

A N N U A L R E P O R T



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On 18 April 2000, the Commission for Banking and Finance granted permission to EVS Broadcast Equipment S.A. to use the present annual report as a reference for any public appeal it should make to savings within the framework of title 2 of the Royal Decree N° 185 of 9 July 1935, via the procedure of service dissemination of information until the publication of its next annual report. Under the terms of this procedure, an operating memo should be added to the present annual report in order to compile a prospectus according to article 29 of Royal Decree N°185 of 9 July 1935.

This prospectus must be submitted for approval to the Commission for Banking and Finance in line with article 29 ter, §1, first part of Royal Decree N°185 of 9 July 1935.



EVS
BROADCAST EQUIPMENT



LETTER TO SHAREHOLDERS

EVS has been profitable since it was first set up, and despite a particularly difficult global economic climate, the group recorded a net operating profit of 5.1 million EUR, while increasing investment in Research and Development by 43 % (to 5.1 million EUR), as announced at the start of the year.

Having recruited staff of the highest calibre, the professionalism of our teams is now recognised internationally. The quality of the work of each individual is an essential condition of the group's prosperity. Our highly qualified employees have seen their numbers increase by 27 to more than 190 at the end of the year.

EVS brought the third generation of hard disk recorders to the market. The new technological advance will strengthen the company's global leadership in this field.

The company is in a very strong financial position, with net debts standing at 0.5 million EUR. Long-term debt is 4.3 million EUR, mostly allocated for buildings. At the same time, cash on hand and short-term financial investments total 5.6 million EUR. New premises will be completed by the end of 2002 to facilitate the group's expansion and the development of promising activities, such as digital cinema (D-cinema).

The group's strategy is to strengthen its presence in the video and audio sectors thanks to new technologies for recording onto hard disk. Our main product range – slow motion recorders – is generating revenues that are still growing and are highly profitable : they provide funding to develop new products and to enter more and more ambitious markets. Today, Broadcast Solutions for television and radio are already profitable, but above all they represent an additional growth opportunity for the group. Similarly, the first digital cinema servers, a sector in which EVS plans being a key player, will be installed in theatres during 2002.

EVS' reputation in Broadcast equipment enabled us to win the contracts, valued at 4.2 million EUR, for the supply of slow motion recorders to the two major sport events of 2002 : the Winter Olympic Games in Salt Lake City and the Football World Cup in Japan and Korea.

Our group is suffering from the effects of the world economic slowdown, and in particular from the falling profits of media companies, which is slowing down the on-going process of digitisation.

By starting 2002 with an order book of more than 10 million EUR across a broad range of products, we believe that EVS will continue to be an important player in the world of professional digital equipment.



Pierre L'Hoest
Managing Director



Laurent Minguet
Managing Director

MANAGEMENT REPORT 2001

Consolidated, audited in thousands EUR	1999 ⁽¹⁾	2000 ⁽¹⁾	2001 ⁽²⁾
Operating income	21 574.8	37 985.1	35 417.0
Turnover	20 262.4	36 584.8	34 735.9
Gross margin	15 902.0	27 915.2	27 928.7
Operating results	6 322.3	10 903.0	9 032.4
Operating Cash Flow	7 052.1	12 165.5	10 614.9
Financial income (+)/charges (-)	-1 202.5	-2 732.9	-2 755.3
Goodwill amortization	-1 517.2	-2 513.3	-2 339.7
Financial result excl. goodwill amortization	314.7	-219.6	-415.6
Profit from operations before taxation	5 119.8	8 170.1	6 277.1
Extraordinary income (+)/expense (-)	-29.1	-967.9	-660.4
Profit before taxes	5 090.7	7 202.2	5 616.7
Income taxes	-2 468.0	-4 310.1	-3 495.5
Net profit	2 622.7	2 892.1	2 121.2
Share in results of Third Parties and equity method results	-123.5	-68.2	20.6
Net profit – Share of the Group	2 499.2	2 823.9	2 141.8
Net profit from operations (3)	4 045.5	6 305.1	5 141.9
Net Cash Flow	4 748.5	7 652.6	6 625.3

(1) Consolidated income of EVS S.A., EVS USA, EVS Hong Kong, EVS France, VSE, EVS Italy, EVS UK and NETIA .

(2) Consolidated income of EVS S.A., EVS USA, EVS Hong Kong, EVS France, EVS Italy, EVS UK and NETIA.

(3) Net profit from operations = Net profit share of the Group excluding extraordinary income/expense and Amortization of consolidation goodwill and Equity method goodwill.

KEY FIGURES

EVS recorded operating income totalling 35.4 million EUR in 2001, 2.6 million EUR lower than in 2000, which was an exceptional year. In a declining market, EVS maintained its operating margin at 26% (28% in 2000) with an operating profit of 9.0 million EUR. This performance is due to the overall gross margin which was kept at the same level as last year, 27.9 million EUR, while new resources (+1.6 million EUR) were committed to Research and Development (Digital Cinema, LSM-XT, etc.) and the group's central functions were strengthened.

Goodwill amortization of 2.3 million EUR is in line with 2000 and corresponds to the amortization for the year of goodwill arising from the acquisition of VSE in 1998 and NETIA in 1999. Goodwill is amortized over five financial years, and will therefore be nearly fully written off by the end of 2003.

EVS reduced its net debt position, from 2.2 million EUR (on 31/12/2000) to 0.5 million EUR, despite paying a gross dividend of 1.8 million EUR in June 2001 relating to the 2000 financial year. At the end of the year, long-term loans amounted to 4.3 million EUR. Net financial costs were -0.4 million EUR.

The group's excellent financial health is also illustrated by its low gearing ratio (debt / shareholders' equity) of 0.3.

As previously announced, the group carried out part of its programme to buy back its own shares during 2001. At 31 December 2001, the group held 2.8% of its own capital. The weakness of the stock price at the end of the year meant that an unrealised loss of 0.6 million EUR had to be included in the exceptional results. As a reminder, the exceptional loss of 1 million EUR reported in the accounts for 2000 related primarily to writing off in full the value of the investment made in Fairlight Inc. in 1999.

Net operating profit - net result excluding goodwill amortization and extraordinary items - amounted to 5.1 million EUR, against 6.3 million EUR in 2000, a reduction of 18%. However, the group's net profitability, excluding goodwill amortization and extraordinary results, remains high at 15%.



SALES

Turnover amounted to 34.7 million EUR for the year ending 31st December 2001, a drop of 5% compared to 2000, which was an exceptional year, both for EVS and for the media sector as a whole. EVS also benefited in 2000 from the major contract for the Olympic Games in Sydney (2.0 million EUR).

The impact of the global economic slowdown in 2001 can be seen in the trend of half-year sales figures : 18 million EUR for the first half of 2001 (16 million EUR 2000) against 17 million EUR for the second half of 2001 (22 million EUR in 2000).

EVS sales can be divided up as follows :

Products (in millions EUR)	1999	2000	2001	% Sales 01	% 01/00
Slow Motion (Sport)	11.9	17.0	19.7	57 %	+ 16 %
Broadcast Solutions	6.1	12.4	8.8	25 %	- 29 %
Radio Management Systems	2.3	7.2	6.2	18 %	- 14 %
TOTAL	20.3	36.6	34.7	100 %	- 5 %

- 1999 : NETIA consolidated as from 1st July 1999 for 3.0 million EUR ; pro-forma sales 1999 = 5.0 million EUR,
 - Turnover = Operating Income - Increase/Decrease in stocks of finished goods - Other Operating Income,
 - «Broadcast Solutions» includes video servers, mosaics, webcasting and audiovisual contribution networks.

The group's sales were helped by a 16% increase in sales of slow motion recorders for live sport events. The first sales of the third generation of slow motion recorders (LSM-XT) impacted sales in the final quarter of 2001.

In contrast, sales of digital broadcast solutions for television fell by 29%, as a result of the global economic slowdown in the sector. Some projects that may have been too ambitious relating to Video On Demand and which were launched by our clients during the euphoria of the year 2000, using EVS technology, were suspended mid 2001. However, the "DVB Assist" system had an encouraging start in late

2001, with the first sale of high-performance software for managing TV broadcasting. This software results from synergies between EVS and its subsidiary NETIA.

Finally, sales of software for managing radio stations declined by 14%. The software "Radio-Assist" is already used by most of the general-interest radio broadcasters in France (France Info, RTL, France Bleue) and Belgium (Bel-RTL and RTBF). Export sales increased by 30% in 2001 with, for example, a remarkable project involving 30 thematic satellite radio channels in Asia, in addition to projects in progress with ABC in Australia and RAI in Italy.

Regions (in millions EUR)	1999	2000	2001	% Sales 01	% 01/00
Europe	11.8	19.3	17.4	50 %	- 10 %
Americas	5.9	9.6	9.0	26 %	- 7 %
Asia & Oceania	2.2	6.5	6.0	17 %	- 8 %
Africa & Middle-East	0.4	1.2	2.3	7 %	+ 92 %
TOTAL	20.3	36.6	34.7	100 %	- 5 %

The group confirmed its international expansion: European sales accounted for no more than 50% of the total in 2001, against 52% in 2000 and 58% in 1999. The strong performance of Asia and Oceania in 2000 was to a large extent attributable to the

contract for the Olympic Games in Sydney. It should be noted that the African and Middle-Eastern markets have been penetrated, with sales of efficient digital solutions adapted to the needs of these regions.

EMPLOYMENT

In order to manage the challenge of continued growth, EVS Group strengthened its workforce in 2001 both in Belgium and abroad, with total employees showing a net increase of 27, from 163 at the start of the year to 190 at year-end. The total employment cost was 9.5 million EUR, which is 27% of sales. This impacts the accounts through the payroll costs,

which increased by 22% compared with 2000. The increase was largest in the Digital Cinema department, which welcomed a dozen new staff during the year. EVS Group is continuing to invest in high-level staff in order to maintain and strengthen its technological progress and thus continue to support its international expansion.

CAPITAL EXPENDITURE

The production of machines sold and manufactured by EVS and NETIA does not require significant tangible investment. The same applies to R&D, as engineers and programmers work directly on machines that will be sold or on PC-type equipment. The total net value of equipment, furniture and vehicles was 1.3 million EUR at 31st December 2001.

The group's policy is to own the real estate it occupies, financed by long-term loans. The net value of land and buildings at 31st December was 4.1 million EUR, for buildings located in Liège and Montpellier. A 3 200 m² building is under construction in Liège. Its total cost is estimated at 3.2 million EUR, of which 0.9 million EUR is included in tangible assets in progress. The buildings are financed by mortgaged loans and, for the most part, benefit from regional or European grants.

EVS acquired VSE company in 1998 and NETIA in 1999. The net book value of goodwill amounted to 5.0 million EUR at 31st December 2001. In September 2001, the capital of NETIA was increased by 1 million EUR with the conversion for the same amount of part of the debt between EVS and NETIA.

EVS also purchased stakes in two companies which are accounted for using equity method, FAR and MECALEC S.M.D. The difference arising on the first equity translation amounted to 186.8 thousand EUR, and the residual value at 31st December was 74.7 thousand EUR.

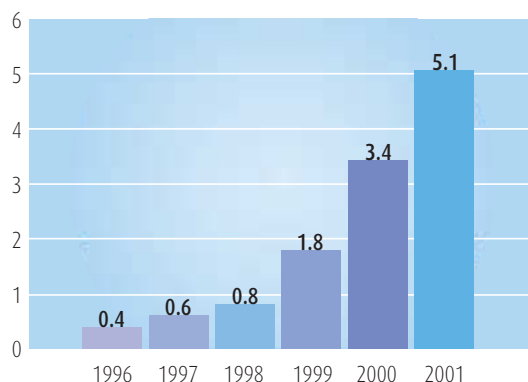
Consolidation goodwill and Equity method goodwill are written off over 5 years. These stakes were acquired in order to develop commercial and R&D synergies.

RESEARCH & DEVELOPMENT

EVS is continuing to invest for the future and its R&D teams already consist of more than 70 experienced engineers who are preparing the change-over to digital for the media of tomorrow. The focus of their efforts in 2001 was the development of the third

generation of slow motion recorders (LSM-XT), the launch of Radio-Assist 7.0 and the design of servers for digital cinema ("CineStore" products range), whose medium-term goal is to replace 35 mm film. R&D expenses increased by 43% in 2001 to reach 5.1 million EUR, or 14% of group sales (the equivalent figure in 2000 was 9%).

R&D EXPENSES (in millions EUR)



The excellent margins that the group earns from its balanced product portfolio generate funds to finance growth and develop the products of the future, finding a balance between benefits and investment costs. In accordance with the group's accounting policies, these costs are not capitalised, but they are carefully written off in full during the year they incurred.

HIGHLIGHTS OF 2001

- **May 2001, Radio** : launch of Radio-Assist 7.0, with improved functionality in music programming and database management.
- **June 2001, Broadcast Solutions** : EVS installs a digital broadcasting solution to manage television advertising spots at one of the most important European advertising corporations.
- **June 2001, Sport/slow motion recorders** : two contracts signed for the supply of slow motion systems for the major sport events of 2002 : the Winter Olympic Games at Salt Lake City and the Football World Cup in Japan and Korea.
- **July 2001, Radio** : RAI, Italy's top radio broadcaster, signs a major contract with NETIA (EVS) for the complete digitisation of its radios over several years.
- **October 2001, Cinema** : recognition of the MPEG2 format by the American cinema industry following the demonstration of the interoperability of MPEG2 between the servers of Avica, GVG and EVS.
- **November 2001, Sport/slow motion recorders** : launch of the third generation of slow motion recorders - LSM-XT. This product is more compact, faster and offers better performance. It also enables to network a number of LSM's.

MISCELLANEOUS

During this financial year, parent Company's auditor, ERNST & YOUNG, Statutory Auditors S.C.C. (B160), represented by Philippe PIRE and associated Companies provided consulting services valued at 13 504.13 EUR in the following areas : assistance in preparing consolidated accounts, advice on the merger between EVS and VSE and miscellaneous other issues.

The Annual General Meeting of 15th May 2001 voted to renew the directors' authorisation to buy back the Company's shares, subject to specific conditions of timing and value. This buy-back policy is carried out in order to stabilise and support the share price, and also to demonstrate the company's confidence in its

future. Most share purchases take place within the framework of a contract entered into with the stock-brokers "Dewaay" (HSBC group). At 31st December 2001, EVS held 2.8% of its own capital, or 79 095 shares, with a total value, based on the stock price at the end of the year (EUR 19.65), of 1.55 million EUR.

The Board of Directors proposes to the Annual General Meeting of 21st May 2002 to renew this authorisation for a period of 18 months.

At 31st December 2001, 76 350 of the 80 000 warrants issued for staff had been allocated.

DIVIDENDS

The Board of Directors will propose to the Annual General Meeting of 21st May 2002 the distribution of a gross dividend of 1 431 976 EUR or 0.50 EUR per share. This amount corresponds to almost 28% of the net profit excluding goodwill amortization and is therefore in line with the dividend policy outlined

in the IPO prospectus. This decision to distribute a dividend underlines the quality of the Company and its ability to generate and distribute profits each year while at the same time pursuing its investments.

OUTLOOK FOR 2002

The EVS Group is a pioneer in the digitisation of media companies and is determined to retain its leadership position in the niches in which it operates. Its many products are based on its knowledge of recording on hard disk. Constantly updating its product range in response to market requirements and technological progress remains the key success factor for the group in both Europe and the rest of the world. In starting on new fast-growing markets like digital cinema, EVS relies on its technological expertise and commercial dynamism to dominate new niches. Consequently, the group will maintain its high level of R&D activities throughout 2002.

The process of the digitisation of the media sector is a fundamental strategic necessity. EVS Group intends to take advantage of new opportunities that result from this process. Nevertheless, it represents a complex transformation, in a world of competing broadcast media such as cable, satellite, Internet, terrestrial numeric transmission, etc. It is therefore difficult to establish precise milestones for the implementation of this digitisation and resulting purchase orders .

As announced in 2001, the group expects digital cinema to start up slowly in 2002, with the first sales of CineStore servers.

The group will provide slow motion coverage during the two major sport events of 2002 : the Winter Olympic Games at Salt Lake City and the Football World Cup in Korea and Japan, representing total revenues of 4.2 million EUR.

The order book at 1st January 2002 stood at 10.2 million EUR, an increase of 2.2 million EUR over the same date in 2001.

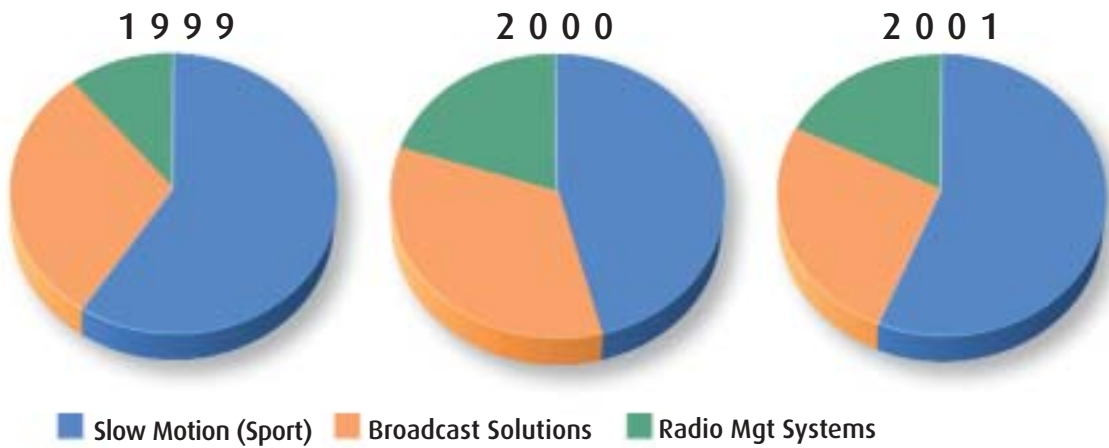
The group's sales and results in 2002 are highly dependent on the economic recovery and its direct impact on the media industry, which constitutes the main market for EVS.

