Annual report 2011

one

. team . vision . image . culture . goal . future . billion .

BARCO

Visibly yours

one

one team

Barco has a team of 3,500 dedicated professionals.

one vision

Barco leads the way in digital visualization for professionals.

one image

Barco stands for innovation, quality and customer intimacy.

one culture

Barco shares a common set of seven strong values.

one goal

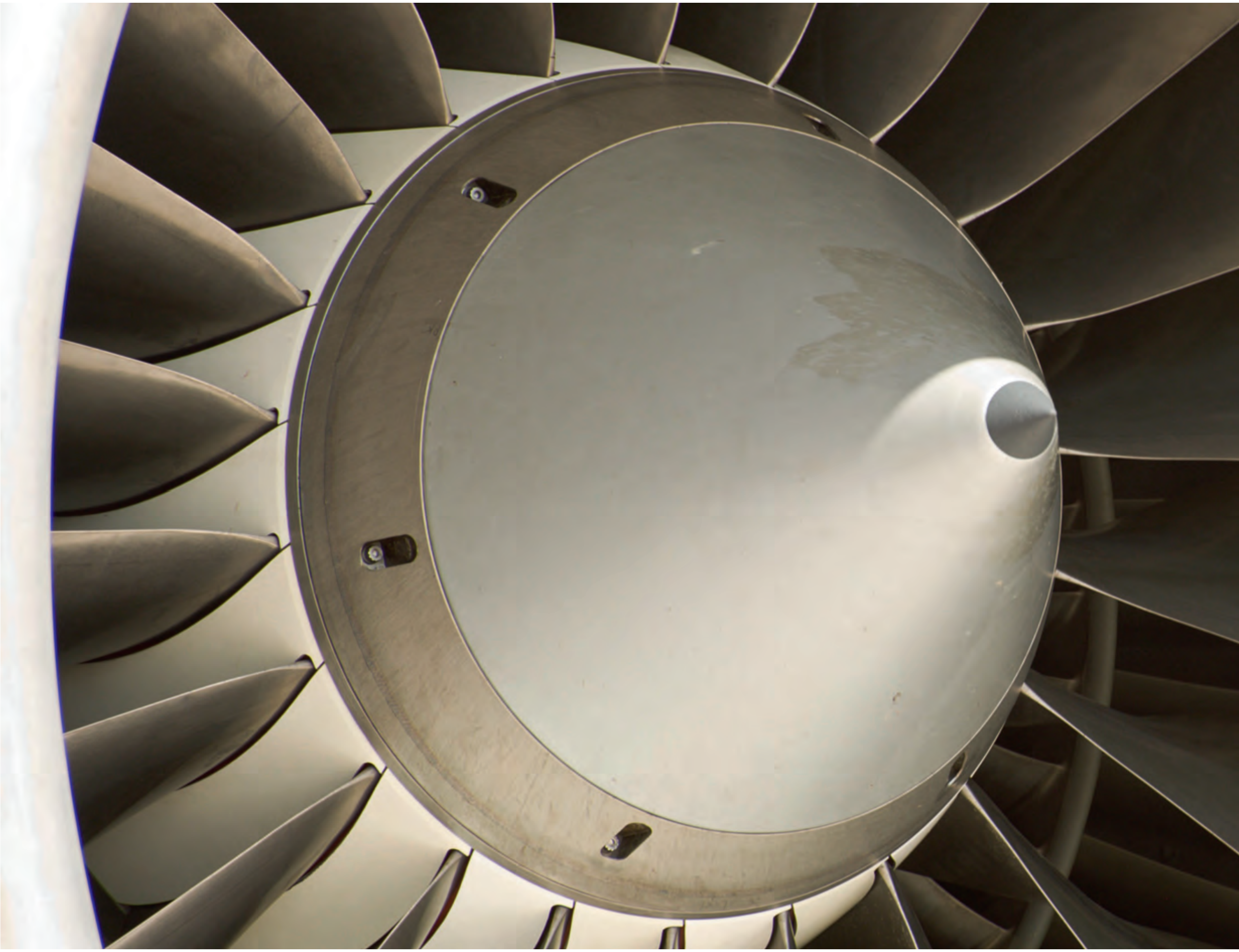
Barco aims for global leadership in all its target markets.

one future

Barco continuously invests in new technologies.

one billion

Barco is a one billion euro revenue company.

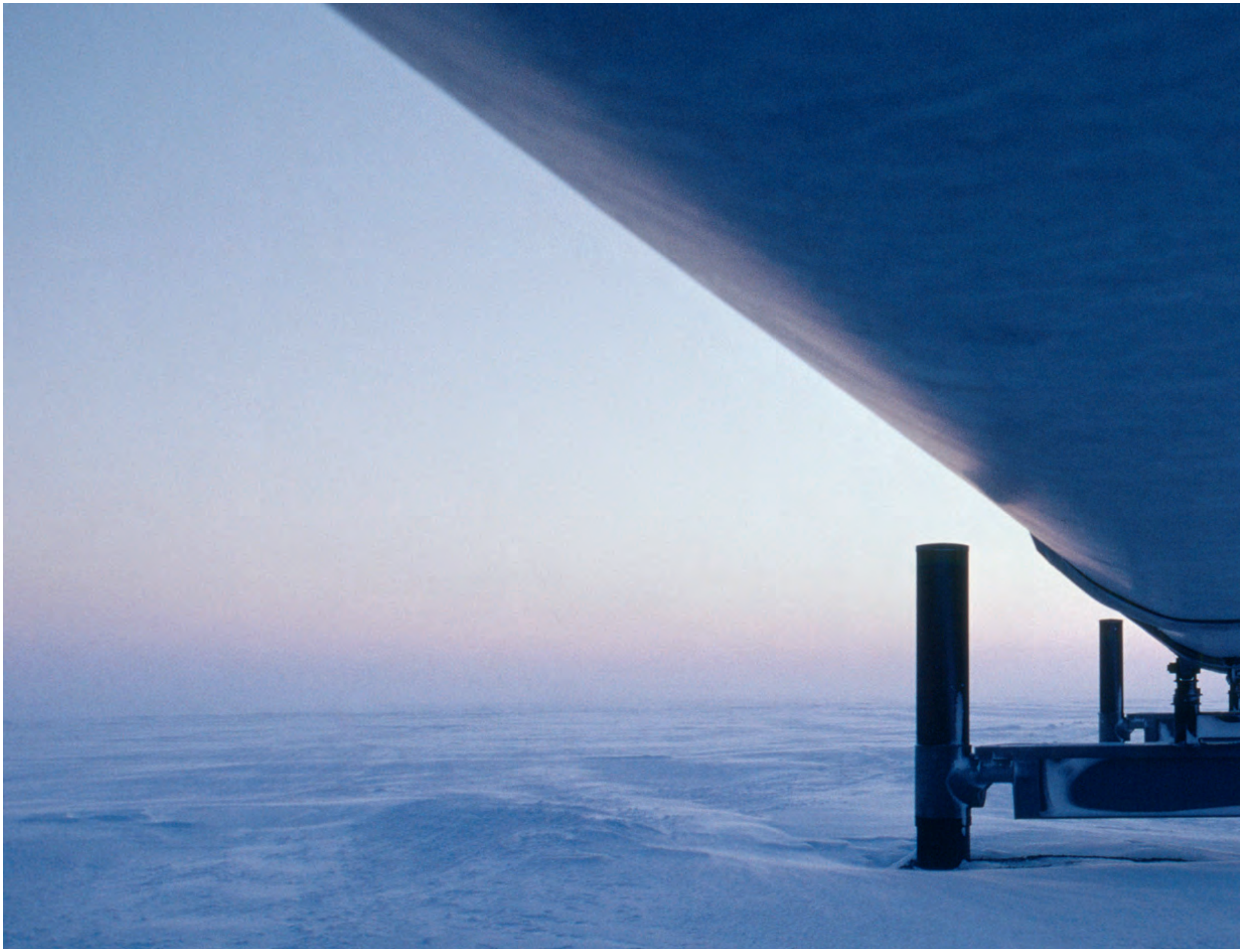


10,000+

Barco displays play a vital role in keeping air traffic safe for millions of passengers day after day.

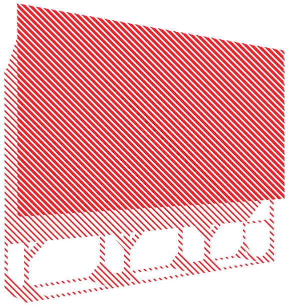
25,000

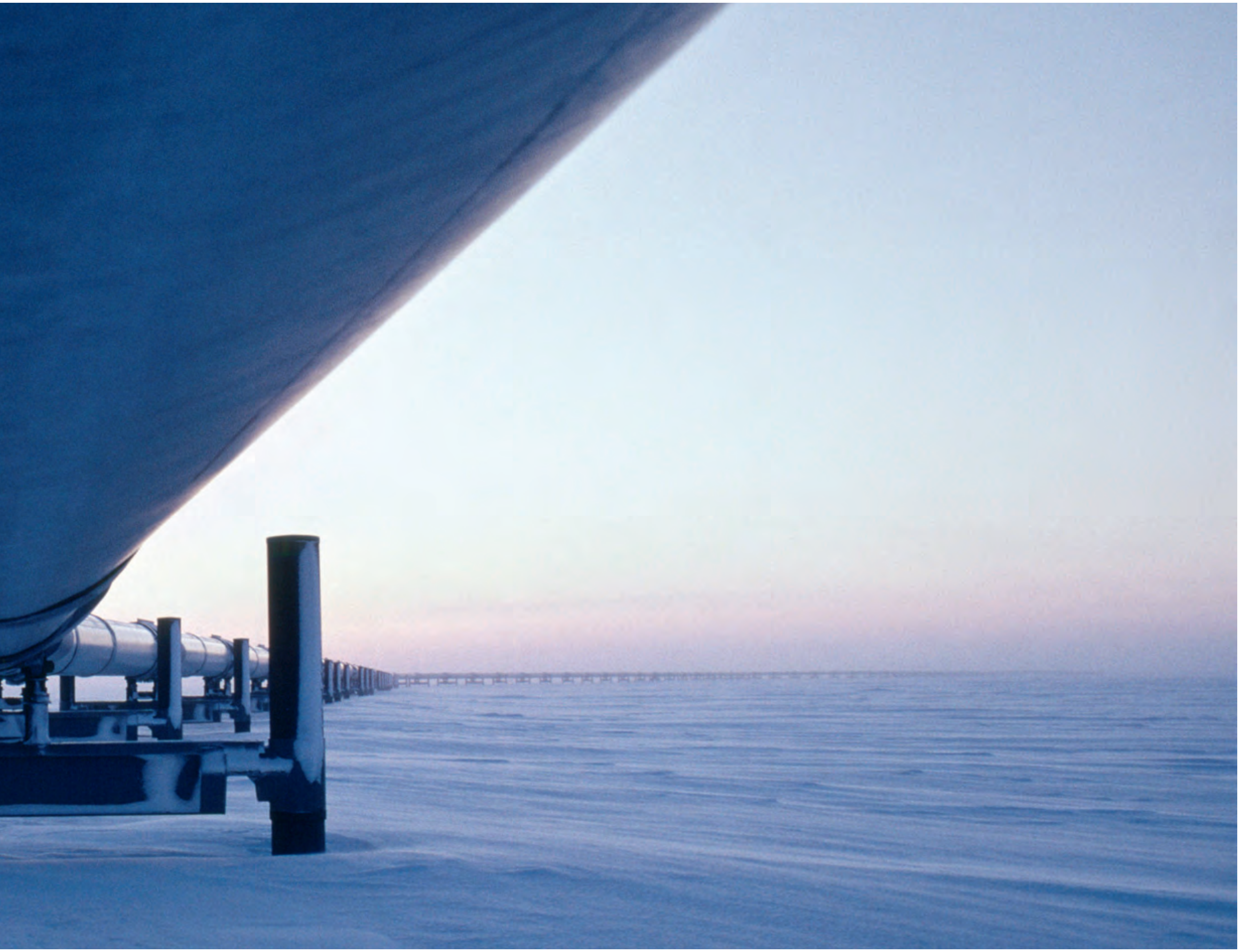
Barco projectors create magical movie experiences
for millions of moviegoers each night.



40,000+

Barco display cubes enhance collaboration and process efficiency in thousands of control rooms around the globe.





500,000+

Barco displays help provide quality care
to millions of patients day and night.

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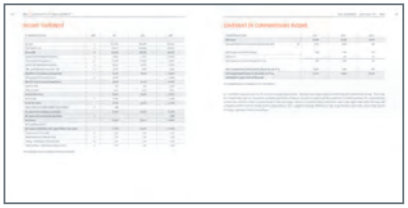

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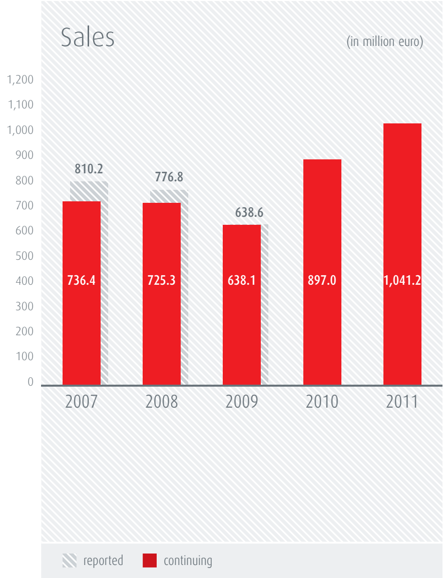
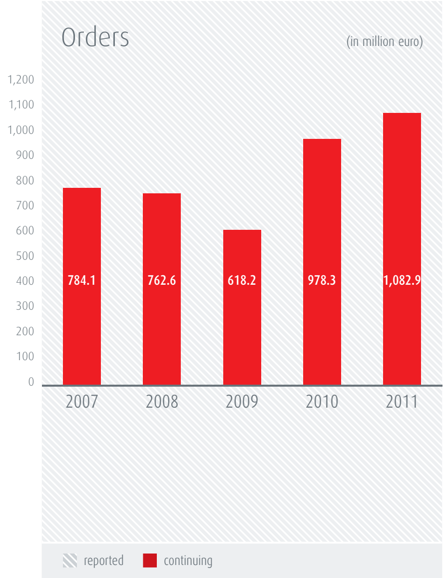
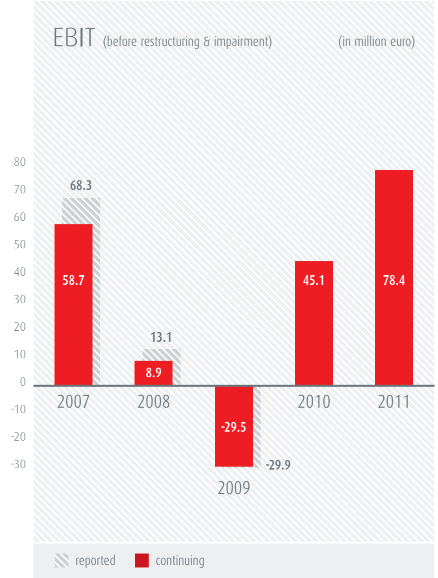
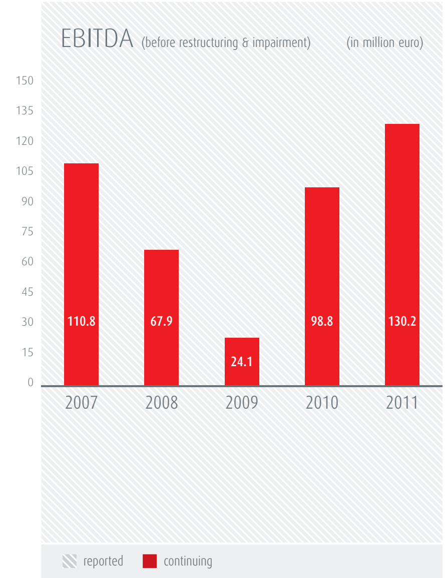
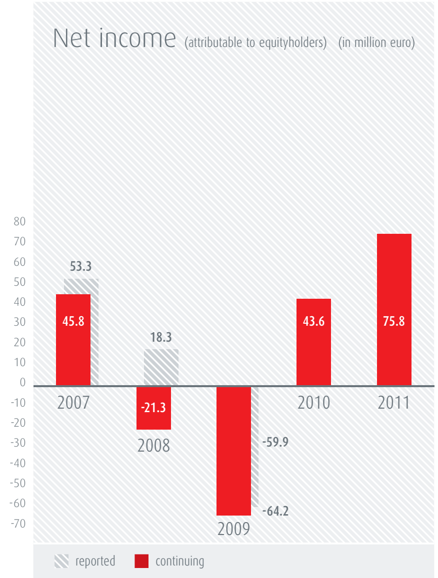
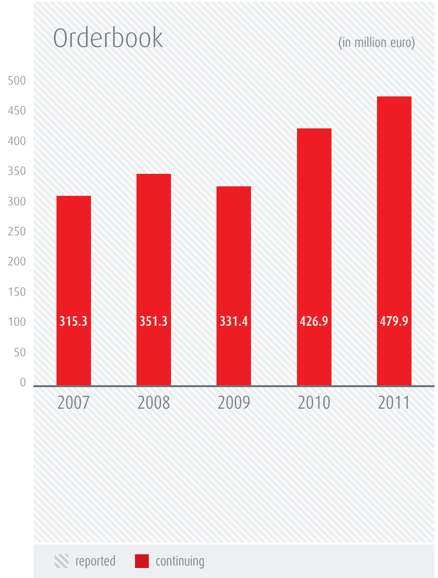

Sales
(in million euro)
810.2
776.8
638.6
736.4
725.3
638.1
897.0
1,041.2
2007
2008
2009
2010
2011
reported
continuing


Orders
(in million euro)
784.1
762.6
618.2
978.3
1,082.9
2007
2008
2009
2010
2011
reported
continuing


EBIT (before restructuring & impairment)
(in million euro)
68.3
58.7
13.1
8.9
-29.5
-29.9
45.1
78.4
2007
2008
2009
2010
2011
reported
continuing


EBITDA (before restructuring & impairment)
(in million euro)
110.8
67.9
24.1
98.8
130.2
2007
2008
2009
2010
2011
reported
continuing


Net income (attributable to equityholders)
(in million euro)
53.3
45.8
18.3
-21.3
-59.9
-64.2
43.6
75.8
2007
2008
2009
2010
2011
reported
continuing


Orderbook
(in million euro)
315.3
351.3
331.4
426.9
479.9
2007
2008
2009
2010
2011
reported
continuing

1 FEBRUARY

3D-capable 14K lumens events projector

10 FEBRUARY

6x

in a row exclusive digital projection partner of the Berlin International Film Festival

7 MARCH

First ATC main display with replaceable LED backlights

26 January	»	Brand-new line of LED-backlit LCD displays for control rooms
1 February	»	Launch of 3D-capable 14K lumens events projector
10 February	»	Exclusive partner of the Berlin International Film Festival
4 March	»	XDC CineStore joins Barco
7 March	»	First main display with replaceable LED backlights for Air Traffic Control
8 March	»	ATC software selected for Doha International Airport

YEAR IN REVIEW

18 MAY

New breast tomosynthesis display system

Twice the brightness of traditional mammography displays with the new Mammo Tomosynthesis 5MP

21 JUNE

Selected by Alenia Aermacchi

27 April	» Digital Cinema financing program further expanded
18 May	» First display system for breast tomosynthesis
16 June	» Future Touch Screen Control technology presented at Paris Air Show
21 June	» Advanced trainer jet simulator selected by Alenia Aermacchi
24 June	» Avionics displays preferred choice for new military Airbus
13 July	» Delivery of the world's first commercial dual 4K DLP Cinema® projection system

23 AUGUST

Joint venture with China Film Group

The CD-2260 collimated display system provides an unobstructed 225° horizontal field of view.

29 SEPTEMBER

3D LED video walls make debut

23 August » Joining forces with China Film Group to develop Digital Cinema in China

7 September » FSN video presentation system enhances live broadcasts at University of California Law School

12 September » Extreme displays chosen by General Dynamics UK for Scout Specialist Vehicle program

28 September » Selected by FAA for Main Display replacement project

29 September » 3D LED video walls make their debut

10 NOVEMBER

80,000

OLS video walls are built to provide 80,000 hours of continuous operation

Video-over-IP for the operating room

10 October	» Opening of new Control Rooms R&D center in Karlsruhe, Germany
18 October	» LED video wall selected by Virginia Department of Transportation
10 November	» First uncompressed video-over-IP solution for the integrated operating room
29 November	» New cross-cockpit collimated display system introduced
14 December	» Ford Motor Company upgrades simulator with Barco SIM 7Q

FINANCIAL HIGHLIGHTS

(IN THOUSANDS OF EURO)	2011	2010	2009
Income statement before restructuring & impairment			
Orders	**1,082,895**	978,263	618,192
Orderbook	**479,918**	426,900	331,354
Net sales	**1,041,244**	896,999	638,066
Gross profit	**312,932**	287,516	167,951
EBIT	**78,359**	45,135	-29,537
Profit/(loss) before taxes	**65,829**	43,625	-70,593
EBITDA (a)	**130,223**	98,752	24,076
Ratios			
EBIT on sales	**7.5%**	5.0%	-4.6%
EBITDA on sales	**12.5%**	11.0%	3.8%
Net financial cash (/debt) on EBITDA	**47.3%**	9.0%	97.6%
Restructuring & impairment	-10,000	0	-39,386

(IN THOUSANDS OF EURO)	2011	2010	2009
Balance sheet & personnel			
Equity	**460,703**	395,591	344,265
Balance sheet total	**814,567**	754,699	572,475
Net financial cash/(debt) (f)	**61,635**	8,857	23,486
Operating capital employed (e)	**399,534**	327,608	267,700
Net working capital (e)	**162,222**	177,145	127,055
Personnel on 31 December	**3,507**	3,499	3,217
Ratios			
DSO (b)	**56**	59	67
Inventory turns (c)	**2,7**	2,3	2,7
DPO (d)	**54**	67	55
ROCE (%) (e)	**20%**	12%	-9%

(a) EBIT+ depreciation on capital expenditure (PP&E) + amortization on capitalized development cost
(b) DSO = ((Trade debtors, net) / (sales past quarter))*90
(c) Inventory turns = 12 / [Inventory / (Average Monthly Sales x Material Cost of Goods Sold %)]
(d) DPO = trade payables / (material cost + services and other costs + inventory movement + purchases of (in)tangible fixed assets) x 365
(e) For calculation see page 95
(f) For calculation see page 149

(IN THOUSANDS OF EURO)	2011	2010	2009
Income statement after restructuring & impairment			
EBIT	**68,359**	45,135	-68,923
EBITDA (g)	**130,223**	98,752	15,833
Free cash flow (h)	**81,237**	-7,009	59,435
Net income from continuing operations	**75,850**	43,625	-64,210
Net income from discontinued operations	**-**	0	4,289
Net income attributable to the equityholder	**75,850**	43,625	-59,919
Ratios			
EBIT on sales	**6.6%**	5.0%	-10.8%
EBITDA on sales	**12.5%**	11.0%	2.5%
Net financial cash (/debt) on EBITDA	**47.3%**	9.0%	148.3%

(g) = (a) + impairment on capitalized development and goodwill
(h) For calculation see page 94

(IN EURO)	2011	2010	2009
Key figures per share			
Number of shares on 31 December (in thousands)	**12,755**	12,670	12,670
Per share (in euro)			
EPS	**6.32**	3.66	-5.02
Diluted EPS	**5.91**	3.41	-5.02
Gross dividend	**1.10**	1.00	0.00
Net dividend	**0.825**	0.75	0.00
Net dividend with VVPR strip	**0.869**	0.85	0.00
Gross dividend yield (i)	**2.84%**	2.1%	0.00%
Yearly return (j)	**-17.40%**	73.0%	59.2%
Pay-out ratio (k)	**18.49%**	29.0%	0.0%
Price/earnings ratio (l)	**6.1**	13.2	-5.7

(i) Gross dividend/ closing rate on 31 December 2011
(j) Increase or decrease share price + gross dividend, divided by closing share price of previous year
(k) Gross dividend x number of shares on 31 December / net result
(l) Share price 31 December / net result per share

Share price (in euro)	2011	2010	2009
Average closing price	**46.41**	37.46	23.40
Highest closing price	**59.50**	49.43	35.56
Lowest closing price	**31.20**	28.23	9.80
Closing price on 31 Dec	**38.76**	48.28	28.49
Average number of shares traded daily	**28,103**	30,235	37,430
Stock market capitalization on 30 December (in millions)	**492.7**	611.7	361.0

LETTER FROM THE CHAIRMAN AND THE CEO

Dear Shareholders,

It gives us great pleasure, and fills us with a sense of pride, to report on one of the best years ever in Barco's 77-year history.

Few observers could have predicted, when we started our journey back in 2009, that Barco would add 400 million euro in revenues to a 2009 baseline of 638 million euro in just two years' time. But in 2011, the company did indeed push swiftly through the psychological barrier of one billion euro in sales – which is truly remarkable.

Our promise to turn 2011 into a 'Grand Cru' year for the company has been met, and we would like to take this opportunity to congratulate and thank the entire Barco community for meeting and beating this challenge and for going the extra mile to make it all happen. This could not have been accomplished without their commitment and dedication, and so our most sincere and warm congratulations are certainly in order.

BREAKING SWIFTLY THROUGH THE 1 BILLION EURO MARK

After our tough three-year journey of recovery from the crisis that resonated through Barco's markets, the company returned to respectable levels of performance and re-established global leadership positions in many geographies. Orders grew 11% year on year, to 1,083 million euro, and sales grew 16% year on year, to 1,041 million. With EBITDA at 12.5% and EBIT at 7.5%, Barco completed a run of eight consecutive quarters of progress in profitability quarter upon quarter.

Remarkably, 2011 was also a very good year in terms of working capital management and the generation of healthy levels of free cash. As the wave of unprecedented demand for Digital Cinema projectors peeked in early 2011, we were able to reduce inventories throughout the year and to free up substantial cash resources that were locked up in our warehouses. At the end of the year, Barco stood essentially debt free with more than 60 million euro in cash in its bank accounts.

GLOBAL LEADERSHIP IN CORE MARKETS: ENTERTAINMENT

In 2011, Barco emerged as the single leading provider of Digital Cinema projectors for use in big screen theaters around the globe. With 25,000 projectors already delivered and in operation, Barco holds 40% market share and has become the vendor of choice in this industry. Barco's line of projectors, based on Texas Instruments' DLP® technology, has recently been enhanced by incorporating laser technology in the light engines and by including integrated media servers and theater management systems software – offering our customers integrated systems capability.

Two years ago, Barco set the Guinness World Record with a Xenon lamp – generating 43,000 lumens of light. In November 2011, we were able to outshine even this record with a prototype laser projector that produces well over 55,000 lumens of light. Furthermore, in June of last year, Barco launched a 4K-resolution projector family and also ventured into 3D sound capabilities with innovative encoding technologies acquired under license from Auro Technologies. Partnerships with companies like Texas Instruments and China Film Group have proven extremely advantageous to fueling Barco's relentless drive towards new standards of performance in this industry.

GLOBAL LEADERSHIP IN CORE MARKETS: HEALTHCARE

Barco's Healthcare division continued to progress convincingly with increased market share in the traditional segments of radiology and mammography and the introduction of newer and technically more advanced solutions for the digital operating room. The lossless and latency-free transmission of images in the operating room, plus the ability to transmit and share these images over the net with viewers in remote locations, opens up new, attractive and potentially very buoyant markets for Barco.

With the recent acquisition of JAOtech (in January 2012), Barco has further broadened its horizons by entering the rapidly growing opportunity for integrated media solutions in the patient care segment. Thus, Barco has also emerged as this industry's vendor of choice on a global scale. When it comes to technically advanced solutions for the digitized world of pathology, patient care or robotic surgery, Barco remains the company of choice.

REGAINING GLOBAL LEADERSHIP IN CONTROL ROOMS

Demand for Barco's big video wall solutions for control rooms has grown 16% year on year and these solutions are now regarded as best-in-class in this industry. Whereas the division struggled to cope with moving many of its operations into Noida, India, in the first half of 2011, the logistics and supply chain issues were effectively addressed and profitability already improved in the second half of the year. This division won a prestigious red dot award for its LED-powered cubes and the Golden Peacock Award for its operations in the Noida factory.

The introduction of improved management systems and advanced controlware under development in Karlsruhe, Germany, coupled with the planned introduction of end-to-end communication links over IP, should propel this division into rapid and profitable growth. We are confident that our Control Rooms team will reclaim a global leadership position in 2012, as we anticipate solid performance from them in the years to come.

A SELECTIVE NICHE PLAYER IN DEFENSE & AEROSPACE

Results in this division have been mixed, due to softness in the Defense segment and supply chain issues with certain vendors. On the other hand, the Avionics business continued to grow robustly, and prospects for attractive niche opportunities in this division remain very good.

Barco does not aim to be a global leader in the Defense industry, nor is Belgium well-situated for engaging in such activities. Our goal is to continue to selectively capitalize on Barco's unique capabilities in terms of ruggedized displays and consoles through a gradual integration of these activities into our North American facilities. Nevertheless, the outlook for 2012 remains bullish, as we have achieved a number of wins in the Air Traffic Control segment and several other multi-year frame agreements in Defense and Avionics have been signed. These successes will allow us to capitalize on the significant investments that have been made in prior years. We remain confident that Barco's Defense & Aerospace division can deliver very profitable, double-digit growth to the company.

BARCO VENTURES: A SUCCESSFUL EXPERIMENT IN ENTREPRENEURSHIP WITHIN BARCO

Barco Ventures also delivered substantially beyond expectations in both top- and bottom-line results. The magic of increased focus through higher levels of autonomy appears to have worked, as it inspired the entrepreneurial culture of so many start-ups, lifting them onto higher ground. Our LED venture, in particular, made tremendous progress on its journey to success – and its newest product offerings are enjoying very encouraging demand from customers looking for that 'simply better LED screen' from Barco.

Barco Ventures have proven to be cradles of innovation and entrepreneurship, where Barco can test new value creation models or venture into newer technologies or segments. They provide fertile training grounds for developing young managerial talent and for testing concepts quickly and effectively without violating the company's rules of engagement.

The ultimate goal of a Barco Venture is to graduate into Barco's core. However, not all Ventures will be able to produce such outcomes, in which case other alternatives will be pursued.

A GLOBAL LEADER IN THE MAKING…

Last year, we implemented the mind-set of Barco being not only a great engineering company – and we are pleased to report that the company progressed quite well in terms of customer intimacy and operational excellence. We are rapidly becoming a more customer-oriented (less product-centric) organization, and we have successfully moved into many mid-segment markets for more volume and better economies of scale. Our focus on growth in the BRIC countries has produced very encouraging results, especially in China and in Latin America.

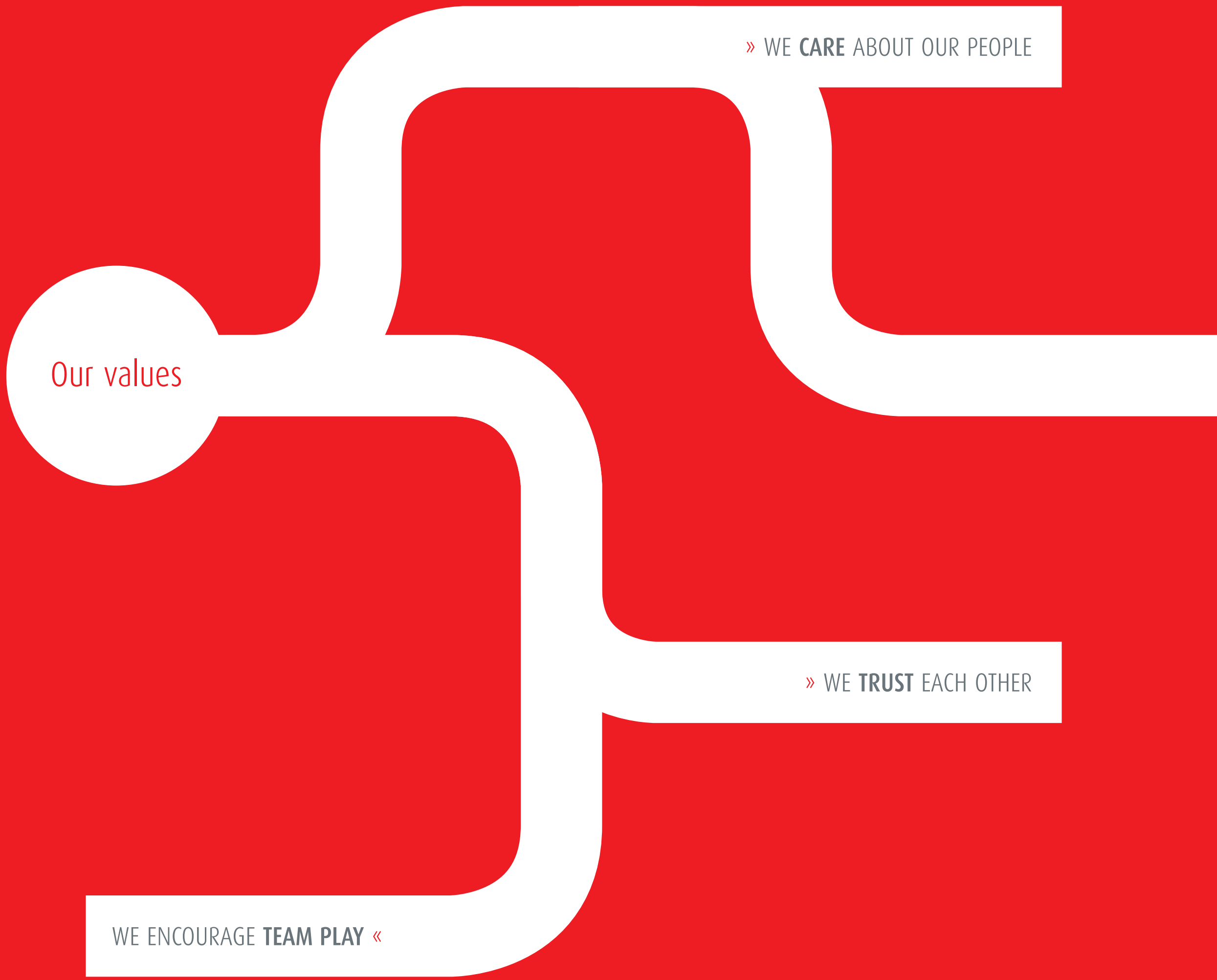
The combination of leadership in technology and strong presence in global markets has given Barco an edge over its direct competitors. For 2012, we have placed customer service in the center of our priorities to complement great products with services that can delight our customers and open up new revenue-generating opportunities for us. As Barco learns to rev up all of its core engines, capitalize on its more lucrative Defense & Aerospace businesses, and break into new territories with some of its Ventures, a global technology leader is in the making.

Confident that continued growth is in store for the company, Barco's board voted to keep most financial resources in the company ready for future investments. With a dividend of 1.10 euro per share, we want to express our thanks to our shareholders for investing in our future while being well aware of the task in front of us to continue to drive shareholder value through profitable growth rather than through the payment of hefty dividends.

Herman Daems
Chairman

Eric Van Zele
CEO

Our company


Our values
» WE **CARE** ABOUT OUR PEOPLE
» WE **TRUST** EACH OTHER
WE ENCOURAGE **TEAM PLAY** «

» WE DEAL OPENLY AND **ETHICALLY**

WE ARE **ACCOUNTABLE** «

» WE LEAD THROUGH **INNOVATION**

WE **DELIGHT** OUR CUSTOMERS «

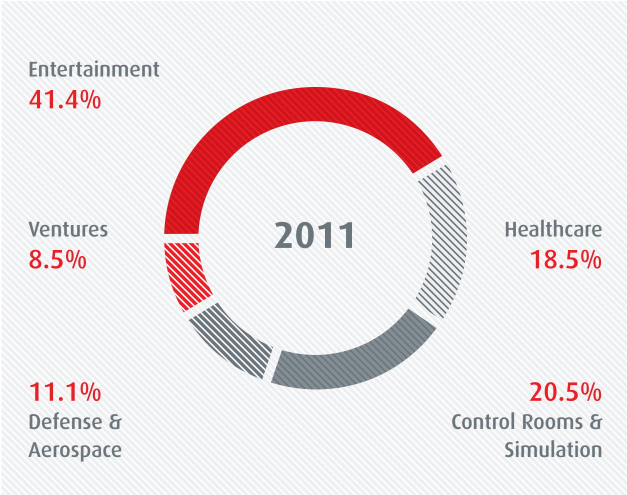
COMPANY PROFILE

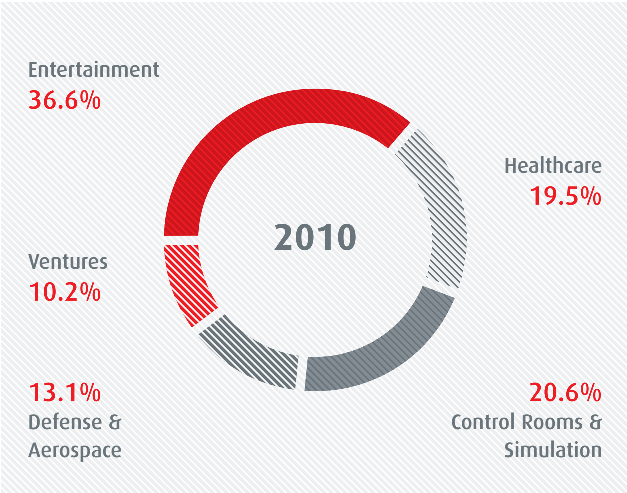
Barco is a global technology company that designs and develops visualization solutions for a variety of selected professional markets.

