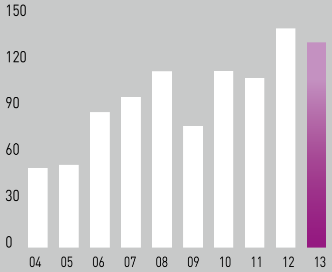
EVS

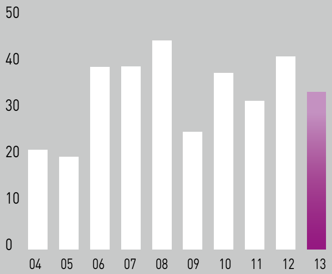
ANNUAL REVIEW 2013

CELEBRATE
20 YEARS OF MEMORIES

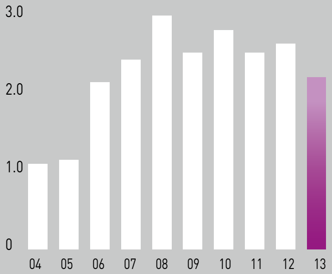
REVENUE (EUR MILLIONS)



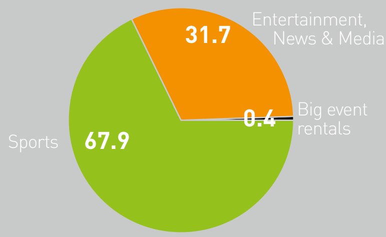
NET PROFIT (EUR MILLIONS)



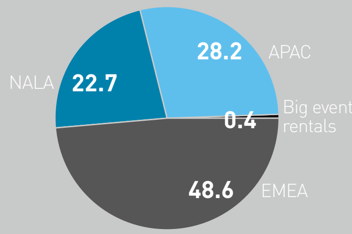
DIVIDEND, REIMBURSEMENT AND TREASURY SHARES BUYBACK (EUR, PER SHARE)



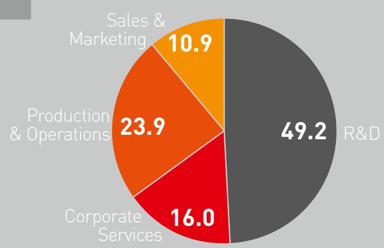
SPLIT OF 2013 REVENUE (%)



SPLIT OF 2013 REVENUE BY REGION (%)



BREAKDOWN OF STAFF BY DEPARTMENT (AS OF 31 DECEMBER) (%)



CONTENTS

VALUES

We are **a trusted partner** for our customers

We deliver reliable **quality solutions** that work

We focus and are **technology experts** in the areas we serve

We deliver **practical innovations** that help our customers succeed

We have **integrity** in everything we do

We have a **real passion** for what we do

We take it **personally**.

MISSION

To provide our customers with technology to enable the production of live, enriched video programming, allowing them to be more efficient and to make more money.

More details on
our figures on page 23
or www.evs.com

20 YEARS OF MEMORIES

MORE THAN **7,000** SERVERS ARE OPERATED EVERY DAY, ENABLING THE BEST OF SPORTING, ENTERTAINMENT AND NEWS EVENTS

1994
Creation of EVS Broadcast Equipment SA.

1996
Presence at the Olympics in Atlanta to support Panasonic supermotion cameras.

1997
Opening of the first subsidiaries abroad, in the US and in Hong Kong.

1998
- EVS servers are widely used during the World Cup in France (SFP, Canal+, etc). Live replays are made through EVS technologies.
- Move from the center of Liège to Liège Science Park, in a 1,500 sq.m. building.
- IPO on Euronext Brussels.

2000
Development of the Cinestore server for the digital cinema.

2001
Launch of the XT server.

2002
Launch of the HD version of the XT server.

2003
- Launch of the CleanEdit solution for news production, in partnership with RTL TVi.
- Extension of the headquarters with the opening of another 3,200 sq.m. facility.

2004
Spin-out of XDC (digital cinema activities).

2005
- Launch of the XT2 server.
- Launch of the IPDirector content management suite, in order to better penetrate sport centers.

2006
First « Media Server » during the Winter Olympics in Torino.

2008
Year of extremes with the Beijing Olympics and the financial crisis right after.

2010
Acquisition of OpenCube Technologies, company based in Toulouse and expert in file based MXF technologies.

2011
Launch of the XT3 platform.

2013

- Launch of a new strategy, focused on 4 markets: Sports, Entertainment, News and Media.
- Landmark contract in Entertainment in Asia.

2014

Wide use of the C-Cast technology for the entire multimedia coverage of the World Cup in Brazil.

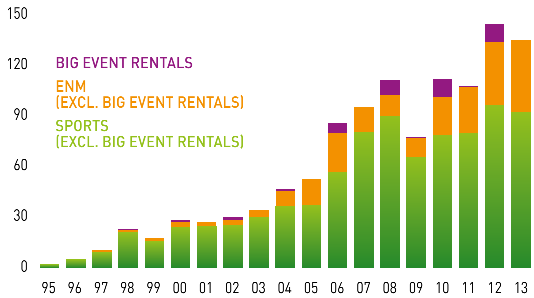
CELEBRATE
20 YEARS OF MEMORIES

STATISTICS

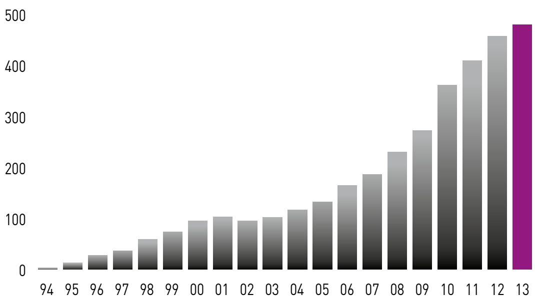
- EVS TECHNOLOGIES ARE PRESENT IN MORE THAN 100 COUNTRIES.
- OVER 16,000 USERS OF OUR TECHNOLOGY.
- BILLIONS OF HOURS OF LIVE CONTENT RECORDED AND DELIVERED THROUGH OUR SOLUTIONS.
- STAFF: 500 PEOPLE IN 21 OFFICES, AVERAGE AGE OF 36 YEARS, MORE THAN 25 NATIONALITIES IN THE COMPANY, 50% OF STAFF IN R&D.

OVER
1,000
CUSTOMERS

REVENUE (BROADCAST) - EUR MILLIONS



HEADCOUNT - FTE (31/12)



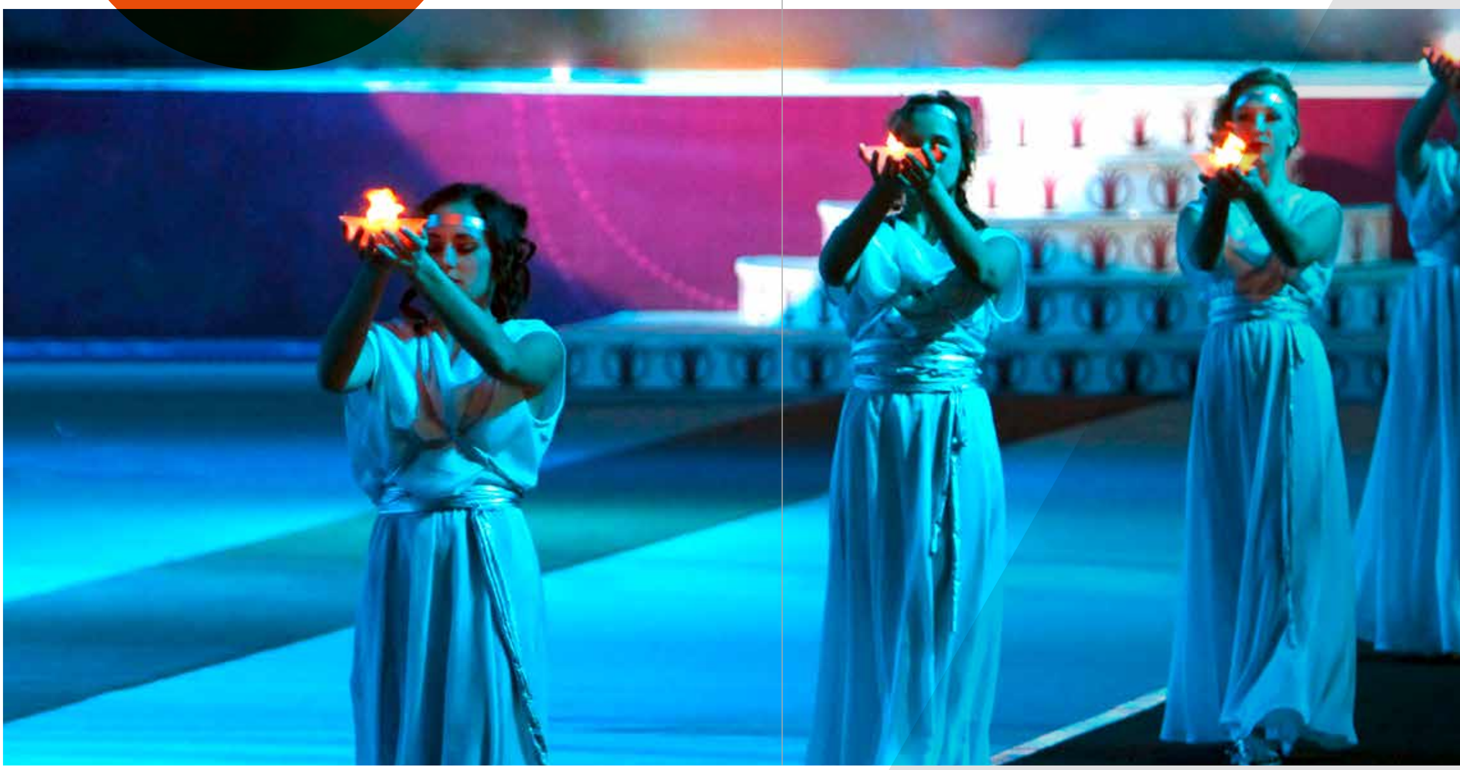
2014 AN EVENTFUL YEAR

PIERRE RION,
CHAIRMAN OF THE BOARD
OF DIRECTORS

JOOP JANSSEN,
CEO & MANAGING DIRECTOR

2013 HAS BEEN A YEAR OF TRANSITION FOR EVS, WITH THE ESTABLISHMENT OF A NEW FOUR MARKET STRATEGY: SPORT, ENTERTAINMENT, NEWS, MEDIA AND A STRENGTHENED MANAGEMENT TEAM. A NEW COMPANY STRUCTURE HAS ALSO BEEN DESIGNED AND HAS BEEN DEPLOYED OVER THE ORGANIZATION. WE ARE ENCOURAGED BY THE STRONG RESULTS IN THIS YEAR AND ARE LOOKING FORWARD TO THE FUTURE WITH CONFIDENCE.

85.7%
DIVIDEND PAYOUT RATIO
IN 2013



2013: STRONG RESULTS

With sales at EUR 129.1 million in 2013, EVS sustained the record performance of 2012, excluding the EUR 10 million rentals relating to the big sporting events in that year. The company achieved this good result thanks to its strong fundamentals and the positive reaction of customers to our new products and four-market strategy, and despite a macro-economic environment that remained difficult in some regions during most of the year. Costs were kept under control, while the company continues to invest in its future growth by recruiting market specific and IT technology experts. Operating margin of 37.5% is in line with the Board expectations, in view of the lack of big sporting events rentals in 2013.

KEEPING A HIGH PAYOUT RATIO

Taking into account the results and prospects of the company, but also the investment in the construction of the new headquarters facility in Liège, the Board of Directors will propose to the Ordinary General Meeting the distribution of a total gross dividend of EUR 2.16 per share (including the interim dividend of EUR 1.16 distributed in November 2013), representing a payout ratio of 85.7%, in line with 85% average of the last 10 years.

2014: A SPECIAL YEAR

In October 2013, EVS celebrated its 15th anniversary as a listed company (Euronext Brussels). 2014 will be even richer in events. Firstly, the company will celebrate its 20th year anniversary. Secondly, at the end of the year, all employees active in the six different buildings in the Liège area will move into the new headquarter and innovation center. EVS will be intimately involved in many big sporting events including in Sochi (Winter Olympics) and in Brazil (Soccer World Cup). All these events should be put in the context of still challenging economic environments in certain regions, which makes EVS management prudent on the short-term 2014 market growth expectations.

+1.3%

REVENUES IN 2013 AT CONSTANT CURRENCY AND EXCLUDING BIG EVENT RENTALS

BEYOND 2014

2015 will undoubtedly be another transition year, with no large sporting events on the menu. However, we will continue to pursue the new strategy, which is expected to bring the company to its next level in the medium to long term. We know that our teams in many locations in the world are fully committed to deliver on the ambitious growth strategy, while staying true to the highest quality in our products and customer service.

We believe that the strong trust relationship with our customers, suppliers, employees and shareholders will continue to be an essential cornerstone for the company's today's and future success.

Find out more online
www.evs.com

HIGHLIGHTS 2013

7/2013 – UNITED KINGDOM

Timeline Television provides a complete service to UK sports broadcaster BT Sport, based around EVS' solutions. EVS supplies 12 of its latest XT3 and XS studio servers for live production to handle all video feed ingest and highlights playout. EVS' IPDirector production asset management suites control the entire media workflow, including media exchange with Avid Interplay, integration with Harmonic nearline storage (with high and LoRes files).

01/2013 – JAPAN

Japanese outside broadcast production company Kyodo Television uses EVS' XT3 servers to produce first 4K instant replays for a live 4K production of a J league football match, for Sky Perfect JSAT Corporation.

4/2013 – THE NETHERLANDS

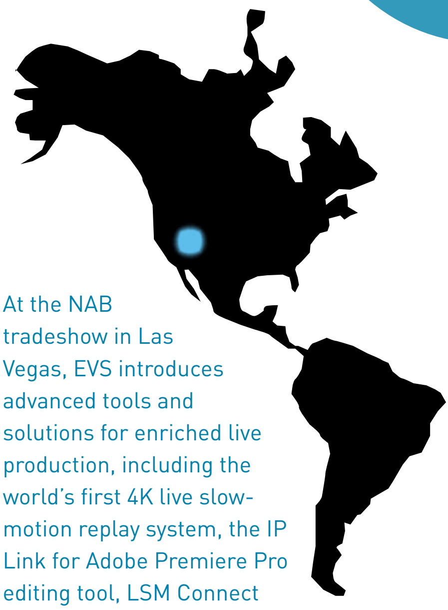
Eredivisie Live, the Dutch TV subscription channel, chooses EVS solutions as the backbone of its new, integrated live HD video production infrastructure, enabling the broadcaster and rights owner to enrich and create a more interactive viewer experience from a centralised HD-enabled production hub that will be connected via fibre to all venues.

6/2013 – INDIA

STAR Sports News, the news arm of STAR Sports India, selects a fully-integrated sports news production workflow from EVS. Based on EVS' XS server for studio applications, the sports news studio successfully aired its first bulletin using the new workflow in early June.

4K
2013 SAW THE FIRST LIVE SPORT PRODUCTIONS IN 4K, SUPPORTED BY EVS

04/2013 – PRODUCTS



At the NAB tradeshow in Las Vegas, EVS introduces advanced tools and solutions for enriched live production, including the world's first 4K live slow-motion replay system, the IP Link for Adobe Premiere Pro editing tool, LSM Connect (a powerful new tablet-based application for enhanced content and playlist management), and Nano Air (a new playout software controller for TV studios and on stage entertainment and MultiReview enabling users to browse camera angles simultaneously, to ensure live replay and editing decisions can be made instantly).

6/2013 – TURKMENISTAN

EVS is appointed by AKFA Technology to provide an extensive range of its solutions in the first of three development phases at the new 1.3 million m^2 Ashgabat Olympics Complex in Turkmenistan. A wide range of EVS technologies, including servers, editing, PAM and storage solutions, are deployed across the new complex which includes two sports arenas, an indoor velodrome, three production studios, the IBC and an OB van.

8/2013 – RUSSIA

Channel One, leading news channel in Russia, upgrades to HD its news workflow with EVS technologies, including the move to the XDCAM codec now natively supported by the EVS servers. Channel One also doubles its existing storage capacity with EVS storage solutions.

8/2013 – BELGIUM

EVS is selected to provide its entertainment solutions at Tomorrowland, one of the world's most famous electronic dance music festivals. EVS technology is central to the live production setup, enabling extra browsing and content management functionality through solutions including its XT3 server and IPDirector content management suites.

7/2013 – SWEDEN

EVS is chosen to deliver a reliable and flexible workflow for live multicam production and content management at one of the world's most modern indoor stadiums – Friends Arena in Stockholm. An extensive range of EVS equipment has been deployed throughout Onside's fully equipped production centre, consisting of three control rooms, for the coverage of Swedish football and major music and entertainment events.

9/2013 – PRODUCTS

At the IBC tradeshow in Amsterdam, EVS again launches a few new products, including C-Cast Xplore, providing remote access live to the server content, the XT3 4K version, with the zooming functionality, le Xsquare, gathering social media and smart device content over a web-based interface for instant editing or the MXF UniReader.

10/2013 – ASIA-PACIFIC

EVS signs a landmark contract in its ENM markets, covering the delivery of different EVS equipment for a leading broadcaster in Asia-Pacific. The solution includes a large range of EVS products, the integration of third party tools and a service agreement.

11/2013 – CORPORATE

EVS secures a EUR 24 million credit facility with a consortium of 3 banks (EIB, ING and BNPPF) over 7 years, to partially finance its new headquarters and innovation center in Liège.

10/2013 – UNITED STATES

Viacom extends its longstanding relationship with EVS by upgrading its media management workflow with the latest version of the EVS OpenCube HD/SD MXF ingest server. The investment helps Viacom to fully digitize and streamline its file-based media production and archive workflows, and open up new content management and potential monetization streams.

12/2013 – UNITED STATES

FOX Sports deploys EVS' 4K XT3 server with Epsio Zoom for its live coverage of the National Football League's (NFL) 2013-2014 season. Its 4K 'Super Zoom' workflow is enabling FOX Sports to zoom in on key replays to give viewers clearer close-ups of content such as controversial calls.

OUR SOLUTIONS

A STRONG INTEGRATION BETWEEN ITS PERFORMING AND RELIABLE TECHNOLOGY PLATFORMS, A WIDE RANGE OF APPLICATIONS AND TOP QUALITY SERVICE, THESE ARE SOME OF THE EVS' FUNDAMENTALS.

The XT3 hardware platform is the core of the EVS solutions. This hardware platform has established itself as the fastest, most reliable and most utilized broadcast tool for live production. The intimate partnerships developed between the EVS teams across the globe and the world's leading broadcasters have led to significant development around its core foundation. Empowering the hardware platform with a multitude of software applications has given broadcasters the ability to manage, control, browse, edit and orchestrate the media across a complete network of interconnected technologies.

TARGETED APPROACHES FOR DIFFERENT MARKETS

In its new strategy, EVS has chosen for a go-to-market strategy articulated around four attractive markets: Sports, Entertainment, News and Media. Each of them has the flexibility to better target its market needs and develop the appropriate solutions that are deployed with the general EVS workflows.

4 ATTRACTIVE MARKETS IDENTIFIED BY EVS IN ITS NEW STRATEGY: SPORTS, ENTERTAINMENT, NEWS AND MEDIA

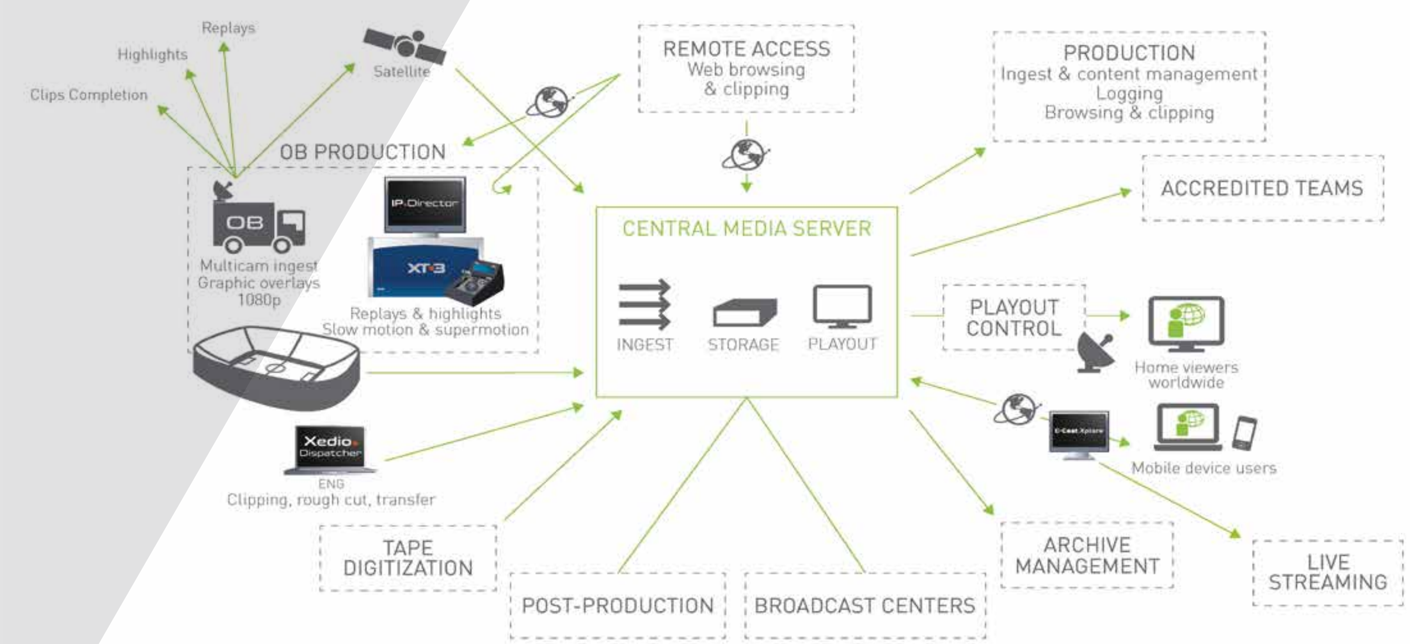
GROWTH DRIVERS

STRUCTURAL GROWTH DRIVERS IN ALL EVS ADDRESSABLE MARKETS

STRUCTURAL GROWTH DRIVERS
TV stations are investing to move to new and more efficient production workflows, benefiting from the flexibility of tapeless server technologies. EVS is also benefiting from other growth drivers such as the transition from standard definition (SD) to high definition (HD), the increasing number of cameras, and remote production tools, the fast developments in emerging markets, the "second screens", and an increased focus of broadcasters/ IPTV and advertisers on large popular sport broadcast and live entertainment shows to gain new viewers.
More advanced camera and display technologies such as the UltraHD (4K) technology appear to speed up the conversion to and subsequent upgrades in tapeless production facilities.

