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

EVS REPORTS REVENUE AND RESULTS FOR 2011 RECORD ORDER BOOK OF EUR 46.1 MILLION (+83%)

- **FY11 revenue of EUR 106.9 million, -3.8% vs. FY10 (+6.3% excluding the big events rentals and at constant exchange rate)**
- **FY EBIT margin of 41.3% and EPS of EUR 2.38**
- **4Q11: revenue of EUR 31.0 million, +15.3% (+22.7% excluding the big events rentals and at constant exchange rate), EBIT margin of 41.9%**
- **Record winter global order book of EUR 46.1 million at February 15, 2012, +83%**
- **Anticipation of strong 1H12 (with some traction prior to the big sporting events), weaker post-events 2H12**

Key figures

(unaudited)			EUR millions, except earnings per share expressed in EUR	(audited)		
4Q11	4Q10	4Q11/4Q10		FY11	FY10	FY11/FY10
31.0	26.9	+15.3%	Revenue	106.9	111.2	-3.8%
13.0	11.8	+10.1%	Operating profit – EBIT	44.1	55.5	-20.6%
41.9%	43.9%	-	Operating margin – EBIT %	41.3%	50.0%	-
-0.7	0.1	N/A	Contribution from XDC	2.3	-0.2	N/A
7.5	8.2	-7.7%	Net profit – Group share	32.1	38.1	-15.7%
8.7	8.4	+4.5%	Net profit from operations, excl. XDC – Group share ⁽¹⁾	31.7	39.7	-20.3%
0.55	0.61	-7.5%	Basic earnings per share	2.38	2.82	-15.5%
0.65	0.62	+4.8%	Basic earnings per share from operations, excl. XDC ⁽¹⁾	2.35	2.94	-20.0%

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

Comments

Commenting on the results and perspectives, Jacques Galloy, CFO, said: “As expected, sales in 4Q11 were higher, which allows us to record, for FY11, nearly stable sales, actually lower by 3.8% to EUR 106.9 million. The lower 41.3% EBIT margin is due to the increasing cost base as a result of additional employees during this year. We are very enthusiastic about our record order book, which prepares for a strong first half of 2012, partially driven by big sporting events. The second half of the year is more uncertain, and should be impacted by the usual market slow down following big events, the timing of the launch of expected solutions, and the macro-economic environment.”

Pierre Rion, Chairman of the Board of Directors of EVS added: “Since a few weeks, we have initiated a process to hire an external CEO, in order to reinforce our existing management. In the meantime, Francis Bodson (62), Member of the Board of Directors of EVS since 12 years with a strong background of broadcast technology has joined the Executive Committee to reinforce and chair it. We expect to announce further news soon.”

Revenue

EVS revenue amounted to **EUR 106.9 million** in FY11, a decrease by 3.8% at actual exchange rate compared to FY10, but a +6.3% increase at constant exchange rate and excluding the big events rentals. Sales of solutions in the studios decreased by 12.9% (-4.0% at cst exch. rate and excl. big events) to EUR 48.3 million, representing 45.2% of total group sales in 2011. Outside broadcast sales grew 5.2% in FY11 to EUR 58.6 million (+16.3% at cst exch.rate and excl. big events). They represented 54.8% of total sales in 2011. Revenues in FY11 included EUR 0.8 million of rentals relating to the Winter Asian Games and to the Panam Games, compared to EUR 10.2 million in 2010.

4Q11	4Q10	% 4Q11 / 4Q10	Revenue – EUR millions ⁽¹⁾	FY11	FY10	% FY11 / FY10
31.0	26.9	+15.3%	Total reported	106.9	111.2	-3.8%
30.9	26.9	+15.1%	Total at constant exchange rate	108.2	111.2	-2.7%
30.6	24.9	+22.7%	Total at constant exchange rate and excluding big events rentals	107.3	101.0	+6.3%

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

EVS revenue amounted to **EUR 31.0 million in 4Q11**, an increase by 15.3% at actual exchange rate (+22.7% at constant exchange rate and excluding the big events rentals) compared to 4Q10. Both segments increased in the last quarter, with studio solutions representing 51.1% of total group sales, and outside broadcast sales 48.9%.

