ANNUAL REVIEW 2010 FINANCIALS

EVS

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STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF EVS BROADCAST EQUIPMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

In accordance with the legal requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the consolidated financial statements as well as the required additional statement.

Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements for the year ended December 31, 2010, prepared in accordance with International Financial Reporting Standards as agreed by the European Union, which show a balance sheet total of EUR 83.697 (000) and a consolidated profit for the year of EUR 38.058 (000).

Management is responsible for the preparation and the fair presentation of these consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation 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.

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 International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement, as to whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the group's accounting system, as well as its internal control procedures. We have obtained from management and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the appropriateness of the accounting policies and consolidation principles, the reasonableness of the significant accounting estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion the consolidated financial statements for the year ended December 31, 2010 give a true and fair view of the group's assets and liabilities, its financial position and the results of its operations and cash flow in accordance with International Financial Reporting Standards as agreed by the European Union.

Additional statement

The preparation of the consolidated Directors' report and its content are the responsibility of management.

Our responsibility is to supplement our report with the following additional statement, which does not modify our audit opinion on the consolidated financial statements:

- The consolidated Directors' report includes the information required by law 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 consolidated group is facing, and of its financial situation, its foreseeable evolution or the significant influence of certain facts on its 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.

Liège, April 11, 2011

BDO Réviseurs d'Entreprises Soc. Civ. SCRL
Statutory Auditor
Represented by Félix FANK

MANAGEMENT REPORT

CONSOLIDATED KEY FIGURES – IFRS (EUR MILLIONS)

	2010	2009	2008	2010/2009
Revenue	111.2	76.6	110.7	+45.2%
Gross margin %	79.6%	81.8%	85.8%	-
Operating profit - EBIT	55.5	37.2	68.4	+49.1%
Operating margin (EBIT) %	**50.0%**	**48.7%**	**61.8%**	-
Contribution from XDC [(1)]	-0.2	-1.7	-2.4	-
XDC dilution profit [(1)]	-	1.3	-	-
Income taxes	-16.7	-11.4	-21.6	+46.1%
Net profit, group share	38.1	25.4	45.2	+49.7%
Net profit from operations, excl. XDC, group share [(2)]	39.7	27.0	48.5	+47.0%
Net profit margin (%)	35.7%	35.3%	43.7%	-

(1) On 30 December 2009, EVS reduced its participation in XDC S.A. capital, from 47.2% to 41.3%. Following the dilution of 5.9%, EVS reported a dilution profit of EUR 1.3 million in 2009.
(2) The net profit from operations, excl. XDC, is the net profit (share of the group) excluding non operating items (net of tax) and the XDC contribution. Refer to note 6.3 on use of non-GAAP financial measures.

HIGHLIGHTS

In an environment where we see some signs of industry recovery, mainly driven by stronger revenues for broadcasters, mixed with a need to optimize the use of existing equipments, we have been able to realize a strong performance in 2010. The crisis has reinforced the need for clients to optimize the way their workflows are designed. High definition will continue to be a strong driver for the years to come. In 2011, our focus will not change: we will continue to invest in innovation and make sure that we are able to answer to lots of different customer needs in studio, and continue to expand our operations to support the development of the company.

In the fourth quarter, sales amounted to EUR 26.9 million (+31.3%), leading to a record year in 2010 (+45.2% to EUR 111.2 million), higher than the company guidance. EBIT margin for FY10 was slightly higher than 2009, at 50.0% of sales, in line with our guidance. For 2011, we expect to leverage on the industry recovery, and on the main drivers that remain valid. This is an odd year, without any major event (which represented more than EUR 10 million of rentals in 2010). We are strongly investing in expansion in new niches and innovation in new solutions, having grown our headcount by 33% over the last year. Of course, this weights on our short term margins, as we do not capitalize R&D, but hopefully paves the way for future better ones, like over 2002-2005 period. Ongoing diversification, London2012 traction and future big sporting events in emerging markets will constitute other drivers for us in the future.

LONG TERM STRATEGIC PLAN

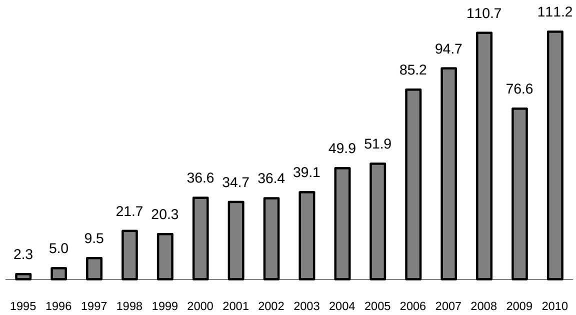
Executing its **"Speed to Air" strategy**, EVS serves hundreds of TV stations worldwide with its high-end digital video and audio applications, especially in the field of live sports and studio production where the company has developed leadership positions in various niche markets. The worldwide migration from tape-based operations to integrated tapeless workflows is underway and will certainly gain momentum the next decade. This process is accelerated by the transition from standard definition (SD) to high definition (HD) television, because new equipment needs to interoperate with digital solutions, which are increasingly high definition.

Hence, EVS directly benefits from the following **long term growth drivers**: the increasing number of video distribution channels like IPTV, web TV or catch-up platforms, the transition to tapeless workflows, the replacement market due to HD format conversion, the launch of new products to address live, near-live or delayed studio production needs, the demand for new "speedclipping" tools to fragment the content to multimedia environments, and an increased focus of broadcasters/IPTV and advertisers on large popular sport broadcasts to gain new viewers. 3D technologies appear to speed up the conversion to tapeless HD production facilities. In the medium to long term, EVS targets the studio market which is estimated to be currently **USD 2 billion** per annum according to the IABM Broadcast Industry survey and includes storage solutions, video servers, editing solutions, services, news etc, of which around 50% has already made the transition to tapeless solutions. This market is expected to grow by 5% per annum in the next decade. EVS succeeded in growing its market share in that market from 1% in 2005 to around 7% in 2010. Therefore, taking into account usual business risks and uncertainties, EVS Board and teams believe that the underlying demand for EVS products should continue to be supported by these structural growth drivers, which will impact the business over a long period of time and will follow usual equipment acquisition wave patterns.

REVENUE

EVS revenue amounted to **EUR 111.2 million** in FY10, an increase by 45.2% at actual exchange rate (+30.6% at constant exchange rate and excluding the big events rentals in 2010) compared to FY09. In 2010, the studio solutions represented 49.9% of sales. Around 80% of studio sales have been realized with a large number of small to medium deals. Sales in that segment increased by 125.0% to EUR 55.5 million. Revenue in the outside broadcast segment increased by 7.3% to EUR 55.7 million. Revenues in 2010 included EUR 10.2 million of big event rentals (out of which 54% are reported in the studio segment). OpenCube sales grew by 35% in 2010, reaching EUR 1.9 million on 12 months.

Revenue evolution (EUR millions)



EVS sales have evolved in line with the industry over 2010 with a stronger business last spring. The broadcast equipment industry recovers slowly but surely. On one side, advertising and subscription revenue have grown strongly in 2010, and the migration to HD proves to remain a key growth driver for the entire industry. But on the other side, clients remain cautious; some big players are yet planning to restart their capex programs while other key players are investing in new successful business models.

In 2010, in Europe, Middle-East and Africa ("**EMEA**"), sales amounted to EUR 61.0 million (+27.0% compared to FY09), representing 54.8% of group revenue. The United Kingdom performed very well in 2010, driven by the Sky News HD & Sky Sports HD deals. On the continental European market, the migrations to tapeless workflows and high definition will be strong drivers in the years to come.

Sales in the Americas ("**NALA**") were EUR 29.1 million (+60.3% at constant exchange rate). The U.S. were strong in 2010, with further expansion in Outside Broadcast, penetration in the stadiums, and lots of smaller deals to extend existing workflows. In Latin America, the broadcast industry is moving fast as well. It is clear that Brazil will be energized by hosting future major sporting events in 2014 and 2016.

In Asia & Pacific ("**APAC**"), sales increased by 87.2% to EUR 21.1 million. The big sporting events that took place in 2010 in that part of the world served as trigger for new investments by a lot of existing and new clients. Deals were spread across the region, with Malaysia being one of the most dynamic markets.

Sales by region (EUR millions)

	2010	2009	2008	Mix 2010	2010/2009
Europa, Middle-East, Africa (EMEA)	61.0	48.0	59.0	54.8%	+27.0%
America (NALA)	29.1	17.3	27.9	26.2%	68.4%
At constant exchange rate (1)	*27.7*	*17.3*	*29.4*	-	*+60.3%*
Asia-Pacific (APAC)	21.1	11.3	23.8	19.0%	+87.2%
TOTAL	**111.2**	**76.6**	**110.7**	**100%**	**+45.2%**

(1) Reference exchange rate: 2009.

RESEARCH AND DEVELOPMENT

Research and Development expenses in 2010 were EUR 16.2 million, up 31.3%, reflecting the increase of the number of engineers joining EVS in this department, including engineers working for OpenCube Technologies, French company acquired by EVS in 2010 and consolidated since April 1, 2010. They represent around 15% of revenue. In accordance with the group's accounting rules (Belgian and IFRS), these expenses are fully expensed over the financial year. Today, there are around 170 high-level engineers working on the conversion of television to all-digital technology. The future of the audio-visual sector will be influenced mainly by the changes in the digital technologies which will offer viewers more choice, better quality and interactivity. Customer satisfaction is at the heart of EVS concerns. The group's strong vertical integration between the sales/support activities at the local level and the centralization of R&D enable rapid adaptation of products. EVS priority in terms of R&D is to continue the development of tapeless modular production platforms with a broad bandwidth which offer producers even more flexibility and quality when broadcasting content to viewers.

EVS launched many new products and solutions on the market over the last two years, paving the way for future business development as evidenced by 2010 record sales. For instance, the new XT2+ server platform enables 3D production in Outside Broadcast environments as well as empowers live productions. The AirEdit solution provides ethical cuts in international TV satellite feeds. The concept of Media Server or Live Content Fragmentation that had been introduced by EVS at the World Cup in 2006 penetrates many sport events and entertainment programs. EVS has launched a new business unit dedicated to Digitization and Archiving solutions and services which managed thousands of past content libraries. XS and XT Nano servers have broadened the server family in order to reach new market segments. EVS unveiled the GX server in June 2010 for fill and key playout. Epsio sport graphics features are expanding into live events. OpenCube completes the EVS solutions with MXF packaging and XDCAM formats. Most of all these new products have been developed over the last two years, amongst others by the additional 72% (plus 71 to 170) R&D staff since the beginning of 2009, recruited or acquired by EVS.

STAFFING

As of December 31, 2010, EVS had a total of 366 employees (full-time equivalents), an increase of 32.6% compared with end of year 2009. More than 90 individuals were hired during the financial year with a view to strengthening the leadership of the company in its niche markets and preparing for the future. The total salary cost stands at EUR 23.0 million in 2010 as opposed to EUR 17.6 million in 2009. Throughout 2010, the average number of employees was 326, up 31.5% over 2009. Most recruits in 2010 were made on the basis of new strategic business niches. EVS will continue to hire broadcast experts broadcast in the future.

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

	Corporate Services	Research & Development	Sales & Marketing	Production & Operations	Total
Dec.31, 2008	42	99	29	63	233
Dec. 31, 2009	46	126	31	73	276
Dec. 31, 2010	56	170	39	101	366

RESULT AND COST CONTROL

2010 key figures per quarter

IFRS - EUR million, except earnings per share expressed in EUR	1Q10 unaudited	2Q10 unaudited	*1H10 reviewed*	3Q10 unaudited	4Q10 unaudited	*2H10 reviewed*	2010 Audited
Revenue	20.9	30.2	*51.1*	33.2	26.9	*60.1*	**111.2**
Gross margin	16.3	24.0	*40.3*	27.6	20.6	*48.2*	**88.5**
Gross margin %	78.5%	79.4%	*79.0%*	83.0%	76.6%	*80.2%*	**79.6%**
Operating profit – EBIT	9.6	15.8	*25.4*	18.3	11.8	*30.1*	**55.5**
Operating margin – EBIT %	46.1%	52.4%	*49.9%*	55.0%	43.9%	*50.0%*	**50.0%**
Contribution from XDC	-0.2	-0.1	*-0.3*	0.0	0.1	*0.1*	**-0.2**
Net profit – Group share	6.3	11.2	*17.5*	12.4	8.2	*20.6*	**38.1**
Net profit from operations, excl. XDC – Group share (1)	6.6	11.9	*18.5*	12.8	8.4	*21.2*	**39.7**
Basic earnings per share	0.46	0.83	*1.29*	0.92	0.61	*1.53*	**2.82**
Basic earnings per share from operations, excl. XDC (1)	0.49	0.88	*1.37*	0.95	0.62	*1.57*	**2.94**

(1) The net profit from operations, excl. XDC, is the net profit (share of the group) excluding non operating items (net of tax) and the XDC contribution. Refer to Note 6.3: use of non-GAAP financial measures.