Find out more online
www.evs.com/solutions

EVS SOLUTIONS:
THE EXPERT IN TAPELESS DIGITAL VIDEO TECHNOLOGY SOLUTIONS (GENERIC WORKFLOW IN SPORTS)



EVS SPORT

we live and breathe sports

The sports media business is undergoing rapid changes, with more competition than ever for viewers. The partitioning of content rights, merging of IT and traditional broadcast technology, as well as the proliferation of competing digital media platforms and viewing devices, are causing important technical and business opportunities and challenges. EVS helps its customers to take on these challenges successfully, giving them the time and security to enrich and add value to their content. EVS Sports brings together the industry's most reliable live production controllers, novel highlight creation and content management suites, resourceful archive monetization tools, and instant multimedia delivery platforms. EVS is helping the sport content owners and broadcasters to shape their future.

LIVE SPORTS

With unique loop recording technology and Multicam LSM (Live Slow Motion) software, EVS' XT series servers continually set the industry standard for speed, precision and reliability. Outside broadcast producers and facility companies have come to rely on EVS technology for the production of live events requiring a high performance level for the acquisition of multiple camera feeds, instant production operations such as: Live Slow Motion, Super Motion, Ultra Motion replays, the insertion of analytical graphics on live programs, as well as on-the-fly highlight creations.

S

EVS PROVIDES MAXIMUM EFFICIENCY FOR DEMANDING PROGRAMMING SUCH AS SPORT PRODUCTIONS WITH TIGHT DEADLINES.

Find out more online
www.evs.com/evs-sports

SECOND SCREEN MEDIA DELIVERY

In today's challenging sports media environment of rights distribution partitioning, broadcasters must be able to deliver concurrently dedicated content on multiple platforms such as TV, web, mobile phones, tablets or connected TV, to their viewing audiences.

EVS' new "Cloud-Cast" (C-Cast) solution is designed to facilitate the distribution of live media directly to consumers via dedicated web applications. Using tablets, mobile devices or web interfaces, C-Cast works in conjunction with EVS' live production applications, allowing viewers to access key sequences, specially edited packages or multi-angle camera shots.

SPORT BROADCAST CENTERS

EVS provides maximum efficiency for demanding programming such as sport productions where deadlines are extremely tight. EVS' integrated solutions offer a robust, lightning-fast method to record, edit and play back countless hours of game coverage and post-game interviews required for live shows and sports programming. Intuitive tools, including remote production tools, enable all clips to be logged and stored, allowing any producer or editor instant access to all online and near line media. EVS systems can be tailored to specific workflow needs, integrating with other departments for the repurposing or post-production of any type of content, at any given time.

ARCHIVE MANAGEMENT

Today, sports media management can be complex due to rapid increases in content volume spread over countless platforms. The use of various media file formats also contributes to this environment of complexity. At the same time there is an issue of diminished value of unused content.
As a result, EVS has developed a centralized media management system, based on integrated hardware and software tools guaranteeing quick and easy access to media, while simplifying the promotion and distribution of sport content.

32%

THE SHARE OF ENM HAS GROWN TO 32% OF TOTAL EVS REVENUE

EVS ENTERTAINMENT NEWS & MEDIA

speed to air

As part of its new ambition, EVS aims to develop specific go-to-market strategies for the entertainment, news and media businesses. Over the years, the expertise of the company in sport productions has been translated in other types of TV programs, such as entertainment shows, talk shows, concerts, TV breaking news, etc. The mastering of digital video file formats is an increasingly important expertise in the vastly expanding media world of broadcast.

ENTERTAINMENT

EVS technology is designed for fast turnaround productions, offering multichannel servers to broadcasting companies seeking to boost the creativity, efficiency and speed of their production workflow. EVS production servers expedite and optimize ingest to post-production operations by

Find out more online
www.evs.com/solutions

enabling reliable recording solutions, immediate access to all recorded media, instant media exchange, on-the-fly media conforming and reduced time between recording as well as post-production processes.

NEWS
EVS offers innovative news production solutions based on its live broadcast technology, renowned for its speed and reliability. This technology addresses the needs of newscasters seeking major gains in productivity and efficiency throughout their entire production chain. EVS news solutions enable a modular and scalable approach to production.
Solutions also enable significant workflow streamlining with ultra-high performance exchange and editing tools, as well as seamless integration with most existing newsroom infrastructures.

MEDIA
Production workflows have progressively become more and more complex: often media clips have to be sent to several destinations in different formats while preserving quality. The way files with metadata are ingested will ensure genuine interoperability throughout the workflow. One of today's biggest challenges is to guarantee media integrity and ensure that repurposing meets quality levels of all current and future standards.
EVS' central storage solutions extend its live production workflow capabilities.

Ensuring the continued existence of audiovisual heritage for the long-term is now common for companies. The EVS solutions for archive management offer a set of software tools to centrally manage the different platforms of the workflows, including their formats, and allow for intelligent media browsing based on metadata and logging. Fast and easy delivery is automatically handled by a central tool, which manages automated media digitization, re-wrapping, and controls all of the necessary storage robots to optimize management and provides a cost-effective content solution delivery.

OUR KEY PRODUCTS

EVS' solutions are based on modular architectures.
Here are some of our key products.

VIDEO SERVERS

XT3 Production and playout server

The XT3 is a production server which allows recording, controlling and playing media in real time. Combined with the Multicam LSM, it is the ideal solution for live sport productions. Able to record multiple cameras in a synchronized way, the XT3 is also an asset for multicam studio productions, live or recorded. With up to 8 HD/SD channels, 6 3D channels and 3 4K channels, the XT3 is able to store up to 380 recording hours of HD at 100Mbps.

Its unique features are:

- Continuous loop recording (even during replays).
- Most reliable server on the market.
- Instant response (real time encoding and decoding).
- Open architecture for maximum interoperability with third-party systems and numerous existing codecs.
- Dual powerful networking with immediate content sharing.
- Up to 96 uncompressed audio tracks supported by a single server.
- High bandwidth.

XTnano Production and playout server

The XTnano is a 4 or 6-channel HD/SD slow motion replay entry-level server. Designed for live sport productions requiring simple workflows, XTnano is the perfect toolbox for essential high-speed operations with maximum reliability. XTnano offers a flexible configuration. With its GigE networking capabilities, A/V files can be instantly transferred to all standard edition and archive systems.

OpenCube HD/SD Ingest platform based on the MXF standard

The OpenCube HD/SD is an MXF ingest server (natively supporting numerous formats, including XDCamHD®, Jpeg2000, ProRes®, AVC-Intra, Uncompressed, DNxHD®). MXF files (SMPTE compliant) are automatically created providing maximum interoperability in any production and post-production environment.

XS Ingest and playout server

The XS is a 6-channel server designed for multi camera studio productions in SD or HD. With its new capabilities, a streaming mode with 12 ingest channels and its two new optional 10 Gigabit Ethernet connectors, the XS is the best performing alternative to tape-based workflows. It reduces post-production time, increases efficiency and is cost-effective. Its main assets are native support of multi formats and codecs, interoperability and control with third-party systems, powerful networking with immediate content sharing (XNet2) and simultaneous action between production, post-production, storage and archiving.

XS NewsFlash All-in-one News Production Workflow

XS NewsFlash is a concept 'in-a-box' that has the power to take care of all news production needs. It can be delivered as a failsafe disaster recovery system or configured for smaller newsrooms and production suites. XS NewsFlash comes in two flavors pre-configured, so all is needed to do is plug in and play.

MEDIA TRANSFER AND EXCH

Xedio Dispatcher Preview and transfer software

The Xedio Dispatcher automatically detects connected devices (such as P2 or XDCAM cameras and players/readers) and instantly displays their content, enabling immediate media browsing for clip selection and/or fast rough-cut editing. Simultaneous transfers to multiple destinations in multiple formats are supported thanks to the Xedio Dispatcher on-the-fly SD/HD rewrapping and transcoding capabilities.

XFConverter Multi-purpose file converter

The OpenCube XFConverter is a cost-effective alternative to traditional transcoding tools. It enables to rapidly rewrap container formats and transfer media files between leading production systems and broadcast servers without modifying their video/audio essences. Designed to streamline new tapeless workflows based on file exchange, XFConverter is the perfect link for connecting existing equipment and ensuring genuine interoperability in production networks.

STORAGE

XStoreSE Central storage server

The XStoreSE is a high capacity online storage server, ideal for storing, sharing, exchanging and editing audio and video content. It is an ideal and secure long term storage complement to the XT3, XTnano and XS servers. With its external encoders/decoders, it stores up to 76 TB.

XFly Platform for portable storage

The compact and portable platform contains eight hard drives, providing up to 6.3 TB of capacity (up to 140 hours of HD at 100 Mbps). This tool offers XT/XS operators an easy way to carry out full production or clips. The XFly is easy to connect to Avid or Apple post-production tools.

XStore San Storage solutions

San storage solutions are designed to provide clients with an optimal balance between their online and archive storage capacities. Based on San architecture, EVS storage solutions are optimized to offer the highest level of flexibility and security.

ANGE

XFReader
Play back of MXF and GXF files

The OpenCube XFReader is a high-performance viewer enabling browsing of MXF and GXF files, whatever their wrapped essence format. The XFReader is completely agnostic to any HD or SD video format. The application is easy to install on any Windows platform and makes media viewing on local or remote PCs trouble-free.

ARCHIVE

MediArchive Director
Digitization and archive management solutions

The MediArchive Director offers a set of software tools to centrally manage the different platforms of the workflows, including their formats, and allows intelligent media browsing based on metadata and logging. Fast and easy delivery is handled automatically by the central tool, which manages automated media digitization, rewrapping. It controls all the necessary robots to optimize management and provides a cost effective content solution delivery.

EDITING

Xedio
News and highlights editing suite

The Xedio is a solution for news and highlights production. It hinges on CleanEdit, the non-linear editing tool, allowing the post-production for highly compressed digital file, with a tight bandwidth. It does not alter the original file, often stored on an XStore, XT3 or XS servers. The final news clip can be broadcast instantly (no rendering required). The Xedio is fully integrated with Sony XDCAM™ and Panasonic P2™ (the portable cameras with embedded recorders that are most used by journalists) and also supports multiple file formats.

NEW MEDIA

C-Cast
Connected Content Platform

C-Cast is a platform that enables content owners to maximize the value of media by connecting live content with production teams, accredited teams and final viewers. It allows offsite production teams, accredited teams to access and take advantage of unseen, unused and exclusive content, to benefit from unique instant distribution possibilities, extend event coverage reaching new audiences, boost audience engagement and to generate new revenue.

CONTROL

Multicam LSM
Live slow motion control and creation of playlists

The "Live Slow Motion" Multicam LSM offers extremely performant live replay control and playlist creation solutions. Loop recording and access to the recording train means the user never lose shots. Targeting sport and other live event productions, the Multicam LSM, combined with the XT3 or XTnano server, guarantees an unlimited level of reliability and functionalities. It manages all types of replays (from -400% to +400%), including Super Motion (2 to 3 times the speed), Hyper Motion (e.g. 200 images/sec) or Ultra Motion. Furthermore, it offers a range of on-the-fly editing possibilities.

MultiReview
Advanced multi-camera review solution

MultiReview allows directors to make critical selection decisions on the fly, saving time and resources, while streamlining the slow motion workflow. And thanks to access to every camera, MultiReview extends the capabilities of LSM operators. Now directors and replay operators can browse camera angles simultaneously and keep a record of selections, so live replay and editing decisions can be made instantly.

IPDirector
Production content management

The IPDirector is an integrated suite of video production management applications that gives total control of the video and audio feeds via the XT3, XTnano or XS video server. The IPDirector allows to easily ingest, log, manage, search, track, edit (via IPEdit), create clips and highlights, browse and ultimately play out any video or audio content instantly. The Windows-based GUI makes it easy to learn and use. With the IPDirector, complete control of one or more XT3, XTnano or XS servers is at your fingertips.

LSM Connect
Enhanced content and playlist management

The LSM Connect is a powerful tablet-based solution for clips and playlist management. Directly connected to LSM remote and the XT server, LSM Connect gives instant access and control of all clips and playlists created during live broadcast production using the EVS LSM Controller. Designed with the help of operators, LSM Connect offers unmatched flexibility to live OB operations, giving editors time to focus on adding creative value to their programming.

GRAPHICS

Epsio Live
Sports graphic tool integrated to the LSM

LSM operators can, with Epsio Live, an integral part of the LSM, insert graphic overlays in real-time or in instant replays, adding value to commentators' live analyses without additional resources. The available graphic overlays are, in Epsio Live-Soccer, an offside line, 9 meters circle, distance to the goal, scores and logo inserts.

Epsio FX
Special video effects a touch away

Epsio FX allows to quickly and easily add special effects to playlists in order to create sophisticated highlights. Working in conjunction with the LSM and LSM Connect, the Epsio FX eliminates complex post production video effect processes and delivers fast, worry-free special effects.

SERVICE

From consulting to maintenance

On top of strong products and software applications, EVS is committed to the highest level of service. It covers different areas, including workflow and process consulting, installation, maintenance, upgrades, and user training. For specific events, EVS also proposes rental contracts for its servers and applications, in order to meet its clients' needs. The foundation of this great service quality is the EVS team, available and responsive, in constant interaction with its customer base and user community.

OUR CORPORATE SOCIAL RESPONSIBILITY

THERE ARE MANY WAYS FOR A COMPANY TO PUT ITS VALUES INTO PRACTICE AND DEMONSTRATE ITS COMMITMENT TO THE ENVIRONMENT, ITS EMPLOYEES AND THE COMMUNITY IN WHICH IT OPERATES. THIS LONG TERM COMMITMENT IS AN INTEGRAL PART OF EVS' CULTURE AND VALUES SINCE THE COMPANY'S CREATION.

THE ENVIRONMENT

Since its creation in 1994, EVS has been mindful of its impact on the environment. Over the years, decisions have been taken in order to honor this commitment. The harmonious integration of the company's buildings into its wooded environment near Liège, the frequent use of energy-saving methods, such as "free cooling" to cool premises subject to major temperature variations, low-energy lighting, solar panels for the production of hot water and recycling of rainwater.

MORE THAN **80** PROJECTS TO A SPORTING OR SOCIAL PURPOSE WERE SUPPORTED BY EMPLOYEES OF EVS IN 2013

The new headquarters and innovation center, located in the same area, should be inaugurated at the end of 2014. It will gather all employees from the different facilities in Liège and will provide them with an improved working environment, increasing efficiency and internal communication. This new building is expected to receive a positive rating according to the BREEAM evaluation method.

Through its activities, EVS also further helps reducing the environmental footprint of the broadcast industry. As an example, EVS develops solutions to allow its clients to produce or access the video content from a remote location, allowing operators to dramatically reduce their travel. For instance, during major sporting events, broadcast production tools favor image sharing between the event venue and the television channel. This greatly reduces air travel for a large number of people.

THE EMPLOYEES

Employees are the main assets of EVS. They develop the solutions, offer them to customers throughout the world, install them and provide the necessary training and maintenance. Therefore the management of the company puts special attention to offer employees a working environment based on personal development and respect for the individual.
This includes, among others:

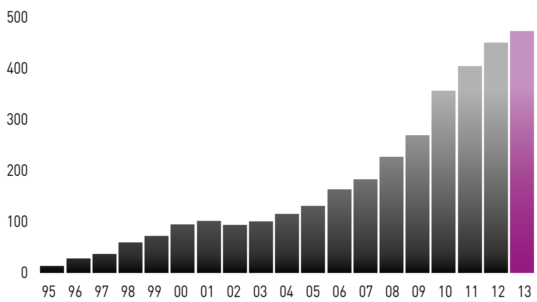
- an attractive workplace (open and luminous buildings in a wooded environment, cordial company cafeteria, etc.);
- listening carefully to people, internal training programs for new employees;
- numerous activities organized by and for the employees aimed at building the team spirit, such as departmental incentives, various company events (some of which also include spouses and children) or incentives to practice a sport in the neighborhood;
- a competitive global remuneration package in relation to the skills and experience of each person, accompanied by company profit sharing programs.

This policy is bearing fruit and reinforces a sense of belonging. The turnover rate remains particularly low despite the young average age of the company's employees (36 years).

THE COMMUNITY

EVS has a strong regional anchor and tries to participate in the development of the communities in which its offices are located. The company builds partnerships with local suppliers, actively supports cultural and social projects and encourages its employees to do likewise in their own environment through targeted sponsoring.

NUMBER OF EMPLOYEES - FTE (31/12)



DCINEX SOLUTIONS FOR DIGITAL CINEMA

CREATED IN 2004, DCINEX, 41.3% OWNED BY EVS (31.2% FULLY DILUTED) IS A LEADING PAN-EUROPEAN PROVIDER OF FULLY INTEGRATED AND BEST IN CLASS SOLUTIONS FOR MOVIE OPERATIONS.

The company operates three business lines: Exhibitor Services, Content Services and Consulting.

Exhibitor Services:
dcinex provides end-to-end solutions, from equipment financing, sales, installation and maintenance to training and support services for movie theaters.

Content Services:
dcinex offers a complete range of post-production, mastering and transcoding services, as well as Pan-European physical and electronic delivery and digital rights management.

Consulting:
dcinex advises cinema operators, local authorities, real estate firms and corporate investors providing a.o. cinema design and lay-out, project management, feasibility studies as well as market research, expert witness and due diligence.

PERFORMANCE

The dcinex Group recorded EUR 92.3 million sales in 2013, EBITDA of EUR 31.4 million (34.0% of sales).

THE POTENTIAL AND THE RISK

Worldwide, there is a total market of 120,000 screens; of which 30% are in Europe.

Services and proximity-oriented company, the dcinex Group is made up of a young and innovative team of about 200 people. The company focuses on Europe where it has a market share estimated at 35% in financing solutions and at about 20% in equipment maintenance and support services.

The lion share of dcinex revenue for the coming three years will continue to be sourced in the projection systems financing solutions and equipment maintenance and servicing. Indeed, with 85% of the European screens being already digitized, dcinex equipment sales is expected to be mainly driven by the newly created cinemas until the equipment replacement cycle starts.

Most cinemas are now digitized and dcinex has everything to remain a major player in this field. The main risks lie in the increasing competition in a maturing market and a potential delay in the start of the equipment replacement cycle.

dcinex

DCINEX SA
Le Pôle Image de Liège
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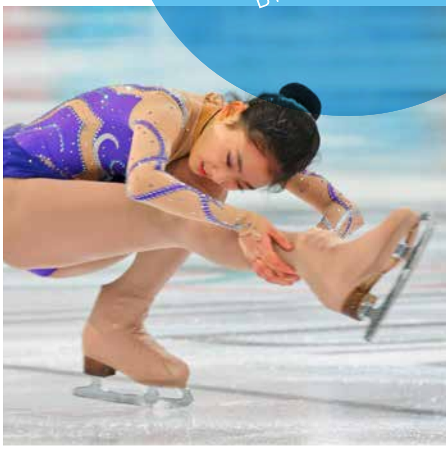
Fax : +32 4 364 12 99

SHAREHOLDERS' INFORMATION

+5.8%
THE SHARE PRICE OF EVS INCREASED BY 5.8% IN 2013



EVS SHARES
EVS capital is represented by 13,625,000 shares without nominal value. Since December 15, 2011, EVS shares are either registered or dematerialized (and must be registered in a securities account). At December 31, 2013, there were 1,287 shares still to be dematerialized, or 0.01% of the capital of the company.

STOCK MARKET AND LISTING
EVS shares are listed on the continuous NYSE EURONEXT Brussels market under the ISIN code BE0003820371.They were listed in October 1998 at a price of EUR 7.44 (EUR 37.20 before split). The share was split into five on June 5, 2005. EVS is part of the Next150 and BelMid indexes. During 2013, the maximum value reached by the stock price was EUR 57.19 on May 16, 2013 and the minimum value of EUR 39.88 was reached on November 25, 2013. EVS had a market capitalization of EUR 640 million at December 31, 2013 with a share price of EUR 46.99. In 2013, the EVS shares increased by 5.8%, while the BEL20 gained 18.1%, the Dow Jones Europe 600 Technology™ 26.7% and the Nasdaq Composite increased by 38.3% of its value.

During 2013, around 109% of the company's shares were exchanged, an average of 58,600 shares were traded daily on NYSE-Euronext and the other trading platforms, which represents EUR 2.9 million, a strong increase compared to 2012. Adjusted for an average free float of 94%, EVS had a velocity of 116.8% during 2013.

DIVIDEND
As from 2013, the Board of Directors has established a dividend policy which aims at paying a high portion of the net profit, taking into account the cash needed to finance the company's growth with a maximum payout ratio of 100%. Since its IPO in 1998, EVS has always paid a dividend to its shareholders. In addition, in 2006, the company initiated the payment of an interim dividend at year end. The prospectus announced a payout ratio of 30%. This ratio has evolved from 60 to 125% since 2004. The dividend yield varied from 4% to 10% over the same period, while the average payout ratio was around 85%.

