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## PRESS RELEASE – 10 MAY 07 – Before market opening

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Liège (Belgium), 10 May 2007, EVS Broadcast Equipment S.A. (ISIN BE0003820371, Bloomberg EVS BB, Reuters EVSB.BR), the leader in Professional Digital Video applications for Live, Near-Live and Studio TV Production, today reports its first quarter (“1Q07”) financial results and provides a business update:

### Highlights:

- **1Q07 SALES OF 19,9 MILLION EUR, FLAT -1% vs. 1Q06**
- **1Q07 EBIT MARGIN OF 65% vs. 70% DUE TO R&D AND S&M INVESTMENTS**
- **NET RESULT OF 8,6 MILLION EUR, LOWER BY 1% COMPARED TO 1Q06**
- **SPRING ORDER BOOK OF 18,3 MILLION EUR, LOWER BY 18% EXCL. RENTALS**
- **CONTRACT FOR MAJOR CENTRAL HD SERVER PLATFORM FOR BEIJING 2008**
- **A CONSOLIDATION YEAR FOCUSING ON NEW PRODUCTS AND NEW MARKETS**
- **FINAL GROSS DIVIDEND OF 1,20 EUR PER SHARE PAYABLE NEXT 20 JUNE 2007**

### Group Revenue and Performance

Pierre L’Hoest, CEO of EVS said: “As expected, quarterly sales are stabilizing around 20 million EUR. This level was considered as exceptional 18 months ago but in the meantime, our organisation has strongly grown and prepares for the next level. Our customers from all markets widely recognize the powerful, flexible and innovative **XT[2]**® platform combined with the famous **Multicam LSM**®, the new **[IP]Director**® and **CleanEdit**® application suites. Our products keep leading the outside broadcast market and are more and more often used in new fields where near-live and multi-camera recording are key, like for elections or studio TV productions in many countries”.

Revenues – in million EUR TV Systems (Broadcast) <sup>1)</sup>	1Q06	4Q06	1Q07	% 1Q07 / 1Q06
Total	20,1	19,0	19,9	- 1 %
<b>Total at constant exchange rate</b>	<b>20,1</b>	<b>19,1</b>	<b>20,6</b>	<b>+2 %</b>

1) Refer to the geographical segmentation in annex 3.

### Business review

Jacques Galloy, CFO, explains: “Following a strong 4Q06, the 1Q07 yielded 19,9 million EUR sales which is in line with 1Q06 (or -1%). One should also be reminded that 1Q06 was ahead of large sporting events, which is not the case for 1Q07. EVS growth is driven by the transition from analog tape-based to digital tape-less workflows, accelerated by the conversion from Standard Television towards High Definition. The broadcast industry anticipates these major shifts by upgrading their facilities step by step.”

Geographically, EVS sales evolution reflects the overall market trends of each region. Weaker Europe is compensated by good news from Asia but mainly America’s. Europe, Middle-East and Africa (“**EMEA**”) sales are down **-35%** to 6,9 million EUR as a result of a strong 1Q06 linked to the Torino Winter Games and shipments linked to the World Cup soccer in Germany. EVS solutions in EMEA should gain traction over the year. HD deployment is not a question anymore but a timing issue. At the moment, 8% of outside broadcast trucks are HD ready while less than 1% EMEA TV viewers are able to watch this amazing new picture quality. HD is currently one of the fastest selling options by European pay TV operators. Tapeless studio production remains a key driver, mainly in SD. Asia and Pacific (“**APAC**”) sales grew by **+3%** to 5,1 million EUR with strong contributions from Japan, Korea, and Australia. Excluding the non recurring 0,8 million rental agreement for the Commonwealth Games in 1Q06, APAC sales have increased by 24%. Mid April, EVS signed a significant agreement for the rental of a large HD central server with **Beijing 2008 Olympic Broadcasting** to be deployed in August 2008 in the International Broadcast Center. This is similar to the World Cup 2006 equipment rental and service provider deal which had been considered

by many as a major step forward in the tapeless TV production of such big events for billions of viewers. This time and as a world premiere, not only the outside production trucks but the International Broadcast Center shall be fully HD compatible. Last but not least, America's revenues ("**NALA**") increased by 4,8 million USD (**+85%**) to 10,4 million USD, thanks to the ongoing replacement cycle of outside broadcast trucks migrating to HDTV but also to major studio projects wins in both the United States and Canada. Taking into account the USD exchange rate weakness, NALA sales translated into EUR have grown by +70% to 7,9 million EUR.

