

# Barco annual report 2007



**BARCO**

Visibly yours

# Financial highlights

<b>Key figures 2007</b> (in thousands of euro)	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Full year
Net sales	156,460	192,275	173,137	225,359	747,231
Gross profit	61,525	74,944	66,343	86,921	289,733
EBIT	6,522	15,718	8,250	27,046	57,536
Profit before taxes	6,097	15,557	7,443	26,275	55,372
Net income continuing operations	5,128	12,676	6,364	20,668	44,836
Net income discontinued operations	2,419	1,633	2,099	2,323	8,474
Net income attributable to equityholders	7,547	14,309	8,463	22,990	53,309
EBITDA	18,884	28,768	22,321	42,430	112,403
Earnings per share (in euro)	0.62	1.19	0.70	1.92	4.43
Diluted earnings per share (in euro)	0.59	1.12	0.67	1.82	4.19

<b>Key figures 2006</b> (in thousands of euro)	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Full year
Net sales	155,949	166,298	153,242	205,470	680,958
Gross profit	63,143	69,618	60,628	82,877	276,265
EBIT	8,053	12,977	7,175	22,880	51,085
Profit before taxes	8,088	11,191	6,648	10,948	36,874
Net income continuing operations	6,419	8,718	5,604	5,949	26,690
Net income discontinued operations	955	2,425	1,102	2,133	6,615
Net income attributable to equityholders	7,502	11,288	6,606	8,081	33,478
EBITDA	19,885	24,804	19,154	34,061	97,904
Earnings per share (in euro)	0.62	0.93	0.54	0.67	2.76
Diluted earnings per share (in euro)	0.58	0.88	0.52	0.63	2.61

# Mission statement

**As imaging is revolutionizing the world, accurate processing and display of visual information is business-critical for many professionals worldwide. The inherent complexity therefore requires user-friendly solutions.**

In line with this vision, Barco's mission is to excel in creating stakeholder value, by offering user-friendly imaging solutions to selected professional markets worldwide.

Barco designs and manufactures innovative hard- and software visualization solutions, integrating all aspects of the imaging chain, from image acquisition and processing to image display and management. Global presence, technology leadership and wide experience in B2B markets guarantee customers pioneering visualization that will optimize their productivity and business efficiency. Integrating the latest technologies, these "visual

value" solutions answer specific customer needs in diverse markets.

Barco enters a partnership with professionals requiring visualization for intensive use, looking for pixel-perfect visual information, searching for the lowest total cost of ownership,... professionals who know more.

# Company values

## Customer focus

Barco aspires to be a trusted business partner who speaks the customer's language, who is alert and responsive, who understands and anticipates his needs.

## Integrity

Relationships with customers, suppliers, colleagues and society in general are marked by integrity. Barco wants to be a long-term partner earning respect, credibility and trust through quality, service, openness and responsiveness.

## Creativity

Barco is continuously looking for fresh horizons, new technologies and creative ideas. Originality is an invitation for people to participate in an ambitious project, to express Barco's authenticity through their own personalities.

## Passion for achievement

Employees share the same work spirit and passion to meet goals and deadlines. They are driven by the kicks of exploring new technologies, the pleasure of design-

ing award-winning solutions and the satisfaction of creating added value.

## Team spirit

Barco staff are driven by a healthy team spirit. They share the same vision and join hands to achieve their goals.

# Company profile

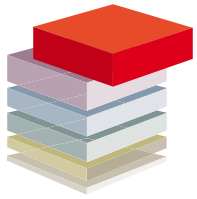
Barco, a global technology company, designs and develops visualization products for a variety of selected professional markets: medical imaging, media & entertainment, infrastructure & utilities, traffic & transportation, defense & security, education & training and corporate AV.

In these markets Barco offers user-friendly imaging products that optimize productivity and business efficiency. Its innovative hard- and software solutions integrate all aspects of the imaging chain, from image acquisition and processing to image display and management.

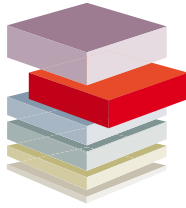
Barco has its own facilities for Sales & Marketing, Customer Support, R&D and Manufacturing in Europe, America and Asia-Pacific. The company (*Euronext Brussels: BAR*) is active in more than 90 countries and employs 3,600 staff worldwide. In 2007 Barco posted sales of 747 million euro.