EUR 2.16

TOTAL GROSS DIVIDEND FOR 2013

For the 2013 fiscal year, the Board of Directors will propose to the shareholders, at the Ordinary general Meeting of May 20, 2014, the approval of the distribution of a gross dividend per share of EUR 2.16, of which EUR 1.16 was paid as an interim dividend in November 2013. If approved by the Ordinary general Meeting, the remaining gross dividend of EUR 1.00 (or EUR 0.75 net of Belgian withholding tax of 25%) will be paid on June 2, 2014 against coupon #18 (ex-date: May 28, 2014; record date: May 30, 2014).

The Board proposal for 2013 represents a payout ratio of 85.7% and a dividend yield of 4.4%.

SHAREHOLDING

Shareholders have an obligation to report the percentage of EVS shares they hold when this percentage crosses upwards and downwards the treshold of 3% (a condition imposed by the articles of association) and for any multiple of 5% (a requirement of the Belgian act). The percentage of shares held must be calculated based on the number of shares outstanding (13,625,000 shares at the end of 2013).

At December 31, 2013, the shareholding of EVS Broadcast Equipment was as follows (from recent statements received by the company and the position of treasury shares at December 31, 2013). For more details about the shareholding, please refer to the Statement of Corporate Governance in the second part of the annual report.

THE EVS SHARE OVER THE LAST 10 YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Number of shares issued (average)	13,625,000	13,625,000	13,625,000	13,625,000	13,736,111	13,875,000	13,875,000	13,948,973	14,075,000	14,056,250
Number of shares issued (Dec. 31)	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,875,000	13,875,000	13,875,000	14,075,000	14,075,000
Average number of shares, excl. own shares	13,480,715	13,449,081	13,465,244	13,511,048	13,554,643	13,578,250	13,587,090	13,630,464	13,716,934	13,665,062
Average free float	93.5%	93.5%	88.5%	82.8%	80.9%	79.5%	77.4%	75.0%	67.5%	60.8%
Annual volume[1]	14,884,293	8,758,751	16,614,717	13,166,859	15,990,689	13,393,117	8,938,624	10,109,440	10,366,182	9,827,745
Average daily volume (number of shares)[1]	58,600	34,348	63,904	51,034	62,463	52,317	35,053	39,645	40,335	38,540
Average daily volume (EUR)[1]	2,888,959	1,383,196	2,726,774	2,154,676	2,318,011	2,731,703	2,220,117	1,545,759	944,646	391,952
Standard velocity[2]	109.2%	64.3%	121.9%	96.6%	116.4%	96.5%	64.4%	72.5%	73.6%	69.9%
Adjusted velocity - Average free float[3]	116.8%	68.7%	137.8%	116.8%	144.0%	121.5%	83.3%	96.7%	109.1%	115.1%
Average annual share price (EUR)	49.30	40.27	42.67	42.22	37.11	55.78	61.27	38.99	23.42	10.17
Closing share price (EUR)	46.99	44.40	39.49	47.90	44.80	25.50	79.60	43.80	28.69	16.16
Highest share price (EUR)	57.19	46.00	48.30	49.49	53.24	80.39	83.86	44.85	31.85	16.50
Lowest share price (EUR)	39.88	34.97	34.10	31.97	21.22	21.00	42.50	27.85	16.05	6.50
Market capitalization (average, EUR millions)	671.7	548.7	581.4	575.2	509.7	773.9	850.1	543.9	329.6	143.0
Market capitalization (Dec. 31, EUR millions)	640.2	605.0	538.1	652.6	610.4	353.8	1.104.5	607.7	403.8	227.5
Gross dividend (EUR)	2.16	2.64	2.36	2.64	2.48	2.48	2.28	1.68	1.20	1.00
Net dividend (EUR)	1.62	1.98	1.71	1.98	1.71	1.86	1.71	1.26	0.90	0.75
Dividend yield (gross dividend on average share price)	4.4%	6.6%	5.5%	6.3%	6.7%	4.4%	3.7%	4.3%	5.1%	9.8%
Share buyback/share	0.00	0.00	0.17	0.27	0.05	0.52	0.16	0.47	0.16	0.11
Basic EPS (EUR)	2.52	3.10	2.38	2.82	1.88	3.33	2.91	2.89	1.46	1.58
Payout ratio (gross dividend on basic EPS)	85.7%	85.2%	99.2%	93.6%	131.9%	74.5%	78.4%	58.1%	82.2%	63.3%
Price/earnings ratio (average on current EPS)[4]	18.5	12.2	18.2	14.4	18.8	15.7	19.1	13.5	16.0	8.3

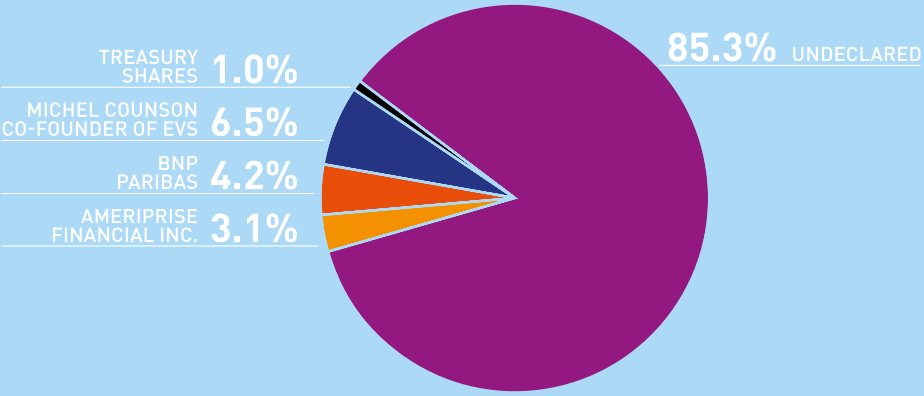
[1] Source: volumes according to NYSE-Euronext until 2008; as from 2009, the source is Fidessa, which also includes the exchanges made on alternative platforms.

[2] Standard velocity represents the annual volume traded on the stock market expressed as a percentage of the total number of the company's shares.

[3] Adjusted velocity represents the annual volume traded on the stock market expressed as a percentage of the average free float.

[4] The price/earnings ratio is the average share price for the year divided by the current EPS over the same period.

ACTIONNARIAT D'EVS



85.7%
PAYOUT RATIO IN 2013, IN LINE WITH AVERAGE OF LAST 10 YEARS

GENERAL MEETINGS

Each year since its IPO in 1998, EVS holds its Ordinary General Meeting on the third Tuesday of May. Shareholders are invited to participate in this meeting. All instructions are published one month before the meeting.
To promote interaction between the company and its shareholders, but also to know them better and to serve them better, EVS requires, under article 24 of its Statutes, the proxies for participation in its General Meetings to be signed by the final effective economic beneficiary. Proxies by a custodian or sub-custodian must therefore be accompanied by another power of attorney duly signed by the final effective economic beneficiary allowing it to exercise its rights.

In the interest of good governance, this provision is strictly applied and results at each meeting, a few non-compliant discharges of proxies, including those from stakeholders.

FINANCIAL SERVICE

Dividends are payable at ING BANK SA, which is the sole paying agent in the Euroclear Belgium "E.S.E.S." dematerialized system.

ING BANK SA
Avenue Marnix, 24
1000 Brussels, Belgium

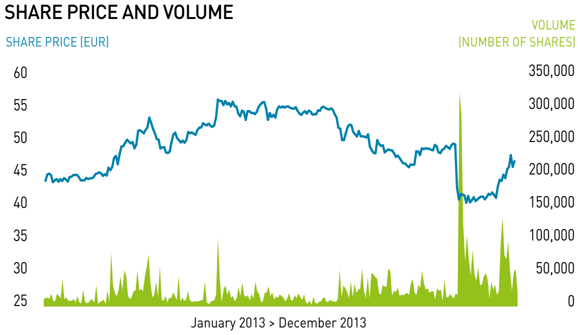
In June 2005, EVS shares were split in 5. The old shares can still be exchanged by contacting:

DELTA LLOYD BANK SA
B.O. Epargne et placements
Administration/liquidation
Av. de l'astronomie, 23
1210 Brussels, Belgium
Tel.: +32 2 229 77 53
Mail: dossierstitres@dlbank.be

116.8%

ADJUSTED FOR AN AVERAGE FREE FLOAT OF 94%, EVS HAD A VELOCITY OF 116.8% DURING 2013.

SHARE PRICE AND VOLUME



INFORMATION ACCESSIBILITY

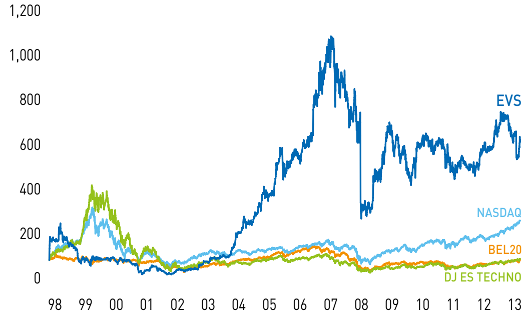
The group website (www.evs.com) gives general information on the company and its products, as well as financial information, the Corporate Governance rules and annual reports. A page is also dedicated to the financial analysts who monitor the stock.

All legal documents are available at the company head office or on our website.

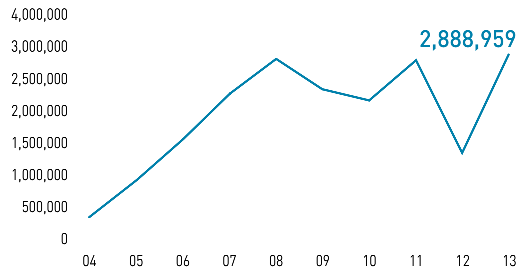
EVS has adopted a "quiet period" policy, which limits communication with investors during sensitive periods to basic, historic and non time-specific information. This quiet period begins on the first day of the new fiscal quarter and continues until the next earnings release. EVS appreciates the interest of its shareholders in the company and believes that this policy enables the company to balance the needs of a business along with communicating with both new and potential investors in the company.

If you would like information concerning the events in which EVS participates or wish to receive automatic email news, please subscribe on our web site or send an email to corpcom@evs.com

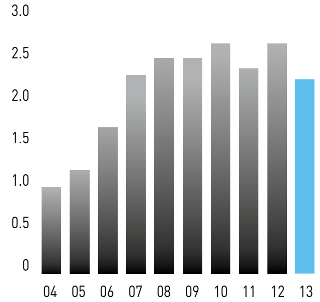
FROM THE IPO UNTIL TODAY – STOCK PRICE TREND COMPARISON SINCE THE EVS IPO ON 14 OCTOBER 1998 (BASE 100)



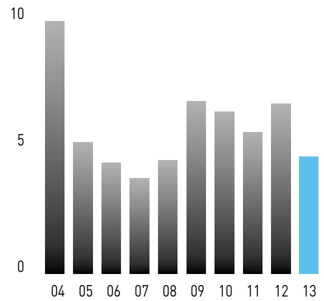
LIQUIDITY – AVERAGE DAILY VOLUME ON THE STOCK MARKET (EUR)



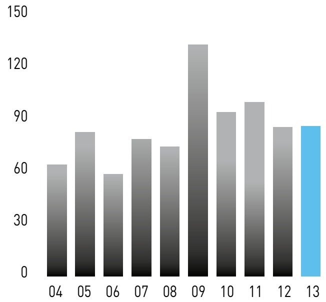
GROSS DIVIDEND PER SHARE AFTER SPLIT (EUR)



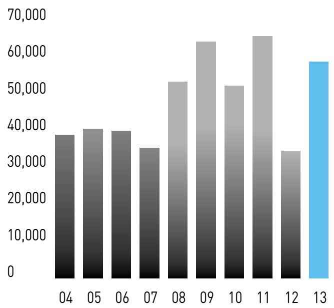
DIVIDEND YIELD (%)



PAYOUT RATIO (% OF BASIC EPS)



LIQUIDITY – AVERAGE DAILY VOLUME ON THE STOCK MARKET (NUMBER OF SHARES)



KEY FIGURES, CONSOLIDATED – IFRS (EUR MILLIONS)	2013	2012	2011	2013/2012
Revenue	129.1	137.9	106.9	-6.4%
Operating profit - EBIT[1]	48.4	62.1	44.1	-22.1%
Net profit (group share)	34	41.7	32.1	-18.5%
Net profit from operations, excl. dcinex (group share)[2]	35.9	44.6	31.7	-19.4%
Investments	15.1	9.6	3.1	57.3%
Cash generated from operations	47.8	60.9	47.6	-21.5%
Total equity (December 31, before profit allocation)	68.5	67.3	55.7	1.0%
Net cash position (December 31)[3]	1.7	20.6	18.8	-91.7%
Net working capital at 31 december[4]	40.3	30.3	33.2	33.0%
Number of employees (full-time equivalents, December 31)	486	463	415	5.0%

DATA PER SHARE (EUR)	2013	2012	2011	2013/2012
Average number of shares excl. treasury shares	13,480,715	13,449,081	13,465,244	0.2%
Basic net profit (group share)[5]	2.52	3.10	2.38	-18.7%
Basic net profit from operations, excl. dcinex (group share)[5]	2.66	3.31	2.35	-19.6%
Gross dividend (interim + final dividend)	2.16	2.64	2.36	-18.2%
Equity per share	4.99	4.94	4.09	1.0%

RATIOS (%)	2013	2012	2011	2013/2012
Gross margin (%)	75.5%	77.3%	78.4%	-
EBIT margin (%)[1]	37.5%	44.4%	41.3%	-
Net margin[6]	27.8%	32.3%	29.6%	-
Payout ratio (gross dividend/net profit)	85.7%	85.2%	99.2%	-
Dividend yield (gross dividend/average share price)	4.4%	6.6%	5.5%	-
Return on equity – ROE[7]	50.6%	75.0%	52.7%	-
Return on capital employed – ROCE[8]	69.0%	155.5%	103.4%	-

[1] EBIT means "Earnings Before Interests and Taxes" and corresponds to the operating result before interests and taxes. The EBIT margin is the EBIT divided by the revenue.

[2] The net profit from operations, excluding dcinex, is the net profit (group share) excluding non-operating items (net of tax) and the dcinex contribution.

[3] The net cash position is the cash and cash equivalents less the financial liabilities and the other long term debts (incl. their short term portion).

[4] The net working capital = stocks + trade receivables + other receivables - trade payables - amounts payable regarding remuneration and social security - income tax payable - other payables.

[5] Calculated based on the number of shares excluding treasury shares and warrants.

[6] The net profit margin is the net profit from operations divided by the revenue.

[7] This return is the result of the net profit (group share) divided by (the shareholders' equity at the beginning of the year less the final dividend decided during the Ordinary General Meeting of May).

[8] Net profit from operations, excl. dcinex/(goodwill + intangible and tangible assets + stocks).

SHAREHOLDER'S CALENDAR

Thursday, May 15, 2014	First quarter 2014 results
Tuesday, May 20, 2014	Ordinary General Meeting
Wednesday, May 28, 2014	Coupon #18 final dividend ex date
Friday, May 30, 2014	Coupon #18: final dividend record date
Monday, June 2, 2014	Coupon #18: final dividend payment date
Thursday, August 28, 2014	Second quarter 2014 results
Tuesday, November 18, 2014	Third quarter 2014 results

Find out more online
www.evs.com

OUR PRESENCE IN THE WORLD

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Hi-Tech Zone
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Managing Director and CEO
Magdalena Baron,
Senior Vice President and CFO
Geoffroy d'Oultremont,
Vice President Investor Relations and Corporate Communication

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Version française disponible sur demande.
The Annual Report (management report, accounts and notes) is available on the EVS website (www.evs.com).
A paper copy can be obtained on request.

ANNUAL FINANCIAL REPORT 2013

CELEBRATE
20 YEARS OF MEMORIES

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MANAGEMENT REPORT

FINANCIAL REPORT

1. CONSOLIDATED KEY FIGURES – IFRS (EUR MILLIONS)

	2013	2012	2011	2013/2012
Revenue	129.1	137.9	106.9	-6.4%
Gross margin %	75.5%	77.3%	78.4%	-
Operating profit - EBIT	48.4	61.2	44.1	-20.9%
Operating margin (EBIT) %	**37.5%**	**44.4%**	**41.3%**	-
Contribution from dcinex	0.1	0.4	2.3	N/A
Income taxes	-15.3	-18.3	-14.3	+16.4%
Net profit, group share	34.0	41.7	32.1	-18.5%
Net profit from operations, excl. dcinex, group share (1)	35.9	44.6	31.7	-19.4%
Net profit margin from operations, excl. dcinex (%)	27.8%	32.3%	29.6%	-

(1) The net profit from operations, excl. dincex, is the net profit (share of the group) excluding non operating items (net of tax) and the dcinex contribution. Refer to note 6.2 on use of non-GAAP financial measures.

2. HIGHLIGHTS

With sales of EUR 129.1 million in 2013, we sustained the record performance of 2012, excluding the EUR 10 million rentals relating to the big sporting events in that year, despite a macro-economic environment that remained difficult in some regions during most of the year. We are particularly pleased with our performance in ENM (Entertainment, News and Media) in the last quarter, which underlines once again the positive reaction of customers to our new four-market strategy. The company continues to invest in its future growth by recruiting market specific and IT technology experts. Looking forward, 2014 will be a special year, particularly as we celebrate the 20th anniversary of the company. EVS is also intimately involved with the many big sporting events including Sochi (Winter Olympics) and Brazil (soccer World Cup). There will be many new product launches in all 4 target markets in 2014.

As the company expected, the fourth quarter of 2013 was the strongest of the year, with sales of EUR 38.5 million. This is an increase of 50.7% compared to last year. The operating profit reached EUR 15.9 million, much higher than last year's EUR 6.6 million (excl. EUR 1.4 million repositioning costs) post Olympics low quarter, and 22.4% above the fourth quarter of 2011. The winter order book of EUR 48.2 million for sales in 2014 should be put in perspective of EVS management's prudent message regarding the continued macro-economic softness in some regions of the world. Operating expenses growth is confirmed at 10-15% for 2014, relating to the investments in new technologies.

3. STRATEGY AND LONG TERM GROWTH DRIVERS

At the end of 2012, we performed a detailed review of our strategic options and we launched in early 2013 our new four-market strategy plan. We listened to our growing number of customers and repositioned our activities, organization and brand accordingly. Key was to focus even more our resources and investments in the most attractive markets and to strengthen our leadership team in order to deliver our renewed growth ambition.

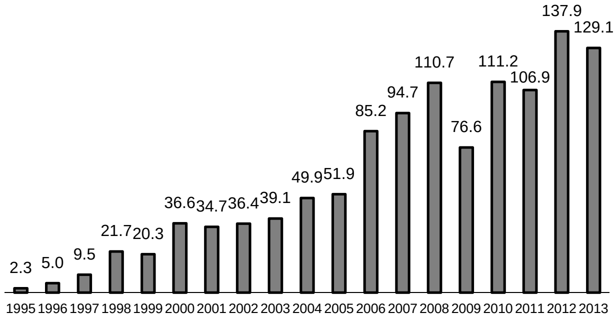
While Sports is still a significant part of EVS' total business, less cyclical markets like Entertainment, News and Media are growing more rapidly. In its diversification process, EVS aims to take a leading position in niches that have a high growth potential. Its "Speed to Air" strategy is an answer to TV stations' desire to move to new and more efficient production workflows, benefiting from the flexibility of tapeless server technologies and increasing capable transport networks. Internet Protocol (IP) video transport and 'Cloud-based' technologies have made an entrance in the professional Broadcast industry and promise to enable even higher levels of flexibility and efficiencies in (live-) TV production. EVS plans to increase its investments in the R&D activities of these new technologies to continue to offer its customers the latest in (live-) production solutions. In addition the broadcast market continues to migrate from standard definition (SD) TV to high definition (HD), add new 'second screen' TV applications and demand more live video content across the world and in particular in emerging regions. More advanced camera and display technologies such as UltraHD (4K) are speeding up the conversion to and subsequent upgrades away from tapeless production facilities. EVS targets small niches where the combination of infrastructure reliability, applications agility and service quality are essential success criteria.

In view of the above, taking into account usual business risks and uncertainties, and especially the general world economy, the Board of EVS believes that the long term underlying demand for EVS products should continue to be supported by these structural growth drivers.

4. REVENUE

EVS revenue amounted to EUR 129.1 million in 2013, a decrease of 6.4% compared to 2012 (+1.3% at constant currency and excluding the big events rentals). Sales in Sports decreased by 4.3% (-3.5% at cst exch. rate) to EUR 87.6 million, representing 67.9% of total group sales in 2013. ENM sales increased by 12.8% in 2013 to EUR 40.9 million (+13.5% at cst exch. rate), representing 31.7% of total sales in 2013. There were EUR 0.5 million of rentals relating to big sporting events in 2013 (the Confederation Cup), compared to EUR 10.0 million in 2012.

Revenue evolution (EUR millions)



In 2013, in Europe, Middle-East and Africa ("EMEA"), sales (excl. big event rentals) amounted to EUR 62.8 million (-5.0% compared to 2012), representing 48.6% of group revenue. Performance in the EMEA market included different realities in 2013, with a weak Mediterranean market, offset by stronger sub-regions such as Eastern Europe and the UK.

Sales (excl. big event rentals) in Americas were EUR 29.3 million (-16.4% at constant currency) The Americas recovered in the second half of 2013, after a weak market performance in the first six months.

In Asia & Pacific ("APAC"), sales (excl. big event rentals) were EUR 36.5 million (+42.5% at constant currency). EVS continues to gain market share in this buoyant region which is delivering above expectations.

Sales by region (EUR millions)

	2013	2012	Mix 2013	2013/2012
Europe, Middle-East, Africa (EMEA)	62.8	66.0	48.6%	-5.0%
Americas (NALA)	29.3	36.3	22.7%	-19.2%
at constant exchange rate	*30.3*	*36.3*	-	*-16.4%*
Asia-Pacific (APAC)	36.5	25.6	28.2%	+42.5%
Big event rentals	0.5	10.0	0.5%	N/A
TOTAL	**129.1**	**137.9**	**100%**	**-6.4%**

5. RESEARCH AND DEVELOPMENT

Research and Development expenses in 2013 were EUR 22.8 million, up 2.1%, reflecting the better control of the increase of the number of engineers joining EVS. The expense represents 17.6% of revenue. In accordance with the group's accounting rules (Belgian and IFRS), these expenses are fully expensed in the P&L over the financial year. Today, there are around 240 high-level engineers working in 6 sites. The group's strong vertical integration between the sales/support activities at the local level and the R&D enables rapid adaptation of products to ever changing customer needs. 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 producing and broadcasting content to viewers.