The Board of Directors
Liège, 17 April 2002

SALES BY PRODUCT

	Slow Motion (sport)	%	Broadcast Solutions	%	Radio Mgt Systems	%	TOTAL
1999	11 859	59%	6 104	30%	2 299	11%	20 262
2000	16 966	46%	12 431	34%	7 188	20%	36 585
2001	19 672	56%	8 866	26%	6 198	18%	34 736

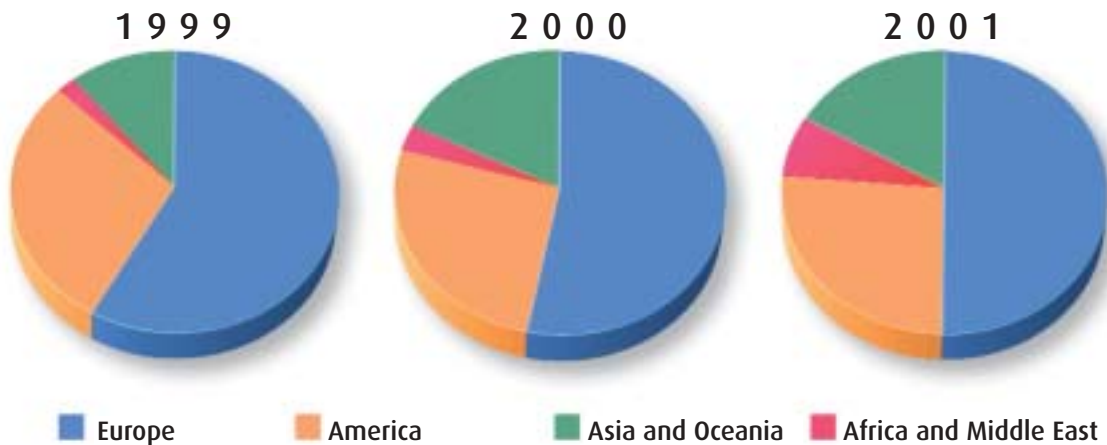
1999 : NETIA as from 1st July 1999



SALES BY REGION

	Europe	%	America	%	Africa+M.E.	%	Asia+Oceania	%	TOTAL
1999	11 747	58%	5 915	29%	409	2%	2 211	11%	20 262
2000	19 246	53%	9 605	26%	1 206	3%	6 528	18%	36 585
2001	17 370	50%	8 992	26%	2 345	7%	6 029	17%	34 736

1999 : NETIA as from 1st July 1999



GENERAL INFORMATION



EVS
BROADCAST EQUIPMENT

GENERAL INFORMATION

1. HISTORICAL BACKGROUND

EVS Broadcast Equipment Company was founded in February 1994, by Laurent MINGUET, Pierre L'HOEST and Michel COUNSON who bought the EVS logo and some assets of an existing Company already operating in this sector. The founders of EVS aimed at finalizing equipment for the digital recording of pictures on hard disks (disk recorders) for professionals within the television industry : the Broadcasters.

In September 1995, EVS signed a contract with PANASONIC, the exclusive supplier of Broadcast equipment to the Atlanta Olympic Games, to develop a slow motion system. This partnership led to Panasonic bringing out their first "Super Motion" camera and to EVS developing the hard disk recorder with slow motion, which were deployed successfully at the Olympic Games.

In 1997, EVS opened two subsidiaries, EVS Inc. in the United States and EVS Ltd in Hong Kong, to market their equipment on the American and Asian continents.

In April 1998, EVS acquired the Liège based Company VSE, worldwide known for its range of picture mosaics. Founded in 1986, VSE had worked for many years alongside EVS in design and electronic production work.

In July 1998, EVS opened a subsidiary in France in order to follow up the important developments of this market.

In October 1998, EVS was listed on the first market of the Brussels Stock Exchange and collected 7 436 806 EUR. This amount will guarantee the expansion of the company, increase its reputation and attract top quality employees.

In 1999, EVS set up a subsidiary in Italy and one in United Kingdom, as well as two offices in Argentina and Brazil.

On 7 September 1999, EVS purchased the French Company NETIA, well-known in the world of digital Radio, TV and Internet Broadcast.

Following the structurally economic slump in South America, EVS decided to reorganize its sales force. This market is now under the responsibility of New York's office.

At present, over 2 000 EVS and over 1 000 NETIA systems are in use in more than 60 countries.

2. GENERAL

2.1. Identity

EVS Broadcast Equipment S.A.
 Parc Scientifique du Sart-Tilman
 Rue Bois St-Jean, 16
 B-4102 Ougrée-Liège

Liège Trade Register n° 186.341
 VAT: BE 452.080.178.

EVS Broadcast Equipment was incorporated for an unlimited term on 17 February 1994, in the form of a joint-stock Company governed by Belgian law. EVS is a Company which does or has made public calls for savings.

The financial year begins on 1st January and ends on 31st December of each year.

2.2. Public information

The Company's consolidated financial statements are filed with the "Banque Nationale de Belgique".

Statutes and special reports required by the "Code des Sociétés" may be obtained from the Commercial Court registry in Liège.

These documents, as well as annual and half-year statements and any written information to shareholders are also available at the Company's registered office.



2.3. Object of the Company

The objects of the Company are :
 “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 sort of way in any sort of businesses, firms or companies having 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.”

3. COMMON STOCK AND OWN SHARES

3.1. Issued capital, number and types of shares

On 31 December 2001, EVS share capital amounted to 16 000 000 EUR, consisting of 2 863 952 fully paid shares without nominal value. Moreover, on 7 September 1999 and 16 May 2000, 80 000 warrants were issued to staff members of the EVS Group. On 31 December 2001, 76 350 of these warrants were granted.

3.2. Authorized capital

In accordance with decisions of Extraordinary General Meetings of 25 September 1998 and 7 September 1999, the Board of Directors is authorized to increase the share capital in one or more instalments up to a maximum of 15 000 000 EUR, including share premium. This authorization is valid for a period of 3 years, on and after the date of official publishing of the proceedings on 7 September 1999.

3.3. Staff incentive programme

As mentioned under 3.1, a warrants allotment policy has been established in order to develop staff loyalty and to allow them to participate in the Company's profits. During 1999 and 2000, 76 350 warrants have been allotted at the underlying share value corresponding to the market price of the day before the allotment. Their average exercise price is 20.79 EUR. These warrants may be converted from October 2003 onwards, depending on the local legislations in the related countries. Shares then issued will have the same rights as existing shares. EVS intends to pursue this policy of staff incentive.

3.4. Own shares buy-back

Following the Extraordinary General Meeting of 15 May 2001, article 8bis, paragraph 2, first dash of the statutes has been modified as follows : The Board of Directors is authorized (...) during 18 months as from the date of publication of the appendices to the « Moniteur Belge » of the decision of the Extraordinary General Meeting dated 15 May 2001, to buy and sell on the stock market maximum 10% of the total number of fully paid shares of the company in exchange for the market price according to the conditions of article 620 of the “Code des Sociétés”.

The Board of Directors initiated this policy of own shares buy-back in order to support the market price and to show its confidence in the future of the Company. The Board considers this buy-back as a good investment due to the undervaluation of the shares price. On 31 December 2001, the Company had bought back 79 095 own shares and booked them at the share price on 31 December 2001 (19.65 EUR), i.e. 1 554 216.75 EUR.

3.5. Recent movements in share capital

The Company was founded on 17 February 1994, with a capital of 30 986.7 EUR, consisting of 1 000 shares, and has developed as follows :

		Number of shares	Capital (in BEF)	Capital (in EUR)
17 February 94	Constitution	+1 000	1 250 000	30 986.7
25 April 96	Incorporation of reserves	-	3 650 000	+90 481.1
		1 000	4 900 000	121 467.8
	Issuing of 100 shares	+ 100	+ 490 000	+12 146.8
	at BEF 36 000 per share,		+ 3 110 000	+ 77 094.9
	including a share premium			
	of BEF 31 100			
		1 100	8 500 000	210 709.5
6 June 97	Incorporation of reserves	-	9 780 000	+ 242 439.9
		1 100	18 280 000	453 149.4
6 June 97	Issuing of 172 shares	+ 172	+ 2 858 296	+70 855.3
	at BEF 175 000 per share,		+ 27 241 704	+ 675 304.2
	including a share premium			
	of BEF 158 382			
		1 272	48 380 000	1 199 308.9
25 September 98	Stock split in the proportion			
	of 2000 for 1	2 544 000	48 380 000	1 199 308.9
14 October 98	Quotation on stock market	+200.000	3 803 400	94 283.8
	Incorporation of share premium		296 196 600	7 342 521.9
		2 744 000	348 380 000	8 636 114.6
7 September 99	Issuing of 119 952 shares	+119 952	290 331 101	7 197 120.0
	for exchange			
	with NETIA shareholders			
	Incorporation of reserves		6 727 299	166 765.4
Capital on 31 December 2001		2 863 952	645 438 400	16 000 000

4. SHAREHOLDERS

Situation on 31 December 2001, as it appears from the last official statements received by the Company at 31 December 2001 and the last modifications of the shareholders' register :

Shareholders	Number of shares	in %	In diluted % (with 80.000 issued warrants)
Linked shares			
DTV	981 879	34.3	33.3
Pierre L'Hoest	149 854	5.2	5.1
Emilia Mouchamps (P. L'Hoest's wife)	37 200	1.3	1.2
Laurent Minguet	149 854	5.2	5.1
Martine Geilenkirchen (L. Minguet's wife)	37 200	1.3	1.3
Michel Counson	72 924	2.6	2.4
SUB-TOTAL FOR LINKED SHARES	1 428 911	49.9	48.4
CYTINDUS S.A.	137 200	4.8	4.7
ALPHA INTERNATIONAL INVESTMENT. S.A.	100 000	3.5	3.4
ING Group (BBL)	159 568	5.6	5.4
Public and Miscellaneous	959 198	33.4	32.6
Own shares	79 075	2.8	2.7
Issued warrants	-	-	2.8
TOTAL	2 863 952	100.0	100.0

DEVELOPPEMENT TECHNOLOGIQUE VIDEO (DTV) is a Holding Company, whose purpose is the management and financing of companies in which it holds a stake. It is owned equally by Pierre L'HOEST, Laurent MINGUET and Michel COUNSON.

CYTINDUS S.A. is an investment Company essentially owned by Michel DELLOYE and founded in 1997 with the purpose of investing in expanding companies, actively contributing to their long-term management.

ALPHA INTERNATIONAL INVESTMENTS S.A. is a capital liability fund owned by FORTIS group whose purpose is to acquire shares in rapidly expanding companies.

On 31 December 2001, there are 1 105 455 registered shares of which 968 132 are owned by DTV, 137 200 by CYTINDUS S.A. and 123 by five shareholders.

There are 1 483 497 bearer shares and 275 000 physical bearer shares.

5. PROFIT APPROPRIATION POLICY

The Board of Directors examines the results of the last financial year and proposes at its Annual General Meeting to distribute those profits 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 will respect the Company's investment and acquisition requirements.

In the IPO prospectus of October 1998, EVS announced dividends of around 30% of consolidated net profit from operations. The sound financial position allowed EVS to meet its commitments in 1998 (0.5 EUR per share, i.e. 30%), in 1999 (0.4 EUR per share, i.e. 28%) and in 2000 (0.64 EUR per share, i.e. 30%).

The Board will propose at the Ordinary General Meeting of 21 May 2002 a dividend of 0.50 EUR per share, i.e. 28% of net profit from operations. This

decision emphasizes the quality of the Company and its capacity for making profit, paying dividends and

going on with investments.

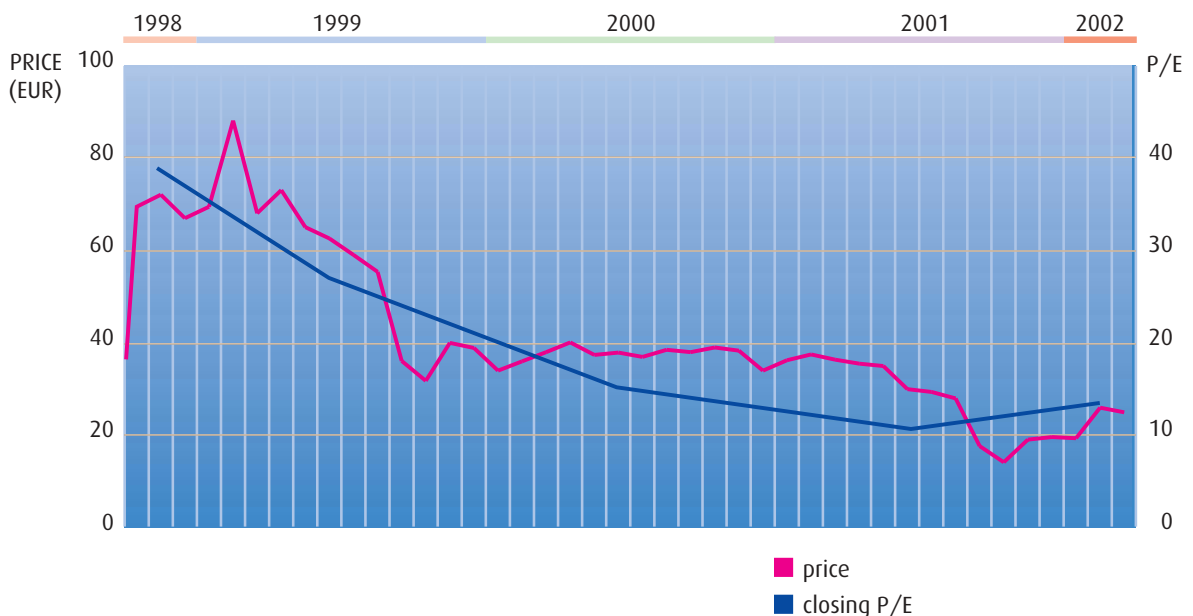
6. STOCK MARKET INFORMATION

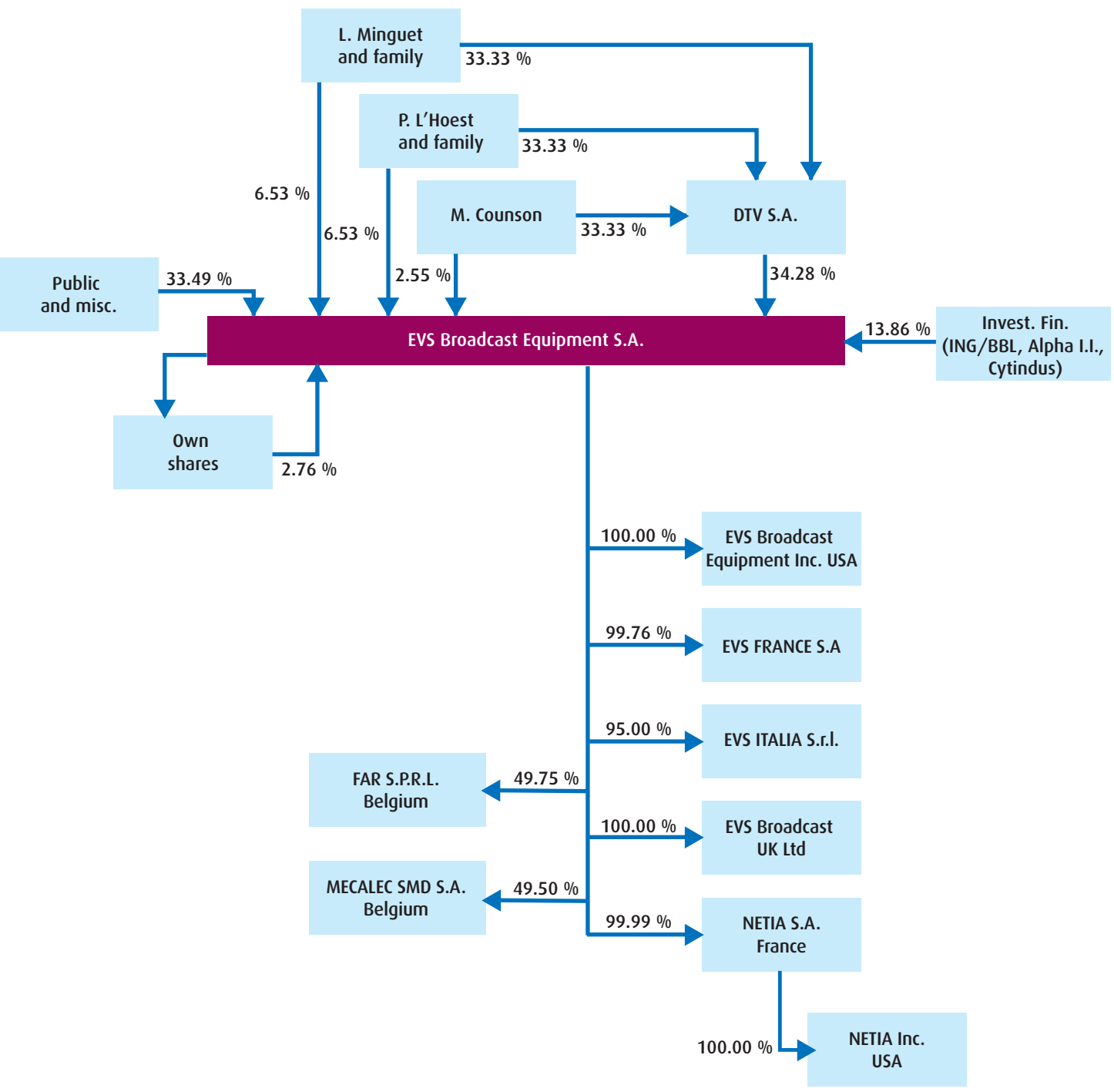
The Company was listed on the first market of the Brussels Stock Exchange in October 1998 at a price of 37.2 EUR. EVS shares are quoted continuously on Euronext and form part of the "253. Electronic Equipment" sector, which also includes the Companies THOMSON MULTIMEDIA, BARCO NEW and PHILIPS. EVS has been selected to be part of the "Next Economy" segment, which includes companies such as MOBISTAR, BARCO NEW, REAL SOFTWARE, IBA, IRIS GROUP and TELINDUS. In order to fit in with the requirements of these segments, the Company will publish its accounts according to the IAS/IFRS standards as from 2004. However, EVS expects to respect these standards in 2003 at the latest.