Consolidated gross margin was 79.6% in 2010, slightly lower than 81.8% in 2009, due to a less favorable sales mix. Operating expenses increased by 29.2%, mainly as a result of EVS consistent strategy to increase its competitive advantage and improve its services to customers. This is also the consequence of the first consolidation of OpenCube as from April 1, 2010. Thanks to much higher sales, the operating (EBIT) margin increased to 50.0% of revenue, compared to 48.7% in FY09.

For 2010, the average US dollar exchange rate against the Euro was 1.3263, having strengthened by 5.1% compared to 1.3941 in FY09. It had a positive impact of EUR 1.4 million (1.3%) on revenue. This was offset by both the natural hedge (both on operating expenses and foreign taxes) and the financial hedge. The reinforcement of the US dollar against the EUR in 2010 is positive for the EVS competitive position.

Group income taxes were EUR 16.7 million in 2010. Net profit amounted to EUR 38.1 million, or +49.7% compared to 2009, while net profit from operations, excluding XDC, was EUR 39.7 million in 2010. Basic net profit from operations per share amounted to EUR 2.94 in 2010, compared to EUR 1.99 for 2009.

XDC, in which EVS owns 41.3%, enjoys a strong momentum and, together with its affiliate FTT, has installed more than 1,000 digital screens in 2010 in Europe. XDC revenue in 2010 jumped to EUR 61.2 million, partly due to the acquisition of FTT that is consolidated since December 31, 2009 and is accretive to the earnings. XDC had a slightly negative contribution to the results of EVS of EUR -0.2 million, compared to a negative net impact of EUR -0.4 million in 2009 (including the dilution profit of EUR 1.3 million). XDC recorded a positive EBITDA of EUR 8.7 million, or 14% of revenues. The new XDC group, including FTT, is gearing up and expanding across Europe.

Data per share (EUR):

	2010	2009	2008	2010/2009
Weighted average number of subscribed shares for the period, less treasury shares	13,511,048	13,554,643	13,578,250	-0.3%
Basic net profit, group share	**2.82**	**1.88**	**3.33**	**+50.2%**

CASH-FLOW, OWN SHARES AND EMPLOYEE PROFIT SHARING

Net Equity represents 73% of total liabilities while return on employed capital is around 75% (net result divided by net equity plus interim dividend less net excess cash). The inventories amounted to EUR 12.4 million at the end of December, a strong increase compared to the end of 2009 due to strategic inventories built-up for some key components in order to avoid any possible supply chain shortage, and due to the high number of EVS servers and new solutions spread in the world under demo, rental and leasing agreements. DSO improved at 60 days.

The net cash-flow from operations amounted to EUR 36.6 million in 2010. On December 31 2010, the group balance sheet shows EUR 27.9 million in cash and cash equivalents (after the payment of EUR 15.6 million for the interim dividend at the end of November) and EUR 1.5 million long-term financial debts (including short term portion of it).

The group optimized the return for shareholders with the interim gross dividend of EUR 1.16 per share paid out in November 2010 and a final proposed gross dividend of EUR 1.48 per share to be paid on June 1, 2011, representing a total of approximately EUR 35.6 million.

At the end of December, there were 13,625,000 EVS outstanding shares, of which 140,403 were owned by the company. EVS repurchased 97,797 own shares in 2010 on NYSE-Euronext at an average share price of EUR 38.15, representing an investment of EUR 3.7 million. At December 31, 2010, 298,350 warrants were outstanding with an average strike price of EUR 39.36. Shares have been used for the payment of acquired businesses, and for the exercise of warrants. Finally, EVS disposed of 5,481 own shares through the profit-sharing scheme for the employees. Indeed, following what was done the previous years, and within the framework of the law of May 22, 2001, the Ordinary General Meeting of May 18, 2010 decided to grant its employees a special reward through the profit-sharing scheme (“plan de participation bénéficiaire”) similar to the grant of shares of the company up to an amount of approximately EUR 0.3 million.

In 2010, the Board of Directors decided to grant a total of 183,550 warrants to some employees at a strike price of EUR 34.52. As of December 31, 2010, 298,350 warrants were outstanding with an average strike price of EUR 39.36 and an average maturity of December 2014. However, only 47,650 warrants were exercisable and in-the-money at December 31, 2010. The 298,350 existing warrants have a potential diluting effect of 2.2% on capital. This is partially covered by the 140,403 treasury shares held by the company and acquired at an average price of EUR 37.41.

DISPUTES

As per December 31, 2010, EUR 1.1 million provisions were available to reasonably cover various ongoing commercial and social disputes.

INVESTMENTS

EVS business does not require major investments in equipment. The group’s policy is to have its own premises and primarily finance them through shareholders’ equity, and in some cases via long-term bank loans. As per December 31, 2010, the net book value of real estate was EUR 9.6 million for lands and buildings. Most of the buildings have benefited from regional or European subsidies.

Following the rapid growth of the Belgian teams spread into six different buildings in the Liège Science Park, the Board of Directors of EVS approved the project to build a new facility nearby the existing site. The project is estimated at approximately EUR 40 million, from which around EUR 5 million regional and European subsidies must be deducted. In addition, all or part of the current buildings, valued at EUR 9.6 million at end of 2010, could be sold by EVS. The investment will be financed through a mix of equity and debt. The Board wants to emphasize that this project should not impact on the dividend policy of the company.

CAPITAL AND SUBSIDIARIES

The EVS Broadcast Equipment S.A. capital of EUR 8,342,479 was unchanged in 2010 and is represented by thirteen million six hundred and twenty five thousand shares (13,625,000) without any designation of nominal value.

In the context of the development of EVS activities throughout the world, the company acquired, in 2010, a new subsidiary of services and R&D: OpenCube Technologies in Toulouse (France). In addition, the group has opened a small applications development center in continental China: Network and Broadcast Systems Limited (NBS).

2011 OUTLOOK

As of February 15, 2011, and as published in the 2010 annual results press release on February 17, 2011, the global winter order book (to be invoiced in 2011) reached EUR 25.2 million, -15.5% compared to EUR 29.8 million on the same date one year ago, but +8.3% excluding the rentals relating to the big sporting events. In addition to the EUR 25.2 million of order book to be invoiced in 2011, EVS has already orders for EUR 2.7 million that will be invoiced in 2012 and beyond (vs EUR 3.1 million last year).

"Studio" orders represent 48.0% of the total EUR 25.2 million order book while they represent 46.1% of the total order intake in 2010. This variation is mainly due to a few important studio orders, with longer delivery periods. EVS gains market shares and important clients in this promising market segment.

After weaker 2009, EVS is back on track and even exceeded its 2008 sales performance. 2011 shall of course lack some EUR 10 million from big sporting events rentals that were booked in 2010 but should be a good preparation for a stronger 2012. Second half should be stronger than first half year. Industry recovers and many projects are being discussed with existing and new customers in order to create new workflows to enhance the TV and Video experience. EVS is recognized for the quality of its service and advices towards its customers and wide users community. EVS shall continue to expand its training centers, its service offices throughout its markets. EVS shall also continue developing new solutions with key customers, therefore recruiting key staff in its Headquarters but also in its 19 foreign offices. As all those developments are just expensed – not capitalized-, the short term margins could weaken but longer term margins should hopefully be higher. It should be clear that risk factors such as economical uncertainties, banking troubles, balance-sheets constraints for clients or major currencies fluctuations are not easing any forecast. However, both broadcast equipment industry turmoil and ongoing M&A activity may potentially turn into an advantage for EVS given its strong financials, organization flexibility, innovation power and the potential of its wide installed base.

CONFLICT OF INTEREST PROCEDURES

During the year under review, there was no reason to apply the specific procedure provided for under Article 523 of Company Law. The total amount of remuneration and emoluments accorded to members of the Board of Directors by EVS in 2010 amounted to EUR 788 thousand compared with EUR 752 thousand in 2008.

RECENT EVENTS

Significant events that arose after the balance sheet date are:

- the information communicated on February 17, 2010;
- In February 2011, XDC, in which EVS owns 41.3%, signed a sales agreement of its CineStore activities (design, assembling and commercialization of digital cinema servers) to Barco, a leading provider of digital cinema projectors. The sale was agreed for an amount of around EUR 5.5 million, and a possible future "earn-out". The agreement foresees the transfer of the assets, the liabilities and the employees of this activity with effect on March 31, 2011.

PROPOSALS BY THE BOARD TO THE SHAREHOLDERS

As it was proposed since the introduction of the stock exchange in 1998, the Board of Directors has decided to optimize the return for shareholders in the form of a dividend and/or repurchase of own shares. The Board, therefore, recommends a total gross dividend of EUR 2.64 per share (including the interim dividend of EUR 1.16) at the Ordinary General Meeting to be held on May 17, 2011, what would imply a final gross dividend of EUR 1.48 per share to be paid on June 1, 2011. The Board of Directors proposes to grant shares to the employees within the framework of the law relating to profit-sharing schemes.

The dividends never stopped increasing since the IPO in 1998. A aggregate amount of EUR 15.07 has been paid to the shareholders, what represents more than twice the IPO value (EUR 7.44).

The group has a policy of repurchasing treasury shares which evidences EVS confidence in its future. Within the limitations of Article 620, Par. 1, Clauses 3 and 4, Sub-Clauses 1, 2° of Company Law, the Extraordinary General Meeting of June 12, 2009 renewed, for a 3 years period, its authorization to the Board of Directors to exchange and/or dispose of the company's treasury shares on the stock exchange or by any other manner with a view to averting serious and imminent harm to the company. In addition, the General Meeting also renewed, for a period of 5 years, the authorization given to the Board to acquire up to a maximum of 20% of the outstanding shares under certain conditions. The group intends to pursue its own shares repurchase policy as the market opportunities arise.

CORPORATE GOVERNANCE

Corporate governance matters, and more specifically the "Corporate Governance Statement" relating to 2010 are included in the EVS Annual Review (from page 24 to 29), which is another document.