Since 4Q10, EVS benefits from a withholding tax exemption given since 2006 by the Belgian government to companies paying or allocating compensation to individual researchers who are engaged in collaborative R&D programs according to some criteria defined under section 273 of the Code of income tax in Belgium. In the presentation of the accounts for 2011, 2012 and 2013, the amount relating to the current year comes as a deduction of R&D charges.

6. STAFFING

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

	Corporate Services	Research & Development	Sales & Marketing	Assembling & Professional services	Total
Dec. 31, 2011	58	211	41	105	415
Dec. 31, 2012	71	232	43	117	463
Dec. 31, 2013	78	239	53	116	486

As of December 31, 2013, EVS had a total of 486 employees (full-time equivalents, including 10 managers, 426 employees, 9 workers and 41 consultants, advisors and temporary), an increase of 5.0% compared with end of year 2012. More than 20 individuals were hired during the financial year to strengthen the leadership of the company in its niche markets and to prepare for the future. The total salary cost stands at EUR 35.0 million in 2013 as opposed to EUR 32.0 million in 2012. Throughout 2013, the average number of employees was 471, up 7.3% over 2012. Most recruits in 2013 were related to the new strategic business niches, including 13 engineers in SVS, a start-up in Germany whose principal activity is the research and development of network-based technology. EVS will continue to hire some good broadcast experts in the future.

7. RESULTS

7.1. 2013 key figures per quarter

IFRS - EUR million, except earnings per share, expressed in EUR	1Q13 unaudited	2Q13 unaudited	*1H13 unaudited*	3Q13 unaudited	4Q13 unaudited	*2H13 unaudited*	2013 audited
Revenue	32.8	29.8	*62.6*	28.0	38.5	*66.5*	**129.1**
Gross margin	26.0	22.7	*48.7*	20.5	28.2	*48.8*	**97.5**
Gross margin %	79.2%	76.3%	*77.9%*	73.4%	73.3%	*73.4%*	**75.5%**
Operating profit – EBIT	14.5	9.7	*24.1*	8.4	15.9	*24.2*	**48.4**
Operating margin – EBIT %	44.0%	32.4%	*38.5%*	30.0%	41.3%	*36.4%*	**37.5%**
Contribution from dcinex	-0.2	0.2	*0.1*	0.2	-0.2	*0.0*	**0.1**
Net profit – Group share	10.0	6.9	*17.0*	6.3	10.7	*17.0*	**34.0**
Net profit from operations. excl. dcinex – Group share (1)	10.4	7.7	*18.1*	6.4	11.5	*18.0*	**35.9**
Basic earnings per share	0.75	0.51	*1.26*	0.47	0.80	*1.26*	**2.52**
Basic earnings per share from operations. excl. dcinex (1)	0.78	0.57	*1.34*	0.48	0.86	*1.34*	**2.66**

(1) The net profit from operations, excl. dcinex, is the net profit (share of the group) excluding non operating items (net of tax) and the dcinex contribution. Refer to Note 6.2: use of non-GAAP financial measures.

7.2. Comments on 2013 results

Consolidated gross margin was 75.5% for 2013, compared to 77.3% in 2012, mainly due to the deleverage effect of lower sales on fixed operations costs that grew in 2013 and some reclassification between operating expenses and cost of goods sold. Operating expenses grew by 11.0% (in line with the low double digit opex growth guidance), due to the costs related to the investment in DYVI Live/SVS (technology start-up announced in 2013), extra hires and the strengthening of management, partially offset by some reclassification between operating expenses and cost of goods sold. The release of the EUR 1.0 million provision for past litigation in 2012 also partially explains this increase. This leads to a 2013 EBIT margin of 37.5%, compared to 44.4% last year. dcinex contributed EUR 0.1 million to EVS net results in 2013, compared to a EUR 0.4 million contribution in 2012. Group net profit amounted to EUR 34.0 million in 2013, compared to EUR 41.7 million in 2012, while net profit from operations, excluding dcinex, was EUR 35.9 million in 2013. Basic net profit per share amounted to EUR 2.52 in 2013, -18.7% compared to EUR 3.10 for 2012.

7.3. Data per share (EUR)

	2013	2012	2011	2013/2012
Weighted average number of subscribed shares for the period, less treasury shares	13,480,715	13,449,081	13,465,244	+0.2%
Basic net profit, group share	**2.52**	**3.10**	**2.38**	**-18.7%**

8. BALANCE SHEET, CASH-FLOW, OWN SHARES AND EMPLOYEE PROFIT SHARING

Total equity represented 62.9% of total balance sheet at the end of December 2013. Inventories amounted to EUR 16.2 million at the end of December, including around EUR 4.0 million value of own equipment used for own R&D and demos of EVS successful products. Inventories were only slightly higher than at the end of 2012, even though they already include some equipment to be used during the winter Olympic Games. In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts. The nominal amount of accounts receivable significantly increased due to strong sales in the last quarter of 2013, however Days Sales Outstanding ("DSO") stayed relatively stable around 75 days in 2013.

At the end of 2011, EVS started the construction of a new integrated building in the same area in Liège, in order to gather all employees of EVS headquarters, split today in 6 different buildings. EUR 27.8 million have been invested by the end of December 2013 (less EUR 3.8 million of subsidies booked at the same date). In November, EVS secured the financing of the new building with senior debt of EUR 24 million with EIB (50%), ING (25%) and BNPPF (25%) over 7 years. This new credit facility replaced the previous short term EUR 14 million roll-over credit line. At the end of 2013, EUR 8.0 million have been drawn on it.

The net cash from operating activities amounted to EUR 32.7 million in FY13. On December 31, 2013, the group balance sheet showed EUR 11.8 million in cash and cash equivalents, and EUR 10.1 million in 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 2013 and a final proposed gross dividend of EUR 1.00 per share to be paid on June 2, 2014, representing a total of approximately EUR 13.6 million, and an average dividend yield of 4.4% in 2013.

At the end of 2013, the capital was represented by 13,625,000 shares, of which 133,364 were owned by the company. In 2013, 15,839 shares were granted or sold to employees under share-based compensation schemes, including the profit-sharing scheme (12,239 shares). Indeed, in line with previous years, and within the framework of the law of May 22, 2001, the Ordinary General Meeting of May 21, 2013 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 0.7 million.

In 2013, a total of 10,000 warrants have been granted to some employees at an average strike price of EUR 54.30. As of December 31, 2013, 420,000 warrants were outstanding with an average strike price of EUR 38.95 and an average maturity of December 2015. However, only 12,000 warrants were exercisable and in-the-money (with an exercise price below the share price as of December 31) at December 31, 2013. On February 20, 2014, 176,650 warrants became exercisable, at an average exercise price of EUR 34.70. The 420,000 existing warrants have a potential diluting effect of 3.1% on capital. This is partially covered by the 133,364 treasury shares held by the company and acquired at an average price of EUR 37.71.

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

9. DISPUTES

As per December 31, 2013, EUR 1.3 million provisions were available to reasonably cover various ongoing and probable commercial disputes (EUR 0.3 million) and technical warranties (EUR 0.9 million).

10. RISK MANAGEMENT

EVS is exposed to many exogenous and endogenous risks detailed in the annexes of the annual financial report and in the paragraph 5.1 of the corporate governance statement. The management, the Audit Committee and the Board of Directors conduct regular analyses of the company's risk and take action to minimize or neutralize the potentially negative effects.

Financial instruments used by the company are identified in the balance sheet and booked at fair value.

More information on the use of the financial instruments by the company, the objectives and policies relating to financial risks management and the risks the company is exposed to, can be found in the Corporate Governance Statement (point 5.1) and in the “Risks and uncertainties” chapter. The foreign currency risk is treated separately in the note 26.2.

11. INVESTMENTS

EVS business does not require major investments in equipment. The group’s policy is to own its premises in Belgium and primarily finance them through shareholders’ equity and long-term bank loans. As per December 31, 2013, the net book value of lands and buildings was EUR 31.9 million, including EUR 7.8 million for the current buildings and EUR 24.1 million for the constructions in progress. Most of the buildings have benefited from regional or European subsidies.

As explained here above, EVS is building a new facility nearby the existing site in Liège. During 2013, the project value was estimated at approximately EUR 50 million but in March 2014, taking into account all regulatory and functional requirements, the management made a deep review of the investment budget, which is now estimated between EUR 55 million and EUR 60 million. EUR 5.6 million regional and European subsidies are to be deducted from this.

12. CAPITAL AND SUBSIDIARIES

The EVS Broadcast Equipment SA capital of EUR 8,342,479 was unchanged in 2013 and is represented by thirteen million six hundred and twenty five thousand shares (13,625,000) without any designation of nominal value.

13. OUTLOOK 2014

As of February 15, 2014, and as published in the 2013 annual results press release on February 20, 2014, the global winter order book (to be invoiced in 2014) amounted to EUR 48.2 million, 28.9% higher compared to EUR 37.4 million on the same date in 2013 (+4.0% vs 2013, excl. big event rentals). The order book includes EUR 9.3 million for big events rentals for Winter Olympics (Sochi) and World Cup Soccer in the summer of 2014 (Brazil). Sports represent 50.1% of the order book. In addition to this order book to be invoiced in 2014, EVS already has a record EUR 9.6 million orders to be invoiced in 2015 and beyond (compared to EUR 5.6 million last year).

In Sports, the company consolidates its position. In ENM, EVS plans continued market share gains including significant new customer wins. In 2013 the company made good progress in this promising and more competitive market.

For 2014, EVS does not anticipate a major improvement in the market conditions. Big sporting events are expected to bring around an additional EUR 10 million rental revenues in 2014. Additional short-term investments in the development of new IP video network and Cloud-based technologies, translating into Opex growth between 10% and 15% in 2014, should result in medium to long term profitable growth.

14. RECENT EVENTS

Significant events that arose after the balance sheet date are:

- The information communicated in the 2013 annual results released on February 20, 2014;
- On January 20, 2014, Magdalena Baron joined EVS as Senior Vice President & CFO;
- In March 2014, taking into account all regulatory and functional requirements, the management has completed a deep review of the investment budget for the new headquarter. The total budget is now estimated between EUR 55 million and EUR 60 million (from which around EUR 5.6 million regional and European subsidies are to be deducted);

15. 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 maintain the optimization of 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 2.16 per share (including the interim dividend of EUR 1.16) at the Ordinary General Meeting to be held on May 20, 2014, what would imply a final gross dividend of EUR 1.00 per share to be paid on June 2, 2014. The Board of Directors proposes to grant around 10,500 shares to the employees within the framework of the law relating to profit-sharing schemes.

The group has a policy of repurchasing treasury shares which evidences EVS confidence in its future. The Board of Directors has the authorization, given by the Extraordinary General Meeting of June 12, 2009, to buy back shares in the normal course of operations (valid until July 9, 2014), under certain conditions and with a maximum of 20% of existing shares.

The group intends to pursue its own shares repurchase policy as the market opportunities arise, and within the limits of these authorizations.

CORPORATE GOVERNANCE STATEMENT

This section of the annual report summarizes the rules and principles of good corporate governance established by EVS, in accordance with Belgian Code of Companies (and the law of April 6, 2010), articles of incorporation and the Charter of Corporate Governance. It also focuses on activities related to the year 2013.

1. CORPORATE GOVERNANCE CHARTER

Already in 2006, the Board of Directors of EVS Broadcast Equipment approved a Corporate Governance Charter ("Charter"), which has been regularly updated. Today, this Charter is based on the 2009 Belgian Code on Corporate Governance ("Le 2009 Code"). The Board still reviews this Charter whenever needed. This document is fully available on the group's www.evs.com.

The Charter adopted by the Board of Directors meets EVS most points in the 2009 Code. However, the Board considered that exceptions to the 2009 Code were justified given the specificities of EVS. The last section of this chapter shows the differences with the 2009 Code, and explains the reasons for the exemptions.

2. BOARD OF DIRECTORS

The members of the Board of Directors are appointed for a term between 1 and 6 years. On December 31, 2013, the Board of Directors was made up of 11 members. Decisions are taken by a majority vote. In the event of a tie, the Chairman or his representative has a casting vote. In the case of a conflict of interest, the people involved do not take part in the debates and in the vote.

When one or several positions of Director become vacant as a consequence of death, resignation or for any other reason, the remaining Directors are entitled to fill the vacancy temporarily. In such a case, the General Meeting shall make the definitive appointment at its next session. The Director so appointed shall serve for the remaining term of the Director whom he replaces.

The members are provided with various documents at each Board meeting or enclosed with the notification of the meeting. These documents include reports, financial results, investment documents and other papers relating to the items on the agenda.

In 2013, the Board met 9 times and notably discussed the following matters: strategic review, R&D and product developments, monitoring subsidiaries and dcinex(in which EVS owns 41.3%), treasury shares policy and liquidity management, 2013 business updates, the 2014 budget, examining acquisition and partnership projects, preparing press releases and preparation of General Meetings, management of Directors' mandates and evaluation of the functioning of the Board.

3. SPECIALIZED COMMITTEES ATTACHED TO THE BOARD

The Board of EVS has set up, since a few years, an Audit Committee and a Compensation Committee to conduct a review of specific issues and advise on this. The final decision remains a collective responsibility of the Board of Directors.

3.1. Audit Committee

The Audit Committee is composed of three non-executive independent directors. This committee assumes the missions described in the Article 526bis of the Belgian "Code des sociétés". More generally, it assists the Board of Directors in its responsibilities concerning the integrity of the financial information relating to the company and, in particular, supervising the financial reports, the internal audit function, the external audit function and the relations between the company and its shareholders. The Audit Committee met three times in 2013 in the presence, for most of the topics, of the CFO and the company's Auditor.

Christian Raskin (Bachelor in Accounting and Master in Economic Sciences, 20 years of experience in executive functions at Draka) and Yves Trouveroy (two Certificates in Law, 15 years of experience in an investment company) have the competencies in accounting and audit.

3.2. Compensation Committee

The Compensation Committee is composed of three non-executive independent directors. This committee assumes the mission described in the article 526quater of the Belgian "Code des sociétés". More generally, it assists the Board of Directors in its responsibilities concerning the setting of remuneration for the company's executives and managers. This committee met 6 times in 2013.

On December 31, 2013, the Board of Directors was made up as follows:

		Director since	Audit Committee	Compensation Committee	Term of mandate	Activities in 2013	
						Attendance Board meetings	**Attendance Committees**
ACCES DIRECT SA, represented by Pierre RION *	Chairman, Independent Director	2010*	Member	Chairman	May 2014	9/9	8/9
Francis BODSON	Director **	1998			May 2014	8/9	
Françoise CHOMBAR	Independent Director	2012		Member	May 2015	7/9	6/6
Michel COUNSON	Managing Director, Founder	1994			May 2016	9/9	
Muriel de LATHOUWER	Independent Director ***	2013			May 2016	2/2	
Jean DUMBRUCH	Director ****	1999			May 2014	9/9	
Jacques GALLOY	Executive Director *****	2001			May 2014	9/9	
Joop JANSSEN	Executive Director	2012			May 2016	9/9	
Christian RASKIN	Independent Director	2010	Chairman	Member	May 2014	9/9	9/9
Freddy TACHENY	Independent Director ***	2013			May 2016	2/2	
Yves TROUVEROY	Independent Director	2011	Member		May 2015	8/9	3/3

* Pierre RION was Director as a natural person between 2003 and 2010.
** Francis Bodson is no longer considered as an independent Director since the Ordinary General Meeting of May 2011, as the criteria of independence are no longer met (of which his presence for more than 12 years in the Board). He reinforced the management in 2012, while the CEO position was vacant.
*** Muriel de Lathouwer and Freddy Tacheny have been appointed as Directors at the Extraordinary General Meeting of September 2013.
**** Jean DUMBRUCH resigned on September 29, 2011 from his operational functions (buildings, insurance, some legal matters), but keeps his mandate of Director.
***** Gallocam SPRL, represented by Jacques Galloy, was formally CFO of EVS until December 31, 2013.

Francis BODSON (1947)
Director since September 25, 1998, Francis Bodson is Deputy Managing Director of BeTV (former CANAL+ Belgium) and has also been Head Engineer since Canal+ Belgium launch in 1988. He is also CIO since 2002. He was Director of Engineering at RTBF (“Radio Télévision Belge de service de la Communauté Française de Belgique”) for fifteen years (1973-1988). He graduated as a Civil Engineer in electronics at the University of Liege and specialized in acoustics.

Françoise CHOMBAR (1962)
Mrs. Chombar is Managing Director and CEO of Melexis since February 2011. Previously, she was appointed as co-Managing Director and CEO from 2004 onwards and as Chief Operating Officer since 1994. From 1989 she served as Operations Manager and Director at several companies within the Elex n.v. and Xtrion n.v. private holding companies. Prior to that date, she served as Planning Manager at Elmos GmbH, a German semiconductor company, from 1986 to 1989 and as Commercial Assistant at Michel Vande Wiele n.v., a Belgian textile equipment manufacturer, from 1984 till 1985. She holds a master’s degree as Interpreter in Dutch, English and Spanish from the University of Gent. She is mentor of the Women's network Sofia since 2000, a member of Women on Board since 2011, honorary ambassador of the Department of Applied Languages of the University of Gent since January 2012 and member of the Board of Directors of ISEN (Higher Institute for Electronics and Digital training) in Lille, France, since January 2014.

Michel COUNSON (1960)
CTO Hardware Design of the company since it was founded in 1994, Michel COUNSON graduated as an Engineer in electronics from the Institut Supérieur Industriel Liégeois in 1982. He started his career as a Hardware Engineer with TECHNIQUES DIGITALES VIDEO S.A. in 1983 before founding his own company, VIDEO SYSTEM ENGINEERING S.P.R.L., in 1986 which used to work in partnership with EVS on numerous projects. The two companies merged in 2000. He is Manager of the Hardware Department.

Muriel de LATHOUWER (1972)
Mrs. de Lathouwer is Managing Director of Ariade Carbone since 2012 (engineering consultancy firm in energy and environmental matters) and of MucH since 2010 (consultancy in marketing, strategy and sustainable real estate). She started her career as Consultant for Accenture, before spending 7 years at McKinsey in Brussels (she was Associate Principal between 2006 and 2008, specialized in telecom, high tech and media sectors). In 2008 and 2009, she was Chief Marketing Officer of mobile telecom operator BASE (subsidiary of KPN). She is an Engineer in nuclear physics (ULB, Brussels), and holds an MBA from Insead (Paris). She is a member of Women on Board (Belgian association gathering women who are members of Board of Directors), and a member of the Board of Directors of Amoobi, private start-up.

Jean DUMBRUCH (1951)
Jean DUMBRUCH graduated as an Electronics Engineer and has been an active player in the company from the very beginning until 2011. He is a Director of several companies.

Jacques GALLOY (1970)
Director since 2001, Jacques GALLOY has been Chief Financial Officer of EVS between 2001 and December 2013. He was also Chairman of the Board of Directors of dcinex SA until May 2013. Through Gallocam SPRL, he is a director, advisor or investor in around ten technology, media and real estate companies. He is a Commercial Engineer, started his career at PriceWaterhouseCoopers in Luxemburg, and then occupied different functions at RTL Group in Luxembourg, Brussels and Amsterdam. He is also a member of the Governance Council of HEC-ULg.

Joop JANSSEN (1960)
Joop Janssen is Managing Director and CEO of EVS since September 2012. He has over 25 years of experience in the broadcast video, professional audio and telecommunications equipment industries. He recently served as Chief Executive of the Vitec Videocom division on the Executive Board of the Vitec Group Plc. During his nine years with Vitec Videocom he was the architect behind its significant profitable growth and brand expansion. Prior to that he was VP and General Manager of Phillips Broadcast (formerly BTS) North America where he was instrumental in the successful divestment to Thomson Multimedia and the subsequent acquisition of the Grass Valley Group. He has held senior and executive management positions including those at Philips Electronics Digital Networks in France and Philips Business Electronics in the Netherlands. Mr Janssen holds a Master in Electronic Engineering from the Eindhoven University of Technology (NL).

Christian RASKIN (1947)
Christian Raskin was a member of the Board of Management of Draka Holding, one of the largest cable companies in Europe. Before this, he led the fiber optics activities and the Dutch and French subsidiaries. In 1984, he cofounded Zetes Industries (now listed on Euronext Brussels). He holds a Bachelor of Economics from UCL in Belgium. He is a Director Oman Cable Industries (listed on the market of Mascate) and of two private tech companies in Belgium. He is an independent Director on the Board of EVS.

Pierre RION (1959)
Pierre Rion is co-founder of the IRIS Group, which he co-managed up to 2001. He is a qualified Electronics and Computing Civil Engineer from the University of Liège, a Business Angel, and he also sits on the boards of other Belgian companies, including dcinex, CPH Banque, Cluepoints, Pairi Daiza, Akkanto and Belrobotics. He is also Vice-President of the Agence du Commerce Extérieur. He is Compliance Officer of EVS.

Freddy Tacheny (1961)
Mr. Tacheny is Managing Director of F. Tacheny SPRL (active in sport and media consulting) and Zelos, company he founded in 2012, active in advising stakeholders in the sport world (federations, clubs and events) and creating economic models to optimize revenues in sport. Zelos is notably taking care of Xavier Simeon (MOTO2 championship), and different professional sport teams (such as Spirou de Charleroi, the Sharks of Antibes or Verviers-Pepinster, the league and the national team in basketball, or the Mettet circuit and the rugby federation). He started at IP (the advertising arm of RTL Belgium) in 1989, where he became successively Marketing Director and Managing Director in 1999. Expert in editorial content at an international level, he became General Manager of RTL Belgium in 2002, a position he held until his departure of RTL Belgium in 2011. He holds a Master in Business Sciences (ICHEC, Brussels). He is a Director of BMMA (Belgian Marketing and Management Association), of which he was the Chairman during 11 years. He is also the Sport Chairman of the Jules Tacheny circuit in Mettet.