# Reporting structure 2007

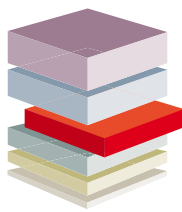
Media & Entertainment



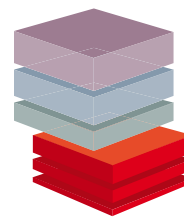
Security & Monitoring



Medical Imaging



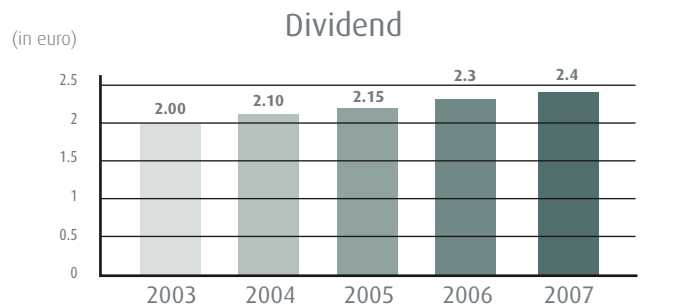
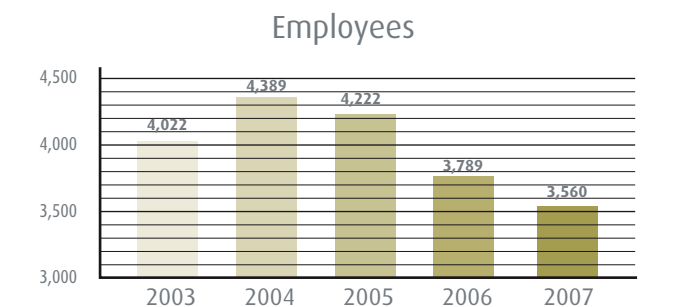
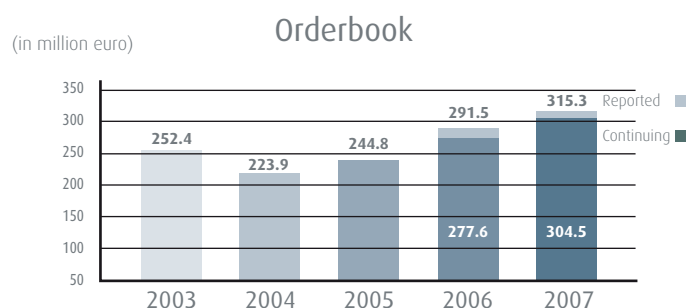
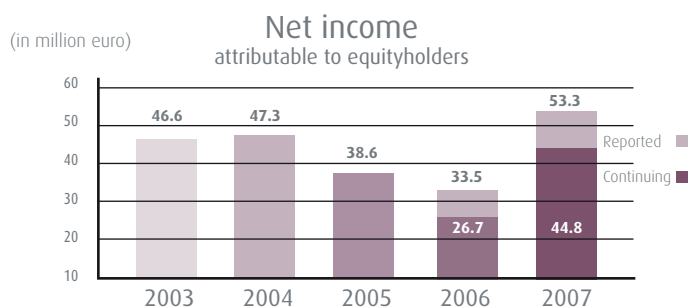
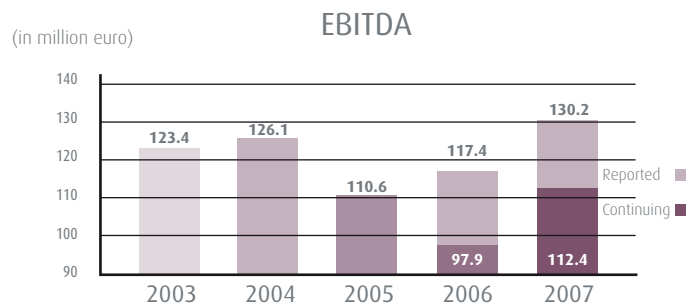
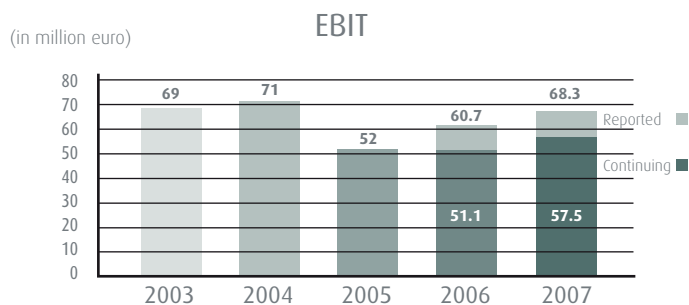
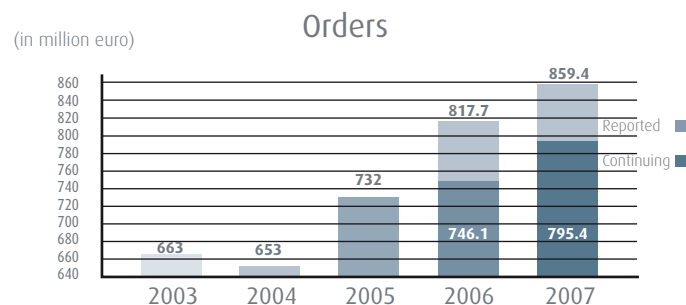
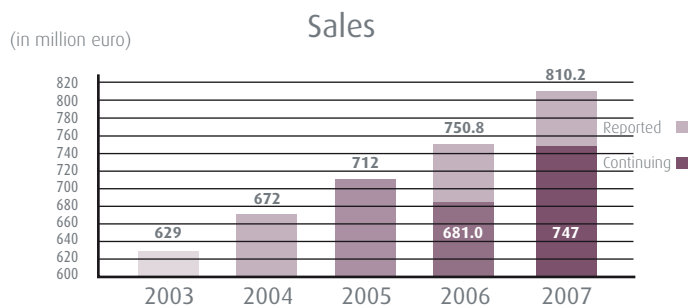
Other markets



Presentation  
Simulation  
Avionics



# Key figures



2003-2006: on the basis of reported business

2007: on the basis of continuing operations, i.e. excluding textiles and mechanical assembly activities, and also on the basis of reported business

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Jingxin Screen, Beijing, China

## Editorial

Dear investor,  
dear shareholder,  
dear reader

Our continuous strive for transparent financial communication and dialogue with stakeholders has been praised on several occasions during recent years. In 2005 for instance, we received the Award for Best Financial Communication from the Belgian Association of Financial Analysts. Investor road shows, analyst meetings and press releases play an important role in this respect, but also the annual report is a key element in our strategy for ongoing improvement of our communication with investors and in particular our shareholders.