After the euphoria of 1998 and 1999, the Company's valuation returned to a more reasonable Price Earning Ratio (P/E) : it declined from 39 (31/12/98) to 27.5 (31/12/99), then to 15.4 (31/12/00). Due to stock market trends by the end of 2001 and low liquidity of the share, the P/E at the closing date amounts to 10.7. The average number of shares traded per month over the year 2001 rose to approximately 50 000. The maximum price achieved over 2001 was 38 EUR mid February and the minimum price 14 EUR by the end of October 2001.

In order to encourage the liquidity of the share and avoid major fluctuations in its price, a market stimulation contract was concluded in October 2000 with the Company "DEWAAY" (previously "REYERS-BEAUVOIS-DE VILLENFAGNE"), a subsidiary of HSBC. This stock-broker executes as well the acquisition of the Company's own shares within the limits fixed at the Extraordinary General Meeting on 16 May 2000 and 15 May 2001.

In order to improve the financial communication and to let appear the new dimension of the group, a new website has been created: www.evs-global.com. It presents the four business activities of the group: Sport (slow motion disk recorders), Broadcast Solutions, Radio Management Systems and Digital Cinema Servers. The investors' area was also improved and allows both better visibility and transparency.





7. CORPORATE GOVERNANCE

Executive and management committees of EVS Group are continuously adjusted to the growth of the Company. Thanks to the new structures, EVS respects the recommendations of the Commission for Banking and Finance as regards the Corporate Governance. Moreover, it is rather difficult to find independent key personalities with a wide professional knowledge of the Broadcast field though not involved in the purchasing process of EVS's or NETIA's equipment.

The growth of the group required the creation of new departments (marketing,...), strategic and products co-ordination committees.

NETIA, based in Montpellier (France), is mainly managed by its two founders, Christophe Carniel and Pierre Keiflin. Christophe Carniel is also part of the EVS Board of Directors. The other subsidiaries and branches in the USA, Hong Kong, France, UK, Italy and Australia are limited to the promotion and marketing of EVS products. They are locally managed. The commercial policy of the group is co-ordinated by headquarters.

7.1. Board of Directors

A Board of Directors, whose members are appointed for a term of 6 years maximum, runs the Company.

On 31 December 2001, the Board of Directors is made up of 9 members. Their mandates expire on the following dates :

	Appointment date General Meeting (Ordinary or Extraordinary)	Term of mandate
Michel Counson (Chairman), shareholder	25 Sept. 98	May 04
Laurent Minguet, shareholder	25 Sept. 98	May 04
Pierre L'Hoest, shareholder	25 Sept. 98	May 04
S.A. BANQUE BRUXELLES LAMBERT, shareholder represented by Arnaud Laviolette, Head of Investment Banking	25 Sept. 98	May 04
S.A. CYTINDUS, shareholder, represented by Michel Delloye	25 Sept. 98	May 04
Francis Bodson, independent director,	25 Sept. 98	May 04
Jean Dumbruch, shareholder,	07 Sept. 99	May 05
Christophe Carniel, shareholder,	07 Sept. 99	May 05
Laurent Levieux, independent director,	27 Dec. 00	May 06

The Board of Directors of 24 October 2001 agreed about the resignation of Jean-Paul Fontaine, who went abroad for personal purpose. On the same date,

the Board of Directors co-opted Jacques Galloy, Chief Financial Officer. His appointment as a director will be proposed at the General Meeting of 21 May 2002.



DIRECTORS AS OF 31 DECEMBER 2001

**Michel COUNSON (42)**

Chairman of the Company since it was founded in 1994. He graduated in 1982 from the "Institut Electronique" in Liège. He became a hardware engineer in 1983 with TECHNIQUE DIGITAL VIDEO S.A. before founding his own Company in 1986, VIDEO SYSTEM ENGINEERING S.P.R.L., working in partnership with EVS on numerous projects. He acquired a significant share in EVS capital. Working beside Pierre L'HOEST and Laurent MINGUET, he is part of the management team of the EVS Group and is Manager of hardware department.

**Pierre L'HOEST (44)**

Managing Director of the Company since it was founded in 1994. He graduated from the "Académie d'Architecture" (Academy of Architecture) in Liège as an architect specialized in computer processing and 3D modelling. From 1984 on, he acquired a broad expertise in video simulation production. He was involved in the foundation of EVS in 1994 following the purchase of the Company's assets and is Head of the Research and Development department together with Laurent MINGUET, as well as of Production and Sales within the European Union.

**Laurent MINGUET (43)**

Managing Director of the Company since it was founded in 1994. He graduated in 1982, as a physicist engineer from the University of Liège, specialized in digital analysis. With Pierre L'HOEST and Michel COUNSON, he contributed to the founding of EVS in 1994 and is in charge of the Research and Development department. He is also in charge of the D-Cinema department and Sales outside the European Union.

**Jean DUMBRUCH (50)**

Having played an active role in the Company since it was founded, Jean Dumbruch graduated as an engineer in electronics. He is Director of several companies and is now the Company's administrative Manager.

**CYTINDUS S.A.**

Director of EVS since June 1997, represented by Michel DELLOYE (46). Michel DELLOYE runs his own investment management Company. From 1992 to 1996 he was Managing Director of the "Compagnie Luxembourgeoise de Télédiffusion" (CLT-UFA, now RTL Group), the largest European TV and Radio broadcasting Company. He previously worked in various positions (Financial Manager, General Manager) for the Bruxelles Lambert Group (GBL).

**ING/BANQUE BRUXELLES LAMBERT**

Director of EVS since June 1997, represented by Arnaud LAVIOLETTE, Head of Investment Banking Department.

**Francis BODSON (55)**

Director since 25 September 1998. Francis Bodson is Chief Technical Officer of CANAL+ Belgium from its start in 1988. He is also Development Manager within the same Company, having previously held the position of IT Manager when the Company was first set up. He was Engineering Manager at the 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 Liège and specialized in acoustics.

**Christophe CARNIEL (35)**

Director since 7 September 1999, Christophe CARNIEL is currently the Chairman and Managing Director of NETIA. He holds an engineer degree from the "Ecole des Mines" in Alès (France). Christophe Carniel has been working for three years as Project Manager for a Company responsible for the development of interactive record playing terminals, ordered by FNAC stores. In 1993, he founded NETIA with Pierre KEIFLIN, who also holds an engineer degree from the "Ecole des Mines".





Laurent LEVAUX (46)

Director since 27 December 2000, Laurent LEVAUX is Managing Director of the CMI Group and lecturer (Corporate Strategy) at HEC (Hautes Ecoles Commerciales) of Liège. He is also director in other Belgian Companies. He holds a degree in Applied Economics from the University of Louvain (Belgium) and a MBA from the University of Chicago. He has been holding different positions in Mc Kinsey & Co.



Jacques GALLOY (31)

He has been co-opted by the Board of Directors on 24 October 2001 and his appointment will be proposed at the General Meeting of 21 May 2002. Jacques GALLOY is Chief Financial Officer of EVS. He is commercial engineer from HEC Liège and has been working for Coopers & Lybrand in Luxemburg and then for RTL Group as Financial Controller of RTL Netherlands and Business Development Manager TV & Radio.

How the Board of Directors works

According to the Company's statutes, decisions are taken by a majority vote but, up to now, decisions have been taken on the basis of general agreement between the present directors. At each Board Meeting, or enclosed with the convocation, the members are provided with various documents : documents showing sales orders and monthly invoicing, investments, breakdown of sales by country and product, written information regarding items on the agenda.

In 2001, the Board met 7 times and discussed the following matters : R&D developments, follow-up of the subsidiaries, own shares buy-back and contract with a liquidity provider, examining acquisition and partnership projects, budget for 2002, preparing press releases, preparation of General Meeting.

The Board delegates the operations management to the subsidiaries. The Board of Directors of NETIA, the main operational subsidiary, is made up of Christophe CARNIEL (Chairman), Pierre KEIFLIN, Pierre L'HOEST, Laurent MINGUET, Jean DUMBRUCH and Michel COUNSON.

The other subsidiaries are easily controllable since their activity entirely depends on EVS Broadcast Equipment SA (Liège - Belgium) or NETIA France (Montpellier) : delivery of promotional goods, trade fairs, delivery of equipment or spare parts, cash. Members of the Board of Directors and local managers represent these subsidiaries in their respective markets. Thanks to this organization method, information are rapidly available for decision.

Auditing of EVS Broadcast Equipment financial and consolidated statements is carried out by ERNST & YOUNG, Company Auditors S.C.C. (B160), represented

by Philippe PIRE, Partner. Remuneration received by ERNST & YOUNG for their services in 2001 amounted to 43 536.45 EUR.

Each director receives remuneration of 2 500 EUR per year, plus a fixed amount each time they attend a Board Meeting : 125,- EUR (travelling within Belgium) or 500,- EUR (travelling abroad). Beside a total of 17 500 warrants allotted to two of them, none of the directors benefits of any stock options or any other advantage connected or otherwise with the Company's performances.

The total amount of remuneration paid in 2001 by EVS Group to the members of the Board of Directors comes to 623.4 thousands EUR. It mainly represents the remuneration paid to the executive directors. In 2001, there was no unusual transaction between the directors and the Company.

As it appears from the last statements received by the Company and the last modification of the shareholders' register, the members of the Board of Directors held, on 31 December 2001, directly or indirectly 1 769 215 shares out of a total of 2 863 952.

7.2. Committees set up by the Board of Directors

The creation of an audit committee and a committee for appointments and remuneration was prepared in 2001 and finalized at the Board of Directors of 6 February 2002. The chairman of the audit committee is Laurent LEVAUX, independent director, and the two other members are Arnaud LAVIOLETTE and Michel DELLOYE. The committee for remuneration is chaired

by Francis BODSON, independent director assisted by Laurent LEVAUX and Pierre L'HOEST. For specific matters, groups of 2 to 3 people are set up within the Board to collect information and make proposals.

7.3. Day-to-day management

General management is the responsibility of the following persons :

EVS Broadcast Equipment S.A. : Pierre L'HOEST and Laurent MINGUET, CEO's and managing directors
NETIA S.A. : Christophe Carniel and Pierre Keiflin, general managers.

The day-to-day managers are (non-exhaustively) :

Michel COUNSON
Hardware Division Manager,
Jean DUMBRUCH
Group Administration Manager,
Jacques GALLOY
C.F.O and Business Development Group,
Véronique PUYAU
Administration and Finance Manager NETIA,
Frédéric GARROY
General Manager for North and South America,
Luc DONEUX
General Manager for Asia and Pacific.

Two management committees follow-up the operational activities of the French and Belgian Companies.

Management committee EVS S.A. :

Yves ROLUS (Marketing), Henry ALEXANDER (Sales), Jacques GALLOY (Finance and Business Development), Thierry DELBROUCK (Production), Jean-Noël GOOR (R&D Broadcast Solutions), Jérôme WAUTHOZ (R&D Live Slow Motions), Emmanuelle BOTHY (Financial Controller), Bernard STAS (Products), Pierre L'HOEST (Management) and Laurent MINGUET (Management and D-Cinema).

Management committee NETIA S.A. :

Xavier DEVYNCK (Export Sales), Véronique PUYAU (Administration and Finances), Nikolaus SEIDEL (Product Manager Radio), Daniel DEDISSE (R&D Production Radio), Nicolas MILLE (R&D Broadcasting Radio), Eric COCQUEREZ (R&D Television), Christophe CARNIEL (Management) et Pierre KEIFLIN (Management).

The management committees meet once or twice a month and take decisions on all matters related to the Company's internal organization. Points already raised include:

- review of the day-to-day business,
- standardization and review of salary policy,
- finalization of appraisal process and documents,
- improving internal communication (information for the staff),
- reorganization and relocation of new premises,...

Excluding the three directors of these committees : total gross remuneration paid in 2001 to the members of the Management Committees amounted to 1 148.7 thousands EUR, total number of warrants held by these members amounts to 28 450 at the 31 December 2001.



NEW YORK

LONDON
LIEGE
PARIS
MONTPELLIER **MILANO**

HONG KONG

SYDNEY

SUBSIDIARIES AND BRANCHES

GENERAL

EVS Broadcast Equipment S.A. (Belgium) invoices directly to final customer except in Hong Kong and in the United States where, for business reasons, invoices go through the subsidiary (USA) or the Branch (Hong Kong). NETIA S.A. has its own network of branches, distributors and agents. NETIA invoices either the final customer or the distributor, except in the U.S. where invoices go through the subsidiary, NETIA Inc.

SUBSIDIARIES AND BRANCHES

EVS Broadcast Equipment Inc. – New Jersey - USA

Company founded in 1997 to market our products in North and Central America.

Participating interests

of EVS Broadcast Equipment S.A : 100 %

Turnover (in thousands EUR) :

1997 : 1 083

1998 : 2 526

1999 : 4 651

2000 : 5 323

2001 : 5 276

Personnel as of 31 December 2001 : 4

EVS Broadcast Equipment (Branch) - Hong Kong

Office founded in 1997 to market our products in the Far East and Oceania.

Turnover (in thousands EUR) :

1997 : 297

1998 : 707

1999 : 1 650

2000 : 5 482

2001 : 4 594

Personnel as of 31 December 2001 : 4.

EVS France S.A. Paris – France

Company founded in 1998 to strengthen our position on the French market.

Participating interests of EVS S.A : 99.76 %

Personnel as of 31 December 2001 : 5.

EVS Italia S.r.l. – Milano – Italy

Company founded in 1999 to strengthen our position on the Italian market.

Participating interests of EVS S.A : 95 %

Personnel as of 31 December 2001 : 2.

EVS Broadcast UK Ltd – London – United Kingdom

Company founded in 1999 to strengthen our position on the British market.

Participating interests of EVS S.A : 100 %

Personnel as of 31 December 2001 : 1.

NETIA S.A Montpellier - France

Company acquired on 7 September, 1999 (consolidated as of 1st July, 1999), edits software for the audiovisual industry (Radio, TV, Internet).

Participating interests of EVS S.A: 99.99 %

Turnover (in thousands EUR) :

1999 : 5 244

2000 : 8 766

2001 : 7 920

Personnel as of 31 December 2001: 69

(including 8 in Paris and 4 salesmen in branches).

www.netia.fr

NETIA Inc New York - USA

Opened in May 2000 (branch opened in August 1998)

Personnel as of 31 December 2001: 1

NETIA Office - Paris - France

Opened in November 1999

Personnel as of 31 December 2001 : 8

NETIA Branch Asia – Hong Kong

Opened in March 1998

Personnel as of 31 December 2001 : 1

NETIA Branch Pacific-Australia - Sydney - Australia

Opened in September 1999

Personnel as of 31 December 2001 : 1

NETIA Benelux – Liège- Belgium

Opened in November 2000

Personnel as of 31 December 2001 : 1

PARTICIPATIONS

F.A.R. S.P.R.L. – Villers-le-Bouillet – Belgium

Investment acquired in April 1999

Participating interests of EVS S.A. : 49.75%

Personnel as of 31 December 2001 : 9

www.far-audio.com

MECALEC SMD S.A. - Liège – Belgium

Investment acquired in December 1999

Participating interests of EVS S.A. : 49.5%

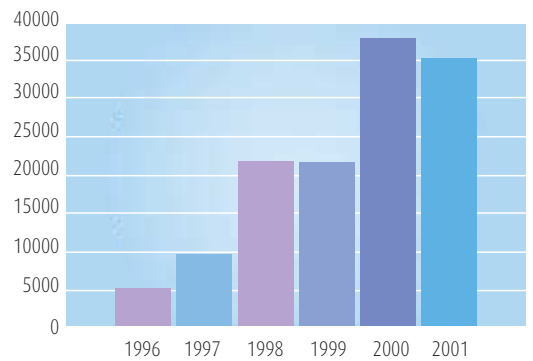
Personnel as of 31 December 2001 : 15

KEY ITEMS

Consolidated revenues

In thousands EUR

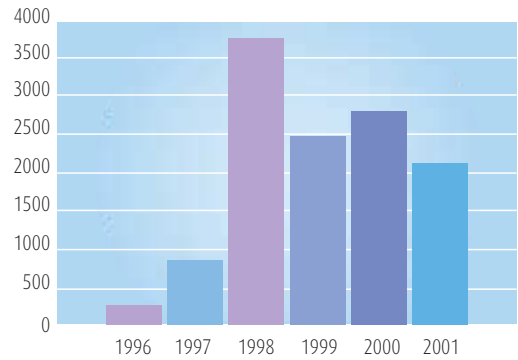
1996	5 008.6
1997	9 490.8
1998	21 733.7
1999	21 574.8
2000	37 985.1
2001	35 417.0