Barco offers user-friendly imaging products that optimize productivity and business efficiency, and encompass the entire visualization spectrum.

Barco has its own facilities for Sales & Marketing, Customer Support, R&D and Manufacturing in Europe, America and Asia-Pacific. The company (NYSE, Euronext Brussels: BAR) is active in more than 90 countries with about 3,500 employees worldwide.

SALES PER DIVISION





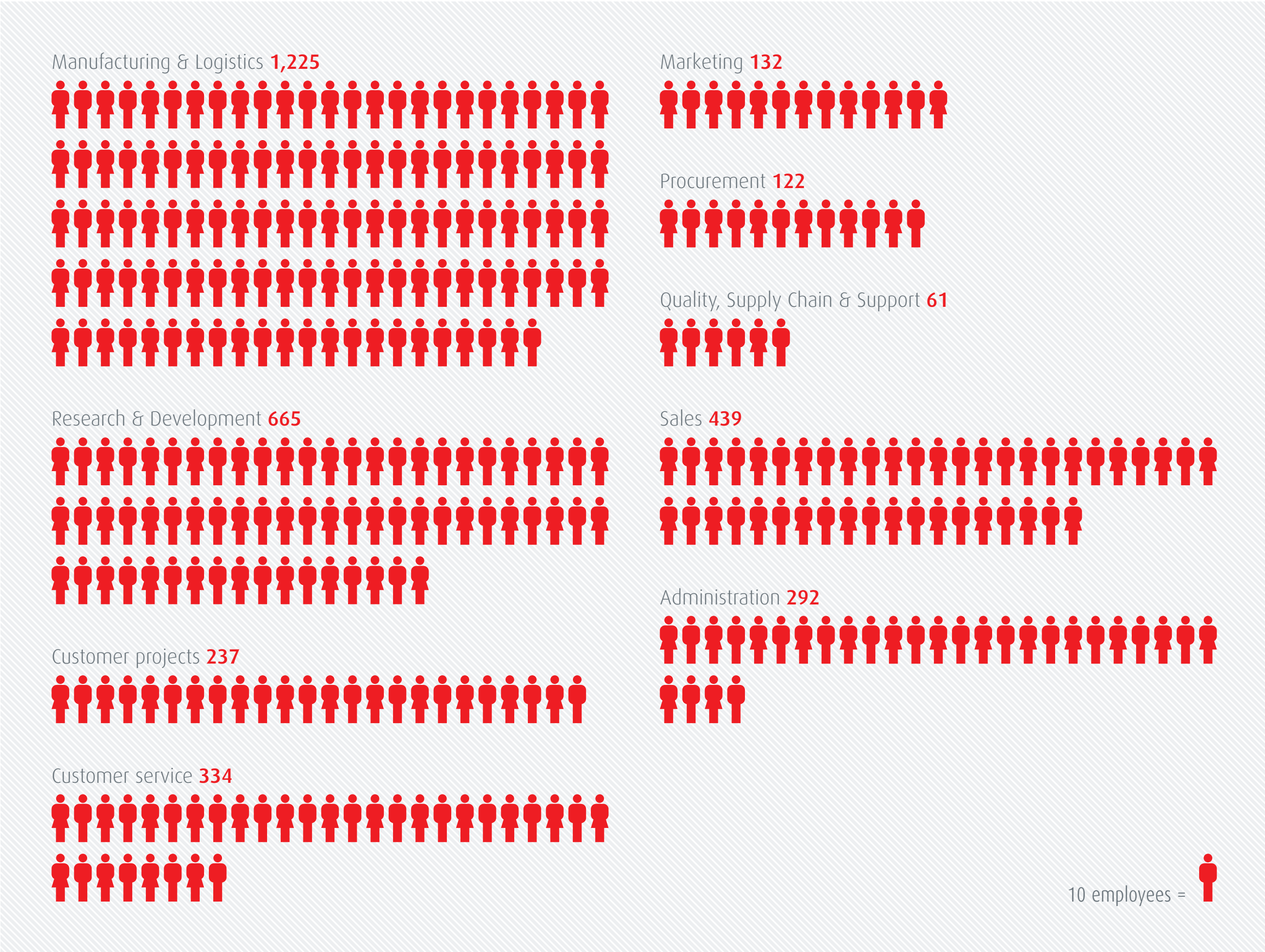
3,507

employees*

±20%

of all employees active in R&D

EMPLOYEES PER FUNCTIONAL GROUP



*number of full-time equivalents (FTEs), excluding temporary workforce

Database Corporate Associates per 31/12/2011

COMPANY PROFILE

OUR STRATEGIC ACQUISITIONS

CINESTORE

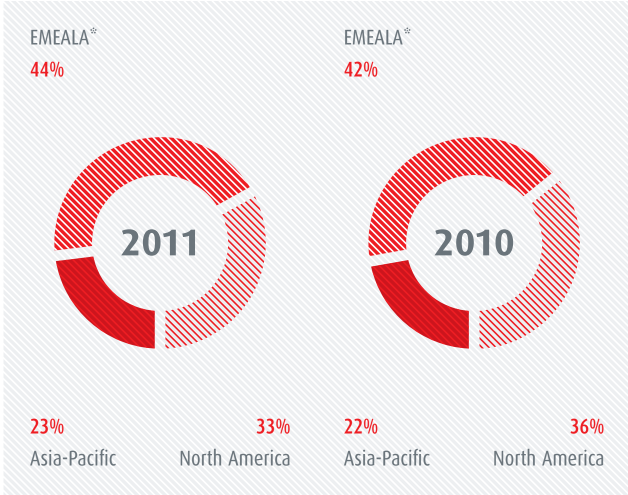
On 4 March 2011, Barco announced the extension of its Digital Cinema product offering through the acquisition of the CineStore activities of cinema solutions provider XDC. Based in Liège, Belgium, Cinestore possesses profound software know-how and in-depth market knowledge of the Digital Cinema business.

OUR JOINT VENTURES

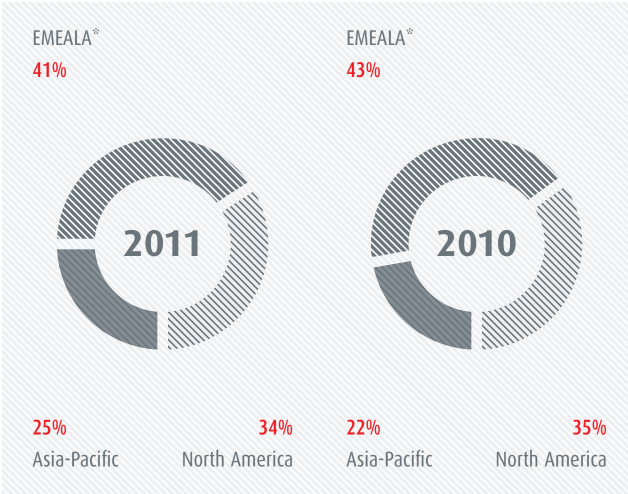
CHINA FILM GROUP

On 23 August 2011, Barco and China Film Group announced the formation of CFG Barco (Beijing) Electronics Co. Ltd., a joint venture among two Barco subsidiaries – Barco Visual (Beijing) Electronics Company Limited and Barco China (Holdings) Limited Company – and China Film Equipment Co. Ltd., a subsidiary of China Film Group. The joint venture was set up to further strengthen the development and production of Digital Cinema products and services in China.

GEOGRAPHICAL BREAKDOWN OF SALES



GEOGRAPHICAL BREAKDOWN OF ORDERS



* Europe, Middle East, Africa, Latin America

GEOGRAPHICAL FOOTPRINT

SITES

Americas
- » Argentina
- » Brazil
- » Canada
- » Colombia
- » Mexico
- » United States

Europe & Middle East
- » Belgium
- » Denmark
- » France
- » Germany
- » Israel
- » Italy
- » Poland
- » Russia
- » Spain
- » Sweden
- » Switzerland
- » Turkey
- » United Arab Emirates
- » United Kingdom

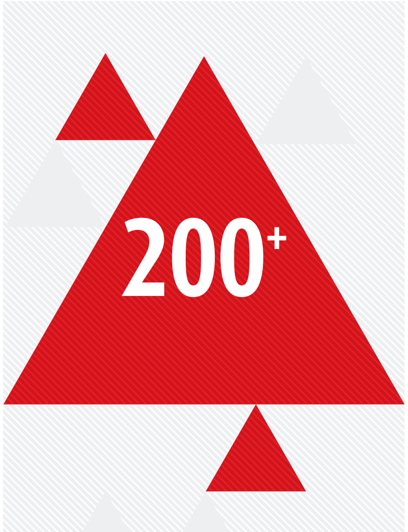
Asia-Pacific
- » Australia
- » China
- » India
- » Japan
- » Malaysia
- » Singapore
- » South Korea
- » Taiwan

R&D AND/OR MANUFACTURING FACILITIES*

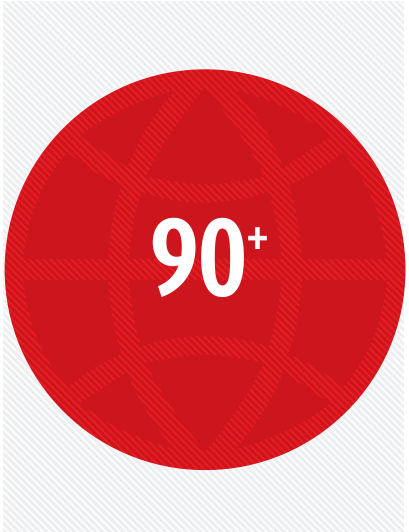
- » Belgium
- » China
- » France
- » Germany
- » India
- » Italy
- » United Kingdom
- » United States

*situation on 1 March 2012

OUR STRENGTHS



More than 200
technology patents



Present in more than
90 countries

TECHNOLOGICAL LEADERSHIP

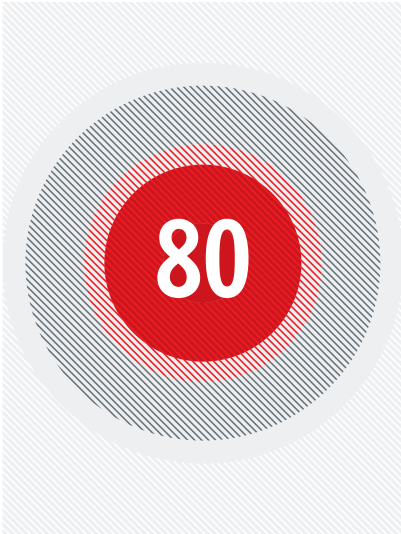
» Continuous investment in new technologies to anticipate future customer needs
» Strong investment in R&D and innovation
» Extensive patent portfolio

GLOBAL PRESENCE

» Worldwide R&D and manufacturing centers
» Strong presence in emerging economies
» Global accounts in key markets
» Regionally focused sales and service teams

Almost 20% of all employees active in R&D

Dozens of strategic partnerships and ventures



Customer loyalty consistently above benchmark score

DEDICATED PEOPLE

» 3,507 skilled and passionate employees
» Almost one out of five employees is an engineer
» Multi-national, multi-disciplinary teams

INDUSTRIAL PARTNERSHIPS

» Partnerships with industry leaders such as Texas Instruments, Samsung, Hitachi and Dolby
» Partnerships with distributors, VARs and resellers including Dell, HP and Ingram Micro

CUSTOMER AND MARKET FOCUS

» Market-oriented business groups with a regional focus
» Increased manufacturing and R&D in emerging countries such as China and India
» Customer loyalty exceeds the industry benchmark score

OUR STRATEGY

2010 - 2011

Restore growth and profitability

2010-2011: RESTORE GROWTH AND PROFITABILITY

» Improve operational performance
» Capture growth in selected markets
» Focus on Healthcare and Digital Cinema markets
» Invest in China and India

2011 - 2012
Reposition for the next decade

2012 - 2013
Sustain growth path in a challenging economy

2011-2012: REPOSITION FOR THE NEXT DECADE

- Invest and grow in core businesses Healthcare, Entertainment and Enterprise
- Selective approach for Defense & Aerospace with focus on profitable return
- Enhance performance of Ventures (LiveDots, dZine, High End Systems, Orthogon and Silex) through autonomy, focus and entrepreneurship
- Create a customer-centric organization through focus on key account and channel management, strategic marketing and improved services
- Emphasize operational excellence and efficiency, reduce complexity and implement better system and reporting structures
- Change the day-to-day way of working through focus on leadership and company culture

2012-2013: SUSTAIN GROWTH PATH IN A CHALLENGING ECONOMY

- Broaden the portfolio with mid-range products and solutions
- Strengthen global leadership in Healthcare, Entertainment and Enterprise markets
- Create corporate technology center Barco Labs to streamline technological research and knowledge sharing
- Invest in future technologies, including solid state light sources, new display techniques and networking solutions
- Retain strong focus on China, India and Latin America
- Install world-class processes and operations to further optimize product reliability and reduce warranty cost
- Maintain a strong positive balance sheet

OUR OBJECTIVES

OBJECTIVES 2011	RESULTS 2011	OBJECTIVES 2012
» Focus on Healthcare, Projection, Connectivity and Collaboration	» 10% organic growth in Healthcare » Consolidated leadership in the projection business » Launch of networked solutions for Healthcare and Digital Cinema	» Strengthen global leadership in Digital Cinema, Healthcare and Enterprise markets » Maintain profitable growth through sharper focus on core business
» Focus on products and systems	» 25+ new product introductions » Technical breakthroughs in projection technology (Laser projection) and networked visualization (Nexxis)	» Launch Corporate technology center Barco Labs » Further expand product portfolio with mid-range products
» Manage each business towards 10-10-20 (10% top-line growth, 10% EBIT and 20% return on capital employed)	» Targets achieved for Entertainment and Healthcare (representing 60% of Barco's total business) and making significant progress in other businesses	» Continue on the path towards profitable growth for all divisions
» Reduce organizational complexity	» Simplified company structure with 'Cores' and 'Ventures'	» Install world-class processes and operations to further improve operational excellence
» Achieve leadership in growth markets	» Strategic wins in BRIC countries and Latin America » 25% of company's incoming orders in 2011 in growth regions » Joint Venture with China Film Group	» Consolidate market leadership and increase revenue from growth markets

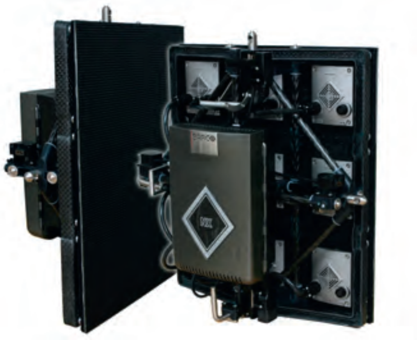
Barco breaks through the 1 billion euro revenue mark

OUR AWARDS

FROST & SULLIVAN AWARD FOR COMPETITIVE STRATEGY INNOVATION

Barco received the Competitive Strategy Innovation Award from global growth consulting company Frost & Sullivan. The award is presented each year to the company that has shown excellence in three domains: uniqueness of strategy, market position, and competitive intelligence.

FROST & SULLIVAN



TOP EMPLOYER IN BELGIUM

CRF Institute, an independent company that specializes in international working conditions research, named Barco as one of Belgium's 'Top Employers' for 2011. According to the Institute, Barco offers both solid working conditions and excellent career opportunities to young talent – and, therefore, the company can proudly present itself as a 'Top Employer' for the duration of a year.

FIVE CRTA SCIENCE AND TECHNOLOGY INNOVATION AWARDS

Barco secured no less than five awards at the China Radio and Television Equipment Industrial Association's (CRTA) Science and Technology Innovation Awards ceremony held in the People's Hall, Beijing. Prize winners include the DP2K-32B projector, OVL Series rear projection display wall, and high-brightness projection display system.

rAVe PUBLICATIONS' BEST OF INFOCOMM AWARD

At InfoComm, rAVe Publications honored Barco with the award for 'Best New Outdoor LED' for the NX-4 LED display. One of the key features that won the jury over was the NX-4's capability to seamlessly mix 2D and 3D without losing resolution or brightness.

AND THE WINNER IS...

Barco has won the League of American Communications Professionals (LACP) Platinum Award for excellence within its competition class on the development of the launch campaign for the OVL rear projection video wall. In addition, Barco received two LACP Spotlight Awards: one for the Barco 'OVL Launch Campaign communication materials' and one for developing the best in-house communications materials with the Barco OVL Launch Campaign.

GOLDEN PEACOCK QUALITY AWARD

Barco Electronic Systems Pvt Ltd. in Noida, India, has won the 2011 Golden Peacock National Quality Award. Named after India's national bird, the Golden Peacock National Quality Award is granted to companies that have made the most significant improvement in Quality in various business and industry sectors. Every year, the best names in the Indian business and industry compete for this much desired award.

RED DOT AWARD FOR OUTSTANDING DESIGN

Barco is the proud winner of the prestigious red dot product design award for its OL-521 LED display cube. Barco's OL-521 convinced the international jury with the space-saving cube design and small footprint, while providing the brightest and warmest colors.

COMMERCIAL INTEGRATOR AWARDS

Barco received several awards at InfoComm in recognition of its technology innovation in the area of video walls and image processing. The OVL-815 received an award for 'Best Video Wall' and the RCP-120 received an award for 'Best Remote Control', both conferred by Commercial Integrator magazine.

ARCHITAINMENT AWARD FOR AMERICAN EAGLE OUTFITTERS' LED DISPLAY

Barco and The Barnycz Group have been recognized by Live Design with an Excellence Award in the Architainment category for their work on the American Eagle Outfitters' flagship retail store at Times Square, New York.

LEAN PRACTICE AWARD

Barco has been laurelled with the Lean Practice Award 2011 for manufacturing excellence in China. The award recognizes Barco as an example of a company that has very quickly implemented lean operations in its factory. While companies with lower production volumes rarely embark on a Lean adventure, Barco is a notable exception.

Our technology

200+

technology patents

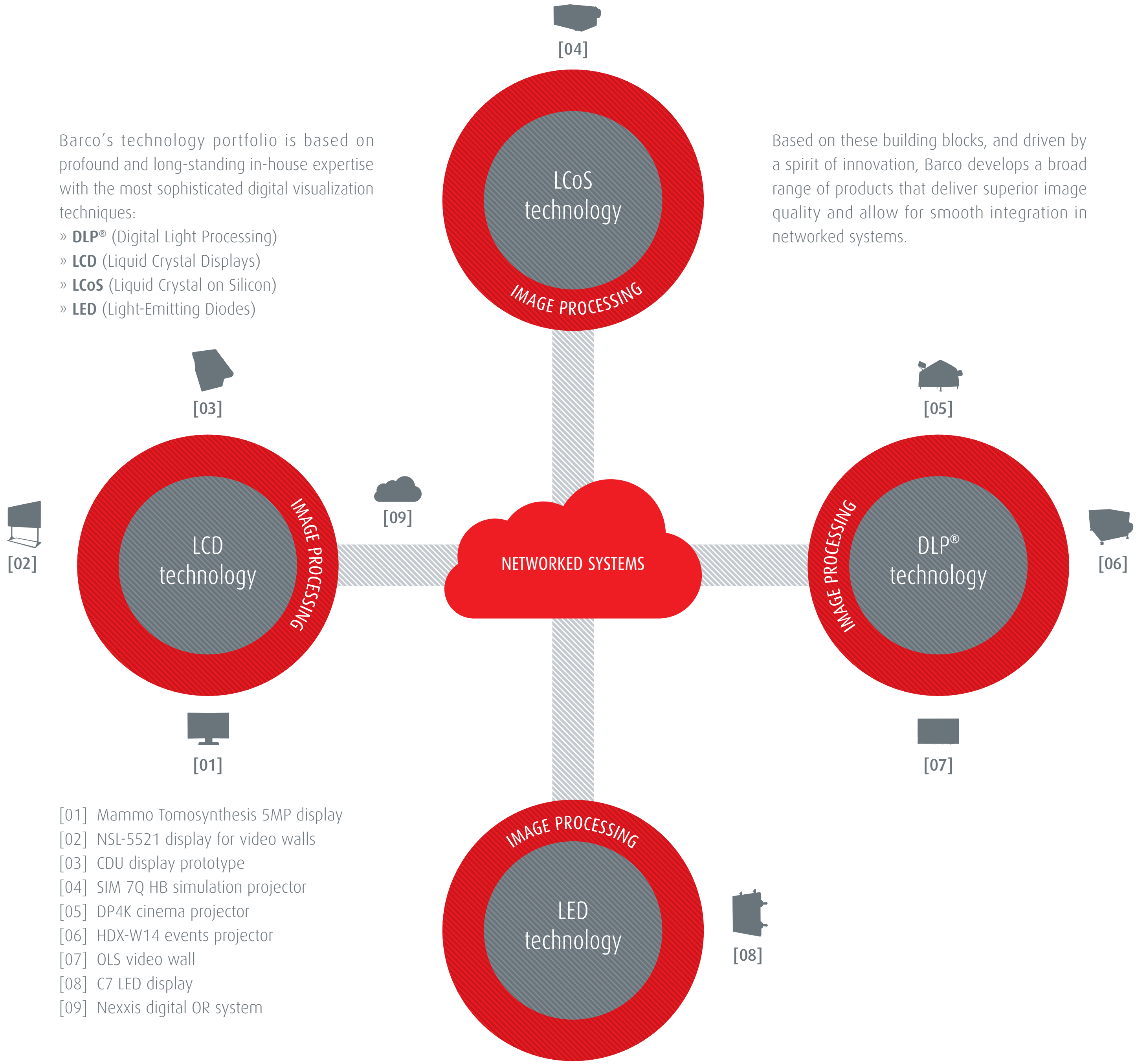
±20%

of all employees active in R&D

Barco's technology portfolio is based on profound and long-standing in-house expertise with the most sophisticated digital visualization techniques:

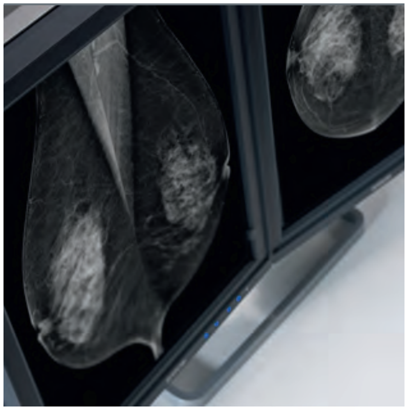
» **DLP®** (Digital Light Processing)
» **LCD** (Liquid Crystal Displays)
» **LCoS** (Liquid Crystal on Silicon)
» **LED** (Light-Emitting Diodes)

Based on these building blocks, and driven by a spirit of innovation, Barco develops a broad range of products that deliver superior image quality and allow for smooth integration in networked systems.



[01] Mammo Tomosynthesis 5MP display
[02] NSL-5521 display for video walls
[03] CDU display prototype
[04] SIM 7Q HB simulation projector
[05] DP4K cinema projector
[06] HDX-W14 events projector
[07] OLS video wall
[08] C7 LED display
[09] Nexxis digital OR system

[01]



THE MOST PRECISE MAMMOGRAPHY DISPLAY SYSTEM

To optimize reading and interpretation of digital breast tomosynthesis - a new imaging technique that significantly improves the accuracy of breast cancer detection – Barco equipped the new Mammo Tomosynthesis 5MP display system with pioneering technologies such as RapidFrame™ and DuraLight Nova™. Both features enable radiologists to detect small details more easily, which results in more diagnostic confidence.

[02]

THE SMALLEST SEAMS ON THE MARKET

To meet the specific needs of small- and medium-sized control rooms, Barco engineered the NSL-5521, a dedicated LED backlit LCD monitor that combines the benefits of Liquid Crystal Technology - such as low maintenance costs - with extremely narrow seams, for excellent tiled visual performance. The result is a highly dependable and eco-friendly display that fits perfectly into today's modern control rooms.

[03]

THE MOST INTUITIVE COCKPIT DISPLAY

Control Display Units are a vital input and information device in many cockpit environments. To further enhance the usability and user-experience of these devices, Barco - in cooperation with Delft University of Technology in the Netherlands - created a next-generation CDU prototype equipped with a sophisticated touch screen control interface instead of conventional keys and buttons.

[04]

[05]

[06]

THE BRIGHTEST QXGA PROJECTOR FOR TRAINING AND SIMULATION

The Barco SIM 7Q HB projector is the world's brightest QXGA projector dedicated to the training and simulation industry. Designed following customer requests, the SIM 7Q HB perfectly responds to the growing demand for systems that deliver high resolution, deep contrast as well as smear reduction.

THE WORLD'S BRIGHTEST 4K CINEMA PROJECTOR

Engineered with the most efficient optics in their class, the DP4K Digital Cinema projectors stand out as the brightest 4K-resolution projectors on the market - creating an unmatched 3D experience for cinema audiences. The DP4K projector line unites razor-sharp 4K-resolution movie images with proven color consistency, uniformity, and contrast.

THE SMARTEST PROJECTOR ON THE ROAD

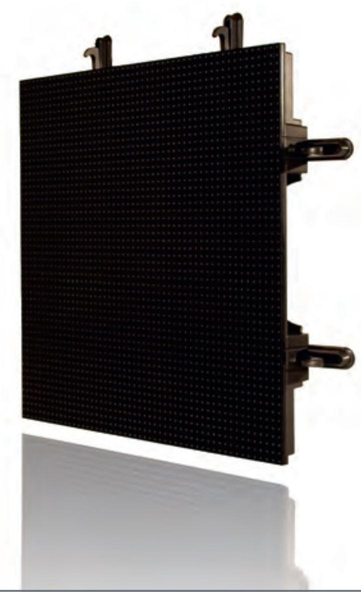
The HDX-W14 is the world's first events projector that combines active 3D and wired/wireless control options in a single unit. In addition, it enables quick and easy control via a smartphone or tablet computer. Its sturdy, compact design allows the HDX-W14 to be ready for the road in no time, while its 14,000 lumens light output and three-chip DLP color quality ensure crisp, vivid imagery on any screen.

[07]

THE COOLEST 3D VIDEO WALL

The OLS video walls add 3D-capabilities to the long list of benefits brought by the award-winning OL video wall family. This stereoscopic 3D functionality is a major asset in oil and gas applications - to display explorations of underground fields - and for simulation - where the new OLS is a compact, cost-effective alternative for existing high-end multi-projector systems.

[08]



THE MOST ENERGY-EFFICIENT INDOOR LED DISPLAY

The Barco C7 is an indoor LED video display for both fixed and rental installations. The C7 tiles consume only a fraction of the power and generate significantly less heat than competitive LED solutions, which makes them the industry's first truly environmentally friendly displays.

[09]

THE MOST FLEXIBLE NETWORKED OR SOLUTION

Today's operating rooms are confronted with rapidly changing visualization needs. That's why Barco introduced Nexxis for OR, the world's most flexible networked digital operating room system. Built on a high-bandwidth IP platform, Nexxis for OR establishes a scalable technology environment that enhances workflow efficiency and team collaboration.

Corporate responsibility

1,200+

Engaging more than 1,200
suppliers to go green

REDUCING THE ECOLOGICAL FOOTPRINT TODAY AND TOMORROW

Along with quality, performance and customer service, eco-friendliness ranks high on Barco's priority list. To manage and streamline its environmental efforts on a global scale, Barco recently established a dedicated Environmental Compliance Office, assigned with the task of managing environmental product compliance and reducing the ecological footprint of Barco's products today and tomorrow.

In a short period of time, this office has produced:

- a roadmap with environmental goals and objectives that aims at achieving a leading environmental performance in product design by the end of 2013
- a training and communication program conducted in all Barco R&D sites worldwide and across all levels of the organization
- a Supplier Sustainability Program to engage all Barco suppliers in exchanging substances information in the supply chain

ENGAGING SUPPLIERS TO GO GREEN

Barco's Supplier Sustainability Program, established last year, encourages suppliers to comply with environmental regulations such as RoHS, REACH and other international standards restricting the use of toxic substances. Since its kick-off, more than 1,200 suppliers have been requested to prove their commitment to environmental compliance by exchanging information about the chemical composition of their products. In addition, Barco joined the BOM-check project, a web-based industry platform, funded by Philips, for exchanging chemical information.

De 1000 kilometer van Kom op tegen Kanker

LONG-LASTING SOCIAL CHANGE

On 7 May 2011, Barco sponsored a team of cyclists for a fund-raising event in Texas, USA. The 50-mile ride turned into a great team bonding event, but, most importantly, it raised money for the American charity organization 'United Way'. United Way helps to achieve long-lasting social change in three domains: education (by helping children and youth realize their potential), income (by promoting financial stability and independence), and health (by improving health and avoiding risky behavior).

SPONSORED BIKE RIDE AGAINST CANCER

Last June, Barco was one of the companies to participate in the '1,000 kilometers against Cancer' bike ride. On this charity tour through Flanders, each participant committed to raising 5,000 euro. Three Barco employees entered the challenge to participate in this four-day, 1,000-kilometer tour. The collected funds will be donated to fundamental cancer research.

SUPPORTING TECHNICAL EDUCATION

Through a partnership with non-governmental organization 'Via Don Bosco', Barco is a recognized supporter of educational projects in India. The funds are used to modernize the country's Technical and Vocational Education and Training programs by developing standardized and modular curricula on a national level. All in all, the project encompasses 123 technical schools, with a total of 25,000 students in 10 different regions.

FACILITATING SOCIAL INCLUSION

In February 2011, Barco took part in a social inclusion project called '5 Views – Technical Training in Audiovisual', set up to support the poor communities in Rio de Janeiro, Brazil. The project brought together students from several communities in the city, while some of the best cinema artists and technicians served as professional teachers. Barco contributed to this social project with three classes about Digital Cinema projection. On top of this, Barco provided a Digital Cinema projector, 3D glasses and an alternative content switcher, so that the classes could use the film industry's best equipment and technology.

GIVING EARTHQUAKE VICTIMS A HELPING HAND

On 11 March 2011, Japan was hit by a magnitude 9.0 earthquake, the strongest in recorded history. The natural disaster cost more than 15,000 lives and destroyed more than 125,000 buildings.

Barco launched a relief plan that combines corporate donation with internal fundraising. To date, Barco has pledged 125,000 dollars in funds that will be used to purchase medical equipment and to help rebuild local infrastructure in the most severely damaged areas in Northeast Japan.

HOLIDAY GIFTS FOR HOMELESS STUDENTS

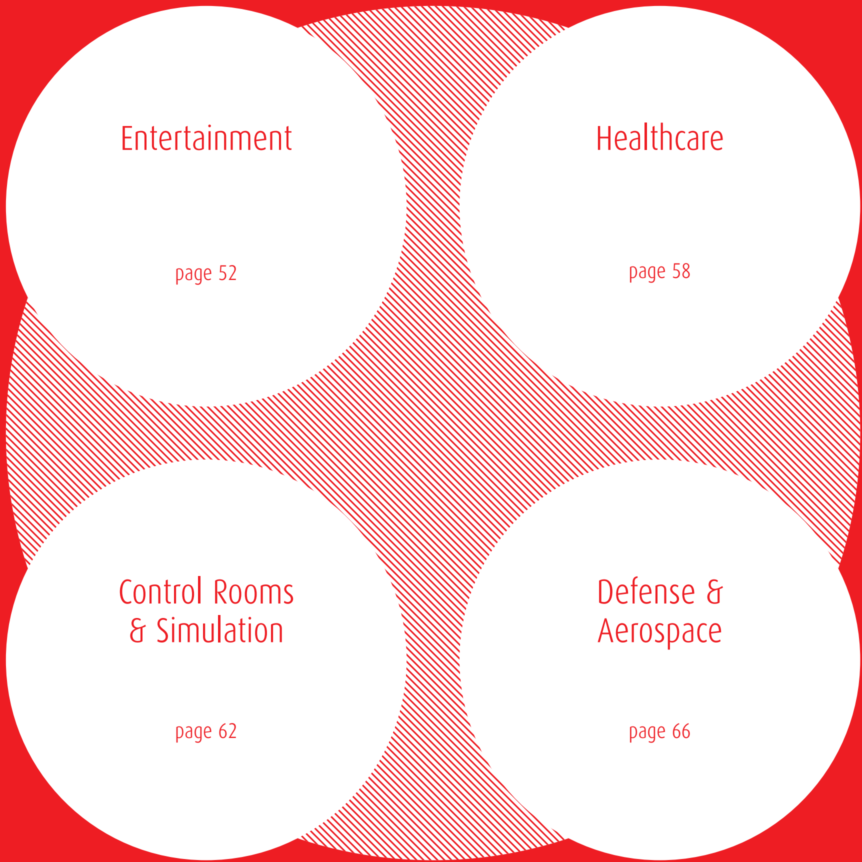
Throughout 2011, Barco associates in Xenia, USA, held a variety of actions - including ice cream sales, a cookout, a school supplies drive, and more – to raise funds for homeless children in the Xenia area. In early December, this culminated in a 'Holidays for the Homeless' gift card drive, in which gift cards and cash were collected for more than 100 students who were identified as homeless in Xenia Community Schools this year.

PARTNER OF THE BELGIAN PARALYMPIC TEAM

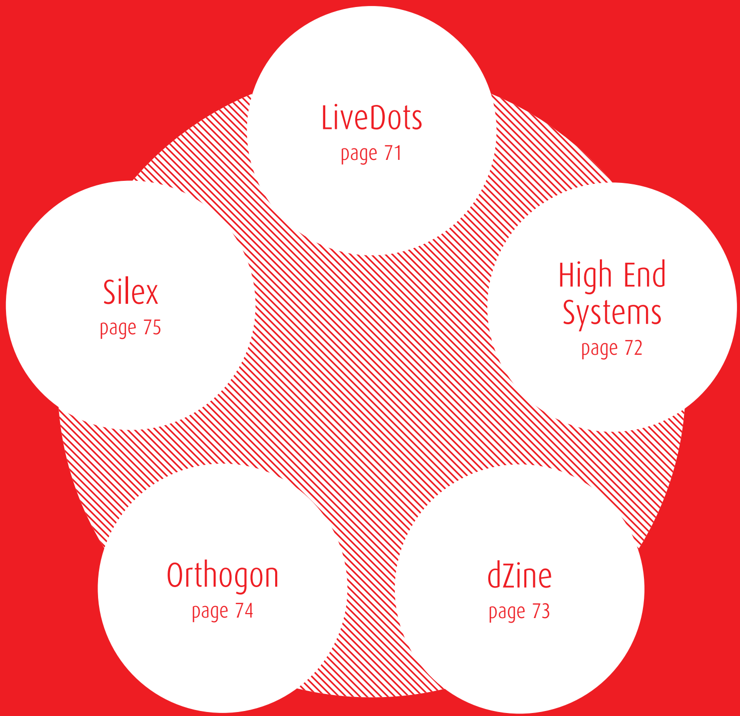
In the run-up to the 2012 Olympics in London, Barco has entered into a collaboration with the Belgian Paralympic Committee (BPC) to serve as a preferred visualization partner and silver sponsor of the organization. Through a variety of national and international activities, the BPC aims to promote the values that form the foundation of the Paralympic Movement: integration, personal development, and tolerance. In view of its social role, Barco is fully committed to promoting these goals.

Our business areas

Divisions



Ventures


LiveDots
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High End Systems
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dZine
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Orthogon
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Silex
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ENTERTAINMENT

25%

more compact than competing products

POWERING UP THE BIG STAGE

The HDX-W14 is the first compact event projector in the world that combines active three-chip DLP® 3D capabilities with both wired and wireless control options in a single unit. Thanks to its Xenon illumination and high-contrast optical engine, the HDX-W14 is geared to deliver crisp and vivid images on every occasion.