Even so we are convinced that transparent communication is more than simply listing numbers. That is why we give an extensive update on our activities in the first part of this annual report. Styled as a professional magazine, the report covers all 2007 milestones, comments on strategic business decisions, highlights technology breakthroughs, details share performance and illustrates our role as a corporate citizen.

The second part of this annual report presents our financial results, including income statement, balance sheet and cash flow statement, all reported in line with IFRS standards.

We wish you an enjoyable read!

JP Tanghe

# Letter from Chairman and CEO

Dear shareholder

In 2007 we realized strong organic growth in our targeted professional visualization markets, by focusing and reorganizing the company. On 1 January 2007 a new division structure was put into place, which allows the company to fully focus on growth markets. Barco now has three key activities, media & entertainment, security & monitoring and medical imaging. In line with this new strategic focus on our core competences in professional visualization for growth markets, we divested most of our subcontracting activities end of 2006 and our mechanical assembly unit beginning of 2008. Divestment of our activities in the textile machine market is planned to be closed by mid-2008.

We are very pleased that all our business divisions performed very well during this period of profound change, and that the Barco group as a whole exceeded its sales targets, strongly improved its profitability and recorded an all time high orderbook at year end. There are still a number of improvements to be realized, on which we will work in the coming year. Especially our working capital needs to be managed more efficiently. But we are confident that we can maintain our profitable growth over the coming years.

## Strategic focus in a globalizing world

As a result of this strategic reorganization, we now have a more sharply focused organization and a streamlined product portfolio. During the last five years we reduced the number of vertical markets we are active in from more than 40 back in 2002 to 12 targeted growth markets in 2007, in which we realized a compound average annual sales growth of 12% over the last seven years. Moreover, we are now fully focused on our core visualization expertise in these markets with a product offering featuring both high-end products and medium range solutions. This allows us to offer a more diverse portfolio to customers worldwide. In addition, technology synergies help us maintain our

world leading position in these markets.

Thanks to this strategic focus, we are more than confident that Barco can keep on playing its leading role in the digital revolution, and that the company is ready to capture growth opportunities arising from major trends in today's economy. These trends include the need for more and better healthcare, the booming entertainment industry and the desire for more security. With our portfolio of user-friendly imaging solutions for professionals, we are more than ready to respond to the needs of these markets.

## Financial performance 2007



Herman Daems - Chairman

On continuing business, i.e. excluding the results of the divested subcontracting, mechanical assembly and textiles activities, we recorded impressive results. Sales increased almost 10%, orders went up 6.6% and EBIT grew more than 12%. Especially the Media & Entertainment division performed well, with a sales increase of 28%. Sales were up 5% in the Security & Monitoring division, but we had a difficult year in the Medical Imaging division, with slightly declining sales year-on-year. Like all major players in the medical market, we suffered from the US Budget Deficit Reduction Act.

As far as orders are concerned, we had a total order intake of 795 million euro in 2007, resulting in the highest ever orderbook at year end of 305 million euro. Both the Media & Entertainment and Security & Monitoring divisions were driving growth with double-digit increases in orders. In the other markets, order levels grew marginally or slightly declined.

In comparison with the year before, profit growth accelerated in 2007 as we already benefited from the investments made in 2006. All divisions recorded solid profits and the Barco group as a whole had an EBIT level of 7.7%.

## Impact of euro-dollar exchange rate

As Barco has a large customer base in dollar countries, we have an important exposure to the euro-dollar exchange rate evolution. But our 2007 results show that we have adapted to the currency exchange risk and that we can sustain our sales and profit growth despite the negative currency evolution. We naturally hedged our direct costs and also increased the natural euro-dollar hedging of our indirect costs. As a result, we even raised our sales targets in the course of the year, when the exchange rate of the US dollar versus the euro was close to 1.50, whereas the exchange rate was only slightly above 1.30 when we set our targets for 2007.

We now have a good spread of sales, with 45% of sales in euro countries and 55% in the US and APAC markets. Moreover, we plan to grow our business in the US and APAC, for instance in markets like digital cinema and out of home media, that are booming overseas. To further mitigate the currency risk and have easy access to low cost suppliers, an international purchasing office has been set up in Asia and last but not least, we are manufacturing more and more products in Asia, either in our own facilities or through outsourcing. As such, we are continuously improving our natural hedging and are becoming less and less vulnerable to the euro-dollar exchange rate evolution.

## Management agenda 2008

For 2008 we will keep building on the foundations laid during recent years. Based on the healthy order increase in 2007 and the economic outlook beginning of 2008, we plan continued organic sales growth for the Barco group as a whole and anticipate a further rise in operating profit. On top of that, we want to use our working capital more efficiently and significantly reduce working capital needs. In this way we will also generate a much better free cash flow.

Also in 2008 we will further optimize our global organization to leverage core competences in a scalable way. We have set up an office for business process excellence that is launching programs for new product introductions, inventory management, cash collection and customer service. We expect these programs to yield results from the second quarter of 2008 onwards.

As a technology leader we keep on investing heavily in innovative R&D and will further develop our strong intellectual property portfolio. We will considerably strengthen our R&D teams in China and India as these are two growth markets for Barco, where we can also manufacture at lower cost and have access to highly skilled resources. This optimized global footprint, together with our 'R&D for cost' approach, allows us to remain competitive in a constantly changing environment.