Yves TROUVEROY (1961)
Yves Trouveroy is Partner at E-Capital Equity Management, the management company of the private equity funds E-Capital I (1999), E-Capital II (2007) and E-Capital III (2011) that invest in Belgian small and medium-sized companies. Before 1999, he practiced as Lawyer at De Bandt, van Hecke & Lagae (now Linklaters) and then served as executive in the International Trade & Project Finance and Corporate Investment Banking departments of Generale Bank (Fortis). He holds a law degree and a Political Sciences degree from the Université Catholique de Louvain and a Masters of Laws (LLM) from New York University

4. DAY-TO-DAY MANAGEMENT

The Board of Directors has delegated day-to-day management to two Managing Directors and an Executive Committee.

4.1. Executive Committee

From January 1, 2013 until February 20, 2013, the Executive Committee was composed by:

- Joop JANSSEN, Managing Director & CEO
- Francis BODSON, Director (until January 31, 2013)
- Michel COUNSON, Managing Director and CTO Hardware
- Jacques GALLOY, Director and CFO
- Luc DONEUX, Head of EMEA, APAC, Events

From February 21, 2013 until December 31, 2013, the Executive Committee is composed of:

- Joop JANSSEN, Managing Director & CEO
- Jacques GALLOY, Executive Vice President, CFO, Corporate Services
- Luc DONEUX, Executive Vice President, Sports Division
- Henry ALEXANDER, Senior Vice President, Entertainment & News Divisions
- Benoît FEVRIER, Senior Vice President, Media Division
- Bernard STAS, Senior Vice President, Product Strategy (1)
- Michel De Wolf, Senior Vice President, CTO (2)
- Vincent THEUNISSEN, Senior Vice President, Human Resources

- Frédéric NYS, Senior Vice President, Operations (since June 1, 2013)
- Nicolas BOURDON, Senior Vice President, Marketing

(1) Bernard Stas submitted his resignation around mid-December 2013, with a notice period until June 30, 2014.
(2) Dwesam BVBA notified the termination of his full time contract of services with effect from December 31, 2013. Since 2014, Dwesam delivers temporary part-time strategic missions for EVS.

The Executive Committee coordinates the monitoring and development of the company and its affairs. Its members are in permanent contact, receive information on the group's financial situation, sales and projects, and the Committee takes operational decisions such as appointing or dismissing staff and concluding contractual agreements.

4.2. Operational management of subsidiaries

The Executive Committee delegates the necessary powers to its subsidiaries to ensure their operational functioning. The commercial and support subsidiaries are easy to control as their activities are entirely dependent on EVS Broadcast Equipment SA, based in Liège (Belgium): delivery of promotional materials, presence at trade fairs, supply of machines or exchange parts, and accounts. The Board of Directors of these subsidiaries are generally composed by the CEO, the CFO, the Finance Group Manager and local managers. The subsidiaries are spread over geographical regions (America, Europe/Africa/Middle East, Asia/ Pacific). Each region is coordinated in 2013 by a Head of region. This type of organization enables very efficient distribution of information at the group level as well as rapid decision making. The group's commercial policy is coordinated by the parent company, and each region has operational autonomy which allows creating an optimal contact with the market.

dcinex SA, in which EVS holds 41.3%, is totally autonomous as far as R&D, production, sales and marketing and administration are concerned. Serge PLASCH is the CEO and Managing Director of dcinex, with the help of an experienced Executive Committee. With a diluted shareholding of 31.2% (as of December 31, 2013), EVS remains the most important shareholder, next SRIW (20.3%) and GIMV (20.2%). EVS remains therefore strongly involved in the strategic choices, has a significant influence on dcinex, but does not control the company.

5. CONTROL OF THE COMPANY

5.1. Internal control and risk management systems

The management strives to provide the level of risk control that is as adequate as possible. The various risks are identified in this financial annual report. The most important characteristics of internal controls and risk management systems are:

- The assessment, with the auditor, of his audit reports and, if necessary, the request of additional information and clarifications, and the set-up of actions;
- The ongoing monitoring of activities, operating results and financial risks of the company (including the financial position of the company, the exchange rate risks), including within the various subsidiaries of the group;
- Monitoring the price of components and of relationships with suppliers;
- Managing the information systems;
- Monitoring of rules for the prevention of market abuse, compliance with these rules and any violations;
- The monitoring of potential litigation, and possible financial implications thereof;
- Establishing systems for monitoring changes in regulations and laws;
- The process for the preparation of the consolidated accounts is centralized at the group's financial function level. All information necessary for this process come from widely used software in the market. Control procedures are in place to ensure that it is thoroughly mastered.

5.2. External audit

The audit of the statutory and consolidated accounts of EVS Broadcast Equipment SA is carried out by BDO (B-00023), represented by Christophe COLSON (A-02033), Belgian Réviseur d'Entreprise. The mandate of the Auditor has been renewed for three years at the Ordinary General Meeting of May 2013), and will end at the Ordinary General Meeting of May 2016.

In 2013, the compensation received by the Statutory Auditor, BDO (B-00023), represented by Christophe COLSON and by its associates, amounted to EUR 184,336 in aggregate for its duties as Auditor (EUR 46,193) and also for other duties (EUR 138,143).

During its meeting on December 12, 2013, 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, including in the context of the review of the tax return on 2012.

6. SHAREHOLDING (AS OF DECEMBER 31, 2013)

The situation as it appears from the last official ownership statements received by the company and the situation of treasury shares as of December 31, 2013 is as follows:

Shareholder	Number of shares	% statutory basic(1)	% statutory diluted(2)
Michel Counson	879,906	6.5%	6.3%
Treasury shares EVS	133,364	1.3%	1.2%
BNP Paribas Investment Management (F)	578,353	4.2%	4.1%
Ameriprise Financials Inc. (US)	417,065	3.1%	3.0%
Undeclared	11,616,312	85.3%	82.7%
Total	**13,625,000**	**100.0%**	
Total excl. Treasury shares	**13,491,636**		
Outstanding warrants as of Dec. 31	420,000		3.0%
Total diluted	14,045,000		100.0%
Total duiluted, excl. treasury shares	13,911,636		

(1) As % of the number of subscribed shares, including the treasury shares.
(2) As % of the number of subscribed shares, including the outstanding warrants and the treasury shares.

The capital of EVS is currently represented by 13,625,000 shares. There is only one category of shares, having the same rights. More information on the EVS capital is available in the note 18 of the consolidated accounts. On December 31, 2013, EVS had 133,364 own shares. According to Euroclear and the EVS Shareholders Register, there were 915,780 registered shares of which 855,528 are owned by Michel Counson (who also own 24,378 bearer shares), 15,851 by EVS, 44,274 by the EVS employees under the profit sharing scheme and the remaining balance by 8 private shareholders. In the EVS accounts at Euroclear, there were 12,709,220 bearer shares and 1,287 materialized shares, including with the PRIOS system (Printing On Demand Services). These shares still have to be converted with Delta Lloyd Bank after the stock split by 5 in 2005. As of December 31, 2013, 99.99% of EVS shares had been dematerialized.

Shareholders must declare their ownership in EVS shares as soon as their shareholding passes over/under the 3% threshold (required by the company Statutes) and any multiple of 5% thresholds (required under Belgian law). The shareholding percentage must be computed on the basic number of outstanding shares (i.e. 13,625,000 shares at the end of 2013).

7. GENERAL MEETINGS

Each year, EVS holds its Ordinary General Meeting on the third Tuesday of May. In 2013, it was held at the company's headquarters on May 21. Overall, 118 shareholders were present or represented, representing 4,144,179 shares, or 30.4% of the share capital of EVS. The 5 resolutions were approved at an average rate of 94.2% votes in favor.

For any proposal to amend the articles of associations, the company must invite its shareholders to attend an Extraordinary General Meeting. This assembly can validly cast only if 50% of shares are present or represented. If this is not the case, a second Extraordinary General Meeting shall be convened and will be able to vote, regardless of the percentage of shares present or represented. Decisions will be made to the majorities prescribed by law.

An Extraordinary General Meeting was duly held in September 2013. Overall, 197 shareholders were present or represented (34.0% of the capital). They approved the issuance of warrants to be granted to the CEO Joop Janssen (88.0% of votes) and the appointment of two new independent directors, Muriel de Lathouwer (99.98%) and Freddy Tacheny (99.98%). The renewal of the authorization to increase the capital has been rejected (29.6% of votes).

In order to encourage the interactions between the company and its final shareholders, but also in order to better know them (and serve them), EVS requires, according to the article 24 of its articles of association, the proxies for a general meeting to be signed by the final effective beneficial owner. Hence, proxies signed by a custodian or sub-custodian must be accompanied by another proxy, duly signed by the final effective beneficial owner, allowing him to exercise its rights.

In the interest of good corporate governance, this provision is strictly applied and usually results in refusals of invalid proxies, notably from custodians.

8. DIVIDENDS AND PROFIT ALLOCATION POLICY

The Board of Directors examines the results of the previous financial year and proposes at its Ordinary General Meeting that these profits be distributed in the best interest of the company and its shareholders. Bearing in mind the legal restrictions on profit distribution, the Board of Directors can propose a dividend policy that takes into consideration the company's investment and acquisition requirements. In the IPO prospectus of October 1998, EVS announced a dividend payout of around 30% of consolidated net profit from operations. The healthy financial structure has allowed EVS to meet and even to exceed its commitment while maintaining its self-financed organic growth. The company initiated in 2006 the payment in November of an interim dividend. The average payout ratio since 2004 is 85%. As from 2013, the Board of Directors has established a dividend policy which aims at paying a high portion of the net profit, taking into account the cash needed to finance the company growth, and with a maximum payout ratio of 100%.

Dividends are payable at the following financial institution:
ING BANK SA (“Single ESES Paying Agent Euroclear”)
Avenue Marnix 24, 1000 Brussels, Belgium

9. RESPECT OF THE BELGIAN CODE ON CORPORATE GOVERNANCE

EVS has adopted the Belgian Code on Corporate Governance (2009) as reference code. In line with the “comply-or-explain” principle of the code, the Company concluded that the best interests of the Company and its shareholders are served by variance from the Code in a limited number of specific cases. These variances are explained below:

- A Director mandate cannot exceed 4 years (item 4.6 of 2009 Code): this is the case for all Directors, with an exception of the Managing Director and co-founder, Michel Counson, for whom the mandate is 6 years. The Board believes that this is justified to ensure the sustainability of the company, given its size and its shareholding structure.
- An independent internal audit function is put in place (item 5.2./17 of 2009 Code): the internal audit function is fulfilled by the existing team within the finance department and the actions of the audit committee. The Board took this decision in view of the size of EVS, the risks and the existing control systems in the company.
- The Audit Committee meets four times a year (item 5.2/28 of 2009 Code): in 2013, the Audit Committee met three times, including for the review of the annual and half year results, each time in presence of the external auditors of the company. The nature of the activity and the associated risks did not require more meetings, and the financial matters are also widely handled during the Board of Directors meetings.

REMUNERATION REPORT

1. THE DIRECTORS

1.1. Remuneration policy

Non-executive Directors receive an annual fixed amount, eventually on a pro rata basis. The non-executive Directors receive, as remuneration for the execution of their mandate, a fixed amount for each Board and special committee meeting attended. The Chairman, if he is non-executive, receives a higher fixed amount per meeting than the other members.

The Company and its subsidiaries do not provide any personal loans, guarantees and such to the members of the Board of Directors or the Executive Team. If Directors are charged with special tasks or projects, they are entitled to receive an appropriate remuneration for those activities, which is notably the case for the executive Directors.

The policy and the remuneration of the Directors are approved by the Ordinary General Meeting.

For the two years to come, the remuneration policy will be applied coherently with the one followed until now. It will eventually take into account the professionalization of the governance of the company.

1.2. Remuneration in 2013

Since the Ordinary General Meeting of May 2010, the remuneration is fixed as follows:

- Remuneration of the mandate as Director for a fixed annual amount of EUR 4,000.
- EUR 750 (resp. EUR 1,000) per attendance to a Board meeting for each non-executive Director (resp. the non-executive Chairman of the Board)
- EUR 750 (resp. EUR 1,000) per attendance to a committee meeting (audit or Compensation) for each non-executive Director (resp. the non-executive Chairman of the Board)

No termination compensation is provided for non-executive Directors at the end of their mandate. Non-executive directors do not receive any shares, warrants or stock options.

In 2013, Directors received the following compensation for the execution of their mandate:

		Fixed amount	Variable amount linked to attended meetings		TOTAL 2013
		Board of Directors	Board of Directors	Special committees	
Non executives					
ACCES DIRECT SA, represented by Pierre RION	Chairman, Independent Director	4,000	9,000	7,500	20,500
Francis BODSON (4)	Director	4,000	6,000	-	10,000
Françoise CHOMBAR	Independent Director	4,000	5,250	4,500	13,750
Muriel de LATHOUWER (1)	Independent Director	1,000	1,500	-	2,500
Jean DUMBRUCH (2)	Director	4,000	6,750	-	10,750
Christian RASKIN (5)	Independent Director	4,000	6,750	7,500	18,250
Freddy TACHENY (1)	Independent Director	1,000	1,500	-	2,500
Yves TROUVEROY	Independent Director	4,000	6,000	2,250	12,250
Executives					
Michel COUNSON	Managing Director, founder	4,000	-	-	4,000
Jacques GALLOY (3)	Executive Director	4,000	-	-	4,000
Joop JANSSEN	Managing Director	4,000	-	-	4,000

(1) Muriel de Lathouwer and Freddy Tacheny were appointed as Directors at the Extraordinary General Meeting of September 2013.
(2) Jean Dumbruch resigned from his executive functions on September 29, 2011.
(3) Gallocam SPRL, represented by Jacques Galloy, was formally CFO of EVS until December 31, 2013.
(4) Francis Bodson joined the ExCom during the top management transition phase, from February 2012 till the end of January 2013.
(5) In addition, Christian raskin also received EUR 4,000 in 2013 as a remuneration for his additional participations to 8 steering committees in relation with the new headquarter (during the CFO transition)

As of December 31, 2013 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, 879,906 shares of a total of 13,625,000, or 6.5% of the capital. Executive Directors hold 25,000 warrants with an average strike price of EUR 39,16. Around half of them are exercisable as from February 2014.

The Board of Directors, its Committees and the Directors, are evaluated on a regular basis. The main characteristics of this evaluation process are described in the corporate governance charter of EVS.

2. THE CEO AND THE OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT

2.1. Remuneration policy

2.1.1. Fixed and variable remuneration

The remuneration policy aims to attract, maintain and motivate competent and professional employees. For this reason, the amount of the remuneration is determined as a function of the individual tasks and responsibilities. The Compensation Committee assesses annually the total remuneration. It is also compared to external references, either through studies or through external counsels.

The contribution made by the members of the executive management to the development of the activities and the results of the group are a substantial part of the remuneration policy.

In order to align the interests of the members of the executive management with the interests of the company and its shareholders, a part of the remuneration is linked to the results of the Company and another part to individual performance.

The results of the company are based on sales and operational result of the past financial year. These criteria, as proposed by the Compensation Committee, are evaluated by the Board of Directors annually and adapted when necessary.

The individual performance is based on a clearly defined evaluation system based on the achievement of specific measurable objectives, the realization of important key figures and the respect of core values which are important to the Company. All goals should be in line with the group strategy, the key values and the guidelines. The individual goals are determined annually during individual appraisals at the beginning of the financial year. There is no provision of Formal right of recovery of the variable compensation awarded on the basis of erroneous financial information, for the benefit of the company. The evaluation period is the last fiscal year, and the payment is made the latest at the end of the first quarter of the next year.

The potential contributions for pensions and insurances are linked to the fixed remuneration.

As remuneration for his services, the CEO receives:

- a fixed remuneration,
- eventually a variable remuneration or bonus according to the criteria mentioned above, and,
- certain fringe benefits and the future grant of 25,000 warrants.

For the CEO, Extraordinary General Meeting of August 31, 2012 approved the deviation from above mentioned stipulation of article 520ter paragraph 2 of the Belgian Code of Companies and not spread the payment of the variable remuneration over time, but to fix this one based on the development of the operational margin in that specific year. The variable compensation of the CEO has been defined in the invitation to the Extraordinary General Meeting of August 2012 and is exclusively linked to the achievement by EVS of the EBIT target set by the Board of Directors. If the EBIT achieved is less than 80% of the target, no variable remuneration will be paid. If it reaches 80%, variable fee is 100% of fixed compensation. If it reaches 100%, variable remuneration is 125% of the fixed compensation. If it is above 125%, the variable remuneration is 235% of fixed compensation. Between these thresholds (80%, 100% and 125%), variable fees are calculated in linear proportion.

Most of the members of the executive management also have a company car at their disposal and some of them are covered by a group insurance plan.

For the coming years, the remuneration policy will be consistent with the one followed until now. It tends to a harmonization of the variable incentive schemes to include EBIT and working capital targets and progress on the multi-year strategic growth plan approved by the Board. It takes into account the professionalization of the governance of the company.

2.1.2. Other elements of the remuneration

Since approximately ten years, every two years during major summer sporting events, there is a grant of warrants for some members of the staff. A rigorous process supervised by the Remuneration Committee manages the grant, promotes loyalty, ensuring balance and fair distribution. The last grant was in July 2012. 185,300 warrants were granted to approximately 180 staff with an average of 1,025 warrants per person. Some punctual grants also take place for strategic recruitments.

The warrants and options are granted at no-cost and are not linked to the performances of the Company, but to the level of responsibility and the added value of the people. Very rarely, warrants or options are granted, on an individual basis, for exceptional reasons exposed to the Board of Directors, who approves them.

They can only be exercised from the third calendar year following the offering of these options or warrants. The warrants are granted according to the provisions identified in the law of 26 March 1999 concerning the Belgian action plan for job opportunities 1998. The exercise of warrants could result in the subscription of new shares in the event of a capital increase unless the Board of Directors decides to distribute shares that were purchased by the Company (warrants qualified as “sui generis”).

Severance pay
In the case that severance pay amounts to more than 12 months of the fixed and variable remuneration (or more than 18 months based on a motivated decision by the Compensation Committee), the allotment of this remuneration will be presented for approval to the General Meeting. The severance pay of Joop Janssen is 12 months, while the severance pay of Gallocam SPRL, represented by Jacques Galloy, was equal to 18 months and motivated by the Compensation Committee. For the other members of the executive management, no special severance pay conditions have been agreed. In the case of any potential severance, the remuneration will be determined based on applicable current employment laws and practice.

2.2. Compensation received in 2013

2.2.1. CEO

Joop Janssen, CEO, was appointed by the EGM of August 31, 2012. Hence, 2013 was his first full year. He received a fixed compensation of EUR 244,800, a variable compensation of EUR 331,887 paid in March 2014, and contributions for pension plan of EUR 39,054. His other advantages amounted to EUR 65,601 in 2013. As of December 31, 2013, the 25,000 warrants issued by the General Meeting of September 2013 had not been yet granted to M. Janssen. His contract foresees the grant of these warrants between September 1, 2013 and August 31, 2016. They were granted on February 20, 2014, day of the release of the 2013 annual results.

2.2.2. Other members of the executive management

For fiscal year 2013, the other members of the executive management were:

- Jacques GALLOY (representing Gallocam SPRL), Executive Vice President, CFO, Corporate Services
- Luc DONEUX, Executive Vice President, Sports Division
- Francis BODSON, Director (until January 31, 2013)
- Michel COUNSON, Managing Director and CTO Hardware (until February 20, 2013)
- Henry ALEXANDER, Senior Vice President, Entertainment & News Divisions (since February 21, 2013)
- Benoît FEVRIER, Senior Vice President, Media Division (since February 21, 2013)
- Bernard STAS, Senior Vice President, Product Strategy (since February 21, 2013) (1)
- Michel DE WOLF (representing Dwesam BVBA), Senior Vice President, CTO (since February 21, 2013) (2)
- Vincent THEUNISSEN, Senior Vice President, Human Resources (since February 21, 2013)
- Frédéric NYS, Senior Vice President, Operations (since June 1, 2013)
- Nicolas BOURDON, Senior Vice President, Marketing (since February 21, 2013)

(1) Bernard Stas submitted his resignation around mid-December 2013, with a notice period until June 30, 2014.
(2) Dwesam BVBA notified the termination of his full time contract of services with effect from December 31, 2013. Since 2014, Dwesam delivers temporary part-time strategic missions for EVS.

The other members of the executive management received, in 2013, on a prorata basis of their presence in the executive management: a fixed global compensation of EUR 1,319,071, a global variable compensation of EUR 902,482 (paid in cash based on targets, without any “multi-year” payment), a contribution for pension of EUR 40,352 (see more details on the plan in note 6.4) and other benefits for EUR 562,891 (including severance pay of EUR 420,000 for Gallocam SPRL, company cars, expatriation expense, telephony, and EUR 4,000 for the mandates as directors, as described here above).

Stock options are awarded to the other members of the executive management after the Board of Directors’ approval upon the recommendation of the Compensation Committee. In 2013, in relation with strategic recruitments, 10,000 warrants were granted to two members of the executive management: 5,000 for Henry Alexander and 5,000 for Frédéric Nys, with an exercise price of EUR 54.30. The number of remaining warrants for the other members of the executive management amounts to 121,500, granted between 2006 and 2012 at an average exercise price of EUR 39.55, and partially exercisable since February 20, 2014. This number includes 17,000 warrants held by an executive Director.

Beginning of July 2013, EVS and Gallocam SPRL agreed to stop the service contract between the two companies with effect as of August 21, 2013. The 18 months contractual severance pay of EUR 420,000 has been paid in September 2013. Gallocam SPRL retains the benefits of its warrants and made a part-time transition until December 31, 2013, assuming the responsibility of the CFO. The new CFO, Magdalena Baron, began her duties on January 20, 2014.