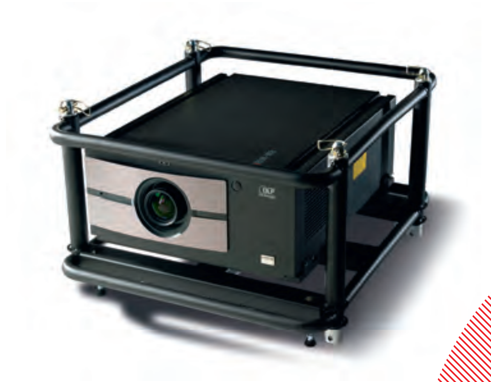
BERLIN INTERNATIONAL FILM FESTIVAL

"Barco has supported us throughout the six previous editions, and we know they will do an excellent job – round the clock – for all 10 days."

Dieter Kosslick
Director, Berlin International Film Festival, Germany

10x

more silent than its nearest competitor



THE SOUND OF SILENCE

The RLM-W8 is a three-chip DLP® projector with the price tag of a single-chip model. Featuring superior image quality, 33% less power consumption, and 10 times quieter operation than its nearest three-chip competitors, the new RLM-W8 continues the RLM line's strong legacy of silence and energy-efficiency.

65%

market share in the Digital Cinema projector market in China

30%

of the Fortune 100 companies use Barco technology

RAZOR-SHARP MOVIE MAGIC

The DP4K Digital Cinema projectors guarantee razor-sharp 4K resolution movie images, combined with consistent color uniformity, rich contrast and vibrant, accurate colors. Thanks to their patented cooling system, resulting in the coolest 4K engine in the world, the DP4K projectors deliver unrivaled reliability and lifetime.

NARA FANTASIA NATIONAL MUSEUM

» Large-scale projection mapping for the 'Nara FantAsia' event
» Projected on to the building of Nara National Museum, Japan
» Products used: FLM R22+ projectors, ImagePRO-3G image processor

720m^2

projected surface on the Eurovision stage

EUROVISION SONG CONTEST

» The biggest live TV show in Europe
» 120 million spectators
» Held in Düsseldorf, Germany, on 14 May 2011
» Products used: MiTRIX and MiSTRIP creative LEDs, FLM HD20 projectors

MUSEUM OF THE MOVING IMAGE

"Barco's projectors provide astonishing color rendition, resolution and clarity. The artists were amazed at how the projectors enlivened their work in a realistic – even tactile – way."

Carl Goodman
Senior Deputy Director,
Museum of the Moving Image, New York, USA

ROGER WATERS 'THE WALL' CONCERT TOUR

"We can always count on Barco for a highly stable, reliable platform and consistent image quality – an absolute must for a high-profile tour with this much complexity."

Phil Mercer
Managing Director, XL Video, USA

3

Selected by the world's top 3 movie exhibitors

SOUND FROM ALL AROUND

Developed by Auro Technologies and powered by Barco, Auro-3D is a next generation 3D sound format that turns conventional cinema audio into a fully immersive 3D sound experience. Auro-3D uses a 3D speaker layout, based on three axes (width, depth and height) to reproduce the most true-to-life movie sound experience in 3 dimensions.

ULTRA-VERSATILE & ROADIE-READY

ImagePRO-II is a flexible signal processor for the rental and staging industry. An ideal solution for live events, the ImagePRO-II serves as an all-in-one video scaler, scan converter, switcher and transcoder that converts any input signal format to any output format.

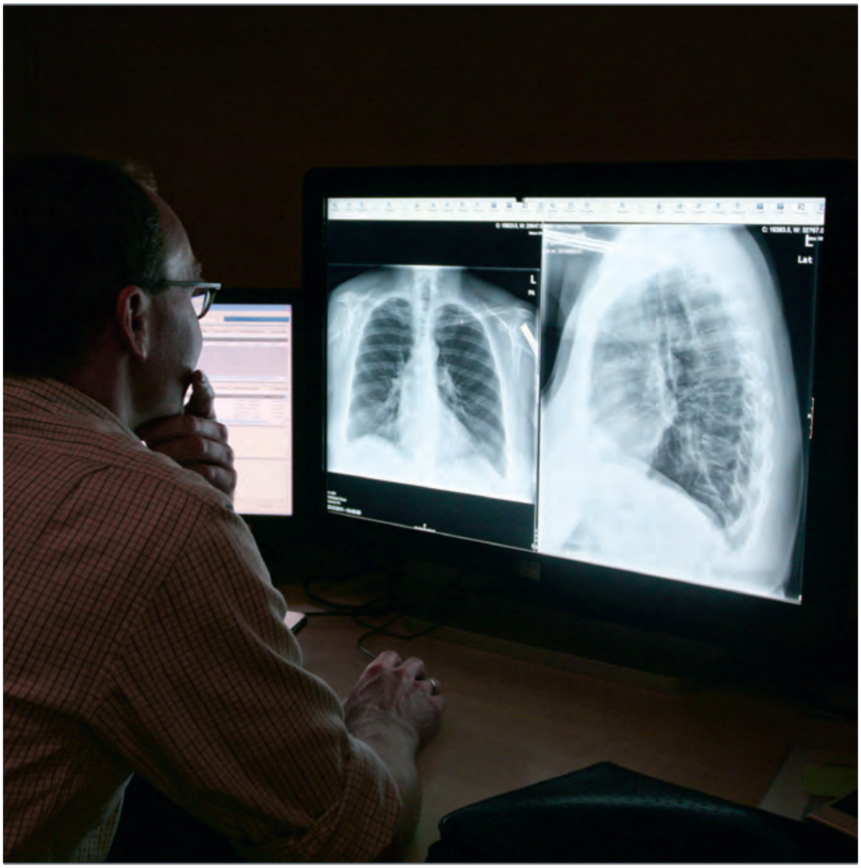
CJ CGV CINEMAS

» The largest multiplex cinema chain in South Korea
» 750 screens across the country
» Products used: DP2K cinema projectors

HEALTHCARE

1

universal cable for audio, video & data



OR-OVER-IP

Nexxis is a brand-new, fully IP-centric solution for image distribution in the operating room. The system meets the unique requirements of medical imaging in the surgical suite and enables better communication both in and beyond the operating room.

MEDICAL CENTER LEEUWARDEN

» One of the most modern hospitals in the Netherlands
» A renowned teaching hospital using leading-edge equipment
» Products used: MDRC monitors, MediCal QAWeb software

FLEXIBLE MULTI-MODALITY VIEWING

The Coronis Fusion 4MP DL is the latest addition to the ‘Fusion’ family of diagnostic display systems, which can be used as a wide-screen desktop or as two seamless side-by-side heads. Equipped with ultra-bright ‘Diagnostic Luminance’ technology, the new Coronis Fusion 4MP DL addresses the dual needs of color and grayscale imaging, allowing radiologists to read all their studies on a single workstation.

30,000+

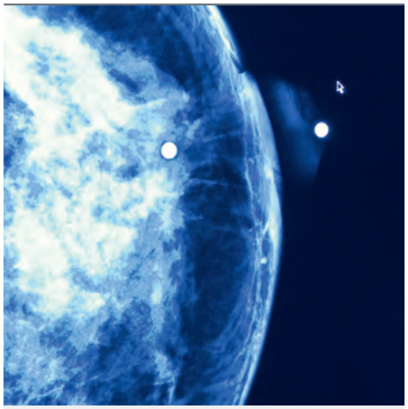
medical displays monitored remotely with MediCal QAWeb

65,000+

high-performance display controllers helping to raise hospital efficiency

THE NEW STANDARD OF CARE

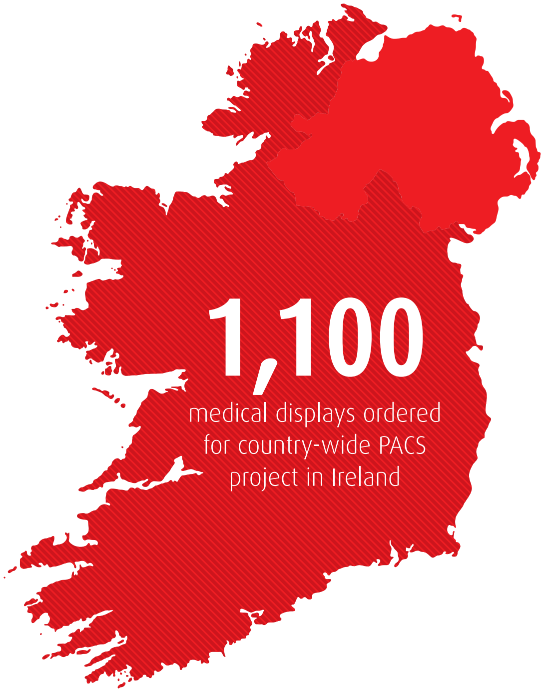
The Mammo Tomosynthesis 5MP is the industry’s first display system to be cleared by the US Food and Drug Administration (FDA) for breast tomosynthesis. The system introduces several groundbreaking innovations, such as RapidFrame™ and I-Luminate™, which were specifically developed for multi-modality mammography.



BATON ROUGE WOMAN'S HOSPITAL

"We've partnered with Barco because they lead the industry in medical displays."

James Ruiz, MD
Radiologist, Baton Rouge Woman's Hospital, Baton Rouge, USA



NIMIS PACS PROJECT

» One of the most advanced PACS projects in the world
» Covering 35 hospitals and serving over 4.2 million people throughout Ireland
» Products used: Coronis diagnostic displays, MDRC medical monitors, MediCal QAWeb software

HOSPITAL DO CORAÇÃO

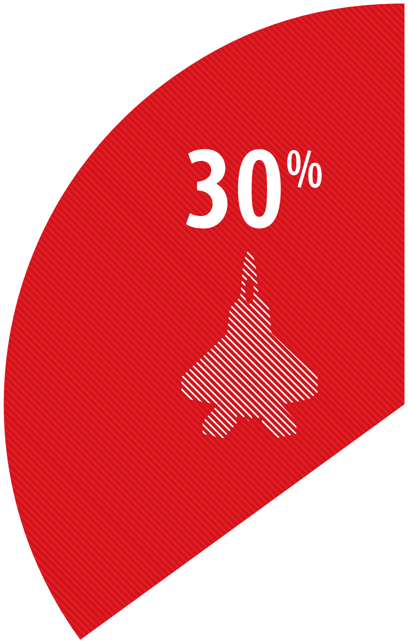
"Barco's medical display systems offer images with exceptional brightness and contrast. The additional QA service guarantees us maximum diagnostic confidence and system up-time."

Carlos Yoshihara
PACS Program Coordinator,
Hospital do Coração, Brazil

THE IMAGE ACCURACY PRESERVER

MediCal QAWeb is a breakthrough online service for high-grade Quality Assurance of PACS displays. The all-inclusive secured system guarantees maximum diagnostic confidence and uptime of PACS display systems throughout a healthcare facility. In November 2011, a dedicated version was released for use with mobile tablets.

CONTROL ROOMS & SIMULATION



of the world's military pilots are trained with Barco technology

THE 360° IMMERSIVE DOME

The RP-360 is the most realistic and accurate rear-projected dome for flight training on the market. With fewer projectors, the RP-360 achieves superior image quality and is the only system to offer full 360° immersion with rear projection on the market.

ACME TELE POWER LTD.

"Barco is a reference beacon that is known to deliver excellent quality."

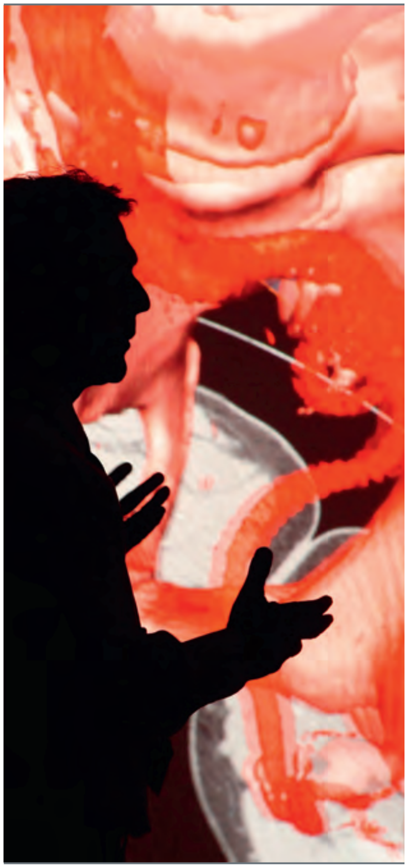
Satya Dev Adurti
Vice-President IT, ACME Tele Power Limited, India

Unlimited

input sources can be displayed with Barco's control rooms concept.

50%

of the world's electricity transport is monitored using Barco technology



1.9 mm

bezel width for a near-seamless visual experience

UNIVERSITY OF TOLEDO

- Leading-edge immersive reality center for healthcare education
- Part of the University's Interprofessional Immersive Simulation Center
- Products used: I-Space & CADWall 3D stereoscopic systems

NEAR-SEAMLESS TILED PERFORMANCE

The NSL-5521 LCD video wall combines durable, high-bright LED backlight technology with an extremely narrow bezel to deliver excellent tiled visual performance. Thanks to its long-lifetime LED technology, the NSL-5521 is perfectly suited for long-term usage.

VIRGINIA DEPARTMENT OF TRANSPORTATION

» Third-largest state-maintained highway system in the USA
» Managing 100 miles of roadways in 7 cities and 16 counties across Virginia
» Products used: OVL-521 projection modules, CMS software

3D STEREO ON THE WALL

The OLS family responds to the growing demand for flexible and cost-effective video wall solutions capable of showing stereoscopic content. The OLS modules combine the proven benefits of the OL range – excellent image quality, low TCO, long lifetime, small footprint, and smart color calibration – with vivid 3D stereo capabilities.

DEFENSE & AEROSPACE

SCOUT SPECIALIST VEHICLE PROGRAM

"Vehicle operators in the field deserve the best equipment available in order to do their jobs. That's why we selected Barco's TX display family."

Andy Powell
Supply Chain Manager
General Dynamics, UK

BUILT FOR EXTREMES

Barco TX displays unite a low-reflection touch screen, NVIS capability and sunlight readability into a single rugged display unit. The thin and lightweight displays feature a sophisticated thermal management system which makes the displays fit for the harshest temperature environments.

30G

Barco rugged displays can withstand shocks up to 30G

100+

Pilots run more than 100 certified apps on Barco avionics displays

95%

Barco rugged displays remain fully operational at up to 95% humidity

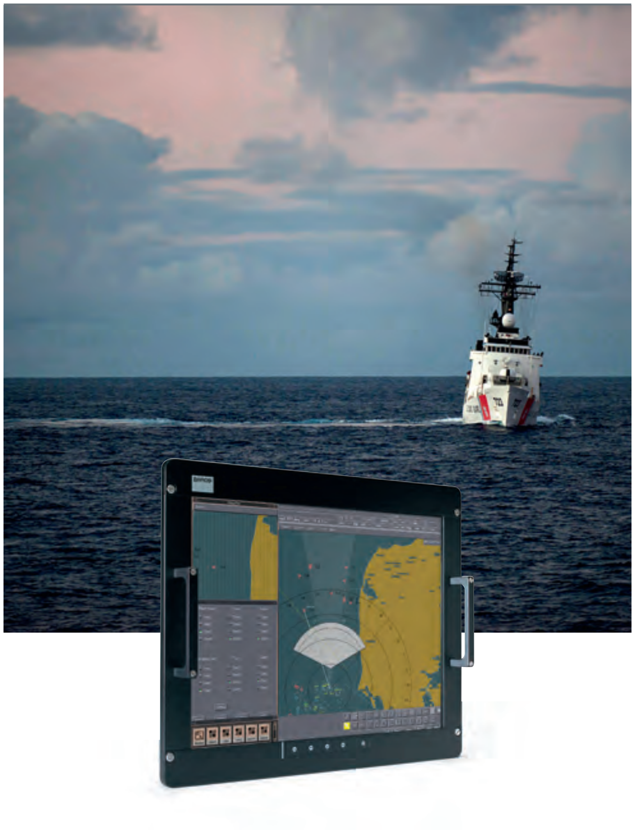


Photo Courtesy US Navy - photo by Brandon Raile

U.S. NAVY SPS-73 SURFACE SEARCH RADAR PROGRAM

» Advanced radar system for navigation, surface search and surveillance operations
» Operated by the U.S. Navy and Coast Guard fleet
» Products used: TL-351 rugged displays

IN TOUCH WITH THE FUTURE

At the Paris Air Show, Barco previewed a prototype of its future Touch Screen Control Unit. Featuring a full-size high-quality multi-touch screen, this next-generation avionics display introduces enhanced flexibility and near-limitless functionality for both existing and new types of aircraft.

20%

less energy consumption with the ISIS main display

THE GREEN WAY TO FLY

The new ISIS 2Kx2K LCD main display has been fitted with replaceable LED backlight technology. Thanks to this industry first innovation, the ISIS main display reduces energy consumption by 20%, while offering a standard stabilized brightness of 240 cd/m².

FAA MAIN DISPLAY REPLACEMENT

» The world's largest replacement program for CRT-based displays in ATC consoles
» Commissioned by the US Federal Aviation Administration (FAA)
» Products used: ISIS 2Kx2K main displays

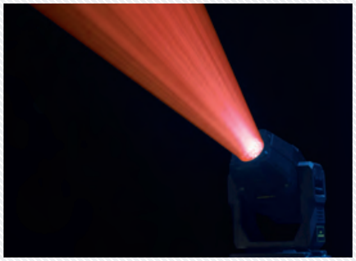
VENTURES

LiveDots

LED DISPLAYS

HIGH END SYSTEMS

LIGHTING



dzine a Barco company

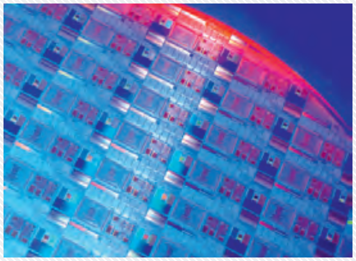
DIGITAL SIGNAGE

ORTHOGON

AIR TRAFFIC MANAGEMENT SOFTWARE

BarcoSilex

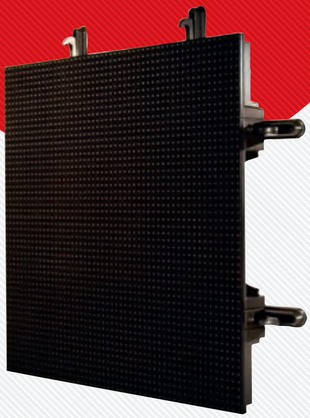
DESIGN SERVICES

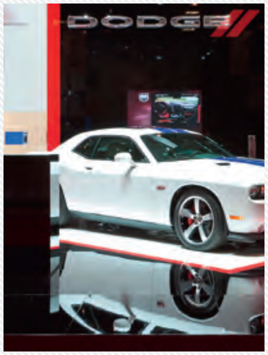


LiveDots

24 million

shining Barco pixels at
the Geneva Motor Show





GREEN & LIGHTWEIGHT PERFORMANCE

The industry's first truly environmentally friendly display, the C7 LED wall features 2,000 nits of high contrast, superior color reproduction and a calibrated output utilizing only a fraction of the power consumption of competing products.

GENEVA MOTOR SHOW

» One of the biggest annual car shows in the world
» Held in Geneva, Switzerland
» Products used: indoor LED displays, used by 31 different car brands

HIGH END SYSTEMS

20,000

lumens light output with the intellaspot XT-1

AUSTIN CITY LIMITS STUDIO & LIVE VENUE

» The longest running televised music series in the US
» Live concert venue with 2,750 seats in Austin, Texas
» Products used: intellaspot XT-1, Axon Media Server, Road Hog™ Full Boar console

THE PROFESSIONALS' CHOICE

The intellaspot XT-1 moving yoke light combines the next generation in innovative optics with high light output, low energy consumption, and a wide zoom range at a highly competitive price point. With its fast mechanical iris, variable soft edge and electronic strobing, the intellaspot XT-1 offers the events community a full-featured automated luminaire.

dzine
a Barco company

95,000+

digital signage players installed worldwide

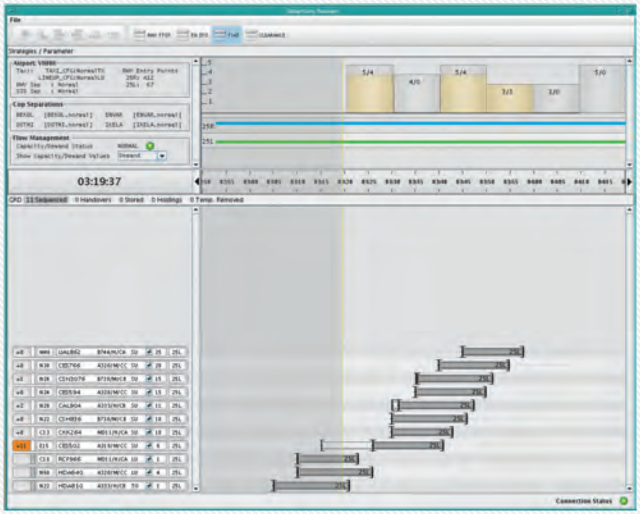
SHAPING A TOTAL CINEMA EXPERIENCE

The dZine digital signage platform is a scalable system that can be used in both small and large cinema complexes. It features three integrated building blocks that enable smooth content creation, distribution and visualization.

KINEPOLIS GROUP

» One of the largest movie theater groups in Europe
» Scalable digital signage platform for 23 multiplex cinemas
» Product supplied: dZine digital signage platform

ORTHOGON



46 million

kilos less CO_2 emission across the New Zealand fleet

SMOOTHER AND SMARTER AIR TRAFFIC FLOWS

The OSYRIS Queue Management software is the industry's first complete and proven toolset for integrated air traffic arrival, departure and flow management. OSYRIS helps increase airspace capacity, reduce operator workload, and lower CO_2 emissions.

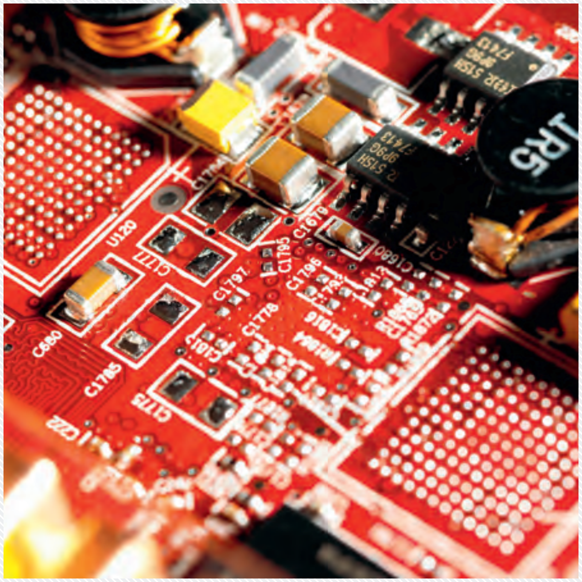
NEW DOHA INTERNATIONAL AIRPORT

» Major international gateway in the Middle East
» Setting a new standard in efficiency, service and passenger convenience
» Product used: OSYRIS arrival and departure manager software

BarcoSilex

20

years of experience in micro-electronic design



BOOSTING PERFORMANCE AND FLEXIBILITY

Barco Silex has engineered an enhanced version of its multi-purpose AES crypto engine. The high level of scalability and flexibility of this IP core enables users to create power-efficient solutions with an exceptional level of performance.

SMART ENGINE FOR ASYMMETRIC CRYPTOGRAPHY

In February 2011, Barco Silex announced a new solution for Public Key cryptography. The BA414E is a small and flexible hardware accelerator supporting a wide range of operations in the field of asymmetric cryptography. This 100% CPU offload solution supports complex arithmetic primitives like modular exponentiation for RSA and a wide variety of complex operations and algorithms at a higher level.

Directors' report

DECLARATION REGARDING THE INFORMATION GIVEN IN THE ANNUAL REPORT 2011

The undersigned declare that:

» the annual accounts, which are in line with the standards applicable for annual accounts, give a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated companies;
» the annual report gives a true and fair view of the development and the results of the company and of the position of the issuer and the consolidated companies, as well as a description of the main risks and uncertainties they are faced with.

Eric Van Zele, CEO
Carl Peeters, CFO

OWNERSHIP OF THE COMPANY'S SHARES

On 31 December 2011 the capital amounted to 54,531,777.48 euro, represented by 12,754,676 shares. Ownership of the company's shares was as follows:

Gimv	9.80%	(1,249,921 shares)
Franklin Templeton Investments Corp.	4.92%	(627,181 shares)
Templeton Investment Counsel, LLC	4.99%	(636,239 shares)
Barco	5.78%	(737,963 shares)
Public	74.51%	(9,503,372 shares)
Total	100%	(12,754,676 shares)

Fully diluted

Gimv	9.28%	(1,249,921 shares)
Franklin Templeton Investments Corp.	4.65%	(627,181 shares)
Templeton Investment Counsel, LLC	4.72%	(636,239 shares)
Barco	5.48%	(737,963 shares)
Public	75.87%	(10,222,787 shares)
Total	100%	(13,474,091 shares)

BOARD OF DIRECTORS AND CORE LEADERSHIP TEAM

BOARD OF DIRECTORS

SITUATION ON 1 MARCH 2012

Chairman	**Herman Daems** (1)	Chairman of the Board of Directors	2012*
President & CEO	**Eric Van Zele** (3)		2014*
Directors	**ADP Vision BVBA** (represented by Antoon De Proft) (2)		2012*
	Praksis BVBA (represented by Bruno Holthof) (2)		2014*
	Lumis NV (represented by Luc Missorten) (2)		2014*
	Bonem BVBA (represented by Marc Ooms) (1)		2012*
	Oosterveld Nederland BV (represented by Jan P. Oosterveld) (1)		2014*
	Marc Vercruysse (1)		2012*
	Christina von Wackerbarth (2)		2012*
Secretary	**Kurt Verheggen**	General Counsel	

(1) non-executive directors // (2) non-executive independent directors // (3) executive director
* Date on which the term of office expires: end of the annual meeting

CORE LEADERSHIP TEAM

SITUATION ON 1 MARCH 2012

Eric Van Zele	President & Chief Executive Officer
Senior Vice Presidents Barco NV	
Jacques Bertrand	Chief Sales Officer
Carl Peeters	Chief Financial Officer
Filip Pintelon	Chief Operating Officer
Jan Van Acoleyen	Chief Human Resources Officer
Wim Buyens	General Manager Entertainment Division
Piet Candeel	General Manager Healthcare Division
Steve Leyland	General Manager Control Rooms & Simulation Division
Dave Scott	General Manager Defense & Aerospace Division

BOARD OF DIRECTORS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Herman Daems [01] is Chairman of the Board of Directors of Barco NV and BNP Paribas Fortis. He is also Chairman of the Belgian Corporate Governance Commission, Chairman of the International Private Equity Valuation guidelines board, and he holds several other board positions. Professor Daems is on the faculty of the K.U. Leuven. He studied theoretical physics and economics and holds a PhD in Economics.

Eric Van Zele [02] has been President and CEO of Barco NV since 2009. He is Chairman of the Board of Reynaers Aluminium nv. Previously, he held top management positions at the Indian Avantha Group, Pauwels International, Telindus nv and Raychem Corporation. Mr. Van Zele holds a Master's degree in Mechanical Engineering from the K.U. Leuven and post-graduate degrees in Management from Stanford University.

Antoon De Proft [03] holds a Master's degree in Electrical Engineering and a post-graduate degree in Medical Engineering. He has been President & CEO of ICOS Vision Systems Corporation. Today, Mr. De Proft has his own consultancy company, and he serves on several boards, including a position as Chairman of IMEC.

Bruno Holthof [04] is CEO of the Antwerp Hospital Network, a major Belgian hospital group. Prior to this, he was a partner at McKinsey & Company, where he became an expert in the areas of strategy, organization and operations. Mr. Holthof holds an MBA from Harvard Business School and an MD/PhD from the K.U. Leuven.

Luc Missorten [05] is CEO of Corelio, a leading Belgian multimedia company. He serves on the board of LMS and Bank Degroof. Before joining Corelio, he was CFO at Inbev and UCB. Mr. Missorten holds a Law degree from the K.U. Leuven, a Master of Laws from the University of California – Berkeley, and a Certificate of Advanced European Studies from the College of Europe in Bruges.

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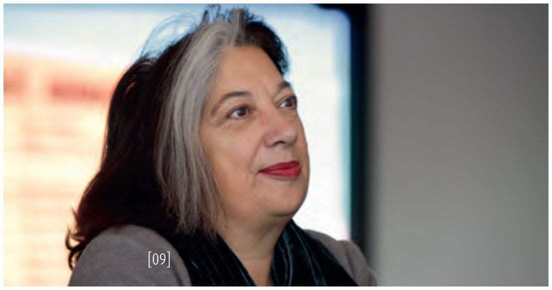

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Marc Ooms [06] is non-executive Director of several companies, including Sea-Invest Corporation, European Bulk Terminals, I.V.C., BMT, PinguinLutosa, and Food Invest International.

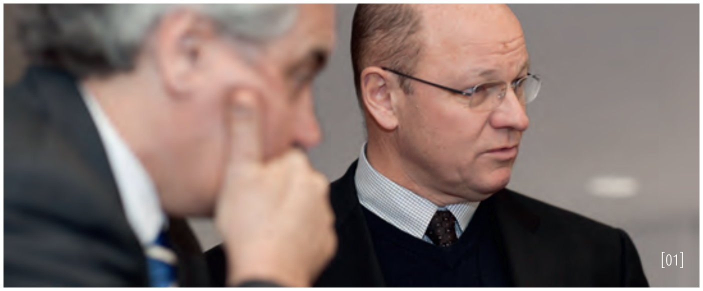
Jan P. Oosterveld [07] held several senior management positions at Royal Philips Electronics before he retired in 2004. He is a professor at IESE, owns a consultancy company, and holds several board positions. Mr. Oosterveld holds a Master's degree in Mechanical Engineering from the Technical University Eindhoven and an MBA from the IESE Business School, Barcelona.

Marc Vercruysse [08] has been CFO and member of the Management Committee of Gimv since 1998. Before becoming CFO, he was Internal Auditor, Senior Investment Manager, and Head of Structured Finance with Gimv. Mr. Vercruysse is on the Board of Directors of several unlisted companies.

Christina von Wackerbarth [09] has held several top positions at VNU Belgium, VNU Magazines International, and the Flemish public broadcasting company VRT. Today, she is active as a Media Consultant and Executive Coach, and she serves on the board of telecom operator Mobistar. Ms. von Wackerbarth holds a degree in Romance Philology and Linguistics, has completed an Advanced Management Program at Insead, and holds a Master's degree in Consulting and Clinical Coaching from HEC Versailles/Insead.

Kurt Verheggen serves as General Counsel of Barco. He started his career with the law firm Linklaters and then worked as Legal Counsel for CMB, GDF Suez and General Electric. He holds a law degree from the K.U. Leuven, a Master of Laws from Tulane University Law School in New Orleans, and a Master's degree in Real Estate from the Antwerp Management School.

CORE LEADERSHIP TEAM



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Jacques Bertrand [01] joined Barco in 1986 after obtaining a degree in Electronic Engineering. He took up sales and product management roles in the former Barco Graphics division and was responsible for the start-up and expansion of Barco Graphics in Asia-Pacific. In 2000, he was appointed President Barco Japan, and in 2005, he was promoted to President Barco Asia-Pacific. Today, Mr. Bertrand is Chief Sales Officer of Barco NV.

Carl Peeters [02] started with Barco in 1987 and held the positions of Marketing Manager and Division Manager in the former Barco Graphics division. Later, he was responsible for mergers and acquisitions, and he was appointed CFO of BarcoNet when this division became a separate public company. After the delisting of BarcoNet in 2002, Mr. Peeters rejoined Barco NV, where he was appointed CFO in 2010. He holds a Master's degree in Applied Economics and a post-graduate degree in Business Administration.

Filip Pintelon [03] joined Barco in 2008 as President of Avionics & Simulation and President of Media, Entertainment & Simulation, before assuming the role of COO. Prior to joining Barco, he held top positions at LMS, Andersen Consulting and The Boston Consulting Group. After graduating from the K.U. Leuven with a Master's degree in Mathematics/Informatics in 1986, Mr. Pintelon earned an MBA from Vlerick Leuven Gent Management School.


[03]


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Jan Van Acoleyen [04] is Chief Human Resources Officer. Prior to joining Barco in 2007, he held senior HR positions in high-tech companies such as Alcatel and Agfa-Gevaert. Mr. Van Acoleyen holds a Master's degree in Educational Sciences from the K.U. Leuven and an Executive MBA from the University of Antwerp.

Wim Buyens [05] is General Manager of the Entertainment Division. He started at Barco in November 2007 as Vice President Digital Cinema within the Media & Entertainment Division. Prior to joining Barco, he held several management positions at the Danish technology company Bruel & Kjaer. Mr. Buyens holds a degree in Engineering and obtained his executive management education at Stanford University and IMD in Lausanne.

Piet Candeel [06] is General Manager of the Healthcare Division. Prior to his present position, he held several positions in marketing, sales, and general management in a variety of business units in Barco over a span of 25 years. Mr. Candeel holds an Officer Degree in Nautical Electronics, a post-graduate degree in Marketing from EHSAL Brussels and an MBA from the University of Antwerp (UFSIA).

Steve Leyland [07] is General Manager of Barco's Control Rooms & Simulation Division. Before joining Barco in 2011, he held senior executive roles at Polycom, Intel Corporation, and Dialogic Corporation. Mr. Leyland holds a Bachelor's degree in Electronics Engineering from the University of Nottingham, UK.

Dave Scott [08] is General Manager of the Defense & Aerospace Division. He holds a degree in Electrical Engineering from Virginia Polytechnic Institute and State University. Mr. Scott was co-founder of Chromatics Inc., which was acquired by Barco in 1990. In 2001, he became Chief Operating Officer for BarcoView and, in January 2004, he was appointed President Barco North America. In 2010, Mr. Scott assumed his present position while maintaining legal responsibility for managing the North American region as the Head of Barco, Inc.

CORPORATE GOVERNANCE STATEMENT

Reference is made to the Belgian Corporate Governance Code 2009, http://www.corporategovernancecommittee.be/en/2009_code/latest_edition/default.aspx and Barco's Corporate Governance Charter, which is available for download at www.barco.com/investors/en/corporategovernance.

ACTIVITY REPORT ON BOARD AND BOARD COMMITTEES' MEETINGS

BOARD OF DIRECTORS

Reference is made to Title 1 of the Corporate Governance Charter on www.barco.com for an overview of the responsibilities of the Board of Directors and for a survey of topics discussed at board meetings.
On 9 February 2012, the board consisted of 9 directors. All non-executive directors hold or have held senior positions in leading international companies or organizations.
In 2011, the board of directors met 10 times. One of the meetings was held in Chicago, US.

Overview of the number of meetings attended by all directors in 2011:

	Meetings attended
Executive director and Chief Executive Officer	
» Eric Van Zele	10
Non-executive directors	
» Herman Daems, Chairman	10
» Marc Ooms	9
» Marc Vercruysse	7
Independent, non-executive directors	
» Bruno Holthof	10
» Luc Missorten	10
» Jan P. Oosterveld	10
» Urbain Vandeurzen	2
» Christina von Wackerbarth	10
» Antoon De Proft	1

Non-executive director Urbain Vandeurzen resigned from the board of directors on 30 June 2011, following his appointment as Chairman of Gimv.

BOARD COMMITTEES

Audit committee

The audit committee is composed of three members, Luc Missorten, Chairman, Marc Vercruysse and Bruno Holthof (appointed 14/07/2011), all of whom are non-executive directors. Jan P. Oosterveld is invited to participate to the meetings of the audit committee in view of his expertise and of the continuity of its proceedings. Mr. Missorten, Mr. Holthof and Mr.Oosterveld are independent directors.

The Board of Directors sees to it that the audit committee possesses sufficient relevant expertise, particularly regarding financial, accounting and legal matters, to be able to carry out its function effectively. Reference is made to the short biographies of the above mentioned members of the Audit Committee to testify to their competence in accounting and auditing, as required by the Companies Code, Art. 119, 6°. These biographies can be found on pages 80 and 81 of this annual report. The members of the audit committee are appointed for a period that does not exceed the duration of a director's mandate.

Title 2 (2.2) of the Corporate Governance Charter on www.barco.com gives an overview of the responsibilities of the audit committee. The tasks assigned to the audit committee are carried out for the entire group.

The audit committee meets at least four times per year. Each year, the audit committee assesses its composition and its operation, evaluates its own effectiveness, and makes the necessary recommendations regarding these matters to the board of directors.

Both the statutory auditor and the head of the internal audit have direct and unlimited access both to the chairman of the audit committee and the chairman of the Board of Directors. In 2011, the audit Committee met 6 times.

