6% compared with end of year 2011. More than 50 individuals were hired during the financial year with a view to strengthening the leadership of the company in its niche markets and to preparing for the future. The total salary cost stands at EUR 32.0 million in 2012 as opposed to EUR 25.6 million in 2011. Throughout 2012, the average number of employees was 439, up 13.7% over 2011. Most recruits in 2012 were made on the basis of new strategic business niches. EVS will continue to hire some good broadcast experts in the future, the company will be more selective.

7. RESULTS

7.1. 2012 key figures per quarter

IFRS - EUR million, except earnings per share expressed in EUR	1Q12 unaudited	2Q12 unaudited	*1H12 reviewed*	3Q12 unaudited	4Q12 unaudited	*2H12 reviewed*	2012 Audited
Revenue	30.0	42.8	*72.9*	39.5	25.6	*65.0*	**137.9**
Gross margin	23.3	34.8	*58.1*	31.4	17.2	*48.6*	**106.6**
Gross margin %	77.6%	81.2%	*79.7%*	79.4%	67.3%	*74.7%*	**77.3%**
Operating profit (EBIT) before repositioning costs	13.6	23.2	*36.8*	19.3	6.6	*25.9*	**62.6**
Operating margin (EBIT %) before repositioning costs	45.1%	54.2%	*50.4%*	48.8%	25.8%	*39.8%*	**45.4%**
Repositioning costs	-	-	-	-	-1.4	*-1.4*	**-1.4**
Operating profit – EBIT	13.6	23.2	*36.8*	19.3	5.2	*24.5*	**61.2**
Operating margin – EBIT %	45.1%	54.2%	*50.4%*	48.8%	20.3%	*37.6%*	**44.4%**
Contribution from dcinex	0.1	0.0	*0.0*	0.0	0.4	*0.4*	**0.4**
Net profit – Group share	8.7	15.9	*24.6*	12.7	4.4	*17.1*	**41.7**
Net profit from operations. excl. dcinex – Group share [1]	8.9	16.7	*25.6*	13.2	5.8	*19.0*	**44.6**
Basic earnings per share	0.65	1.18	*1.83*	0.95	0.32	*1.27*	**3.10**
Basic earnings per share from operations. excl. dcinex [1]	0.66	1.24	*1.91*	0.98	0.43	*1.41*	**3.31**

[1] The net profit from operations, excl. dcinex, is the net profit (share of the group) excluding non operating items (net of tax) and the dcinex contribution. Refer to Note 6.2: use of non-GAAP financial measures.

7.2. Comments on 2012 results

Consolidated gross margin was 77.3% for FY12, slightly lower than FY11 (78.4%). The operating leverage effect of higher sales on fixed operations costs has been offset by the growth of those fixed operations costs (development of a profitable service organization with 117 professionals end of 2012) as well as by the set up of a provision of EUR 1.0 million for standard technical warranty. The gross margin excluding the one-off provision would have reached 78.1%. Operating expenses increased by 15.3% in FY12 and include one-off repositioning costs of EUR 1.4 million partly offset by the release of a past litigation provision of EUR 1.0 million which has become irrelevant. Opex growth of 14.3% excluding one-off items is mainly due to the increased number of employees as well as investments in a new group ERP and lower R&D tax credit than the positive R&D one-off tax credit included in FY11. The operating (EBIT) margin increased to 44.4% of revenue (45.4% excluding the repositioning costs), compared to 41.3% in FY11. EBIT growth reached 38.8% in FY12 and 42.0% excluding the one-off cost. Net profit amounted to EUR 41.7 million in FY12, or +30.2% compared to FY11, while net profit from operations, excluding dcinex, was EUR 44.6 million in FY12 (+40.8%). Basic net profit per share amounted to EUR 3.10 in FY12, compared to EUR 2.38 for FY11.

dcinex Group, in which EVS holds a 41,3% share (30.3% fully diluted), closes a record year with sales reaching EUR 88.8 million. dcinex has committed for more than 5,500 digital screens and installed more than 3,700 so far in Europe, representing more than 35% market share, making it the leader. Digitization is expected to accelerate as the 35mm value chain is planned to stop soon. dcinex recorded an EBITDA of EUR 23.8 million, or 26.8% of revenues. dcinex had a group share (41.3%) contribution to the FY12 results of EVS of EUR 0.4 million.

7.3. Data per share (EUR):

	2012	2011	2010	2012/2011
Weighted average number of subscribed shares for the period, less treasury shares	13,449,081	13,465,244	13,511,048	-0.1%
Basic net profit, group share	**3.10**	**2.38**	**2.82**	**+30.3%**

8. BALANCE SHEET, CASH-FLOW, OWN SHARES AND EMPLOYEE PROFIT SHARING

EVS had a return on net equity of 75% in 2012. Total assets are EUR 95.0 million and net equity represents 70.8% of the balance sheet. At the end of 2011, EVS started the construction of a new integrated building in the same area in Liège, in order to gather all employees of EVS headquarters, split today in 6 different buildings. EUR 11.7 million have been invested by year-end 2012 out of a total budget of slightly more than EUR 40 million. That project will be partly financed through financial debt but stronger cash generation than expected has allowed the company to finance the investments over 2012 without drawing down on the EUR 14 million credit line, put in place earlier in 2012. Inventories amounted to EUR 15.9 million at the end of December, an 8.3% increase compared to the end of 2011, but a slight decrease compared to September 2012. The amount includes EUR 4.0 million value of own equipment used for own R&D and demos of EVS successful products. In the liabilities, provisions include mainly the repositioning accruals (EUR 1.4 million) as well as the provision for technical warranty on EVS products for labor and parts during two years (EUR 1.0 million).

The net cash from operating activities amounted to EUR 42.7 million in FY12. On December 31, 2012, the group balance sheet showed EUR 21.4 million in cash and cash equivalents, and EUR 0.8 million in long-term financial debts (including short term portion of it).

The group optimized the return for shareholders with the interim gross dividend of EUR 1.16 per share paid out in November 2012 and a final proposed gross dividend of EUR 1.48 per share to be paid on May 31, 2013, representing a total of approximately EUR 35.5 million, and an average dividend yield of 6.6% in 2012.

At the end of 2012, the capital was represented by 13,625,000 shares, of which 170,053 were owned by the company. In 2012, 13,319 shares were granted or sold to employees under share-based compensation schemes, including the profit-sharing scheme (11,069 shares). Indeed, in line with previous years, and within the framework of the law of May 22, 2001, the Ordinary General Meeting of May 15, 2012 decided to grant its employees a special reward through the profit-sharing scheme ("plan de participation bénéficiaire") similar to the grant of shares of the company up to an amount of approximately EUR 0.7 million.

In July 2012, the Board of Directors decided to grant a total of 185,300 warrants to some employees at a strike price of EUR 37.11. As of December 31, 2012, 440,900 warrants were outstanding with an average strike price of EUR 38.49 and an average maturity of October 2015. However, only 36,300 warrants were exercisable and in-the-money (with an exercise price below the share price as of December 31) at December 31, 2012. The 440,900 existing warrants have a potential diluting effect of 3.3% on capital. This is partially covered by the 170,053 treasury shares held by the company and acquired at an average price of EUR 37.71.

EVS accelerated the dematerialization of its shares. As a consequence, as from December 15, 2011, the securities in bearer form issued by the company which would not have yet been registered on a securities account are automatically converted in book-entry securities.

9. DISPUTES

As per December 31, 2012, EUR 2.0 million provisions were available to reasonably cover various ongoing and potential commercial disputes.

10. RISK MANAGEMENT

EVS is exposed to many exogenous and endogenous risks detailed in the annexes of the annual financial report and in the paragraph 5.1. of the corporate governance statement. The management, the Audit Committee and the Board of Directors conduct regular analyses of the company's risk and take action to minimize or neutralize the potentially negative effects.

Financial instruments used by the company are identified in the balance sheet and booked at fair value.

More information on the use of the financial instruments by the company, the objectives and policies relating to financial risks management and the risks the company is exposed to, can be found in the Corporate Governance Statement, point 5.1, and in the "Risks and uncertainties" chapter. The foreign currency risk is treated separately in the note 26.2.

11. INVESTMENTS

EVS business does not require major investments in equipment. The group's policy is to own its premises in Belgium and primarily finance them through shareholders' equity, and in some cases via long-term bank loans. As per December 31, 2012, the net book value of lands and buildings was EUR 19.3 million, including EUR 9.0 million for the current buildings and EUR 10.3 million for the current constructions. Most of the buildings have benefited from regional or European subsidies.

As explained here above, EVS started to build a new facility nearby the existing site in Liège. The project value is estimated at approximately EUR 40 million, from which around EUR 5.6 million regional and European subsidies are to be deducted. In addition, all or part of the existing buildings, valued at EUR 10.0 million at end of 2012, are planned to be sold by EVS from 2014 on.

12. CAPITAL AND SUBSIDIARIES

The EVS Broadcast Equipment SA capital of EUR 8,342,479 was unchanged in 2012 and is represented by thirteen million six hundred and twenty five thousand shares (13,625,000) without any designation of nominal value.

13. OUTLOOK 2013

As of February 15, 2013, and as published in the 2012 annual results press release on February 21, 2013, the global winter order book (to be invoiced in 2013) amounted to EUR 37.4 million, which is 18.8% lower compared to EUR 46.1 million on the same date one year ago (-12.4%, excl. big events rentals). This is a record order book for EVS in an uneven year. Studio orders represent 50.5% of the EUR 37.4 million order book. In addition to this EUR 37.4 million order book for 2013, EVS already has orders for EUR 5.6 million that should be invoiced in 2014 and beyond, compared to EUR 3.6 million in 2012. EVS is increasing progressively its recurring service revenues. In Outside Broadcast, the company defends its market share despite competition and even consolidates its position in that market, with orders up 22.4% in FY12. Studio orders increased by 9.0% in FY12. EVS continues to gain market shares and significant customers in this promising and quite competitive market.

The Management and the Board of Directors are optimistic about the long term prospects of the group, underpinned by robust long term growth drivers. The company reiterates its low visibility in the current state of the economy even if many initiatives are ongoing in the exciting digital media industry. In addition, EUR 10 million of rental agreements relating to big sporting events were booked in 2012 and are not to be repeated as such in 2013 which shall be a repositioning year. For 2013, operating expenses should grow by a low double digit rate, which could translate in lower margins. Second half of the year should be better than first half as it shall start to benefit from the traction of big sporting events in 2014 (also in emerging countries) as well as the first impacts of the new strategy. EVS targets small niches where the combination of infrastructure reliability, applications agility and service quality are essential success criteria. It should be clear that risk factors such as economic uncertainties, balance-sheets constraints of clients or major currencies fluctuations do not make short-term forecasting easy.

14. RECENT EVENTS

Significant events that arose after the balance sheet date are:

- The information communicated on February 21, 2013;
- In January 2013, EVS bought back EUR 0.5 million subordinated loan (bearing a combined 8.25% interest rate) associated with warrants in dcinex SA from another former minority shareholder of the company. This brings EVS fully diluted share in dcinex from 30.3% up to 31.2% while the number of shares EVS holds in dcinex SA remains 41.3%.

15. PROPOSALS BY THE BOARD TO THE SHAREHOLDERS

As it was proposed since the introduction of the stock exchange in 1998, the Board of Directors has decided maintain the optimization of the return for shareholders in the form of a dividend and/or repurchase of own shares. The Board, therefore, recommends a total gross dividend of EUR 2.64 per share (including the interim dividend of EUR 1.16) at the Ordinary General Meeting to be held on May 21, 2013, what would imply a final gross dividend of EUR 1.48 per share to be paid on May 31, 2013. The Board of Directors proposes to grant around 13,000 shares to the employees within the framework of the law relating to profit-sharing schemes.

The group has a policy of repurchasing treasury shares which evidences EVS confidence in its future. The Board of Directors has the authorization, given by the Extraordinary General Meeting of June 12, 2009, to buy back shares in the normal course of operations (valid until July 9, 2014), under certain conditions and with a maximum of 20% of existing shares.

The group intends to pursue its own shares repurchase policy as the market opportunities arise, and in the limits of these authorizations.

CORPORATE GOVERNANCE STATEMENT

This section of the annual report summarizes the rules and principles of good corporate governance established by EVS, in accordance with Belgian Code of Companies (and the law of April 6, 2010), articles of incorporation and the Charter of Corporate Governance. It also focuses on activities related to the year 2012.

1. CORPORATE GOVERNANCE CHARTER

Already in 2006, the Board of Directors of EVS Broadcast Equipment approved a Corporate Governance Charter ("Charter"), which has been regularly updated. Today, this Charter is based on the 2009 Belgian Code on Corporate Governance ("Le 2009 Code"). The Board still reviews this Charter whenever needed. This document is fully available on the group's website www.evs.com.

The Charter adopted by the Board of Directors meets EVS most points in the 2009 Code. However, the Board considered that exceptions to the 2009 Code were justified given the specificities of EVS. The last section of this chapter shows the differences with the 2009 Code, and explains the reasons for the exemptions.

2. BOARD OF DIRECTORS

The members of the Board of Directors are appointed for a term between 1 and 6 years. On December 31, 2012, the Board of Directors was made up of 9 members. Decisions are taken by a majority vote. In the event of a tie, the Chairman or his representative has a casting vote. In the case of a conflict of interest, the people involved do not take part in the debates and in the vote.

When one or several positions of Director become vacant as a consequence of death, resignation or for any other reason, the remaining Directors are entitled to fill the vacancy temporarily. In such a case, the General Meeting shall make the definitive appointment at its next session. The Director so appointed shall serve for the remaining term of the Director whom he replaces.

The members are provided with various documents at each Board meeting or enclosed with the notification of the meeting. These documents include reports, financial results, investment documents and other papers relating to the items on the agenda.

In 2012, the Board met 8 times and discussed the following matters: recruitment of the new CEO, strategic review, R&D and product developments, monitoring subsidiaries (in particular dcinex), treasury shares policy and liquidity management, 2012 business updates, the 2013 budget, examining acquisition and partnership projects, preparing press releases and preparation of General Meetings, management of Directors' mandates and evaluation of the functioning of the Board.

3. SPECIALIZED COMMITTEES ATTACHED TO THE BOARD

The Board of EVS has set up, since a few years, an Audit Committee and a Compensation Committee to conduct a review of specific issues and advise on this. The final decision remains a collective responsibility of the Board of Directors.

3.1. Audit Committee

The Audit Committee is composed of three non-executive independent directors. This committee assumes the missions described in the Article 526bis of the Belgian "Code des sociétés". More generally, it assists the Board of Directors in its responsibilities concerning the integrity of the financial information relating to the company and, in particular, supervising the financial reports, the internal audit function, the external audit function and the relations between the company and its shareholders. The Audit Committee met two times in 2012 in the presence, for most of the topics, of the CFO and the company's Auditor.

Christian Raskin (Bachelor in Accounting and Master in Economic Sciences, 20 years of experience in executive functions at Draka) and Yves Trouveroy (two Certificates in Law, 15 years of experience in an investment company) have the competencies in accounting and audit.

3.2. Compensation Committee

The Compensation Committee is composed of three non executive directors, two of whom are Independent Directors. This committee assumes the mission described in the article 526quater of the Belgian "Code des sociétés". More generally, it assists the Board of Directors in its responsibilities concerning the setting of remuneration for the company's executives and managers. This committee met 5 times in 2012, including for the recruitment of the new CEO.

On December 31, 2012, the Board of Directors was made up as follows:

		Director since	Audit Committee	Compensation Committee	Term of mandate	Activities in 2012	
						Attendance Board meetings	Attendance Committees
ACCES DIRECT SA, represented by Pierre RION *	Chairman, Independent Director	2010*	Member	Chairman	May 2014	8/8	6/7
Francis BODSON	Executive Director **	1998			May 2014	8/8	
Françoise CHOMBAR	Independent Director	2012		Member	May 2015	5/5	0/0
Michel COUNSON	Managing Director, Founder	1994			May 2016	8/8	
Jean DUMBRUCH	Director ***	1999			May 2014	8/8	
Jacques GALLOY	Executive Director	2001			May 2014	8/8	
Joop JANSSEN	Executive Director	2012			May 2016	3/3	
Christian RASKIN	Independent Director	2010	Chairman	Member	May 2014	8/8	7/7
Yves TROUVEROY	Independent Director	2011	Member		May 2015	8/8	2/2

* Pierre RION was Director as a natural person between 2003 and 2010.
** Francis Bodson is no longer considered as an independent Director since the Ordinary General Meeting of May 2011, as the criteria of independence are no longer met (of which his presence for more than 12 years in the Board). He reinforced the management in 2012, while the CEO position was vacant.
*** Jean DUMBRUCH resigned on September 29, 2011 from his operational functions (buildings, insurance, some legal matters), but keeps his mandate of Director.

Francis BODSON (1947)
Director since September 25, 1998, Francis Bodson is Deputy Managing Director of BeTV (former CANAL+ Belgium) and has also been Head Engineer since Canal+ Belgium launch in 1988. He is also CIO since 2002. He was Director of Engineering at RTBF ("Radio Télévision Belge de service de la Communauté Française de Belgique") for fifteen years (1973-1988). He graduated as a Civil Engineer in electronics at the University of Liege and specialized in acoustics.