Consolidated net profit

In thousands EUR

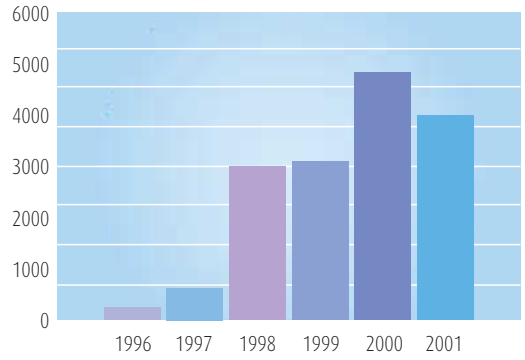
1996	260.6
1997	857.2
1998	3 796.3
1999	2 499.2
2000	2 823.9
2001	2 141.8



Consolidated net profit from operations

In thousands EUR

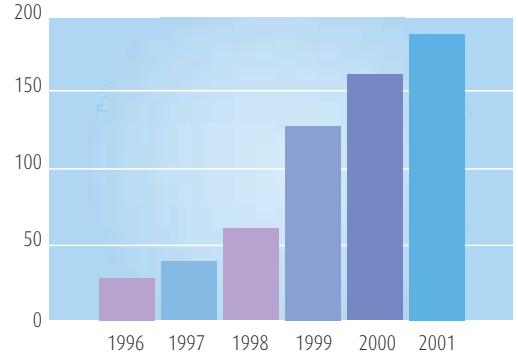
1996 :	323.6
1997 :	821.3
1998 :	3 915.0
1999 :	4 045.5
2000 :	6 305.1
2001 :	5 141.9



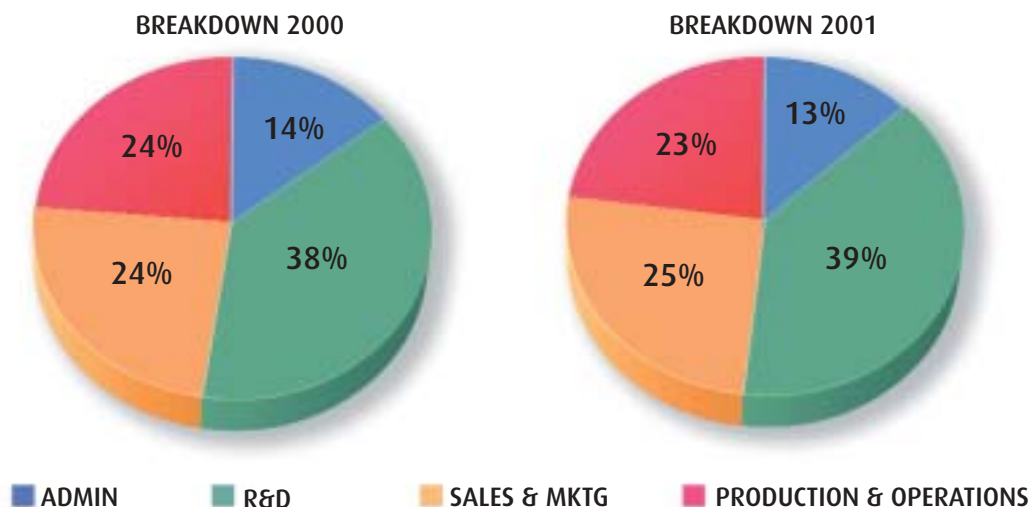
Manpower

by the end of December

1996	28
1997	39
1998	61
1999	129
2000	163
2001	190



MANPOWER EVOLUTION BY DEPARTMENT



Manpower evolution by subsidiary and by department in full time equivalent

Breakdown 31.12.2000

	ADMIN.	R&D	SALES & MKTG	PRODUCTION & OPERATIONS	TOTAL
NETIA	9	29	12	16	66
EVS Belgium	14	33	12	23	82
EVS USA			4		4
EVS Hong Kong			4		4
EVS France			3		3
EVS Italy			1		1
EVS UK			1		1
EVS office Brazil			1		1
EVS office Argentina			1		1
TOTAL	23	62	39	39	163

Breakdown 31.12.2001

	ADMIN.	R&D	SALES & MKTG	PRODUCTION & OPERATIONS	TOTAL
NETIA	8	28	14	19	69
EVS Belgium	16	46	16	25	103
EVS USA			4		4
EVS Hong Kong			4		4
EVS France			5		5
EVS Italy			2		2
EVS UK			1		1
EVS office Brazil			1		1
EVS office Argentina			1		1
TOTAL	24	74	48	44	190



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A glossary on pages 59 and 60 gives a definition of major technical terms.



INTRODUCTION

EVS designs, manufactures and markets digital equipment and automation software for radio and television broadcasters. The group is expanding in its core businesses, but EVS is also exploring new markets, such as the movie theatre business, which is currently "going digital" as well.

The products developed by EVS are targeted towards niche markets, are of very high added value and are being manufactured in small volumes. Dynamic and particularly creative R&D teams are keeping EVS at the leading edge.

EVS has its roots in the sport television business. The **Live Slow Motion** (LSM) system has revolutionised sport broadcasting in the early 90ies and the product has evolved into a worldwide industry standard since. EVS' international marketing and excellence in after-sales services have sustained a steady growth which enabled strategic diversifications, partially through acquisitions but mostly through ambitious R&D programs.

EVS offers its customers a large range of Broadcast Solutions thanks to the most recent range of broadcast video servers. This range includes models for live broadcast applications as well as for integration in automated play-out systems. The EVS DVB® servers offer a set of unique features permitting the implementation of the "MPEG-2, all the way through" concept, which is particularly attractive for the cable and satellite operators and the Pay-TV platforms, who have to handle a rapidly increasing number of "digital bouquets".

With the acquisition of NETIA, world leader in **radio management** and broadcast automation software, the EVS Group enlarged its expertise towards networking technology, automation and Internet based services. The R&D teams of the group are working closely with each other, exchanging and enriching their respective know-how. NETIA's play-out automation has already been ported onto EVS DVB® servers, the combination of which offers powerful television play-out solutions. Web streaming devices and other Internet based products are being released in rapid pace.

FAR is a unique manufacturer of **professional loudspeaker** systems and audio studios. FAR also elaborates acoustical designs and builds complete studio interiors. By looking carefully at both the speaker system and the acoustics of the room, FAR offers the monitoring perfection sought after by audio engineers.

CineStore is a family of high definition servers specifically configured for the cinema business, who is commencing to substitute film projectors (35mm) by high performance digital projectors. EVS is contributing to this revolution with the development of a range of digital cinema servers, with associated control software, answering all the distributors' requirements, all the way into the movie theatre of the future.

1. SLOW MOTION - SPORT PRODUCTION TOOLS

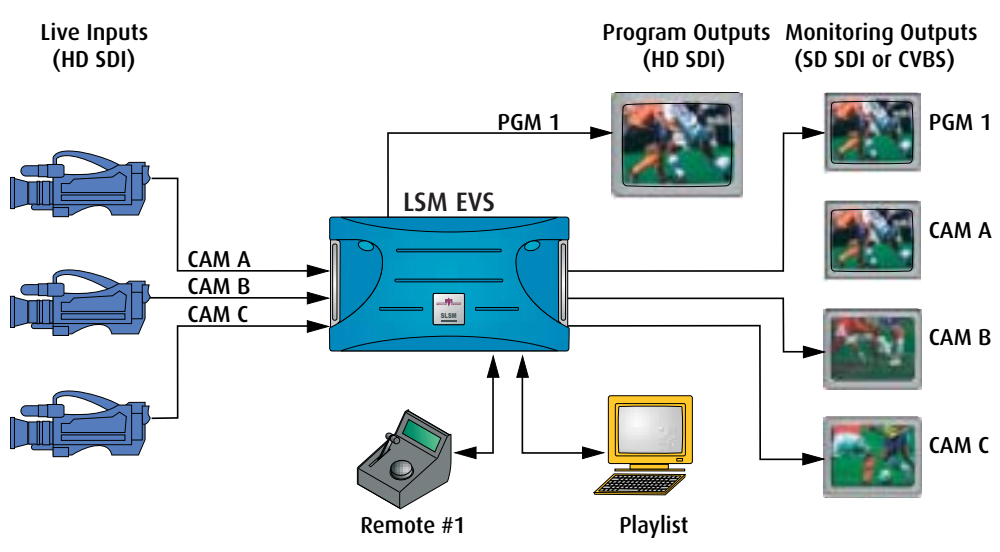
Live sport broadcasting clearly is where EVS has its roots. Much of EVS' achievement in the sport television business is about replacing videotape by hard disk recording.

Sport broadcasting, particularly live broadcasts from popular games, continues to gain importance in the worldwide television business. Action often occurs very fast in sports, so that spectators can miss vital details. Television directors therefore adopted the concept of slow motion replays eagerly, when video tape recorders (VTR's) became capable of variable speed playback. But the linear nature of the VTR

implies some severe limitations: a VTR either records OR plays back. And the tape needs to be rewound before a scene can be reproduced. Meaning in practical terms that if a "goal" is being scored while we are replaying the sequence of a previous "sliding"... then images of vital importance are simply not being recorded. Unless, of course, multiple VTR's (requiring a specialist operator each) are present on site. Needless to mention the influence of such to the production cost.

Upon it's foundation, EVS Broadcast Equipment designed a hard disk based system addressing the





particular requirements of live sports television. Hard disk recording offers an ideal alternative to the tape : access to any picture is virtually instant, the cost of maintenance is minor and no consumables are required at all. The first version already featured simultaneous recording AND replay, the system then became multi-channel and multi-operator thereafter. Moreover, the development of the disk drives themselves has gone through tremendous progress over the recent past. So that the cost came down to a point where a typical video disk recorder can now be less expensive than a professional VTR.

The EVS LSM has evolved into a worldwide industry standard and rapidly gained the market, which resulted in an installed customer base of over 1 200 units in use with more than 300 clients in more than 60 different countries. The organisers of most major sports events entrust slow motion replays exclusively to EVS Broadcast Equipment. More than 100 LSM's were in service during the 1998 Soccer World Cup in France, which will happen again in 2002 in Korea and Japan.

Thanks to its MultiCam unified software, the new generation LSM-XT combines astounding speed with unprecedented flexibility. The operator of an LSM-XT can configure the system to run in either normal or Super Motion mode, or a combination of both at the same time; a Super Motion camera can be connected next to 1 or 2 normal cameras on 5- and 6- channel LSM.



The LSM-XT is a 6-channel powerhouse supporting simultaneous recording of up to 4 cameras, serving up to 3 operators at the same time. LSM-XT systems can be networked (**SportNet**) to become a fully integrated production environment. Any sequence, recorded on any device of the network, is available for editing or play-out to all operators, instantly.

Super Live Slow Motion (SLSM) is a special version of the LSM for use with Super Motion cameras which scan images at 3 times the normal rate. The SLSM is capable of recording this signal integrally and the increased temporal resolution obtained this way enables slow motion replays of unequalled smoothness.

The Sydney Olympic Games (2000) saw the debut of the High Definition version HD-LSM, which was developed in close collaboration with NHK, the national broadcaster of Japan.

Having reached the status of market leader, by no means leave the EVS designers resting on their laurels. EVS continues to develop the LSM product line, thus safeguarding the share of the market, which is far from saturation indeed. There are still many VTR's to replace out there and the sports television business as a whole continues to expand.



2. BROADCAST SOLUTIONS

A wide range of products has been developed by EVS Group in order to provide its customers with tailor-made solutions :

A. Production and Play-out Servers

A number of video servers have been created on the basis of the well-proven hardware of the Live Slow Motion systems with the addition of a dedicated Windows® interface :

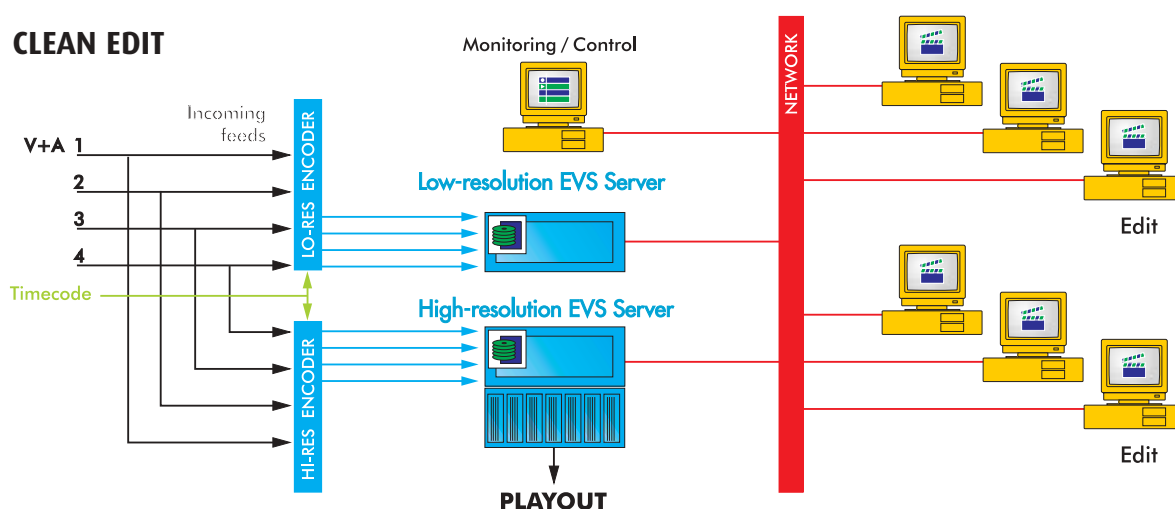
AirEdit is a server that features a continuous recording with live editing capabilities to add or remove content to/from a live program. Applications include delay, content control (censorship), automated or manual ad insertion.

AirBox is a cost effective and user-friendly multi-channel video server with integrated play-list management : a "play-out studio in a box". Applications range from clips storage to more sophisticated play-out, with the ability to control an external VTR and switcher. It can be used for news or entertainment productions, or to build and roll a play-list for night or unattended broadcast, doing the job of several VTRs at a fraction of the cost.

SpotBox is identical to AirBox but it has no operator interface : it is designed for integration in automated play-out systems, under control of 3rd party automation systems. The use of a multi-channel disk recorder for such applications allows the replacement of several VTR's to complete the same operation with much more efficiency and ease, especially for record/playback of commercials, news or short sequences.

CleanEdit is a modular and intuitive tool for non linear video editing devoted to journalists and cutters. The architecture includes encoders, servers and the CleanEdit workstations, together forming an environment well adapted for live production.

CLEAN EDIT



B. MPEG2-DVB® Servers

Present time television programming consists mostly of pre-recorded material, for which broadcasters have been relying exclusively on videotape technology until recently. But linear tape recording is far from perfection; today's digital disk technology offers an attractive alternative. A massive move towards disk-based systems is taking place since the last few

years. EVS is "riding the wave" with a wide offering of cost-effective server solutions.

Most countries have already decided upon an "analogue switch off" date, forcing also the most reluctant stations to digitise their operations. It is estimated that over 3000 broadcasters will have acquired



one or more video servers by the year 2005. The EVS catalogue contains a family of broadcast servers based on the DVB® standards, along with control software in an exact match with the workflows of the new Digital TV (DTV) stations.

The DVB® standards open up various new business opportunities to broadcasters who can now offer many new (interactive-) services to consumers.

Multi-channel, automated play-out : the EVS servers support up to 64 channels out of a single device from a shared disk base in order to create large multi-channel installations. The servers are suitable for operation under control of 3rd party broadcast automation systems. It is especially aimed at Pay-TV operators.

Delay 2000 : EVS Delay 2000 application manages programs in their original transport stream format recording programs and playing them back with user-programmable delay. A multiplex of several programs is handled as a single feed, resulting in dramatic cost savings. This system is particularly used by TV broadcasting on various time zones e.g. in Australia.

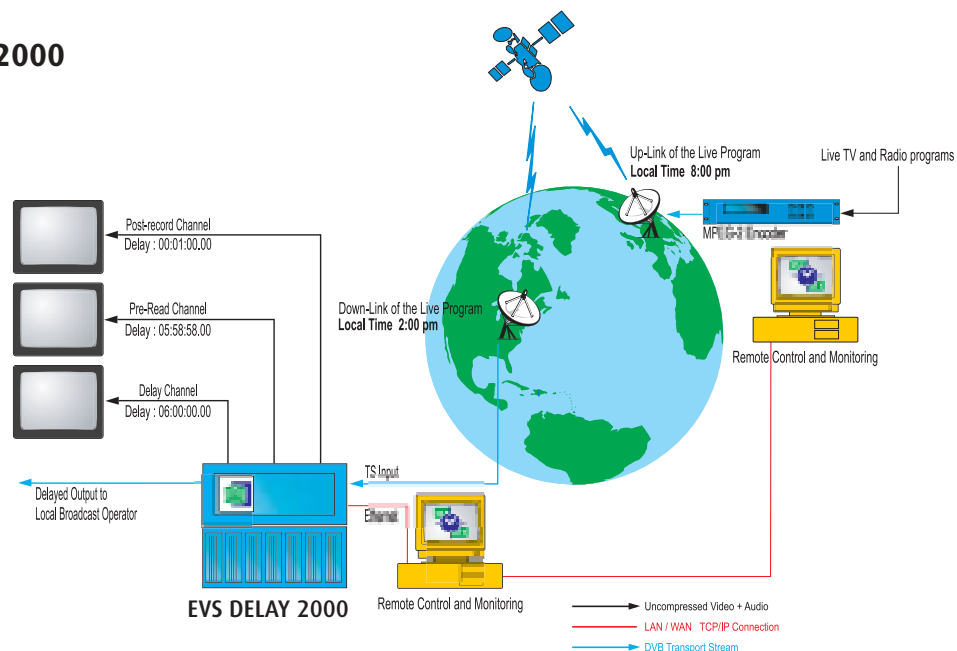
DVB®-Assist : DVB®-Assist is a multi-channel and multi-operator play-out control system, based on the Netia product, Radio-Assist. One or more EVS servers, driven by DVB®-Assist play-out control software, offer a completely integrated broadcast solution including options for VOD (Video On Demand) and pay-TV... Advanced access rights management and multiple language support ensure maximum

flexibility and operator efficiency. Application : broadcasting of local TV at low cost.