Overview of the number of meetings attended by the members of the Audit Committee:

	Meetings attended
» Luc Missorten	6
» Jan P. Oosterveld	6
» Marc Vercruysse	5
» Bruno Holthof	3

Remuneration & nomination committee

The remuneration & nomination committee consists of three non-executive directors: Herman Daems (Chairman), Marc Ooms and Christina von Wackerbarth.

The board of directors has made use of the possibility to combine the remuneration committee and the nomination committee into a single committee. In line with the Corporate Governance Charter of the company, either the chairman of the Board of Directors or a non-executive director chairs this committee. The chairman of the board of directors does not chair the remuneration and nomination committee when it is dealing with the remuneration of the chairman.

The remuneration and nomination committee meets at least two times per year, as well as anytime changes are necessary in the composition of the board of directors, be it appointments or reappointments. The committee is aware of the importance of diversity in general in the composition of the board of directors and of gender diversity in particular. The committee takes this into account whenever new directors need to be appointed. In this respect the board is in the process of identifying potential candidates for future nominations. In this respect the CEO participates in the meetings when the remuneration and nomination plan proposed by the CEO for members of the core leadership team is discussed, but not when his own remuneration is being decided.

In fulfilling its responsibilities, the remuneration and nomination committee has access to all resources that it deems appropriate, including external advice.

Title 2 (2.3) of the Corporate Governance Charter on www.barco.com gives an overview of the responsibilities of the Remuneration & Nomination Committee. In 2011, the remuneration & nomination committee met 5 times.

Overview of the number of meetings attended by the members of the remuneration & nomination committee:

	Meetings attended
» Herman Daems	5
» Marc Ooms	4
» Christina von Wackerbarth	5

Strategic committee

The members of this committee are Herman Daems (chairman), Bruno Holthof, Eric Van Zele, Jan P. Oosterveld. Urbain Vandeurzen was a member of the committee till he resigned on 30 June 2011.

The Board of Directors has set up a strategic committee including the chairman and the CEO. The chairman presides over this strategic committee. Members of the executive management and other members can be invited to attend meetings of the strategic committee. The committee meets when an issue is introduced by the CEO. The committee meets at least one time per year to evaluate the existing strategy.

Upon the proposal of the CEO, the strategic committee discusses options that could influence the strategic path followed by the company. Possible points that may be discussed in this committee include acquisitions, mergers and the sale of a given activity.

Other important strategic choices can also be discussed in the committee, such as investing in new technologies, markets or regions that could have an important impact on the future of the company. This relates to investments running over a number of years that involve a minimum engagement by the company of ten million euro (€ 10m) over the entire duration of the project. In 2011, the strategic committee met 3 times.

Overview of the number of meetings attended by the members of the strategic committee:

	Meetings attended
» Herman Daems	3
» Eric van Zele	3
» Bruno Holthof	2
» Jan P. Oosterveld	3
» Urbain Vandeurzen	1

EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

In line with Belgian Corporate Governance guidelines the Board of Directors of Barco regularly carries out a process of self-evaluation. The intention is to evaluate the functioning of the Board as a whole and of its committees. In this respect individual and private interviews are held with each of the directors, leading to a report which is submitted to the full board for review and action. The topics discussed are: the quality of the interaction between management and board, the quality of the information and documents submitted to the board, the preparation of the board meetings, the quality of the discussions and decision-making of the board, the extent to which all relevant strategic, organizational and managerial issues are addressed by the board, and the contribution of all board members to the decision-making process at the board. This process allows for actions to be taken, aiming at the continuous improvement of the governance of the company.

The above is fully in line with the Belgian Code on Corporate Governance. Reference is also made to Title 1 (1.3) of the company's Corporate Governance Charter on www.barco.com

REMUNERATION REPORT

Board of Directors

On 28 April 2011, pursuant to article 17 of the articles of association, the general meeting set the aggregate annual remuneration for the year 2011 at 2,280,000 euro for the entire Board of Directors. This means that this amount also includes the remuneration for the executive director. This amount was apportioned amongst all members of the board in line with internal rules.

Also in line with internal rules the general meeting grants a fixed remuneration of 20,000 euro to non-executive directors and an additional amount based on attendance at meetings of the board and of the committees. The attendance fee per meeting of the board and the committees is set at 2,500 euro. The chairman of the audit committee receives an attendance fee of 5,000 euro per meeting. These remunerations are charged as general costs.

Directors do not receive any remuneration linked to performance or results.

Directors' remuneration 2011 (in euro)

	fixed remuneration	board attendance	committee attendance	total 2011
» Herman Daems	200,000*			
» Marc Ooms	20,000	22,500	10,000	52,500
» Marc Vercruysse**	20,000	17,500	12,500	50,000
» Bruno Holthof	20,000	25,000	12.500	57,500
» Luc Missorten	20,000	25,000	30,000	75,000
» Jan P. Oosterveld	20,000	25,000	34,500	79,500
» Urbain Vandeurzen	10,000	5,000	2,500	17,500
» Christina von Wackerbarth	20,000	25,000	12,500	57,500
» Antoon De Proft	0	2,500	0	2,500

* 156,000 euro plus 44,000 euro in retirement benefits
** amount paid to Gimv

Remuneration CEO and Corporate Senior Vice Presidents 2011 (in euro)

For the Executive Director and the Corporate Senior Vice Presidents, the remuneration is determined by the remuneration & nomination committee, in line with the rules described in the company's 'Corporate Governance Charter' under Title 4 ('Remuneration'), available on www.barco.com.

Basic principles of senior executives reward review process

Barco wants to be an attractive company for top talent in the technology market space based on sustainable human resources practices. Competitive reward, together with career and development opportunities, is at the heart of Barco's employee value proposition. Barco strives overall for a position above the market median on the total reward proposition with a substantial variable part based on company, team and individual performance.

The reward packages of the senior executive and extended management teams are reviewed by the remuneration and nomination committee on an annual basis. The committee assesses overall market competitiveness (based on bi-annual external market data), individual market positioning and sustained individual performance. This review results in updated individual reward packages and reward policies, as well as the criteria for the annual Barco Bonus plan.

The Remuneration Policy is reviewed on an annual basis to accommodate potential developments in (labor) market characteristics, company strategy & portfolio choices, company and individual performance as well as other relevant factors influencing the performance and motivation of the management team. Currently Barco expects to continue the practice in use today for the next two fiscal years.

The Barco Bonus Policy is based on company (40%), divisional/functional (30%) and individual performance (30%) targets including EBIT, free cash flow, costs, orders, sales and individual targets. In case the target variable part of the compensation of individual members of the executive management should exceed the 25% threshold on total compensation, half of the bonus is based on these targets and the other half, involving a deferred pay-out, is based on a sustained profitability target. The deferred pay-out is assessed over a multi-year time span, with half of it paid after a period of two years and the other half paid after a period of three years.

Remuneration package 2011 of the CEO

» fixed remuneration
  The CEO received a fixed gross remuneration of 612,000 euro
» variable remuneration scheme
  The target CEO's cash bonus can range from 0% to 50% of the fixed remuneration with overachievement capped at 100%. Half of the bonus relates to a non-deferred pay-out based on the Group's EBITDA result for the bonus year. The other half, the pay-out of which is deferred, is based on the Group's sustained profitability. The deferred pay-out is assessed over a multi-year time span, with half of it paid after a period of two years based on the Group's EBITDA in the bonus year and the evolution of the EBITDA in the pay out year compared with the previous 5 years' EBITDA. The other half paid after a period of three years using as a reference the Group's EBITDA in the bonus year and the evolution of the EBITDA in the pay out year compared with the previous 5 years' EBITDA.

  There is no claw back provision. The assessment of the performance is based on audited results.

  The annual performance of the CEO is assessed by the nomination and remuneration committee and the results of this assessment are presented by the Chairman and discussed during a Committee meeting which the CEO does not attend.

  The CEO will receive a cash bonus of 306,000 euro, which is the non-deferred component of his 2011 bonus.

» contribution for retirement benefits of 300,000 euro
» other components of the remuneration: 26,577 euro.

» stock options
  In 2011, 15.000 stock options were granted to the CEO. Stock options are not linked to individual nor company performance and so cannot be considered as variable remuneration as defined by the Belgian law of 6 April 2010 on Corporate Governance.
  No warrants/stock options were exercised and no warrants/stock options lapsed.

Total remuneration 2011 for the Corporate Senior Vice Presidents, members of the Core Leadership Team.

The remuneration is different for each member of the core leadership team and depends on criteria such as sustained performance, organizational role and external market data. For the reported year the data regarding fixed remuneration, variable remuneration, retirement and other benefits are provided as a total for the team while data related to stock options are provided on an individual basis.

There is no claw back provision for the bonus. The assessment of the performance is based on audited results.

» fixed remuneration of 1,695,834 euro
» variable remuneration of 837,439 euro
» contribution for retirement benefits of 142,170 euro
» other components of the remuneration: 152,004 euro (healthcare insurance, personal risk insurance, company car)

» In 2011, 24,000 stock options were granted to and accepted by Corporate Senior Vice Presidents, members of the core leadership team.

  Stock options are not linked to individual nor company performance and so cannot be considered as variable remuneration as defined by the Belgian law of 6 April 2010 on Corporate Governance.

- Jacques Bertrand: 3,000
- Wim Buyens: 3,000
- Piet Candeel: 3,000
- Stephen Leyland: 6,000 (including sign-on)
- Carl Peeters: 3,000
- Filip Pintelon: 3,000
- Dave Scott: 3,000

No warrants/stock options were exercised and no warrants/stock options lapsed.
Reference is made to page 154 of this Annual Report for an overview of the warrants and stock options exercisable under the warrant and stock option plans.

The group of Corporate Senior Vice Presidents in office on 9 February 2012 is presented on pages 82 and 83 in this annual report.

CONTRACTUAL RELATIONSHIPS

Contract between Barco and Eric Van Zele, CEO
In case of termination of the contract by Barco the contract provides a notice period or compensation in lieu of 6 months.

CONTRACTS BETWEEN BARCO AND CORPORATE SENIOR VICE PRESIDENTS, MEMBERS OF THE CORE LEADERSHIP TEAM

Individual arrangements in case of termination of the contract by Barco
The employment contracts of Jacques Bertrand, Wim Buyens, Piet Candeel, Carl Peeters, Filip Pintelon and Jan Van Acoleyen were signed before the Belgian Corporate Governance Law of 6 April 2010 came into force. The total compensation in case of termination is based on age, seniority in the Barco Group and the total of the individual compensation and benefits.
Dave Scott has a US employment agreement. There is no contractual arrangement in case of termination and the Barco US Termination and Severance Policy will therefore be applicable. His contract was signed before the Belgian Corporate Governance Law of 6 April 2010 came into force.
Steve Leyland has a French employment agreement with a contractual arrangement in case of termination. The total compensation in case of termination is equivalent to 6 months of total compensation during the first 36 months of employment and to 12 months of total compensation after 36 months of employment.

POLICIES OF CONDUCT

TRANSPARENCY OF TRANSACTIONS INVOLVING SHARES OR OTHER FINANCIAL INSTRUMENTS OF BARCO

In line with the Royal Decree of 5 March 2006, which came into force on 10 May 2006, members of the board of directors and the executive committee must notify the FSMA (Financial Services Market Authority) of any transactions involving shares or other financial instruments of Barco within 5 business days after the transaction. These transactions are made public on the web site of the FSMA http://www.fsma.be and also on the Barco website (http://www.barco.com/investors/en/tradingdisclosure/default.asp), where by the end of the first month following every quarter, all transactions by "insiders" in financial instruments related to Barco, are made public by the Compliance Officer of Barco.

Reference is also made to Title 7 (1) of the Company's Corporate Governance Charter on www.barco.com

CONFLICTS OF INTEREST

Basic principles
The law provides a means of settling conflicts of interest that arise within the context of a director's mandate.

In the interest of the company, the board of directors has decided in this matter that its members must assume a number of additional obligations, which can be summarized as follows:
- Independence: in exercising their mandate, the directors must be totally independent in their judgment.
- Conflicts of interest: any sign of conflicting interests between Barco nv and its directors must be avoided.
- Transparency: any potential conflict of interest must be reported during the board meeting in question of Barco nv.

Interests related to the director's mandate
The legal provisions on conflicts of interest for directors apply to the decisions that fall under the power of the board of directors and that meet the following conditions:
- It must concern an interest relating to property: this means that it must be an interest of financial significance.
- Only a conflicting interest is intended: the "conflicting interest" relates to the decision to be taken, and not necessarily to the company: in this sense, "conflicting" means that the position of the director in question differs according to the decision taken.

The direct consequences of the applicability of these provisions are that the directors in question:

» must report their conflicting interest relating to property to the board of directors before a decision is taken;
» shall leave the meeting while this point on the agenda is being dealt with;
» shall not be permitted to participate in the deliberations and decision-making about the topic in question.

Functional conflict of interest

A director who is a director or business manager of a customer or supplier or who is employed by a customer or supplier shall report this fact to the board of directors prior to the deliberations concerning a topic on the agenda relating (whether directly or indirectly) to this customer or supplier. This obligation also applies when a family member of the director has the above-mentioned position.

The same rule applies when a director or their family members (whether directly or indirectly) hold more than 5% of the shares with voting rights of a customer or supplier.

Subsequently, the director in question:

» shall leave the meeting while this point on the agenda is being dealt with;
» shall not be permitted to participate in the deliberations and decision-making about the topic in question.

These legal provisions are not applicable when the customer or supplier is a listed company and the participation of the director (or their family members) takes place within the framework of assets that have been placed under the management of an asset manager who manages these assets in accordance with his own judgment, without taking the director (or their family members) into account.

The directors are conscious of the great importance of the above rules in relation to the good management of Barco nv and they commit themselves to taking the greatest of care to ensure that these rules are observed.

RISK MANAGEMENT AND CONTROL PROCESSES

GENERAL FEATURES

Barco's Board of Directors and its executive management are responsible for establishing and maintaining adequate risk management and control processes. These processes are designed to identify and manage the risks to which the company is exposed, and they provide reasonable assurance regarding achievement of the company objectives.

Barco has set up and operates a risk management and control framework in accordance with the Company Law Code and the Belgian Corporate Governance Code 2009. The main principles are based on the Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework is built upon the 5 basic components of control processes and is aligned with the needs and the size of the company.

CONTROL ENVIRONMENT

Barco strives for overall compliance and a risk-aware attitude with a clear definition of roles and responsibilities in all relevant domains. In this way, the company fosters an environment in which its business objectives and strategies are pursued in a controlled manner. This environment has been implemented by policies and procedures such as:

» the corporate governance charter
» the code of ethics and business conduct
» a corporate value charter
» the Barco quality management system

The core leadership team fully endorses these initiatives and the entire Barco staff is regularly informed and trained on these subjects in order to develop sufficient risk management and control at all levels and in all areas of the organization.

Furthermore, Barco has appointed a Risk and Compliance Manager, who is in charge of the overall coordination of risk management. The Risk and Compliance Manager assists in clearly defining the roles with risk management responsibilities, ensures an integrated approach, raises overall awareness of risk management and control within the company, and checks whether proper risk control measures are in place.

RISK ANALYSIS

Sound risk management starts with identifying and assessing the risks associated with the business in order to minimize the effects of such risks on the organization's ability to achieve its objectives and to create value for its stakeholders.

Each manager in Barco must ensure the timely identification and qualitative assessment of the risks (and significant changes to them) within his or her area of responsibility.

Barco has identified and analyzed its key corporate risks as disclosed in the 'Risk Factors' section of this annual report. These corporate risks are communicated to the various levels of management in order to provide them with an aggregated view of risk and to strengthen their risk response capability.

Specifically within the financial domain, a quarterly, bottom-up risk analysis is conducted to identify and document the current risk factors. Action plans are defined for all key risks. The results of this analysis are discussed with the statutory auditor.

CONTROL ACTIVITIES

Control measures are in place to minimize the effect of risk on Barco's ability to achieve its objectives. These control activities are embedded in the company's key processes and systems to assure that the risk responses and the company's overall objectives are carried out as designed. Control activities are conducted throughout the organization, at all levels and all departments.

The Risk and Compliance Manager supports the adoption of clear processes and procedures for a wide range of business operations, such as introducing new products onto the market, signing contractual commitments, or exporting finished goods. The Risk and Compliance Manager reports on his activities to the core leadership team and to the Audit Committee.

In addition to these control activities, an insurance program is being implemented for selected risk categories that cannot be absorbed without material effect on the company's balance sheet.

Specific internal control activities with respect to financial reporting are in place, including the use of a periodic closing and reporting checklist. This checklist assures clear communication of timelines, completeness of tasks, and clear assignment of responsibilities. Specific identification procedures for financial risks are in place to assure the completeness of financial accruals.

The accurate and consistent application of accounting rules throughout the company is assured by means of Finance and Accounting Manuals, which are available for the key accounting sections.

The accounting teams are responsible for producing the accounting figures (closing bookings, reconciliations, etc.), whereas the controlling teams check the validity of these figures. These audits include coherence tests by comparison with historical and budget figures, as well as sample checks of transactions according to their materiality.

All material areas of the financial statements concerning critical accounting judgments and uncertainties are periodically reported to the Audit Committee.

COMMUNICATION AND INFORMATION

Timely, complete and accurate information flow – both top-down as well as bottom-up – is a cornerstone of effective risk management.

In operational domains, Barco has implemented a management control and reporting system (MCRS) to support efficient management and reporting of business transactions and risks. This system enables Barco's management to capture relevant information on particular areas of business operations at regular time intervals. The process enforces clear assignment of roles and responsibilities, thus ensuring consistent communication to all stakeholders regarding external and internal changes or risks impacting their areas of responsibility.

In addition to the MCRS, the company has put several measures in place to assure security of confidential information and to provide a communication channel for employees to report any (suspected) violations of laws, regulations, company policies or ethical values.

Uniform reporting of financial information throughout the organization ensures a consistent flow of information, which allows the detection of potential anomalies.

An external financial calendar is planned in consultation with the Board and the core leadership team, and this calendar is announced to the external stakeholders. The objective of this external financial reporting is to provide Barco's stakeholders with the information necessary for making sound business decisions.

MONITORING OF CONTROL MECHANISMS

Monitoring helps to ensure that internal control continues to operate effectively.
The continuity and the quality of Barco's risk management and control framework is assessed by the following actors:

» Internal Audit. The tasks and responsibilities assigned to Internal Audit are recorded in the Internal Audit Charter, which has been approved by the Audit Committee and the Board of Directors. The key mission of Internal Audit as defined in the Internal Audit Charter is "to add value to the organization by applying a systematic, disciplined approach to evaluating the internal control system and providing recommendations to improve it."
» External auditor, in the context of its review of the annual accounts.
» Compliance Officer, within the framework of the company's Corporate Governance Charter.
» Risk and Compliance Manager, who plays a pivotal role in the organization by ensuring appropriate coordination and follow-up of risk items.
» Audit Committee. The Board of Directors and the Audit Committee have ultimate responsibility with respect to internal control and risk management. (See also the 'Board Committees' section in this annual report.)

RISK FACTORS

Risk is an inherent factor of any business enterprise. Recognizing the wide variety of risks that exist, Barco takes the necessary measures to reduce the potential impact of these risks on all aspects of its global operations. While this list is not exhaustive, Barco specifically recognizes the following risks as deserving attention:

RISKS RELATED TO NEW PRODUCTS

Barco is active in very specialized, selected professional markets for visualization technologies. In order to maintain, or attain, market-leader status in each of its key markets, the company annually invests considerably in research & development. In 2011, this investment amounted to 74.6 million euro, or 7.2% of sales. With regard to the selected professional markets, the company's main challenge is to define the right products to introduce into each market. Risks associated with this challenge are:

» not being the first to market a new product, which may lead to smaller market share than anticipated or even to discontinuation of the product.
» using third-party components that do not meet the expected quality levels, resulting in unusually high (or higher than anticipated/provisioned) warranty expenses.
» not achieving the expected sales volume or profitability, because the new products' specifications are insufficient, or because competitive products are better or less expensive.
» having no (or insufficient) access to new fundamental technology.
» introducing new products that are not yet ready to be marketed, resulting in unusually high (or higher than anticipated/provisioned) warranty expenses.

RISKS RELATED TO SHORTAGE OF COMPONENTS

Expected sales volumes may not be achieved due to a shortage of components. This shortage may be a global phenomenon, due to an economic crisis or a major natural disaster (such as the earthquake and subsequent tsunami in Japan, which disrupted the manufacture of electronic components). It may, however, also be linked to the introduction of new products that require new components, which may not yet be available in the required volumes.
Barco's global procurement team tracks potential disruptions closely in order to alert the company early on. The team also coordinates a company-wide response, which proved its value in 2011 following the tsunami in Japan and the flooding in Thailand. Thanks to the company's fast, coordinated reaction, manufacturing operations were not impacted.

STRATEGY RISKS

Although Barco's strategy is aimed at long-term growth and security, failure to execute this strategy could impact results and share value negatively. This includes the inability to safeguard intellectual property rights and other instances of inadequate strategy execution. Negative impact could also result from not adapting quickly enough to paradigm shifts within the industry.

As Barco is traditionally active in very specialized, selected professional markets, this implies the strategic risk of technology commoditization and low-cost competition moving up the technology ladder. Counteractive measures initiated by Barco include intensified attention to market midsegments, increasing its business in these markets by offering a broader product range to its customer base.

LITIGATION RISKS

As litigation cannot always be avoided when doing business, Barco is sometimes involved in legal actions, either as a plaintiff or as a defendant. These legal actions may relate to a wide variety of matters, such as intellectual property infringement, warranty issues, product liability, and employee or regulatory issues.

Because the outcome of litigation cannot be predicted with absolute certainty, a legal action might result in unexpected costs. Pending law cases are reviewed regularly, and a cost-benefit analysis is always made prior to engaging in litigation.

REGULATORY RISKS

Barco carries out its activities in diverse jurisdictions around the world. The sale and export of some of its products may be regulated or even restricted (such as in the healthcare or aviation industries). The regulatory framework in which Barco operates differs from country to country, may be subject to change, and is sometimes very complex (especially regarding product standards for hazardous substances, energy efficiency, or environmental design). Barco has designated a Legal and Compliance Manager for each of its legal entities with the task of advising on upcoming regulatory changes in the local jurisdiction in a timely manner. Barco anticipates regulatory changes as far as possible.

COMPLIANCE RISKS

In a company of Barco's size and scope, an employee's actions can result in a breach of laws and regulations or company ethics. Any resulting criminal prosecution or fine can of course have a negative effect on the company's image, business and share value. This risk is higher in emerging markets, as the knowledge of local laws and regulations or the monitoring of ethical standards may still be less developed than in more mature markets.

Through compliance awareness trainings, a strict worldwide application of its Code of Ethics and Business Conduct, and diligent internal control, Barco strives to achieve the highest level of compliance with applicable laws and regulations, and with its Code of Ethics and Business Conduct, on a global scale.

IT RISKS

Barco makes extensive use of IT systems and platforms to support its operations. As configuration, hardware or software failures may occur, which can hamper these operations, proper fail-safe and recovery procedures are in place to mitigate these risks.

In addressing safety risks inherent to any modern IT infrastructure, Barco's facility and IT management is fully compliant with ITAR and C-TPAT guidelines, proactively scans its network for vulnerabilities, strictly regulates access to its networks, and regularly performs disaster recovery exercises.

CURRENCY RISKS

The results of the company are reported in euro. Therefore, the results of operations, and the financial position of Barco entities, that work in currencies other than the euro are translated into euro in the company's consolidation process. However, the daily fluctuation between these other currencies and the euro may cause a negative impact on the company's consolidated results.

The most important currency risk in this respect is related to the US dollar. About 45% of the company's total annual sales are realized in USD or USD-related currencies. As the evolution of the exchange rate between the USD and the euro cannot be predicted, and also because of the elapsed time between order and invoicing, there is an ongoing risk in forecasting revenues – as well as profit margins – for the entire group. Another critical element is the fact that some of Barco's main competitors are USD-based, so that a weakening of the USD against the euro may give these companies a competitive advantage over Barco.

In recent years, Barco has made great efforts to increase its competitive position and to hedge against the USD by increasing the proportion of its operational costs in USD or USD-related currencies and by purchasing more components in these currencies. The company is set to continue on this course. Currency risk exposure is assessed at regular intervals. Selective derivative financial instruments are used to manage these risks, which is especially the case for the USD (and USD-related currencies) for which receivables are systematically higher than payables.

MACRO-ECONOMIC RISKS

Beyond Barco's immediate business environment, an overall negative economic climate, a lack of liquidity in the financial markets, or a global stock market collapse may have a negative effect on Barco, its customers and its partners. A recession may slow Barco's customers and partners down or render them unable to secure the funds for planned investments. To mitigate its own risks, in December 2011 Barco increased its committed credit facilities to 115 million euro (notwithstanding an improved net cash position) and continued to focus on a pro-active cash generating strategy. On the other hand, the fact that Barco conducts business in a variety of markets and geographical regions may reduce the impact of bad economic conditions, as they may not affect all markets and regions equally.

RISKS OF NOT FINDING, OR LOSING, TALENT

As Barco's business is introducing new cutting-edge technological applications, finding the right human resources for product management, R&D, business development and operations is a constant challenge. The global distribution of Barco's sales and marketing activities, service organization, and R&D and manufacturing operations reduces this risk to a large extent. This risk is further mitigated by Barco's internal talent and career development and company-wide learning programs, as well as a market-competitive reward policy and practices.

RISKS RELATED TO ENVIRONMENT, HEALTH AND SAFETY

In all its operations and locations worldwide, Barco adheres resolutely to all laws and regulations regarding the protection of the environment, human health and safety. Nevertheless, unexpected circumstances or accidents may expose the company to litigation. Moreover, Barco may be ordered to remediate historical environmental conditions on any of its sites, without being the actual (or only) cause of the infraction. As a good corporate citizen, Barco assumes its responsibility in all cases in this regard.

RISKS RELATED TO EXCEPTIONAL EVENTS

Events of an exceptional nature (such as a fire) may affect the company itself, or events on a larger scale (such as flooding, earthquake or extreme weather conditions) may affect component suppliers. These events, which can also be terrorist attacks or disease epidemics, can destabilize part or all of the world's economy.
Exceptional events can damage or destroy a company site. Especially in the case of an R&D and/or a manufacturing site, such events may seriously affect the company's competitive position, as they may disrupt deliveries to customers or postpone new product releases. Barco has set up an international insurance program with reputable underwriters to cover both its assets and loss of income in case of business interruption due to such exceptional events. The coverage as well as the insured amounts are reviewed regularly and benchmarked with the assistance of professional insurance brokers. Nevertheless, it is impossible to calculate beforehand what the negative impact of such events might actually be.

ACQUISITION RISKS

Part of Barco's long-term growth strategy is based on acquisitions. Despite the fact that Barco has well-defined parameters for potential acquisitions and carries out due-diligence processes with the utmost care, acquisitions always entail risks. These risks may be associated with the integration of the acquired company into the group. The growth of the acquired business may be slower than forecast, or the acquired technological knowledge may not be as valuable as anticipated. These risks may result in impaired goodwill.

STATUTORY AUDITOR

Ernst & Young Bedrijfsrevisoren CV
De Kleetlaan 2, 1831 Brussel

Represented by
Lieve Cornelis (Partner)
Jan De Luyck (Partner)

In 2011, remuneration paid to the statutory auditor for auditing activities amounted to 373,027 euro. Remuneration paid to the statutory auditor for special assignments was 26,084 euro.

COMMENTS ON THE RESULTS

FREE CASH FLOW

IN THOUSANDS OF EURO	2011	2010	2009
Cash flow from operating activities			
EBIT after restructuring & impairment	68,359	45,135	-68,861
Impairment of capitalized development costs and goodwill	11,328	1,278	31,144
Restructuring provision (personnel)	-3,351	-3,735	-4,598
Amortization capitalized development cost	36,448	39,058	40,849
Depreciation of tangible and intangible fixed assets	14,088	13,282	12,768
Loss on tangible fixed assets	-85	-	-856
Gross operating free cash flow	126,787	95,018	10,446
Changes in trade receivables	12,462	-55,438	34,414
Changes in inventory	-2,483	-68,240	43,670
Changes in trade payables	-14,693	55,340	-1,995
Other changes in net working capital	35,923	21,007	11,166
Change in net working capital	31,208	-47,331	87,256
Net operating free cash flow	157,995	47,687	97,702
Interest income/expense	-2,530	-1,448	-1,669
Income taxes	-10,718	393	461
Cash flow from operating activities	144,748	46,632	96,494
Cash flow from investing activities			
Expenditure on product development	-46,454	-41,107	-32,801
Purchases of tangible and intangible fixed assets	-20,302	-13,397	-5,486
Proceeds on disposals of tangible and intangible fixed assets	3,245	863	1,228
Cash flow from investing activities (excluding acquisitions)	-63,511	-53,641	-37,058
Free cash flow	81,237	-7,009	59,435

The accompanying notes are an integral part of this statement.

Barco generated a positive free cash flow of 81.2 million euro in 2011 (2010: -7.0 million eruro; 2009: +59.4 million euro). Main contributor to the positive free cash flow in 2011 is the gross operating free cash flow of 126.8 million euro enforced by the positive change in net working capital of 31.2 million euro. The increase in the gross operating free cash flow, compared to 2010, is fully caused by the higher EBIT.

The positive results in 2010 and 2011 have lead to an increase in the net tax payments (10.7 million euro). Capital expenditures and expenditures on product development have been further reinforced in 2011, leading up to 20.3 million euro investments in tangible and intangible fixed assets and 46.4 million euro investments in product development.

RETURN ON CAPITAL EMPLOYED

IN THOUSANDS OF EURO		2011	2010	2009
Trade debtors		187,114	200,983	134,805
Inventory		233,928	230,421	146,264
Trade payables		-110,791	-125,353	-67,852
Other working capital		-148,028	-128,906	-86,163
Total working capital		**162,222**	**177,145**	**127,055**
Long term assets & liabilities		193,391	150,463	140,645
Operating capital employed		**355,613**	**327,608**	**267,700**
Goodwill		43,921	52,891	32,265
Operating capital employed (incl goodwill)		**399,534**	**380,499**	**299,965**
EBIT before restructuring & impairment		78,359	45,135	-29,537
ROCE after tax (%)	**(a)**	**20%**	**12%**	**-9%**

(a) Tax rate used is the effective tax rate, in 2011 and 2010 0% (in 2011 effective tax rate is positive, therefore kept at 0%).

Driven by a further sales increase in 2011 compared to 2010, the Barco group has realized a positive EBIT before goodwill impairment of 78.4 million euro in 2011 compared to a positive EBIT of 45.1 million euro in 2010. By consequence, the group achieves a ROCE in 2011 of 20% versus 12% in the previous period.

RESULTS PER DIVISION CONTINUING OPERATIONS

IN THOUSANDS OF EURO	2011			2010		
	Sales	EBITDA	% EBITDA	Sales	EBITDA	% EBITDA
Entertainment	432.1	63.8	14.8%	329.7	60.2	18.3%
Healthcare	192.5	33.1	17.2%	175.2	28.4	16.2%
Control Rooms & Simulation	214.3	16.2	7.5%	184.8	14.8	8.0%
Defense & Aerospace	115.8	11.7	10.1%	117.9	13.0	11.0%
Ventures	88.2	5.5	6.2%	92.1	-17.5	-19.0%
Eliminations	-1.7			-2.7		
Group	**1041.20**	**130.2**	**12.5%**	**897.0**	**98.8**	**11.0%**

In 2011, Barco passed the ambitious 1 billion euro mark. The company progressed on many fronts and delivered on its promises for sustainable and profitable growth. Overall sales grew 16.1% year-on-year, with Entertainment growing by 31.1%, Healthcare by 10% and Control Rooms & Simulation by 16.1%. Despite a very challenging macro-economic environment, Barco not only succeeded in a turn-around but also established global leadership positions in all of its core businesses.

Sales to Europe, Middle East, Africa and Latin America (EMEALA) represented 43.7% of consolidated sales, while 33.3% of sales were realized in North America and 23.0% in Asia Pacific. Compared with 2010, regional sales grew by 18.8%, 8.6% and 23.0%, respectively.

Order intake in 2011 was 1,082.9 million euro – an increase of 10.7% against 978.3 million euro in 2010. Europe, Middle East, Africa and Latin America (EMEALA) realized 40.9% of total sales, North America 33.8% and Asia Pacific 25.3%. The EMEALA region grew 4.4% year-on-year, North America 8.2% and the APAC region 27.1%. The BRIC countries, together with Mexico, Japan, Southeast Asia and Central Europe, were among the fastest growing areas for incoming orders.

At the end of 2011, Barco's order book stood at 479.9 million euro. One year earlier, this figure was 426.9 million.euro.

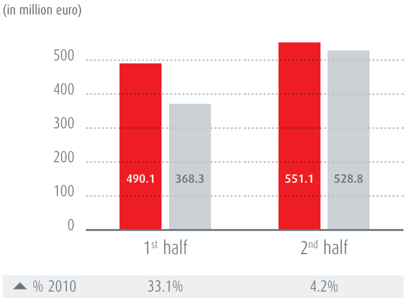
Gross profit increased by 8.8% to 312.9 million euro or 30.1% of sales. In 2010, gross profit was 287.5 million euro and gross profit margin was 32.1%.

EBITDA was 130.2 million euro or 12.5% of sales, compared to 98.8 million euro or 11.0% of sales the year before. EBIT before impairment on goodwill was 78.4 million euro compared to 45.1 million euro the year before. Currency exchanges had a negative impact on EBIT of 1.6 million euro compared to the year before. With EBIT margins moving up from 5.0% in 2010 to 7.5% in 2011, Barco delivered on its promises related to profitability.

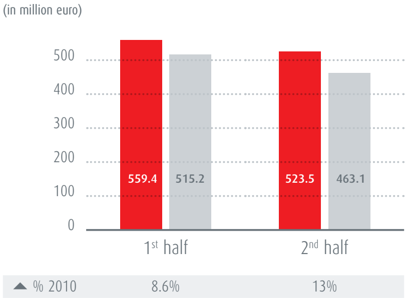
While indirect costs had already been reduced to 32% in 2010, they were brought down even further to 29.9% in 2011.

Research & Development expenses increased year-on-year from 71.4 million euro to 74.6 million euro. However, in percentage of sales, R&D expenses decreased from 8.0% of sales to 7.2% of sales. Sales & Marketing expenses increased from 114.6 million euro to 122.5 million euro, but decreased in percentage terms from 12.8% of sales to 11.7% of sales.

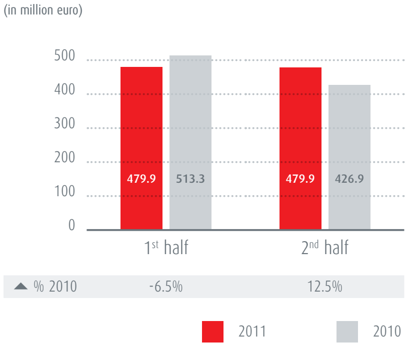
EVOLUTION SALES PER YEAR HALF 2011 VS 2010



EVOLUTION ORDERS PER YEAR HALF 2011 VS 2010



EVOLUTION ORDERBOOK PER YEAR HALF 2011 VS 2010



General & Administration expenses also increased in absolute numbers but decreased in percentage terms: from 49.0 million euro or 5.5% of sales, to 50.2 million euro or 4.8% of sales.

Other operating results were 12.8 million euro positive, due largely to reversals of bad debt and other provisions booked in 2010.

Free cash generation of 81.2 million euro illustrates good management of working capital. In 2010, free cash flow was negative (at - 7.0 million euro).

Capital expenditures for 2011, excluding capitalized development, were 20.3 million euro, compared to 13.4 million euro the year before.

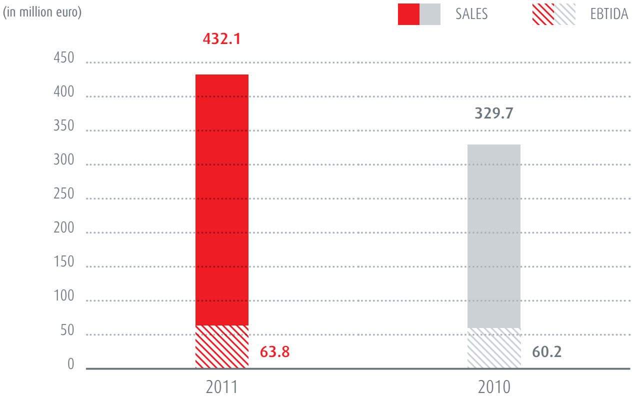
On 31 December 2011, trade receivables stood at 187.1 million euro, down 12.5 million euro from the end of 2010. DSO was reduced to 56 days, down from 59 days at the end of 2010. At 233.9 million euro, inventory was essentially flat year-on-year, marking an important increase in turns from 2.3 at the end of 2010 to 2.7 at the end of 2011.
Trade payables decreased to 110.8 million euro from 125.4 million euro at the end of 2010. DPO was 54 days at the end of 2011, compared to 67 days the year before.