Françoise CHOMBAR (1962)
Mrs. Chombar is Managing Director and CEO of Melexis since February 2011. Previously, she was appointed as co-Managing Director and CEO from 2004 onwards and as Chief Operating Officer since 1994. From 1989 she served as Operations Manager and Director at several companies within the Elex n.v. and Xtrion n.v. private holding companies. Prior to that date, she served as Planning Manager at Elmos GmbH, a German semiconductor company, from 1986 to 1989 and as Commercial Assistant at Michel Vande Wiele n.v., a Belgian textile equipment manufacturer, from 1984 till 1985. She holds a master's degree as Interpreter in Dutch, English and Spanish from the University of Gent. She's been mentor of the Women's network Sofia since 2000, a member of Women on Board since 2011 and honorary ambassador of the Department of Applied Languages of the University of Gent since January 2012

Michel COUNSON (1960)
CTO Hardware Design of the company since it was founded in 1994, Michel COUNSON graduated from the "Institut Electronique" in Liège in 1982. He started his career as a Hardware Engineer with TECHNIQUE DIGITA L VIDEO SA in 1983 before founding his own company, VIDEO SYSTEM ENGINEERING S.P.R.L., in 1986 which used to work in partnership with EVS on numerous projects. The two companies merged in 2000. He is Manager of the Hardware Department.

Jean DUMBRUCH (1951)
Jean DUMBRUCH graduated as an Electronics Engineer and has been an active player in the company from the very beginning. He is a Director of several companies.

Jacques GALLOY (1970)
Director and CFO since 2001, Jacques GALLOY is Chief Financial Officer of EVS, and Company Secretary. He is a Commercial Engineer, started his career at PriceWaterhouseCoopers in Luxemburg, and then at RTL Group. He is at the head of EVS Corporate Department and participates actively in the group's international development. He is also Chairman of the Board of Directors of dcinex SA, and a member of the Governance Council of HEC-ULg.

Joop JANSSEN (1960)
Joop Janssen is Managing Director and CEO of EVS since September 2012. He has over 25 years of experience in the broadcast video, professional audio and telecommunications equipment industries. He recently served as Chief Executive of the Vitec Videocom division on the Executive Board of the Vitec Group Plc. During his nine years with Vitec Videocom he was the architect behind its significant profitable growth and brand expansion. Prior to that he was VP and General Manager of Phillips Broadcast (formerly BTS) North America where he was instrumental in the successful divestment to Thomson Multimedia and the subsequent acquisition of the Grass Valley Group. He has held senior and executive management positions including those at Philips Electronics Digital Networks in France and Philips Business Electronics in the Netherlands. Mr Janssen holds a Master in Electronic Engineering from the Eindhoven University of Technology (NL).

Christian RASKIN (1947)
Christian Raskin was a member of the Board of Management of Draka Holding, one of the largest cable companies in Europe. Before this, he led the fiber optics activities and the Dutch and French subsidiaries. In 1984, he cofounded Zetes Industries (now listed on Euronext Brussels). He holds a Bachelor of Economics from UCL in Belgium. He is a Director Oman Cable Industries (listed on the market of Mascate) and of two private tech companies in Belgium. He is an independent Director on the Board of EVS.

Pierre RION (1959)
Pierre Rion is co-founder of the IRIS Group, which he co-managed up to 2001. He is a qualified Electronics and Computing Civil Engineer from the University of Liège, a Business Angel, and he also sits on the boards of other Belgian companies, including dcinex, CPH Banque, Cluepoints, Pairi Daiza, Akkanto and Belrobotics. He is also Vice-President of the Agence du Commerce Extérieur. He is Compliance Officer of EVS.

Yves TROUVEROY (1961)
Yves Trouveroy is Partner at E-Capital Equity Management, the management company of the private equity funds E-Capital I (1999), E-Capital II (2007) and E-Capital III (2011) that invest in Belgian small and medium-sized companies. Before 1999, he practiced as Lawyer at De Bandt, van Hecke & Lagae and then served as executive in the International Trade & Project Finance and Corporate Investment Banking departments of Generale Bank (Fortis). He holds a law degree from the Université Catholique de Louvain and a Masters of Laws from New York University

4. DAY-TO-DAY MANAGEMENT

The Board of Directors has delegated day-to-day management to two Managing Directors and an Executive Committee.

4.1. Executive Committee

From January 1, 2012 until August 31, 2012, the Executive Committee was composed by:

- Francis BODSON, Director (as from February 1, 2012)
- Michel COUNSON, Managing Director and CTO
- Jacques GALLOY, Director and CFO
- Luc DONEUX, Head of EMEA, APAC, Events

On September 1, 2012, Joop JANSSEN joined this Executive Committee as Managing Director and CEO. Francis Bodson left the Executive Committee on January 31, 2013.

The Executive Committee coordinates the monitoring and development of the company and its affairs. Its members are in permanent contact, receive information on the group's financial situation, sales and projects, and the Committee takes operational decisions such as appointing or dismissing staff and concluding contractual agreements.

4.2. Operational management of subsidiaries

The Executive Committee delegates the necessary powers to its subsidiaries to ensure their operational functioning. The commercial and support subsidiaries are easy to control as their activities are entirely dependent on EVS Broadcast Equipment SA, based in Liège (Belgium): delivery of promotional materials, presence at trade fairs, supply of machines or exchange parts, and accounts. Some members of the EVS Board of Directors and, where appropriate, the local managers make up the management bodies of these commercial subsidiaries. The subsidiaries are spread over geographical regions (America, Europe/Africa/Middle East, Asia/ Pacific). Each region is coordinated in 2012 by a Head of region. This type of organization enables very efficient distribution of information at the group level as well as rapid decision making. The group's commercial policy is coordinated by the parent company, and each region has operational autonomy which allows creating an optimal contact with the market.

dcinex SA, in which EVS holds 41.3%, is totally autonomous as far as R&D, production, sales and marketing and administration are concerned. Serge PLASCH is the CEO and Managing Director of dcinex, with the help of an experienced Executive Committee. With a diluted shareholding of 30.3% (as of December 31, 2012), EVS remains the most important shareholder, next SRIW (20.3%) and GIMV (20.2%). EVS remains therefore strongly involved in the strategic choices, has a significant influence on dcinex, but does not control the company.

5. CONTROL OF THE COMPANY

5.1. Internal control and risk management systems

The management strives to provide the level of risk control that is as adequate as possible. The various risks are identified in this financial annual report. The most important characteristics of internal controls and risk management systems are:

- The assessment, with the auditor, of his audit reports and, if necessary, the request of additional information and clarifications, and the set-up of actions;
- The ongoing monitoring of activities, operating results and financial risks of the company (including the financial position of the company, the exchange rate risks), including within the various subsidiaries of the group;
- Monitoring the price of components and of relationships with suppliers;
- Managing the information systems;
- Monitoring of rules for the prevention of market abuse, compliance with these rules and any violations;
- The monitoring of potential litigation, and possible financial implications thereof;
- Establishing systems for monitoring changes in regulations and laws;
- The process for the preparation of the consolidated accounts is centralized at the group's financial function level. All information necessary for this process come from widely used software in the market. Control procedures are in place to ensure that it is thoroughly mastered.

5.2. External audit

The audit of the statutory and consolidated accounts of EVS Broadcast Equipment SA is carried out by BDO (B-00023), represented by Felix FANK (A-01438), Belgian Réviseur d'Entreprise. The mandate of the Auditor has been renewed for three years at the Ordinary General Meeting of May 2010), and will end at the Ordinary General Meeting of May 2013.

In 2012, the compensation received by the Statutory Auditor, BDO (B-00023), represented by Felix FANK and by its associates, amounted to EUR 142,102 in aggregate for its duties as Auditor (EUR 72,360) and also for other duties (EUR 69,742).

6. SHAREHOLDING (AS OF DECEMBER 31, 2012)

The situation as it appears from the last official ownership statements received by the company and the situation of treasury shares as of December 31, 2012 is as follows:

Shareholder	Number of shares	% statutory basic(1)	% statutory diluted(2)
Michel Counson	879,906	6.5%	6.3%
Treasury shares EVS	170,053	1.3%	1.2%
BNP Paribas Investment Management (F)	578,353	4.2%	4.1%
Fidelity (FIL Ltd.) (UK)	404,500	3.0%	2.9%
Ameriprise Financials Inc. (US)	417,065	3.1%	3.0%
Undeclared	11,175,123	82.0%	79.5%
Total	**13,625,000**	**100.0%**	
Total excl. Treasury shares	**13,454,947**		
Outstanding warrants as of Dec. 31	440,900		3.1%
Total diluted	14,065,900		100.0%
Total duiluted, excl. treasury shares	13,895,847		

(1) As % of the number of subscribed shares, including the treasury shares.
(2) As % of the number of subscribed shares, including the outstanding warrants and the treasury shares.

The capital of EVS is currently represented by 13,625,000 shares. On December 31, 2012, EVS had 170,053 own shares. According to Euroclear and the EVS Shareholders Register, there were 904,217 registered shares of which 855,528 are owned by Michel Counson (who also own 24,378 bearer shares), 8,090 by EVS, 40,472 by the EVS employees under the profit sharing scheme and the remaining balance by 8 private shareholders. In the EVS accounts at Euroclear, there were 12,720,783 bearer shares, of which 4,066 materialized shares, including with the PRIOS system (Printing On Demand Services). These shares still have to be converted with Delta Lloyd Bank after the stock split by 5 in 2005. As of December 31, 2012, 99.97% of EVS shares had been dematerialized.

Shareholders must declare their ownership in EVS shares as soon as their shareholding passes over/under the 3% threshold (required by the company Statutes) and any multiple of 5% thresholds (required under Belgian law). The shareholding percentage must be computed on both the basic number of outstanding shares (i.e. 13,625,000 shares at the end of 2012).

7. GENERAL MEETINGS

Each year, EVS holds its Ordinary General Meeting on the third Tuesday of May. In 2012, it was held at the company's headquarters on May 15. Overall, 94 shareholders were present or represented, representing 3,187,000 shares, or 23.4% of the share capital of EVS. The 6 resolutions were approved at an average rate of 94.0% votes in favor (unanimity for five resolutions and 64.2% for the sixth one).

For any proposal to amend the articles of associations, the company must invite its shareholders to attend an Extraordinary General Meeting. This assembly can validly cast only if 50% of shares are present or represented. If this is not the case, a second Extraordinary General Meeting shall be convened and will be able to vote, regardless of the percentage of shares present or represented. Decisions will be made to the majorities prescribed by law.

An Extraordinary General Meeting was duly held in August 2012, in relation with the appointment of Joop Janssen as Managing Director and CEO. He was appointed as Director (94.1% of the votes), his variable compensation was approved (74.0%), but the issuance of 30,000 warrants was rejected (72.8% of the votes, while the required majority was 75%).

In order to encourage the interactions between the company and its final shareholders, but also in order to better know them (and serve them), EVS requires, according to the article 24 of its articles of association, the proxies for a general meeting to be signed by the final effective beneficial owner. Hence, proxies signed by a custodian or sub-custodian must be accompanied by another proxy, duly signed by the final effective beneficial owner, allowing him to exercise its rights.

In the interest of good corporate governance, this provision is strictly applied and results, at every general meeting, in refusals of invalid proxies, notably from custodians.

8. DIVIDENDS AND PROFIT ALLOCATION POLICY

The Board of Directors examines the results of the previous financial year and proposes at its Ordinary General Meeting that these profits be distributed in the best interest of the company and its shareholders. Bearing in mind the legal restrictions on profit distribution, the Board of Directors can propose a dividend policy that takes into consideration the company's investment and acquisition requirements. In the IPO prospectus of October 1998, EVS announced a dividend payout of around 30% of consolidated net profit from operations. The healthy financial structure has allowed EVS to meet and even to exceed its commitment while maintaining its self-financed organic growth. The pay-out ratio has evolved between 60 and 80% since 2004, and even reached 126% in 2009. The company initiated in 2006 the payment in November of an interim dividend. The average payout ratio since 2004 is 85%. The company aims at paying a stable or increasing dividend, with a maximum payout ratio of 100%.

Dividends are payable at the following financial institution:
ING BANK SA ("Single ESES Paying Agent Euroclear")
Avenue Marnix 24, 1000 Brussels, Belgium

9. RESPECT OF THE BELGIAN CODE ON CORPORATE GOVERNANCE

EVS has adopted the Belgian Code on Corporate Governance (2009) as reference code. In line with the "comply-or-explain" principle of the code, the Company concluded that the best interests of the Company and its shareholders are served by variance from the Code in a limited number of specific cases. These variances are explained below:

- A Director mandate cannot exceed 4 years (item 4.6 of 2009 Code): this is the case for all Directors, with an exception of the Managing Director and co-founder, Michel Counson, for whom the mandate is 6 years. The Board believes that this is justified to ensure the sustainability of the company, given its size and its shareholding structure.
- An independent internal audit function is put in place (item 5.2./17 of 2009 Code): the internal audit function is fulfilled by the existing team within the finance department and the actions of the audit committee. The Board took this decision in view of the size of EVS, the risks and the existing control systems in the company.
- The Audit Committee meets four times a year (item 5.2/28 of 2009 Code): in 2012, the Audit Committee met two times, for the review of the annual and half year results, each time in presence of the external auditors of the company. The nature of the activity and the associated risks did not require more meetings, and the financial matters are also widely handled during the Board of Directors meetings.

REMUNERATION REPORT

1. THE DIRECTORS

1.1. Remuneration policy

Non-executive Directors receive an annual fixed amount, eventually on a pro rata basis. The non-executive Directors receive, as remuneration for the execution of their mandate, a fixed amount for each Board and special committee meeting attended. The Chairman, if he is non executive, receives a higher fixed amount per meeting than the other members.

The Company and its subsidiaries do not provide any personal loans, guarantees and such to the members of the Board of Directors or the Executive Team. If Directors are charged with special tasks or projects, they are entitled to receive an appropriate remuneration for those activities, which is the case for the executive Directors.

The policy and the remuneration of the Directors are approved by the Ordinary General Meeting.

For the two years to come, the remuneration policy will be applied coherently with the one followed until now. It will eventually take into account the professionalization of the governance of the company.

1.2. Remuneration in 2012

Since the Ordinary General Meeting of May 2010, the remuneration is fixed as follows:

- Remuneration of the mandate as Director for a fixed annual amount of EUR 4,000.
- EUR 750 (resp. EUR 1,000) per attendance to a Board meeting for each non-executive Director (resp. the non-executive Chairman of the Board)
- EUR 750 (resp. EUR 1,000) per attendance to a committee meeting (audit or Compensation) for each non-executive Director (resp. the non-executive Chairman of the Board)

No termination compensation is provided for non-executive Directors at the end of their mandate. Non-executive directors do not receive any shares, warrants or stock options.

In 2012, Directors received the following compensation for the execution of their mandate:

		Fixed amount	Variable amount linked to attended meetings		TOTAL 2012
		Board of Directors	Board of Directors	Special Committee	
Non executives					
ACCES DIRECT SA, represented by Pierre RION	Chairman, Independent Director	4,000	9,000	5,750	18,750
Françoise CHOMBAR (1)	Independent Director	2,667	4,500	-	7,167
Jean DUMBRUCH (2)	Director	4,000	6,750	-	10,750
Jean-Pierre PIRONNET (3)	Director	1,333	-	-	1,333
Christian RASKIN	Independent Director	4,000	6,750	5,750	16,500
Yves TROUVEROY	Independent Director	4,000	6,750	1,500	12,250
Executives					
Francis BODSON (4)	Executive Director	4,000	-	-	4,000
Michel COUNSON	Managing Director, founder	4,000	-	-	4,000
Jacques GALLOY	Executive Director	4,000	-	-	4,000
Joop JANSSEN (5)	Managing Director	1,333	-	-	1,333

(1) Françoise Chombar was appointed as a Director at the Ordinary General Meeting of May 2012.
(2) Jean Dumbruch resigned from his executive functions on September 29, 2011, and received variable amounts per meeting after that date.
(3) The mandate of Jean-Pierre Pironnet arrived at his term at the Ordinary General Meeting of May 2012.
(4) In the absence of a CEO at the beginning of 2012, Francis Bodson reinforced the Executive Committee from January 1, 2012 until December 31, 2012.
(5) Joop Janssen was appointed as Managing Director at the EGM of August 31, 2012. He joined the Executive Committee on September 1, 2012.

As of December 32, 2012 based on the last statements received by the company and the latest modification of the shareholders' register, the members of the Board of Directors held, directly or indirectly, 879,906 shares of a total of 13,625,000, or 6.5% of the capital. Executive Directors hold 25,000 warrants with an average strike price of EUR 38,66 and are exercisable as from February 2014.

2. THE CEO AND THE OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT

2.1. Remuneration policy

2.1.1. Fixed and variable remuneration

The remuneration policy aims to attract, maintain and motivate competent and professional employees. For this reason, the amount of the remuneration is determined as a function of the individual tasks and responsibilities. The Compensation Committee assesses annually the total remuneration. It is also compared to external references, either through studies or through external counsels.

The contribution made by the members of the executive management to the development of the activities and the results of the group are a substantial part of the remuneration policy.

In order to align the interests of the members of the executive management with the interests of the company and its shareholders, a part of the remuneration is linked to the results of the Company and another part to individual performance.

The results of the company are based on sales and operational result of the past financial year. These criteria, as proposed by the Compensation Committee, are evaluated by the Board of Directors annually and adapted when necessary.