Last April, EVS Broadcast Equipment has presented the latest evolution of its **Instant Tapeless Technology at NAB** in Las Vegas, the world's largest conference covering the latest innovations in the Broadcast and Media industry. Customers much appreciated the flexibility, user friendliness and power of the XT series server, together with related software applications and "gateway" solutions. EVS has disclosed new features of the **XStore[2]**, a key solution for online mass storage. EVS has showcased stronger interoperability with AVID and APPLE post-production tools while EVS is the first server company worldwide to deal natively with the new **AVID DNxHD** video format. The EVS booth gained attention thanks to live demo's of end-to-end tapeless workflows for near-live studio, sport center, news and live outside TV productions. Customers also welcomed the new features of the EVS platform to allow "**Speedclipping**". Indeed, EVS production tools speed up workflows, enhance real-time interactivity, improve TV program quality, and create much more content clips which are then made instantly available for multimedia platforms, mainly broadcasting but also internet and 3G.

### **Result and cash**

The group manages organic growth and is reinforcing R&D, sales and field service teams to go to the next level. EVS Broadcast (excluding XDC) staffing as of 31 March 2007 was 169 compared to 144 at the same date in 2006, or up 17%. The **gross profit margin of 1Q07 reached 87%**, up 1% compared to 1Q06, while **EBIT margin reached 65%**, or 5% less than in 1Q06 due to the organisation strengthening. Group tax rate decreased from 34% down to 32% due to relatively higher overseas sales. Taking into account XDC negative, but improved, operating contribution of 0,4 million EUR (booked at equity), **net profit for 1Q07 amounts 8,6 million EUR**, flat compared to last year. Basic net profit per share reaches 0,63 EUR over 1Q07, in line with 1Q06. On March 31, 2007, the group balance sheet shows 41,3 million EUR in cash at bank and 2,6 million EUR in long-term bank debts.

### **XDC – Digital Cinema**

EVS' 47% affiliate XDC doubled its sales over 1Q07 and reached 0,9 million EUR. EBITDA reaches nearly break-even while net loss for the quarter amounts 0,8 million EUR, compared to a net loss of 1,2 million EUR over 1Q06. While only 1% of European screens have been digitised so far, there are major ongoing discussions regarding the business model of Digital Cinema. XDC leads the European deployment of digital cinema with around 280 screens installed so far. For the third consecutive year, XDC has been selected as the Official Digital Cinema partner for the Cannes Film Festival. XDC shall install and manage 16 digital systems and more than 60 digital screenings mainly in JPEG2000 format, including 3 movies running the Official Competition: "Zodiac", "The Last 15", "The Oate's Valor", the movie for the opening ceremony: "Ocean's Thirteen" and also for instance a 3D HD screening of the U2 concert. XDC is well positioned to become a key player in this digitally shifting market.

<b>Profit &amp; Loss</b>	<b>1Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>1Q07 /</b>
<b>Key Consolidated figures – IFRS in million EUR</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>1Q06</b>
<b>Revenue</b>	<b>20,1</b>	<b>19,0</b>	<b>19,9</b>	<b>-1%</b>
Gross Profit %	86%	87%	87%	+1 pct
<b>Operating result - EBIT</b>	<b>14,1</b>	<b>12,2</b>	<b>12,9</b>	<b>-8%</b>
<b>EBIT margin %</b>	<b>70%</b>	<b>64%</b>	<b>65%</b>	<b>-5 pct</b>
Profit before taxes and exceptionals	14,2	12,1	12,7	-11%
Income taxes	-4,8	-3,7	-4,1	-14%
XDC contribution (1)	-0,7	-0,1	-0,4	-43%
Net profit – Group share	8,7	8,4	8,6	-1%
<b>Net profit from operations – Group share (2)</b>	<b>8,7</b>	<b>8,6</b>	<b>8,7</b>	<b>0%</b>
<b>Net profit margin %</b>	<b>43%</b>	<b>45%</b>	<b>44%</b>	<b>+1 pct</b>
<b>Per share in EUR</b>	<b>1Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>1Q07 /</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>1Q06</b>
Weighted average number of subscribed shares for the period less treasury shares	13.706.595	13.585.621	13.598.927	
Weighted average number of fully diluted number of shares	13.853.595	13.775.380	13.769.827	
<b>Basic earnings – share of the Group per share</b>	<b>0,63</b>	<b>0,62</b>	<b>0,63</b>	<b>-1%</b>
<b>Fully diluted earnings – share of the Group per share</b>	<b>0,63</b>	<b>0,61</b>	<b>0,62</b>	<b>-1%</b>
<b>Basic net profit from operations – share of the Group per share</b>	<b>0,64</b>	<b>0,63</b>	<b>0,64</b>	<b>0%</b>

(1) Refer to annex 4 note 6.