The company performed on target with a ROCE of 20% compared to 12% in 2010.

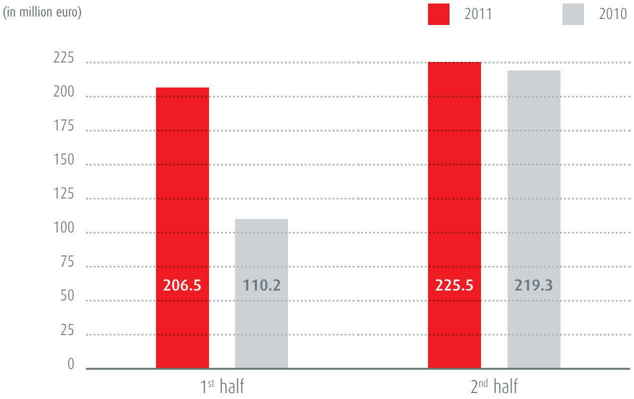
At the end of December 2011, Barco had a net cash position of 61.6 million euro, compared to a net cash position of 8.9 million euro on 31 December 2010. Barco did not acquire any of its own shares in 2011. A dividend of 1 euro per share was paid in 2011.

ENTERTAINMENT

SALES & EBITDA 2011 VS 2010



EVOLUTION SALES PER HALF YEAR 2011 VS 2010



	1st half	2nd half
▲ % 2010	87.4%	2.8%

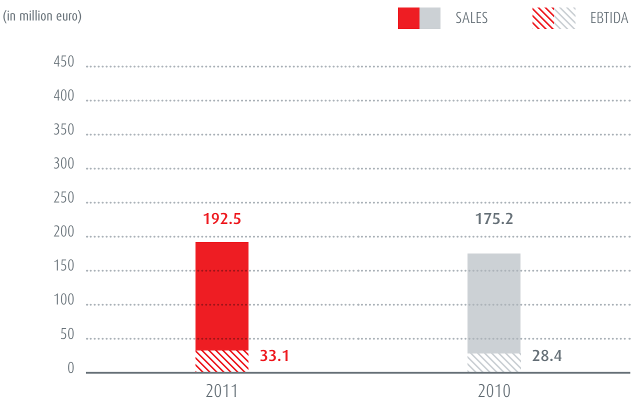
Sales for the Entertainment division increased from 329.7 million euro in 2010 to 432.1 million euro in 2011 (+31.1%). Growth was generated in all regions, resulting in more than 30% growth in the EMEALA region, almost 20% in North America, and close to 50% in the APAC region. Growth momentum was strongest in the events market. Barco's renewed focus on the corporate AV segment also proved to be remarkably successful.

Incoming orders for the Entertainment division grew by 18.1% – from 390.2 million euro in 2010 to 460.7 million euro in 2011. Both digital cinema and projectors used for events and fixed installations posted robust growth. The Asia Pacific region contributed the most to this growth, most notably so in Greater China, India and Japan. Long-term frame agreements have not been included in the reported numbers.

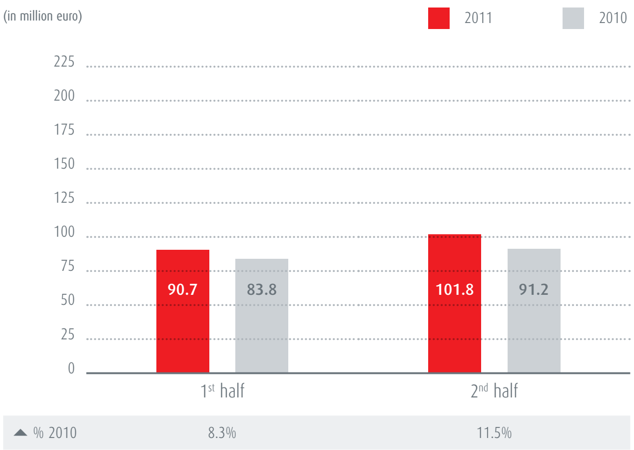
EBITDA for the Entertainment division stood at 63.8 million euro compared to 60.2 million euro in 2010, an increase of 6%. EBITDA margin decreased from 18.3% to 14.8% year-on-year as investments in R&D increased substantially.

HEALTHCARE

SALES & EBITDA 2011 VS 2010



EVOLUTION SALES PER HALF YEAR 2011 VS 2010



With 192.5 million euro in sales versus 175.2 million euro in 2010, the Healthcare division realized an increase of 10.0% year-on-year. Top line increased in all three regions, with the APAC region booking the strongest performance with growth over 20%. The FIMI acquisition of 2009 continued to grow at a double-digit pace, while winning important contracts for modality products. Other strategic developments – such as for the compression-free and low-latency transmission of images in the Operating Room – also resulted in important contracts.

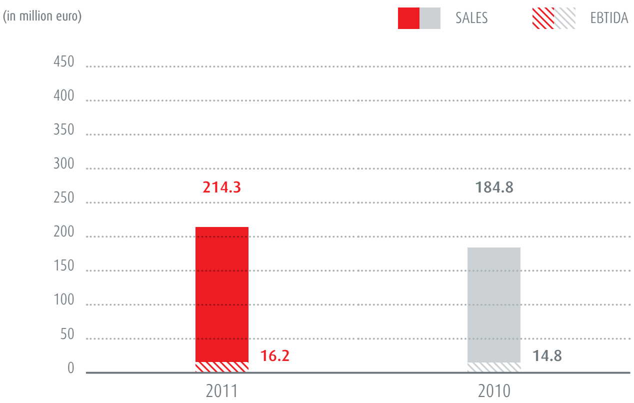
The Healthcare division booked incoming orders of 207.1 million euro in 2011. This represents an increase of 24.2% compared to 166.8 million euro of incoming orders booked in the same period the year before.

Solid performance in orders and sales was booked in all regions, in established markets as well as in newer market segments such as surgical displays, dental imaging and digital pathology.

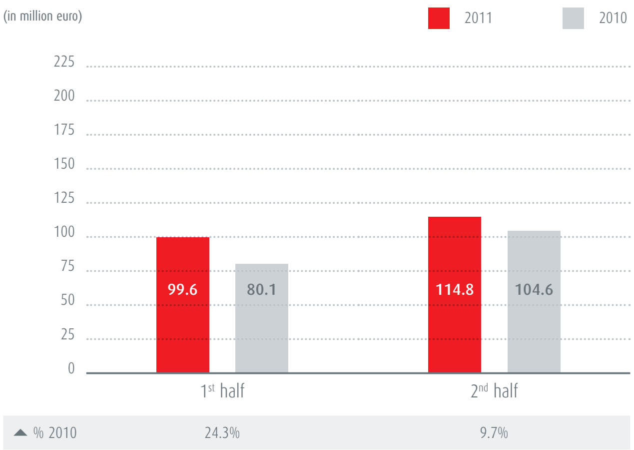
EBITDA for 2011 was 33.1 million euro compared to 28.4 million euro in 2010, an increase of 16.4%. The EBITDA margin increased from 16.2% to 17.2%.

CONTROL ROOMS & SIMULATION

SALES & EBITDA 2011 VS 2010



EVOLUTION SALES PER HALF YEAR 2011 VS 2010



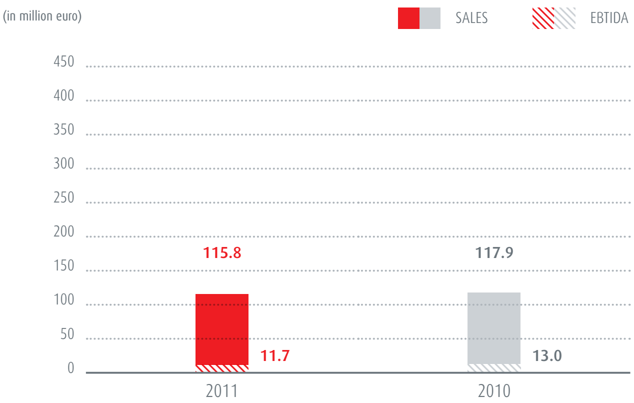
Sales in the Control Rooms & Simulation division increased 16.1% – from 184.8 million euro in 2010 to 214.3 million euro in 2011 – with robust growth of about 20% in both Europe and the APAC region. Control Rooms did well worldwide. Revenues for Simulation increased in the EMEALA and APAC regions, but decreased in North America.

Global order intake in the Control Rooms & Simulation division increased by 1.6% – from 216.1 million euro in 2010 to 219.6 million euro in 2011 – with growth originating from all three regions. The EMEALA and APAC regions performed best for Control Rooms, while order intake for Simulation was strongest in North America.

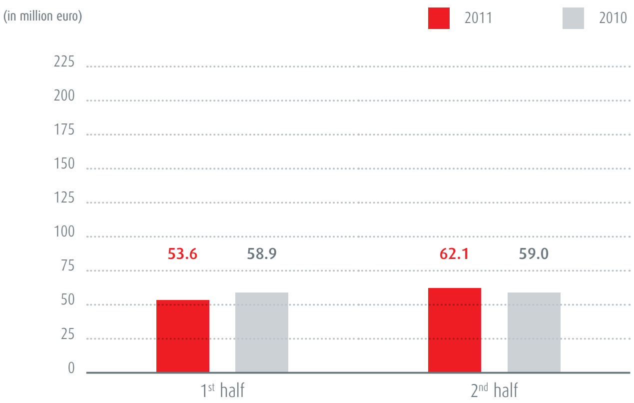
EBITDA for 2011 was at 16.2 million euro, a 7.5% EBITDA margin, compared to 14.8 million euro, an 8.0% margin, in 2010.

DEFENSE & AEROSPACE

SALES & EBITDA 2011 VS 2010



EVOLUTION SALES PER HALF YEAR 2011 VS 2010



	1st half	2nd half
% 2010	-8.9%	5.3%

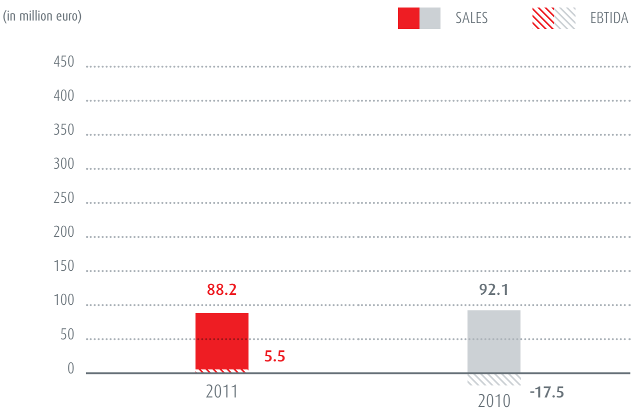
Global sales decreased by 1.7%, from 117.9 million euro in 2010 to 115.8 million euro in 2011, but with a strong end-of-year performance. Avionics did perform well, with strong growth in the EMEALA and APAC regions. The EMEALA region grew its top line by 5.9%, while the other two regions experienced negative growth.

In 2011, global order intake for the Defense & Aerospace division was down 8.1% (from 115.9 million euro in 2010 to 106.6 million euro in 2011). Only the EMEALA region increased its order intake (by 7.9%). Avionics was the best performing market in the division, particularly in the EMEALA and APAC regions.

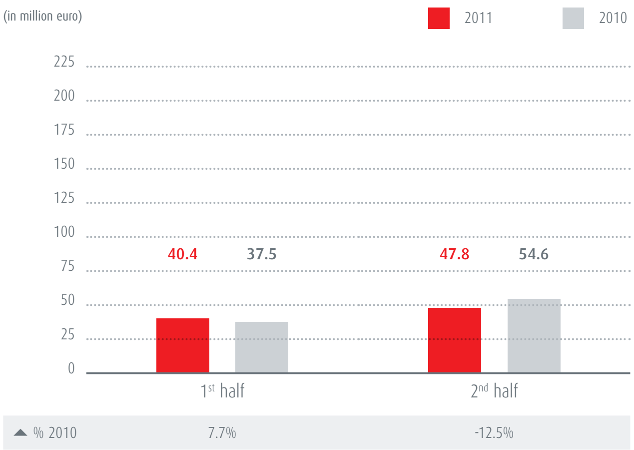
EBITDA for the semester was 11.7 million euro, or a 10.1% margin, compared to 13.0 million euro (11.0% margin) in 2010.

VENTURES

SALES & EBITDA 2011 VS 2010



EVOLUTION SALES PER HALF YEAR 2011 VS 2010



Through increased focus and autonomy, the ventures turned profitable and gained strength as they were right-sized and repositioned strategically.

Global sales decreased by 4.2%, from 92.1 million euro (2010) to 88.2 million euro (2011), primarily because of weak sales in the APAC region.

Order intake for the ventures was 90.9 million euro in 2011, an increase of 1.0% from 90.0 million euro in 2010. The EMEALA region and North America did well, while the APAC region contributed negatively.

EBITDA for 2011 was 5.5 million,euro or a 6.2% margin (compared to -17.5 million euro, or -19.0% margin, in 2010).

KEY FIGURES FOR THE SHAREHOLDER

IN EURO	2011	2010	2009
Number of shares on 31 December (in thousands)	**12,755**	**12,670**	**12,670**
Per share (in euro)			
EPS	6.32	3.66	-5.02
Diluted EPS	5.91	3.41	-5.02
Gross dividend	1.10	1.00	0.00
Net dividend	0.825	0.75	0.00
Net dividend with VVPR strip	0.869	0.85	0.00
Gross dividend yield (a)	2.84%	2.1%	0.00
Yearly return (b)	-17.40%	73.0%	59.2%
Pay-out ratio (c)	18.49%	29.0%	0.0%
Price/earnings ratio (d)	6.1	16.2	-5.7

(a) Gross dividend/ closing rate on 31 December 2011
(b) Increase or decrease share price + gross dividend, divided by closing share price of previous year
(c) Gross dividend x number of shares on 31 December / net result
(d) share price 31 December / net result per share

IN EURO	2011	2010	2009
Share price			
Average closing price	46.41	37.46	23.40
Highest closing price	59.50	49.43	35.56
Lowest closing price	31.20	28.23	9.80
Closing price on 31 December	38.76	48.28	28.49
Average number of shares traded daily	28,103	30,235	37,430
Stock market capitalization on 31 December (in millions)	492.7	611.7	361.0

INFORMATION ABOUT THE SHARE

Euronext Brussels

Barco share	BAR	ISIN BE0003790079
Barco VVPR-strip	BARS	ISIN BE0005583548

Reuters	BARBt.BR
Bloomberg	BAR BB

Market capitalization 31 December 2011	492,717,120
Highest capitalization	756,364,000
Lowest capitalization	396,614,400
Share price 31 December 2010	48.28 euro
Share price 31 December 2011	38.76 euro

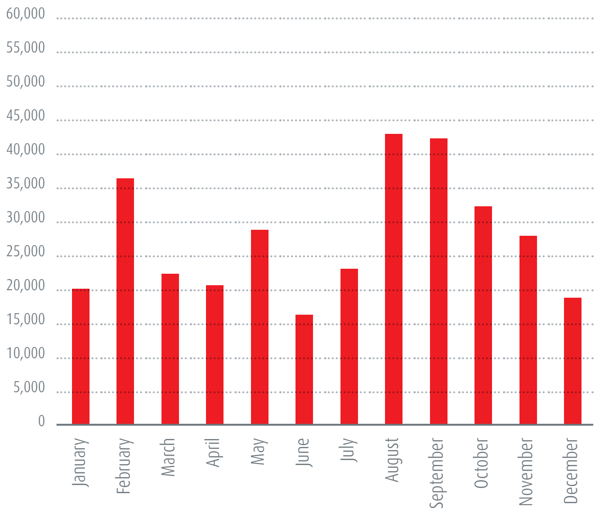
Average number of shares traded	
On daily basis (2011)	28,103
Yearly volume (2011)	330.57 million euro
Velocity (2011)	57.00%

DIVIDEND

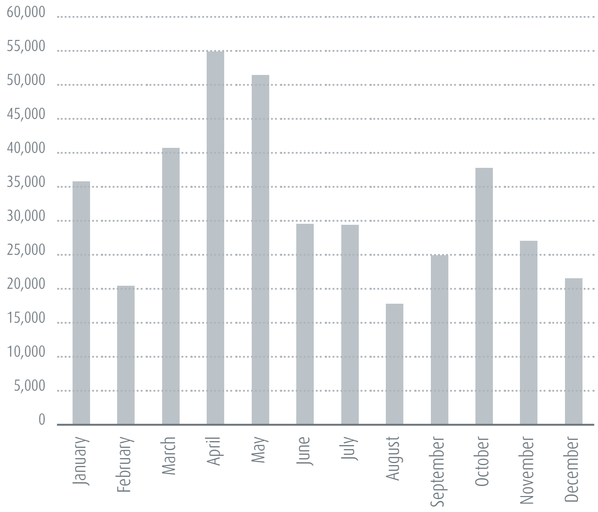
The Board of Directors decided to recommend to the general assembly to pay a dividend of 1.10 euro (gross) per share over 2011. This is 0.825 euro net, on withholding tax of 25%, and 0.869 on withholding tax of 21% (with VPP R strip). At 1.10 euro, the pay-out ratio is 18.49%.

DAILY AVERAGE SHARES TRADED

2011



2010



ANALYSTS COVERING BARCO

» Bank Degroof	Siddy Jobe
» Exane BNP Paribas	Arnaud Goossens
» Flemish Federation of Investors and Investor Clubs	Gert De Mesure
» Goldman Sachs International	Benjamin Moore Saurabh Lohariwala
» ING	Emmanuel Carlier
» KBC Securities	Nico Melsens
» Kempen & Co.	Floris Oliemans
» Petercam	Stefaan Genoe
» Rabobank International	Micha Tiekink

FINANCIAL CALENDAR 2012

» Communication of results 2H11 and FY11	9 February 2012
» Analyst & Investor Day 2012	17 April 2012
» Trading update 1Q12	25 April 2012
» Annual General Shareholders meeting	26 April 2012
» Communication of results 1H12	20 July 2012
» Trading update 3Q12	24 October 2012

EVOLUTION OF THE SHARE PRICE

When the markets closed on 30 December 2011, the Barco share closed at 38.76 euro, 19.7% lower than the closing price of 48.28 euro at the end of 2010. However, things looked better at the beginning of 2011: after just 2 weeks into the year, the share price broke through the 50 euro barrier and then climbed steadily to its peak for 2011 – 59.50 euro on 3 May – supported by a first quarter growth, both in orders and in sales, of 36% year-on-year. After a short dip below 50 euro in the second half of June, the 50 euro (and higher) ground was regained up to the end of July, carried by the first half of 2011's 33% year-on-year increase in sales and an EBIT margin of 7.1% (compared to 3% the year before).

As of the beginning of August 2011, the macro-economic headwinds that struck stock markets globally also affected the Barco share. Until then, the Barco share had outperformed the BEL 20, Next 150, Eurostoxx 50, Eurostoxx Technology and Nasdaq-100 indices. For the rest of the year, however, the Barco share price remained more in line with the BEL 20

Barco share price 2011

and Next 150 indices, catching up with the Eurostoxx 50 and Eurostoxx Technology only by the end of the year. During that same period, the Nasdaq-100 stayed on its level path, well out of reach of the Barco share price evolution and that of the European indices.

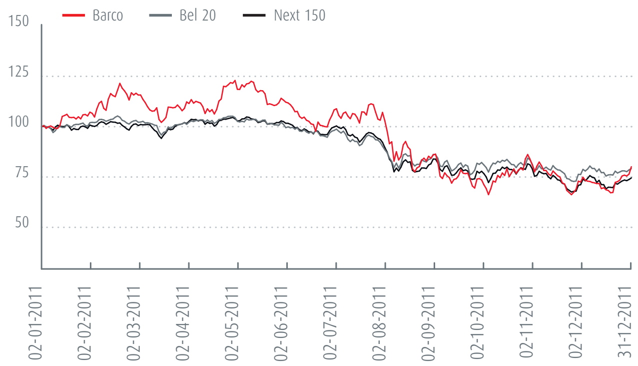
General trends in global investors' behavior overwhelmed the individual shareholders and investors who maintained their faith in the sustainability of Barco's profitable growth story. Consequently, the share dropped to a low of 32.05 euro on 23 November, ignoring the strong order intake Barco enjoyed throughout the second half of the year in spite of the negative economic climate.

But confidence slowly returned by the end of November: the decline from close to 60 euro to the low of 32 euro was turned around, and the share price finished at 38.76 euro at the end of 2011. Since then, the share price has kept rising towards 50 euro as it became clear to the financial community that Barco had indeed produced one of the best years in its history, which the strong full-year results published on 9 February 2011 prove.

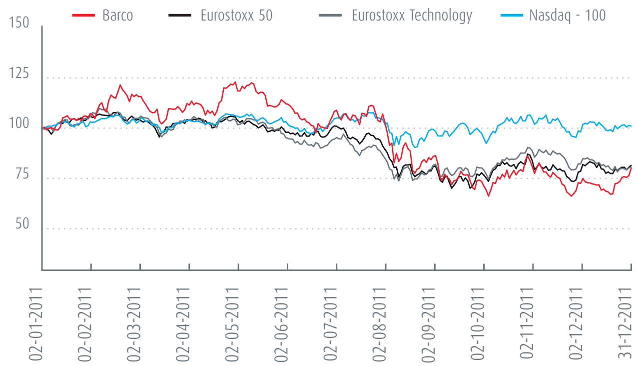
From the end of 2008 to 23 February 2012, the Barco share grew in value by 278.2% – a perfect illustration of the positive impact of the 3-year turn-around strategy implemented at the beginning of 2009. The only thing that has hampered this excellent growth has been the global macro-economic uncertainty.

As Barco continues on its path of sustainable growth, we thank our shareholders for their unwavering confidence in the company, its board of directors, its management and its employees.

Barco / Bel 20 / Next 150



Barco / Eurostoxx 50 / Eurostoxx Technology / Nasdaq - 100



INVESTOR RELATIONS

A study of Barco's global shareholdership at 31 December 2011 identified ownership of 71.98% of the company, with identified institutional investors holding 66.19% of all shares and 5.79% being treasury shares held by the company.

In 2010, 59.4% of all shares were held by identified institutional investors. The increase can be attributed to Barco's continued efforts in meeting investors on road shows around the world and receiving them at the company's Customer Center in Belgium. The most remarkable evolution may very well be the significant increase of North American shareholdership. At the end of December 2011, Canadian identified institutional investors held 15.22% of all shares, compared to 8.61% the year before, while USA identified institutional investors increased their holdings from 17.03% to 20.00%. This indicates that, at least in Barco's case, North American fund managers are going against the reluctance to expose themselves to the Euro Zone economies. In Europe, percentages of shares held by institutional investors decreased in Belgium from 30.62% (in 2010) to 27.41% (in 2011), in the United Kingdom from 22.82% to 16.00%, in France from 9.89% to 6.45%, and in Germany from 5.67% to 5.45%.

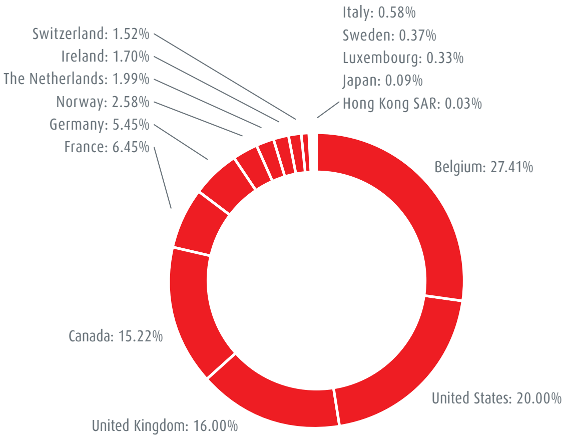
Investment style did not change compared to 2010, with value investors still holding 31% of the shares held by institutional investors. The same applies to growth investors, who held 17% in 2011, about the same as the year before. However, the compelling discount compared to companies that can be considered as peers, combined with the strong full-year outlook, raised the percentage held by GARP (growth at reasonable price) investors from 18% in 2010 to 23% in 2011.
The top 10 holders remained fairly stable compared to 2010. Together they held around 35% of all shares.

The second half of 2011 proved to be a difficult period for investor relations teams in general, and Barco's IR team was no exception. The macro-economic environment made the global investor community quite cautious, so that the individual company's investment case was not always fully appreciated. This was certainly Barco's situation. However, Barco never stopped presenting its case to the investment community in a very open and transparent way. These efforts began to bear fruit towards the end of November, and the share price started climbing upward again.

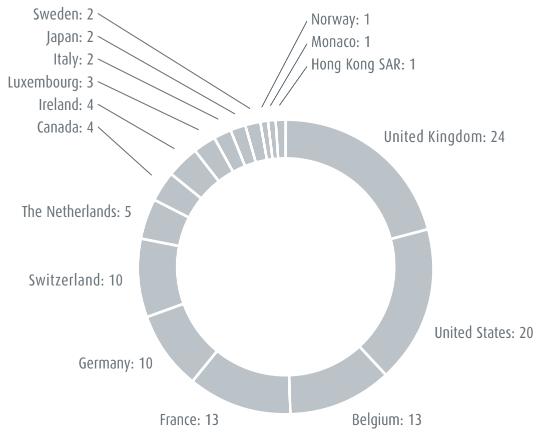
Barco plans to hold its next Analyst & Investor Day on 17 April 2012, which will give the financial community the opportunity to become acquainted with the company's strategy for sustainable profitable growth in the future.

In February 2012, Carl Vanden Bussche assumed responsibility for Investor Relations at Barco, taking over from JP Tanghe, who held this responsibility for 14 years.

GEOGRAPHICAL DISTRIBUTION OF SHARES HELD BY IDENTIFIED INSTITUTIONAL SHAREHOLDERS IN NUMBER OF SHARES



GEOGRAPHICAL DISTRIBUTION OF SHARES HELD BY IDENTIFIED INSTITUTIONAL SHAREHOLDERS IN NUMBER OF SHAREHOLDERS



Barco consolidated

INCOME STATEMENT

IN THOUSANDS OF EURO	NOTE	2011	2010	2009
Net sales	2	1,041,244	896,999	638,066
Cost of goods sold	4	-728,313	-609,484	-470,115
Gross profit	**4**	**312,932**	**287,516**	**167,951**
Research and development expenses	4	-74,650	-71,371	-69,234
Sales and marketing expenses	4	-122,493	-114,555	-94,251
General and administration expenses	4	-50,221	-49,006	-41,665
Other operating income (expense) - net	4	12,792	-7,449	7,662
EBIT before restructuring and impairment		**78,359**	**45,135**	**-29,537**
Restructuring and impairment costs	6	-10,000	-	-39,386
EBIT after restructuring and impairment		**68,359**	**45,135**	**-68,923**
Interest income		912	912	3,803
Interest expense		-3,442	-2,422	-5,472
Income before taxes		**65,829**	**43,625**	**-70,593**
Income taxes	7	10,407	-	6,383
Result after taxes		**76,236**	**43,625**	**-64,210**
Share in the result of joint ventures and associates	9	-386	-	-
Net income from continuing operations		**75,850**	**43,625**	**-64,210**
Net income from discontinued operations	**3**	**-**	**-**	**4,289**
Net income		**75,850**	**43,625**	**-59,919**
Non-controlling interest		0	0	0
Net income attributable to the equity holder of the parent		**75,850**	**43,625**	**-59,919**
Earnings per share (in euro)	8	6.32	3.66	-5.02
Diluted earnings per share (in euro)	8	5.91	3.41	-5.02
Earnings (continuing) per share (in euro)	8	6.32	3.66	-5.38
Diluted earnings (continuing) per share (in euro)	8	5.91	3.41	-5.38

The accompanying notes are an integral part of this income statement.

STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EURO		2011	2010	2009
Net income		**75,850**	**43,625**	**-59,919**
Exchange differences on translation of foreign operations	(a)	-1,787	9,000	830
Net (loss)/gain on cash flow hedges		-550	-1,949	-229
Income tax		-	361	78
Net (loss)/gain on cash flow hedges, net of tax		-550	-1,589	-151
Other comprehensive income (loss) for the period, net of tax		**-2,337**	**7,411**	**679**
Total comprehensive income for the period, net of tax, attributable to equity holder of the parent		**73,513**	**51,036**	**-59,241**

The accompanying notes are an integral part of this income statement.

(a) Translation exposure gives rise to non-cash exchange gains/losses. Examples are foreign equity and other long-term investments abroad. These long term investments give rise to periodic translation gains/losses that are non-cash in nature until the investment is finally liquidated. The comprehensive income line commonly shows a positive result in case the foreign currency in countries where investments were made appreciates versus the euro, and a negative result in case the foreign currency depreciates. In 2011, negative exchange differences in the comprehensive income line were mainly booked on foreign operations held in Indian Rupee.

BALANCE SHEET

IN THOUSANDS OF EURO	NOTE	2011	2010	2009
ASSETS				
Goodwill	10	43,921	52,891	32,265
Capitalized development cost	11	69,020	59,378	54,434
Other intangible assets	12	14,565	8,573	5,204
Land and buildings	12	30,569	30,525	30,988
Other tangible assets	12	27,479	25,657	23,193
Investments	9	9,300	326	19,327
Deferred tax assets	13	56,763	41,742	32,125
Other non-current assets	15	19,134	17,339	6,109
Non-current assets		**270,751**	**236,431**	**203,645**
Inventory	14	233,928	230,421	146,264
Trade debtors	15	187,114	200,983	134,805
Other amounts receivable	15	35,197	32,044	25,850
Cash and cash equivalents	16	79,165	46,041	45,901
Prepaid expenses and accrued income		8,412	8,780	9,092
Assets from discontinued operations	3	-	-	6,918
Current assets		**543,816**	**518,269**	**368,831**
Total assets		**814,567**	**754,699**	**572,475**
EQUITY AND LIABILITIES				
Equity attributable to equityholders of the parent	18	460,703	395,590	344,264
Non-controlling interests		-	1	1
Equity		**460,703**	**395,591**	**344,265**
Long-term debts	16	19,014	12,674	11,906
Deferred tax liabilities	13	5,005	7,331	5,299
Other long-term liabilities	17	8,117	13,288	5,446
Non-current liabilities		**32,136**	**33,293**	**22,652**
Current portion of long-term debts	16	1,691	2,643	2,393
Short-term debts	16	6,593	24,039	8,116
Trade payables	19	110,791	125,353	67,852
Advances received on contracts in progress		55,748	33,659	27,493
Tax payables		21,556	23,574	12,203
Employee benefit liabilities		51,741	47,598	28,450
Other current liabilities		8,045	6,522	3,997
Accrued charges and deferred income		23,488	14,154	10,801
Provisions	20	42,075	48,273	38,824
Liabilities from discontinued operations	3	-	-	5,429
Current liabilities		**321,728**	**325,815**	**205,558**
Total equity and liabilities		**814,567**	**754,699**	**572,475**

The accompanying notes are an integral part of this balance sheet.

The balance sheets per 31 December 2011 and 2010 do not contain discontinued operations, resulting in no differences between the reported and the continuing balance sheet. The balance sheet per 31 December 2009 includes discontinued operations, on which detailed information is included in Note 3. The above mentioned balance sheet relates to the continuing business for the 3 years, whereas the balance sheet from reported business is included in Note 26.

CASH FLOW STATEMENT

IN THOUSANDS OF EURO	NOTE	2011	2010	2009
Cash flow from operating activities				
EBIT after restructuring & impairment	4	68,359	45,135	-68,861
Impairment of capitalized development costs and goodwill	4	11,328	1,278	31,144
Restructuring provision and charges (personnel)		-3,351	-3,735	-4,598
Amortization capitalized development cost	4	36,448	39,058	40,849
Depreciation of tangible and intangible fixed assets	12	14,088	13,282	12,768
Loss on tangible fixed assets		-85	-	-856
Share options recognized as cost	18	676	290	330
Share of profit/-loss of joint ventures		-386	-	-
Discontinued operations : cash flow from operating activities		-	-	-97
Gross operating cash flow		**127,076**	**95,308**	**10,679**
Changes in trade receivables		12,462	-55,438	34,414
Changes in inventory		-2,483	-68,240	43,670
Changes in trade payables		-14,693	55,340	-1,995
Other changes in net working capital		35,923	21,007	11,166
Discontinued operations : change in net working capital	3	-	-	-7,528
Change in net working capital		**31,208**	**-47,331**	**79,728**
Net operating cash flow		**158,284**	**47,977**	**90,408**
Interest income/expense		-2,530	-1,448	-1,669
Income taxes		-10,718	393	461
Other non-operating results		-	-7	-
Discontinued operations : income taxes	3	-	-	373
Cash flow from operating activities		**145,037**	**46,915**	**89,572**

CASH FLOW STATEMENT

IN THOUSANDS OF EURO	NOTE	2011	2010	2009
Cash flow from investing activities				
Expenditure on product development	4	-46,454	-41,107	-32,801
Purchases of tangible and intangible fixed assets	12	-20,302	-13,397	-5,486
Proceeds on disposals of tangible and intangible fixed assets		3,245	863	1,228
Acquisition of Group companies, net of acquired cash	1,2,25	-9,316	-9,876	-
Disposal of Group companies, net of disposed cash	1,2,25	-1,460	1,976	-
Other investing activities	9	-8,000	1	-19,000
Interest in joint-ventures	9	-974	-	-
Discontinued operations : cash flow from investing activities	3	-	-	22,774
Cash flow from investing activities (including acquisitions and divestments)		**-83,261**	**-61,541**	**-33,284**
Cash flow from financing activities				
Dividends paid		-12,670	-	-
Share issue		3,593	-	-
Acquisition of own shares		-	-	-
Payments of long-term liabilities		-1,255	-1,406	-1,766
Proceeds from (+), payments of (-) short-term liabilities		-18,399	16,173	-80,739
Cash flow from financing activities		**-28,730**	**14,766**	**-82,505**
Net increase/-decrease in cash and cash equivalents		**33,046**	**141**	**-26,217**
Cash and cash equivalents at beginning of period		**46,042**	**45,901**	**72,119**
Change in consolidation method		**77**	**-**	**-**
Cash and cash equivalents at end of period		**79,164**	**46,042**	**45,901**

The accompanying notes are an integral part of this statement.

CHANGES IN EQUITY

IN THOUSANDS OF EURO	Share capital and premium	Retained earnings	Share-based payments	Cumulative translation adjustment	Cash flow hedge reserve	Own shares	Equity attributable to equityholders of the parent	Non-Controlling Interest	Equity
Balance on 1 January 2009	**185,319**	**298,461**	**2,858**	**-38,587**	**764**	**-45,641**	**403,174**	**2**	**403,176**
Net income	-	-59,919	-	-	-	-	-59,919	-	-59,919
Other comprehensive income (loss) for the period, net of tax	-	-	-	830	-151	-	679	-	679
Share-based payment	-	-	330	-	-	-	330	-	330
Balance on 31 December 2009	**185,319**	**238,542**	**3,188**	**-37,757**	**613**	**-45,641**	**344,264**	**1**	**344,265**
Balance on 1 January 2010	**185,319**	**238,542**	**3,188**	**-37,757**	**613**	**-45,641**	**344,264**	**1**	**344,265**
Net income	-	43,625	-	-	-	-	43,625	-	43,625
Other comprehensive income (loss) for the period, net of tax	-	-	-	9,000	-1,589	-	7,411	-	7,411
Share-based payment	-	-	290	-	-	-	290	-	290
Balance on 31 December 2010	**185,319**	**282,166**	**3,478**	**-28,757**	**-975**	**-45,641**	**395,590**	**1**	**395,591**
Balance on 1 January 2011	**185,319**	**282,166**	**3,478**	**-28,757**	**-975**	**-45,641**	**395,590**	**1**	**395,591**
Net income	-	75,850	-	-	-	-	75,850	-	75,850
Dividend	-	-12,670	-	-	-	-	-12,670	-	-12,670
Capital increase	3,593	-	-	-	-	-	3,593	-	3,593
Other comprehensive income (loss) for the period, net of tax	-	-	-	-1,787	-549	-	-2,336	-1	-2,337
Share-based payment	-	-	676	-	-	-	676	-	676
Balance on 31 December 2011	**188,912**	**345,347**	**4,154**	**-30,544**	**-1,524**	**-45,641**	**460,703**	**-**	**460,703**

The accompanying notes are an integral part of this statement.

SIGNIFICANT IFRS ACCOUNTING PRINCIPLES

1. ACCOUNTING PRINCIPLES

1.1. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

The consolidated financial statements of the Barco Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the EU. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2011 and adopted by the European Union are applied by Barco.