The individual performance is based on a clearly defined evaluation system based on the achievement of specific measurable objectives, the realization of important key figures and the respect of core values which are important to the Company. All goals should be in line with the group strategy, the key values and the guidelines. The individual goals are determined annually during individual appraisals at the beginning of the financial year. There is no provision of Formal right of recovery of the variable compensation awarded on the basis of erroneous financial information, for the benefit of the company. The evaluation period is the last fiscal year, and the payment is made the latest at the end of the first quarter of the next year.

The potential contributions for pensions and insurances are linked to the fixed remuneration.

As remuneration for his services, the CEO receives:

- a fixed remuneration,
- eventually a variable remuneration or bonus according to the criteria mentioned above, and,
- certain fringe benefits and the future grant of 25,000 warrants.

For the CEO, Extraordinary General Meeting of August 31, 2012 approved the deviation from above mentioned stipulation of article 520ter paragraph 2 of the Belgian Code of Companies and not spread the payment of the variable remuneration over time, but to fix this one based on the development of the operational margin in that specific year. The variable compensation of the CEO has been defined in the invitation to the Extraordinary General Meeting of August 2012 and is exclusively linked to the achievement by EVS of the EBIT target set by the Board of Directors. If the EBIT achieved is less than 80% of the target, no variable remuneration will be paid. If it reaches 80%, variable fee is 100% of fixed compensation. If it reaches 100%, variable remuneration is 125% of the fixed compensation. If it is above 125%, the variable remuneration is 235% of fixed compensation. Between these thresholds (80%, 100% and 125%), variable fees are calculated in linear proportion.

Most of the members of the executive management also have a company car at their disposal and some of them are covered by a group insurance plan.

For the coming years, the remuneration policy will be consistent with the one followed until now. It will tend to a harmonization of the variable incentive schemes to include EBIT and working capital targets and progress on the multi-year strategic growth plan approved by the Board. It will eventually take into account the professionalization of the governance of the company.

2.1.2. Other elements of the remuneration

Every two years during major summer sporting events, there is a grant of warrants for some members of the staff. A rigorous process supervised by the Remuneration Committee manages the grant, promotes loyalty, ensuring balance and fair distribution. The last grant was in July 2012. 185,300 warrants were granted to approximately 180 staff with an average of 1,025 warrants per person.

The warrants and options are granted at no-cost and are not linked to the performances of the Company, but to the level of responsibility and the added value of the people. Very rarely, warrants or options are granted, on an individual basis, for exceptional reasons exposed to the Board of Directors, who approves them.

They can only be exercised from the third calendar year following the offering of these options or warrants. The warrants are granted according to the provisions identified in the law of 26 March 1999 concerning the Belgian action plan for job opportunities 1998. The exercise of warrants could result in the subscription of new shares in the event of a capital increase unless the Board of Directors decides to distribute shares that were purchased by the Company (warrants qualified as “sui generis”).

Severance pay
In the case that severance pay amounts to more than 12 months of the fixed and variable remuneration (or more than 18 months based on a motivated decision by the Compensation Committee), the allotment of this remuneration will be presented for approval to the General Meeting. The severance pay of Joop Janssen is 12 months, while the severance pay of Gallocam SPRL, represented by Jacques Galloy, is equal to 18 months and is motivated by the Compensation Committee. For the other members of the executive management, no special severance pay conditions have been agreed. In the case of any potential severance, the remuneration will be determined based on applicable current employment laws and practice.

2.2. Compensation received in 2012

2.2.1. CEO

Joop Janssen, CEO, was appointed by the EGM of august 31, 2012. Hence, he was there four months in fiscal year 2012. He received a fixed compensation of EUR 80,000, a variable compensation of EUR 250,000 paid in early 2013, contributions for pension plan of EUR 13,020. His other advantages amounted to EUR 8,783 in 2012. As of December 31, 2012, the General Meeting had not yet granted the 25,000 warrants that are foreseen in his contract (to be granted between September 1, 2013 and August 31, 2016).

2.2.2. Other members of the executive management

For fiscal year 2012, the other members of the executive management were Michel Counson, Managing Director and CTO Hardware, Gallocam SPRL, represented by Jacques Galloy, CFO, Luc Doneux, Head of APAC, EMEA and Events and Francis Bodson, Director having reinforced the Executive Committee (from February 1, 2012 until January 31, 2013) in the expectation of the new CEO. They received, in 2012, a pro rata fixed global compensation of EUR 677,407, a global variable compensation of EUR 833,350 (paid in cash based on targets, without any “multi-year” payment), a contribution for pension of EUR 30,037 (see more details on the plan in note 6.4) and other benefits for EUR 56,398 (including company car, expatriation expense, telephony, and EUR 12,000 for the mandates as directors, as described here above).

Stock options are awarded to the other members of the executive management after the Board of Directors’ approval upon the recommendation of the Compensation Committee. In 2012, under the company global bi-annual grant, 12,000 warrants were granted to the other members of the executive management: 6,000 for Luc Doneux and 6,000 for Gallocam SPRL (Jacques Galloy), with an exercice price of EUR 37.11. The number of remaining warrants for the other members of the executive management amounts to 43,000. This number includes 25,000 warrants held by executive Directors. 3,000 warrants were canceled in 2012. These 43,000 warrants were granted between 2006 and 2012 at an average exercise price of EUR 39.17, and they are partially exercisable currently.

3. CONFLICT OF INTEREST PROCEDURES

During the year under review, there was no conflict of interest according to the specific procedure provided for under Articles 523 and 524 of Company Law.

RISKS AND UNCERTAINTIES

Investing in the stock of EVS Broadcast Equipment (“EVS”) involves risks. As requested by the EU Regulations and the Belgian law (Company Code and Royal Decree of 14 November 2007), you and any investor should carefully consider the following risk factors and all other information contained in this annual report before purchasing our common stock. If any of the following risks occurs, our business, financial condition or results of operations could be seriously harmed. In that case, the trading price of our common stock could decline, and you may lose some or all of your investment.

We distinguish primary and secondary risks.

1. PRIMARY RISKS:

- We face competition and if we are unable to compete effectively, we may experience decreased sales or pricing pressure, which would negatively impact our future operating results.
- We derive a substantial majority of our revenues from customers in the broadcast industry that use our products for both production and transmission of television content. If we fail to generate continued revenues from this market or if there is a downturn in this market, our revenues could decline.
- We depend on sales of our XT and XS video server products. If market demand for these products does not continue, our future operating results could be harmed.
- Our business may be harmed if our contract manufacturers are not able to provide us with adequate supplies of our products.
- If we experience delays, shortages or quality issues from our component suppliers, our product sales could suffer.
- The average selling price of our products may decrease, which could negatively impact our operating results.
- Our end users require a high degree of product reliability. If we are unable to provide high quality products, our relationships with end users could be harmed.
- If we fail to develop and introduce new products or enhancements to existing products in a timely manner, or if we fail to manage product transitions, we could experience decreased revenues in the future.
- If we fail to respond to technological changes and evolving industry standards, our products could become obsolete or less competitive in the future.
- If our products do not interoperate with other systems, installations could be delayed or cancelled.
- Our products are highly complex and may contain undetected software or hardware errors, which could harm our reputation and future product sales.
- If we fail to manage our growth effectively, our business could be harmed.

2. SECONDARY RISKS :

- We may not be able to continue to maintain or increase our profitability and our recent growth rates may not be indicative of our future growth.
- Our quarterly operating results have fluctuated in the past and may continue to fluctuate in the future, which could cause our stock price to decline.
- We have significant international operations and derive most of our revenues from international customers, which exposes us to significant risks, including risks relating to currency fluctuations.
- Our future financial performance depends on growth in the markets for video servers and digital tapeless solutions. If these markets do not continue to grow at the rate that we forecast, our operating results would be materially and adversely impacted.
- Our sales cycle can be lengthy and unpredictable, which may make it difficult to predict sales in any particular quarter.
- Our future success depends on our ability to attract and retain key personnel, and our failure to do so could harm our ability to grow our business.
- Our use of open source software and other third-party technology and intellectual property could impose limitations on our ability to market our products.
- Failure to protect our intellectual property could substantially harm our business.
- If a third party asserts that we are infringing its intellectual property, whether successful or not, it could subject us to costly and time-consuming litigation or expensive licenses, which could harm our business.
- We are subject to governmental export controls that could subject us to liability or adversely affect our ability to sell our products in international markets.
- We are subject to environmental and other health and safety regulations that may increase our costs of operations or limit our activities.
- We may expand through acquisitions of, or investments in, other companies, each of which may divert our management's attention, result in additional dilution to stockholders or use resources that are necessary to operate other parts of our business.

- The issuance of new accounting standards or future interpretations of existing accounting standards could adversely affect our operating results.
- Maintaining and improving our financial controls and the requirements of being a public company may strain our resources and, divert management's attention or affect our ability to attract and retain qualified board members.
- We or one of our affiliate might require additional capital to support business operations, and this capital might not be available on acceptable terms, or at all.

The Board of Directors
Liège, April 17, 2013

CERTIFICATION OF RESPONSIBLE PERSONS

Joop Janssen, Managing Director and CEO
and Jacques Galloy, Director and CFO

certify that, based on their knowledge,

a) the annual financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, fairly present in all material respects the financial condition and results of operations of the issuer and the companies included in the consolidation;

b) the Directors' report fairly presents the evolution of the business, the results and the situation of the issuer and the companies included in the consolidation, as well as a description of the main risks and uncertainties.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Note	2012 audited	2011 audited
Revenue	3	137,895	106,898
Costs of sales		-31,270	-23,080
Gross margin		**106,625**	**83,818**
Gross margin %		**77.3%**	**78.4%**
Selling and administrative expenses		-20,214	-19,585
Research and development expenses	13	-22,292	-18,494
Other revenue		470	543
Other expenses		-337	-373
Stock based compensation and ESOP plan	6.3	-1,062	-958
Amortization and impairment on goodwill, acquired technology and IP	11	-580	-855
EBIT before repositioning costs		**62,610**	**44,096**
EBIT % before repositioning costs		**45.4%**	**41.3%**
Repositioning costs		-1,405	-
Operating profit (EBIT)		**61,205**	**44,096**
Operating margin - (EBIT) %		**44.4%**	**41.3%**
Interest revenue on loans and deposits	6.1	149	295
Interest charges	6.1	-267	-267
Other net financial incomes/(charges)	6.1	-1,534	-142
Share in the result of the enterprise accounted for using the equity method	5	540	2.369
Profit before taxes (PBT)		**60,093**	**46,350**
Income taxes	7	-18,350	-14,282
Net profit from continuing operations		**41,743**	**32,068**
Net profit		**41,743**	**32,068**
Attributable to:			
Minority interests		-	-
Equity holders of the parent company		**41,743**	**32,068**
Net profit from operations, excl. dcinex - share of the group [(1)]	**6.2**	**44,567**	**31,663**

EARNINGS PER SHARE *(in number of shares and in EUR)*	**8**	**2012 audited**	**2011 audited**
Weighted average number of subscribed shares for the period less treasury shares		13,449,081	13,465,244
Weighted average fully diluted number of shares [(2)]		13,813,198	13,755,205
Basic earnings - share of the group		**3.10**	**2.38**
Fully diluted earnings - share of the group [(2)]		**3.02**	**2.33**
Basic net profit from operations, excl. dcinex - share of the group		**3.31**	**2.35**

STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	2012 audited	2011 audited
Net profit	**41,743**	**32,068**
Other comprehensive income of the period		
Currency translation differences	-46	79
Other increase (+)/decrease (-)	609	-619
Total comprehensive income of the period	**42,306**	**31,528**
Attributable to:		
Minority interests	-	-
Equity holders of the parent company	**42,306**	**31,528**

(1) The net profit from operations, excl. dcinex, is the net profit (share of the group) excluding non operating items (net of tax) and the dcinex contribution. Please also refer to note 6.2 on use of non-GAAP financial measures.

(2) Excluding 58,050 warrants that were out of money at the end of December 2012, fully diluted earnings per share in FY12 would have been 3.03.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

ASSETS (EUR thousands)	**Note**	**Dec. 31, 2012 audited**	**Dec. 31, 2011 audited**
Non-current assets :			
Goodwill	10	610	610
Acquired technology and IP	11	479	1,059
Other intangible assets	11	534	328
Lands and buildings	12	19,261	11,899
Other tangible assets	12	1,846	2,056
Investment accounted for using equity method	5	7,717	7,784
Subordinated loans	14.1	830	830
Other financial assets	14.2	178	338
Total non-current assets		**31,455**	**24,903**
Current assets :			
Inventories	15	15,868	14,657
Trade receivables	16	21,101	23,994
Other amounts receivable, deferred charges and accrued income		5,111	2,983
Cash and cash equivalents	17	21,426	19,932
Total current assets		**63,507**	**61,565**
Total assets		**94,962**	**86,468**

EQUITY AND LIABILITIES (EUR thousands)	**Note**	**Dec. 31, 2012 audited**	**Dec. 31, 2011 audited**
Equity :			
Capital	**18.1**	**8,342**	**8,342**
Reserves	18.6	80,861	69,704
Interim dividends	9, 18.6	-15,606	-15,592
Treasury shares	18.6	-6,412	-6,915
Total consolidated reserves		**58,843**	**47,197**
Translation differences	18.7	81	127
Equity attributable to equity holders of the parent company		**67,266**	**55,666**
Minority interests		**8**	**8**
Total equity		**67,274**	**55,674**
Long term provisions	20	2,035	1,050
Deferred taxes liabilities	7.3	1,036	1,083
Financial long term debts	19	541	875
Non-current liabilities		**3,612**	**3,008**
Short term portion of long term financial debts	19	291	291
Trade payables	21	6,626	5,499
Amounts payable regarding remuneration and social security		8,899	7,501
Income tax payable		1,367	6,139
Other amounts payable, advances received accrued charges and deferred income	21	6,893	8,357
Current liabilities		**24,076**	**27,787**
Total equity and liabilities		**94,962**	**86,468**

CONSOLIDATED STATEMENT OF CASH FLOW

(EUR thousands)	Note	2012 Audited	2011 Audited
Cash flows from operating activities			
Operating profit (EBIT)		61,205	44,096
Adjustment for non cash items :			
- Depreciation and write-offs on fixed assets		3,381	3,367
- Foreign exchange result	6.1	-1,307	-16
- Stock based compensation and ESOP		1,062	958
- Provisions and deferred taxes increase (+)/decrease (-)		938	-38
		65,278	**48,367**
Increase (+)/decrease (-) of cash flows			
- Amounts receivable	16	2,893	-5,611
- Inventories		-1,211	-2,237
- Trade debts		1,128	2,167
- Remuneration, social security debts and taxes		-3,374	2,372
- Other items of the working capital		-3,826	2,541
Cash generated from operations		*60,888*	*47,599*
Interest received		149	295
Income taxes		-18,350	-14,282
Net cash from operating activities		**42,687**	**33,612**
Cash flows from financing activities			
Purchase (-)/disposal (+) of intangible assets		-526	-516
Purchase (-)/disposal (+) of property, plant and equipment	12	-9,633	-3,092
Purchase (-)/disposal (+) of other financial assets		184	78
Net cash used in investing activities		**-9,975**	**-3,530**
Cash flows from financing activities			
Operations with treasury shares		502	-1,662
Other net equity variations		611	-345
Interest paid		-267	-267
Movements on long-term borrowings		-334	-304
Interim dividend paid		-15,600	-15,592
Final dividend paid		-16,130	-19,927
Net cash used in financing activities		**-31,218**	**-38,097**
Net increase (+)/decrease (-) in cash and cash equivalents		**1,494**	**-8,015**
Cash and cash equivalents at beginning of period		**19,932**	**27,946**
Cash and cash equivalents at end of period		**21,426**	**19,932**

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 interests	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		31,449		78	31,527	2	31,529
Share-based payment		521			521		521
Operations with treasury shares			-1,662		-1,662		-1,662
Final dividend		-19,927			-19,927		-19,927
Interim dividend		-15,592			-15,592		-15,592
Balance as per December 31, 2011	**8,342**	**54,112**	**-6,915**	**127**	**55,666**	**8**	**55,674**

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interests	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		42,352		-46	42,306		42,306
Share-based payment		528			528		528
Operations with treasury shares			502		502		502
Final dividend		-16,130			-16,130		-16,130
Interim dividend		-15,606			-15,606		-15,606
Balance as per December 31, 2012	**8,342**	**65,255**	**-6,413**	**81**	**67,266**	**8**	**67,274**

NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

1.1. Identification

EVS Broadcast Equipment SA
Liege Science Park
Rue Bois Saint-Jean, 16
B-4102 Seraing
VAT: BE 0452.080.178
National Registered Number: BE0452.080.178
www.evs.com

EVS Broadcast Equipment SA was incorporated for an unlimited period on February 17, 1994 in the form of a public limited company governed by Belgian law. EVS Broadcast Equipment SA is a company whose shares are publicly traded. It has its head office in Belgium.

The consolidated financial statements of EVS Broadcast Equipment SA as at December 31, 2012 were established by the Board of Directors of April 17, 2013. The Board of Directors is authorized to amend the consolidated financial statements up until the Annual General Meeting of Shareholders, scheduled to be held on May 21, 2013.

The financial year starts on January 1 and ends on December 31 of each year. The consolidated financial statements are reported in euros (EUR).