U-Share : U-Share is a revolutionary automated system for data exchange (video, audio, etc.) between remote sites. This network operates independently of all data transmission networks (ATM, satellite, terrestrial network, etc.). National broadcaster France 3 already uses this product for transmitting video reports and local news between its regional production centres via a DVB® network. Thanks to the flexibility and special DVB® functions of the EVS server, the entire network now achieves maximum efficiency for the minimum investment.

Video-Assist : is a dubbing booth network for the mixing of background sounds, the translation of documentaries, multi-language commentaries, combining of sound and video... The Video-Assist digital audio/video system is especially designed for television stations that broadcast in several languages. The synchronization of audio and video is automatically controlled by a time-code generating board.

DELAY 2000



C. Mosaics

Mosaics reduce the size of a live video picture so that several signals can be viewed simultaneously on one single display. Applications include barker channels for cable and satellite operators and multi-channel monitoring in control rooms.

SuperSplit : the EVS SuperSplit displays up to 64 non-synchronized video sources, in real time, on a single video monitor using customized patterns and advanced graphic tools to create attractive and functional multi-channel displays.

Digiquad : the Digiquad displays in real time 4 non-synchronized video signals on a single video monitor. It is the perfect additional equipment for the EVS



LSM disk recorder systems to display cameras, program and preview channels on one single screen.

D. Streaming and Webcasting

The purpose of Webcasting is to retrieve a radio or television program and present it on the Internet. Recognizing the great potential of the Internet, NETIA has moved into this business in an early stage and now has gained a position as important provider in this sector by proposing the StreamIn product and the ISP Services.

Stream-In automates video image broadcasting via the Internet. The program uses an external trigger to digitise, encode simultaneously in 2 Internet streaming formats and send files to the final Internet server. French TV channel M6 has been using StreamIn since March 2000 for its "Six Minutes" regional news bulletins. (www.m6.fr).

ISP Services : NETIA disposes of a team of designers, developers and graphic artists enabling the realisation of full turnkey solutions for the production and hosting of Web sites. As UUNET distributor, NETIA also sells Internet Service Access by Leased Line (ISALL) giving high performance worldwide access. NETIA has developed sites for customers in many areas such as Tourism, Institutional Communication, Sales, Banks and Medias.

The streaming technology is also used as an accessory to television server systems.

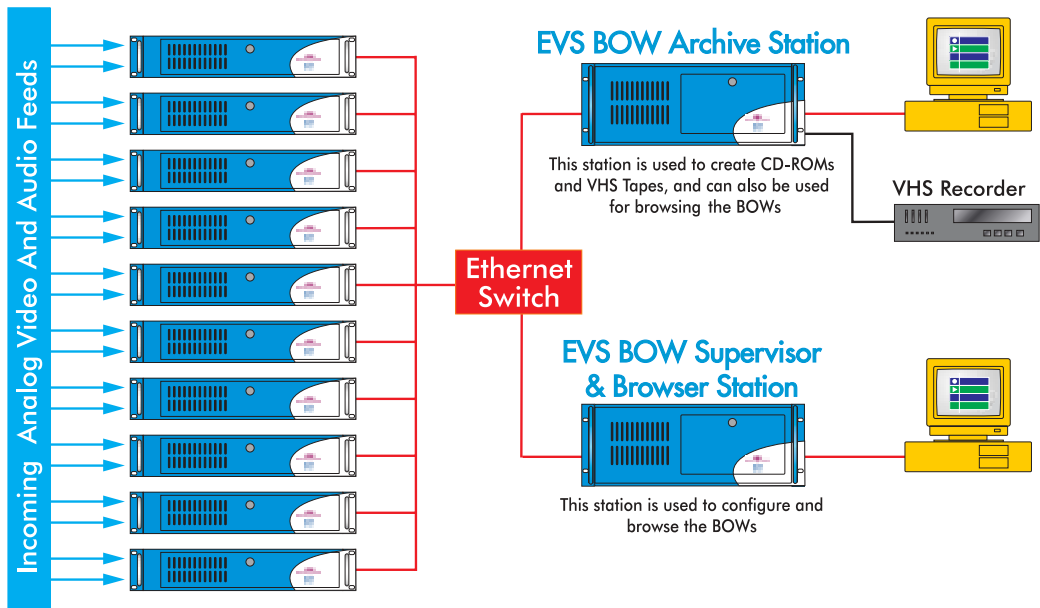
Dispatcher is an automatic conversion engine that produces low bit-rate copies of broadcast media (video and audio). The broadcast files in the DVB®-Assist database are detected and converted automatically to one or more low bit-rate formats for remote browsing, using a Web server (e.g. Insider).

Insider is a web-publishing tool that presents video and audio files to any user having access to the Intranet. All staff involved in television production (directors, news editors, journalists, presenters, etc.) can now view any part of the content present in the broadcast server(s) from their office.

Insider and **Dispatcher** are integrated in the DVB-Assist suite and add powerful browsing facilities to the EVS MPEG-2 server.

BOW is a unique 1- or 2-channel hard disk based Video Logging recorder with capacity from 1 week to several months, with integrated HTML browsing facilities. Video segments are automatically created according to a predefined scheduling plan and indexed in the HTML presentation. They can be





remote consulted through an classical web browser. Virtually unlimited numbers of BOWs can be stacked and hooked up to a common LAN network to build a multi-channel system. Applications include broadcast transmission logging (e.g. for legal or contractual purposes) and time-lapse recording in CCTV

systems for surveillance and security. In all cases is BOW capable of replacing Video Cassette Recorders and so dramatically decreasing all maintenance and operation costs.

E. Acoustics

FAR, a 49.75% subsidiary of EVS, designs, manufactures and markets active monitor loudspeakers, which are distributed in more than 20 countries around the world. FAR also designs audio studios, acoustical panels and complete prefab studios. Applications range extends from Radio & TV stations, across film post-production ("dubbing-") theatres to music recording studios.



3. RADIO MANAGEMENT SYSTEMS

Every decision-maker in a general or music radio station is fully aware of the strategic and economic challenge represented by the digitisation of his/her company. Magnetic tape, like cinema film, alters over time. This leads to additional costs for the radio station or, in time, the inevitable loss of audio items. The increase in themed radio programmes requires new ways of organising workflow. Digital technology has much to offer in terms of productivity and flexibility in the use of equipment and software: unlimited editing from an original document, immediate access to an audio databank from a studio, secure digital storage..... The process is simplified and functionality is easily updated in line with advances in technology. The market

also demands global automated solutions. Satellites, communication data, "on-air" systems, advertising system, administrative systems - demand keeps growing. New needs arise constantly. While radio was once broadcast only on FM and AM, broadcasters, and even public authorities, are currently planning wireless or Internet digital radio projects. Needs evolve along with technological advances.

Radio-Assist 7, the new version

Since 1994, the Radio-Assist range of digital radio products has been developed under Windows. It covers all areas: from recording to storage, by way of processing, programming and broadcasting. The latest

version, Radio-Assist 7, was launched in April 2001 to respond to the evolution of the demands of radio broadcasters. This new version adds a fully integrated solution for planning and broadcasting. The whole process of schedule management, modelling and musical or advertising programming, is handled in full by a single software package: Feder-All. From production to broadcasting, the whole system communicates.

Radio-Assist 7



All audio documents and associated data (text, pictures, etc.) are stored on the server and are immediately accessible by any user. Multiple search criteria help the user find a document quickly. The database can also be consulted over the Intranet. The Insider software gives access to all information contained in the database, as well as items for broadcast. The database, which is at the heart of the Radio-Assist system, is now managed on a SQL Server.

Music-All software manages schedule planning, statistical analysis and report generation for copyright management companies. With a large choice of criteria, the user defines exposure frequency, compulsory or prohibited continuity conditions, or any other realistic constraint. Once all the data has been entered, Music-All produces hundreds of programmes from a base of several thousand items. In Korea, Music-All

manages the programming of 32 channels in the digital package for Digital Sky Net, each with its own musical style. In total, the database contains more than 50 000 items.

With the arrival of new technologies (Internet, multi-broadcast by satellite, Digital Signal Processing), radio and television companies want to broadcast their production to the entire world. Air-DDO, a broadcasting software package that uses five channels simultaneously, offers a high degree of flexibility in manual or automatic transmission to wireless or satellite networks.

A partnership with the company NAGRA (KUDELSKI) made it possible to achieve perfect integration of PC CARD (PCMCIA). With its PC CARD SCSI driver readers, Radio-Assist 7 provides rapid and totally secure import and export functionality for any documents coming from Flash cards.

In France, Radio-Assist software is the standard for the main radio broadcasters (RTL, Radio France). Radio France Group on its own is made up of a network of 51 radio stations. In Italy, RAI has selected Radio-Assist and achieved full digitisation of its national network. In Belgium, first rate radio stations like RTBF (5 channels) and Bel-RTL opted for the same choice.

Since 2000, the software has begun to be used by ABC's main radio station (Australian Broadcasting Corporation) and also SBS (Special Broadcasting Services Corporation), which broadcasts radio programmes in more than 30 languages and dialects.

Finally, on the eve of the Football World Cup, NETIA carried off a recent call for proposals in Korea. Hanyang Satellite Broadcasting Inc. has just selected Radio-Assist 7 software to supply a digital package of 32 music channels broadcast by satellite on "Digital Sky Net".

DBShare : Development of DBShare software was initiated by permanent demand from broadcasters that want the best possible securitization of data and broadcasting. It has become vital to secure all stages of the process, from recording to broadcasting. DBShare also makes it possible to automatically restore faulty databases and can be used as a statistical analysis tool. It was designed to securitize Radio-Assist and DVB Assist.



4. DIGITAL CINEMA SERVERS - CINESTORE



After radio and television, time has come for the cinema theatres to change from analog to digital technology. It will revolutionize the 7th art : just imagine 35 kilograms of celluloid now being replaced by an ultra light tape and tomorrow the film will be distributed by satellite !

This innovative technology is improving the cinema experience by bringing striking new assets such as speed, flexibility, simple operating systems and constant image quality. Movies will always look their best, from premiere night to the last picture show!

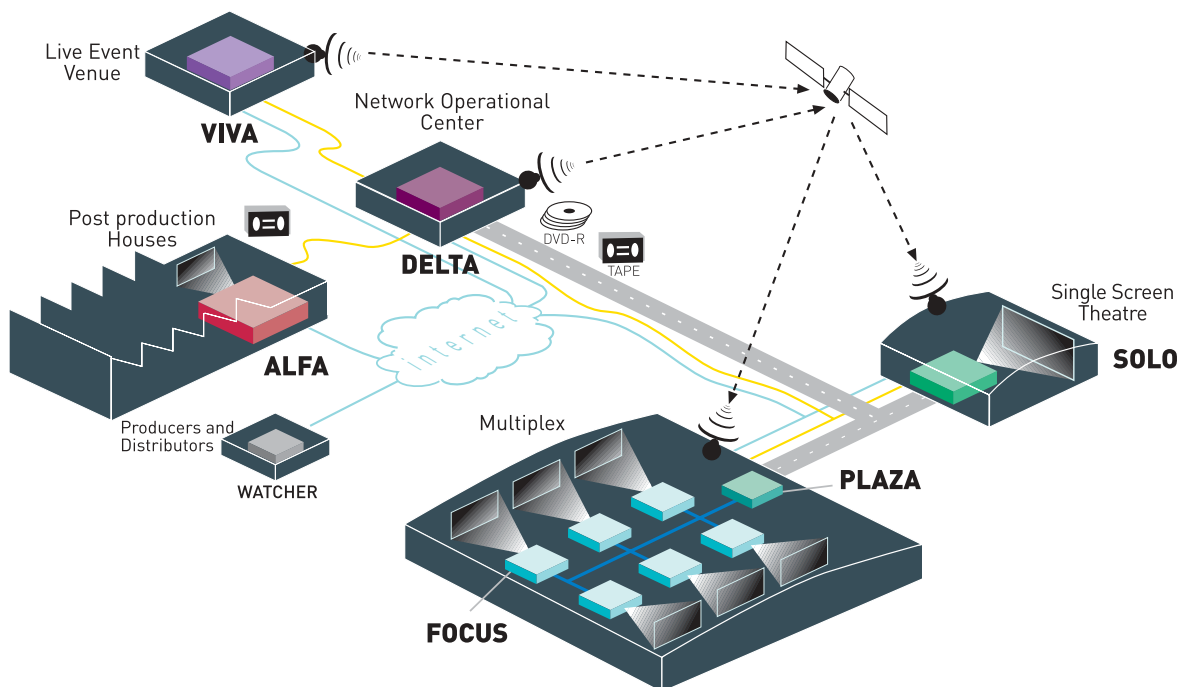
In June 1999, EVS Group decided to extend its long-standing expertise in server technology by supporting the digital cinema deployment; the business unit EVS Digital Cinema was born! Benefiting of its expertise in MPEG2/DVB® servers, EVS developed a range of servers dedicated to digital cinema. Today, EVS is ready to propose advanced servers fulfilling all the requirements of the digital cinema structure. The first commercial exhibition of digital cinema took place on June 1st, 1999 in six venues across the United States featuring Star Wars; Episode 1 - "The Phantom Menace". Later that year, Disney equipped 12 additional US theatres with DLP projectors for digital presentations. Today, there are 43 theatres worldwide proposing digital screenings to their audience. The technology proves to meet, and in some ways to exceed, film-based images.

Digital cinema deployment will change the face of movie distribution by greatly enhancing flexibility and dramatically reducing the financial risk of costly film copies. Digital projection will also create additional revenue opportunities for the theatre owners. There are more than 100,000 screens worldwide, with growth and replacement rate currently accounting for about 6000 new screens per year. Digital cinema clearly is inevitable and EVS Digital Cinema is ready to become one of the key players !

EVS proposes a global approach with **CineStore**, a complete product line consisting of a range of high performance servers, each addressing the particular needs of the different players in the cinema distribution chain : appropriate configurations are available for post-production, distribution and projection. All CineStore servers are currently using MPEG-2 image compression, based on the standard format Main Profile at High Level (MP@HL). Each model is supported by user friendly Windows® applications that help the operator to drive the server efficiently and to automate certain processes.

The CineStore servers are the following :

The **CineStore Alfa** answers the specific needs of the post-production studio for the preparation of digital cinema Copy Masters. The Alfa includes media acquisition, versioning, encoding, encryption, packaging and quality control.



The **CineStore Delta** throws the bridge between the post-production house and the transport service provider. The Delta stores and, where applicable, duplicates the media (DVD or Data Tape) and manages routing and shipment to the theatres through various transportation channels.

The **CineStore Plaza** is the central server of a multiplex movie theatre. The Plaza manages the intake of new features from tape, DVD-ROM, satellite or fibre network. It disposes of a very large storage capacity and manages the timely distribution of content to each screen of the multiplex, according to the show program.

The **CineStore Focus** is a play-out server placed beside each projector of a multiplex. It ensures the local play-out of the show on one screen at a time. The CineStore Focus receives its content and play list instructions from the CineStore Plaza. It allows the simultaneous loading of a new film and the play-out of the current show.

The **CineStore Solo** is configured for the single screen theatre. The Solo server combines the gateway capability of the CineStore Plaza server with the play-out functionality of the CineStore Focus.

The **CineStore Viva** makes possible direct broadcasting of events, simultaneously in a large number of theaters worldwide.

AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 TO THE SHAREHOLDERS' MEETING OF EVS BROADCAST EQUIPMENT S.A.

In accordance with legal and regulatory requirements, we are pleased to report to you on the performance of the audit mandate which you have entrusted to us.

We have audited the consolidated financial statements as of and for the year ended December 31, 2001 which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of (000 EUR) 37 252 and a consolidated profit for the year of (000 EUR) 2 142. We have also examined the consolidated directors' report.

Unqualified audit opinion on the consolidated financial statements

We conducted our audit in accordance with the standards of the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to consolidated financial statements in Belgium.

In accordance with those standards, we considered the group's administrative and accounting organisation, as well as its internal control procedures. We have obtained explanations and information required for our audit. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing accounting principles used, the basis for consolidation and significant accounting estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the group's assets, liabilities, consolidated financial position as of December 31, 2001 and the consolidated results of its operations for the year then ended, in accordance with the legal and regulatory requirements applicable in Belgium and the information given in the notes to the consolidated financial statements is adequate.

Furthermore the consolidated directors' report contains the information required by law and is consistent with the consolidated financial statements.

Awans, April 24, 2002

Ernst & Young Réviseurs d'Entreprises S.C.C. (B 160)
Statutory auditor

represented by Philippe PIRE
Partner



INCOME STATEMENT (IN THOUSANDS EUR)

(1) Consolidated income of EVS S.A, EVS USA, EVS Hong Kong, EVS France, VSE, EVS Italy, EVS UK and NETIA (as from 1st July 1999).

(2) Consolidated income of EVS S.A, EVS USA, EVS Hong Kong, EVS France, EVS Italy, EVS UK and NETIA.