RISKS AND UNCERTAINTIES

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

- We may not be able to continue to maintain or increase our profitability and our recent growth rates may not be indicative of our future growth.
- Our quarterly operating results have fluctuated in the past and may continue to fluctuate in the future, which could cause our stock price to decline.
- We face competition and if we are unable to compete effectively, we may experience decreased sales or pricing pressure, which would negatively impact our future operating results.
- We have significant international operations and derive most of our revenues from international customers, which exposes us to significant risks, including risks relating to currency fluctuations.
- We derive a substantial majority of our revenues from customers in the broadcast industry that use our products for both production and transmission of television content. If we fail to generate continued revenues from this market or if there is a downturn in this market, our revenues could decline.
- Our future financial performance depends on growth in the markets for video servers and digital tapeless solutions. If these markets do not continue to grow at the rate that we forecast, our operating results would be materially and adversely impacted.
- We depend on sales of our XT[2] video server products. If market demand for these products does not continue, our future operating results could be harmed.
- Our sales cycle can be lengthy and unpredictable, which may make it difficult to predict sales in any particular quarter.
- Our business may be harmed if our contract manufacturers are not able to provide us with adequate supplies of our products.
- If we experience delays, shortages or quality issues from our component suppliers, our product sales could suffer.
- The average selling price of our products may decrease, which could negatively impact our operating results.
- Our end users require a high degree of product reliability. If we are unable to provide high quality products, our relationships with end users could be harmed.
- If we fail to develop and introduce new products or enhancements to existing products in a timely manner, or if we fail to manage product transitions, we could experience decreased revenues in the future.
- If we fail to respond to technological changes and evolving industry standards, our products could become obsolete or less competitive in the future.
- If our products do not interoperate with other systems, installations could be delayed or cancelled.
- Our products are highly complex and may contain undetected software or hardware errors, which could harm our reputation and future product sales.
- Our future success depends on our ability to attract and retain key personnel, and our failure to do so could harm our ability to grow our business.
- If we fail to manage our growth effectively, our business could be harmed.
- Our use of open source software and other third-party technology and intellectual property could impose limitations on our ability to market our products.
- Failure to protect our intellectual property could substantially harm our business.
- If a third party asserts that we are infringing its intellectual property, whether successful or not, it could subject us to costly and time-consuming litigation or expensive licenses, which could harm our business.
- We are subject to governmental export controls that could subject us to liability or adversely affect our ability to sell our products in international markets.
- We are subject to environmental and other health and safety regulations that may increase our costs of operations or limit our activities.
- We may expand through acquisitions of, or investments in, other companies, each of which may divert our management's attention, result in additional dilution to stockholders or use resources that are necessary to operate other parts of our business.
- The issuance of new accounting standards or future interpretations of existing accounting standards could adversely affect our operating results.
- Maintaining and improving our financial controls and the requirements of being a public company may strain our resources and, divert management's attention or affect our ability to attract and retain qualified board members.
- We or one of our affiliate might require additional capital to support business operations, and this capital might not be available on acceptable terms, or at all.

The Board of Directors
Liège, March 29, 2010

CERTIFICATION OF RESPONSIBLE PERSONS

Pierre L'Hoest, General Manager and CEO
Michel Counson, General Manager and CTO
and Jacques Galloy, Director and CFO

certify that, based on their knowledge,

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

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

IFRS CONSOLIDATED STATEMENTS

IFRS CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Note	2010 audited	2009 audited
Revenue	3	111,155	76,555
Costs of sales		-22,631	-13,945
Gross margin		**88,524**	**62,611**
Gross margin %		**79.6%**	**81.8%**
Selling and administrative expenses		-15,100	-11,890
Research and development expenses	13	-16,206	-12,340
Other revenue		207	213
Other expenses		-465	-128
Stock based compensation and ESOP plan	6.4	-617	-717
Amortization on acquired technology and IP	11	-550	-262
Depreciation on Tax Shelter rights assets	11	-270	-238
Operating profit (EBIT)		**55,524**	**37,249**
Operating margin - (EBIT) %		**50.0%**	**48.7%**
Net interest	6.2	120	482
Other net financial incomes/(charges)	6.2	-718	-535
Share in the result of the enterprise accounted for using the equity method	5	-155	-1,656
Dilution profit relating to XDC	5	-	1,319
Profit before taxes (PBT)		**54,770**	**36,859**
Income taxes	7	-16,712	-11,437
Net profit from continuing operations		**38,058**	**25,422**
Net profit		**38,058**	**25,422**
Attributable to:			
Minority interests		-	-
Equity holders of the parent company		**38,058**	**25,422**
Net profit from operations, excl. XDC – share of the group [(1)]	6.3	**39,705**	**27,002**

RESULT PER SHARE *(in number of shares and in EUR)*		2010 audited	2009 audited
Weighted average number of subscribed shares for the period less treasury shares	8	13,511,048	13,554,643
Weighted average fully diluted number of shares	8	13,742,409	13,680,197
Basic earnings – share of the group	8	**2.82**	**1.88**
Fully diluted earnings – share of the group	8	**2.77**	**1.86**
Basic net profit from operations, excl. XDC – share of the group	8	**2.94**	**1.99**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	2010 audited	2009 audited
Net profit	**38,058**	**25,422**
Other comprehensive income of the period		
Share-based payments	617	717
Currency translation differences	250	-76
Total comprehensive income of the period	**38,925**	**26,063**
Attributable to:		
Minority interests	-	1
Equity holders of the parent company	**38,925**	**26,064**

[(1)] The net profit from operations, excl. XDC, is the net profit (share of the group) excluding non operating items (net of tax) and the XDC contribution. Please also refer to note 6.3 on use of non-GAAP financial measures.

IFRS CONSOLIDATED BALANCE SHEET

ASSETS (EUR thousands)	Note	Dec. 31, 2010 Audited	Dec. 31, 2009 Audited
Non-current assets:			
Goodwill	10	820	-
Acquired technology and IP	11	1,704	721
Other intangible assets	11	197	532
Lands and buildings	12	11,169	11,261
Other tangible assets	12	1,821	1,870
Investment accounted for using equity method	5	6,071	6,378
Subordinated bonds	14.1	830	830
Other financial assets	14.2	391	333
Deferred tax assets	7.3	6	23
Total non-current assets		**23,010**	**21,947**
Current assets:			
Inventories	15	12,420	8,506
Trades receivables	16	18,383	14,349
Other amounts receivable, deferred charges and accrued income		1,938	2,112
Cash and cash equivalents	17	27,946	33,311
Total current assets		**60,688**	**58,278**
Total assets		**83,697**	**80,225**

EQUITY AND LIABILITIES (EUR thousands)	Note	31 Dec. 2010 audited	31 Dec. 2009 audited
Equity :			
Capital	**18.1**	**8,342**	**8,342**
Reserves	18.6	73,298	68,103
Interim dividends	9, 18.6	-15,638	-13,561
Treasury shares	18.6	-5,253	-2,861
Total consolidated reserves		**52,407**	**51,680**
Translation differences	18.7	49	-200
Equity attributable to equity holders of the parent company		**60,799**	**59,823**
Minority interests		**6**	**6**
Total equity		**60,806**	**59,829**
Long term provisions	20	1,056	1,136
Deferred taxes liabilities	7.3	1,109	1,259
Financial long term debts	19	1,174	1,413
Government recoverable loans		546	546
Non-current liabilities		**3,885**	**4,353**
Short term portion of long term financial debts	19	295	299
Trade payables	21	3,331	4,863
Amounts payable regarding remuneration and social security		6,290	4,251
Income tax payable		4,978	758
Other amounts payable, advances received accrued charges and deferred income	21	4,112	5,871
Current liabilities		**19,007**	**16,043**
Total equity and liabilities		**83,697**	**80,225**

IFRS CONSOLIDATED CASH FLOW STATEMENT

(EUR thousands)	2010 Audited	2009 Audited
Cash flows from operating activities		
Operating profit (EBIT)	55,524	37,249
Adjustment for non cash items :		
- Depreciation and write-offs on fixed assets	3,079	2,056
- Foreign exchange result	-673	-567
- Stock based compensation and ESOP	617	717
- Provisions and deferred taxes increase (+)/decrease (-)	-211	72
	58,336	**39,527**
Increase (+)/decrease (-)		
- Amounts receivable	-3,843	-4,228
- Accruals	-2,784	3,646
- Trade debts and prepayments	-1,192	1,421
- Taxes, remuneration and social security debts	6,005	-1,976
- Other amounts payable	295	-283
- Inventories	-3,881	-426
Cash generated from operations	*52,936*	*37,681*
Interest received	362	707
Income taxes	-16,712	-11,437
Net cash from operating activities	**36,586**	**26,951**
Cash flows from financing activities		
Acquisition of OpenCube, net cash acquired	-741	-
Purchase (-)/disposal (+) of intangible assets	-42	-383
Purchase (-)/disposal (+) of property, plant and equipment	-1,888	-3,013
Purchase (-)/disposal (+) of other financial assets	-5	-963
Net cash used in investing activities	**-2,676**	**-4,359**
Cash flows from financing activities		
Operations with treasury shares	-3,417	-676
Other net equity variations	319	-75
Interest paid	-242	-225
Movements on long-term borrowings	-339	-299
Interim dividend paid	-15,557	-13,460
Final dividend paid	-20,039	-19,999
Net cash used in financing activities	**-39,275**	**-34,734**
Net increase (+)/decrease (-) in cash and cash equivalents	**-5,365**	**-12,142**
Cash and cash equivalents at beginning of period	**33,311**	**45,454**
Cash and cash equivalents at end of period	**27,946**	**33,311**

IFRS CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(EUR thousands) - audited	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interests	Total equity
Balance as per December 31, 2008	**8,342**	**71,427**	**-11,601**	**-124**	**68,044**	**5**	**68,049**
Total comprehensive income for the period		26,139		-76	26,063	1	26,064
Operations with treasury shares		-9,415	8,739		-676		-676
Final dividend		-20,046			-20,046		-20,046
Interim dividend		-13,561			-13,561		-13,561
Other increase (+)/decrease (-)		-			-		-
Balance as per December 31, 2009	**8,342**	**54,544**	**-2,861**	**-200**	**59,823**	**6**	**59,829**

(EUR thousands) - audited	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interests	Total equity
Balance as per December 31, 2009	**8,342**	**54,544**	**-2,861**	**-200**	**59,823**	**6**	**59,829**
Total comprehensive income for the period		38,675		250	38,925		38,925
Increase (decrease) of equity resulting from company regrouping		420			420		420
Operations with treasury shares		-238	-2,392		-2,630		-2,630
Final dividend		-20,057			-20,057		-20,057
Interim dividend		-15,638			-15,638		-15,638
Other increase (+)/decrease (-)		-45			-45		-45
Balance as per December 31, 2010	**8,342**	**57,660**	**-5,253**	**49**	**60,799**	**6**	**60,806**

NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

1.1. Identification

EVS Broadcast Equipment S.A.
Liege Science Park
Rue Bois Saint-Jean, 16
B-4102 Ougrée (Liège)
VAT: BE 0452.080.178
National Registered Number: BE0452.080.178

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

The consolidated financial statements of EVS Broadcast Equipment S.A. as at December 31, 2010 were established by the Board of Directors of March 29, 2011. The Board of Directors is authorized to amend the consolidated financial statements up until the Annual General Meeting of Shareholders, scheduled to be held on May 17, 2011.

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

1.2. Public information

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

1.3. Object of the company

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

2. SUMMARY OF THE IFRS SIGNIFICANT ACCOUNTING PRINCIPLES

2.1. Basis of presentation of the financial statements

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

2.2. Statement of compliance

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

2.3. Provision adopted during the transition to IFRS

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

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

2.4. Summary of changes in accounting policies

The accounting rules and methods used are similar to those used in 2009, with the exception of the following:

- In accordance with the opinion of the Belgian Accounting Standards Commission (CNC / CBN) released in June 2010 on the accounting treatment of the "Tax Shelter" from the investor standpoint, and since the acquired movie rights meet the definition of financial assets under IAS 32, EVS has decided to record, from the year 2010 on, the movie rights relating to "Tax Shelter" in current assets, in the cash equivalents. It should be noted that this relates to an amount of EUR 0.3 million at December 31, 2010, with no impact on the 2010 results or the 2009 accounts.

2.5. Consolidation principles

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

2.6. Subsidiaries

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

2.7. Interests in joint ventures and in associates

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

2.8. Summary of significant decisions and estimates

Decisions

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

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

Recourse to estimates

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

2.9. Foreign currency translation

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

Financial statements of foreign companies

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

Transactions in foreign currencies

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

2.10. Intangible assets

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

2.11. Goodwill

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

2.12. Tangible assets

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

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

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

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

The depreciation is calculated on straight-line basis over the estimated useful life of the asset. The useful life is examined on an annual basis.
The estimated useful lives of the tangible assets are as follows:

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

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

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

2.13. Stocks

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

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

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

2.14. Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

2.15. Trade and other receivables

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

2.16. Other current and non-current assets

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

2.17. Cash and cash equivalents

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

2.18. Treasury shares

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

2.19. Non controlling interests

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

2.20. Interest-bearing loans and borrowings

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

2.21. Provisions

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

2.22. Pensions and other post-employment benefits

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

2.23. Share-based payment

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

Equity-settled transactions

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

Cash-settled transactions

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

2.24. Revenue recognition from ordinary activities

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

2.25. Leases (EVS as lessor)

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

Finance leases

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

Operating leases

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

2.26. Government grants

Recoverable loans by the Walloon Region

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

European Union grants

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

Investment grants

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

2.27. Leases (EVS as lessee)

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

Finance leases

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

Operating leases

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

2.28. Research and development costs

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

2.29. Borrowing costs

Borrowing costs are recognized as expenses when incurred.