1.2. Public information

The company's financial statements are filed with the "Banque Nationale de Belgique". Corporate by-laws and special reports required by the "Code des Sociétés" can be obtained from the Commercial Court Registry in Liège and from the Belgian Official Bulletin "Moniteur Belge" and its related website ("http://www.ejustice.just.fgov.be/tsv/tsvf.htm"). These documents, as well as annual statements and any written information to shareholders, are also available at the company's registered office. Financial information is available on the Internet at www.evs.com.

1.3. Object of the company

The object of the company is the "development, marketing and exploitation of audiovisual equipment as well as, more generally, any operations of a general, commercial, industrial, financial, fixed or movable property nature, in Belgium or elsewhere, directly or indirectly relating to the processing of pictures and sound, in whatever possible form. The company may have interests in any manner in any kind of businesses, firms or companies with identical, analogous, similar or connected aims or which could further the development of its activities, supply it with raw materials or facilitate outlets for the company's services".

2. SUMMARY OF THE IFRS SIGNIFICANT ACCOUNTING PRINCIPLES

2.1. Basis of presentation of the financial statements

The consolidated accounts of the group have been prepared on an historical cost basis, except for the share based payments and derivative financial instruments, which are measured at their fair value. The consolidated accounts are presented in euros (EUR) and all the values are rounded figures to the nearest thousand unless otherwise indicated.

2.2. Statement of compliance

The consolidated accounts of EVS Broadcast Equipment SA and of its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

2.3. Provision adopted during the transition to IFRS in 2005

The company used the possibility offered by IFRS 1 which consists of:

- not applying IFRS 2 for transactions settled in equity instruments allocated before 7 November 2002 and not tested before this transition date;
- not applying IFRS 3 to business combinations that occurred before the transition date.

2.4. New norms, interpretations and amendments

The group applied, during this financial year, all standards and Interpretations, new or revised, issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of the IASB, relevant to its activities and applicable to the financial year starting on January 1, 2012. The group has not applied anticipatively any new standard or interpretation with a date of entry into force subsequent to December 31, 2012.

The following norms, interpretations and amendments, issued by IASB and IFRIC; entered into force as from the 2012 fiscal year: IAS 12, IFRS 1. Their adoption did not result in any major change of the accounting principles as applied within the group.

The group has elected not to anticipatively apply the following Standards, Interpretations and Amendments, issued but not yet entered into force on December 31, 2012: IAS 1, IAS 16, IAS 19, IAS 27, IAS 28, IAS 32, IAS 34, IFRS 1, IFRS 7, IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IFRIC 20. No significant impact is expected on future financial statements of the group from other new Standards, Interpretations and Amendments, effective after January 1, 2012, and that have not been applied retroactively to December 31, 2012.

2.5. Summary of changes in accounting policies

The accounting rules and methods used are similar to those used during the previous fiscal year.

2.6. Consolidation principles

The consolidated financial statements include the financial statements of EVS Broadcast Equipment SA and of its subsidiaries prepared as at December 31 of each year. The financial statements of the subsidiaries are prepared on the same date and in accordance with identical accounting principles. All the intra-group balances, intra-group transactions as well as the income, the expenses and the latent results included in the carrying amount of assets, generated by internal transactions, are eliminated in full.

2.7. Subsidiaries

The subsidiaries are companies in which EVS, either directly or indirectly, holds over 50% of the voting rights or in which it holds the power, either directly or indirectly, to control the financial and operational policy, with the aim of obtaining benefits from its activities.
The subsidiaries are consolidated as from the acquisition date, which corresponds to the date on which the group took over control and up until such date as the exercise of this control ceases.
All companies over which control is exercised directly or indirectly are fully consolidated.
When a change occurs in the controlling power within a subsidiary, the consolidated accounts integrate the profit and loss up to the date which EVS Broadcast Equipment SA loses the control.

2.8. Interests in joint ventures and in associates

Joint ventures (in accordance with the alternative processing of IAS 31) as well as associates are recognized according to the equity accounting method.
These investments are carried in the balance sheet at the lowest value between that obtained by the equity method and the recoverable value. The group's share in the profit and loss of the joint ventures and of the associates is entered into the profit and loss account.
The financial statements of the joint ventures and of the associates are used by the group in order to apply the equity accounting method.
The financial statements of the joint ventures and of the associates are prepared on the same reporting date as the parent company, on the basis of similar accounting principles.

2.9. Summary of significant decisions and estimates

2.9.1. Decisions

To prepare financial statements in accordance with the group's accounting methods, management has made assumptions, in addition to those that call for recourse to estimates, some of which have a significant effect on the amounts recognized in the financial statements:

Research and Development costs: the group has considered that it cannot make a clear distinction between the research phase and the development phase of a project developed internally. The group has also considered that the costs incurred consisted of a routine process that does not generate any major innovation but scalable technologies. Moreover, the group sells products in a market that is subject to rapid technological change, new product development and changing customer needs. Accordingly, the group has concluded that it cannot determine technological feasibility until the development stage of the product is nearly complete. For these reasons, R&D is expensed, not capitalized.

2.9.2. Recourse to estimates

In order to prepare the financial statements in accordance with the IFRS standards, it is up to management to establish a certain number of estimates and assumptions in order to determine the amounts reported in the financial statements and their notes. The estimates carried out on each reporting date reflect the conditions in force on these dates (for example: market price, interest rates and exchange rates).
Although these estimates are based on the best knowledge of management of the existing events and of the actions that the group could undertake, the real results may differ from these estimates.

2.10. Foreign currency translation

Each entity of the group determines its own functional currency and the elements included in the financial statements of each of the entities are measured by using this functional currency.
The functional currency of EVS Broadcast Equipment SA as well as all of the subsidiaries is the euro, except for the EVS Inc. subsidiary, whose functional currency is the US dollar.
The presentation currency of the financial statements of EVS Broadcast Equipment SA is the euro.

2.10.1. Financial statements of foreign companies

For all the subsidiaries, except for EVS Inc., transactions in foreign currencies are initially recorded in the functional currency at the exchange rate in force on the transaction date. On the reporting date, the monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate in force on the reporting date. The non-monetary items in foreign currency that are measured at the historical cost are converted at the exchange rates in force on the initial transaction dates. All the exchange differences are recognized in consolidated income statement.
For the EVS Inc. subsidiary that operates in USD, on the reporting date, the assets and liabilities are converted into the functional currency of the group (EUR) at the exchange rate in force on the reporting date, their equity is converted at historical exchange rate and their income statement is converted at the average exchange rate of the period. Any exchange differences resulting from this conversion are recognized directly under a different heading of the shareholders' equity.

2.10.2. Transactions in foreign currencies

The transactions in foreign currencies are recognized at the exchange rate in force on the transaction date. The monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force on the reporting date. The exchange gains or losses resulting from monetary transactions and the conversion of monetary assets or liabilities are recognized in the income statement.
The non-monetary assets and liabilities are converted at the exchange rate of the foreign currency in force on the transaction date.

2.11. Intangible assets

Intangible assets acquired other than goodwill are recognized at cost.
Intangible assets with a finite useful life are depreciated on a straight-line basis over the duration of their economic utility (3 years for software, between 3 and 5 years for the other intangible assets) and reviewed for impairment testing each time there is a sign of impairment in the intangible asset.
The depreciation duration and method are reviewed every year. The carrying amounts of the intangible assets are reviewed for impairment when events or changes indicate that the carrying amount may not be recoverable.

2.12. Goodwill

Goodwill is the difference between the cost of an acquisition and the share of the acquirer's interest in the net fair value of the identifiable assets, certain liabilities and eventual liabilities. The goodwill is not depreciated but must be reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, in accordance with IAS 36.
If the share held by the company in the net fair value of the identifiable assets, liabilities and eventual debts of the acquired company exceeds the cost of the combination, the surplus is immediately recognized in the profit and loss account.

2.13. Tangible assets

Land and buildings held for use in the production or supply of goods or services, or for sale and administration purposes, are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation, less any accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. The company reevaluates its lands and buildings every three years.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to accumulated profits.

The other tangible assets are recognized in the balance sheet at cost price, less accumulated depreciations and impairment losses.

The depreciation is calculated on straight-line basis over the estimated useful life of the asset. The useful life is examined on an annual basis.

The estimated useful lives of the tangible assets are as follows:

- Buildings: between 10 and 30 years
- Vehicles: between 3 and 5 years
- IT equipment: between 3 and 4 years
- Office furniture and equipment: between 3 and 10 years
- Plant and equipment: between 3 and 10 years
- Other tangible assets: between 3 and 4 years

The depreciation is calculated from such time as the asset is available for use. The carrying amounts of the tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If anything points to such a situation, and if the carrying amounts exceed the estimated recoverable value, the assets or the cash generating units are depreciated to be brought back to their recoverable value. Impairment losses are recognized in the profit and loss account.

A tangible asset is no longer recognized in the accounts from such time as it is sold or no future economic benefit is expected from the asset. Any gain or loss generated at the time of the sale (calculated as the difference between the sale price and the net carrying amount of the element) is recognized in the course of the period during which it was sold.

2.14. Stocks

Inventories are valued at the lower of cost and net realizable value.
Costs incurred in bringing stocks to the right place in the appropriate conditions are recognized as follows for both the current and previous year:

- the cost of the raw materials is determined using the weighted average price method;
- the cost of the finished goods and work-in-progress is the full cost, which covers all the direct costs (materials and labor) and a portion of the indirect production costs necessary to take the stock to completion on the reporting date, excluding the borrowing costs.

The net realizable value is the estimated sale price at the normal rate of the activity, less the estimated costs for the completion of the goods and the estimated costs necessary to realize the sale.

2.15. Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion activity at the balance sheet date. The completion level of the projects is determined on a quarterly basis, depending on the effective level of completion of the specifications. This is the result of a dialogue between the Business Controller, the Project Manager, the legal department and the customer. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

2.16. Trade and other receivables

Receivables are stated in the balance sheet at original invoice amount less an allowance for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2.17. Other current and non-current assets

The other current and non-current assets are recognized at the depreciated cost.

2.18. Cash and cash equivalents

The cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of less than three months. All the investments are recognized at their nominal value in the financial statements.

In accordance with the opinion of the Belgian Accounting Standards Commission (CNC / CBN) released in June 2010 and amended in April 2012 (“Avis CNC 2012/7”) on the accounting treatment of the "Tax Shelter" from the investor standpoint, and since the acquired movie rights meet the definition of financial assets under IAS 32, EVS has decided to record, from the year 2010 on, the movie rights relating to "Tax Shelter" in current assets, in the cash equivalents.

2.19. Treasury shares

Sums paid or received during the acquisition or sale of the company’s treasury shares are recognized directly in the equity. No profit or expense is included in the income statement during the purchase, sale, issuance or cancellation of treasury shares. The treasury shares are classified under the “treasury shares” heading and are deducted from the total shareholders’ equity.

2.20. Non-controlling interests

Non-controlling interests represent the share of the net profit and loss from the operations and the net assets of a subsidiary that are allocated to interests not held by the group, whether directly or indirectly via subsidiaries.

2.21. Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the amount received, less the transaction costs to be allocated directly if they are significant. After the initial recognition, interest-bearing loans and borrowings are measured at the depreciated cost, using the effective interest rate method. The profits and losses are recognized in the results when the liabilities are derecognized and via the depreciation process.

2.22. Provisions

Provisions are recognized when the group has a present obligation (legal or implicit) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation value. When the group is expecting the repayment of the provision, the repayment is recognized as a different asset but only if this repayment is almost certain.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.23. Pensions and other post-employment benefits

The post-employment benefits include pensions.
The group operates one defined contribution pension scheme. The minimum legal contribution is warranted by the insurance company. The contributions to this defined contribution pension scheme are recognized as an expense in the income statement at the time when they are made.
No other post-employment benefit is provided to the personnel.

2.24. Share-based payment

The group's employees and management receive a remuneration in the form of a share-based payment, such as a non-transferable stock option plan (warrants), which allows them to acquire or receive group shares (equity-settled transactions), or such as payments determined on the value of the share (cash-settled transactions).

2.24.1. Equity-settled transactions

The cost of the stock option plans (warrants) is determined by reference to the fair value of the equity instruments granted, measured on the grant date. The fair value is determined using the Black & Scholes model, taking into account the characteristics and conditions governing the granting of the instruments.
The cost of equity-settled transactions is recognized as an expense and is offset by a corresponding increase in shareholder's equity over a period that ends on the date on which the beneficiary becomes creditor of the bonus.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of "fully diluted" earnings per share.
The group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards and has applied IFRS 2 only to equity-settled awards granted after 7 November 2002.

2.24.2. Cash-settled transactions

The cost of cash-settled transactions with employees is initially measured by reference to the fair value at the date at which they are granted, and subsequently revalued at the fair value at each closing date.
The cost of cash-settled transactions is recognized, together with a corresponding increase in debt, over the year in which the performance conditions are fulfilled, ending on the average date on which the relevant employees become fully entitled to the award ("Vesting date").

2.25. Revenue recognition from ordinary activities

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.
As far as the sale of goods is concerned, revenues are recognized as soon as the company has transferred the significant risks and benefits inherent to the ownership of the goods to the buyer. Sales are recognized when there is clear evidence of an agreement, when the delivery has taken place, when the remuneration is determined and determinable and when it is probable that the payment will be received.
As regards the services provided, revenues are also recognized in line with the work in progress. The completion level of the projects is determined on a quarterly basis, depending on the effective level of completion of the specifications. This is the result of a dialogue between the Business Controller, the Project Manager, the legal department and the customer.
Revenues from public subsidies are recognized as an income at the rate of depreciation of the goods for which they have been obtained.
Interest revenue is recognized as interest accrues.
The dividends that are received from subsidiaries are recognized when the group has a right to receive that payment.

2.26. Leases (EVS as lessor)

The existence of a lease within an agreement is reported on basis of the substance of the agreement.

2.26.1. Finance leases

When assets are leased out under a finance lease, the present value of the future lease payments is recognized as an earned product (within trade receivables). The difference between the gross total receivable (lease and financing) and the value of the receivable is recognized as unearned finance income.

2.26.2. Operating leases

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognized over the term of the lease on a straight-line basis.

2.27. Government grants

2.27.1. Recoverable loans by the Walloon Region

The group receives interest free Recoverable Loans from the Walloon Region as a financial grant within the framework of applied research into various projects and whose terms and conditions of repayment depend on the commercial success of the financed projects.
If it is likely that the Recoverable Loans of the Walloon Region will be repaid in view of the growing probability of commercialization of the financed projects, they will be, in this respect, considered as long term liabilities.

2.27.2. European Union grants

Subsidies from the European Union are recognized at their fair value where there is reasonable assurance that they will be received and that all the conditions will be satisfied.
When the grant relates to an expense item, it is recognized as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.
When the grant relates to an asset, the fair value is deducted from the carrying value of the related assets.

2.27.3. Investment grants

Investment grants are recognized when there is reasonable assurance that they will be received and that all the conditions attached will be satisfied.
Investment grants are recognized after deduction from the assets concerned and they are automatically deducted in the income statement from the depreciations of these assets.

2.28. Leases (EVS as lessee)

The existence of a lease within an agreement is reported on basis of the substance of the agreement.

2.28.1. Finance leases

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant reimbursement on the remaining balance of the liability. Finance charges are directly recognized in the income statement.

2.28.2. Operating leases

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

2.29. Research and development costs

As the group is unable to make a distinction between the research phase and the development phase of an internal project, all the costs are consequently considered to have been incurred only during the research phase. The group also considers that the costs incurred after the commercial launch consist of a routine process that does not generate a major innovation but evolving technologies.
Generally speaking, we should note that the period between the end of the research phase of a project and its commercial launch is less than one year.
Consequently, the research and development costs are recognized as expenses when incurred.

2.30. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are part of the cost of the asset. Other borrowing costs are recognized in the income statement for the year in which they occurred.

2.31. Income taxes

Income taxes for the period include both current and deferred taxes. They are recognized in the income statement except where relate to items recognized directly in equity, in which case, they are also directly recognized in the equity.

2.31.1. Current taxes

Taxes due for the period are calculated on the income statement of the group’s companies and are calculated according to the rules laid down by the local tax authorities.

2.31.2. Deferred taxes

Deferred taxes are recognized using the variable carry-forward method, for all temporary differences on the reporting date between the tax base of the assets and liabilities and their carrying amount on the balance sheet.
Deferred tax liabilities are recognized for all temporary differences:

- except when the deferred tax liability arises from the initial recognition of a goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and that, on the transaction date, does not affect either the accounting profit or the taxable profit or loss; and
- for the taxable temporary differences linked to interest in subsidiaries, in associates and in joint ventures, except if the date on which the temporary difference is inversed can be checked and it is probable that the temporary difference will not be inversed in the foreseeable future. Deferred income tax assets are recognized for all deductible temporary

differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the tax assets and liabilities due and if these deferred taxes concern the same taxable entity and the same tax authority.

2.32. Derivative financial instruments

EVS uses derivative financial instruments such as forward exchange rate contracts to hedge its risks on foreign currency fluctuations on its foreign currency transactions. Such derivative financial instruments are stated at fair value as these contracts are not deemed to be hedging contracts within the meaning of the IFRS.
The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

2.33. Dividends

The dividends proposed by the Board of Directors are not recognized in the financial statements as long as they have not been approved by the shareholders during the Ordinary Annual General Meeting. In case of interim dividends, they are deducted from the reserves.