3. CONFLICT OF INTEREST PROCEDURES

During the year under review, there was no conflict of interest according to the specific procedure provided for under Articles 523 and 524 of Company Law.

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 distinguish primary and secondary risks.

1. PRIMARY RISKS:

- 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 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.
- We depend on sales of our XT and XS video server products. If market demand for these products does not continue, our future operating results could be harmed.
- 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 current transition phase of the company may cause the voluntary or non-voluntary replacement of some key people. More generally, 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.
- 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.
- If we fail to manage our growth effectively, our business could be harmed.

2. SECONDARY RISKS :

- 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 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.
- 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.
- Our sales cycle can be lengthy and unpredictable, which may make it difficult to predict sales in any particular quarter.
- 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, April 15, 2014

CERTIFICATION OF RESPONSIBLE PERSONS

Joop Janssen, Managing Director and CEO
Jacques Galloy, Director and past-CFO (2013 actuals)
Magdalena Baron, CFO (forward-looking)

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.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Note	2013 audited	2012 audited
Revenue	3	129,091	137,895
Costs of sales		-31,583	-31,270
Gross margin		**97,507**	**106,625**
Gross margin %		**75.5%**	**77.3%**
Selling and administrative expenses		-24,416	-20,214
Research and development expenses	13	-22,758	-22,292
Other revenue		370	470
Other expenses		-338	-337
Stock based compensation and ESOP plan	6.3	-1,238	-1,062
Amortization and impairment on goodwill, acquired technology and IP	11	-725	-580
EBIT before repositioning costs		**48,403**	**62,610**
EBIT % before repositioning costs		**37.5%**	**45.4%**
Repositioning costs		-	-1,405
Operating profit (EBIT)		**48,403**	**61,205**
Operating margin (EBIT) %		**37.5%**	**44.4%**
Interest revenue on loans and deposits	6.1	213	149
Interest charges	6.1	-265	-267
Other net financial incomes/(charges)	6.1	154	-1,534
Share in the result of the enterprise accounted for using the equity method	5	191	540
Profit before taxes (PBT)		48,695	**60,093**
Income taxes	7	-15,345	-18,350
Net profit from continuing operations		33,349	**41,743**
Net profit		33,349	**41,743**
Attributable to:			
Non controlling interests		-681	-
Equity holders of the parent company		**34,030**	**41,743**
Net profit from operations, excl. dcinex - share of the group (1)	**6.2**	**35,907**	**44,567**

EARNINGS PER SHARE *(in number of shares and in EUR)*	**8**	**2013 audited**	**2012 audited**
Weighted average number of subscribed shares for the period less treasury shares		13,480,715	13,449,081
Weighted average fully diluted number of shares (2)		13,804,067	13,813,198
Basic earnings - share of the group		**2.52**	**3.10**
Fully diluted earnings - share of the group (2)		**2.47**	**3.02**
Basic net profit from operations, excl. dcinex - share of the group		**2.66**	**3.31**

STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	2013 audited	2012 audited
Net profit	**33,349**	**41,743**
Other comprehensive income of the period		
Currency translation differences	-141	-46
Other increase (+)/decrease (-)	-196	609
Total comprehensive income of the period	**33,012**	**42,306**
Attributable to:		
Minority interests	-681	-
Equity holders of the parent company	33,693	42,306

(1) The net profit from operations, excl. dcinex, is the net profit (share of the group) excluding non operating items (net of tax) and the dcinex contribution. Please also refer to note 6.2 on use of non-GAAP financial measures.
(2) Excluding 408,000 warrants that were out of money at the end of December 2013, fully diluted earnings per share in 2013 would have been 2.54.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

ASSETS (EUR thousands)	Note	Dec. 31, 2013 audited	Dec. 31, 2012 audited
Non-current assets :			
Goodwill	10	1,393	610
Acquired technology and IP	11	96	479
Other intangible assets	11	630	534
Lands and buildings	12	31,855	19,261
Other tangible assets	12	1,843	1,846
Investment accounted for using equity method	5	8,480	7,717
Subordinated loans	14.1	1,330	830
Other financial assets	14.2	252	178
Total non-current assets		**45,878**	**31,455**
Current assets :			
Inventories	15	16,193	15,868
Trade receivables	16	29,535	21,101
Other amounts receivable, deferred charges and accrued income		5,569	5,111
Cash and cash equivalents	17	11,750	21,426
Total current assets		**63,048**	**63,507**
Total assets		**108,926**	**94,962**

EQUITY AND LIABILITIES (EUR thousands)	Note	Dec. 31, 2013 audited	Dec. 31, 2012 audited
Equity :			
Capital	**18.1**	**8,342**	**8,342**
Reserves	18.6	80,395	80,861
Interim dividends	9, 18.6	-15,650	-15,606
Treasury shares	18.6	-5,029	-6,412
Total consolidated reserves		**59,716**	**58,843**
Translation differences	18.7	-60	81
Equity attributable to equity holders of the parent company		**67,998**	**67,266**
Non-controlling interest		**469**	**8**
Total equity		**68,466**	**67,274**
Long term provisions	20	1,254	2,035
Deferred taxes liabilities	7.3	1,043	1,036
Financial long term debts	19	8,282	541
Non-current liabilities		**10,579**	**3,612**
Short term portion of financial long term debts	19	1,791	291
Trade payables	21	5,446	6,626
Amounts payable regarding remuneration and social security		9,257	8,899
Income tax payable		4,666	1,367
Other amounts payable, advances received, accrued charges and deferred income	21	8,721	6,893
Current liabilities		**29,881**	**24,076**
Total equity and liabilities		**108,926**	**94,962**

CONSOLIDATED STATEMENT OF CASH FLOW

(EUR thousands)	Note	2013 Audited	2012 Audited
Cash flows from operating activities			
Operating Profit (EBIT)		48,403	61,205
Adjustment for non cash items :			
- Depreciation and write-offs on fixed assets		3,684	3,381
- Stock based compensation and ESOP		1,238	1,062
- Provisions and deferred taxes increase (+)/ decrease (-)		-774	938
		52,551	**66,585**
Increase (+)/decrease (-) of cash flows			
- Amounts receivable	16	-8,434	2,893
- Inventories	15.1	-325	-1,211
- Trade debts	21	-1,180	1,128
- Remuneration, social security and taxes debts		3,657	-3,374
- Other items of the working capital		1,524	-5,133
Cash generated from operations		*47,792*	*60,888*
Interest received	6.1	213	149
Income taxes	7	-15,345	-18,350
Net cash from operating activities		**32,659**	**42,687**
Cash flows from investing activities			
Purchase (-)/disposal (+) of intangible assets		-1,656	-526
Purchase (-)/disposal (+) of property, plant and equipment		-15,114	-9,633
Purchase (-)/disposal (+) of other financial assets		-572	184
Net cash used in investing activities		**-17,342**	**-9,975**
Cash flows from financing activities			
Operations with treasury shares	18	1,383	502
Other net equity variations		231	611
Interest paid		-265	-267
Movements on borrowings	19	9,241	-334
Interim dividend paid	9	-15,650	-15,600
Final dividend paid	9	-19,933	-16,130
Net cash used in financing activities		**-24,993**	**-31,218**
Net increase (+)/ decrease (-) in cash and cash equivalents		**-9,676**	**1,494**
Cash and cash equivalents at beginning of period		**21,426**	**19,932**
Cash and cash equivalents at end of period		**11,750**	**21,426**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interest	Total equity
Balance as per December 31, 2011	**8,342**	**54,112**	**-6,915**	**127**	**55,666**	**8**	**55,674**
Total comprehensive income for the period		42,352		-46	42,306		42,306
Share-based payments		528			528		528
Operations with treasury shares			502		502		502
Final dividend		-16,130			-16,130		-16,130
Interim dividend		-15,606			-15,606		-15,606
Balance as per December 31, 2012	**8,342**	**65,255**	**-6,413**	**81**	**67,266**	**8**	**67,274**

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non controlling interest	Total equity
Balance as per December 31, 2012	**8,342**	**65,255**	**-6,413**	**81**	**67,266**	**8**	**67,274**
Total comprehensive income for the period		33,834		-141	33,693	-681	33,012
Business combination					0	1,142	1,142
Share-based payments		1,238			1,238		1,238
Operations with treasury shares			1,383		1,383		1,383
Final dividend		-19,933			-19,933		-19,933
Interim dividend		-15,650			-15,650		-15,650
Balance as per December 31, 2013	**8,342**	**64,745**	**-5,029**	**-60**	**67,998**	**469**	**68,466**

NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

1.1. Identification

EVS Broadcast Equipment SA
Liege Science Park
Rue Bois Saint-Jean, 16
B-4102 Seraing
VAT: BE 0452.080.178
National Registered Number: BE0452.080.178
www.evs.com

EVS Broadcast Equipment SA 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 SA is a company whose shares are publicly traded. It has its head office in Belgium.

The consolidated financial statements of EVS Broadcast Equipment SA as at December 31, 2013 were established by the Board of Directors of April 2, 2014. 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 20, 2014.

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". Corporate by-laws 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.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 SA 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 in 2005

The company 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. New norms, interpretations and amendments

During the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective for the accounting year starting on January 1, 2013. The Group has not applied any new IFRS requirements that are not yet effective as per December 31, 2013. The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC are effective for the current annual period: annual Improvements to IFRSs 2009-2011 Cycle (issued by the IASB in May 2012), amendments to IFRS 1, IFRS 7, IFRS 13, IAS 1, IAS 19, IAS 27, IAS 28, IFRIC 20. The adoption of these new standards and amendments has not led to major changes in the Group's accounting policies.

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued but are not yet effective as per December 31, 2013: annual Improvements to IFRSs 2010-2012 Cycle (issued by the IASB in December 2013), annual Improvements to IFRSs 2011-2013 Cycle (issued by the IASB in December 2013), amendments (IFRS 7, IAS 19, IAS 27, IAS 32, IAS 36, IAS 39), norms (IFRS 9, IFRS 10, IFRS 11, IFRS 12), interpretations (IFRIC 21).. None of the other new standards, interpretations and amendments, which are effective for annual periods beginning after 1st January 2014 and which have not been adopted early, are expected to have a material effect on the group's future financial statements.

2.5. Summary of changes in accounting policies

The accounting rules and methods used are similar to those used during the previous fiscal year.

2.6. Consolidation principles

The consolidated financial statements include the financial statements of EVS Broadcast Equipment SA 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.

2.7. 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 SA loses the control.

2.8. 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.

2.9. Summary of significant decisions and estimates

2.9.1. 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:

Full consolidation of SVS: notwithstanding that EVS only holds 25.1% of the shares outstanding as at December 31, 2013, the group considers to have the control of SVS because it has the power on the business decisions and it controls totally the outflow of the company through the exclusive distribution agreement between a new fully owned subsidiary (DYVI LIVE) and SVS. Moreover, EVS will finance the future expenses occurring for the SVS development. Consequently, SVS is fully consolidated as at December 31, 2013 and non-controlling interests are accounted for (74.9%). The acquisition has been accounted for using the acquisition method.

Non-current assets held for sale: on December 31, 2013, EVS current real estate has not yet been considered as available for sale. Indeed, these buildings will be sold after the move to the new building (still under construction). The date of the move is not yet accurate given the high number of assets and staff to move and gather. Therefore, the current buildings have not been reclassified as non-current assets available for sale.

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 expensed, not capitalized.

2.9.2. 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.

2.10. 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 SA 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 SA is the euro.

2.10.1. 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.

2.10.2. 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.

2.11. 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.

2.12. 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.

2.13. 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. The company reevaluates its lands and buildings every three years.

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.

2.14. Inventories

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.

2.15. 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. The completion level of the projects is determined on a quarterly basis, depending on the effective level of completion of the specifications. This is the result of a dialogue between the Business Controller, the Project Manager, the legal department and the customer. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

2.16. 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.

2.17. Other current and non-current assets

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

2.18. 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.

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.

2.19. 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.

2.20. 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.

2.21. 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.

2.22. 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.

2.23. 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 partially 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.

2.24. Share-based payment

The group's employees and management 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).

2.24.1. 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.

2.24.2. 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").

2.25. 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. The completion level of the projects is determined on a quarterly basis, depending on the effective level of completion of the specifications. This is the result of a dialogue between the Business Controller, the Project Manager, the legal department and the customer.
Revenues from public subsidies are deducted from the depreciation charge 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.

2.26. Leases (EVS as lessor)

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

2.26.1. 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.

2.26.2. 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.

2.27. Government grants

2.27.1. 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.

2.27.2. 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.

2.27.3. 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.

2.28. Leases (EVS as lessee)

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

2.28.1. 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.

2.28.2. 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.

2.29. 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.

2.30. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are part of the cost of the asset. Other borrowing costs are recognized in the income statement for the year in which they occurred.

2.31. 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.

2.31.1. 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.

2.31.2. 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.

2.32. Derivative financial instruments

EVS uses derivative financial instruments such as forward exchange rate contracts to hedge its risks on 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.

2.33. 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.

2.34. 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. In order to hedge that risk, EVS has recorded on the balance sheet a provision to cover the probable costs on 2 years relating to these technical guarantees.

2.35. 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. The Chief Operating Decision Maker, being the Executive Committee, reviews the operating results and operating plans, and makes resource allocation decisions on a company-wide basis. Sales relate to products of the same nature (digital broadcast production equipment) and are realized by commercial polyvalent teams. The company’s internal reporting is the reflection of the above mentioned operational organization (which is primarily the translation of a new marketing approach), and is characterized by the strong integration of the activities of the company; only sales are identified following three dimensions: by geographical region, by market and by nature. EVS operates as one segment.

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 following the development of the company, its products and its internal performance indicators.

The company provides only one type of solution: solutions based on tapeless workflows with a consistent modular architecture. This is the product of EVS. There are no other significant classes of business, either singularly or in aggregate. Indeed, identical modules can meet the needs of different markets, such as sports, entertainment, news and media. Our customers themselves are often multi-markets. Providing information for each module is therefore not relevant for EVS.

At the level of the geographical information, the activities are divided into the following regions: Asia-Pacific (“APAC”), Europe, Middle East and Africa (“EMEA”), and America (“NALA” or “Americas”). This division follows the organization of the commercial and support services within the group, which operates worldwide. From fiscal year 2013, “NALA” region is renamed “Americas”. A fourth region is dedicated to the worldwide events (“Big sporting events”).

The company provides additional information with a presentation of the revenue by destination: “Sports”, “ENM” (Entertainment, News & Media) and “Big sporting event rentals” for rental contracts relating to the big sporting events of the even years. The former categories “Outside broadcast vans” and the “TV production studios” are spread between these new markets.

Finally, sales are presented by nature: systems and services.

3.2. Additional information

3.2.1. Information on sales by destination

Revenue can be presented by destination: Sports, ENM (Entertainment, News and Media) and big sporting event rentals. Maintenance and after sale service are included in the complete solution proposed to the clients.

Revenue (EUR thousands)	2013	2012	% 2013/2012
Sports	87,631	91,607	-4.3%
Entertainment, News & Media	40,920	36,287	+12.8%
Big events rental revenue	540	10,001	N/A
Total	**129,091**	**137,895**	**-6.4%**

3.2.2. Information on sales by region

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

3.2.2.1. Revenue

Revenue for 12 months (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event Rentals	TOTAL
2013 revenue	**36,464**	**62,769**	**29,318**	**540**	**129,091**
Evolution versus FY12 (%)	+42.5%	-5.0%	-19.2%	N/A	**-6.4%**
Variation versus FY12 (%) at constant currency	+42.5%	-5.0%	-16.4%	N/A	**-5.7%**
2012 revenue	**25,581**	**66,043**	**36,270**	**10,001**	**137,895**

Sales realized in Belgium (the country of origin of the company) with external clients represent less than 5% of the total sales in the period. In the last 12 months, the group realized significant sales to external clients (according to the definition of IFRS 8) in two countries: the US (Americas, EUR 22.6 million in the last 12 months) and the UK (EMEA, EUR 15.6 million in the last 12 months).

3.2.2.2. Long-term assets

Considering the explanations given in 3.1, more than 95% of all long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

3.2.3. Information on products and services

Revenue can be presented by nature: systems and services.

Revenue (EUR thousands)	2013	2012	% 2013/2012
Systems	121,290	129,461	-6.3%
Services	7,800	8,434	-7.5%
Total Revenue	**129,091**	**137,895**	**-6.4%**

Services include advices, installations, project management, training, maintenance, distant support that are literally included in the invoices.

3.2.4. Information on important clients

No external client of the company represents more than 10% of the 2013 sales.

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

NAME AND ADDRESS	Year of foundation or acquisition	Staff as of 31.12.13	Incorporation method used (1)	Part of capital held as of 31.12.12 (in %) (2)	Part of capital held as of 31.12.13 (in %) (2)	Change in % of capital held
EVS Broadcast Equipment Inc. 9 Law Drive, suite 200, NJ 070046 Fairfield, USA	1997	24	F	100.00	100.00	0.00
EVS Canada 1200 Avenue Papineau, Office #240, Montreal QC H2K 4R5, CANADA	2008	2	F	100.00	100.00	0.00
EVS Broadcast México, SA de C.V. World Trade Center, Cd. De México, Montecito N° 38, Piso 23, Oficina 38, Col. Nápoles, Delegación Benito Juárez, D.F. 03810 México, MEXICO RFC: EBM 1106152TA	2011	3	F	99.00	99.00	0.00
EVS France SA Avenue André Morizet, 6bis F-92100 Boulogne-Billancourt, FRANCE VAT: FR-21419961503	1998	7	F	100.00	100.00	0.00
EVS France Développement SARL Avenue André Morizet, 6bis F-92100 Boulogne-Billancourt, FRANCE VAT: FR-53514021476	2009	5	F	100.00	100.00	0.00
EVS Toulouse SAS 6, rue Brindejonc des Moulinais, Bât. A, F-31500 Toulouse Cedex 5, FRANCE VAT: FR-83449601749	2010	20	F	100.00	100.00	0.00
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	17	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	4	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	4	F	100.00	100.00	0.00
EVS Deutschland GmbH Oskar-Schlemmer Str. 15, 80807 Munich, GERMANY VAT: DE-266077264	2009	6	F	100.00	100.00	0.00
EVS International (Swiss) SARL Rue des Arsenaux 9, 1700 Friburg, SWITZERLAND VAT: CH-21735425482	2009	1	F	100.00	100.00	0.00
EVS Broadcast Equipment Ltd. Room A, @Convoy, 169 Electric Road, North Point, HONG-KONG	2002	11	F	99.99	99.99	0.00
EVS Pékin - Representative office 2805 Building One, Wanda Plaza, N°93 Jianguo Road, 100026 Beijing, CHINA	2005	6	F	N/A	N/A	N/A
Network and Broadcast Systems Limited (NBS) Incubation Park, Office 401, Building 8, Tianfu Avenue 1480, Hi-Tech Zone, Chengdu, CHINA	2010	33	F	100.00	100.00	0.00
EVS Broadcast Equipment Middle East Ltd - Representative office Shatha Tower, Office 09, 32nd Floor, Dubai Media City, Dubai, UNITED ARAB EMIRATED	2006	4	F	N/A	N/A	N/A
EVS Americas Los Angeles – Representative office 101 South First Street, Suite #404 Burbank, CA 91504, USA	2006	6	F	N/A	N/A	N/A
EVS Australia Pty Ltd. Amber Technology Unit 1, 2 Daydream Street 2102 Warriewood NSW, AUSTRALIA	2007	2	F	100.00	100.00	0.00
MECALEC SMD SA Rue Nicolas Fossoul 54, B-4100 Seraing, BELGIUM National registered number: BE0467 121 712	1999	26	E	49.50	49.50	0.00

dcinex SA Pôle Image de Liège Rue de Mulhouse, 36 B-4020 Liège, BELGIUM National registered number: BE0865 818 337	2004	184	E	41.30 (3)	41.30 (3)	0.00
DYVI Live SA Avenue Charles Quint/Keizer Karellaan, 576 1082 Brussels, BELGIUM National registered number: BE0573 225 986	2013	1	F	0.00	95.00	95.00
Scalable Video Systems GmbH Brunnenweg 9, 64331 Weiterstadt, GERMANY VAT: DE-289 460 223	2013	13	F	0.00	25.10	25.10

(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 31.2% of dcinex SA fully diluted.

5. INVESTMENT IN JOINT-VENTURES AND ASSOCIATES

(EUR thousands)	2013	2012
Investment in associates		
Opening balance as at January 1	**7,717**	**7,784**
- Disposals during the year	-	-
- Acquisitions during the year	-	-
- Results	191	540
- Others	572	-607
Closing balance as at December 31	**8,480**	**7,717**

5.1. Investments in associates

5.1.1. MECALEC SMD SA

MECALEC SMD SA was founded on October 21, 1999 by SA MECALEC (50.5%, not directly or indirectly linked to EVS) 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 from EVS. EVS acquired this interest in order to benefit from shorter delivery times on orders for the assembly of electronic boards. There can be some synergies in R&D and reworking of the production process. In 2013, the net profit of MECALEC SMD amounted to EUR 200 thousand compared to the net profit of EUR 252 thousand in 2012. EVS represented 20% of MECALEC SMD's turnover in 2013.

The share of EVS in the 2013 results of MECALEC SMD amounts to EUR 99 thousand and the share of EVS in MECALEC SMD equity amounts to EUR 734 thousand.

(EUR thousands)	Dec. 31, 2013	Dec. 31, 2012
Share of associate's balance sheet (49.5%)		
Current assets	844	781
Non-current assets	61	98
Current liabilities	-171	-236
Non-current liabilities		
Net assets	**734**	**643**
Share of associate's revenue and net result (49.5%)		
Revenue	1,172	1,205
Net result	99	125
Carrying amount of investment	**734**	**643**

5.1.2. dcinex SA

Created in 2004, notably through the spin-out of "Digital Cinema" activities from EVS, dcinex SA (formerly XDC SA) 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, dcinex is an integrated company – a hub - which provides equipment and high added value services to the cinema industry. First, dcinex offers servers, projectors and services to operators, and secondly, dcinex enables film distributors to replace the onerous 35 mm print with encrypted digital files.