2.30. Income taxes

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

Current taxes

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

Deferred taxes

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

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

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

2.31. Derivative financial instruments

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

2.32. Dividends

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

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

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

2.34. Earnings per share

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

3. SEGMENT INFORMATION

3.1. General information

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

From an operational point of view, the company is vertically integrated with the majority of its staff in the headquarters in Belgium, including the R&D, production, marketing and administration departments. This explains why the majority of the investments and costs are located at the level of the Belgian parent company. The foreign subsidiaries are primarily sales and representative offices. Sales relate to products of the same nature and are realized by commercial polyvalent teams.
The company internal reporting is the reflection of the abovementioned operational organization, and is characterized by the strong integration of the activities of the company; only sales are identified by geographical market in which they are realized.

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

3.2. Additional information

3.2.1. Geographical information

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

3.2.1.1. Revenue

(EUR thousands)	APAC	EMEA	NALA	TOTAL
2010 revenue	**21,132**	**60,957**	**29,066**	**111,155**
Evolution versus 2009 (%)	+87.2%	+27.0%	+68.4%	**+45.2%**
Segment revenue at constant exchange rate	21,132	60,957	27,653	**109,742**
Variation versus 2009 (%) at constant exchange rate	+87.2%	+27.0%	+60.3%	**+43.3%**
Variation versus 2009 (%) at constant exchange rate and excluding big event rentals	+56.0%	+17.2%	+51.4%	**+30.6%**
2009 revenue	**11,289**	**48,011**	**17,256**	**76,555**

Sales from external clients in Belgium (the country of origin of the company) represent less than 10% of the total annual sales.
In 2009, the group realized significant sales to external clients (according to the definition of IFRS 8) in two countries: the US (EUR 22.1 million in the last 12 months, included in NALA in the above table) and the UK (EUR 13.0 million, included in EMEA).

3.2.1.2. Long-term assets

Considering the explanations given in 3.1, all major long term assets are located in the parent company EVS Broadcast Equipment S.A. in Belgium.

3.2.2. Information on products and services

Revenue can be presented by destination: the outside broadcast vans and the TV production studios. Maintenance and after sale service are included in the complete solution proposed to the clients. Rental contracts relating to the major sporting events in 2010 were spread quasi equally between the two destinations.

(EUR thousands)	Outside broadcast vans	TV production studios	TOTAL
2010 revenue	55,670	55,485	111,155
Evolution compared to 2009 (%)	+7.3%	+125.0%	+45.2%
2009 revenue	51,891	24,664	76,555

3.2.3. Information on important clients

No external client of the company represents more than 10% of the 2010 sales.

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

NAME AND ADDRESS	Year of foundation or acquisition	Staff as of 31.12.10	Incorporation method used (1)	Part of capital held as of 31.12.09 (in %) (2)	Part of capital held as of 31.12.10 (in %) (2)	Change in % of capital held
EVS Broadcast Equipment Inc. 9 Law Drive, suite 200, NJ 070046 Fairfield, USA	1997	22	F	100.00	100.00	0.00
EVS Canada 240-1200 Avenue Papineau, Montreal QC H2K 4R5, CANADA	2008	3	F	100.00	100.00	0.00
EVS France S.A. Avenue André Morizet 6bis, F-92100 Boulogne-Billancourt, FRANCE VAT: FR-21419961503	1998	4	F	99.76	99.76	0.00
EVS France Développement S.A.R.L. 48 Quai Carnot, F-92210 Saint Cloud, FRANCE VAT: FR-53514021476	2009	6	F	100.00	100.00	0.00
OpenCube Technologies S.A.S. Parc Technologique du Canal 9, Avenue de l'Europe, F-31520 Ramonville St-Agne, FRANCE VAT: FR-83449601749	2010	18	F	0.00	100.00	100.00
EVS Italia S.R.L. Via Milano 2, IT-25126 Brescia, ITALY VAT: IT-03482350174	1999	3	F	95.00	95.00	0.00
EVS Broadcast UK Ltd. Ashcombe House, The Crescent 5, Leatherhead, Surrey KT22 8DY, ROYAUME-UNI VAT: UK-853278896	1999	11	F	100.00	100.00	0.00
EVS Broadcast Equipment Iberica SL Avda de Europa 12-2C, Edificio Monaco, Parque Empresarial la Moraleja 28109 Alcobendas, Madrid, SPAIN VAT: B85200236	2007	3	F	100.00	100.00	0.00
EVS Nederland B.V. Media Park, Sumatralaan 45, Gateway B Ruimte 8518, 1217 GP Hilversum, PAYS-BAS	2008	5	F	100.00	100.00	0.00
EVS Deutschland GmbH Oskar-Schlemmer Str. 15, 80807 Munich, GERMANY VAT: DE-266077264	2009	3	F	100.00	100.00	0.00
EVS International (Swiss) S.A.R .L. Rue des Arsenaux 9, 1700 Friburg, SWITZERLAND VAT: CH-21735425482	2009	1	F	100.00	100.00	0.00
EVS Broadcast Equipment Ltd. New Victory House, 15th Floor, 93-103 Wing Lok Street, Sheung Wan, HONG-KONG	2002	10	F	99.99	99.99	0.00
EVS China Ltd. 2/F., Henfa Commercial Building, 248-350 Lockhart Rd., Wan Chai, HONG-KONG	2005	1	E	20.00	20.00	0.00
EVS Pékin - Representative office Unit 1710, Tower B, Soho New Town, Jianguo Road 88, Chaoyang District, 100022 Beijing CHINA	2005	4	F	N/A	N/A	N/A

NAME AND ADDRESS	Year of foundation or acquisition	Staff as of 31.12.10	Incorporation method used (1)	Part of capital held as of 31.12.09 (in %) (2)	Part of capital held as of 31.12.10 (in %) (2)	Change in % of capital held
Network and Broadcast Systems Limited (NBS) – Representative office The Idealism Center, Tianyi Street 78, Building 4, N°1407, Gaoxin District, Chengdu, CHINA	2010	3	F	N/A	N/A	N/A
EVS Broadcast Equipment Middle East Ltd - Representative office Shatha Tower, Office 09, 32nd Floor, Dubai Media City, Dubai, UNITED ARAB EMIRATED	2006	2	F	N/A	N/A	N/A
EVS Australia Pty Ltd. Suite 901, Level 9, Elizabeth Street 130, Sydney NSW 2001, AUSTRALIA	2007	1	F	99.99	99.99	0.00
FAR S.P.R.L. Rue Bois de Sclessin 6, B-4102 Seraing, BELGIUM VAT: BE0454 521 511	1999	2	E	39.00	39.00	0.00
MECALEC SMD S.A. Rue Nicolas Fossoul 54, B-4100 Seraing, BELGIUM VAT: BE0467 121 712	1999	29	E	49.50	49.50	0.00
XDC S.A. Pôle Image de Liège Rue de Mulhouse, 36 B-4020 Liège, BELGIUM VAT: BE0865 818 337	2004	143	E	41.30	41.30 (3)	0.00

(1) F: Full Consolidation, E: Equity method.
(2) Proportion of capital of those companies held by the companies included in the consolidated accounts and persons acting in their own name on behalf of these companies.
(3) Taking into account the issued warrants, EVS holds 30.2% of XDC S.A. fully diluted.

5. INVESTMENT IN JOINT-VENTURES AND ASSOCIATES

(EUR thousands)	2010	2009
Investment in associates		
Opening balance as at January 1	**6,378**	**2,489**
- Disposals during the year	-	-
- Acquisitions during the year	-	-
- Results	-155	-1,656
- Contribution in kind and dilution profit XDC	-	5,596
- Others	-152	-51
Closing balance as at December 31	**6,071**	**6,378**

5.1. Interests in joint ventures

EVS China Ltd

The group still holds a 20% interest in the distribution joint venture EVS China Ltd. via EVS Broadcast Equipment Limited (Hong Kong subsidiary). The latter used to be active in the distribution of TV equipment in China but, following the opening of the Beijing office in 2008, this joint venture hasn’t had any activities, and the carrying amount of the investment has been put to zero.

5.2. Investments in associates

MECALEC SMD S.A.

MECALEC SMD S.A. was founded on October 21, 1999 by S.A. MECALEC (50.5%) and EVS (49.5%). Its subscribed capital is EUR 200 thousand and, therefore, the share of EVS in this company amounts to EUR 99 thousand. This company’s main activity is the manufacturing and the assembly of electronic boards, using SMD technology. The registered office is based in Boncelles, close to Liège (Belgium), 5 km far from EVS. EVS acquired this interest in order to benefit from shorter delivery times on orders for the assembly of electronic boards. Some synergies in R&D and reworking of the production process are possible. In 2010, the net profit of MECALEC SMD amounted to EUR 111 thousand compared to the net profit of EUR 53 thousand in 2009. EVS represented 29% of MECALEC SMD’s turnover in 2010.

The share of EVS in the 2010 results of MECALEC SMD amounts to EUR 55 thousand and the share of EVS in MECALEC SMD equity amounts to EUR 508 thousand.

(EUR thousands)	Dec. 31, 2010	Dec. 31, 2009
Share of associate's balance sheet (49.5%)		
Current assets	578	546
Non-current assets	100	97
Current liabilities	-170	-181
Non-current liabilities	-	-
Net assets	**508**	**462**
Share of associate's revenue and net result (49.5%)		
Revenue	993	873
Net result	55	26
Carrying amount of investment	**508**	**462**

FAR S.P.R.L.

FAR, based in Barchon industrial zoning (Province of Liège), designs and sells audio studios for Radio and Television companies or for the Benelux cinema industry.
On December 31, 2010, the EVS stake in FAR amounted to 39% of the capital and its share in the profit for the year 2010 was EUR 26 thousand. The EVS share in the equity capital of FAR amounted to EUR -109 thousand. The company submitted in 2010 a "Plan de Réorganisation Judiciaire" that has been accepted, and the company is back to normal business in 2011. The accounting value of the FAR participation remaining in the consolidated accounts of EVS is equal to zero.

(EUR thousands)	Dec. 31, 2010	Dec. 31, 2009
Share of associate's balance sheet (39%)		
Current assets	23	21
Non-current assets	3	14
Current liabilities	-56	-157
Non-current liabilities	-79	-1
Net assets	**-109**	**-123**
Share of associate's revenue and net result (39%)		
Revenue	-109	128
Net result	26	-41
Carrying amount of investment	-	-

XDC S.A.

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

Following different evolutions in the capital of XDC, EVS still holds 41.3% of the capital of XDC, and is the main shareholder. In February 2010, XDC consolidated the different subordinated bonds and issued a new one, for a global amount of EUR 15.9 million, bearing 8.25% interest rate, and with a term of December 31, 2015. EVS holds EUR 0.8 million of this subordinated bond. The two main new investors are the Société Régionale d'Investissement de Wallonie (« SRIW S.A. ») and GIMV NV, which bought shares and subscribed to the bond. Each one holds slightly more than 20% fully diluted.

Following this issuance, EVS received warrants allowing it to subscribe to new XDC shares in 2015, for the nominal counter value of its subordinated bonds, what would dilute its shareholding. As a consequence EVS holds, fully diluted, 30.2% of XDC (41.3% not diluted).

End of 2009, XDC acquired 85% of Film Ton Technik GmbH (FTT), the largest digital cinema equipment integrator in Germany, Austria, Netherlands, Poland and Hungary. FTT assets and liabilities are fully consolidated in XDC accounts since December 31, 2010 onwards. The profit and loss account is consolidated from January 1, 2010.

As of December 31, 2010, XDC shares, accounted for using equity method in EVS consolidated accounts, plus the EVS share of the bonds issued by XDC, amounted to EUR 6.4 million. It included EUR 0.8 million subscribed by EVS.