2.34. Commitments relating to technical guarantee in respect of sales or services already provided

EVS grants a 2-year technical guarantee on products sold subject to the general conditions of sale. These guarantees are only recognized when they are precisely quantifiable.

2.35. Earnings per share

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. 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.

3. SEGMENT INFORMATION

3.1. General information

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

The group’s activities are in one segment, broadcast production equipment. The company provides only one type of solution: solutions based on tapeless workflows with a consistent modular architecture. This is the product of EVS. There are no other significant classes of business, either singularly or in aggregate. Indeed, identical modules can meet the needs of different markets, such as sports, entertainment, news and media. Our customers themselves are often multi-markets. Providing information for each module is therefore not relevant for EVS.

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. The Chief Operating Decision Maker, being the Executive Committee, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis. Sales relate to products of the same nature and are realized by commercial polyvalent teams. The company’s 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 following three dimensions: by geographical region, by market and by nature. EVS operates as one segment.

First, the activities are divided in regions: Asia-Pacific (“APAC”), Europe, Middle East and Africa (“EMEA”), and America (“NALA”). This division follows the organization of the commercial and support services within the group, which operates worldwide. From fiscal year 2013, “NALA” region is renamed “Americas”. A fourth region is dedicated to the worldwide events (“big sporting events”).

Then, revenue are presented by market: “Sports”, “ENM” (Entertainment, News & Media) and “Big sporting events rentals” for rental contracts relating to the big sporting events of the even years. The former categories “Outside broadcast vans” and the “TV production studios” are spread between these new markets.

Finally, sales are presented by nature: systems and services.

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 following the development of the company, its products and its internal performance indicators.

3.2. Additional information

3.2.1. Information on sales by destination

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)	FY12	FY11	% FY12/FY11
Mobile production trucks / outside broadcast	74,618	58,553	+27.4%
TV production studios	63,277	48,345	+30.9%
Total Revenue	**137,895**	**106,898**	**+29.0%**

Revenue (EUR thousands)	2012	2011	% 2012/2011
Sports	93,145	72,988	+27.6%
Entertainment, News & Media	34,749	33,072	+5.1%
Big events rental revenue	10,001	838	N/A
Total	**137,895**	**106,898**	**+29.0%**

In order to allow a better comparability of the financial data, here is a table including the link between the old and the new categories, 2012:

Revenue (EUR thousands)	Outside broadcast	Studios	Total
Sports	63,248	28,898	93,145
Entertainment, News & Media	7,028	27,722	34,749
Big events rental revenue	4,343	5,658	10,001
Total	**74,618**	**63,277**	**137,895**

3.2.2. Information on sales by region

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

3.2.1.1. Revenue

(EUR thousands)	APAC	EMEA	NALA	TOTAL
2012 revenue	**26,564**	**74,614**	**36,717**	**137,895**
Evolution versus 2011 (%)	+13.0%	+29.0%	+43.8%	**+29.0%**
Segment revenue at constant exchange rate	26,564	74,614	33,896	**135,074**
Variation versus 2011 (%) at constant exchange rate	+13.0%	+29.0%	+32.7%	**+26.4%**
Variation versus 2011 (%) at constant exchange rate and excluding big event rentals	+8.9%	+15.1%	+32.9%	**+18.0%**
2011 revenue	**23,516**	**57,841**	**25,541**	**106,898**

Sales realized in Belgium (the company’s country of origin) with external clients represent less than 5% of the total annual sales. In 2012, the group realized significant sales to external clients (according to the definition of IFRS 8) in one country: the US (EUR 26.8 million in the last 12 months, included in NALA in the above table).

3.2.1.2. Long-term assets

Considering the explanations given in 3.1, more than 95% of all long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

3.2.3. Information on products and services

Revenue can be presented by nature: systems and services.

Revenue (EUR milliiers)	FY12	FY11	% FY12/FY11
Systems	129,461	102,374	+26.9%
Services	8,434	4,524	+86.4%
Total Revenue	**137,895**	**106,898**	**+29.0%**

Services include advices, installations, project management, training, maintenance, distant support that are literally included in the invoices.

3.2.4. Information on important clients

No external client of the company represents more than 10% of the 2012 sales.

4. LIST OF CONSOLIDATED COMPANIES, JOINT VENTURES, ASSOCIATES AND REPRESENTATIVE OFFICES

NAME AND ADDRESS	Year of foundation or acquisition	Staff as of 31.12.12	Incorporation method used (1)	Part of capital held as of 31.12.11 (in %) (2)	Part of capital held as of 31.12.12 (in %) (2)	Change in % of capital held
EVS Broadcast Equipment Inc. 9 Law Drive, suite 200, NJ 070046 Fairfield, USA	1997	19	F	100.00	100.00	0.00
EVS Canada 240-1200 Avenue Papineau, Montreal QC H2K 4R5, CANADA	2008	2	F	100.00	100.00	0.00
EVS Broadcast México, SA de C.V. World Trade Center, Cd. De México, Montecito N° 38, Piso 23, Oficina 38, Col. Nápoles, Delegación Benito Juárez, D.F. 03810 México, MEXICO RFC: EBM 1106152TA	2011	2	F	100.00	100.00	0.00
EVS France SA Avenue André Morizet 6bis, F-92100 Boulogne-Billancourt, FRANCE VAT: FR-21419961503	1998	7	F	100.00	100.00	0.00
EVS France Développement SARL Avenue André Morizet 6bis, F-92100 Boulogne-Billancourt, FRANCE VAT: FR-53514021476	2009	6	F	100.00	100.00	0.00
OpenCube Technologies SAS 6, rue Brindejonc des Moulinais, Bât. A, F-31500 Toulouse Cedex 5, FRANCE VAT: FR-83449601749	2010	19	F	100.00	100.00	0.00
EVS Italia S.R.L. Via Milano 2, IT-25126 Brescia, ITALY VAT: IT-03482350174	1999	3	F	100.00	100.00	0.00
EVS Broadcast UK Ltd. Ashcombe House, The Crescent 5, Leatherhead, Surrey KT22 8DY, ROYAUME-UNI VAT: UK-853278896	1999	15	F	100.00	100.00	0.00
EVS Broadcast Equipment Iberica SL Avda de Europa 12-2C, Edificio Monaco, Parque Empresarial la Moraleja 28109 Alcobendas, Madrid, SPAIN VAT: B85200236	2007	5	F	100.00	100.00	0.00
EVS Nederland B.V. Media Park, Sumatralaan 45, Gateway B Ruimte 8518, 1217 GP Hilversum, PAYS-BAS	2008	4	F	100.00	100.00	0.00
EVS Deutschland GmbH Oskar-Schlemmer Str. 15, 80807 Munich, GERMANY VAT: DE-266077264	2009	6	F	100.00	100.00	0.00
EVS International (Swiss) SARL Rue des Arsenaux 9, 1700 Friburg, SWITZERLAND VAT: CH-21735425482	2009	2	F	100.00	100.00	0.00
EVS Broadcast Equipment Ltd. New Victory House, 15th Floor, 93-103 Wing Lok Street, Sheung Wan, HONG-KONG	2002	12	F	99.99	99.99	0.00

EVS China Ltd. 2/F., Henfa Commercial Building, 248-350 Lockhart Rd., Wan Chai, HONG-KONG	2005	1	E	20.00	20.00	0.00
EVS Pékin - Representative office 2805 Building One Wanda Plaza, N°93 Jianguo Road 100026 Beijing, CHINA	2005	6	F	N/A	N/A	N/A
Network and Broadcast Systems Limited (NBS) Ping'An Fortune Center - Unit 2105 Third Section of South Renmin Road 1 Chengdu, CHINA	2010	26	F	100.00	100.00	100.00
EVS Broadcast Equipment Middle East Ltd - Representative office Shatha Tower, Office 09, 32nd Floor, Dubai Media City, Dubai, UNITED ARAB EMIRATED	2006	3	F	N/A	N/A	N/A
EVS Americas Los Angeles – Representative office 101 South First Street, Suite #404 Burbank, CA 91504, USA	2006	5	F	N/A	N/A	N/A
EVS Australia Pty Ltd. Amber Technology Unit 1, 2 Daydream Street 2102 Warriewood NSW, AUSTRALIA	2007	1	F	99.99	99.99	0.00
FAR S.P.R.L. (4) Rue Bois de Sclessin 6, B-4102 Seraing, BELGIUM National registered number: BE0454 521 511	1999	0	E	39.00	39.00	0.00
MECALEC SMD SA Rue Nicolas Fossoul 54, B-4100 Seraing, BELGIUM National registered number: BE0467 121 712	1999	26	E	49.50	49.50	0.00
dcinex SA Pôle Image de Liège Rue de Mulhouse, 36 B-4020 Liège, BELGIUM National registered number: BE0865 818 337	2004	180	E	41.30	41.30 (3)	0.00

(1) F: Full Consolidation, E: Equity method.
(2) Proportion of capital of those companies held by the companies included in the consolidated accounts and persons acting in their own name on behalf of these companies.
(3) Taking into account the issued warrants, EVS holds 30.3% of dcinex SA fully diluted.
(4) FAR is bankrupt since July 26, 2012.

5. INVESTMENT IN JOINT-VENTURES AND ASSOCIATES

(EUR thousands)	2012	2011
Investment in associates		
Opening balance as at January 1	**7,784**	**6,071**
- Disposals during the year	-	-
- Acquisitions during the year	-	-
- Results	540	2.345
- Others	-607	-632
Closing balance as at December 31	**7,717**	**7,784**

5.1. Interests in joint ventures

5.1.1. EVS China Ltd

The group still holds a 20% interest in the distribution joint venture EVS China Ltd. via EVS Broadcast Equipment Limited (Hong Kong subsidiary). The latter used to be active in the distribution of TV equipment in China but, following the opening of the Beijing office in 2008, this joint venture no longer has any activities, and the carrying amount of the investment has been put to zero.

5.2. Investments in associates

5.2.1. MECALEC SMD SA

MECALEC SMD SA was founded on October 21, 1999 by SA MECALEC (50.5%, not directly or indirectly linked to EVS) and EVS (49.5%). Its subscribed capital is EUR 200 thousand and, therefore, the share of EVS in this company amounts to EUR 99 thousand. This company's main activity is the manufacturing and the assembly of electronic boards, using SMD technology. The registered office is based in Boncelles, close to Liège (Belgium), 5 km from EVS. EVS acquired this interest in order to benefit from shorter delivery times on orders for the assembly of electronic boards. There can be some synergies in R&D and reworking of the production process. In 2012, the net profit of MECALEC SMD amounted to EUR 252 thousand compared to the net profit of EUR 139 thousand in 2011. EVS represented 28% of MECALEC SMD's turnover in 2012.

The share of EVS in the 2012 results of MECALEC SMD amounts to EUR 125 thousand and the share of EVS in MECALEC SMD equity amounts to EUR 643 thousand.

(EUR thousands)	Dec. 31, 2012	Dec. 31, 2011
Share of associate's balance sheet (49.5%)		
Current assets	781	684
Non-current assets	98	111
Current liabilities	-236	-252
Non-current liabilities		
Net assets	**643**	**543**
Share of associate's revenue and net result (49.5%)		
Revenue	1,205	1,093
Net result	125	59
Carrying amount of investment	**643**	**543**

5.2.2. FAR S.P.R.L.

FAR, based in Barchon industrial zoning (Province of Liège), designs and sells audio studios for Radio and Television companies or for the Benelux cinema industry.
The EVS share in the equity capital of FAR amounted to a negative amount. The company submitted in 2010 a "Plan de Réorganisation Judiciaire" that had been accepted, and the company was back to normal business in 2011. However, on July 26, 2012, the Commercial Court of Liège declared the bankruptcy of the company. The accounting value of the FAR participation remaining in the consolidated accounts of EVS is equal to zero.

5.2.3. dcinex SA

Created in 2004, notably through the spin-out of "Digital Cinema" activities from EVS, dcinex SA (formerly XDC SA) has been a pioneer in the development of digital solutions for the cinema. Based on the expertise of the EVS Group in digital video compression and digital audio processing, dcinex is an integrated company – a hub - which provides equipment and high added value services to the cinema industry. First, dcinex offers servers, projectors and services to operators, and secondly, dcinex enables film distributors to replace the onerous 35 mm print with encrypted digital files.

Following different developments in the capital of dcinex, EVS still holds 41.3% of dcinex, and remains the main shareholder. In February 2010, dcinex consolidated the different subordinated bonds and issued a new one, for a global amount of EUR 15.9 million, bearing 8.25% interest rate, and with a term of December 31, 2015. EVS holds EUR 0.8 million of this subordinated bond. The two other main investors are the Société Régionale d'Investissement de Wallonie (« SRIW SA ») and GIMV NV, which bought shares and subscribed to the bond. Each one holds slightly more than 20% fully diluted. Following this issuance, EVS received warrants allowing it to subscribe to new dcinex shares in 2015, for the nominal counter value of its subordinated bonds, which would dilute its shareholding. As a consequence EVS holds, fully diluted, 30.3% of dcinex (41.3% not diluted). The difference between the two shareholding levels comes from the fact that EVS holds proportionally less warrants than some other shareholders.

Between 2009 and 2011, dcinex acquired 100% of Film Ton Technik GmbH (FTT), the largest digital cinema equipment integrator in Germany, Netherlands, Austria and Poland. FTT assets and liabilities are fully consolidated in dcinex accounts since December 31, 2010 onwards. The profit and loss account is consolidated from January 1, 2010.

In February 2011, dcinex sold its CineStore activities (design, assembling and commercialization of digital cinema servers) to Barco, a leading provider of digital cinema projectors. The sale was agreed for an amount of EUR 4.4 million. A future "earn-out" has not generated anything yet at the end of 2012. The assets, the liabilities and the employees of this activity were transferred on March 31, 2011.

As of December 31, 2012, dcinex shares, accounted for using equity method in EVS consolidated accounts, plus the EVS share of the bonds issued by dcinex, amounted to EUR 7.9 million. It included EUR 0.8 million subscribed by EVS.

In January 2013, EVS bought back EUR 0.5 million subordinated loan associated with warrants in dcinex SA from another former minority shareholder of the company. This brings EVS fully diluted share in dcinex from 30.3% up to 31.2% while the number of shares EVS holds in dcinex SA remains 41.3%.

(EUR thousands)	Dec. 31, 2012	Dec. 31, 2011
dcinex equity	17,127	17,532
	41.30%	**41.30%**
Share of EVS	7,074	7,241
Balance of subscribed capital to be paid by EVS	-	-
dcinex Share accounted for using equity method	**7,074**	**7,241**
Share of associate's balance sheet	**41.30%**	**41.30%**
Current assets	21,772	20,556
Non-current assets	48,636	33,382
Current liabilities	-24,207	-20,088
Non-current liabilities	-39,127	-26,609
Net assets	**7,074**	**7,241**

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

(EUR thousands)	2012	2011
Chiffre d'affaires	88,809	84,307
EBITDA	23,795	17,825
Exceptional profit on the disposal of CineStore	-	4,400
Net result for the period	**1,004**	**5,592**
Part of dcinex capital held	41,3%	41.3%
Net result, share of EVS	**415**	**2,310**

(EUR thousands)	Dec. 31, 2012	Dec. 31, 2011
Carrying amount of investment at the beginning of the period	**7,241**	**5,563**
Net result – part of the group	415	2,310
Net equity adjustments	-582	-632
Carrying amount of investment at the end of the period	**7,074**	**7,241**

The cumulated Tax Loss Carry Forward of dcinex SA amounts to EUR 29.5 million on December 31, 2012. Deferred tax assets are being progressively recognized as the business plan materializes. As at December 31, 2012, 60% of deferred tax assets relating to these losses have been recognized.

6. INCOME AND EXPENSES

6.1. Financial incomes/(costs)

(EUR thousands)	2012	2011
Interest charges	-267	-267
Interest income on deposit	149	295
Exchange result	-1,306	-16
Miscellaneous	-228	-126
Other operating income/(expenses)	**-1,651**	**-114**

To limit its exposure to the US dollar, the EVS Group has an active policy to cover the foreign exchange risk, as explained in notes 25 and 26.

6.2. 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 annual report, the non-GAAP measures are reconciled with financial measures determined in accordance with IFRS.

The link between the net result of the fiscal period and the current net result excluding dcinex appears as follows:

(EUR thousands)	FY12	FY11
Net profit for the period – IFRS	41,743	32,068
Allocation to Employees Profit Sharing Plan	507	507
Stock Option Plan	555	451
Amortization and impairment on acquired technology and IP	580	855
Amortization/impairment on Tax Shelter rights assets	192	91
Contribution of dcinex	-415	-2,310
Repositioning costs	1,405	-
Net profit from operations, excl. dcinex	**44,567**	**31,663**

The repositioning costs (EUR 1.4 million) mainly include costs relating to the departure of a few people, to the new visual identity of the company and to the consultants who took part to the strategic review process.