## Drivers of future growth

In today's global environment there is a clear need for professional visualization solutions. An important growth driver for Barco are the increased budgets for events marketing that create a big pull for large-screen imaging. At the same time the cost point of technology is getting lower and lower, making the transition from traditional printed billboards to digital signage happening. We also expect the digital cinema market to further explode now that all major Hollywood studios have approved the VPF (Virtual Print Fee) concept on a global basis.

In security & monitoring the growing complexity and ever-expanding number of sources to be monitored in real-time fuels worldwide demand. Also in this market digitization opens a new world of opportunities, whereby a whole market is transferring to a digital network-centric approach. All data and video sources are streamed over the network, and human operators can remotely take all necessary decisions.

Even though the Budget Deficit Reduction Act is slowing growth in the medical market in the US in the short run, the evolution of hardcopy to softcopy will keep its momentum as there is a growing need worldwide for more and better



Martin De Prycker - CEO

healthcare. New 3D imaging technologies will make image processing even more important in the years to come.

## Creating value for all stakeholders

Our management theme for 2008 is 'delivering on our promises' towards our three main stakeholders, namely employees, customers and shareholders. Employees play a crucial role in this respect, as they create added value for customers and shareholders. To fully meet our employees' personal career plans, we have launched an in-house Barco university, focusing on strategic domains such as leadership,

processes and technology. Through this global in-house training program, we encourage employees to share experiences and start learning from each other across business divisions and across regions.

Customers are a second group of stakeholders towards whom we want to keep our promises. The promise of a reputed technology leader like Barco is that of quality, reliability and partnership. We build long-term relations with customers through road shows, partner meetings and innovation weeks. Moreover, our solutions need to work flawless and have to be delivered in time. To gauge our performance we measure satisfaction annually and have made customer loyalty the number one KPI in our corporate dashboard.

Creating shareholder value is the third promise we want to deliver on. During recent years we have raised our dividend year after year. Another means of creating shareholder value, is the planned capital reduction based on the proceeds from the sale of our textiles division. Given the strong balance sheet the company has, the extra cash is not needed to finance any strategic acquisitions Barco may want to do. A capital reduction thus is a sound way of optimizing the cash balance of the company. But the best way of creating shareholder value is the ongoing growth of both top and bottom line. In 2007 we considerably improved sales and profit. However, our free cash flow lagged behind and to remedy this we have launched programs to reduce working capital in 2008, by focusing on reduced accounts receivable and increased inventory turns.

Summarizing 2007, we managed to realize strong organic growth despite the dollar decline. And therefore we would like to thank our shareholders and our customers. But most of all we want to thank our 3,600 employees who make the difference day after day.

Martin De Prycker  
CEO

Herman Daems  
Chairman

# The year in review

2007 was a challenging but rewarding year for Barco, in which the foundations for future growth were laid through refocusing on the company's core visualization expertise. Sales targets were exceeded, profitability rose strongly and the company had an all-time high order level at year end. Together with Barco's division presidents, we look back on the company's 2007 milestones.

## January

### RTL TVI chooses Barco's networked broadcast monitoring solution

In January 2007, RTL TVI, part of Europe's leading entertainment network RTL group, moved to a new facility in Brussels. For its production rooms, news studio and multi-functional auditorium, the company chose to integrate Barco's video walls and networked broadcast monitoring system.

Carl Peeters, President of the Security & Monitoring division, explains the advantages of Barco's network-centric system for customers: "In our innovative IP-centric approach to broadcast monitoring, video sources and metadata are distributed over the standard IT network to multiple screens. This scalable concept offers major cost savings as you no longer need dedicated cabling and router capacity for each source you wish to display. But at the same time the concept offers major functionality improvements in a real-time monitoring environment. Operators can monitor video, audio and metadata simultaneously on one giant screen. And if needed, a facility can even be monitored from another location."

## February

### Lockheed Martin selects Barco for JSF flight training systems

For the flight training systems of the F-35 Lightning II program, better known as the Joint Strike Fighter, Barco provided video routing, mixing and warping capabilities.

For Michel Vandeplas, President of the Presentation and Simulation division, this contract underlines Barco's leading position in flight simulation: "The JSF is the backbone of the future fighter aircraft force of the US and its allies; and high-quality simulation is crucial to the program's training success. Our proprietary warping technology along with our strong track record of delivering quality results, were key factors to being selected. Moreover, securing the contract was a collaborative effort between Barco's simulation and media & entertainment businesses as we bundled world class video mixing and image warping into a single solution for the JSF program."



RTL TVI, Belgium



Eurovision Song Contest, Finland

## March

### Barco signs contract with GDC Technology to supply 700 digital cinema projectors in China

GDC Technology, a leading solution provider of digital cinema, selected Barco's 2K cinema projectors for the largest single deployment program of digital cinema outside the US. Deployment started in April 2007 and is being rolled out in cooperation with the China Film Group.

Stephan Paridaen, President of Barco's Media and Entertainment division, comments on the strategic importance of this deal: "China is at the forefront of digital cinema, and with an annual box office growth of more than 30%, it is one of the fastest growing cinema markets in the world. As such, China is of key strategic importance for Barco and we are very pleased to have been selected as the exclusive partner for this landmark deployment. With this deal, we further strengthen our market share in the world's second largest digital cinema market and now hold a market share of more than 95% in China."