Following different developments in the capital of dcinex, EVS still holds 41.3% of dcinex, and remains the main shareholder. In February 2010, dcinex 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 other main investors are the Société Régionale d'Investissement de Wallonie (« SRIW SA ») 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 dcinex shares in 2015, for the nominal counter value of its subordinated bonds, which would dilute its shareholding. In January 2013, EVS bought back EUR 0.5 million subordinated loan associated with warrants in dcinex SA from another former minority shareholder of the company. As a consequence EVS holds, fully diluted, 31.2% of dcinex (41.3% not diluted). The difference between the two shareholding levels comes from the fact that EVS holds proportionally less warrants than some other shareholders.

Between 2009 and 2011, dcinex acquired 100% of Film Ton Technik GmbH (FTT), the largest digital cinema equipment integrator in Germany, Netherlands, Austria and Poland. FTT assets and liabilities are fully consolidated in dcinex accounts since December 31, 2010 onwards. The profit and loss account is consolidated from January 1, 2010.

In February 2011, dcinex sold 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 4.4 million. A future “earn-out” has not generated anything yet at the end of 2013. The assets, the liabilities and the employees of this activity were transferred on March 31, 2011.

As of December 31, 2013, dcinex shares, accounted for using equity method in EVS consolidated accounts, plus the EVS share of the bonds issued by dcinex, amounted to EUR 9.1 million. It included EUR 1.3 million subscribed by EVS.

(EUR thousands)	**Dec. 31, 2013**	**Dec. 31, 2012**
dcinex equity	18,754	17,127
	41.30%	**41.30%**
Share of EVS	7,745	7,074
Balance of subscribed capital to be paid by EVS	-	-
dcinex Share accounted for using equity method	**7,745**	**7,074**
Share of associate’s balance sheet	**41.30%**	**41.30%**
Current assets	22,769	21,772
Non-current assets	47,236	48,636
Current liabilities	-23,760	-24,207
Non-current liabilities	-38,500	-39,127
Net assets	**7,745**	**7,074**

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

(EUR thousands)	**2013**	**2012**
Revenue	92,294	88,809
EBITDA	31,363	23,795
Net result for the period	**224**	**1,004**
Part of dcinex capital held	41.3%	41,3%
Net result, share of EVS	**93**	**415**

(EUR thousands)	**Dec. 31, 2013**	**Dec. 31, 2012**
Carrying amount of investment at the beginning of the period	**7,074**	**7,241**
Net result – part of the group	93	415
Net equity adjustments	578	-582
Carrying amount of investment at the end of the period	**7,745**	**7,074**

The cumulated Tax Loss Carry Forward of dcinex SA amounts to EUR 29.7 million on December 31, 2013. At the same date, 65.9% of deferred tax assets relating to these losses have been recognized.

Adjustments made by dcinex directly in its equity (hence with no impact on its result) (mainly the variation of the value of interest rate swaps), are recorded in “other increase/decrease” in the Statement of Comprehensive Income.

6. INCOME AND EXPENSES

6.1. Financial incomes/(costs)

(EUR thousands)	2013	2012
Interest charges	-265	-267
Interest income on deposit	213	149
Exchange result	224	-1,306
Impairment on Tax shelter investments	-6	-192
Other financial results	-65	-36
Other operating income/(expenses)	**101**	**-1,651**

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.

6.2. 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 annual report, 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 dcinex appears as follows:

(EUR thousands)	2013	2012
Net profit for the period (attributable to the group) – IFRS	34,030	41,743
Allocation to Employees Profit Sharing Plan	755	507
Stock Option Plan	483	555
Amortization and impairment on acquired technology and IP	725	580
Impairment on Tax Shelter rights assets	6	192
Contribution of dcinex	-93	-415
Repositioning costs	-	1,405
Net profit from operations, excl. dcinex	**35,907**	**44,567**

The repositioning costs (in 2012) mainly include costs relating to the departure of a few people, to the new visual identity of the company and to the consultants who took part to the strategic review process.

6.3. Complementary information about operating charges by nature

(EUR thousands)	2013	2012
Raw materials and consumables used	-18,144	-18,781
Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	2,026	1,599
Personnel expenses	-34,983	-32,013
- Remunerations	-24,962	-22,568
- Social security costs	-6,020	-5,528
- ESOP expenses	-1,238	-1,062
- Pension defined contributions plan	-772	-876
- Other personnel expenses	-1,991	-1,979
Average number of employees in FTE	471	439
Depreciations	-3,684	-3,380
- of which the ones included in the costs of sales	-380	-367
Increase (-)/decrease (+) in amounts written off	-2,271	-1,282
- Increase (-)/decrease (+) in amounts written off on stocks	-2,130	-1,223
- Increase (-)/decrease (+) in amounts written off on trade debtors	-141	-59
Operating lease and sublease payments recognized in the income statement	-1,844	-1,688

6.3.1. Complementary information about pension defined contribution plans

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.

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:

In %	Contribution rate
2002 à 2006	0.50%
2007	1.00%
2008 à 2010	1.10%
2011	1.77%
2012	1.87%
2013	1.97%

The plan is managed by l’Intégrale. The financing policy is outlined in its annual report.

In addition, since, January 1, 2012, employees of EVS in Belgium are automatically affiliated to a second pension plan subscribed with AG Insurance. EVS contributes in this plan at a rate of 3.0% of gross annual salary. The plan has four parts: retirement plan, risk of death, disability and risk waiver insurance premiums.

The contributions related to these defined contribution plans, and recorded in personnel expense, amounted to EUR 772 thousand in 2013 and EUR 876 thousand in 2012. To date no payment of benefits has occurred, since no employee of EVS is retired.

It should be noted that the "Intégrale" and the AG pension fund insurances, which manage the defined contribution pension plans, also guarantee the performance of the payments made by the employer and the employee as follows: 3.25% until December 31, 2012, and 2.25% since January 1, 2013. As the minimum legal rate (cfr. Law of April 28, 2003) was still 3.25% in 2013, it should be noted that, if the return made by these insurance companies falls below the minimum return required by law, EVS should support the underfinancing. As of December 31, 2013, this risk has been evaluated as insignificant for EVS.

7. INCOME TAXES

7.1. Tax charge on results

The tax charge for 2012 and 2013 is mainly made of:

(EUR thousands)	2013	2012
Current tax charge		
Effective tax charge	-15,323	-18,705
Adjustments of current tax related to prior years	54	385
Deferred taxes		
Tax effects of temporary differences	**-76**	**-30**
- Adjustments for fixed assets depreciation method	-72	-72
- Direct and indirect production costs capitalized in inventories	-4	42
Income taxes included in the income statement	**-15,345**	**-18,350**

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 2012 and 2013 with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	2013	2012
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	48,504	59,553
Effective tax charge based on the effective tax rate	-15,345	-18,350
Effective tax rate	**31.6%**	**30.8%**
Reconciliation items for the theoretical tax charge		
Tax effect of Tax Shelter	-51	-255
Tax effect of deduction for notional interest	-204	-177
Tax effect of non-deductible expenditures	520	531
Other increase/(decrease)	529	93
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-14,551	-18,158
Theoretical tax rate (relating to EVS operations, excl. dcinex)	**30.0%**	**30.5%**

7.3. Deferred taxes on the balance sheet

The sources of deferred taxes are as follows:

(EUR thousands)	December 31, 2013		December 31, 2012	
	Assets	Liabilities	Assets	Liabilities
Indirect production costs capitalized in inventories	-	352	-	348
Buildings revaluation	-	1,106	-	1,032
Activation of the costs relating to the construction of the new headquarter	-	3		
Write-offs on trade receivables	169	-	106	-
Miscellaneous	249	-	238	-
Total	**418**	**1,461**	**346**	**1,380**
Net booked value (1)	**-**	**1,043**	**-**	**1,036**

Deferred taxes are booked “net” in accordance with the valuation rules of the group.

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)	2013	2012
Net profit	33,349	41,743
- attributable to non-controlling interests	-681	-
- attributable to equity holders of the parent company	**34,030**	**41,743**

	2013	2012
Weighted average number of subscribed shares, excluding treasury shares	13,480,715	13,449,081
Dilution effect of the weighted average number of the share options in circulation	323,352	364,117
Weighted average number of fully diluted number of shares	**13,804,067**	**13,813,198**
Basic earnings per share (EUR)	**2.52**	**3.10**
Diluted earnings per share (EUR)	**2.47**	**3.02**

The number of treasury shares held as at December 31, 2013 amounted to 133,364 compared to 170,053 as at December 31, 2012. The weighted average number of treasury shares held in 2013 amounted to 144,285 against 175,919 in 2012.

9. DIVIDENDS PAID AND PROPOSED

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

(EUR thousands, gross amount)	Coupon #	Declaration date	2013	2012
Declared and paid during the year :				
- Final dividend for 2011 (EUR 1.20 per share excl. treasury shares)	14	May 2012	-	16,130
- Interim dividend for 2012 (EUR 1.16 per share excl. treasury shares)	15	Nov. 2012	-	15,606
- Final dividend for 2012 (EUR 1.48 per share excl. treasury shares)	16	May 2013	19,933	-
- Interim dividend for 2013 (EUR 1.16 per share excl. treasury shares)	17	Nov. 2013	15,650	-
Total paid dividends			**35,583**	**31,736**

(EUR thousands)	2013	2012
Proposed for approval at the OGM :		
- Total dividend for 2012 (EUR 2.64 per share incl. interim dividend)	-	35,540
- Proposed dividend for 2013 (EUR 2.16 per share incl. interim dividend)	29,275	-
Total	**29,275**	**35,540**

As from coupon #13, only the dematerialized shares are valid.

10. GOODWILL

(EUR thousands)	TOTAL
Acquisition cost	
As of December 31, 2012	**820**
- Acquisitions	1,125
- Sales and disposals	-
As of December 31, 2013	**1,945**
Accumulated impairment	
As of December 31, 2012	**210**
- Impairment	342
- Sales and disposals	-
As of December 31, 2013	**552**
Net carrying amount	
As of December 31, 2012	**610**
As of December 31, 2013	**1,393**

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 is reviewed for impairment testing each time there is a sign of impairment in this intangible asset.

10.1. OpenCube Technologies (recently renamed as EVS Toulouse)

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 had been recorded as goodwill and EUR 1.5 million as intangible asset for acquired Technology & IP. The acquisition value was EUR 2.7 million, including the estimate of variable future payments that depend on qualitative and quantitative criteria (EUR 0.4 million).

The assets and liabilities arising from the acquisition of OpenCube Technologies were 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 is done annually, during the fourth quarter. In 2013, that test did reveal the necessity to record a not significant write-off of EUR 0.3 million, as the effective return was below the expected market return for such an investment as of December 31, 2013, which results in a residual value of the goodwill of EUR 0.3 million at the same date.

10.2. Dyvi Live / SVS

In May 2013, EVS acquired a minority stake (25.1% of the voting shares) in SVS GmbH, a private company based in Germany ("SVS") whose principal activity is the research and development of network-based technology. The principal reason for this investment is to give EVS access to this promising technology.

Notwithstanding that EVS only holds 25.1% of the shares outstanding as at December 31, 2013, the Group consider to have the control of SVS because it has the power on the business decisions and it controls totally the outflow of the company through the exclusive distribution agreement between a new fully owned subsidiary (DYVI LIVE) and SVS. Moreover, EVS finances the future expenses occurring for the SVS development. Consequently, SVS is fully consolidated as at December 31, 2013 and non-controlling interests are accounted for (74.9%).

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows (at the date of the acquisition):

(EUR thousands)	Fair value
Intangible assets	185
Cash	800
Receivables	700
Payables	-185
Total net assets	*** 1,500**
EVS share	25.1%
Total net assets attributable to EVS	**375**
Fair value of consideration paid	
Cash	-1,500
Total consideration	**-1,500**
Goodwill	**1,125**

* including the amount that EVS is committed to convert in equity during the next years.

Later in 2013, EVS has created DYVI Live SA (of which it owns 95%) as exclusive distributor of SVS products. This entity is fully consolidated in the EVS accounts.

In 2013, these two entities have contributed EUR 0 million to EVS revenues, EUR -1.6 million to EBIT and EUR -0.8 million to net group profit, including non-controlling interest. At December 31, 2013, intangible assets and goodwill amount to EUR 1.3 million.

The main factors leading to the recognition of goodwill are:

- The presence of certain intangible assets, such as the knowhow of the staff acquired, which do not qualify for separate recognition as at 31 December, 2013;
- Expected synergies and other benefits from combining the assets and activities of SVS with those of the group.

The initial accounting of the intangible assets is subject to changes during the assessment period of maximum one year. SVS and DYVI Live employ 15 FTE at the end of 2013 (mainly R&D experts). It should start generating revenues at the end of 2014.

11. INTANGIBLE ASSETS

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	TOTAL
Acquisition cost			
As of December 31, 2011	**2,581**	**1,183**	**3,764**
- Acquisitions	-	217	217
- Sales and disposals	-	-	-
- Transfers	-	251	251
- Variation in consolidation scope	-	-	-
As of December 31, 2012	**2,581**	**1,651**	**4,232**
Accumulated depreciation			
As of December 31, 2011	**-1,523**	**-855**	**-2,378**
- Depreciations	-580	-262	-842
- Sales and disposals	-	-	-
- Transfers	-	-	-
- Variation in consolidation scope	-	-	-
As of December 31, 2012	**-2,101**	**-1,117**	**-3,219**
Net carrying amount			
As of December 31, 2011	**1,058**	**328**	**1,386**
As of December 31, 2012	**479**	**534**	**1,013**

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	TOTAL
Acquisition cost			
As of December 31, 2012	**2,581**	**1,651**	**4,232**
- Acquisitions	-	239	239
- Sales and disposals	-	-34	-34
- Transfers	-	46	46
- Variation in consolidation scope	-	185	185
As of December 31, 2013	**2,581**	**2,087**	**4,668**
Accumulated depreciation			
As of December 31, 2012	**-2,102**	**-1,117**	**-3,219**
- Depreciations	-384	-374	-758
- Sales and disposals	-	34	34
- Transfers	-	-	-
- Variation in consolidation scope	-	-	-
As of December 31, 2013	**-2,486**	**-1,457**	**-3,943**
Net carrying amount			
As of December 31, 2012	**479**	**534**	**1,013**
As of December 31, 2013	**96**	**630**	**726**

11.1. 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. It is depreciated on a straight-line basis over the duration of its economic utility estimated at 4 years and was fully depreciated at the end of 2012.

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, recently renamed as EVS Toulouse). 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 1.5 million has been booked as intangible asset for acquired technology & IP. It is depreciated on a straight-line basis over the duration of its economic utility estimated at 4 years and will fully depreciated as of March 31, 2014.

Software licenses depreciation (EUR 374 thousands in 2013) are included in the “Amortization and impairment on goodwill, acquired technology and IP” in the consolidated income statement.

11.2. 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

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2011	**14,440**	**1,360**	**7,249**	**2,195**	**25,244**
- Acquisitions	715	128	734	8,347	9,924
- Sales and disposals			-47		-47
- Variation in consolidation scope					
- Transfers	57			-308	-251
- Others					
As of December 31, 2012	**15,212**	**1,488**	**7,936**	**10,234**	**34,870**
Accumulated depreciation					
As of December 31, 2011	**-4,736**	**-1,098**	**-5,455**	**-**	**-11,289**
- Depreciations	-1,449	-111	-914		-2,474
- Sales and disposals					
- Variation in consolidation scope					
- Other					
As of December 31, 2012	**-6,185**	**-1,209**	**-6,369**	**-**	**-13,763**
Net carrying amount					
As of December 31, 2011	**9,704**	**262**	**1,794**	**2,195**	**13,955**
As of December 31, 2012	**9,027**	**279**	**1,567**	**10,234**	**21,107**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**3,821**	**-**	**-**	**-**	**3,821**

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2012	**15,212**	**1,488**	**7,936**	**10,234**	**34,870**
- Acquisitions	151	326	602	14,081	15,160
- Sales and disposals		-42		-13	-55
- Variation in consolidation scope					
- Transfers	178			-224	-46
- Others					
As of December 31, 2013	**15,541**	**1,772**	**8,538**	**24,078**	**49,929**
Accumulated depreciation					
As of December 31, 2012	**-6,185**	**-1,209**	**-6,369**	**-**	**-13,763**
- Depreciations	-1,579	-208	-724		-2,511
- Sales and disposals		42			42
- Variation in consolidation scope					
- Other					
As of December 31, 2013	**-7,764**	**-1,375**	**-7,093**	**-**	**-16,232**
Net carrying amount					
As of December 31, 2012	**9,027**	**279**	**1,567**	**10,234**	**21,107**
As of December 31, 2013	**7,777**	**397**	**1,445**	**24,078**	**33,697**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees				**24,070**	**24,070**

Following the rapid growth of the Belgian teams spread into six different buildings in the Liège Science Park, EVS started to build a new facility at the end of 2011 near the existing site (to be finished in 2014). At the end of 2013, the project was estimated at approximately EUR 50 million. In March 2014, taking into account all regulatory and functional requirements, the management has completed a deep review of the investment budget for the new headquarter. The total budget is now estimated between EUR 55 million and EUR 60 million, from which around EUR 5.6 million of regional and European subsidies must be deducted. Investments for this new building were made since 2011 until the end of 2013 for an amount of EUR 27.8 million in total (excluding subsidies), including EUR 16.1 million in 2013 (less EUR 3.8 million subsidies, including EUR 2.0 million in 2013).

Given the sale of most of the current buildings, valued at EUR 7.0 million at end of 2013 (recoverable share), when the company will move, an accelerated depreciation has been recorded on the works done on existing buildings since 2010, so that they are fully depreciated at the date of the relocation planned for the end of 2014.

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 SA. Whenever possible, specialized work is outsourced (i.e. sheet metalwork and manufacturing of integrated circuits).

The group policy is to finance its buildings through equity and through long term loans (see note 19). The net book value on December 31, 2013 amounts to EUR 7.8 million and is composed of:

(EUR thousands)	December 31, 2013
EVS Building I (16 rue Bois Saint-Jean, Seraing)	1,041
EVS Building II (18 rue Bois Saint-Jean, Seraing)	324
EVS Building III (6 avenue Pré Aily, Angleur)	753
EVS Building IV (16 rue Bois Saint-Jean, Seraing)	3,525
EVS Building V (20 rue Bois Saint-Jean, Seraing)	648
EVS Bât. VI (25 avenue Pré Aily, Angleur)	699
Subtotal recoverable buildings in Seraing/Angleur	*6,990*
EVS modular buildings (16 rue Bois Saint-Jean, Seraing)	163
EVS works in Brussels premises	371
EVS works in affiliates	253
Total	**7,777**

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 0.5 million. We should note that all conditions have been met for obtaining these subsidies that have been cashed in the past, and that the cash flow statement always presents investments net of subsidies.

In line with our accounting rules, the buildings have been reevaluated in 2010 by a specialized expert (Galtier Expertises SA). This confirmed the valuation (with a variation of max. 5%) made as of December 31, 2010 of the buildings booked in the EVS accounts. We should note that, if the buildings had been accounted according to the cost method, their value would have been inferior by EUR 1.0 million. This estimate has been confirmed by the companies met in relation with the sale mandate (after the move).

The valuation method used by Galtier Expertises allows getting the market value of the property by applying a capitalization rate (it was 9% for the expertise of 2010) to the fair rental value. The fair rental value is obtained by comparison with rents charged in the area for similar properties. The capitalization rate results from the rental market and varies depending on the buildings (offices, workshop, warehouse, etc.).

13. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to EUR 22.8 million in 2012 versus EUR 22.3 million in 2012. 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.

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

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

(EUR thousands)	2013	2012
Gross R&D expenses	24,012	23,573
R&D tax credits for current fiscal year	-1,254	-1.283
R&D expenses, net	**22,758**	**22,292**

14. FINANCIAL ASSETS

14.1. Subordinated loans

(EUR thousands)	2013	2012
Subordinated loans		
Net carrying amount as of January 1	**830**	**830**
- Refunded/converted during the year	-	-
- Acquired during the year	500	-
- Result	-	-
- Others	-	-
Net carrying amount as of December 31	**1,330**	**830**

As explained in the note 5.1.2 relating to the investments in associates, EVS contributed for EUR 0.8 million to the refinancing of dcinex in 2009 and, in January 2013, EVS bought back EUR 0.5 million subordinated loan associated with warrants in dcinex SA from another former minority shareholder of the company.

14.2. Other financial assets

(EUR thousands)	2013	2012
Other financial assets		
Net carrying amount as of January 1	**178**	**338**
- Refunded during the year	-	-140
- Acquired during the year	74	1
- Others	-	-21
Net carrying amount as of December 31	**252**	**178**

15. INVENTORIES AND CONSTRUCTION CONTRACTS

15.1. Inventories

(EUR thousands)	December 31, 2013	December 31, 2012
Raw materials	12,787	12,327
Finished goods	14,246	12,280
Total at cost	**27,033**	**24,607**
Cumulated amounts written off at the beginning of the period	**-8,739**	**-9,150**
Reversal/use of the amounts written off, net	-2,101	411
Cumulated amounts written off at the end of the period	**-10,840**	**-8,739**
Total net carrying amount	**16,193**	**15,868**

Write-offs movements on inventories, which were valued at EUR 2.1 million in 2013 and at EUR -0.4 million in 2012, 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, 2013	December 31, 2012
Direct and project related incurred costs	5,704	5,386
Noticed profit (+)/loss (-)	16,739	6,812
Value of the orders in progress at the closing date	22,444	12,198
Invoiced advances	24,615	15,126
Gross amounts due by clients for works relating to contracts	2,897	4,272

Invoiced advances for construction contracts amounted to EUR 24.6 million at December 31, 2013, compared to EUR 15.1 million at the end of 2012. Revenues relating to work in progress during 2013 amounted to EUR 22.4 million. The difference between these two amounts, EUR 2.2 million, is booked as a liability, in the advances received.