In 2011, the industry did not experience the dynamism that we expected at the beginning of the year. On one hand, OB van companies have clearly started to invest again in new technologies after a few years of consolidation and in advance of a heavy 2012 sporting year. Our successful XT3 platform has driven sales in that segment in the second half of the year. In studios, the market has been pretty flat in 2011 compared to 2010. The macro-economic environment has probably delayed some investments. But new ideas and new projects are not abandoned, and we see new promising niches popping up, such as archives, second screen solutions or news workflows. Our position in the emerging markets has been reinforced in 2011, with the opening of a new office in Mexico, and two large contracts in Eastern Europe.

Geographically, sales have evolved in FY11 as follows:

- Europe, Middle-East and Africa (“**EMEA**”): EUR 57.8 million (-5.1% compared to FY10), representing 54.1% of group revenue. The United Kingdom, Eastern Europe and the Middle East were clear drivers of the business in 2011, and will continue to do so in 2012 with the remaining tranches of the Panorama OB deal and the major studio project that we have in Eastern Europe. Sales in 4Q11 increased by 7.7% to EUR 17.7 million.
- Americas (“**NALA**”): EUR 25.5 million (-7.8% at constant exchange rate). New OB vans and upgrades to HD continue to drive the business, while the studio segment was weaker in 2011. In 4Q11, revenue rebounded by 46.7% to EUR 6.0 million.
- Asia & Pacific (“**APAC**”): EUR 23.5 million (+11.3%). Malaysia, China and South Korea were in 2011 the most dynamic 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. In 4Q11, revenue increased by 14.6% to EUR 7.2 million.

Operating results in FY11

Consolidated gross margin was 78.4% for FY11, slightly lower than FY10, mainly due to lower sales absorbing fixed assembling and support costs. Operating expenses increased by 21.6% in FY11. This growth is due to the increased number of new employees at EVS, higher commercial fees for distributors, partially offset by the positive effect of the R&D tax credit (EUR 1.1 million). As a result, the **operating (EBIT) margin fell to 41.3% of revenue**, compared to 50.0% in FY10.

Group income taxes were EUR 14.3 million in FY11, representing a 30.8% tax rate. Net profit amounted to EUR 32.1 million in FY11, or -15.7% compared to FY10, while net profit from operations, excluding XDC, was EUR 31.7 million in FY11. **Basic net profit per share amounted to EUR 2.38** in FY11, compared to EUR 2.82 for FY10.

XDC, in which EVS owns 41.3% of shares (30.2% fully diluted), continue to benefit from the digital cinema transition. Together with its affiliate FTT, XDC has committed for around 5,000 digital screens and installed more than 2,000 so far in Europe, representing more than 35% market share, making it the leader. XDC revenue in FY11 jumped by 38% to EUR 84.3 million. XDC recorded a positive EBITDA of EUR 17.8 million, or 21.1% of revenues. XDC had a positive group share (41.3%) contribution to the FY11 results of EVS of EUR 2.3 million, compared to a

net impact of EUR -0.2 million in FY10. This is mainly thanks to the one-time profit in 1Q11 on the disposal of the CineStore activities.

Operating results in 4Q11

Consolidated gross margin was 78.0% for 4Q11 (76.6% in 4Q10), thanks to higher sales. Operating expenses increased by 30.5% in 4Q11, partially as a result of the increased number of employees, the costs associated with the departure of Pierre L'Hoest and higher R&D tax credit in 4Q10. As a result of these elements, the **operating (EBIT) margin was 41.9% of revenue**, compared to 43.9% in 4Q10. XDC contributed a net loss of EUR -0.7 million to EVS results. In 4Q11, taxes were higher due to an adjustment on 2009 and 2010 relating to tax shelter. Net profit amounted to EUR 7.5 million in 4Q11, or -7.7% compared to 4Q10, while net profit from operations, excluding XDC, was EUR 8.7 million in 4Q11. **Basic net profit per share amounted to EUR 0.56** in 4Q11, compared to EUR 0.61 for 4Q10.

Staff

At the end of December 2011, EVS employed 415 people (FTE), an increase by 13.4% over December 2010. On average, EVS employed 386 FTE in 2011, compared to 326 in 2010, an 18.1% increase. While EVS will continue to hire some good broadcast experts in the future, the company will be more selective and not only focus on R&D, but also on the other departments of the company.