The consolidated financial statements are presented in thousands of euro and are prepared under the historical cost convention, except for the measurement at fair value of investments and derivative financial instruments. The financial statements were authorized for issue by the board of directors on 6 February 2012. The chairman has the power to amend the financial statements until the shareholders' meeting of 26 April 2012.

1.2. PRINCIPLES OF CONSOLIDATION

General

The consolidated financial statements comprise the financial statements of the parent company, Barco nv, and its controlled subsidiaries, after the elimination of all intercompany transactions.

Subsidiaries

Subsidiaries are consolidated from the date the parent obtains control until the date control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. Control exists when Barco has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are prepared according to the parent's company reporting schedule, using consistent accounting policies.

Non-controlling Interests

Non-controlling Interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from shareholder's equity.

Investments in associated companies

Investments in associated companies over which the company has significant influence (typically those that are 20-50% owned) are accounted for under the equity method of accounting and are carried in the balance sheet at the lower of the equity method amount and the recoverable amount, and the pro rata share of income (loss) of associated companies is included in income.

Joint ventures

The company's interest in jointly controlled entities is recognized using the equity method, which involves recognizing a proportionate share of the joint ventures on the face of its income statement. The investment is presented as non-current asset on the face of the balance sheet.

2. GOODWILL

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets and contingent liabilities of a subsidiary or associated company at the date of acquisition.
Goodwill is carried at cost less any accumulated impairment losses.

3. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred, except for development costs, which relate to the design and testing of new or improved materials, products or technologies, which are capitalized to the extent that it is expected that such assets will generate future economic benefits and the recognition criteria of IFRS are met. Capitalized development costs are amortized on a systematic basis over their expected useful lives. General estimate of useful life is 2 years, unless a longer or shorter period can be justified. This period is not exceeding 4 years.

4. OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are capitalized at cost.
Intangible assets acquired as part of a business combination are capitalized at fair value separately from goodwill if the fair value can be measured reliably on initial recognition. Other intangible assets are amortized on a straight-line basis not exceeding 5 years.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Generally, depreciation is computed on a straight-line basis over the estimated useful life of the asset. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

Estimated useful life is:

»buildings	20 years
»installations	10 years
»production machinery	5 years
»measurement equipment	4 years
»tools and models	3 years
»furniture	10 years
»office equipment	5 years
»computer equipment	3 years
»vehicles	5 years
»demo material	1 to 3 years

» leasehold improvements and finance leases: cfr underlying asset, limited to outstanding period of lease contract

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognized.

6. LEASES

Finance leases, which effectively transfer to the Group substantially all risks and benefits incidental to ownership of the leased item, are capitalized as property, plant and equipment at the fair value of the leased property, or, if lower, at the present value of the minimum lease payments. The corresponding liabilities are recorded as long-term or current liabilities depending on the period in which they are due. Lease interest is charged to the income statement as a financial cost using the effective interest method. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term, are classified as operating leases. Operating lease payments are expressed in the income statement on a straight line basis over the lease term.

7. INVESTMENTS

Investments are treated as financial assets available for sale and are initially recognized at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. For investments quoted in an active market, the quoted market price is the best measure of fair value. For investments not quoted in an active market, the carrying amount is the historical cost, if a reliable estimate of the fair value cannot be made. An impairment loss is recorded when the carrying amount exceeds the estimated recoverable amount.

8. OTHER NON-CURRENT ASSETS

Other non-current assets include long-term interest-bearing receivables and cash guarantees. Such long-term receivables are accounted for as loans and receivables originated by the company and are carried at amortized cost. An impairment loss is recorded when the carrying amount exceeds the estimated recoverable amount.

9. INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first in first out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs of completing the sale. In addition to the cost of materials and direct labor, the relevant proportion of production overhead is included in the inventory values.

10. REVENUE RECOGNITION

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.
For product sales, revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, and collectability is probable.
For contract revenue, the percentage of completion method is used, provided that the outcome of the contract can be assessed with reasonable certainty.
For sales of services, revenue is recognized by reference to the stage of completion.

11. GOVERNMENT GRANTS

Government grants related to development projects for which costs are capitalized, are classified as deferred income and recognized as income in proportion to the depreciation of the underlying fixed assets. Government grants related to research projects and other forms of government assistance are recognized as income upon irreversible achievement and by reference to the relevant expenses incurred.

12. TRADE DEBTORS AND OTHER AMOUNTS RECEIVABLE

Trade debtors and other amounts receivable are shown on the balance sheet at nominal value (in general, the original amount invoiced) less an allowance for doubtful debts. Such an allowance is recorded in operating income when it is probable that the company will not be able to collect all amounts due. Allowances are calculated on an individual basis, and on a portfolio basis for Groups of receivables that are not individually identified as impaired.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks and short-term investments with an original maturity date or notice period of three months or less. It is the Group's policy to hold investments to maturity. All investments are initially recognized at fair value, which is the cost at recognition date. Gains and losses are recognized in income when the investments are redeemed or impaired, as well as through the amortization process.

14. PROVISIONS

Provisions are recorded when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of the obligation.

The Group recognizes the estimated liability to repair or replace products still under warranty at the balance sheet date. The provision is calculated based on historical experience of the level of repairs and replacements.

A provision for restructuring is only recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly before the balance sheet date.

15. EQUITY – COSTS OF AN EQUITY TRANSACTION

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

16. INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the loan/borrowing. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement.

17. TRADE AND OTHER PAYABLES

Trade and other payables are stated at fair value, which is the cost at recognition date.

18. EMPLOYEE BENEFITS

Employee benefits are recognized as an expense when the Group consumes the economic benefit arising from service provided by an employee in exchange for employee benefits, and as a liability when an employee has provided service in exchange for employee benefits to be paid in the future, General pension plans are defined contribution plans. Obligations for these plans are recognized as an expense in the income statement as incurred. Pension obligations caused by legal requirements and some exceptional cases where the additional pension plan includes defined benefit obligations, are treated as post employment benefits of a defined benefit type.

19. TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of transaction or at the end of the month before the date of the transaction. At the end of the accounting period the unsettled balances on foreign currency receivables and liabilities are valued at the rates of exchange prevailing at the end of the accounting period. Foreign exchange gains and losses are recognized in the income statement in the period in which they arise.

20. FOREIGN GROUP COMPANIES

In the consolidated accounts all items in the profit and loss accounts of foreign subsidiaries are translated into euro at the average exchange rates for the accounting period. The balance sheets of foreign Group companies are translated into euro at the rates of exchange ruling at the year-end. The resulting exchange differences are classified in a separate component of 'other comprehensive income', until disposal of the investment.

21. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognized initially at cost, which is the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Transaction costs are considered in the initial measurement of all financial assets and liabilities. Subsequent to initial recognition, derivative financial instruments are stated at fair value, The fair values of derivative interest contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward exchange contracts is their market price at the balance sheet date.
Derivative financial instruments that are either hedging instruments that are not designated or do not qualify as hedges are carried at fair value with changes in value included in the income statement.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in 'other comprehensive income' with the ineffective part recognized directly in profit and loss.

22. INCOME TAXES

Current taxes are based on the results of the Group companies and are calculated according to local tax rules.

Deferred tax assets and liabilities are determined, using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Tax rates used are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

23. IMPAIRMENT OF ASSETS

Goodwill is reviewed for impairment at least annually. For other tangible and intangible assets, at each balance sheet date, an assessment is made as to whether any indication exists that assets may be impaired. If any such indication exists, an impairment test is carried out in order to determine if and to what extent a valuation allowance is necessary to reduce the asset to its value in use (the present value of estimated future cash flows) or, if higher, to its fair value less cost to sell. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs to sell while value in use is the present value of the future cash flows expected to be derived from an asset. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the assets belong. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognized in the income statement. Reversal of impairment losses recognized in prior years is included as income when there is an indication that the impairment losses recognized for the asset are no longer needed or the need has decreased, except for impairment losses on goodwill, which are never reversed.

24. SHARE-BASED PAYMENT

Barco created warrants for staff and non-executive directors as well as for individuals who play an important role for the company. According to the publication of IFRS2, the cost of share-based payment transactions is reflected in the income statement.

The warrants are valued at grant date, based on the share price at grant date, exercise price, expected volatility, dividend estimates, and interest rates. Warrant cost is taken into result on a straight-line basis from the grant date until the first exercise date.

25. EARNINGS PER SHARE

The Group calculates both basic and diluted earnings per share in accordance with IAS 33, Earnings per share. Under IAS 33, basic earnings per share are computed using the weighted average number of shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of shares outstanding during the period plus the dilutive effect of warrants outstanding during the period. As diluted earnings per share can not be higher than basic earnings per share, diluted earnings per share are kept equal to basic earnings per share in case of negative net earnings.

26. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale and represents a separate major line of business and is part of a single coordinated plan to dispose of a separate major line of business or is a subsidiary acquired exclusively with a view to resale.

The Group classifies a non-current asset (or disposal Group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the Group measures the carrying amount of the asset (or all the assets and liabilities in the disposal Group) in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal Groups are recognized at the lower of their carrying amounts and fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the asset (or disposal Group) to fair value less costs to sell.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Joint Ventures

INTERESTS IN A JOINT VENTURE

The Group has interests in jointly controlled entities and accounts for these entities applying the equity method. The aggregate share of the profit or loss of the joint ventures is presented on the face of the income statement and the investment is presented as noncurrent asset on the face of the balance sheet.

IFRS ACCOUNTING STANDARDS ADOPTED AS FROM 2011

The accounting policies adopted are consistent with those of the previous financial year except as follows.

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2011:

» IAS 24 Related Party Disclosures, effective 1 January 2011
» IAS 32 Financial Instruments: Presentation – Classification of Rights Issues, effective 1 February 2010
» IFRIC 14 – Prepayments of a Minimum Funding Requirement, effective 1 January 2011
» IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, effective 1 July 2010
» Improvements to IFRSs (Issued May 2010), effective 1 January 2011

The IFRS accounting standards adopted as from 2011 did not have a material impact on the consolidated financial statements of Barco,

IFRS ACCOUNTING STANDARDS EFFECTIVE AS FROM 2012 ONWARDS

Following new standards and interpretations have been issued as of the date of approval of these financial statements but were not yet effective on the balance sheet date:

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below:

» IFRS 7 Financial Instruments: Disclosures – Amendment to Disclosures, effective 1 July 2011
» IFRS 9 Financial Instruments[1], effective 1 January 2013
» IFRS 10 Consolidated Financial Statements[1], effective 1 January 2013
» IFRS 11 Joint Arrangements[1], effective 1 January 2013
» IFRS 12 Disclosure of Interests in Other Entities[1], effective 1 January 2013
» IFRS 13 Fair Value Measurement[1], effective 1 January 2013
» IAS 1 Presentation of Financial Statements[1], effective 1 July 2012
» IAS 12 Income Taxes – Recovery of Tax Assets[1], effective 1 January 2012
» IAS 19 Employee Benefits[1], effective 1 January 2013

Barco will apply the new standards and interpretations applicable for the Group as soon as these are effective. Barco did not elect for early application of these standards and interpretations. The adoption of these standards, interpretations and amendments to published standards will have no significant impact on the results of Barco.

1 Not yet endorsed by the EU as per 31 December 2011

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

General business risks

We refer to the chapter 'Risk factors' on page 91 for an overview of the risks affecting businesses of the Barco Group.

Key sources of estimation uncertainty

- » Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 13. 'Deferred tax assets – deferred tax liabilities').
- » Impairment of goodwill: the Group tests the goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired (see note 10.'Goodwill').
- » Development costs are capitalized in accordance with the accounting policy. Initial capitalization of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.
- » Impairment of development costs: Barco tests the capitalized development for impairment if there are indications that capitalized development might be impaired (see note 11. 'Capitalized development costs').

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED COMPANIES

1.1. LIST OF CONSOLIDATED COMPANIES ON 31 DECEMBER 2011

Europe, Middle-East and Africa

Argentina	Barco Argentina S.R.L.	c/o Grant Thornton Argentina, Avenida Corrientes 327 piso 3, C1043AAD Buenos Aires	100%
Belgium	Barco Coordination Center NV	President Kennedypark 35, 8500 Kortrijk; BE 0431.157.278. RPR Kortrijk	100%
Belgium	Barco Integrated Solutions NV	President Kennedypark 35, 8500 Kortrijk; BE 0429.790.271. RPR Kortrijk	100%
Belgium	Barco Silex SA	Scientific Parc, rue du Bosquet 7, 1348 Ottignies, Louvain-La-Neuve; BE 0445.977.591. RPR Nivelles	100%
Belgium	dZine NV	t Hoge 49, 8500 Kortrijk; BE 0447.294.615. RPR Kortrijk	100%
Belgium	Innovative Designs NV	President Kennedypark 35, 8500 Kortrijk; BE 0427.422.976. RPR Kortrijk	100%
Brazil	Barco Ltda.	Av. Dr Cardoso de Melo, 1855 - 8 Andar - Cj 81, Vila Olimpia, 04548-005 Sao Paulo	100%
Colombia	Barco Colombia SAS	Avenida Chile, Carrera 7 N° 71-21, Piso 13 Torre B Oficina 1304, Bogota	100%
Czech Republic	Barco Manufacturing s.r.o.	Billundská 2756, 272 01 Kladno	100%
Denmark	Barco A/S	c/o Grant Thornton, Stockholmsgade 45, Postbox 869, 2100 Copenhagen	100%
France	Barco SAS	177 avenue Georges Clémenceau, Immeuble 'Le Plein Ouest', 92000 Nanterre	100%
France	Barco Silex SAS	ZI Rousset-Peynier, Immeuble CCE-CD6, Route de Trets, 13790 Peynier	100%
France	BarcoView Texen SAS	7 rue Roger Camboulives, Parc Technologique de Basso Cambo, 31000 Toulouse	100%
Germany	Barco Control Rooms GmbH	An der Rossweid 5, 76229 Karlsruhe	100%
Germany	Barco GmbH	Greschbachstr. 5 a, 76229 Karlsruhe	100%
Germany	Barco Orthogon GmbH	Hastedter Osterdeich 222, 28207 Bremen	100%
Israel	Barco Electronic Systems Ltd.	53 Etzel Street, 75706 Rishon Lezion	100%
Italy	Barco S.r.l.	Via Monferrato 7, 20094 Corsico-MI	100%
Italy	FIMI S.r.l.	c/o Studio Ciavarella, via Vittor Pisani n. 6, 20124 Milano	100%
Mexico	Barco Visual Solutions S.A. de C.V.	Iglesia 2, Torre E, Piso 12, Desp. 1204 Col. Tizapan San Angel, 01090 D.F. Mexico	100%
Netherlands	Barco B.V.	Schootense Dreef 22, 5708HZ Helmond	100%
Norway	Barco Norway AS	Bogstadveien 30, 0355 Oslo	100%
Poland	Barco Sp. z o.o.	Marywilska 16, 03-228 Warsaw	100%
Russia	Barco Services OOO	ulitsa Kondratyuka, 3, 129515 Moscow	100%
Spain	Barco Electronic Systems, S.A.	Travesera de las Corts 371, 08029 Barcelona	100%
Sweden	Barco Sverige AB	Kyrkvägen 1, 192 72 Sollentuna	100%
United Kingdom	Barco Ltd.	Atrium Court, The Ring, RG12 1BW Bracknell, Berkshire	100%
United Kingdom	Voxar	Bonnington Bond, 2 Anderson Place, EH6 5NP Edinburgh, Scotland	100%

Americas

Canada	Barco Visual Solutions, Inc.	2000 Mansfield Drive, Suite 1400, Montreal, H3A 3A2 Quebec	100%
USA	Barco Federal Systems LLC	1209 Orange Street, 19801 Wilmington-DE	100%
USA	Barco Lighting Systems, Inc.	350 N. St. Paul St., 75201 Dallas-TX	100%
USA	Barco, Inc.	1209 Orange Street, 19801 Wilmington-DE	100%

Asia-Pacific

Australia	Barco Systems Pty. Ltd.	2 Rocklea Drive, VIC 3207 Port Melbourne	100%
China	Barco Trading (Shanghai) Co., Ltd.	Rm501, 180 Hua Shen Road, Wai Gao Qiao Free Trade Zone, Shanghai	100%
China	Barco Visual (Beijing) Electronics Co., Ltd.	No. 16 Changsheng Road, Chang Ping Park, Zhong Guan Cun Science Park, Chang Ping District, 102200 Beijing	100%
China	Barco Visual (Beijing) Trading Co., Ltd.	No. 16 Changsheng Road, Chang Ping Park, Zhong Guan Cun Science Park, Chang Ping District, 102200 Beijing	100%
China	CFG Barco (Beijing) Electronics Co., Ltd. [(a)]	No. 16 Changsheng Road, Chang Ping Park, Zhong Guan Cun Science Park, Chang Ping District, 102200 Beijing	58%
Hong Kong	Barco China (Holding) Ltd.	Suite 2808, 28/F., Central Plaza, 18 Harbour Road, Wanchai	100%
Hong Kong	Barco Ltd.	Suite 2808, 28/F., Central Plaza, 18 Harbour Road, Wanchai	100%
Hong Kong	Barco Visual Electronics Co., Ltd.	Suite 2808, 28/F., Central Plaza, 18 Harbour Road, Wanchai	100%
India	Barco Electronic Systems Pvt. Ltd.	c/o Perfect Accounting & Shared Services P.Ltd., E-20, 1st & 2nd Floor, Main Market, Hauz Khas, 110016 New Delhi	100%
Japan	Barco Co., Ltd.	Yamato International Bldg 8F, 5-1-1 Heiwajima, Ota-ku, 143-0006 Tokyo	100%
Japan	Barco Toyo Co., Ltd. [(a)]	Yamato International Bldg 8F, 5-1-1 Heiwajima, Ota-ku, 143-0006 Tokyo	50%
Malaysia	Barco Sdn. Bhd.	No. 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor	100%
Singapore	Barco Pte Ltd.	No. 10 Changi South Lane, #04-01 Ossia Building, 486162 Singapore	100%
South-Korea	Barco Ltd.	Sungdo Venture Tower, 165-2, Samsung-dong, Gangnam-gu, 135-881 Seoul	100%
Taiwan	Barco Ltd.	11F., No. 102, Guangfu S. Rd., Da-an Dist., 10694 Taipei City	100%

[(a)] These companies are joint ventures and accounted for using the equity method,

1.2. ACQUISITIONS AND DIVESTMENTS

2011 - CineStore

Per 31 March 2011, Barco acquired the CineStore activities of cinema solutions provider XDC, based in Liège, Belgium. The acquisition is an extension of the Digital Cinema product offering of the Group and fits within Barco's broader strategy to move up in the value chain from digital projection supplier to provider of total cinema visualization solutions.

Barco mainly acquired the products, know-how and warranty obligations of the XDC CineStore business through an asset deal. The total acquisition cost amounts to 6.4 million euro and equals the fair value of the acquired net assets, which are as follows:

IN THOUSANDS OF EURO	BEFORE ACQUISITION DATE	4-01-2011
Know-how	-	4,702
Other tangible and intangible assets	763	600
Total non-current assets	**763**	**5,302**
Inventory	2,714	2,714
Other current assets	-	145
Total current assets	**2,714**	**2,859**
Warranty provision	-1,964	-2,547
Total non-current liabilities	**-1,964**	**-2,547**
Total current liabilities	**-225**	**-225**
Net assets	**1,288**	**5,389**
Acquisition cost	-	6,419
Goodwill	**-**	**1,030**

The total acquisition cost paid at closing of the deal amounts to 6.2 million euro. The contract further provides for two additional earn-out payments. The first additional earn-out payment is determined based on the number of servers, originally developed by XDC, sold to the XDC-group over the coming 4 years. The second earn-out payment is a percentage on the sales realized by Barco on all products sold to third parties within the framework of the Cinestore activities over the coming 4 years. There are no minimum or maximum earn-out payments foreseen in the contract. Per 31 December, 2011 the earn-out payments paid to XDC, so far, were allocated to goodwill. The goodwill calculation was based on a provisional assessment of the respective fair values.
The goodwill and the know-how recognized at acquisition is related to specific server technology developed by XDC. The total goodwill of 1.0 million euro is allocated to the Entertainment division.
In 2011 the Cinestore activities have contributed 1.7 million euro to the total turnover of the Group.

2010 - Acquisition of FIMI

On 31 December, 2009 Barco closed the acquisition of 100% of the shares of the Italy-based display company FIMI Srl, which before was a fully owned subsidiary of Royal Philips Electronics. Through the acquisition Barco reaffirms its growth strategy in the medical market by further expanding its footprint and tapping into new market segments, such as mobile point of care devices. This deal also contains for Barco the starting point to build a client relationship with Philips.

In 2010 FIMI Srl has contributed 47.1 million euro to the total turnover of the Group, resulting into 4.1 million euro EBIT contribution. This contribution in the first year was negatively impacted by IFRS restatements recorded in the opening balance sheet. The IFRS restatements related to fair value adjustments on inventory and the valuation of the customer list, which is amortized over 5 years.

The acquisition has been accounted for using the acquisition method conform IFRS 3 Business Combinations (Revised). The following table summarizes the consideration paid for FIMI Srl and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.
The total acquisition cost includes the amount paid at closing of 19.2 million euro and includes an earn-out payable of 10 million euro over the next five years. The earn-out equals to 35% of the cumulative net purchase value of the Philips Group with the Barco Group over the next five years and is limited to 2.5 million euro per year.
The goodwill and the customer list recognized at acquisition is related to the ‘surprix’ Barco was willing to pay because of access to the Philips Group and complementary technological expertise and talent of the FIMI workforce and the synergies expected to be achieved from integrating FIMI into the Medical division. The earn-out of 10 million euro is fully considered as additional goodwill at the moment of acquisition as there is a high probability that this amount will be reached over the coming 5 years. For 2010 and 2011, these earn-out conditions were already realized. The total goodwill of 15.3 million euro is allocated to the Healthcare division.

IN THOUSANDS OF EURO	BEFORE ACQUISITION DATE	1-01-2010
Non-current assets	**4,630**	**9,097**
Intangible assets (customer list)	-	5,000
Capitalized development cost	3,136	2,603
Tangible assets and other intangible assets	1,494	1,494
Current assets	**16,676**	**17,468**
Inventory	9,436	10,277
Trade & other receivables	7,240	7,191
Non-current liabilities	**-2,852**	**-3,434**
Provisions	-3,875	-2,796
Net deferred tax (asset) / liabilities	1,023	-638
Current liabilities	**-10,226**	**-10,526**
Cash	**81**	**81**
Net assets	**8,308**	**12,685**
Goodwill	**-**	**15,285**
Total acquisition cost	**-**	**27,970**

Acquisition of dZine

In July 2010 Barco acquired 100% of the shares of the Belgium-based digital signage solutions company dZine NV. Through this acquisition, Barco broadens its offering of digital visualization products with the addition of advanced software tools for content creation and management. This acquisition fits within Barco`s strategy to position itself as a total value-added solutions provider in the digital signage market.

The total acquisition cost paid at closing amounts to 8.3 million euro. The contract further provides for two additional earn-out payments. The first additional earn-out payment of maximum 2 million euro is determined based on the net assets per 31 December, 2010 and depends on the 2010 EBITDA minus development capitalization. Per 31 December, 2010 the criteria for this additional earn-out have not been fulfilled. The second earn-out payment of maximum 5 million euro depends on the earn-out profit over the 3 year period 1 January, 2010 till 31 December, 2012. This second earn-out payment, if any, will be accounted for as remuneration.

In 2010 dZine has contributed 5.6 million euro to the total turnover of the Group, resulting in 0.8 million euro EBIT contribution. No important IFRS restatements have been accounted for in the opening balance sheet of dZine.

The acquisition has been accounted for using the acquisition method conform IFRS 3 Business Combinations (Revised). The following table summarizes the consideration paid for dZine and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

IN THOUSANDS OF EURO	1 July 2010
Non-current assets	**1,423**
Capitalized development	994
Other non-current assets	429
Current assets	**2,626**
Inventory	1,227
Trade & other receivables	1,399
Non-current liabilities	**-302**
Current liabilities	**-1,089**
Cash	**300**
Net assets	**2,958**
Goodwill	**5,342**
Total acquisition cost	**8,301**

The goodwill recognized at acquisition relates to new sales opportunities resulting from the combining of Barco`s hardware know-how with dZine`s content creation and management software expertise. Benefits are expected to arise from the dZine`s core team which will function as Barco`s center of competence for digital signage technology. The 5.3 million euro goodwill is allocated to the Ventures.

Element Labs

Per 17 March, 2010 Barco has acquired the products, intellectual property (IP) rights and know-how of Element Labs, an LED video systems expert based in Santa Clara, California. The total acquisition cost amounts to 1.9 million euro and equals the relative fair value of the acquired assets.

2009 - Divestment of Advanced Visualization

On 2 February, 2009, Barco closed the divestment of its Advanced Visualization (AVIS) activities to Toshiba Medical Systems Cooperation. Barco Group has received 27 million euro in cash, subject to adjustments, as stipulated in the contract, for which 4 million euro was put in escrow. The escrow has been cashed for 50% in April 2010 and the remaining 50% was cashed in July 2011. According to IFRS 5, the results and cash flows of the AVIS activities until 31 January 2009 are shown as a separate line ‘discontinued operations’.

2. OPERATING SEGMENTS INFORMATION

2.1. BASIS OF OPERATING SEGMENTS INFORMATION

Beginning 2009, Barco launched a 3-phase plan to increase its performance. The first 2 phases, completed by the end of 2010, consisted of weathering the global economical and financial crisis, followed by resuming growth and restoring profitability. The third phase, initiated early 2011, aimed out preparing Barco for sustainable profitable growth. The first step in this process of redefining Barco was an analysis of its current activities, this lead to a structure of four core businesses and one group of ventures:

» **Barco’s core business activities:** the company will invest and expects to realize continued growth in:
» Control Rooms and Simulation division: The former divisions Traffic, Surveillance & Monitoring (last year reported as part of the business group Monitoring, Control & Medical Imaging) and Simulation (last year reported as part of the business group Media, Entertainment & Simulation).
» Entertainment division: last year, this division was reported as part of the business group Media, Entertainment & Simulation.
» Healthcare division: last year, this division was reported as part of the business group Monitoring, Control & Medical Imaging.
» Defense and Aerospace division: last year, this division was reported as part of the business group Monitoring, Control & Medical Imaging.

» **Barco’s ventures:** within its portfolio Barco identified 5 activities which need more focus and autonomy in order to enhance their performance and to stimulate growth. Last year, these ventures were reported as part of the business groups Monitoring, Control & Medical Imaging and Media, Entertainment & Simulation.

Management monitors the results of each of the core divisions and the ventures as 5 divisions separately so as to make decisions about resource allocation and performance assessment. Division performance is evaluated based on EBITDA. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to the operating divisions.
As a consequence, the Group has aligned its segment reporting with this new business structure, resulting in 5 operating segments. Prior year financials have been restated for comparison reasons.
Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

2.2 ENTERTAINMENT

IN THOUSANDS OF EURO	2011		2010		VARIANCE 2011-2010
Net sales	**432,084**	**100.0%**	**329,712**	**100.0%**	**102,371**
external sales	431,407	99.8%	328,455	99.6%	102,952
interdivision sales	676	0.2%	1,257	0.4%	-581
Cost of goods sold	-322,225	-74.6%	-231,382	-70.2%	-90,844
Gross profit	**109,858**	**25.4%**	**98,331**	**29.8%**	**11,527**
EBIT	**53,982**	**12.5%**	**50,672**	**15.4%**	**3,310**
Amortization capitalized development	5,811	1.3%	6,494	2.0%	-683
Depreciation TFA and software	4,031	0.9%	3,040	0.9%	991
EBITDA	**63,824**	**14.8%**	**60,205**	**18.3%**	**3,618**
Capitalized development	8,839	2.0%	6,804	2.1%	2,036
Capital expenditures TFA and software	4,248	1.0%	2,633	0.8%	1,614
Segment assets	**178,792**		**180,199**		
Segment liabilities	**116,312**		**87,182**		

2.3 HEALTHCARE

IN THOUSANDS OF EURO	2011		2010		VARIANCE 2011-2010
Net sales	**192,511**	**100.0%**	**175,152**	**100.0%**	**17,359**
external sales	192,157	99.8%	175,129	100.0%	17,029
interdivision sales	354	0.2%	24	0.0%	330
Cost of goods sold	-123,225	-64.0%	-114,501	-65.4%	-8,724
Gross profit	**69,286**	**36.0%**	**60,651**	**34.6%**	**8,635**
EBIT	**23,226**	**12.1%**	**19,619**	**11.2%**	**3,607**
Amortization capitalized development	6,501	3.4%	5,580	3.2%	921
Depreciation TFA and software	3,383	1.8%	3,165	1.8%	218
EBITDA	**33,110**	**17.2%**	**28,365**	**16.2%**	**4,746**
Capitalized development	10,914	5.7%	17,696	10.1%	-6,782
Capital expenditures TFA and software	3,191	1.7%	2,191	1.3%	1,001
Segment assets	**103,871**		**97,872**		
Segment liabilities	**47,872**		**52,370**		

2.4 CONTROL ROOMS AND SIMULATION

IN THOUSANDS OF EURO	2011		2010		VARIANCE 2011-2010
Net sales	**214,361**	**100.0%**	**184,818**	**100.0%**	**29,543**
external sales	213,946	99.8%	184,685	99.9%	29,260
interdivision sales	415	0.2%	133	0.1%	282
Cost of goods sold	-142,320	-66.4%	-110,736	-59.9%	-31,584
Gross profit	**72,041**	**33.6%**	**74,082**	**40.1%**	**-2,041**
EBIT	**142**	**0.1%**	**-3,320**	**-1.8%**	**3,462**
Amortization capitalized development	12,209	5.7%	13,860	7.5%	-1,651
Depreciation TFA and software	3,830	1.8%	4,218	2.3%	-388
EBITDA	**16,180**	**7.5%**	**14,758**	**8.0%**	**1,422**
Capitalized development	13,199	6.2%	13,350	7.2%	-150
Capital expenditures TFA and software	9,461	4.4%	5,664	3.1%	3,797
Segment assets	**158,135**		**142,160**		
Segment liabilities	**65,439**		**65,343**		

2.5 DEFENSE AND AEROSPACE

IN THOUSANDS OF EURO	2011		2010		VARIANCE 2011-2010
Net sales	**115,770**	**100.0%**	**117,921**	**100.0%**	**-2,151**
external sales	115,672	99.9%	117,461	99.6%	-1,789
interdivision sales	98	0.1%	461	0.4%	-363
Cost of goods sold	-79,696	-68.8%	-77,553	-65.8%	-2,143
Gross profit	**36,074**	**31.2%**	**40,368**	**34.2%**	**-4,294**
EBIT	**3,370**	**2.9%**	**2,836**	**2.4%**	**534**
Amortization capitalized development	6,236	5.4%	8,166	6.9%	-1,930
Depreciation TFA and software	2,045	1.8%	1,967	1.7%	77
EBITDA	**11,651**	**10.1%**	**12,969**	**11.0%**	**-1,319**
Capitalized development	5,194	4.5%	6,670	5.7%	-1,475
Capital expenditures TFA and software	2,324	2.0%	1,551	1.3%	772
Segment assets	**104,407**		**100,368**		
Segment liabilities	**28,424**		**25,593**		

2.6 VENTURES

IN THOUSANDS OF EURO	2011		2010		VARIANCE 2011-2010
Net sales	**88,221**	**100,0%**	**92,125**	**100.0%**	**-3,904**
external sales	88,062	99.8%	91,270	99.1%	-3,208
interdivision sales	159	0.2%	855	0.9%	-696
Cost of goods sold	-62,775	-71.2%	-77,978	-84.6%	15,203
Gross profit	**25,446**	**28.8%**	**14,147**	**15.4%**	**11,299**
EBIT before goodwill impairment	**-2,360**	**-2.7%**	**-24,672**	**-26.8%**	**22,312**
Goodwill impairment	-10,000	-11.3%		-	-10,000
EBIT after goodwill impairment	**-12,360**	**-14.0%**	**-24,672**	**-26.8%**	**12,312**
Amortization capitalized development	7,020	8.0%	6,236	6.8%	784
Depreciation TFA and software	799	0.9%	891	1.0%	-92
EBITDA	**5,459**	**6.2%**	**-17,545**	**-19.0%**	**23,004**
Capitalized development	8,307	9.4%	6,787	7.4%	1,520
Capital expenditures TFA and software	1,079	1.2%	1,357	1.5%	-278
Segment assets	**73,292**		**106,983**		
Segment liabilities	**24,955**		**36,575**		

2.7 RECONCILIATION OF SEGMENT INFORMATION WITH GROUP INFORMATION

IN THOUSANDS OF EURO	2011	2010
EXTERNAL SALES		
Entertainment	431,407	328,455
Healthcare	192,157	175,129
Control Rooms and Simulation	213,946	184,685
Defense and Aerospace	115,672	117,461
Ventures	88,062	91,270
Total external sales segments	**1,041,244**	**896,999**

IN THOUSANDS OF EURO	2011	2010
NET INCOME		
EBIT before goodwill impairment		
Entertainment	53,982	50,672
Healthcare	23,226	19,619
Control Rooms and Simulation	142	-3,320
Defense and Aerospace	3,370	2,836
Ventures	-2,360	-24,672
Goodwill impairment		
Ventures	-10,000	-
EBIT after restructuring & impairment		
Entertainment	53,982	50,672
Healthcare	23,226	19,619
Control Rooms and Simulation	142	-3,320
Defense and Aerospace	3,370	2,836
Ventures	-12,360	-24,672
Total EBIT after restructuring & impairments	**68,359**	**45,135**
Interest income (expense) - net	-2,530	-1,510
Income taxes	10,407	-
Net income from continuing operations	**76,236**	**43,625**
Share in the result of joint ventures and associates	-386	
Net income	**75,850**	**43,625**
Non-controlling interest		
Net Income attributable to equityholders of the parent	**75,850**	**43,625**
ASSETS		
Segment assets		
Entertainment	178,792	180,199
Healthcare	103,871	97,872
Control Rooms and Simulation	158,135	142,160
Defense and Aerospace	104,407	100,368
Ventures	73,292	106,983
Total segment assets	**618,496**	**627,582**
LIABILITIES		
Segment liabilities		
Entertainment	116,312	87,182
Healthcare	47,872	52,370
Control Rooms and Simulation	65,439	65,343
Defense and Aerospace	28,424	25,593
Ventures	24,955	36,575
Total segment liabilities	**283,002**	**267,063**

2.8 GEOGRAPHIC INFORMATION

Management directs sales of the Group based on the regions to which the goods are shipped or the services are rendered and has three reportable regions: Europe, Middle East, Africa and Latin America (EMEALA), North America (NA) and Asia-Pacific (APAC).

We refer to 'Comments on the results' on page 94 for a split of revenue from external customers based on the geographical location of the customers to whom the invoice is issued.
There is no significant (i.e. representing more than 30% of the Group's revenue) concentration of Barco's revenues with one customer.

Below table gives an overview of the assets per region and the most important capital expenditures in non-current assets per region:

IN THOUSANDS OF EURO	2011		2010		2009	
Total assets						
Europe - Middle East - Africa - Latin America	516,565	63.4%	484,470	64.2%	363,200	63.4%
North America	150,030	18.4%	140,584	18.6%	100,841	17.6%
Asia-Pacific	130,566	16.0%	122,983	16.3%	88,489	15.5%
Group	17,406	2.1%	6,662	0.9%	19,945	3.5%
Total	**814,567**	**100.0%**	**754,699**	**100.0%**	**572,475**	**100.0%**
Capitalized development						
Europe - Middle East - Africa - Latin America	38,947	83.8%	35,545	86.5%	25,721	78.4%
North America	5,871	12.6%	4,027	9.8%	4,880	14.9%
Asia-Pacific	1,635	3.5%	1,535	3.7%	827	2.5%
Group	-	0.0%	-	0.0%	1,374	4.2%
Total	**46,454**	**100.0%**	**41,107**	**100.0%**	**32,801**	**100.0%**
Purchases of tangible and intangible fixed assets						
Europe - Middle East - Africa - Latin America	16,213	79.9%	6,307	57.2%	6,702	85.3%
North America	1,556	7.7%	667	6.1%	397	5.1%
Asia-Pacific	2,533	12.5%	4,044	36.7%	756	9.6%
Total	**20,302**	**100%**	**11,019**	**100%**	**7,855**	**100%**

3. DISCONTINUED OPERATIONS

Per 31 December, 2011 and 31 December, 2010, there are no discontinued operations included in the consolidated income statement, cash flow statement or balance sheet.

In 2009, Barco realized a net gain of 4.3 million euro relating to discontinued operations, relating to the sale of Barco's Advanced Visualization (AVIS) business.