6.3. Complementary information about operating charges by nature

(EUR thousands)	2012	2011
Raw materials and consumables used	-18,781	-13.474
Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	1,599	1.418
Personnel expenses	-32,013	-25.584
- Remunerations	-22,568	-19.098
- Social security costs	-5,528	-4.823
- ESOP expenses	-1,062	-958
- Pension defined contributions plan	-876	-245
- Other personnel expenses	-1,979	-460
Average number of employees in FTE	439	386
Depreciations	-3,380	-3.157
- of which the ones included in the costs of sales	-367	-274
Increase(-) / Decrease (+) in amounts written off	-1,282	-1.747
- Increase(-) / Decrease (+) in amounts written off on stocks	-1,223	-1.554
- Increase(-) / Decrease (+) in amounts written off on trade debtors	-59	-193
Operating lease and sublease payments recognized in the income statement	-1,688	-1.537

6.3.1. Complementary information about pension defined contribution plans

Defined contribution plans are those for which the company pays fixed contributions into a separate entity with the provisions of the plan. Once these contributions have been paid, the company has no further obligation.

Since April 1, 2002, EVS has put in place a pension plan (defined contribution plan) under the pension plan rules defined for employees from the metal manufacturing industry (“Commission Paritaire 209”). It means the payment of an annual contribution equal to a percentage of the gross salary (subject to Social Security contributions) for each employee. This contribution is paid by the employer. The contribution rate is set by the rules in this sector. They were as follows:

In %	Contribution rate
2002 à 2006	0.50%
2007	1.00%
2008 à 2010	1.10%
2011	1.77%
2012	1.87%

The plan is managed by l’Intégrale. The financing policy is outlined in its annual report.

In addition, since, January 1, 2012, employees of EVS in Belgium are automatically affiliated to a second pension plan subscribed with AG Insurance. EVS contributes in this plan at a rate of 3.0% of gross annual salary. The plan has four parts: retirement plan, risk of death, disability and risk waiver insurance premiums;-.

The contributions related to these plans amounted to EUR 876 thousand in 2012 and EUR 245 thousand in 2011.
It should be noted that to date no payment of benefits has occurred, since no employee of EVS is retired.

It should be noted that the "Intégrale" and the AG pension fund insurances, who manage the defined contribution pension plans, also guarantee the performance of the payments made by the employer and the employee, as mandated by the Law of April 28, 2003 on supplementary pensions, as follows: 3.25% until December 31, 2012, and 2.25% since January 1, 2013.

7. INCOME TAXES

7.1. Tax charge on results

The tax charge for 2011 and 2012 is mainly made of:

(EUR thousands)	2012	2011
Current tax charge		
Effective tax charge	-18,705	-13,698
Adjustments of current tax related to prior years	385	-493
Deferred taxes		
Tax effects of temporary differences	**-30**	**-91**
- Adjustments for fixed assets depreciation method	-72	-71
- Direct and indirect production costs capitalized in inventories	42	-20
Income taxes included in the income statement	**-18,350**	**-14,282**

7.2. 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 2011 and 2012 with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	2012	2011
Reconciliation between the effective tax rate and the theoretical tax rate		
Profit before taxes and share in the result of the enterprise accounted for using the equity method	59,553	43,982
Effective tax charge based on the effective tax rate	-18,350	-14,282
Effective tax rate	**30.8%**	**32.5%**
Reconciliation items for the theoretical tax charge		
Tax effect of Tax Shelter	-255	0
Tax effect of deduction for notional interest	-177	-157
Tax effect of non-deductible expenditures	531	578
Other increase (decrease)	93	401
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-18,158	-13,460
Theoretical tax rate (relating to EVS operations, excl. dcinex)	**30.5%**	**30.6%**

7.3. Deferred taxes on the balance sheet

The sources of deferred taxes are as follows:

(EUR thousands)	December 31, 2012		December 31, 2011	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Indirect production costs capitalized in inventories	-	348	-	390
Buildings revaluation	-	1,032	-	960
Write-offs on trade receivables	106	-	102	-
Miscellaneous	238	-	165	-
Total	**346**	**1,380**	**267**	**1,350**
Net booked value (1)	**-**	**1,380**	**-**	**1,083**

Deferred taxes are booked “net” in accordance with the valuation rules of the group.

8. EARNING PER SHARE

The basic earnings per share are calculated by dividing the net profit and loss of the period attributable to the ordinary shares, less the treasury shares, by the weighted average number of ordinary shares in circulation during the year.
The diluted earnings per share are calculated by dividing the net result of the period attributable to the ordinary shareholders by the weighted average number of ordinary shares in circulation at the rate of the period, adjusted by the diluting effects of the share options (warrants).

(EUR thousands)	2012	2011
Net profit	41,743	32,068
Minority interests	-	-
Net profit for the year attributable to equity holders of the parent company	**41,743**	**32,068**

	2012	2011
Weighted average number of subscribed shares, excluding treasury shares	13,449,081	13,465,244
Dilution effect of the weighted average number of the share options in circulation	364,117	289,961
Weighted average number of fully diluted number of shares	**13,813,198**	**13,755,205**
Basic earnings per share (EUR)	**3.10**	**2.38**
Diluted earnings per share (EUR)	**3.02**	**2.33**

The number of treasury shares held as at December 31, 2012 amounted to 170,053 compared to 183,372 as at December 31, 2011. The weighted average number of treasury shares held in 2012 amounted to 175,919 against 159,756 in 2011.

9. DIVIDENDS PAID AND PROPOSED

Dividends are declared for issued shares less treasury shares at the payment date.

(EUR thousands, gross amount)	Coupon #	Declaration date	2012	2011
Declared and paid during the year :				
- Final dividend for 2010 (EUR 1.48 per share excl. treasury shares)	12	May 2011	-	19,927
- Interim dividend for 2011 (EUR 1.16 per share excl. treasury shares)	13	Dec. 2011	-	15,592
- Final dividend for 2011 (EUR 1.20 per share excl. treasury shares)	14	May 2012	16,130	-
- Interim dividend for 2012 (EUR 1.16 per share excl. treasury shares)	15	Nov. 2012	15,606	-
Total paid dividends			**31,736**	**35,519**

(EUR thousands)	2012	2011
Proposed for approval at the OGM :		
- Total dividend for 2011 (EUR 2.36 per share incl. interim dividend)	-	31,722
- Proposed dividend for 2012 (EUR 2.64 per share incl. interim dividend)	35,540	-
Total	**35,540**	**31,722**

As from coupon #13, only the dematerialized shares are valid.

10. GOODWILL

(EUR thousands)	TOTAL
Acquisition cost	
As of December 31, 2011	**820**
- Acquisitions	-
- Sales and disposals	-
As of December 31, 2012	**-**
Accumulated impairment	
As of December 31, 2011	**210**
- Impairment	-
- Sales and disposals	-
As of December 31, 2012	210
Net carrying amount	
As of December 31, 2011	**610**
As of December 31, 2012	**610**

OpenCube Technologies is consolidated at 100% in the accounts of EVS Broadcast Equipment SA since April 1, 2010. As a result of the acquisition, EUR 0.8 million had been recorded as goodwill and EUR 1.5 million as intangible asset for acquired Technology & IP. The acquisition value was EUR 2.7 million, including the estimate of variable future payments that depend on qualitative and quantitative criteria (EUR 0.4 million). Goodwill is the difference between the cost of an acquisition and the share of the acquirer's interest in the net fair value of the identifiable assets, certain liabilities and eventual liabilities. The goodwill is not depreciated but is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, in accordance with IAS 36. The intangible asset is recognized at cost. It is depreciated on a straight-line basis over the duration of its economic utility estimated at 4 years and is reviewed for impairment testing each time there is a sign of impairment in this intangible asset.

The assets and liabilities arising from the acquisition of OpenCube Technologies were as follows:

(EUR thousands)	April 1, 2010
Goodwill	820
Acquired technology & IP	1,532
Other non-current assets	141
Current assets	898
Liabilities	-739
Net assets acquired	**2,652**

Goodwill is equal to the excess profit calculated by the difference between the effective (historical) return and the expected market return for such investment.

As foreseen by IFRS rules, an impairment test of the goodwill is done annually, during the fourth quarter. In 2012, that test did not reveal a negative difference. In 2011, this test did reveal a negative difference of EUR 0.2 million with the goodwill recorded at the time of the acquisition, as the effective return was below the expected market return for such an investment as of December 31, 2011.

11. INTANGIBLE ASSETS

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	TOTAL
Acquisition cost			
As of December 31, 2010	**2,581**	**922**	**3,503**
- Acquisitions	-	261	261
- Sales and disposals	-	-	-
- Transfers	-	-	-
- Variation in consolidation scope	-	-	-
As of December 31, 2011	**2,581**	**1,183**	**3,764**
Accumulated depreciation			
As of December 31, 2010	**-877**	**-725**	-1,602
- Depreciations	-646	-130	-776
- Sales and disposals	-	-	-
- Transfers	-	-	-
- Variation in consolidation scope	-	-	-
As of December 31, 2011	**-1,523**	**-855**	**-2,378**
Net carrying amount			
As of December 31, 2010	**1,704**	**197**	**1,901**
As of December 31, 2011	**1,058**	**328**	**1,386**

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	TOTAL
Acquisition cost			
As of December 31, 2011	**2,581**	**1,183**	**3,764**
- Acquisitions	-	217	217
- Sales and disposals	-	-	-
- Transfers	-	251	251
- Variation in consolidation scope	-	-	-
As of December 31, 2012	**2,581**	**1,651**	**4,232**
Accumulated depreciation			
As of December 31, 2011	**-1,522**	**-855**	**-2,377**
- Depreciations	-580	-262	-842
- Sales and disposals	-	-	-
- Transfers	-	-	-
- Variation in consolidation scope	-	-	-
As of December 31, 2012	**-2,102**	**-1,117**	**-3,219**
Net carrying amount			
As of December 31, 2011	**1,058**	**328**	**1,386**
As of December 31, 2012	**479**	**534**	**1,013**

11.1. Technology

On September 4, 2008, EVS announced the acquisition of 100% of the share capital of D.W.E.S.A.B. Engineering BVBA, small profitable Belgian company that is specialized in service and software R&D for operating workflows, reality-TV and management of TV stations. As a result of the acquisition, EUR 1.0 million has been recorded on the balance sheet of EVS as intangible asset for technology. This intangible asset has been recognized at cost. It is depreciated on a straight-line basis over the duration of its economic utility estimated at 4 years and will be reviewed for impairment testing each time there is a sign of impairment in this intangible asset.

As explained in the note 10 relating to goodwill, EVS announced, on April 6, 2010, the acquisition of 100% of the share capital of OpenCube Technologies (France). The OpenCube team included approximately 15 people, mainly development engineers and operational experts. OpenCube Technologies is consolidated at 100% in the accounts of EVS Broadcast Equipment SA since April 1, 2010. As a result of the acquisition, EUR 1.5 million has been booked as intangible asset for acquired technology & IP.

11.2. Intellectual property

Certain products developed and marketed by EVS Group, as well as technology used, are covered by patents or licenses. In the future, the company will not hesitate to intensify its patent policy. However, EVS remains convinced that the best protection lies in the continuous technological progress of its equipment. The speed of development in technology and product ranges in the fields in which EVS operates makes any attempt at copying or imitating a fruitless operation. In addition, EVS did register a patent within the European Community or other countries outside Europe for some key brand names.

12. TANGIBLE ASSETS

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2010	**13,151**	**1,134**	**6,275**	**1,534**	**22,095**
- Acquisitions	1,289	226	1,010	661	3,186
- Sales and disposals			-36		-36
- Variation in consolidation scope					
- Transfers					
- Others					
As of December 31, 2011	**14,440**	**1,360**	**7,249**	**2,195**	**25,244**
Accumulated depreciation					
As of December 31, 2010	**-3,516**	**-1,043**	**-4,545**	-	**-9,104**
- Depreciations	-1,220	-55	-946		-2,221
- Sales and disposals			36		36
- Variation in consolidation scope					
- Other					
As of December 31, 2011	**-4,736**	**-1,098**	**-5,455**	**-**	**-11,289**
Net carrying amount					
As of December 31, 2010	**9,635**	**91**	**1,730**	**1,534**	**12,991**
As of December 31, 2011	**9,704**	**262**	**1,794**	**2,195**	**13,955**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**4,004**	**-**	**-**	**-**	**4,004**

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2011	**14,440**	**1,360**	**7,249**	**2,195**	**25,244**
- Acquisitions	715	128	734	8,347	9,924
- Sales and disposals			-47		-47
- Variation in consolidation scope					
- Transfers	57			-308	-251
- Others					
As of December 31, 2012	**15,212**	**1,488**	**7,936**	**10,234**	**34,870**
Accumulated depreciation					
As of December 31, 2011	**-4,736**	**-1,098**	**-5,455**	**-**	**-11,289**
- Depreciations	-1,449	-111	-914		-2,474
- Sales and disposals					
- Variation in consolidation scope					
- Other					
As of December 31, 2012	**-6,185**	**-1,209**	**-6,369**	**-**	**-13,763**
Net carrying amount					
As of December 31, 2011	**9,704**	**262**	**1,794**	**2,195**	**13,955**
As of December 31, 2012	**9,027**	**279**	**1,567**	**10,234**	**21,107**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**3,821**	**-**	**-**	**-**	**3,821**

Following the rapid growth of the Belgian teams spread into six different buildings in the Liège Science Park, EVS started to build a new facility at the end of 2011 near the existing site (to be finished in 2014). The project is estimated at approximately EUR 40 million, from which around EUR 5.6 million of regional and European subsidies must be deducted. Investments for this new building were made in 2011 and 2012 for an amount of EUR 11.7 million in total (excluding subsidies). In addition, all or part of the current buildings, valued at EUR 8.1 million at end of 2012 (recoverable share), could be sold by EVS. Consequently, an accelerated depreciation has been recorded on the works done on existing buildings since 2010, so that they are fully depreciated at the date of the relocation planned for June 2014.

Production of the equipment manufactured and marketed by EVS does not require important tangible investment, as far as the assembly is partially subcontracted, notably to MECALEC SMD SA. Whenever possible, specialized work is outsourced (i.e. sheet metalwork and manufacturing of integrated circuits.

The group policy is to finance its buildings through equity, even if 9% are financed with long term loans (see note 0). The net book value on December 31, 2012 amounts to EUR 9.0 million and is composed of:

(EUR thousands)	December 31, 2012
EVS Building I (16 rue Bois Saint-Jean, Seraing)	1,338
EVS Building II (18 rue Bois Saint-Jean, Seraing)	327
EVS Building III (6 avenue Pré Aily, Angleur)	877
EVS Building IV (16 rue Bois Saint-Jean, Seraing)	3,821
EVS Building V (20 rue Bois Saint-Jean, Seraing)	712
EVS Bât. VI (25 avenue Pré Aily, Angleur)	902
Subtotal recoverable buildings in Seraing/Angleur	*7,977*
EVS modular buildings (16 rue Bois Saint-Jean, Seraing - Liège)	558
EVS works in Brussels premises	258
EVS works in affiliates	234
Total	**9,027**

Investments in these buildings benefited from subsidies granted by the Walloon Region and the European Community for a gross amount of EUR 2.1 million. In accordance with the group's evaluation rules, the subsidies linked to the buildings are recognized as deduction of the net carrying amount of these assets for a net amount of EUR 0.6 million. We should note that all conditions are met for obtaining these subsidies.

In line with our accounting rules, the buildings have been reevaluated in 2010 by a specialized expert (Galtier Expertises SA). This confirmed the valuation (with a variation of max. 5%) made as of December 31, 2010 of the buildings booked in the EVS accounts. We should note that, if the buildings had been accounted according to the cost method, their value would have been inferior by EUR 1.0 million.

The valuation method used by Galtier Expertises allows getting the market value of the property by applying a capitalization rate (it was 9% for the expertise of 2010) to the fair rental value. The fair rental value is obtained by comparison with rents charged in the area for similar properties. The capitalization rate results from the rental market and varies depending on the buildings (offices, workshop, warehouse, etc..).

13. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to EUR 22.3 million in 2012 versus EUR 18.5 million in 2011. R&D does not require any considerable investment, since engineers and programmers work directly and mainly on the machines to be sold or on servers for the software development. According to the group's valuation rules, these research costs are not capitalized but recognized as expenses when incurred.

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 has been settled in 3Q11, 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)	2012	2011
Gross R&D expenses	23,573	20,545
R&D tax credits for current fiscal year	-1.283	-937
R&D tax credits for past fiscal years (2006 à 2009)	-	-1,114
R&D expenses, net	**22,292**	**18,494**

14. FINANCIAL ASSETS

14.1. Subordinated loans

(EUR thousands)	2012	2011
Subordinated loans		
Net carrying amount as of January 1	**830**	**830**
- Refunded/converted during the year	-	-
- Acquired during the year	-	-
- Result	-	-
- Others	-	-
Net carrying amount as of December 31	**830**	**830**

As explained in the note 0.3 relating to the investments in associates, EVS contributed for EUR 0.8 million to the refinancing of dcinex in 2009.

14.2. Other financial assets

(EUR thousands)	2012	2011
Other financial assets		
Net carrying amount as of January 1	**338**	**391**
- Refunded during the year	-140	-120
- Acquired during the year	1	73
- Others	-21	-6
Net carrying amount as of December 31	**178**	**338**

EVS has decided to benefit from the Belgian "Tax Shelter" law. In this context, the combined conditional loans made to movie production companies amounted to EUR 0.2 million as of December 31, 2011 and has been paid down in 2012.