Balance sheet and cash flow statement

Net Equity represents 64.4% of total liabilities. The inventories amounted to EUR 14.7 million at the end of December, an 18.0% increase compared to the end of 2010. This increase is mainly due to the accumulation of strategic components to avoid shortages (incl. hard drives, following the flooding in Thailand), and the higher value of the XT3 servers compared to the older XT2 that were still in our inventory at a lower price.

The net cash from operating activities amounted to EUR 33.6 million in FY11. On December 31, 2011, the group balance sheet showed **EUR 19.9 million** in cash and cash equivalents, and EUR 1.2 million in long-term financial debts (including short term portion of it).

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

At the end of 2011, there were 13,625,000 EVS outstanding shares, of which 183,372 were owned by the company. EVS repurchased 60,228 own shares in 2011 on NYSE-Euronext, while 17,259 shares were granted or sold to employees in the framework of share-based incentives. On December 31, 2011, 286,550 warrants were outstanding with an average strike price of EUR 39.37.

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

Outlook 2012

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

In its diversification process, EVS wants to take a leading position in niches that have a high growth potential. Its **"Speed to Air"** strategy is an answer to TV stations desire to move to new production workflows, benefiting from the flexibility of tapeless workflows. The other main drivers of investments in TV stations are the transition from

standard definition (SD) to high definition (HD), the look for catching audiences on “second screens”, and an increased focus of broadcasters/IPTV and advertisers on large popular sport broadcasts to gain new viewers. 3D technologies appear to speed up the conversion to tapeless HD production facilities. In the medium to long term, EVS targets the studio market which is estimated to be currently **USD 3.5 billion** per annum according to the IABM Broadcast Industry survey and includes storage solutions, video servers, editing solutions, services, etc, of which around 60% has already made the transition to tapeless solutions. The tapeless studio market is expected to grow by 10% per annum in the next decade. EVS succeeded in growing its market share in its currently addressable market from 1% in 2005 to around 7% in 2011. Therefore, taking into account usual business risks and uncertainties, EVS Board and teams believe that the underlying demand for EVS products should continue to be supported by these structural growth drivers, which will impact the business over a long period of time and will follow usual equipment acquisition wave patterns.

The global **winter order book** (to be invoiced in 2012) at February 15, 2012 amounts to **EUR 46.1 million**, which is 83.2% higher compared to EUR 25.2 million on the same date one year ago. This is a record order book for EVS. In addition to this EUR 46.1 million order book, EVS already has orders for EUR 3.6 million that should be invoiced in 2013 and beyond. EVS increases progressively its recurring service revenues.

Studio orders represent 54.1% of the EUR 46.1 million orderbook while they represented 47.1% of the total order intake in 2011. EVS continues to gain market shares and significant customers in this promising segment while the company consolidates its position in the Outside Broadcast segment.

While EVS already has over EUR 46 million orders that should translate in revenue in 2012, the Management and the Board of Directors want to highlight the following elements: the first half of the year should be very strong, also supported by the Euro Soccer championship and the proximity of the London summer games. The second half of the year should see the usual slow-down of the broadcast market following big event summer, with the macro-economic environment adding some uncertainties. The planned release of new products in 2012 should also support the business.

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

Status of the control by the Statutory Auditors

The statutory Auditors BDO confirmed that its controls which are substantially finished did not reveal significant correction that should be brought to accounting information mentioned in the press release.

EVS will hold today the following events:

- Press conference in French/Dutch in Liège at 9.30 am.
- Financial analysts & investors meeting in French/Dutch in EVS offices in Liège at 11:00 am CET.
- A conference call in English will be held at 3:00 pm CET (please contact corpcom@evs.tv to receive the dial-in number and the presentation).

They will be attended by Francis Bodson, Executive Board Member chairing the Executive Committee, Jacques Galloy, CFO, Luc Doneux, Head of APAC, EMEA and Events and Geoffroy d'Oultremont, IRO.