## April

### Barco overwhelms Eurovision Song Contest

Barco is once again playing a key role in show visualization at the 52<sup>nd</sup> Eurovision Song Contest, held in Helsinki, Finland. With an impressive combination of the latest LED technology and digital projectors, the show is set to be bigger and more visually entertaining than ever before.

Show designer Mikki Kunttu's breathtaking visual design includes more than 350m<sup>2</sup> of Barco LED gear, provided by rental partner Massteknik (Sweden). Fully integrated into the stage set is a gigantic curved screen "the cobra". This not only towers 9.5 meters up and behind the stage but also stretches out in to the audience, creating an animated catwalk.

Stephan Paridaen states: "Each year, the set designers of the Eurovision song contest raise the bar of visual creativity, and this year is no exception. The trend in the convergence of lighting video, lighting and stage design continues and we are delighted to be part of this exciting time in the evolution of visualization."

## May

### Barco delivers avionics displays for Royal Navy Merlin upgrade program

Thirty helicopters of the UK Royal Navy's EH101 Merlin helicopter fleet are currently being upgraded with Barco's state-of-the-art avionics touch screen displays. The overhaul program will ensure that the helicopters remain fully operational in the next decades.

Luc Vandenbroucke, Senior VP with Barco, stresses the importance of Barco's R&D expertise in securing the deal: "We provide prime contractor Agusta-Westland with advanced MFD-2108 multi-function displays for this upgrade program. These displays feature innovative touch screen technology. Until recently, touch screen technology had several drawbacks as brightness, contrast and viewing angle of the displays were compromised. But our engineers designed a completely new touch screen technology ensuring that user-friendliness and superb optical performance go hand in hand. Aboard the Merlin helicopters, this technology will greatly improve the human machine interface."

## June

### Barco expands PACS display offering with cost-effective 3MP color display system

At the annual Society for Imaging Informatics in Medicine meeting in Richmond, US, Barco introduced its new color 3MP display system. The new monitor expands Barco's offering in high-grade PACS display products.

Piet Candeel, Senior VP Medical Imaging, explains the strategic importance of this mid-range display in Barco's product portfolio: "This new color 3MP display complements our existing range of high-end LCD display systems for mammography and radiology. It is a perfect match for a multitude of applications where diagnostic confidence and cost-effectiveness are essential. The new display system can be used both in color and grayscale modes, which makes it a perfect match for a multitude of applications, including 3D PACS, 3D echo, ultrasound, orthopedic imaging, CAD, image fusion, nuclear medicine and PET."

## July

### Barco's arrival management software in operation at Changi Airport, Singapore

In 2006, a consortium between Barco and NCS Communications Engineering was awarded the contract by Singapore civil aviation authorities to provide a complete arrival management solution. After passing the online acceptance test, the system has been operational at Changi Airport since April 2007.

"The Singapore Flight Information Region is one of the most demanding air traffic control environments in terms of traffic load," says Carl Peeters. "This project gave us the opportunity to further optimize our range of air traffic control solutions and assist air traffic controllers in handling the ever increasing traffic density. In close consultation with the customer, we customized our arrival management software to include routing advice, runway allocation and holding advice, customizations that all significantly increase air traffic efficiency and reduce controller workload."

## August

### Barco creative LED strip selected by Toyo Ito for Fira Barcelona Gran Via

Toyo Ito, one of the world's most innovative and influential architects, is known for creating extreme concept buildings, in which he fuses the physical and virtual worlds. For the Fira Barcelona Gran Via exhibition center in Spain, he integrated 2,000 of Barco's creative LED elements, stretching a width of 100 meter.

Stephan Paridaen explains: "We are continuously breaking the boundaries of creativity in the media & entertainment market. Architects and designers are continuously looking for visualization solutions that fully blend into the environment, be it in stage design or architecture. The LED strip at Fira has a curved shape and runs all around the entrance hall in a 360 degree circular design. It reflects a relaxed mood of nature, while providing visitors with practical information."



Fira Barcelona, Spain



## September

### Barco premieres interactive touch screen technology for large-screen displays

Integrating SMART's DVIT technology, Barco opens new opportunities for real-time collaboration on video display walls used in control rooms. Users can click, double-click or drag and drop data on the large-screen area.

Carl Peeters: "Adding touch screen technology to our video walls offers a user-friendly way for collaborative decision-making. On the large-screen area, operators can write and save notes, save screen captures and interact with content on the display wall. The system uses two digital cameras with image sensors located on the corners of the video wall and sophisticated recognition algorithms to determine the exact position of the user's fingertips."

## October

### Barco virtual environment boosts resource recovery at US Federal mineral resource agency

Mineral Management Service (MMS), an agency in the US Department of the Interior, manages the

nation's energy and mineral resources on the outer continental shelf. To better exploit the quantity and quality of data and to help maximize its resource analysis efforts, MMS turned to Barco for a multi-purpose visualization environment.

Michel Vandeplass: "The new MMS facility consists of a large Barco display wall for virtual collaboration, analysis, and decision-making, and a presentation display area. The project was scheduled for implementation two years ago until hurricane Katrina hit New Orleans. But we stayed in close contact, managing the contingencies and programming the milestones for planned completion. Once we got the green light again, the project took only three weeks to complete. Today, MMS has a world-class visualization facility that increases productivity, enhances knowledge sharing, and improves bottom-line results."