(EUR thousands)	Dec. 31, 2010	Dec. 31, 2009
XDC equity	13,469	14,233
Balance of subscribed capital to be paid	-	-
Adjusted equity	13,469	14,233
	41.30%	**41.30%**
Share of EVS	5,563	5,878
Balance of subscribed capital to be paid by EVS	-	-
XDC Share accounted for using equity method	**5,563**	**5,878**
Share of associate's balance sheet	**41.30%**	**41.30%**
Current assets	14,530	11,127
Non-current assets	20,813	12,073
Current liabilities	-15,029	-7,679
Non-current liabilities	-14,751	-9,643
Net assets	**5,563**	**5,878**

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

(EUR thousands)	2010	2009
Revenue	61,158	9,545
EBITDA	8,700	1,224
Net result for the period	**-509**	**-3,565**
Part of XDC capital held	41.3%	47.2%
Net result, share of EVS	**-210**	**-1,683**
EVS Dilution profit relating to XDC (from 47.2% to 41.3%)	-	1,319
Total contribution of XDC, share of EVS	**-210**	**-364**

(EUR thousands)	Dec. 31, 2010	Dec. 31, 2009
Carrying amount of investment at the beginning of the period	**5,878**	**1,965**
Net result – part of the group	-210	-1,683
Converted bond in capital XDC	-	4,277
Dilution profit relating to XDC	-	1,319
Net equity adjustments	-105	-
Carrying amount of investment at the end of the period	**5,563**	**5,878**

The cumulated Tax Loss Carry Forward of XDC S.A. amounts to EUR 31.2 million on December 31, 2010. Deferred tax assets are being progressively recognized as the business plan materializes. As at December 31, 2010, 42.2% of deferred tax assets relating to these losses have been recognized.

On December 30, 2009, EVS reduced it share in the capital of XDC S.A., from 47.2% to 41.3% following a non proportional capital increase by contribution in kind from bonds with warrants issued in 2007 and 2008 for a total value of EUR 13.5 million in which the EVS contribution amounted to EUR 4.3 million. Following this dilution by 5.9% (that can be compared to a disposal of shares), EVS recorded a dilution profit of EUR 1.3 million.

The dilution profit has been calculated as follows:

(EUR thousands)	2009
Carrying amount of investment as of January 1 (according to the net equity method)	*1,965*
Net loss of XDC in 2009 –group share (47.2%)	*-1,683*
XDC bonds with warrants contributed in kind	*+4,277*
EVS 47.2% share in the equity of XDC before the EUR 14.2 million capital increase	4.559
EVS 41.3% share in the equity of XDC after the EUR 14.2 million capital increase	5,878
Dilution profit relating to XDC	**1,319**

6. INCOME AND EXPENSES

6.1. Finance lease receivables

(EUR thousands)	2010	2009
Gross receivable – future lease payments under finance lease		
Within one year (current finance lease)	734	233
After one year but no longer than five years (non-current finance lease)	-	-
Longer than five years (non-current finance lease)	-	-
Less: unearned finance income	-3	-8
Present value of future lease payments		
Within one year (current finance lease)	731	225
After one year but no longer than five years (non-current finance lease)	-	-
Longer than five years (non-current finance lease)	-	-

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

The value of the optional purchase options of the assets leased under finance leases is estimated at EUR 0.4 million.

The interest rate inherent in the finance leases is fixed at the contract date for all of the lease term. The weighted average interest rate on finance lease receivables at December 31, 2010 is 6%.

6.2. Financial incomes/(costs)

(EUR thousands)	2010	2009
Interest charges	-241	-225
Interest income on deposit	362	707
Exchange result	-673	-566
Miscellaneous	-46	31
Other operating income/(expenses)	**-598**	**-53**

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

6.3. Use of non-GAAP financial measures

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

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

(EUR thousands)	2010	2009
Net profit for the year – IFRS	38,058	25,422
Allocation to Employees Profit Sharing Plan	285	638
Stock Option Plan	332	79
Amortization on acquired technology and IP	550	262
Amortization on Tax Shelter rights assets	270	238
Contribution of XDC (41.3% share in XDC net result)	210	1,683
Dilution profit relating to XDC (from 47.2% to 41.3%)	-	-1,319
Net profit from operations, excl. XDC	**39,705**	**27,002**

6.4. Complementary information about operating charges by nature

(EUR thousands)	2010	2009
Raw materials and consumables used	-13,896	-8,303
Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	1,919	1,620
Personnel expenses	-22,971	-17,577
- Remunerations	-15,987	-12,300
- Social security costs	-3,878	-3,009
- ESOP expenses	-617	-717
- Pension defined contributions plan [1]	-121	-90
- Other personnel expenses	-2,368	-1,461
Average number of employees in FTE [2]	326	248
Depreciations	-3,079	-2,055
- of which the ones included in the costs of sales	-333	-244
Increase(-) / Decrease (+) in amounts written off	-1,129	-1,250
- Increase(-) / Decrease (+) in amounts written off on stocks	-748	-1,237
- Increase(-) / Decrease (+) in amounts written off on trade debtors	-381	-13
Operating lease and sublease payments recognized in the income statement	-1,308	-1,124

[1] Defined contribution plans are those for which the company pays fixed contributions into a separate entity with the provisions of the plan. Once these contributions have been paid, the company has no further obligation.
[2] The increase of the average number of employees is due to hiring of additional staff to reinforce R&D, Sales & Marketing, training and field engineers to pursue the EVS' growth.

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

- 2002 to 2006: 0.5%
- 2007: 1%
- 2008 to 2010: 1.1%
- since January 1, 2011: 1.77%

The plan is managed by L'Intégrale. The financing policy is outlined in its annual report.
The contributions related to this plan amounted to EUR 121 thousand in 2010 and EUR 90 thousand in 2009.
It should be noted that to date no payment of benefits has occurred, since no employee of EVS is retired.

7. INCOME TAXES

7.1. Tax charge on results

The tax charge for 2009 and 2010 is mainly made of:

(EUR thousands)	2010	2009
Current tax charge		
Effective tax charge	-16,682	-11,372
Adjustments of current tax related to prior years	3	2
Deferred taxes		
Tax effects of temporary differences	**-33**	**-67**
- Adjustments for fixed assets depreciation method	40	-25
- Direct and indirect production costs capitalized in inventories	-73	-42
Income taxes included in the income statement	**-16,712**	**-11,437**

7.2. Reconciliation of the tax charge

The effective tax charge of the group obtained by applying the effective tax rate to the pre-tax profit of the group, has been reconciled for 2009 and 2010 with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	2010	2009
Reconciliation between the effective tax rate and the theoretical tax rate		
Profit before taxes and share in the result of the enterprise accounted for using the equity method	54,926	37,196
Effective tax charge based on the effective tax rate	-16,712	-11,437
Effective tax rate	**30.4%**	**30.7%**
Reconciliation items for the theoretical tax charge		
Tax effect of Tax Shelter	-255	-255
Tax effect of deduction for notional interest	-261	-638
Tax effect of non deductible expenditures	387	321
Other increase (decrease)	-186	-79
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-17,027	-12,089
Theoretical tax rate (relating to EVS operations, excl. XDC)	**31.0%**	**32.5%**

7.3. Deferred taxes on the balance sheet

The sources of deferred taxes are as follows:

(EUR thousands)	December 31, 2010		December 31, 2009	
	Assets	Liabilities	Assets	Liabilities
Depreciation of tangible and intangible assets	-	-	-	-
Direct and indirect production costs capitalized in inventories	-	-370	-	-297
Buildings revaluation	-	-739	-	-929
Miscellaneous	-	-	-	-33
Total	**-**	**-1,109**	**-**	**-1,259**
Depreciation of EVS Inc. tangible and intangible assets [1]	6	-	23	-
Net booked value [1]	**6**	**-1,109**	**23**	**-1,259**

[1] According to IFRS, deferred taxes from foreign subsidiaries cannot be balanced with deferred taxes from the parent company.

8. EARNING PER SHARE

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

(EUR thousands)	2010	2009
Net profit	38,058	25,422
Minority interests	-	-
Net profit for the year attributable to equity holders of the parent company	**38,058**	**25,422**

	2010	2009
Weighted average number of subscribed shares, excluding treasury shares	13,511,048	13,554,643
Dilution effect of the weighted average number of the share options in circulation	231,361	125,554
Weighted average number of fully diluted number of shares	**13,742,409**	**13,680,197**
Basic earnings per share (EUR)	**2.82**	**1.88**
Diluted earnings per share (EUR)	**2.77**	**1.86**

The number of treasury shares held as at December 31, 2010 amounted to 140,403 compared to 78,675 as at December 31, 2009. The weighted average number of treasury shares held in 2010 amounted to 113,952 against 181,468 in 2009.

9. DIVIDENDS PAID AND PROPOSED

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

(EUR thousands)	Coupon #	Declaration date	2010	2009
Declared and paid during the year :				
- Final dividend for 2008 (EUR 1.48 per share excl. treasury shares)	8	May 2009	-	20,046
- Interim dividend for 2009 (EUR 1.00 per share excl. treasury shares)	9	Nov. 2009	-	13,561
- Final dividend for 2009 (EUR 1.48 per share excl. treasury shares)	10	May 2010	20,057	-
- Interim dividend for 2010 (EUR 1.16 per share excl. Treasury shares)	11	Nov. 2010	15,638	-
Total paid dividends			**35,695**	**33,607**

(EUR thousands)	2010	2009
Proposed for approval at the OGM :		
- Proposed dividend for 2009 (EUR 2.48 per share incl. interim dividend)	-	33,618
- Proposed dividend for 2010 (EUR 2.64 per share incl. interim dividend)	35,595	-
Total	**35,595**	**33,618**

10. GOODWIIL

(EUR thousands)	TOTAL
Acquisition cost	
As of December 31, 2009	**-**
- Acquisitions	820
- Sales and disposals	-
As of December 31, 2010	**820**
Accumulated depreciation and impairment	
As of December 31, 2009	**-**
- Amortization and impairment	-
- Sales and disposals	-
As of December 31, 2010	-
Net carrying amount	
As of December 31, 2009	**-**
As of December 31, 2010	**820**

On April 6, 2010, EVS announced the acquisition of 100% of the share capital of OpenCube Technologies (France). The OpenCube team included approximately 15 people, mainly development engineers and operational experts. This acquisition reinforces the expertise of EVS in the segment of the production and postproduction studios. OpenCube is one of the world specialists of the MXF wrapping format, which has become a standard in the industry. The Opencube team includes approximately 15 people, mainly development engineers and operational experts, who acquired a solid reputation thanks to their expertise in open solutions for video file management in complex workflows. The MXF format (Material eXchange Format) is a wrapping format for professional video and audio media, defined by SMPTE standards. The complementary nature of the technologies of the two companies, but also the broadcast and IT know-how of OpenCube, were decisive in the integration of the company within EVS. That will allow EVS to offer even more comprehensive solutions to the market.

OpenCube Technologies sales amounted to EUR 1.9 million in 2010 compared to EUR 1.4 million in 2009, a continued growth since its creation, and is profitable. OpenCube Technologies is consolidated at 100% in the accounts of EVS Broadcast Equipment SA since April 1, 2010. EVS took EUR 1.6 million in its consolidated sales (9 months). As a result of the acquisition, EUR 0.8 million has been recorded as goodwill and EUR 1.5 million as intangible asset for acquired Technology & IP. The acquisition value is EUR 2.7 million, including the estimate of variable future payments that depend on qualitative and quantitative criteria (EUR 0.4 million). Goodwill is the difference between the cost of an acquisition and the share of the acquirer's interest in the net fair value of the identifiable assets, certain liabilities and eventual liabilities. The goodwill is not depreciated but is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, in accordance with IAS 36. The intangible asset is recognized at cost. It is depreciated on a straight-line basis over the duration of its economic utility estimated at 4 years and will be reviewed for impairment testing each time there is a sign of impairment in this intangible asset.

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

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

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

As foreseen by IFRS rules, an impairment test of the goodwill will be done annually, during the fourth quarter. In 2010, that test did not reveal any difference with the goodwill recorded at the time of the acquisition, this one being too recent.