Corporate Calendar:

April 14-19, 2012	NAB tradeshow, Las Vegas
Thursday May 10, 2012	1Q12 earnings
Tuesday May 15, 2012	Ordinary General Meeting
Tuesday May 22, 2012	Final dividend coupon 14: ex-date
Thursday May 24, 2012	Final dividend coupon 14: record date
Friday May 25, 2012	Final dividend coupon 14: payment date
Thursday August 30, 2012	2Q12 earnings
Thursday November 15, 2012	3Q12 earnings

For more information, please contact:

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Forward Looking Statements

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

About EVS Group

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

The company is headquartered in Belgium and has offices in Europe, the Middle East, Asia and North America. Approximately 415 EVS professionals from 20 offices are selling its branded products in over 100 countries, and provides customer support globally. EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371. For more information, refer to www.evs-global.com, www.evs.tv XDC, of which EVS owns 41.3%, is the European leader for Digital Cinema technology and services in Europe with more than 4,900 committed digital screens in Europe, out of which 2,000 have already been deployed. www.xdcinema.com

Condensed financial statements

ANNEX 1: EVS GROUP – IFRS CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Annex	2011 Audited	2010 Audited	4Q11 Unaudited	4Q10 Unaudited
Revenue	5.4	106,898	111,155	30,964	26,855
Costs of sales		-23,080	-22,631	-6,824	-6,275
Gross profit		83,818	88,524	24,140	20,580
Gross margin %		78.4%	79.6%	78.0%	76.6%
Selling and administrative expenses		-19,585	-15,100	-5,453	-4,176
Research and development expenses	5.8	-18,494	-16,206	-5,283	-4,049
Other revenue		543	207	181	4
Other expenses		-373	-465	-112	-248
Stock based compensation and ESOP plan		-958	-617	-117	-35
Amortization and impairment on goodwill, acquired technology and IP		-855	-550	-371	-162
Amortization on Tax Shelter rights assets		0	-270	0	-121
Operating profit (EBIT)		44,096	55,524	12,985	11,794
Operating margin (EBIT) %		41.3%	50.0%	41.9%	43.9%
Net interest		28	120	52	39
Other net financial income/ (expenses)	5.9	-142	-718	-82	93
Share in the result of the enterprise accounted for using the equity method	5.11	2,369	-155	-685	142
Profit before taxes (PBT)		46,350	54,770	12,269	12,068
Income taxes	5.10	-14,282	-16,712	-4,736	-3,905
Net profit from continuing operations		32,068	38,058	7,534	8,163
Net profit		32,068	38,058	7,534	8,163
Attributable to :					
Non controlling interests		-	-	-	-
Equity holders of the parent company		32,068	38,058	7,534	8,163
Net profit from operations, excl. XDC – share of the group (1)	5.3	31,663	39,705	8,750	8,373
RESULT PER SHARE (in number of shares and in EUR)	5.7	2011 Audited	2010 Audited	4Q11 Unaudited	4Q10 Unaudited
Weighted average number of subscribed shares for the period less treasury shares		13,465,244	13,511,048	13,447,403	13,481,728
Weighted average fully diluted number of shares		13,755,205	13,742,409	13,732,317	13,782,220
Basic earnings – share of the group		2.38	2.82	0.56	0.61
Fully diluted earnings – share of the group		2.33	2.77	0.55	0.59
Basic net profit from operations, excl. XDC – share of the group		2.35	2.94	0.65	0.62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)		2011 Audited	2010 Audited	4Q11 Unaudited	4Q10 Unaudited
Net profit		32,068	38,058	7,534	8,163
Other comprehensive income of the period					
Currency translation differences		79	250	-113	70
Other increase/(decrease)		-619	-45	-416	-105
Total comprehensive income for the period	4	31,528	38,263	7,005	8,128
Attributable to :					
Non controlling interests		-	-	-	-
Equity holders of the parent company	4	31,528	38,263	7,005	8,128