15. INVENTORIES AND CONSTRUCTION CONTRACTS

15.1. Inventories

(EUR thousands)	December 31, 2012	December 31, 2011
Raw materials	12,327	11,705
Finished goods	12,280	12,102
Total at cost	**24,607**	**23,807**
Cumulated amounts written off at the beginning of the period	**-9,150**	**-7,595**
Reversal/use of the amounts written off, net	411	-1,555
Cumulated amounts written off at the end of the period	**-8,739**	**-9,150**
Total net carrying amount	**15,868**	**14,657**

Write-offs movements on inventories, which were valued at EUR -0.4 million in 2012 and at EUR 1.6 million in 2011, are accounted as charges in the costs of sales. These write-offs concern technologically obsolete stock items.

15.2. Construction contracts

(EUR thousands)	December 31, 2012	December 31, 2011
Direct and project related incurred costs	5,386	2,822
Noticed profit (+)/loss (-)	6,812	5,696
Value of the orders in progress at the closing date	12,198	8,518
Invoiced advances	15,126	9,671
Gross amounts due by clients for works relating to contracts	4,272	1,460

Advances received from customers for construction contracts amounted to EUR 15.1 million at December 31, 2012, compared to EUR 9.7 million at the end of 2011. Revenues relating to work in progress during 2012 amounted to EUR 12.2 million. The difference between these two amounts, EUR 2.9 million, is booked as a liability, in the advances received.

16. TRADE AND OTHER RECEIVABLES

(EUR thousands)	December 31, 2012	December 31, 2011
Trade receivables	21,381	23,325
Finance lease receivables	542	616
Amounts receivable linked to joint ventures	-	-
Other related parties	27	53
Write offs on receivables	-849	-849
Net trade receivables	*21,101*	*23,994*
Other amounts receivable	3,491	1,406
Deferred charges and accrued income	1,620	1,576
Total	**26,212**	**26,976**

Trade receivables are non-interest bearing and are generally on 65-day terms. According to the group terms and conditions, the unpaid invoices at their term result in a 0.75% monthly interest rate.

As mentioned in the note 3, no customer represented in 2012 more than 10% of total revenue.

For receivables overdue with more than 90 days, the group recognizes a portion of these receivables in doubtful accounts based on an estimate from past experience of default of payment of the customer and its financial situation.

As of December 31, 2012, an amount of EUR 2.3 million (EUR 1.0 million at December 31, 2011) were overdue with more than 90 days, without being subject to write-offs as it n 'there was no change in the credit quality of the customers and as the amounts are still considered as recoverable.

As of December 31, 2011 and December 31, 2012, an amount of EUR 0.8 million within trade receivables was overdue with more than 90 days and the subject of write-downs. Movements of write-offs in 2011 and 2012 are as follows:

(EUR thousands)	2012	2011
Write-offs on trade receivables		
Value as of January 1	**849**	**656**
- Write-offs during the year	296	395
- Releases of write-offs during the year	-	-
- Amounts paid down during the year	-296	-202
- Other	-	-
Value as of December 31	**849**	**849**

16.1. Finance lease receivables

(EUR thousands)	2012	2011
Gross receivable – future lease payments under finance lease		
Within one year (current finance lease)	286	474
After one year but no longer than five years (non-current finance lease)	256	142
Longer than five years (non-current finance lease)	-	-
Less: unearned finance income	-11	-35
Present value of future lease payments		
Within one year (current finance lease)	278	448
After one year but no longer than five years (non-current finance lease)	253	133
Longer than five years (non-current finance lease)	-	-

The group enters into finance leasing arrangements for some of its equipment. The term of finance leases entered into is maximum two years.

The value of the optional purchase options of the assets leased under finance leases is estimated at EUR 0.2 million.

The interest rate inherent in the finance leases is fixed at the contract date for all of the lease term. The weighted average interest rate on finance lease receivables at December 31, 2012 is 6%.

The financial revenues generated by the finance leases are booked in the interest revenues, as explained in note 6.1.

17. CASH AND CASH EQUIVALENTS

(EUR thousands)	December 31, 2012	December 31, 2011
Cash at bank and in hand	14,625	10,218
Short-term deposits	6,783	9,440
Rights under the Tax Shelter treatment	18	274
Total	**21,426**	**19,932**

The short term deposits run from overnight to less than six months periods according to the group's immediate cash requirements and pay at the different rates of the short term deposits.

18. OWNER'S EQUITY

18.1. Movements in issued capital

The company was founded on February 17, 1994 with a capital of EUR 30,987 consisting of 1,000 shares and has developed as follows:

Date	Description	Number of shares	Capital (EUR)
17.02.94	Constitution	1,000	30,987
25.04.96	Incorporation of reserves	-	90,481
25.04.96	Issuing of 100 shares at EUR 892 per share	100	12,147
	including a share premium of EUR 771 included in capital		77,095
		1,100	**210,710**
06.06.97	Incorporation of reserves	-	242,440
06.06.97	Issuing of 172 shares, at EUR 4,338 per share,	172	70,855
	including a share premium of EUR 3,926		675,304
		1,272	**1,199,309**
25.09.98	**Stock split by 2,000:1**	**2,544,000**	**1,199,309**
14.10.98	Initial Public Offering	+ 200,000	94,284
	Incorporation of share premium		7,342,522
		2,744,000	**8,636,115**
07.09.99	Issuance of 119,952 shares for exchange with NETIA shareholders	119,952	7,197,120
	Incorporation of reserves		166,765
		2,863,952	**16,000,000**
25.05.03	Treasury shares cancellation	-63,952	-
		2,800,000	**16,000,000**
24.02.04	Capital reimbursement	-	-8,137,521
15.03.04	Issuance of 15,000 shares after the exercise of warrants	15,000	480,000
		2,815,000	**8,342,479**
09.05.05	**Stock split by 5:1**	**14,075,000**	**8,342,479**
19.06.06	Treasury shares cancellation	-200,000	-
12.06.09	Treasury shares cancellation	-250,000	-
Capital on	**December 31, 2012**	**13,625,000**	**8,342,479**

18.2. Issued capital and treasury shares

As of December 31, 2012, the issued capital of EVS amounts to EUR 8,342,479 and is represented by 13,625,000 fully paid up shares without designation of nominal value. EVS complies with the legal requirements relating to the capital (articles 581 to 634 of the "Code des Sociétés").

As of December 31, 2012, 440,900 issued warrants with an average exercise price of EUR 38.49 per share are exercisable between March 2013 and December 2018. The company uses a portion of the capital (average annual dilution of 0.5% since 2001) for staff retention and motivation through a plan of warrants.

The management estimates that the level of capital of EVS is sufficient, as shareholders' equity represents 70.8% of the total balance sheet at the end of 2012.

18.3. Authorized capital

In accordance with the resolution adopted by the Extraordinary General Meetings of June 7, 2010, the Board of Directors is authorized to increase the share capital in one or more installments up to a maximum of EUR 8,300,000, including share premium. This authorization is valid for a duration of 5 years as from the publication of the deliberation of the postponed Extraordinary General Meeting of June 7, 2010. These increases in capital can be realized through cash subscriptions, contributions in kind or incorporation of reserves. Within the limits of this authorization, the Board of Directors will be able to issue bonds convertible into shares or application rights, in observance of the provisions of articles 489 and 496 and in accordance with the "Code des Sociétés" (Company code) and the Board can limit or withdraw the preferential application rights of shareholders, including those in favor of one or more given persons, according to the procedures to be specified by the Board and, if need be, subject to observance of the provisions of articles 595 and in accordance with the "Code des Sociétés". The Board of Directors is expressly entitled to use the authorized capital under the conditions set down in article 607 of the "Code des Sociétés" in the event of a takeover bid after receipt of the communication made by the FSMA according to which a notice of a takeover bid concerning the company has been referred to it, in so far as this receipt occurs within three years of the holding of the Extraordinary General Meeting of the June 7, 2010.

18.4. Staff incentive program

18.4.1. Warrants scheme

Since December 1999, the company has set up a stock options/warrants scheme for the group's employees and managers. In accordance with the fiscal legislation in force, the scheme has a minimum scope of 3 to 4 years between the granting and effective exercise of a warrant. This warrant distribution policy has been set up in order to gain the loyalty of the members of personnel and to allow them to participate in the results of the company. EVS hedges this program through the buy-back of its treasury shares on the stock market. The Board has the authorization from the Extraordinary General Meeting to proceed to these buy-backs. In view of the 440,900 warrants outstanding at the end of 2012 (286,550 at the end of 2011), the dilution effect represents 3.2% of the share capital, this being partially offset by the 170,053 treasury shares, which represent 1.2% of the number of diluted shares. The voting right and the right to the dividend are suspended during such time as the shares are held by the company. The warrants are granted at an underlying share value corresponding to the average share price of the last 30 days preceding the grant. When the warrants are exercised, the Board of Directors may choose to either issue new shares or to grant treasury shares previously acquired by the company (for this reason, warrants are qualified as "sui generis"). EVS has the intention of continuing with this profit sharing scheme.

During the Extraordinary General Meetings of September 7, 1999 and May 16, 2000, 400,000 warrants (amount recalculated after the share split in 2004) were issued in favor of the personnel of the EVS Group. The Extraordinary General Meeting of May 21, 2002 issued 350,000 additional warrants, the EGM of June 7, 2010 issued 250,000 warrants, and the EGM of December 5, 2011 issued 350,000 warrants, in order to bring the total number to 1,350,000. As of December 31, 2012, 1,058,150 of these warrants had been distributed, 491,450 exercised and 125,800 cancelled following departures or repurchased following sales of subsidiaries, which means that 440,900 can be exercised as of December 31, 2012. As a result, 291,850 warrants are still available for distribution by the Board of Directors. The weighted average maturity is October 7, 2015. These warrants may be exercised between now and December 2018. They have an average exercise price of EUR 38.49 per share. In the course of 2012, 185,300 warrants were granted, 2,250 exercised and 28,700 cancelled following the departure of personnel. The Board of Directors determines the grant, withholding and exercise conditions of the warrants, either through issuance of new shares or by allocation of existing shares (warrants are qualified as "sui generis").

The following table illustrates the number and the weighted average price of the period (WAPP) of the warrants in the scheme:

	2012		2011	
	Number	**WAP (EUR)**	**Number**	**WAP (EUR)**
In circulation at the beginning of the period	**286,550**	**39.37**	**298,350**	**39.36**
Granted during the period	185,300	37.11	2,000	37.71
Exercised during the period [1]	-2,250	37.32	-7,850	36.14
Cancelled during the period	-28,700	38.50	-5,950	42.29
In circulation at the end of period	**440,900**	**38.49**	**286,550**	**39.37**

[1] The average share price (closing) during the exercise period in 2012 was EUR 40.27.

The warrants in circulation as of December 31, 2012 and exercisable over the next years are as follows:

Expiry date	**Exercise prices (EUR)**	**Number on December 31, 2012**	**Number on December 31, 2011**
2015	Between 25.30 and 44.97	181,350	185,550
2016	Between 36.77 and 41.90	36,300	39,050
2017	Between 37.11 and 65.66	165,200	1,000
2018	Between 54.59 and 68.77	58,050	60,950
Total	**Between 25.30 and 68.77**	**440,900**	**286,550**

In accordance with IFRS 2, the warrants are valued on the grant date in order to be charged over the useful life of the warrant. The Black & Scholes model has been used coherently for this valuation, on the basis of volatilities, yield of historical and/or expected dividends. The key parameters in the Black & Scholes model are the volatility of EVS share (calculated in 400 days with Bloomberg, between 20% and 40%, between 2006 and 2012), the interest rate without risk (taken between 1% and 5%) and the dividend return (taken between 2.5% and 7.0%). The economic value (IFRS) of the options according to this calculation method is between 12% (2012) and 25% (2008) of the underlying share.

18.4.2. Profit sharing plan

In order to thank, develop loyalty and especially encourage the teams of the group and in accordance with the related law, a profit sharing scheme will be proposed the Ordinary General Meeting of May 21, 2013 approved a profit sharing scheme in the form of a grant of EVS Broadcast Equipment SA shares relating to the appropriation of the year 2012. Taking into account tax implications for the company, each employee received a number of shares included between 23 and 46 (net of taxes and proportionally to the hiring date and the time spent for each person), which represented 13,000 shares in total to approximately 320 group's employees, or EUR 0.65 million.

18.5. Treasury shares buy-back

Treasury shares buy back was approved by the Extraordinary General Meeting of June 12, 2009 as follows:
in accordance with article 620, first paragraph, sections 3 and 4, line 1, 2° of the "Code des Sociétés", the Board of Directors is authorized, without other decision by the General Meeting, within the limits laid down by law and for a period of three years as from July 9, 2009 (date of publication in the appendices to the "Moniteur Belge" of the amendment to the by-laws decided by the Extraordinary General Meeting dated June 12, 2009), to acquire, exchange and/or sell on the stock exchange market or in any other manner, the treasury shares of the company in order to avoid serious and imminent damage. This authorization was valid until July 9, 2012.

Following the Extraordinary General Meeting of June 12, 2009, authorization to buy back treasury shares has been modified in Article 8 bis, Paragraph 2, clause 1 of the statutes as follows "According to article 620, section 1, paragraphs 1 to 4 of the Code of Companies, the Board of Directors is authorized (…) for a period of five (5) years from July 9, 2009 (date of publication in the appendices to the "Moniteur Belge" of the amendment to the statutes decided by the Extraordinary General Meeting dated June 12, 2009), to purchase, exchange and/or transfer on the stock exchange or in any other way, a maximum of twenty per cent of the total number of shares issued by the company, fully paid up, at a minimum unit price of EUR 1 and at a maximum unit price not higher than 20% above the highest closing stock market price of the company's shares on Euronext Brussels during the 20 trading days preceding such acquisition. (…). Such authorization extends to the acquisition of shares of the parent company by its subsidiaries, as such subsidiaries are defined by legal provisions on acquisition of shares of the parent company by its subsidiaries". The Board of Directors pursues this policy of buying back treasury shares in order to cover the employee share-based plan, to benefit from short term weakness in the share price or improve the liquidity of the stock, while showing its confidence in the company's future. The Board considers this buy back a good investment due to the good price earnings compared with short-term deposits. This authorization is valid until July 9, 2014.

The number of treasury shares held as of December 31, 2012 was 170,053 compared to 183,372 as of December 31, 2011. In 2012, the number of treasury shares increased in number and in weighted average prices (WAP) as follows:

	2012		2011	
	Number	**WAP (EUR)**	**Number**	**WAP (EUR)**
At the beginning of the period	**183,372**	**37.71**	**140,403**	**37.41**
Buy back on the market	-	-	60,228	38.49
Sales on the market	-	-	-	-
Treasury shares cancellation	-	-	-	-
Sales linked to the staff incentive program	-13,319	37.71	-17,259	38.03
At the end of the period	**170,053**	**37.71**	**183,372**	**37.71**

18.6. Reserves

(EUR thousands)	**December 31, 2012**	**December 31, 2011**
Legal reserves	876	865
Non taxable reserves for Tax Shelter	525	1,350
Reserves available for distribution	79,460	67,489
Reserves for treasury shares	-6,412	-6,915
Interim dividend	-15,606	-15,592
Reserves	**58,843**	**47,197**

18.6.1. Non-taxable reserves for Tax Shelter

It corresponds to the non-taxable investment and conditional loans made in the framework of the Belgian provision known as "Tax Shelter", i.e. a total amount of EUR 4.8 million (or EUR 3.2 million X 150%) since 2004, net of non taxable amounts until 2012 (global amount of EUR 4.3 million).

18.6.2. Reserves for treasury shares

In accordance with the group's evaluation rules, the sums paid or obtained during the acquisition or sale of the company's treasury shares are recognized directly in the shareholders' equity attributable to the company's shareholders. No profit or expense is included in the income statement for the purchase, sale, issue or cancellation of treasury shares.

18.7. Translation differences

In accordance with the group's evaluation rules, for the EVS Inc. subsidiary which operates in USD, at the closing date, the assets and liabilities are converted into the group's reporting currency (EUR) at the exchange rate in force on the reporting date, capital and reserves are converted at historical exchange rate, and the income statement is converted at the average exchange rate of the period. The translation differences resulting from this conversion are directly recognized under a distinct heading of equity.

19. INTEREST-BEARING LOANS

(EUR thousands)	December 31, 2012	December 31, 2011
Long-term financial debts		
Bank loans	532	866
Long-term finance lease obligations	-	-
Other long-term debts	9	9
Amount due within 12 months (shown under current liabilities)		
Bank loans	291	291
Long-term finance lease obligations	-	-
Other short-term debts	-	-
Total financial debt (short and long-term)	**832**	**1,166**
The total financial debt is repayable as follows :		
- within one year	291	291
- after one year but no more than five	541	875
- more than five years	-	-

19.1. Credit lines

As of December 31, 2012, the group had been granted by its banks EUR 16.4 million potential credit lines, of which EUR 14 million is a roll-over straight loan contracted early July 2012, at an interest rate based on EURIBOR 3 months and associated with a silent pledge on the new building, in order to partially finance its new headquarters and operating facilities in Liège. This credit line is covered by a mortgage mandate on the new building. This credit line has not been used yet at December 31, 2012.

The remainder EUR 2.4 million credit line can be used either as cash provisions, as short term fixed advances and as guarantees. EUR 0.2 million of these credit lines were used for bank guarantees, mainly for international public tenders, or as security deposit.