	1999(1)	2000(1)	2001(2)
I. Operating Income	21 574.8	37 985.1	35 417.0
A. Turnover	20 262.4	36 584.8	34 735.9
B. Increase (+)/Decrease (-) in Stocks of Finished Goods, Work and Contracts in progress	754.4	822.9	183.4
D. Other Operating Income	558.0	577.4	497.7
II. Operating Charges (-)	-15 252.5	-27 082.1	-26 384.6
A. Raw Materials, Consumables and Goods for Resale	5 672.8	10 069.9	7 488.3
1. Purchases	6 375.8	10 107.5	7 889.8
2. Increase (-)/Decrease (-) in Stocks	-703.0	-37.6	-401.5
B. Services and other Goods	4 204.0	7 804.5	7 602.8
C. Remuneration, Social Security Costs and Pensions	4 295.1	7 804.8	9 540.0
D. Depreciation of and other amounts written off Formation Expenses, Intangible and Tangible Fixed Assets	604.3	1 084.8	1 430.7
E. Increase (+)/Decrease (-) in Amounts written off Stocks, Contracts in progress and Trade Debtors	125.5	93.2	176.8
F. Increase (+)/Decrease (-) in Provisions for Liabilities and Charges	-	84.5	-25.0
G. Other Operating Charges	350.8	140.4	171.0
III. Operating Profit (+)	6 322.3	10 903.0	9 032.4
IV. Financial Income	545.5	492.0	603.7
A. Income from Financial assets	-	48.2	-
B. Income from Current assets	99.4	4.5	58.0
C. Other Financial Income	446.1	439.3	545.7
V. Financial Charges (-)	-1 748.0	-3 224.9	-3 359.0
A. Interests and other Debt Charges	157.5	282.4	291.4
B.1. Amounts written on positive Consolidation Differences	1 480.3	2 476.3	2 302.3
B.2. Amounts written on positive Consolidation Differences (Equity Method)	36.9	37.0	37.4
C. Increase (+)/Decrease (-) in Amounts written off Current Assets other than those mentioned under II E	-	63.4	-
D. Other Financial Charges	73.3	365.8	727.9
VI. Profit on Ordinary Activities before Taxation (+)	5 119.8	8 170.1	6 277.1
VII. Extraordinary Income	17.2	103.9	89.1
A. Adjustments to Depreciation of and to other amounts written off Intangible and Tangible Fixed Assets	0.3	-	-
B. Adjustments to Amounts written off Consolidation Differences	-	-	76.1
D. Adjustments to Provision for Extraordinary Liabilities and Charges	12.4	2.4	-
E. Gain on Disposal of Fixed Assets	-	0.7	-
F. Other Extraordinary Income	4.5	100.8	13.0
VIII. Extraordinary Charges	-46.3	-1 071.8	-749.5
A. Extraordinary Depreciation of and amounts written off Formation Expenses, Intangible and Tangible Fixed Assets	15.0	-	4.5
B. Extraordinary Amounts written on positive Consolidation Differences	-	76.1	-
C. Amounts written off Financial Fixed Assets	-	915.8	631.8
D. Provisions for extraordinary Liabilities and Charges	-	-	-
E. Loss on Disposal of Fixed Assets	2.6	-	-
F. Other Extraordinary Charges	28.7	79.9	113.2
IX. Profit for the Financial Period before Taxation (+)	5 090.7	7 202.2	5 616.7
X. A. Transfer from deferred Tax and latent Taxation Liabilities(+)	35.4	26.4	7.8
B. Transfer to deferred Tax and latent Taxation Liabilities (-)	-	-49.8	-
XI. Income Taxes	-2 503.4	-4 286.7	-3 503.3
A. Income Taxes	-2 503.4	-4 311.4	-3 503.3
B. Adjustment of Income Taxes and write-back of Tax Provisions	-	24.7	-
XII. Profit for the Financial Period (+)	2 622.7	2 892.1	2 121.2
XIII Share in the Result of the Enterprises accounted for using the Equity Method	-115.4	-67.5	21.1
A. Profit	-	-	21.1
B. Loss	-115.4	-67.5	-
XIV. Consolidated Profit	2 507.3	2 824.6	2 142.3
A. Share of Third Parties	8.1	0.7	0.5
B. Share of the Group	2 499.2	2 823.9	2 141.8



BALANCE SHEET (IN THOUSANDS EUR)

ASSETS	1999	2000	2001
FIXED ASSETS	15 957.1	13 602.9	12 559.9
I. Formation Expenses	24.7	7.2	3.6
II. Intangible Assets	883.2	932.7	925.3
III. Positive Consolidation Differences	9 549.0	7 567.3	4 999.8
III. Positive Consolidation Differences (Equity Method)	147.9	34.8	74.7
IV. Tangible Assets	4 290.7	4 974.6	6 240.4
A. Land and Buildings	2 566.6	3 564.5	4 075.9
B. Plant, Machinery and Equipment	9.5	186.3	195.4
C. Furniture and Vehicles	847.0	1 210.5	1 088.0
F. Assets under Construction and advance Payments	867.6	13.3	881.1
V. Financial Assets	1 061.6	86.3	316.1
A. Enterprises accounted for using the Equity Method	14.2	45.6	99.6
1. Participating Interests	14.2	45.6	99.6
B. Other Enterprises	1 047.4	40.7	216.5
1. Participating Interests and Shares	1 014.8	-	-
2. Amounts receivable	32.6	40.7	216.5
CURRENT ASSETS	17 795.6	22 882.6	24 692.3
VII. Stocks and Contracts in progress	4 345.6	5 128.9	5 713.8
A. Stocks	4 345.6	5 128.9	5 713.8
1. Raw Materials and Consumables	2 367.9	2 340.6	2 742.1
3. Finished Goods	1 977.7	2 788.3	2 971.7
VIII. Amounts receivable within one year	11 385.1	13 872.6	13 059.7
A. Trade Debtors	8 618.7	11 805.7	12 034.1
B. Other amounts receivable	2 766.4	2 066.9	1 025.6
IX. Investments	-	742.5	2 283.7
A. Own Shares	-	742.5	1 554.2
B. Other Investments and Deposits	-	-	729.5
X. Cash at Bank and in Hand	1 702.3	2 993.8	3 317.4
XI. Deferred Charges and accrued Income	362.6	144.8	317.7
TOTAL ASSETS	33 752.7	36 485.5	37 252.2

BALANCE SHEET (IN THOUSANDS EUR)

LIABILITIES	1999	2000	2001
CAPITAL AND RESERVES	20 813.1	21 934.8	22 499.0
I. Capital	16 000.0	16 000.0	16 000.0
A. Issued Capital	16 000.0	16 000.0	16 000.0
IV. Consolidated Reserves	4 391.5	5 389.3	5 858.7
VI. Translation Differences	37.3	200.5	307.0
VII. Investment Grants	384.3	345.0	333.3
MINORITY INTERESTS	25.7	26.3	4.6
VIII. Minority Interests	25.7	26.3	4.6
PROVISIONS, DEFERRED TAXATION AND LATENT TAXATION LIABILITIES	289.7	312.4	332.8
IX A. Provisions for Liabilities and Charges	32.1	81.9	75.0
4. Other Liabilities and Charges	32.1	81.9	75.0
B. Deferred Tax and latent Taxation Liabilities	257.6	230.5	257.8
CREDITORS	12 624.2	14 212.0	14 415.8
X. Amounts payable after one year	1 775.4	2 938.2	4 333.2
A. Financial Debts	1 775.4	2 620.6	4 217.4
4. Credit Institutions	1 761.1	2 620.6	4 217.4
5. Other Loans	14.3	-	-
D. Other amounts payable	-	317.6	115.8
XI. Amounts payable within one year	10 596.6	10 514.1	8 676.2
A. Current Portion of Amounts payable after one year	347.7	261.7	209.7
B. Financial Debts	3 538.4	3 067.4	1 716.7
1. Credit Institutions	3 538.4	3 067.4	1 716.7
C. Trade Debts	1 820.2	2 434.8	2 924.3
1. Suppliers	1 820.2	2 434.8	2 924.3
D. Advances received on Contracts in progress	739.6	91.3	-
E. Amounts payable regarding Taxes, Remuneration and Social Security	964.7	2 652.1	2 183.3
1. Taxes	192.7	1 422.3	660.7
2. Remuneration and Social Security	772.0	1 229.8	1 522.6
F. Other Amounts payable	3 186.0	2 006.8	1 642.2
XII. Accrued Charges and deferred Income	252.2	759.7	1 406.4
TOTAL LIABILITIES	33 752.7	36 485.5	37 252.2

APPENDICES

I. LIST OF THE CONSOLIDATED COMPANIES AND COMPANIES INCLUDED USING THE EQUITY METHOD

Name and address	Method used (1)	Portion of capital hold (in %) (2)	Change of % of capital held (as compared to the previous period)
EVS Broadcast Equipment Inc. 9 Law Drive, suite 200 • Fairfield, NJ 070046 U.S.A.	F	100.0	0.00
EVS France S.A. Quai Carnot 47 • FR-92210 Saint-Cloud FRANCE TVA : FR-21.419.961.503	F	99.76	0.00
EVS Italia S.r.l. Via Cipro 96 • IT-25124 Brescia ITALIA TVA : IT-03482350174	F	95.00	0.00
EVS Broadcast UK Ltd 400 Capability Green • GB-Luton LU1 3LU ENGLAND TVA : -	F	100.00	0.00
NETIA S.A. Halle Industrielle de Farjou • FR-34270 Claret FRANCE TVA : FR-00.391.917.341	F	99.99	0.00
FAR S.P.R.L. Rue Bois de Sclessin 6 • BE-4102 Seraing BELGIUM TVA : BE-454 521 511	E	49.75	0.00
MECALEC SMD S.A. Rue Nicolas Fossoul 54 • BE-4100 Seraing BELGIUM TVA : BE-467.121.712	E	49.50	0.00

(1) F : Full Consolidation, E : Associated Company accounted for using the Equity Method.

(2) Proportion of capital of those companies being held by the companies included in the consolidated accounts and persons acting in their own names but on behalf of these Companies.

VI. VALUATION RULES

A. Parent Company valuation rules

1. Assets

General information

The financial statements are drawn up in line with the Royal Decree dated 8 October 1976 on Company financial statements.

Formation expenses, Intangible assets and Tangible assets

Formation expenses, Intangible assets and Tangible assets are valued at acquisition or production cost and are amortized on a straight-line basis at the following rates :

Items	Depreciation rates
Formation expenses	33 % to 100 %
Buildings	5 %
Architect and specialist costs	33 % to 100 %
Vehicles	20 % to 33 %
Softwares and IT-equipment	25 % to 33 %
Office equipment and furniture	10 % to 33 %
Plant, machinery and equipment	10 % to 33 %
Other tangible assets	25 % to 33 %

Stocks

Raw materials and consumables, Finished goods and Goods purchased for resale are valued at the purchase price using the FIFO method, or at market value as of the balance sheet date, if this latter is lower.

Amounts receivable within one year

Receivables are stated in the balance sheet at nominal value. Allowance for doubtful accounts is recorded if receivables are completely or partly uncollectible for their nominal value, and written back when they become superfluous.

Investments and Cash at bank and in hand

Investments and cash at bank and in hand are recorded at nominal value.

2. Liabilities

Provisions for liabilities and charges

Increase in Provisions are stated to cover all foreseeable risks and losses the Company is likely to encounter.

Amounts payable after more than one year and within one year

Amounts payable are stated in the balance sheet at nominal value. Provisions for taxes and social security are booked; the amount of the provision is determined by using the most probable amount.

3. Methods for converting assets and liabilities in foreign currency

Foreign currency receivables, payables, investments and cash at bank and in hand are converted at the exchange rate as of balance sheet date and resulting translation differences are included in income statements.

B. Consolidation valuation rules

General information

The consolidated financial statement is drawn up in line with Royal Decree dated 30 January 2001 (previously R.D. dd. 6 March 1990), on consolidated financial statements.

Scope of consolidation

The consolidating Company, EVS Broadcast Equipment S.A. and all the subsidiaries it controls are consolidated.

Balance sheet date

Balance sheet date for consolidated financial statements is 31st December.

Method of consolidation

The method of full consolidation is applied to all companies under direct or indirect control.

Presentation of financial statements

Consolidated financial statements are drawn up after appropriation of net income of the consolidating Company. Companies included in the scope of consolidation are integrated into the consolidation before appropriation of net income.

Goodwill

The Group recognizes in its financial statements a goodwill on its investments rated as the difference between the acquisition cost of the investment and the value of the net assets acquired, measured in line with the group's standard accounting principles. If the difference is positive, it is appropriated to assets items having a fair market value higher than their book value and to liabilities items having a fair market value lower than their book value. The positive balance remaining is reflected under the "Positive Consolidation Difference" heading in the assets. To cover the length of time required to concretise the amount paid in goodwill (positive consolidation difference), it is marked for 5 year straight-line amortization.

If the difference is negative, it is appropriated to assets items having a fair market value lower than their book value and to liabilities items having a fair market value higher than their book value. The negative balance remaining is reflected under the "Negative Consolidation Difference" heading in liabilities.

Method of conversion of the foreign subsidiaries financial statements

The method used for translating the financial statements of foreign subsidiaries into EUR is the balance sheet date rate method. The total amount of assets and liabilities of subsidiaries outside Belgium is expressed in EUR at the exchange rate on balance sheet date. Income statements items are converted at the average exchange rate over the financial year.

Provision for deferred taxation and latent taxation liabilities

Provisions for deferred taxes and latent taxation liabilities are accounted for and reflect the tax effect of the temporary differences between the carrying amounts for financial reporting purposes and the amounts used for income tax purposes, as far as these temporary differences are expected to reverse in the near future and will affect taxation. Only deferred tax liabilities are recognized in consolidated financial statements.

FUTURE TAXATION AND DEFERRED TAXES (IN THOUSANDS EUR)

Analysis of heading IX.B. of the liabilities	257.8
- Deferred taxes	257.8

Deferred taxes amount is mainly accounted for taxes to be paid on grants booked as income in proportion to the depreciation of the related items. These grants have been received from the Walloon Region and from the European Community (FEDER) for the construction of the buildings EVS (I) and VSE (II), in Liège (Belgium).

VII. STATEMENT OF FORMATION EXPENSES (IN THOUSANDS EUR)

Net carrying value as at end of the preceding period	7.2
- Depreciation of the period	-3.6
Net carrying value at the end of the period	3.6

VIII. STATEMENT OF INTANGIBLE ASSETS (IN THOUSANDS EUR)

	Concessions, Patents, Licenses	Goodwill	Advance payments
A. Acquisition cost			
As at the end of the preceding period	1 069.9	-	16.9
Movements during the period :			
- Acquisitions	163.7	151.4	-
- Transfers from one heading to another	-823.0	+823.0	-
At the end of the period	410.6	974.4	16.9
B. Depreciation and amounts written down			
As at the end of the preceding period	154.1	-	-
Movements during the period :			
- Recorded over the period	127.6	194.9	-
At the end of the period	281.7	194.9	-
C. Net carrying value at the end of the period	128.9	779.5	16.9

The acquisition value of the goodwill amounts to 974.4 thousand EUR and relates to the acquisition of Audio-Follow, which is specialized in software for radio broadcasting, by NETIA in 2000. The initial value of 823.0 thousand EUR increased by 151.4 thousand EUR in 2001.

IX. STATEMENT OF TANGIBLE FIXED ASSETS (IN THOUSANDS EUR)

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction and advance payments
A. Acquisition cost				
As at the end of the preceding period	4 170.6	313.8	2 541.6	13.3
Movements during the period :				
- Acquisitions	810.4	152.0	594.4	867.8
- Sales and disposals	-	-	-202.2	-
- Translation differences	-	-	4.0	-
At the end of the period	4 981.0	465.8	2 937.8	881.1
B. Depreciation and amounts written down				
As at the end of the preceding period	606.1	127.5	1 331.1	-
Movements during the period :				
- Recorded	299.0	142.9	662.7	-
- Written down after sales and disposals	-	-	-147.5	-
- Translation differences	-	-	3.5	-
At the end of the period	905.1	270.4	1 849.8	-
C. Net carrying value at the end of the period	4 075.9	195.4	1 088.0	881.1

Production of the equipment manufactured and marketed by EVS and NETIA does not require important tangible investment. Whenever possible, specialized work is contracted out (i.e. sheet metalwork and manufacturing of printed circuits). Nor does R&D require any considerable investment, since engineers and programmers work directly on the machines to be sold or on PC type equipment for the software development. It should be noted that all R&D costs are charged to operations as incurred, be they internal or subcontracted.

The group policy is to own its buildings and to finance them with long-term loans. The net value of the land and buildings amounts to 4 075.9 thousand EUR, it includes :

EVS Bldg. I (16, rue Bois St Jean, Ougrée-Liège, Belgium)	1 416
EVS Bldg.II (ex-VSE, 18, rue Bois St Jean, Ougrée-Liège, Belgium)	507
EVS Bldg.III (6, rue Pré Aily, Ougrée-Liège, Belgium)	982
EVS Bldg.IV (Land)(16, rue Bois St Jean, Ougrée-Liège, Belgium)	42
NETIA (Claret, Montpellier, France)	1 128

Buildings I, II et III are occupied by EVS in the «Parc scientifique du Sart Tilman» in Liège (Belgium) since September 1998 (I et II) and February 1999 (III). Their gross acquisition value is 3 745 thousand EUR. Expenditure on buildings I and II benefited from a grant allotted by the Walloon Region and the European Community ("Objectif 2") amounting to 0.83 million EUR. Building III will benefit from the same kind of grant for a minimum amount of 0.3 million EUR.

The construction of the facilities located in Claret - France (net value : 1 128 thousand EUR) took place in two stages : the first one in 1998 and the second one in 2001. The gross value of the second stage amounts to 716 thousand EUR. It is financed by a 15 years leasing of 579 thousand EUR and a grant of 137 thousand EUR.