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

ANNEX 2: EVS GROUP – IFRS CONSOLIDATED BALANCE SHEET

ASSETS (EUR thousands)	Annex	Dec. 31, 2011 Audited	Dec. 31, 2010 Audited
Non-current assets :			
Goodwill		610	820
Acquired technology and IP		1,059	1,704
Other intangible assets		328	197
Lands and buildings		11,899	11,169
Other tangible assets		2,056	1,821
Investment accounted for using equity method	5.11	7,784	6,071
Subordinated bonds	5.11	830	830
Other financial assets		338	391
Deferred tax assets		0	6
Total non-current assets		24,903	23,010
Current assets :			
Inventories		14,657	12,420
Trade receivables		23,994	18,383
Other amounts receivable, deferred charges and accrued income		2,983	1,938
Cash and cash equivalents		19,932	27,946
Total current assets		61,565	60,688
Total assets		86,468	83,697
EQUITY AND LIABILITIES			
(EUR thousands)	Annex	Dec. 31, 2011 Audited	Dec. 31, 2010 Audited
Equity :			
Capital		8,342	8,342
Reserves		69,704	73,298
Interim dividends		-15,592	-15,638
Treasury shares		-6,915	-5,253
Total consolidated reserves		47,197	52,407
Translation differences		127	49
Equity attributable to equity holders of the parent company		55,666	60,799
Minority interests		8	6
Total equity	4	55,674	60,806
Long term provisions		1,050	1,056
Deferred taxes liabilities		1,083	1,109
Financial long term debts		875	1,174
Other long term debts		0	546
Non-current liabilities		3,008	3,885
Short term portion of financial long term debts		291	295
Trade payables		5,499	3,331
Amounts payable regarding remuneration and social security		7,501	6,290
Income tax payable		6,139	4,978
Other amounts payable, advances received, accrued charges and deferred income		8,357	4,112
Current liabilities		27,787	19,007
Total equity and liabilities		86,468	83,697

ANNEX 3: EVS GROUP – IFRS CONSOLIDATED CASH FLOW STATEMENT

(EUR thousands)	2011 Audited	2010 Audited
Cash flows from operating activities		
Operating Profit (EBIT)	44,096	55,524
Adjustment for non cash items :		
- Amortization, depreciation and write-offs on fixed assets	3,367	3,079
- Foreign exchange result	-16	-673
- Stock based compensation and ESOP	958	617
- Provisions and deferred taxes increase/(decrease)	-38	-211
	48,367	58,336
Increase (+)/decrease (-)		
- Amounts receivable	-6,139	-3,843
- Accruals	373	-2,784
- Trade debts and prepayments	3,138	-1,192
- Taxes, remuneration and social security debts	2,372	6,005
- Other amounts payable	1,725	295
- Inventories	-2,237	-3,881
<i>Cash generated from operations</i>	<i>47,599</i>	<i>52,936</i>
Interest received	295	362
Income taxes	-14,282	-16,712
Net cash from operating activities	33,612	36,586
Cash flows from investing activities		
Acquisition of Opencube, net cash acquired	-	-741
Purchase (-)/disposal (+) of intangible assets	-516	-42
Purchase (-)/disposal (+) of property, plant and equipment	-3,092	-1,888
Purchase (-)/disposal (+) of other financial assets	78	-5
Net cash used in investing activities	-3,530	-2,676
Cash flows from financing activities		
Operations with treasury shares	-1,662	-3,417
Other net equity variations	-345	319
Interest paid	-267	-242
Movements on long-term borrowings	-304	-339
Interim dividend paid	-15,592	-15,557
Final dividend paid	-19,927	-20,039
Net cash used in financing activities	-38,097	-39,275
Net increase/(decrease) in cash and cash equivalents	-8,015	-5,365
Cash and cash equivalents at beginning of period	27,946	33,311
Cash and cash equivalents at end of period	19,932	27,946

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

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interest	Total equity
Balance as per December 31, 2009	8,342	54,544	-2,861	-200	59,823	6	59,829
Total comprehensive income for the period		38,013		250	38,263		38,263
Increase (decrease) of equity resulting from company regrouping		420			420		420
Share-based payments		379			379		379
Operations with treasury shares			-2,392		-2,392		-2,392
Final dividend		-20,057			-20,057		-20,057
Interim dividend		-15,638			-15,638		-15,638
Balance as per December 31, 2010	8,342	57,660	-5,253	49	60,799	6	60,806

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interest	Total equity
Balance as per December 31, 2010	8,342	57,660	-5,253	49	60,799	6	60,806
Total comprehensive income for the period		31,449		78	31,527	2	31,529
Share-based payments		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

**ANNEX 5: EVS GROUP – NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011**

NOTE 1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of EVS Group for the 12 months period ended December 31, 2011 are established and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES AND METHODS

The accounting policies and methods adopted for the preparation of the Company's IFRS consolidated financial statements are consistent with those applied in the 2010 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2010 annual report on www.evs-global.com.