(2) The net profit from operations is the net profit (share of the group) excluding non-current exceptional results, taking into account tax items.

## Outlook 2007

The broadcast industry is undergoing a major technological evolution. EVS serves hundreds of TV stations worldwide with its high-end digital video and audio applications, especially in the field of live sports and studio productions where the company has developed leadership positions on niche markets. The migration from tape-based operations towards integrated **tapeless** workflows is underway and will last during the next decade. This process is accelerated by the transition from Standard Definition Television to High Definition Television because new equipment needs to interoperate with digital solutions that shall be High Definition. Hence, EVS directly benefits from two key broadcast industry drivers, i.e. **HDTV** and **Sport**. EVS has a double growth strategy for its broadcast business: first, to benefit from its Mobile TV Production leadership and transition all production trucks to HDTV over the next 6-10 years; second, to develop the **Near-Live Studio Editing** market for which the XT[2]® platform is to become the core engine. HDTV will impact the business over a long period of time and shall follow usual equipment acquisition wave patterns.

The global **spring orderbook** reaches **18,3 million EUR** compared to 23,9 million EUR on the same date one year ago, that is -23%, but the early 2006 figure included 3,6 million EUR rental agreements relating to 2006 major sport events while the current figure includes around 1,6 million EUR for the 2008 Olympics and also marginally the July 2007 Pan American Games in Rio (Brazil). Excluding the big events rentals, the order book is **lower by 18%**. The open order book as of 1 April 2007 amounted to 8,9 million EUR (vs. 16,3 million in 2006, incl. rentals) and orders intake in April has been 9,4 million EUR (vs. 7,6 million in 2006, incl. rentals).

Based on current analysis, market conditions and medium to long term products requirements from existing customers, the **Board of Directors expects long term growth of both revenues and results**. Despite buoyant market conditions, visibility remains limited as usual. Depending on the overall economic climate, geo-political risks and the USD currency evolution, the **Board continues to believe that 2007 shall be a consolidation year between two strong years**. The group shall reinforce its R&D and Sales and Project Engineering teams over 2007 to pursue its organic long term growth. The second half of 2007 should benefit from some market traction due to big near-live studio projects but also to big sporting events foreseen in 2008: the Olympic Summer Games and the European Soccer Finals. The fundamentals of the markets on which the group operates remain very solid and positive.

## AGM, EGM, Dividend and annual report 2006

The Board of EVS has called the General Meeting of Shareholders for next Tuesday May 15, 2007 to (amongst other points) approve the 2007 annual results and to propose the renewal of the authorisation to the Board to acquire and sell EVS shares. Furthermore, the Board proposes a **total gross dividend of 1,68 EUR** (including the 0,48 EUR interim) to the Shareholders, implying a final gross dividend of 1,20 € to be paid next 20 June 2007 through FORTIS Bank and ING Bank. Additionally, the Board proposes to grant approximately **5.000 shares as employee profit sharing incentive plan**. The complete agenda and proxy for the coming AGM (dividend, employee incentive plan) and EGM (own shares cancellation, authorized capital procedure, dematerialisation) are available from the [www.evs-global.com](http://www.evs-global.com) website under Investors / Financial News. The 2006 annual report is downloadable in both French and English from the same website under Investors / Reports.

### Analyst & Press meeting and Conference Call

EVS will hold today an analyst meeting in Liège at 10:30 CET, with Pierre L'Hoest, CEO EVS Broadcast and Jacques Galloy, Group CFO. A **conference call in English will be held at 4:00 PM (CET)** to offer another opportunity to discuss the results and recent developments. Please contact [corpcom@evs.tv](mailto:corpcom@evs.tv) to receive the dial-in number and the presentation.