The income statement of the discontinued operations in 2009 was composed as follows:

IN THOUSANDS OF EURO	2009
Revenues	499
Expenses	-887
Income before taxes	**-387**
Income taxes (a)	-2,883
Non-operating result	7,560
Net income from discontinued operations	**4,289**
Earnings per share for profit from discontinued operations	
basic	0.36
diluted	0.34

(a) Income taxes relate to the gain on the sold Advanced Visualization (AVIS) activities.

The cash flow statement of 2009 contains 15.5 million euro positive net cash flows relating to discontinued operations, consisting of the cash flow generated by Barco's Advanced Visualization (AVIS) group including the part of the sales price (23 million euro) which had already been received. The remaining part of the sales price, 4 million euro was put in escrow, whereof 50% has been received in 2010 and 50% in 2011. The escrow amount received in 2011 and 2010 is included in the line 'Disposal of group companies, net of disposed cash' in the Cash flow statement of the Group. We refer to note 25 for more details.

The cash flow statement relating discontinued operations is composed as follows:

IN THOUSANDS OF EURO	2009
Cash flow from operating activities	
EBIT	-387
Amortization capitalized development cost	253
Depreciation of tangible and intangible fixed assets	12
Gains and losses on tangible fixed assets	26
Gross operating cash flow	**-97**
Changes in trade receivables	1,815
Changes in inventory	148
Changes in trade payables	-131
Other changes in net working capital	-9,360
Change in net working capital	**-7,528**
Net operating cash flow	**-7,625**
Income taxes	373
Cash flow from operating activities	**-7,252**
Cash flow from investing activities	
Expenditure on product development	-179
Disposal of Group companies, net of disposed cash	22,953
Cash flow from investing activities	**22,774**
Cash flow from discontinued operations	**15,522**

The consolidated balance sheet contains per 31 December 2009 assets classified as discontinued operations for an amount of 6.9 million euro. The major classes of assets are the following:

IN THOUSANDS OF EURO	2009
Deferred tax assets	1,918
Other non-current assets	3,916
Other amounts receivable external	1,081
Total	**6,915**

The consolidated balance sheet contains per 31 December 2009 liabilities classified as discontinued operations for an amount of 5.4 million euro, fully related to deferred tax liabilities. Taxes were paid on the sale of the Advanced Visualization (AVIS) business for a total amount of 3.4 million euro. The amount paid is included in the line 'Disposal of group companies, net of disposed cash' in the Cash flow statement of the Group. We refer to note 25 for more details.

See note 1.2 for further information on divestments.

4. INCOME FROM OPERATIONS (EBIT)

IN THOUSANDS OF EURO	2011	2010	2009
Sales	1,041,244	896,999	638,066
Cost of goods sold	-728,313	-609,484	-470,115
Gross profit	**312,932**	**287,516**	**167,951**
Gross profit as % of sales	**30.1%**	**32.1%**	**26.3%**
Indirect costs	-247,364	-234,932	-205,150
Other operating income (expenses) - net	12,792	-7,449	7,662
EBIT before restructuring and goodwill impairment	**78,359**	**45,135**	**-29,537**
EBIT before restructuring and goodwill impairment as % of sales	**7.5%**	**5.0%**	**-4.6%**

The gross profit increased with 25.4 million euro in 2011 compared to 2010, resulting from a sales growth of 16% compared to last year. The gross profit margin however decreased with two percentage points to 30.1% in 2011 versus 32.1% in 2010.

We refer to note 2 'Segment Information' and to the chapter 'Comments on the results' for more explanation on sales and income from operations (see page 94)

Indirect costs and other operating income (expenses) - net

IN THOUSANDS OF EURO	2011	2010	2009
Research and development expenses (a)	-74,650	-71,371	-69,234
Sales and marketing expenses (b)	-122,493	-114,555	-94,251
General and administration expenses (c)	-50,221	-49,006	-41,665
Indirect costs	**-247,364**	**-234,932**	**-205,150**
Other operating income (expenses) - net (d)	**12,792**	**-7,449**	**7,662**
Indirect costs and other operating income (expenses) - net	**-234,572**	**-242,381**	**-197,488**

Indirect costs, excluding the impact of net capitalized development expenses represent 24% of sales in 2011, compared to 26% in 2010 and 31% in 2009 and remain well under control.

(a) Research and development expenses

IN THOUSANDS OF EURO	2011	2010	2009
Research & development expenses	**83,327**	**72,142**	**61,186**
Capitalized development expenses	-46,454	-41,107	-32,801
Amortization capitalized development expenses	36,448	39,058	40,849
Impairment of capitalized development expenses	1,328	1,278	-
Capitalized development, net	**-8,677**	**-771**	**8,048**
Research and development expenses, net	**74,650**	**71,371**	**69,234**

Research and development cash expenses represent 8.0% of sales in 2011, compared to 8.0% in 2010 and 9.6% in 2009. In 2011 the higher capitalization (56% of total research and development expenses in 2011, 57% in 2010; 54% in 2009) of development expenses compared to amortization expenses had a material positive impact on the income from operations (EBIT) of 8.7 million euro (compared to a positive impact of 0.8 million euro in 2010 and a negative impact of 8 million euro in 2009).

In 2010 and 2011, the impairment costs on capitalized development expenses have been presented on the line 'Research and development expenses'. In 2009, the impairment losses have been included in 'Restructuring and impairment costs', because the 2009 impairment losses related to the overall restructuring program executed within the Barco Group. For more explanation on impairment costs on capitalized development we refer to note 11.

Research and development activities are spread over the divisions as follows:

IN THOUSANDS OF EURO	GROUP	CONTROL ROOMS AND SIMULATIONS	ENTERTAINMENT
Research & development expenses	**83,327**	**24,192**	**15,639**
Capitalized development expenses	-46,454	-13,199	-8,839
Amortization capitalized development expenses	36,448	11,906	5,395
Impairment of capitalized development expenses	1,328	302	416
Capitalized development, net	**-8,677**	**-990**	**-3,028**
Research & development expenses	**74,650**	**23,202**	**12,611**

IN THOUSANDS OF EURO	HEALTCARE	DEFENSE AND AEROSPACE	VENTURES
Research & development expenses	**19,955**	**10,161**	**13,381**
Capitalized development expenses	-10,914	-5,194	-8,307
Amortization capitalized development expenses	6,281	6,236	6,630
Impairment of capitalized development expenses	220	0	390
Capitalized development, net	**-4,413**	**1,042**	**-1,287**
Research & development expenses	**15,541**	**11,202**	**12,094**

(b) Sales and marketing expenses

IN THOUSANDS OF EURO	2011	% OF SALES	2010	% OF SALES	2009	% OF SALES
Sales & marketing expenses	122,493	11.8%	114,555	12.8%	94,251	14.8%

Sales and marketing expenses include all indirect costs related to the sales and customer service organization which are not billed as part of a product or service to the customer as well as the costs related to regional or divisional marketing activities.

(c) General and administration expenses

IN THOUSANDS OF EURO	2011	% OF SALES	2010	% OF SALES	2009	% OF SALES
General and administration expenses	50,221	4.8%	49,006	5.5%	41,665	6.5%

General and administration expenses include the costs related to general and divisional management, finance and accounting, information technology, human resources and investor relations.

(d) Other operating income (expense) – net

IN THOUSANDS OF EURO	2011	2010	2009
Exchange gains and losses (net)	2,563	-3,093	683
Bank charges	-2,021	-3,188	-1,151
Bad debt provisions (net of write-offs and reversals of write-offs)	1,991	-2,358	1,480
Other provisions (net of additions and reversals of provisions)	4,115	-2,333	2,707
Cost of share-based payments	-676	-290	-330
Gains on disposal of tangible fixed assets	278	89	1,082
Rental income	704	1,007	399
Investment grants	6,433	1,978	2,764
Other (net)	-595	740	28
Total	**12,792**	**-7,449**	**7,662**

5. REVENUES AND EXPENSES BY NATURE

The table below provides information on the major items contributing to the EBIT, categorized by nature.

IN THOUSANDS OF EURO	2011	2010	2009
Sales	1,041,244	896,999	638,066
Material cost	-585,245	-502,969	-393,611
Services and other costs	-137,461	-70,661	-61,490
Personnel cost	-247,562	-258,276	-199,348
Capitalized development cost	46,454	41,107	32,801
Amortization and impairment of capitalized development	-37,776	-40,336	-40,849
Depreciation property, plant, equipment and software	-14,088	-13,282	-12,768
Other operating income (expense) - net (note 4)	12,792	-7,449	7,662
EBIT before restructuring and impairment	**78,359**	**45,135**	**-29,537**

Personnel cost includes the cost for temporary personnel for an amount of 6.2 million euro (in 2010 8.2 million euro, in 2009 5.8 million euro). Average number of employees in 2011 was 3,527 (versus 3,296 in 2010 and 3,310 in 2009), including 2,487 white-collars (in 2010 2,345; in 2009: 2,367) and 1,040 blue-collars (in 2010: 951 and in 2009: 943).

6. RESTRUCTURING AND IMPAIRMENT COSTS

IN THOUSANDS OF EURO	2011	2010	2009
Restructuring costs (a)	-	-	6,086
Impairment on goodwill (note 10)	10,000	-	25,000
Impairment on contracts in progress (CIP) (b)	-	-	2,156
Impairment on capitalized development (note 11)	-	-	6,144
Total	**10,000**	**-**	**39,386**

In 2011, an impairment cost of 10 million euro has been recognized on goodwill. For more explanation on the impairment on goodwill we refer to note 10.

An impairment loss of 1.3 million euro relating to capitalized development is included in the income statement line 'Research and development expenses' in 2011 and of 1.3 million euro in 2010 (see note 4 and note 11). In 2010, no restructuring and impairment costs have been booked on the income statement line 'Restructuring and impairment costs'.

For more explanation on the impairment on capitalized development we refer to note 11.

(a) In order to realign the company to the new economic realities and strategic priorities, Barco took a charge of 6.1 million euro for people related restructuring costs in 2009. Key elements of this were related to footprint reductions in the US and Europe, to centralize functions and offshore production towards Asia.

(b) Similar to the impairment testing on development costs, Barco performed the testing on capitalized customer project costs. Two of these projects in the Defense and Aerospace unit generated the impairment charge of 2.1 million euro in 2009.

7. INCOME TAXES

IN THOUSANDS OF EURO		2011	2010	2009
Current versus deferred income taxes				
Current income taxes		-6,647	-6,969	10,216
Deferred income taxes		17,054	6,969	-3,833
Income taxes		10,407	-	6,383
Income taxes versus income before taxes				
EBIT after restructuring and impairment		68,359	45,135	-68,923
Interest income (expense) - net		-2,530	-1,510	-1,669
Other non-operating income (expense) - net		-	-	-
Income before taxes		65,829	43,625	-70,593
Income taxes		**10,407**	**-**	**6,383**
Effective income tax rate		15.8%	0.0%	9.0%
Income before taxes		65,829	43,625	-70,593
Theoretical tax rate		34%	34%	34%
Theoretical tax credit/(cost)		**-22,382**	**-14,832**	**24,002**
Non deductible expenses for tax purposes				
Impairment of goodwill		-3,399	-	-8,498
Other non-deductible expenses		-1,295	-1,290	-1,148
Government grants exempt from tax		1,764	-	-
Patent income deduction (PID)	(c)	9,689	-	-
Notional interest deduction (NID)		5,028	6,726	9,763
Investment allowances	(a)	741	1,620	2,337
Set-up of deferred tax assets, not recognised in prior years	(b)	16,262	10,841	380
Deferred tax assets, not recognised in current year	(b)	-117	-2,723	-26,747
Effect of different tax rates in foreign companies		2,138	151	603
Tax adjustments related to prior periods		1,978	-493	5,691
Reported taxes related to current income before taxes		**10,407**	**-**	**6,383**

(a) Spread taxation on capital expenditure and research and development costs of prior years

(b) See note 13

(c) The PID is applicable in Barco NV as of fiscal year 2010. The deduction in our consolidated figures is only included as from 2011 upon obtaining the formal approval from the tax authorities.

8. EARNINGS PER SHARE

IN THOUSANDS OF EURO	2011	2010	2009
Net income from continuing operations	75,850	43,625	-64,210
Weighted average of shares	11,995,483	11,931,992	11,931,992
Basic earnings per share (in euro)	6.32	3.66	-5.38
Net income from discontinued operations	-	-	4,289
Weighted average of shares	11,995,483	11,931,992	11,931,992
Basic earnings per share (in euro)	-	-	0.36
Basic earnings per share	**6.32**	**3.66**	**-5.02**
Net income from continuing operations	75,850	43,625	-64,210
Weighted average of shares (diluted)	12,834,721	12,782,566	12,710,845
Diluted earnings per share (in euro) (a)	5.91	3.41	-5.38
Net income from discontinued operations	-	-	4,289
Weighted average of shares (diluted)	12,834,721	12,782,566	12,710,845
Diluted earnings per share (in euro)	-	-	0,34
Diluted earnings per share (a)	**5.91**	**3.41**	**-5.02**

(a) The difference between the weighted average of shares and weighted average of shares (diluted) is due to exercisable warrants. As diluted earnings per share can not be higher than basic earnings per share, diluted earnings are kept equal to basic earnings per share in case of net losses instead of net income.

For more detailed information concerning the shares and warrants, please refer to note 18.

9. INVESTMENTS

IN THOUSANDS OF EURO		2011	2010	2009
Investments	(a)	8,327	326	19,327
Interest in joint ventures	(b)	973	-	-
Total investments		**9,300**	**326**	**19,327**

(a) In 2011 and 2010 investments represent entities in which Barco owns less than 20% of the shares. In 2009 investments also included the acquisition of 100% of the shares of Fimi, which took place on 31 December 2009, but the effective control was only transferred on 1 January 2010.
(b) The Group has a 50% interest in Barco Toyo Medical Systems Japan Co. a jointly controlled entity which is part of the Healthcare division and a 58% interest in CFG Barco (Beijing) Electronics Co., LTD, a jointly controlled entity which is part of the Entertainment division.

The Group's share of the assets and liabilities as at 31 December 2011 and 2010 and 2009 and income and expenses of the jointly controlled entities for the year ended 31 December 2011 and 2010 and 2009. which are accounted for using the equity method:

IN THOUSANDS OF EURO	2011	2010	2009
Share of the joint ventures' balance sheet:			
Current assets	6,652	378	151
Non-current assets	113	-	-
Current liabilities	5,792	306	56
Equity	**973**	**72**	**95**
Share of the joint ventures' revenue and profit:			
Sales	3,632	277	202
Gross profit	389	48	59
EBIT	-411	-31	34
Profit/(Loss) of the year	**-386**	**-42**	**22**

The Group has no share of any contingent liabilities or capital commitments as at 31 December 2011, 2010 and 2009.

10. GOODWILL

IN THOUSANDS OF EURO	2011	2010	2009
At cost			
On 1 January	79,027	58,401	58,401
Acquisitions	1,030	20,626	-
On 31 December	80,057	79,027	58,401
Impairment	-	-	-
On 1 January	26,136	26,136	1,136
Impairment losses	10,000	-	25,000
On 31 December	36,136	26,136	26,136
Net book value			
On 1 January	52,892	32,265	57,265
On 31 December	43,921	52,891	32,265

Acquisitions in 2011 fully consist of the CineStore business combination. In 2010, acquisitions include goodwill related to the acquisition of FIMI for 15.3 million euro and dZine for 5.3 million euro. For more detailed information concerning these acquisitions, please refer to note 1.2.

In 2011 the impairment tests on goodwill resulted in impairment charges recorded for an amount of 10 million euro, fully related to Barco's Ventures, more specifically to Barco Lighting. Also in 2009, the impairment tests on goodwill resulted in impairment charges recorded for an amount of 25 million euro, related to the Ventures division, at that time part of the Media, Entertainment & Simulation business group.
The global recession, which started end of 2008, had a profound impact on the fundamentals of the Media, Entertainment & Simulation business group. Total spending in the events markets dropped to less than half of levels recorded before the crisis and the conversion of analog to digital billboards came to a virtual standstill (-80%). Consequently, the value of the acquisition Barco made in prior years to strengthen its position in these markets dropped very substantially which in turn fuelled the need for impairments on goodwill. In the years after 2009, the events market recovered but Barco Lighting was not able so far to achieve a sales growth minimum required to assure a break-even EBIT result.

In 2010 no impairments on goodwill occurred.

See below for explanations on the impairment testing performed.

GOODWILL BY CASH-GENERATING UNIT

Goodwill acquired in a business combination is allocated on acquisition to the cash-generating units that are expected to benefit from that business combination. These cash-generating units correspond to the division level. Therefore, impairment testing is performed at division level. An exception is made for the Ventures, where the impairment testing is performed on a business unit level, which is one level below the division level. Barco identified 5 activities in its portfolio, which needed more focus and autonomy in order to enhance their performance and to stimulate growth; these became Barco's Ventures. An impairment test is performed for each of the activities containing goodwill.

The carrying amount of goodwill (after impairment) has been allocated to the cash generating units as follows (in thousands of euro):

CASH GENERATING UNITS	2011	2010
Control rooms and Simulation	6,145	6,145
Entertainment	7,304	6,274
Healthcare	17,843	17,843
Defense and Aerospace	5,684	5,684
Ventures	6,945	16,944
Total goodwill (net book value)	**43,921**	**52,891**

The goodwill (net book value) of Barco's Ventures relates to the goodwill on dZine and Orthogon.

The Group performed its annual impairment test in the fourth quarter of 2011 consistently with prior years.

The Group looks at the relationship between its market capitalization and its book value, amongst other factors, when reviewing the indicators of impairment. At 31 December 2009, the market capitalization of the Group was close to the book value of its equity, indicating a potential need for impairment of goodwill and impairment of the assets of the operating segments. This was no longer the case at 31 December 2010 as the market capitalization then exceeded the equity of the Group with more than 30%. Whilst, in 2011, the market capitalization came very close to the book value of the equity of the Group, management considers this as an impairment indicator. However, after thorough analysis, management believes that no additional impairment should be recognized and is of the opinion that it is purely the result of the current financial crisis increasing the volatility of the stock market price of our shares.
The annual impairment tests were performed for each cash-generating unit. The recoverable amount for each of the cash generating units has been determined based on a value-in-use calculation using cash flow projections generated by divisional management covering a five year period. Due to the level of uncertainty around future years, these financial projections have been adjusted to more conservative levels for the purpose of our impairment testing. The pre-tax discount rate applied to projected cash flows is 10.2% (2010: 10.0%, 2009: 10.5%) and cash flows beyond the five year period are extrapolated using a conservative growth rate of 0% (2010: 0%, 2009: 0%).

Based upon the outcome of the impairment tests, an impairment loss of 10 million euro has been recognized relating to Barco's Ventures, more specifically on Barco Lighting. Management did not identify impairments for the other cash-generating units.

KEY ASSUMPTIONS USED IN VALUE-IN-USE CALCULATIONS

The calculation of value-in-use for all divisions is most sensitive to the following assumptions:
» Sales growth rate used during the projection period;
» EBIT;
» Growth rate used to extrapolate cash flows beyond the budget period;
» Discount rates;

Sales growth rate used during the projection period – Sales growth rate used over the projected period has been kept conservatively at zero percent for the cash-generating units within the business segments Healthcare and Entertainment, since even then there is no risk for impairment. For all other cash-generating units a growth rate of 3% per year is assumed for the 5 year period.

EBIT as percentage of sales – EBIT as percentage of sales is based on average percentages over the three years preceding the start of the budget period. EBIT levels increase over the projected period for anticipated efficiency improvements. Efficiency improvements can be cost reductions as well as margin improvements. An increase of 1 percentage point per annum was applied for all divisions, except for the Healthcare, Entertainment and Control Rooms & Simulation division.
For the Healthcare and Entertainment division and for the Venture Orthogon, a stable EBIT as percentage of sales is kept conservatively at 10% over the whole budget period, which is below the average over the last three years, since even then there is no risk for impairment.
For the Control Rooms & Simulation division, which had a negative EBIT level in 2010 and break-even level in 2011, a break-even EBIT for 2012 is forecasted. In the first year an increase of 2 percentage points was applied and for the following years an increase of 1.5 percentage point per annum was applied.

Growth rate estimates – The long-term rate used to extrapolate the projection has been kept conservatively at zero % for all divisions.

Discount rates – Discount rates reflect the current market assessment of the risks specific to Barco Group. The discount rate was estimated based on a (long-term) pre-tax cost of capital, the risks being implicit in the cash flows. The long term discount rate was determined on Group level and amounted to 10.2% for the year 2011 and has been applied to all cash-generating units.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

With regard to the assessment of value-in-use of the Healthcare and Entertainment division and Orthogon (part of the Ventures), management believes, based on sensitivity analysis performed, that no reasonable possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

For the other divisions, per 31 December 2011, the estimated recoverable amount, after impairment of goodwill and capitalized development recorded, is closer to its carrying value and, consequently, changes in the key assumption could result in impairment losses. The implications of the key assumptions for the recoverable amount are discussed below:

Sales growth rate used during the budget period – Management has considered the possibility of lower than budgeted sales growth during the budget period. For Defense & Aerospace, no sales growth from 2011 until 2015 would result in an additional impairment. For Control Rooms & Simulation, changes in the sales growth rate during the budget period does not cause the carrying value of the division to materially exceed its recoverable amount. For dZine (part of the Ventures) a sales growth rate of less than 3% during the budget period would result in an additional impairment.

EBIT percentage on sales – Management has considered the possibility of lower than budgeted EBIT percentages on sales.
For the Defense & Aerospace division, the Control Rooms & Simulation division and dZine, a reduction of 1.5% of the long-term EBIT percentage on sales would result in an additional impairment.

Discount rates – change in the weighted average cost with 0.5% would result in an additional impairment for dZine. For the Defense and Aerospace division a change with 1% and for the Control Rooms and Simulation division a change with more than 2% would result in an additional impairment.

Growth rate estimate – only a decrease (which would result in a negative sales evolution) in the long-term rate used to extrapolate the projection would result in an additional impairment.

11. CAPITALIZED DEVELOPMENT COSTS

IN THOUSANDS OF EURO	2011	2010	2009
At cost			
On 1 January	322,708	268,376	238,308
Expenditure	46,454	41,107	32,801
Sales and disposals	-15,017	-	-3,274
Acquisition of subsidiary	957	12,651	-
Translation (losses)/gains	579	575	541
On 31 December	355,680	322,708	268,376
Impairment			
On 1 January	17,760	16,482	10,338
Expenditure	1,328	1,278	6,144
On 31 December	19,088	17,760	16,482
Amortization			
On 1 January	245,570	197,459	158,932
Amortization	36,448	39,058	40,849
Sales and disposals	-15,017	-	-3,274
Acquisition of subsidiary	570	9,054	-
Translation (losses)/gains	-	-	953
On 31 December	267,571	245,570	197,459
Net book value			
On 1 January	59,378	54,434	69,038
On 31 December	69,020	59,378	54,434

Consistent with the tests performed in the previous years, Barco performed impairment tests in the fourth quarter of 2011. Based upon these tests, impairment costs have been recognized for an amount of 1.3 million euro. Similar impairment tests revealed the need to recognize impairment losses on capitalized development in 2010 and 2009 for respectively 1.3 million euro and 6.1 million euro (see note 6). The impairment losses recognized, represent the write down of certain specific capitalized development projects.

The recognized impairment losses on capitalized development are allocated to the business segments as follows:

IN THOUSANDS OF EURO	2011	2010
Control rooms and Simulation	302	714
Entertainment	416	-
Healthcare	220	-
Defense and Aerospace	-	564
Ventures	390	-
Total	**1,328**	**1,278**

12. OTHER INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

IN THOUSANDS OF EURO	2011										2010	2009
	Other Intangible assets	Other Intangible assets under contruction	**Total other intangible assets**	Land and buildings	Plant, Machinery and equipment	Furniture, office equipment and vehicles	Other property, plant and equipment	Assets under construction	**Total Other tangible assets**	**Total**	Total	Total
At cost												
On 1 January	24,954	2,175	**27,129**	67,065	95,658	45,887	9,221	1,262	**152,028**	**246,222**	219,817	217,523
Expenditure	1,221	3,183	**4,404**	4,759	3,753	4,424	486	2,476	**11,139**	**20,302**	11,019	7,864
Sales and disposals	-911	-	**-911**	-6,167	-6,141	-13,756	-465	-	**-20,362**	**-27,440**	-2,529	-6,036
Acquisition of subsidiary	4,714	-	**4,714**	-	254	317	-	-	**571**	**5,285**	14,056	-
Disposal of subsidiary	-	-	**-**	-	-	-	-	-	**-**	**-**	-	-
Transfers	-	-	**-**	-	-71	49	-63	85	**-**	**-**	-	-
Translation (losses)/gains	5	-	**5**	468	-150	125	-105	-2	**-132**	**341**	3,858	467
On 31 December	**29,983**	**5,358**	**35,341**	66,125	**93,303**	**37,046**	**9,074**	**3,821**	**143,244**	**244,710**	**246,222**	**219,817**
Depreciation												
On 1 January	18,556	-	**18,556**	36,540	80,176	39,346	6,849	-	**126,371**	**181,467**	160,432	152,762
Depreciation	3,117	-	**3,117**	2,349	5,315	2,775	532	-	**8,622**	**14,088**	13,282	12,766
Sales and disposals	-910	-	**-910**	-3,477	-5,974	-13,475	-429	-	**-19,878**	**-24,265**	-1,522	-5,461
Acquisition of subsidiary	3	-	**3**	-	169	197	-	-	**366**	**369**	6,939	-
Disposal of subsidiary	-	-	**-**	-	-	-	-	-	**-**	**-**	-	-
Transfers	-	-	**-**	-	-2	-46	48	-	**-**	**-**	-	-
Translation (losses)/gains	10	-	**10**	144	-67	360	-9	-	**284**	**438**	2,337	366
On 31 December	**20,776**	**-**	**20,776**	35,556	**79,617**	**29,157**	**6,991**	**-**	**115,765**	**172,097**	**181,467**	**160,432**
Carrying amount												
On 1 January	**6,398**	**2,175**	**8,573**	30,525	**15,482**	**6,541**	**2,372**	**1,262**	**25,657**	**64,755**	**59,385**	**64,761**
On 31 December	**9,207**	**5,358**	**14,565**	30,569	**13,686**	**7,889**	**2,083**	**3,821**	**27,479**	**72,613**	**64,755**	**59,385**

In 2011 the capital expenditures amount to 20.3 million euro, compared to 11.0 million euro in 2010 and 7.8 million euro in 2009. The capital expenditures in land and buildings in current year relate for the major part to a new building in Germany (Karlsruhe) for an amount of 3.9 million euro. Other intangible assets under construction have capital expenditure relating to the implementation of a new ERP package and a new consolidation tool, for which the capital expenditures amount to 3.2 million euro in 2011. The capital expenditures in the other tangible assets relate for the major part to R&D and IT equipment.

The net book value of the other intangible assets and tangible fixed assets acquired through acquisitions amounts to 5.3 million euro. This amount mainly consists of 4.7 million euro know-how, included in the other intangible assets. We refer to Note 1.2 on 'Acquisitions and divestments' and Note 25 on 'Cash flow statement: effect of acquisitions and disposals' for more details on these transactions.

13. DEFERRED TAX ASSETS – DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are attributable to the following items:

	Assets			liabilities			Net asset/(liability)		
IN THOUSANDS OF EURO	2011	2010	2009	2011	2010	2009	2011	2010	2009
Capitalized development cost	53	149	-	-7,928	-7,961	-6,268	-7,875	-7,812	-6,268
Patents, licenses, ...	205	-864	1,282	-	-	-1,123	205	-864	159
Tangible fixed assets and software	1,944	1,883	1,213	-2,820	-2,914	-2,987	-876	-1,031	-1,774
Other investments	-	-	-	-	-	-19	-	-	-19
Inventory	15,001	18,469	13,131	-775	-804	-1,798	14,226	17,665	11,333
Trade debtors	960	1,861	1,208	-5,069	-3,527	-3,174	-4,109	-1,666	-1,966
Provisions	2,091	2,966	578	-67	-273	-186	2,024	2,693	392
Employee benefits	1,431	2,425	2,358	-	-	-	1,431	2,425	2,358
Deferred revenue	1,488	1,135	1,042	-	-46	-105	1,488	1,089	937
Other items	3,624	3,292	1,424	-2,073	-3,250	-5,480	1,551	42	-4,056
Tax value of loss carry forwards	22,399	15,517	13,225	-	-	-	22,399	15,517	13,225
Tax value of tax credits	21,929	6,352	12,504	-634	-	-	21,295	6,352	12,504
Gross tax assets/(liabilities)	**71,125**	**53,185**	**47,965**	**-19,367**	**-18,774**	**-21,139**	**51,758**	**34,411**	**26,825**
Set off of tax	-14,361	-11,443	-15,840	14,361	11,443	15,840	-	-	-
Net tax assets/(liabilities)	**56,764**	**41,742**	**32,125**	**-5,006**	**-7,331**	**-5,299**	**51,758**	**34,411**	**26,825**

Movements in the deferred tax assets / (liabilities) arise from the following:

IN THOUSANDS OF EURO	As at 1 January	Recognized through income statement	Recognized through equity	Acquisitions and disposals	Exchange gains and losses	As at 31 December
Capitalized development cost	-7,812	94	-	-	-157	-7,875
Patents, licenses, ...	-864	1,064	-	-	5	205
Tangible fixed assets and software	-1,031	133	-	-	22	-876
Other investments	-	-	-	-	-	-
Inventory	17,665	-3,685	-	-	245	14,226
Trade debtors	-1,666	-2,430	-	-	-13	-4,109
Provisions	2,693	-574	-	-	-96	2,024
Employee benefits	2,425	-1,016	-	-	22	1,431
Deferred revenue	1,089	337	-	-	62	1,488
Other items	42	1,307	-	-	202	1,551
Tax value of loss carry forwards	15,517	6,880	-	-	2	22,399
Tax value of tax credits	6,352	14,943	-	-	-	21,295
Total	**34,411**	**17,054**	**-**	**-**	**294**	**51,758**

On top of the tax losses and tax credits for which a net deferred tax is recognized (net deferred tax asset of respectively 22.4 million euro and 21.9 million euro), the Group owns tax losses carried forward and other temporary differences on which no deferred tax asset is recognized amounting to 94.2 million euro as of 31 December 2011 (at 34% tax rate resulting in a non recognized deferred tax asset of rounded 32 million euro). Deferred tax assets have not been recognized on these items because it is not probable that future profit will be available against which the benefits can be utilized. The tax losses carried forward and other temporary differences on which no deferred tax asset is recognized have no expiration date.

Deferred tax assets relate for the major part to the tax value of loss carry forwards and tax credits and almost fully relate to Belgium. In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized within the foreseeable future. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. In order to fully realize the deferred tax asset, the Group will need to generate future taxable income in the countries where the net operating losses were incurred. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes as at 31 December, 2011, it is probable that the Group will realize all of the recognized benefits of these deductible differences.

14. INVENTORY

IN THOUSANDS OF EURO		2011	2010	2009
Raw materials and consumables		102,417	101,801	62,434
Work in progress		65,612	62,452	42,161
Finished goods		116,446	103,924	77,952
Contracts in progress		28,082	31,345	25,889
Write-off on inventories		-78,628	-69,102	-62,171
Inventory		**233,928**	**230,420**	**146,265**
Inventory turns	(a)	2.7	2.3	2.7

(a) Inventory turns = 12 / [Inventory / (Average Monthly Sales x Material Cost of Goods Sold %)]

The amount of write-offs recognized as expense in 2011 amounts to 14.8 million euro (2010: 9.2 million euro and 2009: 20.5 million euro).
The inventory turns improved compared to previous period, reaching 2.7 at the end of 2011, which is at the same level as per end of 2009.

15. AMOUNTS RECEIVABLE AND OTHER NON-CURRENT ASSETS

IN THOUSANDS OF EURO	2011	2010	2009
Trade debtors - gross	193,925	211,128	142,623
Trade debtors - bad debt reserve (a)	-6,811	-10,145	-7,817
Trade debtors - net (b)	**187,114**	**200,983**	**134,805**
V,A,T, Receivable	6,793	9,809	7,670
Taxes receivable	21,738	17,476	16,218
Interest rate swap (note 21)	-	4	14
Currency rate swap (note 21)	40	287	155
Guarantees paid	1,613	603	654
Other	5,013	3,866	2,219
Other amounts receivable	**35,197**	**32,044**	**26,931**
Other non-current assets (c)	**19,134**	**17,339**	**6,109**
Number of days sales outstanding (DSO) (d)	56	59	67

Per 31 December 2011, the number of days sales outstanding continues to decrease compared to the two previous reporting periods, reaching 56 days at the end of 2011. For the second year in a road, the bad debt reserve decreased in proportion to the gross amount of trade debtors to 3.5% per 31 December 2011 (2010: 4.8%; 2009: 5.5%).

(a) Movement in bad debt reserve

IN THOUSANDS OF EURO	2011	2010	2009
On 1 January	**-10,145**	**-7,817**	**-10,790**
Acquisition of subsidiaries	-	-471	-
Additional provisions	-1,279	-3,598	-672
Amounts used	1,399	1,185	2,152
Amounts unused	3,229	1,283	1,493
Translation (losses) / gains	-15	-727	-
On 31 December	**-6,811**	**-10,145**	**-7,817**

(b) At 31 December 2011, the aging analysis of trade receivables is as follows:

IN THOUSANDS OF EURO	2011	2010	2009
Not due	156,647	151,007	106,612
Overdue less than 30 days	17,424	24,790	12,055
Overdue between 30 and 90 days	10,414	16,629	11,039
Overdue more than 90 days	9,440	18,702	12,917
Total gross	**193,925**	**211,128**	**142,623**
Bad debt reserve	-6,811	-10,145	-7,817
Total	**187,114**	**200,983**	**134,805**

In 2011 total overdues amounts, in all categories, decreased considerably compared to the previous period to a total amount of 37.3 million euro (2010: 60.1 million euro, 2009: 36.0 million euro). In 2011 the bad debt reserve amounts to 72% of the trade receivables more than 90 days overdue (2010: 54%, 2009: 61%).

(c) Other non-current assets

The further increase in the other non-current assets during 2011 mainly relates to long-term receivables in the frame of vendor financing programs, amounting to 12.5 million euro per 31 December 2011, of which 9.8 million (see note 16) are offset by a long-term debt of the same amount (2010: 3.2 million euro, of which 2.2 million euro offset by a long-term debt; 2009: 0).

(d) Number of days sales outstanding (DSO)

DSO = ((Trade debtors, net) / (sales past quarter)) * 90

16. NET FINANCIAL CASH/DEBT

IN THOUSANDS OF EURO		2011	2010	2009
Deposits	(a)	1,264	11,986	10,629
Cash at bank	(b)	77,817	33,983	35,214
Cash in hand		83	72	58
Cash and cash equivalents		**79,165**	**46,041**	**45,901**
Long-term financial receivables	(c)	9,768	2,172	-
Long-term debts	(c) (d)	-19,014	-12,674	-11,906
Current portion of long-term debts	(d)	-1,691	-2,643	-2,393
Short-term debts	(e)	-6,593	-24,039	-8,116
Net financial cash / (debt)		**61,635**	**8,857**	**23,486**

(a) Deposits

Deposits are short-term, highly liquid investments, which are readily convertible to known amounts of cash.
At closing date, deposits include:

IN THOUSANDS OF EURO	2011	2010	2009
» deposits in INR, with an average interest rate of 5,91%	992	3,675	4,719
» deposits in EUR	0	5,091	4,328
» deposits in USD	0	2,245	-
» deposits in other currencies	272	975	1,582
Total deposits	**1,264**	**11,986**	**10,629**

(b) Cash at bank

Cash at bank is immediately available. Most of the cash is held on accounts with higher interest-yield compared to classical cash accounts. It is denominated in the following currencies:

	2011	2010	2009
» EUR	62.7%	49.7%	43.5%
» USD	17.3%	24.2%	33.5%
» CNY	5.0%	-	5.7%
» INR	1.5%	9.0%	-
» Other currencies	13.5%	17.1%	17.3%

(c) Long-term financial receivables

During 2010, Barco entered into a specific vendor financing mechanism, resulting in long-term financial receivables for an amount of 2.2 million euro per 31 December 2010 and long-term debts for the same amount. During 2011, the amount increased to 9.8 million euro.

The long-term financial receivables and the long-term debts neutralize each other in the determination of the net cash position, as all material risks and rewards are transferred upon realization of the sales transaction. The long-term financial receivables are presented on the face of the balance sheet on line 'Other non-current assets'. The long term debts are presented on the face of the balance sheet on line 'Long-term debts'.