11. INTANGIBLE ASSETS

(EUR thousands)	Technology (DWESAB)	Software licenses	Investments in movies	TOTAL
Acquisition cost				
As of December 31, 2008	**1,049**	**634**	**1,270**	**2,953**
- Acquisitions	-	143	300	443
- Sales and disposals	-	-	-	-
- Variation in consolidation scope	-	-	-	-
As of December 31, 2009	**1,049**	**777**	**1,570**	**3,396**
Accumulated depreciation				
As of December 31, 2008	**-65**	**-479**	**-917**	**-1,461**
- Acquisitions	-263	-105	-314	-682
- Sales and disposals	-	-	-	-
- Variation in consolidation scope	-	-	-	-
As of December 31, 2009	**-328**	**-584**	**-1,231**	**-2,143**
Net carrying amount				
As of December 31, 2008	**984**	**155**	**353**	**1,492**
As of December 31, 2009	**721**	**193**	**339**	**1,253**

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	Investments in movies	TOTAL
Acquisition cost				
As of December 31, 2009	**1,049**	**777**	**1,570**	**3,396**
- Acquisitions	-	71	-	71
- Sales and disposals	-	-	-	-
- Transfers	-	-	-1,570	-1,570
- Variation in consolidation scope (acquisition of OpenCube)	1,532	74	-	1,606
As of December 31, 2010	**2,581**	**922**	-	**3,503**
Accumulated depreciation				
As of December 31, 2009	**-328**	**-584**	**-1.231**	**-2,143**
- Acquisitions	-550	-122	-269	-940
- Sales and disposals	-	-	-	-
- Transfers	-	-	1,500	1,500
- Variation in consolidation scope	-	-19	-	-19
As of December 31, 2010	**-877**	**-725**	**-**	1,602
Net carrying amount				
As of December 31, 2009	**721**	**193**	**339**	**1,253**
As of December 31, 2010	**1,704**	**197**	**-**	**1,901**

Technology

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

As explained in the note 10 relating to goodwill, EVS announced, on April 6, 2010, the acquisition of 100% of the share capital of OpenCube Technologies (France). The OpenCube team included approximately 15 people, mainly development engineers and operational experts. OpenCube Technologies is consolidated at 100% in the accounts of EVS Broadcast Equipment SA since April 1, 2010. As a result of the acquisition, EUR 0.8 million has been recorded as goodwill and EUR 1.5 million as intangible asset for acquired Technology & IP.

Tax Shelter - Investments in movies

The Belgian Law known as “Tax Shelter Law” sets out to provide a tax incentive to companies which invest, under certain conditions, a part of their profits in movies produced at least partially in Belgium.

Like every year, EVS decided in 2010 to take advantage of this provision to assist the development of digital HDTV and digital cinema promotion in various steps of filming, post production and projection of movies.

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

Intellectual property

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

12. TANGIBLE ASSETS (INCLUDING FINANCE LEASES)

(EUR thousands)	Land and buildings	Plant, Machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2008	**11,385**	**1,024**	**4,290**	**97**	**16,796**
- Acquisitions	1,202	47	830	1,008	3,087
- Sales and disposals	-	-	-24	-	-24
- Variation in consolidation scope	-	-	-	-	-
- Others	-	-	-	-	-
As of December 31, 2009	**12,587**	**1,071**	**5,096**	**1,105**	**19,859**
Accumulated depreciation					
As of December 31, 2008	**-1,807**	**-726**	**-2,711**	**-**	**-5,244**
- Depreciations	-624	-146	-739	-	-1,509
- Sales and disposals	-	-	24	-	24
- Variation in consolidation scope	-	-	-	-	-
- Other	-	-	-	-	-
As of December 31, 2009	**-2,431**	**-872**	**-3,426**	**-**	**-6,729**
Net carrying amount					
As of December 31, 2008	**9,578**	**298**	**1,579**	**97**	**11,552**
As of December 31, 2009	**10,156**	**199**	**1,670**	**1,105**	**13,130**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	4,341				4,341

(EUR thousands)	Land and buildings	Plant, Machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2009	**12,587**	**1,071**	**5,096**	**1,105**	**19,859**
- Acquisitions	807	31	768	728	2,334
- Sales and disposals	-449	-	-	-	-449
- Variation in consolidation scope	-	32	319	-	351
- Transfers	206	-	92	-298	-
- Others	-	-	-	-	-
As of December 31, 2010	**13,151**	**1,134**	**6,275**	**1,535**	**22,095**
Accumulated depreciation					
As of December 31, 2009	**-2,431**	**-872**	**-3,426**	**-**	**-6,729**
- Depreciations	-1,116	-140	-883	-	-2,139
- Sales and disposals	31	-	-	-	31
- Variation in consolidation scope	-	-31	-236	-	-267
- Other	-	-	-	-	-
As of December 31, 2010	**-3,516**	**-1,043**	**-4,545**	-	**-9,104**
Net carrying amount					
As of December 31, 2009	**10,156**	**199**	**1,670**	**1,105**	**13,130**
As of December 31, 2010	**9,635**	**91**	**1,730**	**1,534**	**12,991**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	4,166				4,166

In 2010, EVS sold the building owned in Huy. This building was rented to FAR sprl. This sale generated a loss of EUR 0.2 million in IFRS, but a small profit when compared to its acquisition in 2002.

Following the rapid growth of the Belgian teams spread into six different buildings in the Liège Science Park, the Board of Directors of EVS approved the project to build a new facility (near the existing site (to be finished in 2014). The project is estimated at approximately EUR 40 million, from which around EUR 5 million regional and European subsidies must be deducted. Investments for this new building have been done in 2010 for an amount of EUR 0.7 million. In addition, all or part of the current buildings, valued at EUR 9.6 million at end of 2010, could be sold by EVS. By consequence, an accelerated depreciation has been recorded on the works done on existing buildings, for an amount of EUR 0.4 million).

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

The group policy is to own its buildings, even if 15% are financed with long term leases (see note 19). The net book value on December 31, 2010 amounts to EUR 9.6 million and is composed of:

(EUR thousands)	December 31, 2010
EVS Building I (16 rue Bois Saint-Jean, Seraing - Liège)	1,907
EVS Building II (18 rue Bois Saint-Jean, Seraing - Liège)	335
EVS Building III (6 avenue Pré Aily, Angleur - Liège)	937
EVS Building IV (16 rue Bois Saint-Jean, Seraing - Liège)	4,166
EVS Bât. VI (25 avenue Pré Aily, Angleur - Liège)	1,311
EVS modular buildings (16 rue Bois Saint-Jean, Seraing - Liège)	477
EVS works in Brussels premises	197
EVS works in affiliates	305
Total	**9,635**

Investments in these buildings benefited from subsidies granted by the Walloon Region and the European Community for a gross amount of EUR 2.1 million. In accordance with the group’s evaluation rules, the subsidies linked to the buildings are recognized as deduction of the net carrying amount of these assets for a net amount of EUR 0.8 million.

In line with our accounting rules, the buildings have been reevaluated in 2010 by a specialized expert (Galtier Expertises S.A.). This expertise confirmed the valuation, as of December 31, 2010, of the buildings in the EVS accounts (variation of 5%).

13. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to EUR 16.2 million in 2010 versus EUR 12.3 million in 2009. R&D does not require any considerable investment, since engineers and programmers work directly and mainly on the machines to be sold or on servers for the software development. According to the group's valuation rules, these research costs are not capitalized but recognized as expenses when incurred.

On December 14, 2010, EVS introduced, at the Belgian tax authorities, an application for automatic relief relating to the regularization of withholding taxes deducted on withholding taxes for its R & D staff during the January 1, 2006 to December 31, 2009 period. This request is for a total of EUR 1.3 million and relates to the withholding tax exemption given since 2006 to Belgian companies paying or allocating compensation to individual researchers who are engaged in collaborative R&D programs according to some criteria defined under section 273 of the Code of income tax in Belgium. The case was submitted to the Belgian administration and EVS should receive an answer in the course of 2011. As a consequence, it has not been recorded as a profit in the 2010 accounts.

14. FINANCIAL ASSETS

14.1. Subordinated bonds

(EUR thousands)	2010	2009
Subordinated bonds		
Net carrying amount as of January 1	**830**	**4,277**
- Refunded/converted during the year	-	-4,277
- Acquired during the year	-	830
- Result	-	-
- Others	-	-
Net carrying amount as of December 31	**830**	**830**

As explained in the note 5.2 relating to the investments in associates, in September 2009, existing XDC shareholders entered with SRIW and GIMV into a EUR 15.9 million refinancing agreement to accelerate XDC deployment, and EVS contributed EUR 0.8 million to it. On December 30, 2009, EVS contributed in kind to the XDC capital EUR 4.3 million bonds with warrants issued in 2007 and 2008 by XDC, bringing its share in XDC from 47.2% to 41.3%.

14.2. Other financial assets

(EUR thousands)	2010	2009
Other financial assets		
Net carrying amount as of January 1	**333**	**148**
- Refunded during the year	-167	-40
- Acquired during the year	222	225
- Others	3	-
Net carrying amount as of December 31	**391**	**333**

EVS has decided to benefit from the Belgian "Tax Shelter" law. In this context, the combined conditional loans made to movie production companies amounted to EUR 0.3 million as of December 31, 2010. These amounts, as well as the interests and other incomes, should be recovered within 18 months of the signing of the contracts.

15. INVENTORIES AND CONSTRUCTION CONTRACTS

15.1. Inventories

(EUR thousands)	December 31, 2010	December 31, 2009
Raw materials	9,333	6,589
Finished goods	10,682	8,764
Total at cost	**20,015**	**15,353**
Cumulated amounts written off at the beginning of the period	**-6,847**	**-5,610**
Reversal/use of the amounts written off, net	-748	-1,237
Cumulated amounts written off at the end of the period	**-7,595**	**-6,847**
Total net carrying amount	**12,420**	**8,506**

Write-offs movements on inventories, which were valued at EUR 0.8 million in 2010 and at EUR 1.2 million in 2009, are accounted as charges in the costs of sales. These write-offs concern technologically obsolete stock items.

15.2. Construction contracts

(EUR thousands)	December 31, 2010	December 31, 2009
Direct and project related incurred costs	2,498	685
Noticed profit (+)/loss (-)	6,751	2,036
Value of the orders in progress at the closing date	9,249	2,721
Invoiced advances	9,857	3,738
Gross amounts due by clients for works relating to contracts	1,009	131

Advances received from customers for construction contracts amounted to EUR 9.9 million at December 31, 2010, compared to EUR 3.7 million at the end of 2009. Revenues relating to work in progress during 2010 amounted to EUR 9.2 million.

16. TRADE AND OTHER RECEIVABLES

(EUR thousands)	December 31, 2010	December 31, 2009
Trade receivables	18,376	14,349
Amounts receivable linked to joint ventures	-	-
Other related parties	7	-
Total trade receivables	*18,383*	*14,349*
Other amounts receivable	992	652
Deferred charges and accrued income	946	1,461
Total	**20,321**	**16,462**

The outstanding trade receivables increased by EUR 4.0 million, primarily due to the sales increase in 2010. In general, for the sales to third parties, the EVS Group grants a 2-year technical guarantee on products sold to external customers subject to the general conditions of sale.
Trade receivables are non-interest bearing and are generally on 60-day terms.

17. CASH AND CASH EQUIVALENTS

(EUR thousands)	December 31, 2010	December 31, 2009
Dépôts bancaires à vue et caisses	9,059	4,640
Short-term deposits	18,556	28,671
Rights under the Tax Shelter treatment	331	-
Total	**27,946**	**33,311**

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

Like every year, EVS decided in 2010 to take advantage of this provision to assist the development of digital HDTV and digital cinema promotion in various steps of filming, post production and projection of movies. The Belgian Law known as "Tax Shelter Law" sets out to provide a tax incentive to companies which invest, under certain conditions, a part of their profits in movies produced at least partially in Belgium.