NOTE 3: USE OF NON-GAAP FINANCIAL MEASURES

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

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

(EUR thousands)	FY11	FY10
Net profit for the period - IFRS	32,068	38,058
Allocation to Employees Profit Sharing Plan	507	285
Stock Option Plan	451	332
Amortization on acquired technology and IP	855	550
Amortization/impairment on Tax Shelter rights assets	91	270
Contribution of XDC (41.3% share in XDC net result)	-2,310	210
Net profit from operations, excl. XDC	31,663	39,705

NOTE 4: SEGMENT REPORTING

4.1. General information

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

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

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

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

4.2. Additional information

4.2.1. Information on products and services

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

4Q11	4Q10	% 4Q11/4Q10	Revenue (EUR thousands)	FY11	FY10	% FY11/FY10
15,133	13,250	+14.2%	Mobile production trucks / outside broadcast	58,553	55,670	+5.2%
15,830	13,605	+16.4%	TV production studios	48,345	55,485	-12.9%
30,964	26,855	+15.3%	Total Revenue	106,898	111,155	-3.8%

4.2.2. Geographical information

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

4.2.2.1. Revenue

Revenue for the 12-months period (EUR thousands)	APAC	EMEA	NALA	TOTAL
FY11 revenue	23,516	57,841	25,541	106,898
Evolution versus FY10 (%)	+11.3%	-5.1%	-12.1%	-3.8%
Segment revenue at constant exchange rate	23,516	57,841	26,800	108,157
Variation versus FY10 (%) at constant exchange rate	+11.3%	-5.1%	-7.8%	-2.7%
Variation versus FY10 (%) at constant exchange rate and excluding big event rentals	+26.8%	+3.1%	-1.5%	+6.3%
FY10 revenue	21,132	60,957	29,066	111,155

Revenue for the quarter (EUR thousands)	APAC	EMEA	NALA	TOTAL
4Q11 revenue	7,234	17,656	6,074	30,964
Evolution versus 4Q10 (%)	+14.6%	+7.7%	+46.7%	+15.3%
Segment revenue at constant exchange rate	7,234	17,656	6,024	30,913
Variation versus 4Q10 (%) at constant exchange rate	+14.6%	+7.7%	+45.4%	+15.1%
Variation versus 4Q10 (%) at constant exchange rate and excluding big event rentals	+65.7%	+7.7%	+37.0%	+22.7%
4Q10 revenue	6,314	16,399	4,142	26,855

Sales from external clients in Belgium (the country of origin of the company) represent less than 10% of the total annual sales. In the last 12 months, the group realized significant sales to external clients (according to the definition of IFRS 8) in two countries: the US (EUR 18.3 million in the last 12 months), included in NALA in the above table) and the United Kingdom (EMEA, EUR 10.8 million in the last 12 months).

4.2.2.2. Long term assets

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

4.2.3. Information on important clients

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

NOTE 5: DIVIDENDS

The Ordinary General Meeting of May 17, 2011 approved the payment of a total gross dividend of EUR 2.64 per share, including the interim dividend of EUR 1.16 per share paid in November 2010.

The Board of Directors of November 8, 2011 has decided to pay an interim gross dividend of EUR 1.16 per share (EUR 0.87 per share after 25% withholding tax) for the fiscal year 2011, with December 19 as ex-date, December 21 as record date and December 22, 2011 as payment date.

(EUR thousands)	# Coupon	2011	2010
- Final dividend for 2009 (EUR 1.48 per share less treasury shares)	10	-	20,057
- Interim dividend for 2010 (EUR 1.16 per share less treasury shares)	11	-	15,638
- Final dividend for 2010 (EUR 1.48 per share less treasury shares)	12	19,927	-
- Interim dividend for 2011 (EUR 1.16 per share less treasury shares)	13	15,592	-
Total dividends paid		35,519	35,695

NOTE 6: EQUITY SECURITIES

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

	2011	2010
Number of own shares at January 1	140,403	78,675
Acquisition of own shares on the market	60,228	97,797
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-9,409	-5,481
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-7,850	-30,588
Own shares cancellation	-	-
Number of own shares at December 31	183,372	140,403
Outstanding warrants at December 31	286,550	298,350

In 2011, the company has repurchased 60,228 share on the stock market. The Ordinary General Meeting of shareholders of May 17, 2011 approved the allocation of 9,409 shares to EVS employees (grant of 23 or 46 shares to each staff member) as a reward for their contribution to the group successes. At the end of December 2011, the company owned 183,372 own shares at an average historical price of EUR 37.71. At the same date, 286,550 warrants were outstanding with an average strike price of EUR 39.37 and an average maturity of December 2014.