### Corporate Calendar:

Tuesday 15 May 2007 at 11.00 am : Annual General Meeting of Shareholders  
Wednesday 20 June 2007: Dividend pay-out  
Thursday 6 September 2007: 2Q07 sales & earnings  
Thursday 8 November 2007: 3Q07 sales & earnings

### For more information, please contact:

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### **Forward Looking Statements**

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

### **About EVS Group**

*EVS Group designs, develops and markets professional digital equipment for Television (EVS Broadcast) and Cinema (XDC). The Group employs over 170 persons for broadcast equipment in 11 countries and sells its products to professionals of the video and audio sectors in more than 80 countries. EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371. For more information, refer to [www.evs-global.com](http://www.evs-global.com)*

*EVS Broadcast is the world leader for Live TV Production Digital Disk Recorders and Related Software Applications, especially in the field of sports. The company's dedicated hardware and software suite offer a complete production platform: live slow motion (LSM), high speed slow motion, replay only, clips generation, quick clips editing, real-time SD/HD video files transfer, time delay, multi-camera recording, metadata association, graphics storage and play-out, digital transmission, multi-format ingest and play-back, audio record & edit, webcasting, mobile phone clipping. Main software applications like the "IP Director®" are running on the dedicated robust and flexible hardware the "XT[2]® Platform". The world's leading broadcasters, such as NBC, BSkyB, FOX, RTL, NHK, CANAL+, ABC, ESPN, TF1, CCTV, PBS, CBS, BBC, ZDF and many others use EVS' solutions.*

*EVS 47,20% affiliate XDC is pioneering Digital Cinema Logistics and Play-out and operates between the movies distributors and exhibitors. XDC has installed more than 250 digital screens in Europe where it is market leader for end-to-end digital cinema solutions.*

## ANNEX 1: EVS GROUP – IFRS CONSOLIDATED INCOME STATEMENT

(in thousands EUR)	Annex	1Q06 Unaudited	4Q06 Unaudited	1Q07 Unaudited
Revenue	3	20.090	19.022	19.873
Costs of sales		-2.751	-2.451	-2.575
<b>Gross Profit %</b>		<b>86%</b>	<b>87%</b>	<b>87%</b>
Selling and administrative expenses		-2.086	-2.742	-2.819
Research and development expenses		-1.180	-1.487	-1.454
Other revenue		119	95	80
Other expenses		-33	-28	-28
Stock based compensation and ESOP plan		-48	-114	-47
Depreciation on Tax Shelter rights assets		-	-59	-84
<b>EBITDA</b>		<b>14.516</b>	<b>12.898</b>	<b>13.280</b>
<b>Operating Profit (EBIT)</b>		<b>14.110</b>	<b>12.237</b>	<b>12.946</b>
<b>Operating Margin %</b>		<b>70%</b>	<b>64%</b>	<b>65%</b>
Net interest		113	235	243
Other net financial income / (expenses)		-47	-280	-133
Share in the result of the enterp. accounted for using the equity method	4 note 6	29	-55	-356
<b>Profit before taxes (PBT)</b>		<b>14.205</b>	<b>12.137</b>	<b>12.700</b>
Income taxes		-4.801	-3.737	-4.144
<b>Net profit for the year from continuing operations</b>		<b>9.405</b>	<b>8.400</b>	<b>8.556</b>
Net gain/(loss) associated with the discontinued operation : (1) XDC operations contribution to cons'd accounts	4 note 6	-1.210	-	-
<b>Net profit</b>		<b>8.195</b>	<b>8.400</b>	<b>8.556</b>
Attributable to :				
Minority interests (XDC)	4 note 6	487	-	-
<b>Equity holders of the parent company</b>		<b>8.682</b>	<b>8.400</b>	<b>8.556</b>
<b>Net profit from operations – share of the group (2)</b>	<b>4 note 7</b>	<b>8.730</b>	<b>8.573</b>	<b>8.687</b>
<b>RESULT PER SHARE</b>	<b>4 note 5</b>	<b>1Q06 Unaudited</b>	<b>4Q06 Unaudited</b>	<b>1Q07 Unaudited</b>
<i>(in number of shares and in EUR)</i>				
Weighted average number of subscribed shares for the period less treasury shares		13.706.595	13.585.621	13.598.927
Weighted average number of fully diluted number of shares		13.853.595	13.775.380	13.769.827
<b>Basic earnings – share of the group per share</b>		<b>0,63</b>	<b>0,62</b>	<b>0,63</b>
<b>Fully diluted earnings – share of the group per share</b>		<b>0,63</b>	<b>0,61</b>	<b>0,62</b>
<b>Basic net profit from operations – share of the group per share</b>		<b>0,64</b>	<b>0,63</b>	<b>0,64</b>

(1) In 2006 and until June 27, 2006, XDC was a 60,17% EVS affiliate and has been fully consolidated. From June 27, 2006, XDC has been a 47,20% EVS affiliate and therefore accounted for at equity.