## November

### Barco and Sony announce agreement to integrate LED screens into Sony's Retail, Transport and Venue installations

At the Soccerex expo in South Africa, Sony Professional Solutions Europe and Barco announced an

agreement that will allow Sony to offer its customers Barco LED screens, perimeter boards and other creative LED solutions as part of its Retail, Transport and Venues solution offering.

"This agreement with Sony is strategic as it allows us to fulfill the needs of customers with large complex installations who are looking for total end-to-end audio-visual solutions; from camera to display," comments Stephan Paridaen. "The Barco/Sony collaboration is a natural fit. We both have impressive track records. Sony has worked with high profile customers such as Arsenal Football Club, FC Porto, La Poste of France and World Duty Free, Heathrow Terminal 5 to deliver end-to-end audio-visual solutions and expertise. Our client list is impressive and includes Dubai Mall, Croke Park Dublin, Wembley Stadium and Shanghai Stadium."

## December

### Barco partners with Hitachi Displays to bring the most advanced LCD technology to the medical imaging market

Under an exclusive cooperation agreement, Barco and Hitachi Displays bring the latest In-Plane Switching LCD technology to the healthcare imaging market. The new technology delivers higher brightness, richer contrast and a significantly wider viewing angle and has been integrated into Barco's new 30" color LCD display.

Paul Matthijs, Senior VP of Barco's Medical Imaging Division, explains: "The diagnostic community needs versatile PACS imaging solutions capable of presenting grayscale and color-augmented modalities on a single high-resolution monitor. Coronis Fusion 6MP is the world's first diagnostic display system that supports this new paradigm with a seamless 30-inch display, opening new diagnostic opportunities. The combination of color imaging and performance characteristics previously only possible on dedicated grayscale LCDs, sets the Coronis Fusion 6MP apart as the most effective solution for diagnostic imaging available today."

## Worldwide presence

### Sites

#### Europe & Middle East

Belgium  
Denmark  
France  
Germany  
Israel  
Italy  
Poland  
Russian Federation  
Spain  
Sweden  
Switzerland  
Turkey  
United Arab Emirates  
United Kingdom

#### Asia - Pacific

Australia  
China  
India  
Japan  
Malaysia  
Singapore  
South Korea  
Taiwan

#### Americas

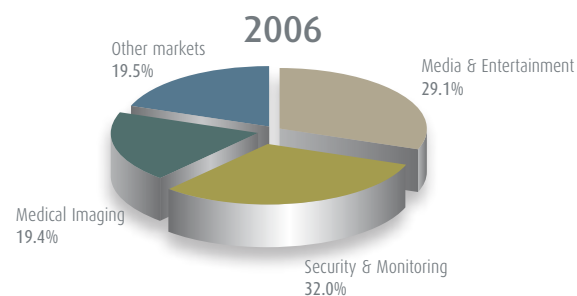
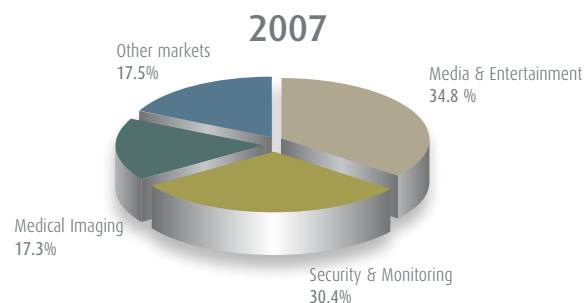
Brazil  
Canada  
United States

### R&D and/or manufacturing facilities

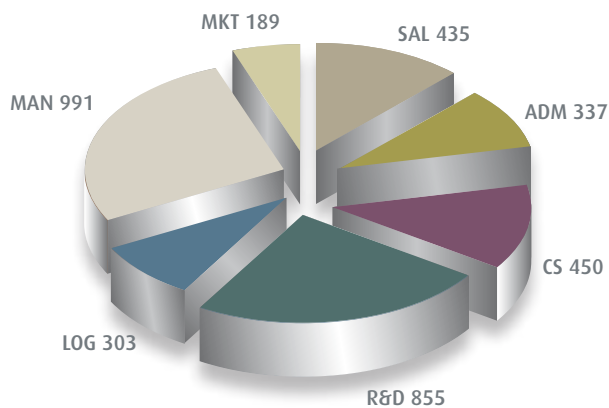
Belgium  
China  
France  
Germany

India  
Japan  
United Kingdom  
United States

## Sales per division\*



## Employees\*

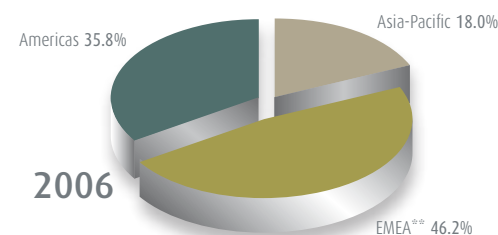
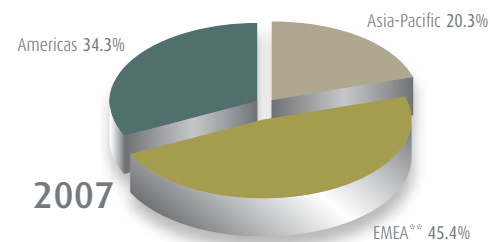