At the Extraordinary General Meeting held on December 5, 2011, the resolution relating to the share buyback in the case of a serious and imminent harm was not approved. As a consequence, the article 8bis in the bylaws of EVS Broadcast Equipment remains unchanged. The company keeps its authorization to buy its own back shares until June 2014, except in the case of a serious and imminent harm (the current authorization is still valid until June 2012).

NOTE 7: EARNINGS PER SHARE (EPS)

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

NOTE 8: RESEARCH AND DEVELOPMENT

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

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

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

(EUR thousands)	FY11	FY10
Gross R&D expenses	20,545	17,147
R&D tax credits for current fiscal year	-937	-941
R&D tax credits for past fiscal years (2006 to 2009)	-1,114	-
R&D expenses	18,494	16,206

NOTE 9: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	FY11	FY10
Exchange results from statutory accounts	-293	-2,115
Exchange results relating to IFRS consolidation methodology	277	1,443
Impairment on Tax Shelter investments	-91	-
Other financial results	-35	-46
Other net financial income/(expenses)	-142	-718

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

NOTE 10: INCOME TAX

Reconciliation of the tax charge

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

(EUR thousands)	FY11	FY10
Reconciliation between the effective tax rate and the theoretical tax rate		
Reported profit before taxes, share in the result of the enterp. accounted for using the equity method and dilution profit	43,982	54,926
Reported tax charge based on the effective tax rate	-14,282	-16,712
Effective tax rate	32.5%	30.4%
Reconciliation items for the theoretical tax charge		
Tax effect of Tax Shelter	0	-255
Tax effect of deduction for notional interests	-157	-261
Tax effect of non deductible expenditures	578	387
Other increase/(decrease)	401	-186
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-13,460	-17,027
Theoretical tax rate (relating to EVS operations, excl. XDC)	30.6%	31.0%

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

EVS currently owns 41.3% of XDC S.A. share capital and has a fully diluted share of 30.2% in the company. As of December 31, 2011, XDC shares accounted for using equity method in EVS consolidated accounts, plus the EVS share of the subordinated bonds issued by XDC, amounted to EUR 8.1 million.

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

(EUR thousands)	FY11	FY10
Revenue	84,307	61,158
EBITDA	17,825	8,700
One-time profit on CineStore disposal	4,400	-
Net result for the period	5,592	-509
Part of XDC capital held by EVS	41.3%	41.3%
Net result – share of EVS	2,310	-210

The cumulated Tax Loss Carry Forward of XDC S.A. amounts to EUR 30.0 million on December 31, 2011. Deferred tax assets are being progressively recognized as the business plan materializes. As at December 31, 2011, 54% of deferred tax assets relating to these losses have been recognized.

NOTE 12: HEADCOUNT

EVS – TV (in full time equivalents)	As at December 31	Twelve-months average
2011	415	386
2010	366	326
<i>Variation</i>	<i>+13.4%</i>	<i>+18.4%</i>

NOTE 13: EXCHANGE RATES

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

USD / EUR	Average exch. rate FY	Average exch. rate 4Q	At December 31
Exchange rate 2011	1.3917	1.3460	1.2939
Exchange rate 2010	1.3263	1.3583	1.3362
<i>Variation</i>	<i>-4.7%</i>	<i>+0.9%</i>	<i>+3.3%</i>

For 2011, the average US dollar exchange rate against the Euro has weakened by 4.7% compared to 2010. It had a negative impact of EUR 1.3 million (1.2%) on revenue. This was offset by both the natural hedge (both on operating expenses and foreign taxes) and the financial hedge.

NOTE 14: FINANCIAL INSTRUMENTS

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

On December 31, 2011, the group held USD 6.0 million in forward exchange contracts earmarked to hedge 50% of the net future cash-flows in dollars with an average maturity date of October 17, 2012 and with an average exchange rate EUR/USD of 1.3632.

NOTE 15: SUBSEQUENT EVENTS

There is no significant subsequent event.

NOTE 16: RISK AND UNCERTAINTIES

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

NOTE 17: RELATED PARTY TRANSACTIONS

There were no significant related party transactions in 2011.