(2) The net profit from operations is the net profit (share of the group) excluding non-current results, taking into account tax items. Refer also to annex 4, note 7.

## ANNEX 2: EVS GROUP – IFRS CONSOLIDATED BALANCE SHEET

<b>ASSETS</b> (in thousands EUR)	Annex	31.12.06 Audited	31.03.07 Unaudited
<b>Non-current assets :</b>			
Intangible assets		715	668
Lands and buildings		5.429	5.397
Other tangible assets		1.099	1.198
Investment accounted for using equity method	4 note 6	6.174	5.818
Other financial assets		258	258
<b>Total non-current assets</b>		<b>13.675</b>	<b>13.339</b>
<b>Current assets :</b>			
Inventories		7.955	7.688
Trade receivables		11.601	9.717
Deferred tax assets		160	142
Other amounts receivable, deferred charges and accrued income		2.149	1.595
Cash and cash equivalents		28.935	41.335
<b>Total current assets</b>		<b>50.799</b>	<b>60.476</b>
<b>Total assets</b>		<b>64.474</b>	<b>73.816</b>
<b>EQUITY AND LIABILITIES</b> (in thousands EUR)			
	Annex	31.12.06 Audited	31.03.07 Unaudited
<b>Equity :</b>			
<b>Capital</b>		<b>8.342</b>	<b>8.342</b>
Reserves		54.402	62.981
2006 interim dividend	4 note 3	-6.519	-6.519
Treasury shares		-5.985	-6.643
<b>Total consolidated reserves</b>		<b>41.898</b>	<b>49.818</b>
Translation differences		-112	-117
<b>Equity attributable to equity holders of the parent company</b>		<b>50.128</b>	<b>58.044</b>
<b>Minority interests</b>		<b>4</b>	<b>5</b>
<b>Total equity</b>		<b>50.133</b>	<b>58.049</b>
Long term provisions		361	361
Deferred taxes		266	273
Financial long term debts		2.323	2.323
Government recoverable loans		834	834
<b>Non-current liabilities</b>		<b>3.784</b>	<b>3.791</b>
Short term portion of long term financial debts		364	237
Trade payables		1.964	1.842
Amounts payable regarding remuneration and social security		2.765	2.115
Income tax payable		2.214	5.048
Other amounts payable, advances received, accrued charges and deferred income		3.250	2.734
<b>Current liabilities</b>		<b>10.558</b>	<b>11.976</b>
<b>Total equity and liabilities</b>		<b>64.474</b>	<b>73.816</b>

### ANNEX 3: EVS GROUP – GEOGRAPHICAL SEGMENT REPORTING

The TV activities are split over 3 regions: Asia Pacific (“APAC”), Europe, Middle-East and Africa (“EMEA”) and North America and Latin America (“NALA”).

<b>(in thousands EUR)</b>	<b>APAC</b>	<b>EMEA</b>	<b>NALA</b>	<b>TOTAL 1Q07</b>
<b>TV sales 1Q07</b>	<b>5.070</b>	<b>6.857</b>	<b>7.946</b>	<b>19.873</b>
Variation 1Q07 vs 1Q06 %	3%	-35%	70%	-1%
Segment Revenue at constant exchange rate	5.070	6.857	8.662	<b>20.589</b>
Var. 1Q07 vs 1Q06 at constant exchange rate %	3%	-35%	85%	<b>2%</b>

<b>(in thousands EUR)</b>	<b>APAC</b>	<b>EMEA</b>	<b>NALA</b>	<b>TOTAL 1Q06</b>
<b>TV sales 1Q06</b>	<b>4.900</b>	<b>10.507</b>	<b>4.683</b>	<b>20.090</b>

The EVS Group has a strong vertical integration located mainly in Belgium. Foreign subsidiaries are distribution and representation subsidiaries, which explains why most of investments and investment expenditure are concentrated in the parent company EVS Broadcast Equipment S.A..

We should also note that the EVS Group has a centralised cash management within Belgium and that only the subsidiaries based in the USA and in Hong Kong directly invoice the end customers for commercial reasons. All customers are invoiced in EUR except the United States of America, in US Dollar.

Segmenting the operating profit (EBIT) by region would not fundamentally change the understanding of the company. Indeed, according to the strong vertical integration of the group and its worldwide sale policy, that margin is quite similar over the 3 regions.