16. TRADE AND OTHER RECEIVABLES

(EUR thousands)	December 31, 2013	December 31, 2012
Trade receivables	30,173	21,381
Finance lease receivables	430	542
Amounts receivable linked to joint ventures	-	-
Other related parties	8	27
Write offs on receivables	-1,076	-849
Net trade receivables	*29,535*	*21,101*
Other amounts receivable	3,060	3,491
Deferred charges and accrued income	2,510	1,620
Total	**35,105**	**26,212**

Trade receivables are non-interest bearing and are generally on 75-day terms. According to the group terms and conditions, the unpaid invoices at their term result in a 0.75% monthly interest rate.

As mentioned in the note 3, no customer represented in 2013 more than 10% of total revenue.

For receivables overdue with more than 90 days, the group recognizes a portion of these receivables in doubtful accounts based on an estimate from past experience of default of payment of the customer and its financial situation.

As of December 31, 2013, an amount of EUR 2.8 million (EUR 2.3 million at December 31, 2012) were overdue with more than 90 days, without being subject to write-offs as there was no change in the credit quality of the customers and as the amounts are still considered as recoverable.

As of December 31, 2013, an amount of EUR 1.1 million within trade receivables was overdue with more than 90 days and the subject of partial write-downs. Movements of write-offs in 2012 and 2013 are as follows:

(EUR thousands)	2013	2012
Write-offs on trade receivables		
Value as of January 1	**849**	**849**
- Write-offs during the year	414	296
- Releases of write-offs during the year	-	-
- Amounts paid down during the year	-187	-296
- Other	-	-
Value as of December 31	**1,076**	**849**

16.1. Finance lease receivables

(EUR thousands)	2013	2012
Gross receivable – future lease payments under finance lease		
Within one year (current finance lease)	193	286
After one year but no longer than five years (non-current finance lease)	237	256
Longer than five years (non-current finance lease)		-
Less: unearned finance income	-32	-11
Present value of future lease payments		
Within one year (current finance lease)	175	278
After one year but no longer than five years (non-current finance lease)	223	253
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 conditional purchase options of the assets leased under finance leases is estimated at EUR 0.1 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, 2013 is 6%.

The financial revenues generated by the finance leases are booked in the interest revenues, as explained in note 6.1.

17. CASH AND CASH EQUIVALENTS

(EUR thousands)	December 31, 2013	December 31, 2012
Cash at bank and in hand	10,133	14,625
Short-term deposits	1,617	6,783
Rights under the Tax Shelter treatment	-	18
Total	**11,750**	**21,426**

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.

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, 2013**	**13,625,000**	**8,342,479**

18.2. Issued capital and treasury shares

As of December 31, 2013, 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, 2013, 420,000 issued warrants with an average exercise price of EUR 38.95 per share are exercisable between February 2014 and December 2018. The company uses a portion of the capital (average annual dilution of 0.5% since 2001) for staff retention and motivation through a plan of warrants.

The management estimates that the level of capital of EVS is sufficient, as shareholders' equity represents 62.9% of the total balance sheet at the end of 2013.

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".

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 420,000 warrants outstanding at the end of 2013 (440,900 at the end of 2012), the dilution effect represents 3.1% of the share capital, this being partially offset by the 133,364 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 (for this reason, warrants are qualified as "sui generis"). 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 the share split 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, the EGM of June 7, 2010 issued 250,000 warrants, the EGM of December 5, 2011 issued 350,000 warrants, and the EGM of September 24, 2013 issued 25,000 warrants, in order to bring the total number to 1,375,000. As of December 31, 2013, 1,068,150 of these warrants had been distributed, 515,900 exercised and 132,250 cancelled following departures or repurchased following sales of subsidiaries, which means that 420,000 can be exercised as of December 31, 2013. As a result, 236,850 warrants are still available for distribution by the Board of Directors. The weighted average maturity is December 27, 2015. These warrants may be exercised between now and December 2018. They have an average exercise price of EUR 38.95 per share. In the course of 2013, 10,000 warrants were granted, 24,450 exercised and 6,450 cancelled following the departure of personnel. The Board of Directors determines the grant, withholding and exercise conditions of the warrants, either through issuance of new shares or by allocation of existing shares (warrants are qualified as "sui generis").

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

	2013		2012	
	Number	**WAP (EUR)**	**Number**	**WAP (EUR)**
In circulation at the beginning of the period	**440,900**	**38.49**	**286,550**	**39.37**
Granted during the period	10,000	54.30	185,300	37.11
Exercised during the period (1)	-24,450	37.08	-2,250	37.32
Cancelled during the period	-6,450	38.19	-28,700	38.50
In circulation at the end of period	**420,000**	**38.95**	**440,900**	**38.49**

(1) The average share price (closing) during the exercise period in 2013 was EUR 49.30.

The warrants in circulation as of December 31, 2013 and exercisable over the next years are as follows:

Expiry date	Exercise prices (EUR)	Number on December 31, 2013	Number on December 31, 2012
2015	Between 25.30 and 44.97	177,650	181,350
2016	Between 36.77 and 41.90	13,000	36,300
2017	Between 37.11 and 65.66	165,200	165,200
2018	Between 54.30 and 68.77	67,100	58,050
Total	**Between 25.30 and 68.77**	**420,000**	**440,900**

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 (calculated in 400 days with Bloomberg, between 20% and 40%, between 2006 and 2013), the interest rate without risk (taken between 1% and 5%) and the dividend return (taken between 2.5% and 7.0%). The economic value (IFRS) of the options according to this calculation method is between 12% and 30% of the underlying share.

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 20, 2014 approved a profit sharing scheme in the form of a grant of EVS Broadcast Equipment SA shares relating to the appropriation of the year 2013. Taking into account tax implications for the company, this grant relates to 37 shares (net of taxes) for all employees hired by the group before January 1, 2014, proportionally to the effective time performance (or assimilated) in 2013.This represented 10,500 shares in total to maximum 320 group's employees, or EUR 0.5 million.

The cost relating to the profit sharing plan is included in the "Stock based compensation and ESOP plan" account in the consolidated income statement.

18.5. Treasury shares buy-back

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. This authorization is valid until July 9, 2014.

The number of treasury shares held as of December 31, 2013 was 133,364 compared to 170,053 as of December 31, 2012. In 2013, the number of treasury shares moved in number and in weighted average prices (WAP) as follows:

	2013		2012	
	Number	**WAP (EUR)**	**Number**	**WAP (EUR)**
At the beginning of the period	**170,053**	**37.71**	**183,372**	**37.71**
Buy back on the market	-	-	-	-
Sales on the market	-	-	-	-
Treasury shares cancellation	-	-	-	-
Sales linked to the staff incentive program	-36,689	37.71	-13,319	37.71
At the end of the period	**133,364**	**37.71**	**170,053**	**37.71**

18.6. Reserves

(EUR thousands)	December 31, 2013	December 31, 2012
Legal reserves	887	876
Non taxable reserves for Tax Shelter	525	525
Reserves available for distribution	78,983	79,460
Reserves for treasury shares	-5,029	-6,412
Interim dividend	-15,650	-15,606
Reserves	**59,716**	**58,843**

18.6.1. 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 4.8 million (or EUR 3.2 million X 150%) since 2004, net of non taxable amounts until 2013 (global amount of EUR 4.3 million).

18.6.2. 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, 2013	December 31, 2012
Long-term financial debts		
Bank loans	8,235	532
Long-term finance lease obligations	-	-
Other long-term debts	48	9
Amount due within 12 months (shown under current liabilities)		
Bank loans	291	291
Long-term finance lease obligations	-	-
Other short-term debts	-	-
Total financial debt (short and long-term)	**8,574**	**832**
The total financial debt is repayable as follows :		
- within one year	291	291
- after one year but no more than five	8,283	541
- more than five years	-	-

19.1. Credit lines

As of December 31, 2013, 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 for international public tenders, or as security deposit.

19.2. Bank loans relating to buildings

The group's policy is to hold its own buildings and to finance them, through equity or long term loans. The open long term bank loans as of December 31, 2013 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%	147	1,365	-
- Building IV	2,500	2015	fixe 4.3%	379	3,525	-
- New headquarter	8,000	2020	Variable 1.3%	8,000	24,070	27,058

It is worthwhile to highlight that the EUR 0.5 million financial debts relating to buildings cover only 7% of the net book value of the EVS buildings (EUR 7.8 million) at December 31, 2013 (see note 12).

On November 14, 2013, EUR 24 million senior debt over 7 years has been secured by the company with 3 major banks (European Investment Bank (50%, through the GFI initiative), ING (25%) and BNPPF (25%)), in order to partially finance its new headquarters and operating facilities in Liège. As of December 31, 2013, EVS has drawn EUR 8.0 million on this credit line. The remaining EUR 16.0 million will be drawn in 2014. This is a straight loan with usual covenants on liquidity and solvability. Additionally, EVS has granted a pledge ("mandate hypothécaire") on the new building to the banks at the pro-rata of their funding, for a total amount of EUR 27.1 million. The loan is amortizable and may be reimbursed before its final term without any significant penalty.

Conventions for these bank loans contain certain covenants that are monitored by the management of EVS. On December 31, 2013 were fully met.

20. PROVISIONS

(EUR thousands)	Litigations	Technical warranty	Strategic repositioning	Total
Provisions				
As of January 1, 2013	284	1,003	748	2,035
Arising during the year	-	-	-	-
Utilized	-	-55	-727	-782
Reversed	-	-	-	-
Others	-	-	-	-
As of December 31, 2013	**284**	**948**	**21**	**1,254**
Current 2012	-	-	-	-
Non-current 2012	284	1,003	748	2,035
Current 2013	-	-	21	21
Non-current 2013	284	948	-	1,232

The litigation 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. Due to the nature of these litigations, the Board of Directors prefers not to give any other information on these litigations as it could seriously harm the position of the group in the context of these disputes.

A provision is booked since 2012 to cover two-year technical standard warranties on the equipment sold as from the delivery, as stated in our general terms and conditions. This provision, with an undefined term, has been reevaluated quarterly, based on a historical analysis of the costs incurred over the years to cover two years of costs associated with these warranties. The end 2013 estimate represented a significant amount of EUR 0.9 million.

21. TRADE AND OTHER PAYABLES

(EUR thousands)	December 31, 2013	December 31, 2012
Trade payables	5,435	6,586
Amounts payable linked	-	-
Other related parties	11	40
Total trade payables	*5,446*	*6,626*
Other payables	4,864	3,979
Accrued charges	2,018	1,920
Deferred income	1,839	994
Total	**14,167**	**13,519**

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 the rental part of these leases amounted to EUR 1.8 million in 2013 and EUR 1.7 million in 2012.

Future minimum rentals (excl. VAT) payable under operating leases are as follows as of 31 December:

(EUR thousands)	2013	2012
Within one year	2,033	1,752
After one year but no longer than five years	3,023	3,033
Longer than five years	-	-
Total	**5,056**	**4,785**

In the event of cancellation of the operating leases as at December 31, 2013, a compensation of around EUR 91 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. We should note that, at the end of 2013, a provision of EUR 0.9 million is booked in relation with this warranty, as explained in the note 20.

22.3. Bank guarantees

Bank guarantees amounted to EUR 0.2 million as of December 31, 2013 mainly requested as part of international public tenders, or as security deposit.

22.4. Guarantees on assets

Mandates from mortgage with banks were granted for EUR 27.1 million for the loan of EUR 24 million (available to partially fund the new headquarters of the group, under construction as explained in the note 19).

23. RELATED PARTY DISCLOSURES

23.1. Affiliates

The consolidated financial statements include the financial statement of EVS Broadcast Equipment SA 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 that are not fully consolidated (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 SA	2013	-	-478	-	-11
	2012	-	-687	-	-40
dcinex SA	2013	7	-	8	-
	2012	87	-3	27	-
Total	**2013**	**7**	**-478**	**8**	**-11**
	2012	**87**	**-690**	**27**	**-40**

23.2. Executives

There were no significant related party transactions in 2013, other than the ones that are mentioned in the remuneration report, on page 15 and following.

24. AUDITOR

In 2013, the fees relating to the function of Auditor of the parent company's auditor, BDO, Réviseurs d'Entreprises S.C.C. (B-00023), and its network, represented by Christophe COLSON amounted to EUR 184,336 in aggregate for its duties as Auditor (EUR 46,193) and also for other duties (EUR 138,143).

During its meeting on December 12, 2013, 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, including in the context of the review of the tax return on 2012.

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 note 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 up to 50% of the exchange rate risk on estimated net future flows, mainly through forward foreign exchange contracts (in USD).
Foreign exchange contracts are revalued at each closing at their market value. The generated exchange rate profit or loss is recorded in the "Other net financial income/(charges) account in the consolidated income statement.
At the end of December 2013, the group held USD 3.0 million in forward exchange contracts. 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, 2013 (EUR)
3,000,000	USD	July 11, 2014	1.2817	2,340,641	165,310
3,000,000	**USD**	**July 11, 2014**	**1.2817**	**2,340,641**	**165,310**

26.3. Credit risk

Credit exposure is controlled and reviewed regularly by the management.

Trade receivables consist of a large number of customers, spread across many geographical areas. The evolution of the credit risk is monitored permanently, as explained in note 16.

The credit risk on financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

In addition, as explained in the note 22.3, the group is exposed to credit risk in relation with bank guarantees. As of December 31, 2013, the maximum amount the group could have to pay if these guarantees are called on is EUR 0.2 million.

27. EVENTS AFTER THE BALANCE SHEET CLOSING DATE

Significant events that arose after the balance sheet date are:

- The information communicated in the 2013 annual results released on February 20, 2014;
- On January 20, 2014, Magdalena Baron joined EVS as Senior Vice President & CFO;
- In March 2014, taking into account all regulatory and functional requirements, the management has completed a deep review of the budget for the new headquarter. The total investment budget is now estimated between EUR 55 million and EUR 60 million (from which around EUR 5.6 million regional and European subsidies are to be deducted).

STATUTORY AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE GENERAL MEETING OF THE COMPANY EVS BROADCAST EQUIPMENT FOR THE YEAR ENDED DECEMBER 31, 2013

In accordance with the legal requirements, we report to you on the performance of the engagement of statutory auditor, which has been entrusted to us. This report contains our opinion on the consolidated balance sheet as at December 31, 2013, the consolidated profit and loss statement for the year ended December 31, 2013 and the explanatory notes, as well as the required additional information.

Report on the consolidated financial statements – unqualified opinion

We have audited the consolidated financial statements of the company EVS BROADCAST EQUIPMENT for the year ended December 31, 2013, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which show a balance sheet total of 108.926(000)EUR and a consolidated profit for the year of 33.349(000)EUR.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from management and the company's officials the explanations and information necessary for our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the audit opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of the company EVS BROADCAST EQUIPMENT as of December 31, 2013, give a true and fair view of the net assets and financial position of the group as at December 31, 2013, as well as its consolidated results and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

Management is responsible for the preparation and the content of the consolidated Directors' report.

As part of our engagement and in accordance with the additional Belgian standard on auditing added to the International Standards on Auditing, it is our responsibility, for all significant aspects, to ascertain the compliance of certain legal and regulatory requirements. Based on that requirement we report 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, is consistent, in all material aspects, with the consolidated financial statements and does not include any obvious inconsistencies with the information that we became aware of during the performance of our engagement.

Liège, April 16, 2014

BDO Réviseurs d'Entreprises Soc. Civ. SCRL
Statutory auditor
Represented by Christophe COLSON

BELGIAN GAAP PARENT COMPANY FINANCIAL STATEMENTS

These financial statements are related to the figures for the parent company, EVS Broadcast Equipment SA (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, but also on the company website www.evs.com. They have been unconditionally attested by BDO, Auditors, represented by Christophe COLSON, 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 of EUR 96,919 thousand, representing 75.1% of the consolidated amount.

- The profit of the year amounts to EUR 36,736 thousand, i.e. a decrease of EUR 2,857 thousand compared to 2012. The balance sheet total amounts to EUR 122,028 thousand.

- In 2013, EVS Broadcast Ltd. (Hong Kong) paid two interim dividends to EVS for a total amount of EUR 6.0 million, and EVS International (Swiss) SARL paid a EUR 8.0million dividend.

- In accordance with the article 96 of the Belgian Company, the Audit Committee is composed by independent directors. Amongst them, Christian Raskin (Master in Economic Sciences, 20 years of experience in executive functions at Draka) and Yves Trouveroy (two masters degrees in Law, 15 years of experience in an investment company) have the competencies in accounting and audit.

- 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)	2013	2012
Operating income	**105,917**	**114,021**
A. Turnover	96,919	116,258
B. Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	6,882	-4,598
C. Other operating income	2,116	2,361
Operating charges	**-70,868**	**-67,080**
A. Raw materials, consumables and goods for resale	-17,796	-19,973
1. Purchases	*-18,150*	*-19,172*
2. Increase (+)/decrease (-) in stocks	*354*	*-801*
B. Services and other goods	-24,905	-22,206
C. Remuneration, social security costs and pensions	-22,990	-21,120
D. Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	-2,769	-2,820
E. (+)/(-) in amounts written off on stock and trade debtors	-1,783	485
F. (+)/(-) in provisions for liabilities and charges	166	-485
G. Other operating charges	-792	-961
Operating profit	**35,049**	**46,941**
Financial income	**15,732**	**10,230**
A. Income from financial assets	14,167	9,100
B. Income from current assets	68	59
C. Other financial income	1,497	1,071
Financial charges	**1,580**	**2,141**
A. Interest and other debt charges	-332	-433
B. Write-offs on current assets other than stocks, work in progress and trade receivables (+, -)	-6	-192
C. (+)/(-) in amounts written off on current assets	-1,242	-1,516
Profit on ordinary activities before taxes (+,-)	**49,201**	**55,030**
Extraordinary income	455	6
Extraordinary charges	-448	-19
Result for the period before taxes (+, -)	**49,208**	**55,017**
Transfer from deferred taxation	25	28
Income taxes	-12,497	-15,452
Result for the period (+, -)	**36,736**	**39,593**
Transfers from not taxable reserves		
Transfers to not taxable reserves		
Result for the period available for appropriation (+, -)	**36,736**	**39,593**
Appropriation account		
A. Result to be appropriated	36,736	39,593
B. Transfers from reserves	-	-
C. Transfers to reserves	-6,993	-3,352
D. 1. Dividends	-29,275	-35,540
D. 2. Other equivalents	-468	-701

BELGIAN GAAP STATUTORY BALANCE SHEET

ASSETS (EUR thousands)	**31.12.13**	**31.12.12**
Fixed assets	**57,621**	**35,223**
Intangible assets	433	488
Tangible assets	33,514	19,320
A. Land and buildings	4,688	6,246
B. Plant, machinery and equipment	110	102
C. Furniture and vehicles	877	1,058
D. Assets under construction and advance payments	27,838	11,914
Financial assets	23,673	15,415
A. Affiliated companies	11,171	3,422
1. Participating interests	*3,171*	*3,072*
2. Amounts receivable	*8,000*	*350*
B. Other companies linked to participating interests	12,492	11,983
1. Participating interests	*11,162*	*11,153*
2. Amounts receivables	*1,330*	*830*
C. Other financial assets	10	10
1. Participating interests	-	-
2. Receivable and cash guarantee	-	-
Current assets	**64,407**	**63,477**
Amounts receivable after more that one year	-	
A. Other amounts receivable	-	
Stocks and contracts in progress	30,533	17,016
A. Stocks	13,631	13,390
1. Raw materials and consumables	*10,233*	*10,079*
2. Goods in process	-	-
3. Finished goods	*3,398*	*3,311*
B. Goods in process	16,902	3,626
Amounts receivable within one year	20,661	21,832
A. Trade debtors	18,364	19,079
B. Other amounts receivable	2,296	2,753
Investments	6,646	13,202
A. Treasury shares	5,029	6,412
B. Other investments and deposits	1,617	6,790
Cash at bank and in hand	4,874	10,179
Deferred charges and accrued income	1,693	1,248
TOTAL ASSETS	**122,028**	**98,700**

LIABILITIES (EUR thousands)	31.12.13	31.12.12
Capital and reserves	**52,770**	**43,737**
Capital	**8,342**	**8,342**
A. Issued capital	8,342	8,342
Reserves	**40,292**	**33,299**
A. Legal reserve	834	834
B. Reserves not available for distribution	5,029	6,413
1. In respect of treasury shares	*5,029*	*6,413*
C. Not taxable reserves	525	525
D. Reserves available for distribution	33,904	25,527
Investment grants	**4,136**	**2,096**
Provisions and deferred taxation	**2,808**	**2,102**
A. Provision for liabilities and charges	2,619	1,888
B. Deferred taxation	188	214
Creditors	**66,451**	**52,861**
Amounts payable after one year	**8,235**	**6,535**
A. Financial debts	8,235	526
1. Credit institutions	*8,235*	*526*
B. Other amounts payable	-	6,009
Amounts payable within one year	**55,933**	**43,856**
A. Current portion of amounts payable after one year	291	291
B. Financial debts	1,500	-
C. Trade debts	9,488	9,227
1. Suppliers	*9,488*	*9,227*
D. Advances received on orders	19,454	6,489
E. Taxes, remuneration and social security	10,890	7,068
1. Taxes	*3,530*	*321*
2. Remuneration and social security	*7,360*	*6,747*
F. Other amounts payable	14,310	20,781
Accrued charges and deferred income	**2,283**	**2,470**
TOTAL LIABILITIES	**122,028**	**98,700**

APPENDIX TO PARENT COMPANY FINANCIAL STATEMENTS

Capital as of December 31, 2013 (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, 2013		915,780
Bearer shares – as of December 31, 2013		12,709,220
B. Treasury shares held by the company itself	**5,029**	**133,364**
C. Commitments to issue shares		
1. Following the exercise of subscription rights		
- Number of outstanding subscription rights		420,000
- Amount of capital to be issued	15,838	
- Maximum number of shares to be issued		420,000
D. Amount of authorized capital, not issued	**8,300**	