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

The tax incentive for an investor that signs and finances such a movie production agreement is the decrease of its taxable profits by 150% of the invested funds. This taxable base decrease may not exceed EUR 750 thousand or 50% of the taxable profits of the period calculated before exemption. It is only granted and maintained if several conditions are followed by the company and by the movie producer.

At the end of December 2010, a total cumulated contribution of EUR 3.1 million had been made, in 20 movies produced by Belgian companies, under the form of direct investments in co-producer rights (EUR 1.9 million) and conditional loans (EUR 1.2 million, of which a balance of EUR 0.3 million as of December 31, 2010). To limit its risk, and hence also limiting the return, EVS received from most of the producers, a put option on the rights held on the revenues of the movies.

18. OWNER'S EQUITY

18.1. Movements in issued capital

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

Date	Description	Number of shares	Capital (EUR)
17.02.94	Constitution	1,000	30,987
25.04.96	Incorporation of reserves	-	90,481
25.04.96	Issuing of 100 shares at EUR 892 per share	100	12,147
	including a share premium of EUR 771 included in capital		77,095
		1,100	**210,710**
06.06.97	Incorporation of reserves	-	242,440
06.06.97	Issuing of 172 shares, at EUR 4,338 per share,	172	70,855
	including a share premium of EUR 3,926		675,304
		1,272	**1,199,309**
25.09.98	**Stock split by 2,000:1**	**2,544,000**	**1,199,309**
14.10.98	Initial Public Offering	+ 200,000	94,284
	Incorporation of share premium		7,342,522
		2,744,000	**8,636,115**
07.09.99	Issuance of 119,952 shares for exchange with NETIA shareholders	119,952	7,197,120
	Incorporation of reserves		166,765
		2,863,952	**16,000,000**
25.05.03	Treasury shares cancellation	-63,952	-
		2,800,000	**16,000,000**
24.02.04	Capital reimbursement	-	-8,137,521
15.03.04	Issuance of 15,000 shares after the exercise of warrants	15,000	480,000
		2,815,000	**8,342,479**
09.05.05	**Stock split by 5:1**	**14,075,000**	**8,342,479**
19.06.06	Treasury shares cancellation	-200,000	-
12.06.09	Treasury shares cancellation	-250,000	-
Capital on	**December 31, 2010**	**13,625,000**	**8,342,479**

18.2. Issued capital and treasury shares

As of December 31, 2010, the issued capital of EVS amounts to EUR 8,342,479 and is represented by 13,625,000 fully paid up shares without designation of nominal value. EVS complies with the legal requirements relating to the capital (articles 581 to 634 of the "Code des Sociétés").

As of December 31, 2010, 298,350 issued warrants with an average exercise price of EUR 39.36 per share are exercisable between March 2011 and March 2018.

The management estimates that the level of capital of EVS is sufficient, as shareholders' equity represents 72.7% of the total balance sheet at the end of 2010.

18.3. Authorized capital

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

18.4. Staff incentive program

18.4.1. Warrants scheme

Since December 1999, the company has set up a stock options/warrants scheme for the group's employees and managers. In accordance with the fiscal legislation in force, the scheme has a minimum scope of 3 to 4 years between the granting and effective exercise of a warrant. This warrant distribution policy has been set up in order to gain the loyalty of the members of personnel and to allow them to participate in the results of the company. EVS hedges this program through the buy-back of its treasury shares on the stock market. The Board has the authorization from the Extraordinary General Meeting to proceed to these buy-backs. In view of the 298,350 warrants exercisable at the end of 2010 (124,650 at the end of 2009), the dilution effect represents 2.2% of the share capital, this being more than offset by the 140,403 treasury shares, which represent 1.0% of the number of diluted shares. The voting right and the right to the dividend are suspended during such time as the shares are held by the company. The warrants are granted at an underlying share value corresponding to the average share price of the last 30 days preceding the grant. When the warrants are exercised, the Board of Directors may choose to either issue new shares or to grant treasury shares previously acquired by the company. EVS has the intention of continuing with this profit sharing scheme.
During the Extraordinary General Meetings of September 7, 1999 and May 16, 2000, 400,000 warrants (amount recalculated after division of the share in 2004) were issued in favor of the personnel of the EVS Group. The Extraordinary General Meeting of May 21, 2002 issued 350,000 additional warrants and the EGM of June 2010 issued 250,000 warrants, in order to bring the total number to 1,000,000. As of December 31, 2010, 870,850 of these warrants had been distributed, 481,350 exercised and 91,150 cancelled following departures or repurchased following sales of subsidiaries, which means that 298,350 can be exercised as of December 31, 2010. As a result, 129,150 warrants are still available for distribution by the Board of Directors. The weighted average maturity is December 8, 2014. These warrants may be exercised between March 2011 and March 2018. They have an average exercise price of EUR 39.36 per share. In the course of 2010, 186,550 warrants were granted, 9,350 exercised and 3,500 cancelled following the departure of personnel.

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

	2010		2009	
	Number	WAP (EUR)	Number	WAP (EUR)
In circulation at the beginning of the period	**124,650**	**46.62**	**126,650**	**46.41**
Granted during the period	186,550	34.69	-	-
Exercised during the period [(1)]	-9,350	37.30	-1,000	12.24
Cancelled during the period	-3,500	54.59	-1,000	54.59
In circulation at the end of period	**298,350**	**39.36**	**124,650**	**46.62**

(1) The average share price (closing) during the exercise period in 2010 was EUR 42.19.

The warrants in circulation as of December 31, 2009 and exercisable over the next years are as follows:

Expiry date	Average exercise price (EUR)	Number on December 31, 2010	Number on December 31, 2009
2015	34.55	189,550	3,000
2016	37.40	44,650	54,000
2017	65.66	1,000	1,000
2018	54.74	63,150	66,650
Total	**39.36**	**298,350**	**124,650**

In accordance with IFRS 2, the warrants are valued on the grant date in order to be charged over the useful life of the warrant. The Black & Scholes model has been used coherently for this valuation, on the basis of volatilities, yield of historical and/or expected dividends. The key parameters in the Black & Scholes model are the volatility of EVS share (between 20% and 40%), the interest rate without risk (taken between 3% and 5%) and the dividend return (taken between 2.5% and 6.0%).

18.4.2. Profit sharing plan

In order to thank, develop loyalty and especially encourage the teams of the group and in accordance with the related law, a profit sharing scheme will be proposed the Ordinary General Meeting of May 19, 2009 approved a profit sharing scheme in the form of a grant of EVS Broadcast Equipment S.A. shares relating to the appropriation of the year 2008. Taking into account tax implications for the company, each employee received a number of shares included between 50 and 100 (net of taxes and proportionally to the hiring date and the time spent for each person), what represented 15,459 shares in total to a maximum of 179 group's employees, or EUR 0.5 million.

18.5. Treasury shares buy-back

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

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

The number of treasury shares held as of December 31, 2010 was 140,403 compared to 78,675 as of December 31, 2009. In 2010, the number of treasury shares increased in number and in weighted average prices (WAP) as follows:

	2010		2009	
	Number	**WAP (EUR)**	**Number**	**WAP (EUR)**
At the beginning of the period	**78,675**	**36.37**	**330,134**	**35.14**
Buy back on the market	97,797	38.15	15,000	41.59
Sales on the market	-	-	-	-
Treasury shares cancellation	-	-	-250,000	35.14
Sales linked to the staff incentive program	-36,069	37.14	-16,459	35.14
At the end of the period	**140,403**	**37.41**	**78,675**	**36.37**

18.6. Reserves

(EUR thousands)	December 31, 2010	December 31, 2009
Legal reserve	834	834
Non taxable reserves for Tax Shelter	1,600	1,000
Reserves available for distribution	70,864	66,268
Reserves for treasury shares	-5,253	-2,861
Interim dividend	-15,638	-13,561
Reserves	**52,407**	**51,680**

Non-taxable reserves for Tax Shelter

It corresponds to the non-taxable investment and conditional loans made in the framework of the Belgian provision known as “Tax Shelter”, i.e. a total amount of EUR 4.7 million (or EUR 3.1 million X 150%) since 2004, net of non taxable amounts until 2010 (global amount of EUR 3.1 million).

Reserves for treasury shares

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

18.7. Translation differences

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

19. INTEREST-BEARING LOANS

(EUR thousands)	December 31, 2010	December 31, 2009
Long-term financial debts		
Bank loans	1,165	1,404
Long-term finance lease obligations	-	-
Other long-term debts	9	9
Amount due within 12 months (shown under current liabilities)		
Bank loans	295	299
Long-term finance lease obligations	-	-
Other short-term debts	-	-
Total financial debt (short and long-term)	**1,469**	**1,712**
The total financial debt is repayable as follows :		
- within one year	295	299
- after one year but no more than five	1,174	1,145
- more than five years	-	268

Credit lines

As of December 31, 2010, the group had been granted by its banks EUR 2.4 million potential credit lines which can be used either as cash provisions, as short term fixed advances and as guarantees. EUR 0.2 million of these credit lines were used for bank guarantees, mainly within the framework of state-owned TV stations tender procedures.

Bank loans relating to buildings

The group's policy is to hold its own buildings and to finance them, mainly through equity, and secondarily through long term loans. The open long term bank loans as of December 31, 2010 have the following details:

(EUR thousands)	Nominal value	Maturity	Effective interest rate	Remaining balance	Net book value	Guarantee on asset
Bank loans :						
- Buildings I & II	980	2015	fixe 3.4%	441	2,242	-
- Building IV	2,500	2015	fixe 4.3%	957	4,166	3,250

It is advisable to observe that the EUR 1.4 million financial debts relating to buildings cover only 15% of the net book value of the EVS buildings (EUR 9.6 million) at December 31, 2010 (see note 12).

20. PROVISIONS

(EUR thousands)	Litigations	Other provisions	Total
Provisions			
As of January 2009	1,136	-	1,136
Arising during the year	50	-	-
Utilized	-	-	-
Reversed	-136	-	-
Others	-	6	-
As of December 31, 2010	**1,050**	**6**	**1,056**
Current 2009	-	-	-
Non-current 2009	1,136	-	1,136
Current 2010	-	-	-
Non-current 2010	1,050	6	1,056

The provisions registered in the consolidated accounts mainly correspond to social and commercial disputes whose outcome is still unknown.

The amounts allocated to the provisions are measured according to the best knowledge of the management with regard to these disputes and their reasonability has been discussed with the group's lawyers.

21. TRADE AND OTHER PAYABLES

(EUR thousands)	December 31, 2010	December 31, 2009
Trade payables	3,251	4,761
Amounts payable linked	40	38
Other related parties	40	64
Total trade payables	*3,331*	*4,863*
Other payables	2,094	1,861
Accrued charges	657	635
Deferred income	1,361	3,376
Total	**7,443**	**10,735**

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

22. COMMITMENTS AND CONTINGENCIES

22.1. Operating lease commitments

The group holds operating leases on most of the vehicles of its fleet. These leases have an average life time between 3 and 5 years. The expenses relating to these leases amounted to EUR 1.3 million in 2010 and EUR 1.1 million in 2009.

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

(EUR thousands)	2010	2009
Within one year	1,172	1,005
After one year but no longer than five years	2,232	1,902
Longer than five years	-	-
Total	**3,404**	**2,907**

In the event of cancellation of the operating leases as at December 31, 2010, a compensation of around EUR 52 thousand should be paid by the group.

22.2. Commitments relating to technical guarantee in respect of sales

Generally, EVS group grants a 2-year technical guarantee on products sold subject to the general conditions of sale.

22.3. Bank guarantees

Bank guarantees amounted to EUR 0.3 million as of December 31, 2010 mainly requested as part of international public tenders, or as security deposit.

22.4. Guarantees on assets

Mortgage proxies amounting EUR 3.3 million have been given for the loans financing the building IV, having a net book value of EUR 4.2 million as of December 31, 2010 (see note 12).
In the framework of the EUR 100 million Financing Facility set by BNP Paribas Fortis, KBC and EIB in 2009 in favor of XDC S.A., all XDC S.A. shareholders had agreed to pledge their XDC shares. This was still the case at the end of 2010 but lenders agreed early 2011 to release this pledge by the end of April 2011.