In order to face up to the growth of EVS, a new building of 3 200 m² is under construction in Liège near buildings I and II. The amount of the building under construction is 881.1 thousand EUR on 31 December 2001. The building should be completed in September 2002. A mortgage loan of 2.7 million EUR, of which 1.2 million EUR has been booked under long-term debts at the closing date, has been concluded (5.5 %-15 years). A grant similar to these received for the other buildings has been allotted for a minimum amount of 0.9 million EUR.

These grants are booked at receipt and reported as income in proportion to depreciation. The amount to be affected is under heading VII., Grants received, and under heading IXB, Deferred taxes.

X. STATEMENT OF FINANCIAL FIXED ASSETS (IN THOUSANDS EUR)

	Companies accounted for using the equity method (MECALEC, FAR)	Other companies (FAIRLIGHT)
Associates		
A. Acquisition cost		
As at the end of the preceding period	227.1	915.8
- Sales and disposals	-	-
At the end of the period	227.1	915.8
B. Amounts written down		
As at the end of the preceding period	-	-915.8
- Sales and disposals	-	-
At the end of the period	-	-915.8
C. Changes in stockholders' equity		
Share in the result of the preceding period	-148.6	-
Share in the result of the period	21.1	-
Share in the result at the end of the period	-127.5	-
Net carrying value at the end of the period	99.6	0.0

Companies accounted for using Equity method

FAR SPRL

FAR, based in Villers-Le-Bouillet (Belgium), develops, manufactures and sells active monitors (loudspeakers with integrated amplifiers) for professional use in the audio industry. FAR also designs and sells acoustic panels and audio studios for Radio and Television stations, films and recording Companies.

FAR benefits from EVS commercial network, reputation and experience in different areas: a project to develop an active loudspeaker with digital inputs was launched with the financial help of the "DGTRE" (Walloon Region).

EVS acquired a 49.75% stake in FAR for 314.5 thousand EUR. In 1999, the book value of FAR was 127.7 thousand EUR, i.e. a goodwill of 186.8 thousands EUR. The goodwill is amortized over 5 years.

In 2001, the results of FAR improved : the loss amounts to 22 491 EUR versus 93 751 EUR in 2000. The share of EVS in the cumulative losses on 31 December 2001 amounts to 173.3 thousand EUR. Therefore the value of the stake has been totally reduced (by 127.7 thousand EUR) and the remaining amount, i.e. 45.6 thousand EUR, is booked in liabilities under provisions on stake. In 2002, FAR should reach the breakeven.

MECALEC SMD S.A.

MECALEC SMD S.A was founded on 21 October 1999 by S.A. MECALEC (50.5%) and EVS (49.5%). Subscribed capital is 200 000 EUR. This Company's main activity is the manufacturing of electronic boards, using SMD technology. The registered office is based in Bonnelles, close to Liège (Belgium).

EVS acquired this participation in order to benefit from shorter delivery times on orders for electronic boards. Some synergies in R&D and rework of the production process are on the way.

In 2001, the net profit of MECALEC SMD comes to 42 677 EUR, i.e. a significant improvement versus the first financial year (loss of 42 246 EUR). The share of EVS in the results of 2001 of MECALEC SMD amounts to 21 338 EUR.

Other Companies

FAIRLIGHT

The Australian Company FAIRLIGHT ESP Pty operates in the field of audio digital systems: it supplies top-level equipment for the Broadcast and Cinema industry. EVS acquired a 5% interest in FAIRLIGHT in January 1999: the investment amounted to 1 million USD. Although commercial and technical partnership were conceivable, this shareholding was mainly seen as a financial asset, FAIRLIGHT planning to be listed on the NASDAQ.

In January 2001, EVS was informed of the deterioration of FAIRLIGHT results and of the need of a new capital increase. The EVS Group refused to participate and its share is thus fixed at 2.2%. As a precaution, the Board of Directors decided to write off the total amount, i.e. 915 829 EUR.

In 2001, the situation of FAIRLIGHT was getting worse. Due to the lack of liquidity, the shareholders had to find out a way to restructure the capital and the debts of the company. The main customer and dealer of the company, FAIRLIGHT JAPAN Inc., proposed to the shareholders to buy back their stakes. In December 2001, EVS agreed to sell its 2.2% against 36 000 AUD, amount which will be paid in June 2002. Total amount of this stake having been written off in 2000, profit on the sale will be booked at receipt of payment in 2002.

Guarantees and Deposits

Net carrying value as at the end of the preceding period	40.7
Additions	188.1
Reimbursements	-13.4
Translation differences	1.1
Net carrying value at the end of the period	216.5

The increase of the deposits is mainly due to the deposit of 125 thousand EUR as part of the price adjustment clause of Audio-Follow, acquired by NETIA beginning of 2000.

XI. STATEMENT OF CONSOLIDATED RESERVES (IN THOUSANDS EUR)

Consolidated reserves at the end of the previous financial period	5 389.3
Movements during the period :	
- Shares of the group in the consolidated income	2 141.8
- Declared Dividends 2001	-1 432.0
- Adjustment of deferred taxes VSE	-265.2
- Other movements	24.8
Consolidated reserves at the end of the financial period	5 858.7

XII. STATEMENT OF CONSOLIDATION DIFFERENCES AND DIFFERENCES RESULTING FROM THE APPLICATION OF THE EQUITY METHOD (IN THOUSANDS EUR)

A. Positive Consolidation Differences (VSE and NETIA)

Net carrying value at the end of the preceding period	7 567.3
Movements during the period:	
- Write-downs	-2 302.3
- Adjustment of deferred taxes VSE	-265.2
Net carrying value at the end of the period	4 999.8

As stated in the valuation rules, the consolidation differences and the differences resulting from the application of the equity method are amortized over 5 years.

VSE

The Company was acquired in 1998 and merged with EVS S.A. on the 1st January 2001 after remaining shares were bought in December 2000. In 1998, the goodwill amounted to 3 144 thousand EUR. This amount included 265 thousand EUR of deferred taxes for unrealized gains on stocks and shares owned by VSE. As the stocks and shares were sold in 1999 and 2000, the goodwill was adjusted in 2001 and posted in shareholders' equity. Despite the merger of EVS and VSE on the 1st January 2001, the method of depreciation of the goodwill remains unchanged. The balance of the goodwill, i.e. 515 thousand EUR, will be amortized in 2002.

NETIA

In 2000, the goodwill of NETIA (acquired on 1st July 1999) increased by 457 338 EUR. These items have been amortized pro rata temporis as from the date of acquisition. The balance, i.e. 4 485 thousand EUR, will be amortized over the next two and a half years (2002 – 2004).

In thousands EUR	Goodwill	Consolidation date	Amortization 2001	Net value on 31 December
VSE (adjusted)	2 903	01/01/98	508	515
NETIA	8 971	01/07/99	1 794	4 485

B. Positive differences resulting from the application of the equity method : FAR

Net carrying value at the end of the preceding period	34.8
Movements during the period :	
- Write-downs	-37.4
- Other modifications	77.3
Net carrying value at the end of the period	74.7

FAR

As mentioned in the comment of appendix X.A., the goodwill of FAR in 1999 amounted to 186.8 thousand EUR, to be amortized over 5 years. Due to the losses of 1999 and 2000, an extraordinary amortization of 77 thousand EUR was booked in 2000. Further to the improvement of the results of the company, this amortization has been adjusted in 2001. The balance of the goodwill amounts then to 74 710 EUR to be amortized over 2002 and 2003.

In thousands EUR	Equity method Goodwill	1st Equity method date	Amortization 2001	Net value on 31 Dec. 2001
FAR	186.8	01/01/99	37.4	74.7

XIII. STATEMENT OF AMOUNTS PAYABLE (IN THOUSANDS EUR)

A. Analysis of the amounts originally payable after one year according to their residual term

LIABILITIES	Not more than 1 year	Between 1 and 5 years	Over 5 years
Financial debts			
4. Credit institutions	209.7	1 390.7	2 826.7
Other debts		115.8	
TOTAL	209.7	1 506.5	2 826.7

B. Amounts payable, or the portion thereof, which are guaranteed by real guarantee given or irrevocably promised on the assets of the companies included in the consolidation

These are financial debts towards credit institutions amounting to 2 503 thousand EUR.

XIV. PERSONNEL

Fully consolidated Companies

	Period	Preceding Period
Average number of persons employed	167.5	134.0
. Workers	3.5	2
. Employees	164.0	132.0
Personnel charges (in thousands EUR)		
. Remuneration and social charges	9 535.8	7 804.8
Average number of persons employed in Belgium by Companies of the Group	85.5	65.5

XV. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (IN THOUSANDS EUR)

A.1 Amount of personal guarantee, given or irrevocably promised by the Companies included in the consolidation, as security for third parties' debt or commitment.

Bank guarantees for an amount of 135.3 thousand EUR were asked as part of international public tenders.

A.2. Amount of actual guarantee, given or irrevocably promised by the Companies included in the consolidation on their own assets, as security for debts or commitments to these companies.

Mortgage proxys amounting 4 241.6 thousand EUR have been given for the loans financing the buildings.

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

EVS grants a 2 year technical guarantee on the sold products, according to the general conditions of sales. NETIA grants a 1 year guarantee on its sold products.

C. Significant litigation and other significant commitments.

Following the Extraordinary General Meetings of 7 September 1999 and 16 May 2000, 80 000 warrants were issued and intended to the EVS Group staff. 76 350 of these warrants were allotted to members of personnel of the EVS Group. The average exercise price of these 76 350 warrants is 20.79 EUR. These warrants may be converted from October 2003 onwards, depending on the local legislation in the concerned countries. Shares then issued will have the same rights as existing shares.

As part of the take over of AUDIO-FOLLOW Company by NETIA, additional price of maximum 0.25 million EUR should have to be paid according to one clause of the purchase contract. Half of these extra charge is covered by a deposit booked under financial assets in the consolidated balance sheet.

As part of a protocol of agreement and collaboration between EVS and the founding managers of NETIA, EVS could have to pay 726 000 EUR in October 2002. This amount depends on the evolution of the quotation of the EVS share on the Stock Exchange until this date.

The company committed itself to exchange 1 EVS share for each of the 24 550 "Bons de Souscription de Parts de Créateurs d'Entreprise" (BSPCE) given out to the employees of NETIA in May 1998. The exercise price of these BSPCE is 15.24 EUR, they may be converted between October 2002 and June 2003.

XVI. RELATIONSHIPS WITH AFFILIATED COMPANIES AND COMPANIES LINKED BY PARTICIPATING INTERESTS BUT NOT INCLUDED IN THE CONSOLIDATION (IN THOUSANDS EUR)

	Period	Preceding period
Financial fixed assets		
- Shares	99.6	45.6
Advance to FAR SPRL		
- Original value	123.9	-
- Write-down	- 123.9	-
Net carrying value at the end of the period	0.0	-

On 31 December 2001, FAR, in which EVS has a 49.75% stake, was indebted to EVS for 123 947 EUR. In spite of the improvement of the results and the positive outlook of the company, FAR will probably suffer from a lack of liquidity during the next years. In order to take this element into account, EVS decided to make a total provision for this debt, i.e. 123 947 EUR.

XVII. FINANCIAL RELATIONSHIPS WITH DIRECTORS OR MANAGERS OF THE CONSOLIDATION COMPANY (IN THOUSANDS EUR)

	Period
A. Total amount of remuneration granted in respect of their responsibilities in the consolidation Company, its subsidiaries and its affiliated Companies, including the amounts in respect of retirement pensions granted to former directors or managers.	623.4
B. Total amount of advances and credits granted by the consolidating Company, by a subsidiary or by an associated Company.	260.3

XVIII. RESEARCH AND DEVELOPMENT

A. R&D costs

Development of new products and improving of existing ones led to the commercial success of EVS and NETIA since their creation. This success attests to the quality and efficiency of the R&D Department teams.

In 2001, the EVS Group dedicated an important part of its resources (14 % of its turnover) to R&D, on both hardware and software.

The department is divided into teams covering projects and product lines. It included 74 people as of 31 December 2001, i.e. 39% of personnel, 70% of which being civil and industrial engineers.

Rapid changes in technology and customer requirements require continual adaptation of the Company's products. Their flexible architecture allows the customers to benefit from the last developments through hardware and/or software upgrades.

The total amount dedicated to R&D in 2001 is 5 064 thousand EUR, i.e. an increase of 1 627 thousand EUR in comparison with the year 2000 (3 437 thousand EUR). This amount is divided up as follows :

	Personnel costs	Other costs
EVS	2 239	1 106
NETIA	1 310	408

R&D expenses are self-financed. The EVS Group received however the financial support from the Walloon Region, the French State and the European Community.

The D-Cinema project received a refundable advances from the "DGTRE" (Walloon Region) for developing a special electronic cinema server. The total financial assistance amounts to 654 711 EUR, i.e. 70% of the project amount (935 302 EUR).

Both NETIA and EVS take parts in projects (trade fair, business abroad) financially supported by the Regions or the States. These amounts are not significant.

In 2001, EVS received grants and refundable advances amounting to 393 804 EUR. This amount is mostly posted under «Other Operating Income» on receipt of the payment, except an advance of 101 728 EUR posted under Financial Debts.

B. Intellectual property

Products developed and marketed by EVS Group, as well as technology used, are not covered by patents or licenses. In the future, the Company will patent any invention, provided that efficient protection can be ensured and provided that registering of the patent is not likely to assist competitors in using technological data developed by EVS Group.

EVS remains convinced that the best protection lies in the continuous technological progress of its products. 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.

EVS and NETIA, however, registered a patent within the European Community, for some key brand names.

XVII. CUSTOMERS AND SUPPLIERS

A. Average payment term to suppliers is 45 days

A. Average payment term to suppliers is 45 days.

As margins on products sold are very high, purchases and consequently suppliers trade debts represent relatively small amounts compared to turnover.

The electronic boards produced by EVS and by the subcontractor DELTATEC (Belgium) have a leadtime of 2 to 3 months. Most of the components included in the boards are cheap and easily available on the market. However, some elements are critical and supply can prove more touchy: this applies generally to integrated circuits produced by a small number of companies and where production is likely to stop short. It may be necessary to take on larger stocks.

Concerning the NETIA products, the Company essentially supplies software but also sometimes hardware (PC and servers). The hardware is purchased from retailers and supplied to customers according to the sales orders.

B. Average payment term by customers is 100 days.

This payment term is in line with the common practice of the broadcast sector. Most EVS Group customers are reliable companies: public or private TV networks, rental companies for professional equipment, top level integrators,... In addition, the SLOMO products are fitted with an electronic key system allowing to block the machine in case of non-payment. The term of payment is mostly due to the common practice of large private or state-owned companies to pay invoices 60 or 120 days after the date of invoice.

In order to calculate the average DSO (Days Sales Outstanding), we have to take into account the sales seasonality. As around 30% of the sales are invoiced during the last quarter, the trade debtors account is rather high by the end of the year and that can open to misinterpretation of the payment term. For instance, the simple comparison of the trade debtors by the end of 2001 (12 million EUR) and the annual turnover (34.7 million EUR) is misleading and leads into a wrong DSO of 120 days.



CONSOLIDATED CASH FLOW STATEMENT

This statement has been drawn up using the cash flow indirect method.

As EVS acquired VSE in 1998 and NETIA by mid 1999, the scope of consolidation is similar for the years 1999, 2000 and 2001.

This table shows the cash flow by type of activity (operating, investing and financing activities).

Cash provided by Operating Activities

The operational cash-flow rose to 6.2 million EUR, i.e. a 16% increase, though the net result of 2001 decreased by 0.7 million EUR. However in 2000, EVS wrote off the total amount of its stake in Fairlight (0.9 million EUR). This good performance is due to the following factors :

- the other receivables decreased by 1 million EUR thanks to the cash received from the tax authorities. The accounts payable for taxes diminished by 0.5 million EUR after the payment of provisions,
- the stock increase (0.6 million EUR) is due to the year-end production and the increase of the demonstration and testing machines,
- the deferred incomes doubled and rose to 1.5 million EUR due to advances received for the sport events of 2002.

Cash used in Investing Activities

The increase in investments (+2.9 million EUR) can be explained as follows :

- NETIA built new offices amounting to 0.7 million EUR financed by a leasing of 15 years. NETIA also acquired offices it occupied since its creation for an amount of 46 thousand EUR financed by a 7 years mortgage loan for the same amount,
- the investments under construction for the new headquarter of Liège (Belgium) amounts to 0.9 million EUR, financed by a 15 years loan,
- the intangible assets rose by 0.15 million EUR due to the price review clause of Audio-Follow acquired by NETIA beginning of 2000,
- goodwill of VSE : correction of amortization retroactive to 1999 and 2000 (0.3 million EUR).

Cash flow provided by financing activities

- the company paid a gross dividend amounting to 1.8 million EUR in June 2001 and will propose a dividend of 1.4 million EUR to be paid in June 2002,
- the debts are unchanged (6.3 million EUR). The long term debts increased by 2 million EUR due to the investments in the new buildings of NETIA and EVS but the short-term advances decreased in the same proportion.

In summary, the cash of EVS amounts to 5.6 million EUR, i.e. 1.9 million EUR higher than last year. Part of the cash is invested in own shares (1.5 million EUR), EVS owned 2.8% of its capital by year-end. In the balance sheet, the own shares are valued at the share price on 31 December 2001, i.e. 19.65 EUR per share.