## ANNEX 4: EVS GROUP – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2007

### NOTE 1: BASIS OF PREPARATION

The consolidated financial statements of EVS group for the period ended 31 March 2007 are established under International Financial Reporting Standards (IFRS), as adopted for use in the European Union.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES AND METHODS

The accounting policies and methods adopted for the preparation of the Company's IFRS consolidated financial statements are consistent with those applied in the 31 December 2006 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the annual report 2006 on [www.evs-global.com](http://www.evs-global.com)

### NOTE 3: DIVIDENDS PROPOSED AND PAID

Within the framework of its powers granted by the Company bylaws, EVS Board decided to pay-out a gross interim dividend for the year 2006 (except for own shares) of 0,48 EUR per share on December 4, 2006, representing 6,5 million EUR. Furthermore, the EVS Board proposes a total gross 1,68 EUR dividend (including the 0,48 EUR interim), implying a final gross dividend of 1,20 € to be paid next 20 June 2007 through FORTIS Bank and ING Bank.

### NOTE 4: EQUITY SECURITIES

As at 31 March 2007, the share capital is represented by 13.875.000 shares out of which 287.209 are owned by the company as treasury shares. They have an overall average acquisition price of 23,13 EUR per share and 15.000 shares have acquired over the quarter. At the same date, 170.900 warrants are outstanding with an average strike price of 20,56 EUR and an average maturity of 2,1 years.

### NOTE 5: EARNINGS PER SHARE (EPS)

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

### NOTE 6: XDC CONTRIBUTION

On June 27, 2006, EVS diluted in XDC S.A. from 60,17% down to 47,20% following a non proportional share capital increase of 12,5 million EUR to which EVS contributed 2 million EUR. Based on the amended shareholders agreement, EVS lost its majority in the XDC Board of Directors and does not control XDC anymore as such. One third of the share capital increase has been paid as of March 31, 2007. This lead to a change in the way XDC is reported in EVS accounts: it has been fully consolidated until June 27, 2006 and following EVS loss of control on its affiliate, XDC figures have been accounted for according to the net equity method. The XDC contribution breaks down as follows:

(in thousands EUR)	1Q06	4Q06	1Q07
Revenue	460	782	912
Gross Profit	-955	-2.985	-1.164
Stock based compensation and ESOP plan	-3	-3	-2
<b>Operating Profit (EBIT)</b>	<b>-1.179</b>	<b>-63</b>	<b>-758</b>
<b>Operating Profit (EBIT) - %</b>	<b>-256%</b>	<b>-8%</b>	<b>-83%</b>
Financial Results	-28	-148	-56
Income taxes	-3	15	-4
<b>Net profit for the period</b>	<b>-1.210</b>	<b>-190</b>	<b>-819</b>
Part of XDC capital held	60,17%	47,20%	47,20%
<b>Total contribution</b>	<b>-723</b>	<b>-90</b>	<b>-387</b>

R&D expenses relating to specific JPEG2000 servers & applications is being capitalized and shall be amortized over 36 months as from their launch date on the market. Such capitalization has started during summer 2006 and has represented 0,2 million EUR over 1Q07.

## NOTE 7: NON CURRENT ITEMS AND NET PROFIT FROM OPERATIONS

The link between the net result and the current net result appears as follows:

(in thousands EUR)	1Q06	4Q06	1Q07
Net profit for the year	8.682	8.400	8.556
Stock Option Plan and allocation to Employees Profit Sharing Plan and Warrants	48	114	47
Depreciation on Tax Shelter rights assets	-	59	84
<b>Net profit from operations</b>	<b>8.730</b>	<b>8.573</b>	<b>8.687</b>

## NOTE 8: HEADCOUNT

The group has recruited additional staff to reinforce R&D, Sales & Marketing, Training and Field Engineers to pursue its growth.

(In Full Time Equivalents)	EVS TV
Average 1Q06	139
Average 1Q07	168
Variation	+21%
<b>As of March 31, 2007</b>	<b>169</b>

## NOTE 9: EXCHANGE RATES

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

USD / EUR	1Q06	1Q07
Average exchange rate of the period	1,2023	1,3107
At period end	1,2104	1,3318

## NOTE 10: FINANCIAL INSTRUMENTS

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

On March 31, 2007, the group held 5 million US dollars in forward exchange contracts with an average maturity date of October 15, 2007 and with an average exchange rate EUR/USD of 1,2831. The group policy is to hedge around 50% of the net long US dollars cash-flows over the next quarters.