23. RELATED PARTY DISCLOSURES

23.1. Affiliates

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

(EUR thousands)		Sales to related parties	Purchases from related parties	Amounts due by related parties	Amounts owed to related parties
Related parties					
Associates :					
MECALEC S.A.	2010	-	-577	-	-40
	2009	-	-424	-	-63
XDC S.A.	2010	7	-2	7	-
	2009	5	-1	143	-1
FAR S.A.	2010	-	-16	-	-
	2009	1	-	-	-
Joint venture :					
EVS China LTD	2010	-	-	-	-40
	2009	-	-	-	-38
Total	**2010**	**7**	**-595**	**7**	**-80**
	2009	**6**	**-425**	**143**	**-102**

23.2. Board members

Each Director receives a remuneration of EUR 4,000 per year, plus a fixed amount of EUR 750 each time he attends a Board Meeting (EUR 1,000 for the Chairman). Directors attended all Board Meetings except Pierre Rion (8/9), Jacques Galloy (8/9) and Laurent Minguet (3/9). Besides a total of 33,000 warrants allotted to the Directors with executive functions, none of the Directors benefits of any stock options or any other advantage connected with the company's performances or otherwise. The total amount of remuneration paid in 2010 by the EVS Group to the members of the Board of Directors was EUR 788 thousand compared to EUR 753 thousand in 2009. This mainly represents the remuneration (excluding warrants) paid to the Executive and Managing Directors. In 2010, there were no unusual transactions between the Directors and the company.

As of December 31, 2010 based on the last statements received by the company and the latest modification of the shareholders' register, the members of the Board of Directors held, directly or indirectly, 2,056,995 shares of a total of 13,625,000, or 15.1% of the capital.

24. AUDITOR

In 2010, the fees relating to the function of Auditor of the parent company's auditor, BDO Atrio, Réviseurs d'Entreprises S.C.C. (B-00023), and its network, represented by Felix FANK amounted to EUR 104,024 in aggregate for its duties as Auditor (EUR 45,666) and also for other duties (EUR 58,358).

During its meeting on August 23, 2010, and according to the possibility given by Article 133 § 6 of the Belgian Code of Companies, the Audit Committee has authorized the Auditor to exceed the limit set by the "one-to-one" rule (i.e. the fees associated with non-audit services may not exceed the fees as Auditor), by the performance of tax and legal services, especially in the context of the review of the tax return on 2009 income and in the context of the process of recovery of the withholding tax related to R&D staff.

25. FINANCIAL RISK MANAGEMENT POLICIES

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

The main risk arising from the group's financial instrument is described in notes 25 and 26.2. The group's principal financial instruments, other than derivatives, comprise bank loans, finance leases and operating leases, cash and short-term deposits. The purpose of these financial instruments is to raise finance for the group's operations.

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

26. FINANCIAL INSTRUMENTS

26.1. Fair values of the financial instruments

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

26.2. Foreign currency risk

Periodically, EVS measures the group's anticipated exposure to transactional exchange risk over six months to one year.
In its current structure, the group's exposure is mainly linked to the EUR/USD risk. The group invoices all clients in euro, except the United States (in USD), while a lot of operational and fiscal expenses are libeled in USD. As a result, the group is "long" in USD, i.e. all of the group's activities generate globally a positive net cash flow in USD.
On the basis of the forecasts and according to the market conditions, the group hedges 50% of the exchange rate risk on estimated net future flows, mainly through forward foreign exchange contracts (in USD).
Foreign exchange contracts are off balance sheet items, and are revalued at each closing at their market value. The generated exchange rate profit or loss is recorded in the financial result.
At the end of December 2010, the group held USD 9.0 million in forward exchange contracts earmarked to hedge 50% of the future sales in dollars. The conditions of these contracts were as follows:

Sales	Currency	Maturity	Exchange rate	Forward value (EUR)	Impact of the revaluation at the fair value on Dec. 31, 2010 (EUR)
2,000,000	USD	May 9, 2011	1.30	1,537,634	40,851
1,000,000	USD	March 22, 2011	1.37	731,689	-16,701
1,000,000	USD	December 8, 2011	1.32	755,287	6,896
1,000,000	USD	December 9, 2011	1.31	761,325	12,933
1,000,000	USD	May 18, 2011	1.24	804,376	55,985
2,000,000	USD	March 22, 2011	1.37	1,463,133	-33,649
1,000,000	USD	December 13, 2011	1.34	745,156	-3,234
9,000,000	**USD**	**July 4, 2011**	**1.32**	**6,798,600**	**63,081**

27. EVENTS AFTER THE BALANCE SHEET CLOSING DATE

Significant events that arose after the balance sheet date are:

- the information communicated on February 17, 2011;
- Following the rapid growth of the Belgian teams spread into six different buildings in the Liège Science Park, the Board of Directors of EVS approved the project to build a new facility near the existing site. The project is estimated at approximately EUR 40 million, from which around EUR 5 million regional and European subsidies must be deducted. In addition, all or part of the current buildings, valued at EUR 9.6 million at end of 2010, could be sold by EVS. The investment will be financed through a mix of equity and debt. The Board wants to emphasize that this project should not impact on the dividend policy of the company.
- In February 2011, XDC, in which EVS owns 41.3%, signed a sales agreement of its CineStore activities (design, assembling and commercialization of digital cinema servers) to Barco, a leading provider of digital cinema projectors. The sale was agreed for an amount of EUR 5.5 million, and a possible future "earn-out". The agreement foresees the transfer of the assets, the liabilities and the employees of this activity with effect on March 31, 2011.

BELGIAN GAAP PARENT COMPANY FINANCIAL STATEMENTS

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

STATUTORY MANAGEMENT REPORT

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

- The parent company’s financial statements include the figures for the head office in Liege (Belgium): revenue, EUR 81,931 thousand, representing 73.7% of the consolidated amount.

- The profit of the year amounts to EUR 31,877 thousand, i.e. an increase of EUR 4,360 thousand compared to 2009. The balance sheet total amounts to EUR 91,270 thousand.

- In May 2010, EVS Broadcast Ltd. (Hong Kong) paid a dividend to EVS for an amount of EUR 4.0 million.

- In accordance with the article 96 of the Belgian Company, the Audit Committee is composed by independent directors. Amongst them, Christian Raskin owns sufficient competencies in accounting and audit (supported by his previous functions in the general management of Draka group).

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

BELGIAN GAAP STATUTORY INCOME STATEMENT

(EUR thousands)	2010	2009
Operating income	**91,715**	**67,685**
A. Turnover	81,931	67,913
B. Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	8,231	-613
C. Other operating income	1,553	385
Operating charges	**-48,859**	**-36,178**
A. Raw materials, consumables and goods for resale	12,636	8,303
1. Purchases	15,390	8,346
2. Increase (+)/decrease (-) in stocks	-2,755	-43
B. Services and other goods	15,696	11,524
C. Remuneration, social security costs and pensions	16,342	12,599
D. Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	2,810	2,184
E. (+)/(-) in amounts written off on stock and trade debtors	943	1,250
F. (+)/(-) in provisions for liabilities and charges	-86	-3
G. Other operating charges	518	321
Operating profit	**42,856**	**31,507**
Financial income	**6,624**	**4,691**
A. Income from financial assets	4,106	3,233
B. Income from current assets	274	483
C. Other financial income	2,243	975
Financial charges	**3,221**	**-1,494**
A. Interest and other debt charges	287	205
B. Write-offs on current assets other than stocks, work in progress and trade receivables (+, -)		-3,183
C. (+)/(-) in amounts written off on current assets	2,934	1,484
Profit on ordinary activities before taxes (+,-)	**46,259**	**37,692**
Extraordinary income	46	4
Extraordinary charges		-17
Result for the period before taxes (+, -)	**46,305**	**37,679**
Transfer from deferred taxation	29	30
Income taxes	-14,457	-10,192
Result for the period (+, -)	**31,877**	**27,517**
Transfers from not taxable reserves		925
Transfers to not taxable reserves	-750	-750
Result for the period available for appropriation (+, -)	**31,127**	**27,692**
Appropriation account		
A. Result to be appropriated	31,127	27,692
1. Result for the period available for appropriation	31,127	27,692
B. Transfers from capital and reserves	4,874	6,165
1. From reserves	-4,874	-6,165
C. Transfers to capital and reserves	-	-
1. To other reserves	-	-
D. Distribution of profit	-36,001	-33,857
1. Dividends	35,565	33,618
2. Other equivalents	436	239

BELGIAN GAAP STATUTORY BALANCE SHEET

ASSETS (EUR thousands)	31.12.10	31.12.09
Fixed assets	**25,726**	**24,503**
Intangible assets	574	1,192
Tangible assets	10,314	10,674
A. Land and buildings	7,364	7,997
B. Plant, machinery and equipment	87	196
C. Furniture and vehicles	1,329	1,376
D. Assets under construction and advance payments	1,534	1,105
Financial assets	14,838	12,637
A. Affiliated companies	2,850	654
1. Participating interests	2,850	654
2. Amounts receivable		
B. Other companies linked to participating interests	11,983	11,983
1. Participating interests	11,153	11,153
2. Amounts receivables	830	830
C. Other financial assets	5	-
1. Participating interests	-	-
2. Receivable and cash guarantee	-	-
Current assets	**65,543**	**57,468**
Amounts receivable after more that one year	260	227
A. Other amounts receivable	260	227
Stocks and contracts in progress	20,576	10,352
A. Stocks	11,327	7,631
1. Raw materials and consumables	7,994	5,135
2. Goods in process	-	-
3. Finished goods	3,333	2,496
B. Goods in process	9,249	2,721
Amounts receivable within one year	15,510	12,664
A. Trade debtors	15,002	12,093
B. Other amounts receivable	508	571
Investments	23,887	31,531
A. Treasury shares	5,253	2,861
B. Other investments and deposits	18,634	28,670
Cash at bank and in hand	4,384	1,981
Deferred charges and accrued income	926	713
TOTAL ASSETS	**91,270**	**81,971**

LIABILITIES (EUR thousands)	31.12.10	31.12.09
Capital and reserves	**34,432**	**38,612**
Capital	**8,342**	**8,342**
A. Issued capital	8,342	8,342
Reserves	**25,566**	**29,690**
A. Legal reserve	834	834
B. Reserves not available for distribution	5,253	2,862
1. In respect of treasury shares	5,253	2,862
C. Not taxable reserves	1,600	1,000
D. Reserves available for distribution	17,879	24,994
Investment grants	**524**	**580**
Provisions and deferred taxation	**2,250**	**2,001**
A. Provision for liabilities and charges	1,980	1,702
B. Deferred taxation	270	299
Creditors	**54,587**	**41,358**
Amounts payable after one year	**9,317**	**1,412**
A. Financial debts	1,107	1,403
1. Credit institutions	1,107	1,403
B. Other amounts payable	8,209	9
Amounts payable within one year	**43,556**	**38,630**
A. Current portion of amounts payable after one year	295	299
B. Financial debts	-	-
C. Trade debts	3,849	8,781
1. Suppliers	3,849	8,781
D. Advances received on orders	9,729	3,902
E. Taxes, remuneration and social security	8,167	4,675
1. Taxes	2,583	950
2. Remuneration and social security	5,584	3,725
F. Other amounts payable	21,516	20,973
Accrued charges and deferred income	**1,715**	**1,316**
TOTAL LIABILITIES	**91,270**	**81,971**

APPENDIX TO PARENT COMPANY FINANCIAL STATEMENTS

Capital as of December 31, 2010 EUR thousands)	Amounts	Number of shares
A. Share capital		
1. Issued capital	8,342	13,625,000
2. Structure of capital		
2.1. Different categories of shares		
Shares without face value	8,342	13,625,000
2.2. Registered shares and bearer shares		
Registered shares – as of December 31, 2010		1,462,937
Bearer shares – as of December 31, 2010		12,162,063
B. Treasury shares held by the company itself	**5,253**	**140,403**
C. Commitments to issue shares		
1. Following the exercise of subscription rights		
- Number of outstanding subscription rights		298,350
- Amount of capital to be issued	11,743	
- Maximum number of shares to be issued		298,350
D. Amount of authorized capital, not issued	**8,300**	