MAN: Manufacturing  
R&D: Research & Development  
MKT: Marketing  
SAL: Sales

CS: Customer Service  
ADM: Administration  
LOG: Logistics

Total number on 1 January 2008: **3,560**

## Geographical breakdown of sales\*



(\*) on the basis of continuing operations, i.e. excluding BarcoVision and Barco Manufacturing Services  
(\*\*) Europe, Middle East, Africa

# Barco divests textiles and mechanical assembly activities

## Italian Itema acquires Barco's textiles activities

In line with its strategy to focus on its core visualization expertise in growth markets, Barco signed an agreement with Italian company Itema on 19 July 2007 to divest its division BarcoVision. This division, with a sales figure of 60.8 million euro in 2007, is active in the markets of textile machinery and production process optimization. The value of the transaction is 72 million euro. The closing of the contract is expected in the first half of 2008, pending the approval of antitrust authorities.

All the division's operations are part of the acquisition agreement. They involve the operations of BarcoVision in Belgium, Gebrüder Loepfe AG in Switzerland and Italy, BarcoVision Ltd in the United Kingdom, Barco Sedo GmbH in Germany and BarcoVision LLC in the USA. The Belgian manufacturing activities will be gradually transferred to other manufacturing plants of the Itema organization. As a result of this, about 40 employees, currently involved with operations in Belgium, will move to other divisions of Barco, supporting their continued growth.

In November 2007 Barco also sold its site at Sevenslaan in Kortrijk, where the division BarcoVision is housed, to Brownfield Developer PSR. Brownfield will take over the land and buildings, as well as related environmental liabilities.

## Barco divests Mechanical Subcontracting unit

On 20 December 2007 Barco announced an agreement with BMTech on the sale of its mechanical subcontracting unit. After the sale of the electronic manufacturing and print activities in December 2006, mechanical subcontracting was the last remaining part of the former Manufacturing Services division of Barco. The transfer to BMTech became effective on 1 January 2008.

# Noida facility in India ISO 14001 awarded

Balancing the three P's, profit, people, and planet is an integral part of Barco's business philosophy. Not only does the company meet and exceed local regulations about quality and safety but Barco also tries to minimize its environmental impact. In December 2006 the decision was taken to implement an Environmental Management System in Barco's Noida factory in India. In only nine months' time, Barco went through the process and was awarded the prestigious ISO 14001 certification, the internationally recognized standard for environmental management.

Rakesh Vohra, Managing Director for Barco India, explains: "ISO 14001 provides guidance on how to manage the environmental aspects of company activities, taking into consideration environmental protection, pollution prevention, socio-economic needs and legal requirements. Although the standard does not lay down actual levels of environmental performance, it requi-

res a company's commitment to comply with environmental regulations and legislations, and it also expects certified partners to continuously evaluate and improve their performance."

"External and internal training was provided to all employees and a dedicated "core" team from different departments was formed. It took this team four months to fully understand the ISO 14001 standard and implement related procedures, work instructions and internal audits. But the results are impressive already. For instance, we drastically reduced the use of plastic, implemented a water harvesting solution, selected certified agencies to dispose of dangerous materials, and took actions to prevent soil contamination."

In September 2007, Barco's Environmental Management System was successfully audited by "RINA" (the certification body).



# Awards

## **Frost & Sullivan honors Barco for leadership in North American medical display market**

Frost & Sullivan's Market Leadership Awards honor companies that have shown excellence in every area of the market leadership process. Through interviews with market participants and extensive secondary research of proprietary data sources, Frost & Sullivan tracks competitor revenue and market share within the industry. Other criteria include revenue growth rates, profitability and technology innovation.

"Because of the decreased market growth and falling price points, the medical display market is very challenging," says Frost & Sullivan Analyst Zachary Bujnoch. "Maintaining high profit margins is a big achievement. One way Barco has dealt with market pressures is by focusing on the mammography display market, which requires the highest quality of displays currently available. Barco recognized this opportunity and has been successful in its pursuit of market leadership in this segment. But this does not mean Barco ignores the other market segments, because its development efforts in the color display product line, along with its commitment to offering complete solutions for medical displays, are two other key criteria for success. Based on these market leadership efforts, Frost & Sullivan proudly honors Barco with the 2007 Market Leadership Award for the North American medical display monitors market."

Early 2007 Barco also received Frost & Sullivan's Leadership Award for its market leadership in the European medical display market.

## **Oil industry awards Barco for unique data visualization technology**

The annual World Oil Awards applaud the innovations and innovators of the global upstream petroleum industry. This year's program featured 12 award categories that covered the spectrum of the upstream oil and gas industry, and drew candidates from around the globe. Barco's XDS-1000 display management system took top prize in "Best Data Application / Visualization" at the 2007 World Oil Awards. Rusty Meador, President and CEO of Gulf Publishing Company, presented the prestigious award.

"This award recognizes our ongoing commitment to the oil & gas industry," says Al Herman, vice president and general manager for Barco's simulation business. "We have a long history of partnership, helping geologists and geophysicists of the world's leading oil organizations to visualize complex seismic data and other critical information. The XDS-1000,

a display management system for multi-channel projection systems and display walls, represents the next generation of technology by creating the ultimate immersive, collaborative working environment. The system has the power to handle displays with a resolution of millions of megapixels in bright colors, zoom in on images without loss of detail, and eliminate blurry overlap zones where projections converge, so that one continuous image is generated. With its easy source and layout selection, this user-friendly product helps the world's leading Oil and Gas organizations explore and produce new oil and gas supplies faster and more efficiently."