19.2. Bank loans relating to buildings

The group's policy is to hold its own buildings and to finance them, mainly through equity, and secondarily through long term loans. The open long term bank loans as of December 31, 2012 have the following details:

(EUR thousands)	Nominal value	Maturity	Effective interest rate	Remaining balance	Net book value	Guarantee on asset
Bank loans :						
- Buildings I & II	980	2015	fixe 3.4%	245	1,665	-
- Building IV	2,500	2015	fixe 4.3%	571	3,821	3,250

It is worthwhile to highlight that the EUR 0.8 million financial debts relating to buildings cover only 9% of the net book value of the EVS buildings (EUR 9.0 million) at December 31, 2012 (see note 12).

20. PROVISIONS

(EUR thousands)	Litigations	Technical warranty	Strategic repositioning	Total
Provisions				
As of January 1, 2012	1,050	-	-	1,050
Arising during the year	234	1,003	748	1,985
Utilized				
Reversed	-1,000	-	-	-1,000
Others				
As of December 31, 2012	**284**	**1,003**	**748**	**2,035**
Current 2011	-	-	-	-
Non-current 2011	1,050	-	-	1,050
Current 2012	-	-	-	-
Non-current 2012	284	1,003	748	2,035

The litigation provisions registered in the consolidated accounts mainly correspond to social and commercial disputes whose outcome is still unknown. The amounts allocated to the provisions are measured according to the best knowledge of the management with regard to these disputes and their reasonability has been discussed with the group's lawyers. In 2012, the company released a EUR 1 million for litigation. Due to the nature of these litigations, the Board of Directors prefers not to give any other information on these litigations as it could seriously harm the position of the group in the context of these disputes.

A provision has been booked in 2012 to cover two-year technical standard warranties on the equipment sold as from the delivery, as stated in our general terms and conditions. This provision, with an undefined term, has been estimated based on a historical analysis of the costs incurred over the years to cover two years of costs associated with these warranties. The 2012 estimate has resulted in a significant amount of EUR 1.0 million. As a consequence, a provision has been booked.

The repositioning costs in 2012 amounted to EUR 1.4 million, as explained in the note 6.2., including EUR 0.8 million still in provision as of December 31, 2012.

21. TRADE AND OTHER PAYABLES

(EUR thousands)	December 31, 2012	December 31, 2011
Trade payables	6,586	5,385
Amounts payable linked	-	41
Other related parties	40	73
Total trade payables	*6,626*	*5,499*
Other payables	3,979	5,336
Accrued charges	1,920	2,068
Deferred income	994	953
Total	**13,519**	**13,856**

Trade payables are non-interest bearing and are normally settled on 45-day terms.

22. COMMITMENTS AND CONTINGENCIES

22.1. Operating lease commitments

The group holds operating leases on most of the vehicles of its fleet. These leases have an average life time between 3 and 5 years. The expenses relating to these leases amounted to EUR 1.7 million in 2012 and EUR 1.5 million in 2011.

Future minimum rentals payable under operating leases are as follows as of 31 December:

(EUR thousands)	2011	2010
Within one year	1,752	1,521
After one year but no longer than five years	3,033	2,919
Longer than five years	-	-
Total	**4,785**	**4,440**

In the event of cancellation of the operating leases as at December 31, 2012, a compensation of around EUR 84 thousand should be paid by the group.

22.2. Commitments relating to technical guarantee in respect of sales

Generally, EVS Group grants a 2-year technical guarantee on products sold subject to the general conditions of sale. We should note that, in 2012, a provision of EUR 1 million has been booked in relation with this warranty, as explained in the note 20.

22.3. Bank guarantees

Bank guarantees amounted to EUR 0.2 million as of December 31, 2012 mainly requested as part of international public tenders, or as security deposit.

22.4. Guarantees on assets

Mandates from mortgage with banks were granted 1/ for EUR 3.3 million for the loans relating to the financing of the building IV with a net book value of EUR 3.8 million at December 31, 2012 (see note 12) and 2/ for EUR 15.4 million for the provision of the credit lines of EUR 14 million (available to partially fund the new headquarters of the group, under construction as explained in the note 19.1).

23. RELATED PARTY DISCLOSURES

23.1. Affiliates

The consolidated financial statements include the financial statement of EVS Broadcast Equipment SA and the subsidiaries consolidated according to the fully consolidation method listed in note 4. They are representation and distribution subsidiaries for the products developed by EVS.
The table hereunder provides the total amount of transactions which have been entered into with related parties (for information regarding outstanding balances at year end, refer to notes 16 and 21).
Sales to and purchases from related parties are made at normal market prices and under usual commercial conditions.
Outstanding balances at year end are unsecured and settlement occurs in cash.

(EUR thousands)		Sales to related parties	Purchases from related parties	Amounts due by related parties	Amounts owed to related parties
Related parties					
Associates :					
MECALEC SA	2012	-	-687	-	-40
	2011	-	-573	-	-73
dcinex SA	2012	87	-3	27	-
	2011	100	-	53	-
FAR SA	2012	-	-	-	-
	2011	-	-	-	-
Joint venture :					
EVS China LTD	2012	-	-	-	-
	2011	-	-	-	-41
Total	**2012**	**87**	**-690**	**27**	**-40**
	2011	**100**	**-573**	**53**	**-114**

23.2. Executives

Except the grant of warrants to some Directors and members of the management of EVS, there were no significant related party transactions in 2012. More information, on the compensation of the executive management is available in the remuneration report, on page 14 and following.

24. AUDITOR

In 2012, the fees relating to the function of Auditor of the parent company's auditor, BDO Atrio, Réviseurs d'Entreprises S.C.C. (B-00023), and its network, represented by Felix FANK amounted to EUR 142,102 in aggregate for its duties as Auditor (EUR 72,360) and also for other duties (EUR 69,742).

25. FINANCIAL RISK MANAGEMENT POLICIES

The group enters into derivative transactions, principally forward currency contract. The purpose is to secure its purchases and its sales in foreign currencies against negative variations of these currencies. Indeed, the group has transactional currency exposures. Such exposure arises from sales or purchases by operating entities in currencies other than the group's functional currency.

The main risk arising from the group's financial instrument is described in note 26.2. The group's principal financial instruments, other than derivatives, comprise bank loans, finance leases and operating leases, cash and short-term deposits. The purpose of these financial instruments is to raise finance for the group's operations.

The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The group's policy is, and has always been, that no trading in financial instruments shall be undertaken.

26. FINANCIAL INSTRUMENTS

26.1. Fair values of the financial instruments

The estimated fair values of the financial assets and liabilities are equal to their fair book value in the balance sheet considering their short maturity.

26.2. Foreign currency risk

Periodically, EVS measures the group's anticipated exposure to transactional exchange risk over six months to one year.
In its current structure, the group's exposure is mainly linked to the EUR/USD risk. The group invoices all clients in euro, except the United States (in USD), while a lot of operational and fiscal expenses are libeled in USD. As a result, the group is "long" in USD, i.e. all of the group's activities generate globally a positive net cash flow in USD.
On the basis of the forecasts and according to the market conditions, the group hedges 50% of the exchange rate risk on estimated net future flows, mainly through forward foreign exchange contracts (in USD).
Foreign exchange contracts are revalued at each closing at their market value. The generated exchange rate profit or loss is recorded in the financial result.
At the end of December 2012, the group held USD 7.5 million in forward exchange contracts earmarked to hedge 50% of the future sales in dollars. The conditions of these contracts were as follows:

Sales	Currency	Maturity	Exchange rate	Forward value (EUR)	Impact of the revaluation at the fair value on Dec. 31, 2012 (EUR)
2,000,000	USD	August 2, 2013	1.2368	1,617,077	101,236
2,000,000	USD	November 29, 2013	1.3037	1,534,095	18,254
2,000,000	USD	December 20, 2013	1.3229	1,511,830	-4,010
1,500,000	USD	December 27, 2013	1.3333	1,125,028	-11,852
7,500,000	**USD**	**November 8, 2013**	**1.2958**	**5,788,030**	**103,628**

27. EVENTS AFTER THE BALANCE SHEET CLOSING DATE

Significant events that arose after the balance sheet date are:

- The information communicated on February 21, 2013;
- In January 2013, EVS bought back EUR 0.5 million subordinated loan associated with warrants in dcinex SA from another former minority shareholder of the company. This brings EVS fully diluted share in dcinex from 30.3% up to 31.2% while the number of shares EVS holds in dcinex SA remains 41.3%.

STATUTORY AUDITOR’S REPORT

STATUTORY AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE GENERAL MEETING OF THE COMPANY EVS BROADCAST EQUIPMENT FOR THE YEAR ENDED DECEMBER 31, 2012

In accordance with the legal requirements, we report to you on the performance of the engagement of statutory auditor, which has been entrusted to us. This report contains our opinion on the consolidated balance sheet as at December 31, 2012, the consolidated profit and loss statement for the year ended December 31, 2012, and the explanatory notes, as well as the required additional information.

Report on the consolidated financial statements – unqualified opinion

We have audited the consolidated financial statements of the company EVS BROADCAST EQUIPMENT for the year ended December 31, 2012, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which show a balance sheet total of 94.962(000)EUR and a consolidated profit for the year of 41.743(000)EUR.

Management’s responsibility for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit, conducted 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 misstatements.

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 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 auditor considers internal control relevant to the entity’s preparation of the consolidated financial statements that give a true and fair view 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from management and the company’s officials the explanations and information necessary for our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements of the company EVS BROADCAST EQUIPMENT as of December 31, 2012, give a true and fair view of the net assets and financial position of the group as at December 31, 2012, as well as its consolidated results and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

Management is responsible for the preparation and the content of the consolidated Directors’ report.

As part of our engagement, it is our responsibility, for all significant aspects, to ascertain the compliance of certain legal and regulatory requirements. Based on that requirement we report the following additional statement, which does not modify our audit opinion on the consolidated financial statements:

The consolidated Directors’ report includes the information required by law, is consistent, in all material aspects, with the consolidated financial statements and does not include any obvious inconsistencies with the information that we became aware of during the performance of our engagement.

Liège, April 18, 2013

BDO Réviseurs d’Entreprises Soc. Civ. SCRL
Statutory auditor
Represented by Félix FANK

BELGIAN GAAP PARENT COMPANY FINANCIAL STATEMENTS

These financial statements are related to the figures for the parent company, EVS Broadcast Equipment SA (Belgium). These statements are disclosed according to the short version allowed by Article 105 of the “Code des Sociétés” (company law). They are filed at the “Banque Nationale de Belgique” and are available on request at the company’s head office, but also on the company website (www.evs.com). They have been unconditionally attested by BDO, Auditors, represented by Félix Fank, Partner.

STATUTORY MANAGEMENT REPORT

As foreseen by the Law, the consolidated management report has been drawn up to also be used as the management report on the parent company’s financial statements. The management report on the parent company’s financial statements is therefore similar to the consolidated management report, except for the following notes:

- The parent company’s financial statements include the figures for the head office in Liege (Belgium): revenue, EUR 116,258 thousand, representing 84.3% of the consolidated amount.

- The profit of the year amounts to EUR 39,593 thousand, i.e. an increase of EUR 2,956 thousand compared to 2011. The balance sheet total amounts to EUR 98,700 thousand.

- In 2012, EVS Broadcast Ltd. (Hong Kong) paid two interim dividends to EVS for a total amount of EUR 9.0 million.

- In accordance with the article 96 of the Belgian Company, the Audit Committee is composed by independent directors. Amongst them, Christian Raskin (Master in Economic Sciences, 20 years of experience in executive functions t Draka) and Yves Trouveroy (two Certificates in Law, 15 years of experience in an investment company) have the competencies in accounting and audit.

- No event other than those reported in the consolidated management report has affected the parent company’s financial statements.

BELGIAN GAAP STATUTORY INCOME STATEMENT

(EUR thousands)	2012	2011
Operating income	**114,021**	**89,399**
A. Turnover	116,258	85,655
B. Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	-4,598	630
C. Other operating income	2,361	3,114
Operating charges	**-67,080**	**-56,653**
A. Raw materials, consumables and goods for resale	-19,973	-13,836
1. Purchases	*-19,172*	*-16,203*
2. Increase (+)/decrease (-) in stocks	*-801*	*2,367*
B. Services and other goods	-22,206	-20,388
C. Remuneration, social security costs and pensions	-21,120	-17,700
D. Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	-2,820	-2,499
E. (+)/(-) in amounts written off on stock and trade debtors	485	-1,431
F. (+)/(-) in provisions for liabilities and charges	-485	-
G. Other operating charges	-961	-799
Operating profit	**46,941**	**32,746**
Financial income	**10,230**	**18,536**
A. Income from financial assets	9,100	16,100
B. Income from current assets	59	209
C. Other financial income	1,071	2,227
Financial charges	**2,141**	**2,474**
A. Interest and other debt charges	-433	-475
B. Write-offs on current assets other than stocks, work in progress and trade receivables (+, -)	-192	-92
C. (+)/(-) in amounts written off on current assets	-1,516	-1,907
Profit on ordinary activities before taxes (+,-)	**55,030**	**48,808**
Extraordinary income	6	2
Extraordinary charges	-19	-2
Result for the period before taxes (+, -)	**55,017**	**48,808**
Transfer from deferred taxation	28	28
Income taxes	-15,452	-12,199
Result for the period (+, -)	**39,593**	**36,637**
Transfers from not taxable reserves		
Transfers to not taxable reserves		-150
Result for the period available for appropriation (+, -)	**39,593**	**36,487**
Appropriation account		
A. Result to be appropriated	39,593	36,487
B. Transfers from reserves	-	-
C. Transfers to reserves	-3,352	-4,230
D. 1. Dividends	-35,540	-31,722
D. 2. Other equivalents	-701	-535

BELGIAN GAAP STATUTORY BALANCE SHEET

ASSETS (EUR thousands)	31.12.12	31.12.11
Fixed assets	**35,223**	**26,299**
Intangible assets	488	451
Tangible assets	19,320	10,609
A. Land and buildings	6,246	7,173
B. Plant, machinery and equipment	102	67
C. Furniture and vehicles	1,058	1,174
D. Assets under construction and advance payments	11,914	2,195
Financial assets	15,415	15,239
A. Affiliated companies	3,422	3,247
1. Participating interests	*3,072*	*2,897*
2. Amounts receivable	*350*	*350*
B. Other companies linked to participating interests	11,983	11,983
1. Participating interests	*11,153*	*11,153*
2. Amounts receivables	*830*	*830*
C. Other financial assets	10	9
1. Participating interests	-	-
2. Receivable and cash guarantee	-	-
Current assets	**63,477**	**69,100**
Amounts receivable after more that one year		140
A. Other amounts receivable		140
Stocks and contracts in progress	17,016	22,018
A. Stocks	13,390	13,501
1. Raw materials and consumables	*10,079*	*9,675*
2. Goods in process	-	-
3. Finished goods	*3,311*	*3,826*
B. Goods in process	3,626	8,518
Amounts receivable within one year	21,832	24,685
A. Trade debtors	19,079	20,010
B. Other amounts receivable	2,753	4,675
Investments	13,202	16,574
A. Treasury shares	6,412	6,915
B. Other investments and deposits	6,790	9,659
Cash at bank and in hand	10,179	4,554
Deferred charges and accrued income	1,248	1,129
TOTAL ASSETS	**98,700**	**95,399**

LIABILITIES (EUR thousands)	31.12.12	31.12.11
Capital and reserves	**43,737**	**38,757**
Capital	**8,342**	**8,342**
A. Issued capital	8,342	8,342
Reserves	**33,299**	**29,946**
A. Legal reserve	834	834
B. Reserves not available for distribution	6,413	6,915
1. In respect of treasury shares	*6,413*	*6,915*
C. Not taxable reserves	525	1,350
D. Reserves available for distribution	25,527	20,847
Investment grants	**2,096**	**469**
Provisions and deferred taxation	**2,102**	**1,509**
A. Provision for liabilities and charges	1,888	1,267
B. Deferred taxation	214	242
Creditors	**52,861**	**55,133**
Amounts payable after one year	**6,535**	**4,850**
A. Financial debts	526	841
1. Credit institutions	*526*	*841*
B. Other amounts payable	6,009	4,009
Amounts payable within one year	**43,856**	**47,616**
A. Current portion of amounts payable after one year	291	291
B. Financial debts	-	-
C. Trade debts	9,227	6,503
1. Suppliers	*9,227*	*6,503*
D. Advances received on orders	6,489	10,193
E. Taxes, remuneration and social security	7,068	10,537
1. Taxes	*321*	*4,566*
2. Remuneration and social security	*6,747*	*5,971*
F. Other amounts payable	20,781	20,092
Accrued charges and deferred income	**2,470**	**2,667**
TOTAL LIABILITIES	**98,700**	**95,399**

APPENDIX TO PARENT COMPANY FINANCIAL STATEMENTS

Capital as of December 31, 2012 (EUR thousands)	Amounts	Number of shares
A. Share capital		
1. Issued capital	8,342	13,625,000
2. Structure of capital		
2.1. Different categories of shares		
Shares without face value	8,342	13,625,000
2.2. Registered shares and bearer shares		
Registered shares – as of December 31, 2012		904,217
Bearer shares – as of December 31, 2012		12,720,783
B. Treasury shares held by the company itself	**6,412**	**170,053**
C. Commitments to issue shares		
1. Following the exercise of subscription rights		
- Number of outstanding subscription rights		440,900
- Amount of capital to be issued	11,281	
- Maximum number of shares to be issued		440,900
D. Amount of authorized capital, not issued	**8,300**	