(d) Long-term financial debts

In December 2011, the Group restructured its portfolio of bank borrowings (mainly a maturing 85 million euro revolving Credit Facility agreement) with 115 million euro new committed credit facilities, as follows:

» Barco NV received a 50 million euro research, development and innovation (RDI) Credit Facility from the European Investment Bank. The aim of the facility is to finance RDI activities for networked visualization connectivity and software in its Entertainment, Healthcare and Control Rooms and Simulation divisions. The Credit Facility has an availability period of 1.5 year. Drawings under the facility have a long term tenor of minimum 4 years.

» Barco NV and Barco CC (acting as co-obligors) signed a number of bilateral committed Credit Facilities with a selected group of commercial banks for a total amount of 65 million euro. The Credit Facilities have an availability period of 3 years. Drawings under the facilities have a short term tenor.

The new credit facilities in place allow the Group to considerably extend the average duration of its debt profile.

As per 31 December 2011, no drawings under the 50 million euro research, development and innovation (RDI) Credit Facility from the European Investment Bank were outstanding by means of long term debt.

As per 31 December 2011, Barco is meeting all requirements of the loan covenants on its available credit facilities.

Analysis of long-term financial debts, including the current portion of long-term financial debts, as to currencies:

IN THOUSANDS OF EURO	2011	2010	2009
» EUR	4,813	6,079	7,247
» USD	15,570	8,237	6,548
» Other	322	1,001	506
Total	**20,705**	**15,317**	**14,300**

Analysis of long-term financial debts including the current portion of long-term financial debts, as to interest rates:

EFFECTIVE INTEREST RATE	MATURITY	31 December 2011	31 December 2010	31 December 2009
» variable, limited by cap-floor agreements				
Euribor 3M + 0.70%	2014	1,250	1,750	2,250
Euribor 3M + 0.75%	2014	1,250	1,625	2,250
Euribor 3M + 0.80%	2014	1,250	1,750	2,250
Euribor 6M + 0.89%	2014	-	512	509
» variable, swapped into fixed 3.86%	Later than 2015	6,705	6,492	6,508
» fixed (vendor financing, offset by long-term receivable)		9,793	2,172	-
» fixed (various)		457	1,015	533
Total long-term financial debts		**20,705**	**15,316**	**14,300**

The long-term debts (including interests due), excluding the current portion of the long-term debts, are payable as follows:

Per 31 December 2011		Per 31 December 2010	
Payable in 2013	9,783	Payable in 2012	2,354
Payable in 2014	3,659	Payable in 2013	2,270
Payable in 2015	259	Payable in 2014	1,444
Payable in 2016	259	Payable in 2015	114
Later	7,999	Later	6,492
Total long-term debts	**21,958**	**Total long-term debts**	**12,674**

(e) Short-term financial debts

Analysis of the short-term financial debts on 31 December 2011:

IN THOUSANDS OF EURO	2011		2010		2009	
	Effective interest rate	Balance	Effective interest rate	Balance	Effective interest rate	Balance
EUR	-	-	0.7%	20,000	0.7%	2,260
USD	2.4%	5,796	3.8%	3,218	3.2%	2,707
CNY	-	-	-	-	5.3%	2,241
Other	3.2%	797	-	821	-	908
Total		**6,593**		**24,039**		**8,116**

Usage per 31 December 2011 is mainly executed on uncommitted bank facilities. The new 65 million euro bilateral Credit Facilities that when used also translate in a short term debt position were almost completely undrawn (i.e. less than 1 million euro).

17. OTHER LONG-TERM LIABILITIES

IN THOUSANDS OF EURO	2011	2010	2009
Governmental loans	3,117	5,133	5,239
Earn-out payment	5,000	7,500	-
Other	0	655	207
Other long-term liabilities	**8,117**	**13,288**	**5,446**

In the agreement with Royal Philips Electronics relating to the acquisition of FIMI Srl in 2010, an additional earn-out of 10 million euro is foreseen, payable by Barco NV over the period 2011 until 2014. The earn-out equals to 35% of the cumulative net purchase value of the Philips Group with FIMI over the next five years and is limited to 2.5 million euro per year. Early 2011, an earn-out portion of 2.5 million euro was paid. The other long-term liabilities hence still include a 5 million euro earn-out expected to be payable as of 2013, whilst the 2.5 million euro earn-out payable early 2012 is presented on the line 'Other current liabilities'.

The other long-term liabilities, excluding the current portion of the long-term liabilities, are repayable as follows:

Per 31 December 2011		Per 31 December 2010	
Payable in 2013	2,533	Payable in 2012	3,642
Payable in 2014	2,533	Payable in 2013	3,005
Payable in 2015	33	Payable in 2014	2,995
Payable in 2016	33	Payable in 2015	496
Later	2,985	Later	3,150
Total long-term debts	**8,117**	**Total long-term debts**	**13,288**

18. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

IN THOUSANDS OF EURO	2011	2010	2009
Share capital	54,532	54,169	54,169
Share premium	134,381	131,150	131,150
Share-based payments	4,154	3,478	3,188
Acquired own shares	-45,641	-45,641	-45,641
Retained earnings	345,348	282,166	238,542
Cumulative translation adjustment	-30,546	-28,757	-37,757
Derivatives	-1,524	-975	613
Equity attributable to equity holders of the parent	**460,703**	**395,590**	**344,264**

1. SHARE CAPITAL AND SHARE PREMIUM

The following capital increases took place in 2011:

- Through the exercise of 84,521 existing warrants into the same number of new shares on 21 June 2011 with a resulting increase of the statutory capital of 362 ('000) euro and an increase of the share premium account of 3,223 ('000) euro.
- Through the exercise of 200 existing warrants into the same number of new shares on 23 September 2011 with a resulting increase of the statutory capital of 1 ('000) euro and an increase of the share premium account of 8 ('000) euro.

As a result thereof the company's share capital amounts to 54.5 million euro on 31 December, 2011, consisting of 12,754,676 fully paid shares. The share premium amounts to 134.4 million euro.

2. SHARE-BASED PAYMENTS

On 21 October 2011 three new stock option schemes were approved by the extraordinary shareholders meeting. This approval entitled the board of directors to create and allocate a maximum of 100,000 stock options before 31 December 2011. Each stock option entitled the subscription to 1 (one) share. In October 2011, a total of 89,750 stock options were granted to employees and management of the group based upon these stock option schemes. On 31 December 2011 no stock options remained available for distribution under the 2011 stock option schemes, given the expiry dates for allocation of the plans per 31 December 2011.

Warrants and stock options exercisable under the warrant and stock option plans

The total number of outstanding warrants on 31 December 2011 amounted to 719,415, which can lead to the creation of 719,415 shares. The stock options granted as of 2010 will be exercised through the conversion of treasury shares.

Warrants and stock options may be exercised under the following conditions:

Allocation date	End term	Exercise price (in euro)	Granted	Exercised	Cancelled	Balance on 31 Dec 2011
Warrants						
16/09/1999	15/09/2009 (1)	93.58	135,496	0	14,511	120,985
13/07/2000	12/07/2010 (1)	91.92	155,434	0	26,714	128,720
18/06/2002	17/06/2012 (1)	42.01	193,166	149,756	11,948	31,462
24/06/2002	23/06/2012	40.55	5,219	3,549	1,610	60
24/06/2002	23/06/2012 (1)	42.70	10,000	10,000	0	0
4/11/2002	3/11/2012 (1)	42.40	25,900	21,900	0	4,000
23/06/2003	22/06/2013	50.75	73,098	19,432	8,120	45,546
23/06/2003	22/06/2013	50.50	1,605	600	625	380
15/09/2003	14/09/2013	57.52	5,350	2,975	1,575	800
29/03/2004	28/03/2014	67.00	67,876	0	9,794	58,082
29/03/2004	28/03/2014	66.50	1,385	0	800	585
12/09/2005	11/09/2015	63.15	1,905	0	695	1,210
12/09/2005	11/09/2015	60.51	60,462	0	7,415	53,047
12/09/2005	11/09/2015	61.35	12,655	0	3,905	8,750
09/11/2006	08/11/2016	65.05	57,576	0	4,370	53,206
09/11/2006	8/11/2016	65.05	9,935	0	2,115	7,820
09/11/2006	8/11/2016	66.15	1,910	0	725	1,185
12/11/2007	11/11/2017	50.68	71,705	2,150	4,180	65,375
12/11/2007	11/11/2017	50.68	9,745	200	1,100	8,445
12/11/2007	11/11/2017	51.53	3,550	0	813	2,737
15/12/2007	14/12/2017	50.48	25,000	0	0	25,000
28/05/2009	27/05/2019	19.62	90,800	0	2,800	88,000
28/05/2009	27/05/2019	24.00	15,070	0	1,450	13,620
28/05/2009	27/05/2019	23.57	600	0	200	400
Total number of warrants			**1,035,442**	**210,562**	**105,465**	**719,415**

(1) For a large number of warrants this last exercise date was extended with three (3) years according to article 407 of the law of 24 December 2002

Allocation date	End term	Exercise price (in euro)	Granted	Exercised	Cancelled	Balance on 31 Dec 2011
Stock options						
28/10/2010	27/10/2015	35.85	20,000	0	0	20,000
28/10/2010	27/10/2020	35.85	35,500	0	250	35,250
28/10/2010	27/10/2015	35.85	13,450	0	0	13,450
28/10/2010	27/10/2015	41.75	24,150	0	2,750	21,400
28/10/2011	27/10/2016	36.65	15,000	0	0	15,000
28/10/2011	27/10/2021	36.65	29,435	0	0	29,435
28/10/2011	27/10/2016	36.65	17,250	0	0	17,250
28/10/2011	27/10/2016	41.70	28,065	0	0	28,065
Total number of stock options			**182,850**	**0**	**3,000**	**179,850**

In the course of 2011, 84,721 warrants were exercised; no warrants were exercised in 2010 and 2009.

The cost of these warrant plans is included in the income statement. The warrants are valued at grant date, based on the share price at grant date, exercise price, expected volatility, dividend estimates and interest rates. The warrant cost is taken into result on a straight-line basis from the grant date until the first exercise date. The share-based payment expenses amounted to 0.7 million euro in 2011 (2010: 0.3 million euro; 2009: 0.3 million euro).

3. ACQUIRED OWN SHARES

Barco did not acquire any of its own shares in 2011, 2010 and 2009. The number of own shares acquired by Barco NV up to 31 December, 2011 remains unchanged at 737,963.

4. RETAINED EARNINGS

The change in retained earnings includes the net income of 2011 and the distribution of 12.7 million euro dividend, as approved by the general shareholders meeting of 28 April 2011.

5. CUMULATIVE TRANSLATION ADJUSTMENT

In 2011, exchange differences on translation of foreign operations have a negative impact on the consolidated equity of 1.8 million euro, mainly relating to the Indian Rupee (4.2 million euro negative impact on equity) offset by 1.1 million euro positive impact of the American dollar and the 1.3 million euro of the Chinese Yen.

In 2010, exchange differences on translation of foreign operations amounted to 9.0 million euro positive impact on equity, mainly related to the Indian Rupee (3.6 million euro), the American dollar (2.0 million euro), the Singapore dollar (1.4 million euro) and the Australian dollar (1.1 million euro).

6. DERIVATIVES

Derivative financial instruments are disclosed in note 21.

19. TRADE PAYABLES

IN THOUSANDS OF EURO		2011	2010	2009
Trade payables		110,791	125,353	67,852
Days payable outstanding (DPO)	(a)	54	67	55

(a) DPO = trade payables / (material cost + services and other costs + inventory movement + purchases of (in)tangible fixed assets) x 365

20. PROVISIONS

IN THOUSANDS OF EURO		Balance sheet 2011	Additional provisions made	Amounts used	Unused amounts reversed	Transfers (e)	Change in consolidation method	Translation (losses) / gains	Balance sheet 2010	Balance sheet 2009
Technical warranty	(a)	28,898	8,546	-5,656	-836	-150	-16	490	26,520	18,412
Risks on contracts in progress	(b)	1,910	-	-627	-3,800	-	-	-	6,337	4,000
Pension obligations	(c)	5,670	742	-1,062	-38	-	-	56	5,972	4,208
Restructuring provision	(d)	-	-	-3,351	-	-	-	-	3,351	6,061
Social claims and severance payments		622	297	-98	-42	-	-	1	466	904
Other claims and risks		4,974	2,843	-3,263	-1,420	1,131	-	57	5,627	5,240
Provisions		**42,075**	**12,428**	**-14,059**	**-6,137**	**981**	**-16**	**605**	**48,273**	**38,824**

(a) Technical warranty
Provisions for technical warranty are based on historical experience of the level of repairs and replacements. Additional provisions are set up when a technical problem is detected. There are three different technical warranty provisions: provisions related to 'normal' (mostly 2 years) warranty period, provisions related to extended warranty periods and provisions for specific claims/issues.

(b) Risks on contracts in progress
As soon as Barco considers that it is probable that the contract costs on a contract in progress will exceed the contract revenue, the expected losses are recognized as an expense.

(c) Pension obligations
In general, pension plans at Barco are defined contribution plans. Obligations for these plans are recognized as an expense in the income statements as incurred. In some specific cases a pension plan includes a defined benefit obligation. According to IAS 19, provisions are set up in these situations.

As per 31 December 2011, the defined benefit obligations are composed of:

»Early retirement plans in Belgium	1,622
»Local legal requirements (mainly France, Japan, Korea and Italy)	1,727
»A small number of individual plans	2,321
Total	5,670

Early retirement plans are recognized as liability and expense when the company is committed to terminate the employment of the employees affected before the normal retirement date.

(d) Restructuring provision
The restructuring plans, initiated in the 2009, have all been finalized during 2011.

(e) Transfers
The transfers in other claims and risks contain an amount of 981 (000) euro coming from balance sheet account 'Accrued charges and Deferred income'.

21. RISK MANAGEMENT - DERIVATIVE FINANCIAL INSTRUMENTS

General risk factors are described in the director's report 'Risk Factors'.

Derivative financial instruments are used to reduce the exposure to fluctuations in foreign exchange rates and interest rates. These instruments are subject to the risk of market rates changing subsequent to acquisition. These changes are generally offset by opposite effects on the item being hedged.

FOREIGN CURRENCY RISK

Recognized assets and liabilities

Barco incurs foreign currency risk on recognized assets and liabilities when they are denominated in a currency other than the company's local currency. Such risks may be naturally covered when a monetary item at the asset side (such as a trade receivable or cash deposit) in a given currency is matched with a monetary item at the liability side (such as a trade payable or loan) in the same currency.

Forward exchange contracts and selectively option contracts are used to manage the currency risk arising from recognized receivables and payables. which are not naturally hedged. This is particularly the case for the USD (and USD-related currencies), for which receivables are systematically higher than payables. No hedge accounting is applied to these contracts.

The balances on foreign currency monetary items are valued at the rates of exchange prevailing at the end of the accounting period. Derivative financial instruments that are used to reduce the exposure of these balances are rated in the balance sheet at fair value. Both changes in foreign currency balances and in fair value of derivative financial instruments are recognized in the income statement.

Forecasted transactions

Barco selectively designates forward contracts to forecasted sales. Hedge accounting is applied to these contracts. The portion of the gain or loss on the hedging instrument that will be determined as an effective hedge is recognized directly in comprehensive income. On 31 December 2011, there were no forward contracts outstanding under hedge accounting treatment.

Estimated sensitivity to currency fluctuations

Main sensitivity to currency fluctuations is related to the evolution of the USD versus the euro. This sensitivity is caused by following factors:

» The fair value of foreign currency monetary items is impacted by currency fluctuations. In order to eliminate most of these effects in USD and USD-related currencies. Barco uses monetary items and/or derivative financial instruments as described above, which are meant to offset the impact of such results to a major extent. Impact on operating result is currently estimated at 2 million euro when the year-end USD-rate changes with 10% compared to the beginning of a period, exclusive of the mitigating hedge impact.

» As the company has no cash flow hedges in place that aim at hedging forecasted transactions, a similar currency fluctuation in USD rates would not have any effect on the equity position of Barco.

» Profit margins may be negatively affected because an important part of sales are realized in USD or USD-related currencies, while costs are incurred to a smaller part in these currencies. Impact on operating result is currently estimated at 15 million euro when the average USD-rate in a year changes with 10%. Barco has done great efforts in recent years to increase its natural hedging against the USD by increasing its operational costs in USD or USD-related currencies and by purchasing more components in these currencies. The natural hedge ratio of Barco in 2011 reached a level close to 65%, compared to 70% in 2010.

» Another impact is the fact that some of Barco's main competitors are USD-based. Whenever the USD decreases in value against the euro, these competitors have a worldwide competitive advantage over Barco. This impact on operating result can not be measured reliably.

INTEREST RATE RISK

Barco uses following hedging instruments to manage its interest rate risk:

Swap on outstanding loan

Barco has an outstanding variable loan of 8.7 million US dollar (6.7 million euro) in place, of which variable interest rate conditions have been swapped into a fixed 3.86%.

The swap is determined as an effective hedge of the loan for a similar portion and meets the hedging requirements of IAS 39. The fair value of the effective portion of the hedging instrument is therefore recognized directly in comprehensive income under hedge accounting treatment.

Cap / Floor on loan agreements

Barco entered in 2004 into a 15 million euro amortizing loan agreement with variable interest rate. Through the cap / floor structure, variability on the interest rate conditions of this loan (currently outstanding at 3.8 million euro) is restricted within a range of 2% and 5%.

The cap / floor loan agreements don't meet the hedging requirements of IAS 39 and are therefore treated as financial instruments held for trading. They are valued at fair value and changes in fair value are recognized in the income statement.

Estimated sensitivity to interest rate fluctuations

Effective base rate on the 3.8 million euro amortizing loan agreement is currently fixed at 2% (due to low EURIBOR rates and included floor agreement), whereby based on forward-looking interest rate view, management doesn't expect the interest rate to rise above this floor level in the immediate foreseeable future.

CREDIT RISK

Credit risk on accounts receivable

Credit evaluations are performed on all customers requiring credit over a certain amount. The credit risk is monitored on a continuous basis. In a number of cases collateral is being requested before a credit risk is accepted. Specific trade finance instruments such as letters of credit and bills of exchange are regularly used in order to minimize the credit risk. In 2011, Barco continued to conclude credit insurances in order to cover credit risks on specific customers with whom Barco entered into vendor financing agreements. Such vendor financing agreements are concluded and monitored on a case by case basis.

Credit risk on liquid securities and short-term investments

A policy defining acceptable counter parties and the maximum risk per counter party is in place. Short-term investments are done in marketable securities or in fixed term deposits with reputable banks.

FAIR VALUES

Set out below is an overview of the carrying amounts of the Group's financial instruments that are showing in the financial statements. In general, the carrying amounts are assumed to be a close approximation of the fair value,

IN THOUSANDS OF EURO	2011	2010	2009
	Carrying amount / Fair value (approx,)		
Financial assets			
Trade receivables	187,114	200,983	134,805
Other receivables	35,197	32,044	25,850
Loan and other receivables	35,157	31,754	25,681
Interest rate swap	0	4	14
Currency rate swap	40	287	155
Other non-current assets	19,134	17,339	6,109
Cash and short-term deposits	79,165	46,041	45,901
Total	**320,610**	**296,407**	**212,665**
Financial liabilities			
Financial debts	18,492	15,317	13,791
Floating rate borrowings	8,605	14,302	13,258
Fixed rate borrowings	9,887	1,015	533
Other debts	8,117	13,288	5,943
Short-term debts	6,593	24,039	8,116
Trade payables	110,791	125,353	67,852
Dividends payable	2,946	2,142	2,222
Interest rate swap	1,843	1,134	92
Other liabilities	8,045	6,522	1,683
Total	**156,825**	**187,794**	**99,699**

The fair value of the financial assets and liabilities is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

» Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

» Long term fixed rate and variable rate other assets are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2011, the carrying amounts of such receivables, net of allowances, are assumed not to be materially different from their calculated fair values.

» The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using the effective interest rates currently available for debt on similar terms, credit risk and remaining maturities. As at 31 December 2011, the effective interest rate is not materially different from the nominal interest rate of the financial obligation.

» The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate (cap/floor) swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

Fair value hierarchy

As at 31 December 2011, the Group held the following financial instruments measured at fair value:

IN THOUSANDS OF EURO	2011	2010	2009
Assets measured at fair value			
Financial assets at fair value through profit or loss			
Foreign exchange contracts - non-hedged	467	327	25
Interest rate swap	-	4	14
Financial assets at fair value through equity			
Foreign exchange contracts - hedged	-	-	690
Liabilities measured at fair value			
Financial liabilities at fair value through profit or loss			
Foreign exchange contracts - non-hedged	428	56	540
Interest rate swap	317	157	92
Financial liabilities at fair value through equity			
Foreign exchange contracts - hedged	-	-	20
Interest rate swap	1,526	977	20

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All fair values mentioned in the above table relate to Level 2.

During the reporting period ending 31 December 2011, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

CAPITAL MANAGEMENT

Management evaluates its capital needs based on following data:

IN THOUSANDS OF EURO	2011	2010	2009
Net financial cash / (debt)	61,635	8,857	23,486
Equity	460,703	395,591	344,264
% Net financial cash (debt) / Equity	13.4%	2.2%	6.8%

IN THOUSANDS OF EURO	2011	2010	2009
Equity	460,703	395,591	344,264
Total equity and liabilities	814,567	754,699	572,475
% Equity / Total equity and liabilities	56.6%	52.4%	60.1%

Barco had a year of strong cash flow generation, which has lead to a net cash position of 61.6 million euro per 31 December 2011 compared to 8.9 million euro as per end of 2010. Thanks to the realized profitable growth, also the solvency position and other current ratios improved.

Together with the enlarged committed credit facilities concluded per end of 2011, management considers that it has secured a very healthy liquidity profile and strong capital base for the further development of the Group.

22. OPERATING LEASES

IN THOUSANDS OF EURO	2011	2010	2009
Non-cancellable operating leases are payable as follows:			
Less than one year	5,850	4,775	5,311
Between one and five years	7,209	8,808	7,788
More than five years	-	883	526
Total	**13,059**	**14,466**	**13,626**

Non-cancellable operating leases mainly relate to leases of factory facilities, warehouses and sales offices. During the current year, the total rent expenses recognized in the income statement amounted to 12.8 million euro, whereof 6.6 million euro relating to rent of buildings.

23. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

IN THOUSANDS OF EURO		2011	2010	2009
Guarantees given to third parties	(a)	19,303	23,351	22,986
Mortgage obligations given as security	(b)			
» book value of the relevant assets		3,600	3,819	4,381
» total of the mortgage		9,629	9,400	8,891
Buy back obligations	(c)	10,258	11,300	6,700

(a) Guarantees given to third parties mainly relate to guarantees given to customers for ongoing projects, guarantees given to suppliers for investment projects and to authorities for commitments related to VAT, duties, etc.

(b) The outstanding debts guaranteed by the mortgage obligations amount to 6.7 million euro per 31 December 2011.

(c) Barco appeals on a vendor-lease program with the obligation to take back sold goods, in case of insolvency of the client. No buy-back provision is set up for this risk as all risks and rewards are transferred upon the sale. Total possible value of the obligation to take back sold goods is 10.3 million euro (11.3 million euro in 2010 and 6.7 million euro in 2009).

At the end of 2007, Barco reached agreements for the sale of important parts of the Manufacturing Services division. These agreements stipulate that the buyers will remain Barco's leading suppliers for the mechanical assembly activities. These commitments gradually decrease from 90% in the first year after the sale of the activities (i.e. 2008) to 82% in 2012. In 2008, Barco reached an additional agreement for cable assembly, which included a purchase commitment gradually decreasing in 2012.
The prices used in all purchase agreements are based on following principles:
» price continuity with customary adjustments for existing products;
» agreed price calculation models and competitiveness obligations for new products.
The agreements include quality and on-time delivery specifications.

24. RELATED PARTY TRANSACTIONS

For more information with respect to remuneration for directors and members of the executive management, please refer to the 'Corporate governance' section on page 84 of the annual report.

25. CASH FLOW STATEMENT: EFFECT OF ACQUISITIONS AND DISPOSALS

The table below shows the effect of acquisitions and disposals on the balance sheet movement of the Group. The 2011 acquisition fully relates to the Cinestore asset deal. The 2010 acquisitions relate to Fimi, dZine and Element Labs, leading to a combined investment of 38.2 million euro. See Note 1.2 for more information on these acquisitions.
The 2009 effect relates to the disposal of the Advanced Visualization activities.

IN THOUSANDS OF EURO	ACQUISITIONS			DISPOSALS		
	2011	2010	2009	2011	2010	2009
Non-current assets	**5,302**	**12,021**	**-**	**-**	**-**	**-5,172**
Capitalized development cost	387	3,597	-	-	-	-4,265
Customer list	-	5,000	-	-	-	-
Know-how	4,702	-	-	-	-	-
Tangible assets and other intangible assets	213	2,112	-	-	-	-229
Deferred tax assets	-	1,299	-	-	-	-678
Other non-current assets	-	13	-	-	-	-
Current assets	**2,859**	**21,848**	**-**	**-**	**-1,976**	**3,052**
Inventory	2,714	12,963	-	-	-	-64
Trade debtors & other receivables	145	8,885	-	-1,992	-1,976	3,116
Non-current liabilities	**2,547**	**5,035**	**-**	**-**	**-**	**-**
Long-term debts, interest-bearing liabilities	-	-	-	-	-	-
Deferrred tax liabilities	-	1,991	-	3,452	-	-
Provisions	2,547	3,044	-	-	-	-
Current liabilities	**-2,672**	**11,615**	**-**	**-**	**-**	**2,205**
Trade payables	225	4,539	-	-	-	-
Other payables	-2,897	7,076	-	-	-	2,205
Net-identifiable assets and liabilities	**8,286**	**17,218**	**-**	**-**	**-1,976**	**85**
Non-operating profit (losses) on disposals		**-**	**-**	**-**	**-**	**-7,508**
Goodwill on acquisitions	**1,030**	**20,626**	**-**	**-**	**-**	**-15,544**
Received / (paid) consideration	**-**	**-**	**-**	**-1,460**	**1,976**	**22,967**
Acquired cash	**-**	**382**	**-**	**-**	**-**	**-**
Purchase price	**9,316**	**38,227**	**-**	**-**	**-**	**-**

The total purchase price in 2011, relates to the acquisition of the CineStore activities of 6.4 million euro and current year's earn-out payment on the 2010 Fimi acquisition for an amount of 2.9 million euro.

Out of the total purchase price relating to the 2010 acquisitions (38.2 million euro), 19 million euro purchase price of FIMI Srl was already paid end of 2009; during 2010 an amount of 10 million euro has been paid, mainly relating to the acquisition of dZine and the asset deal with Element Labs. The remaining part of the purchase price concerned earn-out amounts payable as of 2011.

The 2011 disposals relate to the remaining part of the sales price of the 2009 divestment of Barco's Advanced Visualization (AVIS) business, which was put in escrow and received in 2011, and the taxes paid in 2011 on the plus value realized on this sale. The 2010 disposal amount related to the first part of the escrow amount, which was released in 2010.

We refer to the Cash flow statement and note 1.2 on acquisitions and note 3 on discontinued operations.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are carried in terms of historical cost using the exchange rate at the date of the acquisition.

26. BALANCE SHEET FROM REPORTED BUSINESS VERSUS CONTINUING BUSINESS

IN THOUSANDS OF EURO	Note	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2011	31 Dec 2010	31 Dec 2009
		CONTINUING BUSINESS			REPORTED BUSINESS		
ASSETS							
Goodwill	10	43,921	52,891	32,265	43,921	52,891	32,265
Capitalized development cost	11	69,020	59,378	54,434	69,020	59,378	54,434
Other intangible assets	12	14,565	8,573	5,204	14,565	8,573	5,204
Land and buildings	12	30,569	30,525	30,988	30,569	30,525	30,988
Other tangible assets	12	27,479	25,657	23,193	27,479	25,657	23,193
Investments	9	9,300	326	19,327	9,300	326	19,327
Deferred tax assets	13	56,763	41,742	32,125	56,763	41,742	34,042
Other non-current assets	15	19,134	17,339	6,109	19,134	17,339	10,025
Non-current assets		**270,751**	**236,431**	**203,645**	**270,751**	**236,431**	**209,479**
Inventory	14	233,928	230,421	146,264	233,928	230,421	146,265
Trade debtors	15	187,114	200,983	134,805	187,114	200,983	134,805
Other amounts receivable	15	35,197	32,044	25,850	35,197	32,044	26,931
Cash and cash equivalents	16	79,165	46,041	45,901	79,165	46,041	45,901
Prepaid expenses and accrued income		8,412	8,780	9,092	8,412	8,780	9,095
Assets from discontinued operations	3	-	-	6,918	-	-	-
Current assets		**543,816**	**518,269**	**368,831**	**543,816**	**518,269**	**362,997**
Total assets		**814,567**	**754,699**	**572,475**	**814,567**	**754,699**	**572,475**
EQUITY AND LIABILITIES							
Equity attributable to equityholders of the parent	18	460,703	395,590	344,264	460,703	395,590	344,264
Non-controlling interests		-	1	1	-	1	1
Equity		**460,703**	**395,591**	**344,265**	**460,703**	**395,591**	**344,265**
Long-term debts	16	19,014	12,674	11,906	19,014	12,674	11,906
Deferred tax liabilities	13	5,005	7,331	5,299	5,005	7,331	10,727
Other long-term liabilities	17	8,117	13,288	5,446	8,117	13,288	5,446
Non-current liabilities		**32,136**	**33,293**	**22,652**	**32,136**	**33,293**	**28,080**
Current portion of long-term debts	16	1,691	2,643	2,393	1,691	2,643	2,393
Short-term debts	16	6,593	24,039	8,116	6,593	24,039	8,116
Trade payables	19	110,791	125,353	67,852	110,791	125,353	67,852
Advances received on contracts in progress		55,748	33,659	27,493	55,748	33,659	27,493
Tax payables		21,556	23,574	12,203	21,556	23,574	12,203
Employee benefit liabilities		51,741	47,598	28,450	51,741	47,598	28,451
Other current liabilities		8,045	6,522	3,997	8,045	6,522	3,997
Accrued charges and deferred income		23,488	14,154	10,801	23,488	14,154	10,802
Provisions	20	42,075	48,273	38,824	42,075	48,273	38,824
Liabilities from discontinued operations	3	-	-	5,429	-	-	-
Current liabilities		**321,728**	**325,815**	**205,558**	**321,728**	**325,815**	**200,131**
Total equity and liabilities		**814,567**	**754,699**	**572,475**	**814,567**	**754,699**	**572,475**

27. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 1 February 2012, Barco announced the acquisition of the assets of IP Video Systems (IPVS), a California-based innovator in networked visualization solutions. The acquisition fits within Barco's overall strategy to invest in high-performance networked visualization technology and will strengthen the company's product portfolio in a large number of markets.

On 3 February 2012, Barco acquired 100% of the shares of UK based, patient bedside terminal provider Jaotech. With this strategic acquisition, Barco broadens its offering with point-of-care solutions for the Healthcare division.

There are no other major events subsequent to the balance sheet date which have a major impact on the further evolution of the company.

AUDITOR'S REPORT

Statutory auditor's report to the general meeting of shareholders of Barco NV on the consolidated financial statements for the year ended 31 December 2011

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report contains our opinion on the consolidated financial statements as well as the required additional comments.

UNQUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Barco NV and its subsidiaries (collectively referred to as 'the Group') for the year ended 31 December 2011, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 814,567 thousand euro and the consolidated statement of income shows a profit for the year, share of the Group, of 75,850 thousand euro.

Responsibility of the board of directors for the preparation and fair presentation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from the board of directors and the Group's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the Group's financial position as at 31 December 2011 and of the results of its operations and its cash flows in accordance with IFRS as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

ADDITIONAL COMMENTS

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comments, which do not modify the scope of our opinion on the consolidated financial statements:

The directors' report on the consolidated financial statements deals with the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the entities included in the consolidation are facing, and on their financial situation, their foreseeable evolution or the significant influence of certain facts on their future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Gent, 6 February 2012

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Lieve Cornelis
Partner

Jan De Luyck
Partner

BARCO NV

SUMMARY VERSION OF STATUTORY ACCOUNTS BARCO NV

The financial statements of the parent company, Barco NV, are presented below in a condensed form.

The accounting principles used for the statutory annual accounts of Barco NV differ from the accounting principles used for the consolidated annual accounts: the statutory annual accounts follow the Belgian legal requirements, while the consolidated annual accounts follow the International Financial Reporting Standards. Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Barco Group.

The management report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Barco NV, as well as the Auditor's Report, will be filed with the National Bank of Belgium within the statutory periods. These documents are available on request from Barco's Investor Relations department, and at www.barco.com.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Barco NV for the year ended 31 December 2011 give a true and fair view of the financial position and results of the company in accordance with all legal and regulatory dispositions.

BALANCE SHEET AFTER APPROPRIATION

IN THOUSANDS OF EURO	2011	2010	2009
Fixed assets	**706,089**	**667,750**	**701,893**
Intangible fixed assets	63,353	46,355	41,240
Tangible fixed assets	22,536	21,242	22,295
Financial fixed assets	606,238	588,162	633,004
Amounts receivable after more than one year	13,962	11,991	5,354
Current assets	**327,388**	**358,916**	**259,380**
Stocks and contracts in progress	133,222	133,329	87,128
Amounts receivable within one year	134,024	175,387	118,812
Investments (own shared)	45,845	45,845	45,845
Cash at bank and in hand	38	73	2,860
Deferred charges and accrued income	14,259	4,282	4,736
TOTAL ASSETS	**1,033,477**	**1,026,666**	**961,273**
Capital and reserves	**411,288**	**343,710**	**254,192**
Capital	54,532	54,169	54,169
Share premium account	134,381	131,150	131,150
Reserves	52,058	52,058	52,059
Accumulated profits	156,503	104,881	15,685
Investment grants	1,333	1,452	1,128
Provisions and deferred taxes	**19,656**	**24,412**	**20,250**
Provisions for liabilities and charges	19,656	24,412	20,250
Creditors	**602,533**	**658,544**	**686,832**
Amounts payable after more than one year	39,421	34,367	30,765
Amounts payable within one year	574,261	624,177	656,067
TOTAL LIABILITIES	**1,033,477**	**1,026,666**	**961,273**

The increase of the intangible fixed assets of 17 million euro in 2011 is mainly caused by 10 million euro R&D capitalization, 3.5 million euro know-how purchased via the Cinestore acquisition and 3 million euro relating to the purchase of SAP ERP-software. The financial fixed assets changes in 2011 consist of the intercompany purchase of shares of Barco Coordination Center (10 million euro) and the purchase of minority shares of 20% for an amount of 8 million euro. The liabilities include mainly intercompany debts (438 million euro), mainly towards Barco Coordination Center NV.

INCOME STATEMENT

IN THOUSANDS OF EURO	2011	2010	2009
Sales	654,511	567,124	410,992
Operating income/(loss)	47,072	28,705	-22,709
Financial result	-5,166	-4,670	-11,213
Extra-ordinary result	12,358	77,834	12,091
Income taxes	9,838	-3	-4,609
Profit/(loss) for the year	**64,102**	**101,866**	**-26,440**

PROPOSED APPROPRIATION OF BARCO NV RESULT

IN THOUSANDS OF EURO	2011	2010	2009
Profit/(loss) for the year for appropriation	64,102	101,866	-26,440
Profit brought forward	104,881	15,685	42,125
Profit to be appropriated	**168,983**	**117,551**	**15,685**
Profit to be carried forward	156,503	104,881	15,685
Gross dividends	12,480	12,670	-
Total	**168,983**	**117,551**	**15,685**

Barco NV sales in 2011 amounts to 654 million euro, which is 15% higher than in 2010 and 59% higher than the sales realized in 2009. In 2011, the performance of the Entertainment and Healthcare division are the main drivers for the increase in sales and operating income.
The operating income increased by 62% in 2011 to 47 million euro, compared to an operating income of 29 million euro in 2010, caused by the higher sales.

The financial results decreased as there were less dividends received from affiliates (2011: 0.4 million euro versus 2010: 6.9 million euro). Thanks to the lower interest expenses incurred in 2011 the financial result movement could be limited to -10.5%.

The extra-ordinary income in 2011 relates to additional gain (12.5 million euro) realized on the intercompany sale of shares of Barco Integrated Solutions NV to Barco Coordination Center NV, which happened in 2010 and on which an extra-ordinary income of 81 million euro was realized at that time. Last year's extraordinary result also included an impairment on the investment in Barco Denmark for 3 million euro. The extra-ordinary income in 2009 relates to the sale of the Avis business

The profit on Income Taxes of + 9.8 million euro in 2011 is related to a tax credit on research and development expenses.

The board of directors of Barco NV proposed a gross dividend of 1.10 euro per share relating to the result as of 31 December 2011.

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