In thousands EUR

	1999	2000	2001
Consolidated net profit (share of the Group)	2 499.2	2 823.9	2 142.8
Minority share in consolidated profit	8.1	0.7	-0.5
Non-monetary balancing items :			
Depreciation/Amortization	619.3	1 084.8	1 435.2
Amortization on consolidation goodwill and equity method goodwill	1 517.2	2 589.4	2 339.7
Provisions increase (+), decrease (-)	-12.1	22.7	20.4
Amounts written off financial fixed assets	-	915.8	-
Cash provided by changes in			
Amounts receivable	-6 948.5	-2 487.5	812.9
Deferred charges and accrued income	-81.3	725.3	473.8
Trade debts	1 479.0	-33.7	398.2
Taxes, remuneration and social security	277.8	1 687.4	-468.8
Other amounts payable	1 817.5	-1 179.2	-364.6
Stocks	-1 534.5	-783.3	-584.9
NET CASH PROVIDED BY/USED IN OPERATING ACTIVITIES	-358.3	5 366.3	6 204.2
Cash flow from investing activities			
New expenditure - Formation expenses	13.2	-	-
Acquisitions - Intangible Assets	891.3	89.5	315.1
Acquisitions - Tangible Assets	1 571.2	1 646.0	2 424.6
Acquisitions - Financial Assets	1 158.9	14.3	188.1
Disposals and transfers - Tangible assets	-12.3	-116.5	-202.2
Repayments - Financial assets	-33.4	-7.2	-48.1
Other changes on assets	467.7	182.9	320.0
Equity method - share	-115.4	-67.6	21.1
Goodwill	8 698.5	494.5	-265.0
NET CASH USED IN INVESTING ACTIVITIES	-12 639.7	-2 229.1	-2 753.6
Cash flow provided by financing activities			
Impact of loans and advances	3 762.5	605.8	-7.7
Translation adjustment	24.5	163.2	106.5
Changes in grants	-47.4	-39.3	-11.7
Dividends declared for the year	-1 145.6	-1 832.9	-1 432.0
Other equity variations (increase in capital)	7 165.6	6.8	-240.9
NET CASH PROVIDED BY/USED IN FINANCING ACTIVITIES	9 759.6	-1 096.4	-1 585.8
CHANGE IN CONSOLIDATED NET CASH	-3 238.4	2 034.0	1 864.8
Available at the beginning of the financial year	4 940.7	1 702.3	3 736.3
Available at the end of the financial year	1 702.3	3 736.3	5 601.1
Gross operating Cash Flow	7 052.1	12 165.5	10 614.9
Net cash Flow	4 748.5	7 652.6	6 625.3

S A O P A U L O

B E I J I N G

C A N N
S I N G A P O R E



CineStore
P A R I S



A M S T E R D A M

L A S V E G A S



EVS GROUP ON PROFESSIONAL FAIRS.

Cabsat Dubai • CCBN Beijing China, Beijing • ShoWest USA, Las Vegas • NAB USA, Las Vegas • AV Kontakt Dagen Holland, Hilversum • KOBA 2001 Korea • AES Holland, Amsterdam • MEDIATEC South Africa • Festival International du Film de Cannes France, Cannes • Broadcast Asia Singapore • Shanghai Film Festival China CinemaExpo Holland, Amsterdam • Filmart China, Hong Kong Broadcast & Satellite Brazil, Sao Paulo • BIRTV China, Beijing IBC Holland, Amsterdam • IBTS Italy, Milan • Satis France, Paris SEFOR Senegal, Dakar • Broadcast India, Mumbai ShowEast USA, Orlando • ACF Belgium, Brussels Interbee Japan, Tokyo • SBES UK, London.



D U B A I

PARENT COMPANY FINANCIAL STATEMENTS

These financial statements include the figures for the parent Company in Liège (Belgium) as well as figures for the Hong Kong Branch.

These statements are given in the abridged version, in line with article 105 of Coordinated Laws on the Commercial Companies. They are filed with the "Banque Nationale de Belgique" and are available on request at the Company's head office.

They have been unconditionally attested by Ernst & Young, Auditors S.C.C. (B160), represented by Philippe Pire, Partner.

Management report

The management report of the parent company financial statements is similar to the consolidated management report, except the following note :

As foreseen by the Law, the consolidated management report has been drawn up to be used also as management report of the parent company financial statements.

The parent company financial statements include the figures for the head office in Liège (Belgium) and the Hong Kong branch. The operating income, 27 029 thousand EUR, represents 76% of the consolidated amount. The profit of 2001 amounts to 3 464.4 thousand EUR and is thus 17% lower than in 2001. The total of the balance sheet comes to 39 486.9 thousand EUR.

In order to reduce the overhead expenses, EVS decided to merge with VSE, acquired by EVS in April 1998. This merge took place on the 1st January 2001. At this time, EVS calculated a goodwill amounting to 2 907 963.56 EUR. It represents the difference between the acquisition price and the equities on 1st January 2001. This goodwill has been posted under Intangible Assets and is amortized over 5 years, i.e. 581 592.72 EUR in 2001.

In September 1999, EVS took over 99.99 % of NETIA shares. Acquisition was made by issuing new shares for 75% of the investment and a payment in cash for the remaining 25%. An additional price was paid in 2000. The total acquisition price amounts to 11 035 525 EUR on 31 December 2001. The goodwill is not amortized in the parent company accounts, but is amortized over 5 years in the consolidated accounts. In September 2001, the capital of NETIA increased by 1 million EUR by means of partial conversion of the current account between EVS and NETIA. Despite the poor results of NETIA (43 000 EUR profit in 2001), EVS decided not to make any adjustment on this participation because the synergies in R&D and marketing, and the future common projects should compensate the current weak results.

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

INCOME STATEMENT (IN THOUSANDS EUR)

	1999	2000	2001
I. Operating Income	15 685.1	27 682.3	27 029.0
A. Turnover	14 624.5	26 494.4	25 854.9
B. Increase (+)/Decrease (-) in Stocks of Finished Goods, Work and Contracts in progress	694.8	696.3	797.2
C. Own Construction capitalised	-	-	-
D. Other operating Income	365.8	491.6	376.9
II. Operating Charges (-)	-11 985.8	-19 175.8	-19 607.3
A. Raw Materials, Consumables and Goods for Resale	5 723.1	9 185.9	7 043.4
1. Purchases	6 385.6	9 340.1	6 472.6
2. Increase (-)/Decrease (+) in Stocks	-662.5	-154.2	570.8
B. Services and other Goods	3 250.4	5 394.3	5 850.4
C. Remuneration, Social Security Costs and Pensions	2 400.7	3 522.6	4 945.1
D. Depreciation of and other amounts written off Formation Expenses, Intangible and Tangible Fixed Assets	447.0	847.4	1 505.1
E. Increase (+)/Decrease (-) in amounts written off Stocks, Contracts in progress and Trade Debtors	125.5	93.2	173.2
F. Increase (+)/Decrease (-) in Provisions for Liabilities And Charges	-	62.0	-36.2
G. Other operating Charges	39.1	70.4	126.3
III. Operating Profit (+)	3 699.3	8 506.5	7 421.7
IV. Financial Income	368.4	644.8	832.7
A. Income from Financial Fixed Assets	-	242.9	271.5
B. Income from Current Assets	44.4	1.2	39.5
C. Other Financial Income	324.0	400.7	521.7
V. Financial Charges (-)	-174.9	-638.8	-915.6
A. Interest and other Debt Charges	112.6	254.6	256.1
B. Increase (+), decrease (-) in amounts written off current assets other than those mentioned under II.E	-	63.4	-
C. Other Financial Charges	62.3	320.8	659.5
VI. Profit on ordinary Activities before Taxes (+)	3 892.8	8 512.5	7 338.8
VII. Extraordinary Income	16.1	56.8	1.4
VIII. Extraordinary Charges	-26.2	-1 083.2	-636.3
IX. Profit for the period before Taxes (+)	3 882.7	7 486.1	6 703.9
IX.bis. A. Transfer from deferred Taxation	31.2	25.6	-7.8
X. Income Taxes	-1 535.1	-3 333.6	-3 247.3
XI. Profit for the period (+)	2 378.8	4 178.1	3 464.4
XIII. Profit for the period available for Appropriation	2 378.8	4 178.1	3 464.4

APPROPRIATION ACCOUNT

A. Profit to be appropriated	2 378.8	4 178.1	3 464.4
1. Profit for the period available for appropriation	2 378.8	4 178.1	3 464.4
2. Profit brought forward	-	-	-
B. Transfers from Capital and Reserves	166.8	-	-
2. From Reserves	166.8	-	-
C. Transfers to Capital and Reserves (-)	-1 400.0	-2 345.2	-2 032.4
1. To Capital and Share premium account	166.8	-	-
2. To legal Reserve	736.4	-	-
3. To other Reserves	496.8	2 345.2	2 032.4
D. Result to be carried forward	-	-	-
1. Profit to be carried forward (-)	-	-	-
E. Distribution of Profit	-1 145.6	-1 832.9	-1 432.0
1. Dividends	1 145.6	1 832.9	1 432.0

BALANCE SHEET (IN THOUSANDS EUR)

ASSETS

	1999	2000	2001
FIXED ASSETS	20 968.4	21 563.5	21 562.8
I. Formation expenses	16.9	1.6	-
II. Intangible Assets	38.2	52.0	2 454.9
III. Tangible Assets	3 051.3	4 212.5	4 917.4
A. Land and Buildings	1 636.3	3 188.3	2 998.2
B. Plant, Machinery and Equipment	-	174.0	195.4
C. Furniture and Vehicles	547.4	836.9	842.7
F. Assets under Construction and advance Payments	867.6	13.3	881.1
IV. Financial Assets	17 862.0	17 297.4	14 190.5
A. Affiliated Enterprises	16 521.8	17 016.3	13 911.8
1. Participating Interests	16 521.8	17 016.3	11 198.0
2. Amounts receivable	-	-	2 713.8
B. Other Enterprises linked by participating Interests	413.5	263.5	263.5
1. Participating Interests	413.5	263.5	263.5
C. Other Financial Assets	926.7	17.6	15.2
1. Shares	915.8	-	-
2. Amounts receivable and Cash Guarantees	10.9	17.6	15.2
CURRENT ASSETS	12 316.5	19 249.4	17 924.1
VI. Stocks and Contracts in progress	3 158.8	3 932.2	5 617.1
A. Stocks	3 158.8	3 932.2	5 617.1
1. Raw Materials and Consumables	1 668.4	1 757.7	2 645.4
3. Finished Goods	1 490.4	2 174.5	2 971.7
VII. Amounts receivable within one year	8 193.7	12 436.8	8 187.2
A. Trade Debtors	4 543.8	6 458.5	7 200.6
B. Other Amounts receivable	3 649.9	5 978.3	986.6
VIII. Investments	-	742.5	1 554.2
A. Own shares	-	742.5	1 554.2
B. Other Investments and Deposits	-	-	-
IX. Cash at Bank and in Hand	782.0	2 004.5	2 247.9
X. Deferred Charges and accrued Income	182.0	133.4	317.7
TOTAL ASSETS	33 284.9	40 812.9	39 486.9

BALANCE SHEET (IN THOUSANDS EUR)

LIABILITIES

	1999	2000	2001
CAPITAL AND RESERVES	22 900.1	25 260.4	27 374.5
I. Capital	16 000.0	16 000.0	16 000.0
A. Issued Capital	16 000.0	16 000.0	16 000.0
IV. Reserves	6 610.4	9 008.8	11 041.2
A. Legal Reserve	1 600.0	1 600.0	1 600.0
B. Reserves not available for distribution	-	742.5	1 554.2
1. In respect of own shares held	-	742.5	1 554.2
D. Reserves available for Distribution	5 010.4	6 666.3	7 887.0
VI. Investment grants	289.7	251.6	333.3
PROVISIONS AND DEFERRED TAXATION	194.5	230.9	249.2
VII A. Provisions for Liabilities and Charges	-	62.0	25.8
B. Deferred taxation	194.5	168.9	223.4
CREDITORS	10 190.3	15 321.6	11 863.2
VIII. Amounts payable after one year	1 168.8	2 602.9	3 440.7
A. Financial Debts	1 168.8	2 436.1	3 426.4
4. Credit Institutions	1 154.5	2 436.1	3 426.4
5. Other Loans	14.3	-	-
D. Other amounts payable	-	166.8	14.3
IX. Amounts payable within one year	8 969.2	12 415.1	7 270.6
A. Current Portion of amounts payable after one year	347.8	261.7	209.7
B. Financial Debts	3 086.8	2 673.8	1 716.7
1. Credit Institutions	3 086.8	2 673.8	1 716.7
C. Trade Debts	3 848.9	6 238.1	2 166.6
1. Suppliers	3 848.9	6 238.1	2 166.6
D. Advances received on Contract in progress	14.3	-	-
E. Taxes, Remuneration and Social Security	369.9	1 228.5	1 506.6
1. Taxes	68.7	680.2	729.4
2. Remuneration and Social Security	301.2	548.3	777.2
F. Other amounts payable	1 301.5	2 013.0	1 671.0
X. Accrued Charges and deferred Income	52.3	303.6	1 151.9
TOTAL LIABILITIES	33 284.9	40 812.9	39 486.9

APPENDIX

APPENDIX VIII. CAPITAL

	Amounts (in thousands EUR)	Number of shares
A. Share Capital		
1. Issued Capital	16 000.0	2 863 952
2. Structure of Capital		
2.1. Different categories of shares		
Shares without face value	16 000.0	2 863 952
2.2. Registered shares and bearer shares		
Registered shares		1 105 455
Bearer shares		1 758 497
C. Own shares held by the Company itself	1 554.2	79 095
D. Commitments to issue shares		
2. Following the exercise of subscription Rights		
- Number of outstanding subscription rights		76 350
- Amount of capital to be issued	1 587.3	
- Maximum number of shares to be issued		76 350
E. Amount of authorized capital, not issued		
	15 000.0	
G. Structure of shareholding of the Company as at year-end closing date		

As it appears from the last statements received by the Company and the last modification of the shareholders' register, excluding subscription rights

L. Minguet :	5.2 %	CYTINDUS S.A. :	4.8 %
P. L'Hoest :	5.2 %	ING Group (BBL) :	5.6 %
DTV :	34.3 %	ALPHA INTERNATIONAL INVESTMENTS :	3.5 %
E. Mouchamps :	1.3 %	Public and Misc. :	33.4%
M. Counson :	2.6 %	own shares :	2.8%
M. Geilenkirchen :	1.3 %		

Développement Technologique Vidéo (DTV) is a Holding Company equally owned by Pierre L'HOEST, Laurent MINGUET and Michel COUNSON. The detailed breakdown of the shareholders is on page 13.

MAJOR TECHNICAL TERMS

ACQUISITION : capturing different types of data from various sources.

ANALOG : the opposite of digital. An analog signal is a physical quantity that, within a given sphere, can take an infinite number of intermediary values.

BROADCAST, BROADCASTING : transmit, put on air; televised programme. By extension, this term designates the television industry. Broadcasters are all the companies in charge with producing and broadcasting programmes.

CLIP : video and audio items with IN and OUT points.

CONDUCTOR (or PLAY-LIST) : in radio, the link between programme grids drawn up by producers and broadcasting; it groups all information to draw up a final list based on the programme grid.

CONTRIBUTING (Network) : in audiovisuals, the remote controlled process allotting control of programmes and information amongst the various broadcasting centres: e.g. France 3 uses this system to apportion programmes and video sequences among its different regional centres.

DIGITAL : means using numbers to represent information data. Digital values, contrarily to analog values, can only have a limited number of intermediary values.

DIGITAL BOUQUETS : a stream of simultaneously broadcast digital television programmes.

DIGITALISATION : the conversion of analog signals into digital signals, using a converter.

DISK RECORDER : recording of pictures on hard disks.

DVB (Digital Video Broadcasting) : process used in digital broadcasting involving the multiplexing (interlacing) of several MPEG2 signals. This standard has been selected by the European authorities for the broadcasting of digital bouquets.

EDITING (ASSEMBLING) : the assembling of filmed pictures to produce a film or television programme.

HARD DISK : a circular memory support, with a magnetic outer layer, for the recording of digital data. The storing of information is done by magnetizing the individual tracks of a variety of superimposed disks, which work by turning round an axis.

HARDWARE : the computer equipment, i.e. all the physical components in a computer or electronic system.

INTRANET : internal network of a company making use of the Internet functions (TCP/IP, navigator,...).

JPEG (Joint Photographic Expert Group) : standard for the compression of digital pictures. Compression is done by reducing very closely related colours to a single tone. This reduces the resolution loss of the graphical picture. This process is mainly used for programme production.

LSM (Live Slow Motion) : the trade name of EVS disk recorders dedicated to production and replay.

MPEG (Moving Pictures Expert Group) : a special process of data compression for moving pictures (television, films). The MPEG process achieves a very high rate of compression whilst practically keeping only the modified parts in a sequence of pictures. This process is used mainly for broadcasting frames.

PICTURE MOSAICS : in television, this is the simultaneous broadcasting, on a single screen, of several different programmes in reduced picture form. This process is used in monitoring (control screen) and also for showing viewers the choice of available programmes. EVS chose this term to describe the range of equipment offering this option.

PLAY-LIST : list of video data which will be broadcasted (picture, prerecorded program, "live",...)

REPLAY : rerunning a sequence.

SERVER : IT term; this is a computer used for the management of a network. Correspondingly, in television, it is a hard disk recorder on which pictures are stored for broadcasting either to viewers, or to operators within the TV channel.

SOFTWARE : all the programs required for the workings of electronic or IT equipment.

STREAMING : process of broadcasting video and audio data directly and continuously on Internet.

TAPE RECORDER : records pictures on magnetic tapes (=video recorder).

TRANSMISSION : operation of transmitting programmes to television viewers using terrestrial, cable or satellite broadcasting. Transmission may be analog if the data transmitted are analog, or digital if the data transmitted are digital.

UPGRADE : to supply and install hardware and/or software elements in order to improve the performance of customer's equipment.

VOD : multichannel broadcasting system which allows the customers to order and to receive program (films,...) at the time specified by themselves.