The XDS-1000 system is currently being used in Shell's visualization centers across the world and in Schlumberger's Training Center. Major organizations such as Norsk Hydro in Norway and ADMA and ADCO in United Arab Emirates also use Barco's display management system.



Steve Lutz accepts the Annual Oil Award



George Michael 25 Live Tour

### **Willie Williams wins Creative Review award for outstanding design using Barco creative LED modules**

Creative Review, the world's leading monthly magazine for visual communication, publishes its awards each May. Show designer Willie Williams was named "Best in Book" in the Creative Review Annual for his impressive design on the recent George Michael 25 Live Tour. The stage design of the George Michael tour was centered around a dramatic "ski slope" LED video screen. The screen, measuring 9 by 25 meter, incorporated 3,000 of Barco's new MiSTRIP LED modules. The screen was a technical first, and was custom-made for the concert.

"It was a colossal undertaking," remembers Willie Williams. "I have had this in mind for a long time and George seemed the perfect person for it... I am always dealing with things that are only just possible – the technology and the show developed hand in hand. The modularity of the MiSTRIP system and special mechanics developed for the show allowed the lower rear part of the screen to open up, an unexpected entrance for the artist onto the stage!"

### **Barco receives 'Top Employer Belgium 2008' quality label**

**Top Employers score particularly high on education and training, working environment and career development criteria**

In the annual survey performed by independent research organization CRE, Barco and 34 other Belgian companies were awarded the Top Employer Belgium 2008 quality label. Only companies that meet very strict selection criteria in the areas of education and training, working environment and career development opportunities are awarded the label.

### **Barco leadership in defense market awarded**

Recognizing the company for its leadership in the defense market, Frost & Sullivan presented Barco with the prestigious 2007 European Best Defense Commercial-Off-The-Shelf (COTS) Provider of the Year Award. The Frost & Sullivan Award for the Best COTS Provider is presented each year to the company that has demonstrated an exceptional COTS development and delivery within the indus-

try. "The excellence of Barco's COTS products, combined with its cost-effectiveness and the company's ability to develop a prestigious defense clients' portfolio have enabled it to gain renown," says Frost & Sullivan Research Analyst Mr. Christopher Cradock. "Its activities, particularly in consoles, displays and rugged computing solutions, have expanded with large wins in Europe and the United States."

The award was handed to Barco during the Frost & Sullivan's 2007 Excellence in Industry Awards Banquet honoring outstanding achievements in Aerospace & Defense and Automotive & Transportation, held on Thursday 14 June in London, UK.

### **Barco earns Boeing Performance Excellence Award**

Boeing has awarded Barco the Performance Excellence Award for 2007. With these annual awards, the Boeing Company recognizes superior performance by its suppliers. From October 2006 until September 2007 Barco maintained a perfect track record, with 100% on-time delivery and zero defects for all its deliveries.

# Building a culture of excellence

Excellent business processes, linking company strategy to customer perspective, are essential for continued success in a global competitive environment. To support the organization during business process improvement projects, Barco has set up a company-wide Process Excellence and Change Support Office (PXO).

Danny Sergeant, Senior VP Process Excellence & Change Support explains: "Business Process Excellence is first and foremost about improving the organizational performance, seeking to make the business processes more effective, more efficient and more capable. The PXO's mission is to provide a higher degree of transparency to the core business processes, helping Barco to respond to the global pressures of cost, timing and service quality."

The PXO consists of a dedicated team of change agents who lead transformation projects, train employees on new procedures and coach them into new and better ways of working. Danny Sergeant continues: "The PXO is much more than a project management office. The transformation projects will only result in sustainable improvements if the people accept and embrace the change. This "Change" aspect is the main

differentiator in our approach. We do not only work on process optimization and operational performance metrics, but most importantly engage the people and coach them into sustainable behavioral change."

"The business process excellence projects are linked to the company's strategic goals, focusing initial efforts on 3 business processes that have a direct impact on the customer experience and on achieving the desired business results: New Product Introduction, Sales & Operations Planning and Customer-To-Cash."

## **New Product Introduction: accelerating time-to-market**

Danny Sergeant: "Time-To-Market can make the difference between business success and failure. With ever shorter product life cycles, an effective and efficient New Product Introduction process is crucial for a technology pioneer like Barco.

This initiative introduces best practices in our development processes and accommodates various cost and time saving techniques with multi-functional project management teams."

## **Sales & Operations Planning: matching demand and supply planning**

A dynamic Sales & Operations Planning will enable Barco to respond adequately to variations in demand and supply with an optimized market and supply chain mix. Danny Sergeant: "The benefits for Barco are obvious: increased inventory turns, lower purchasing costs, efficient manufacturing and last but not least, timely and qualitative product delivery to customers."

## **Customer-To-Cash: efficient credit collection**

The Customer-To-Cash project aims to maximize cash flow performance by reducing the number of Days Sales Outstanding and to minimize the cost and customer hassle of resolving disputes through release payments.

Danny Sergeant concludes: "The Business Process Excellence program is still in an early roll-out stage. However, with a clear linkage to the company's strategic goals and with a disciplined project approach, it promises to deliver solid returns to the company."

Process excellence



# Personalizing the online customer experience

With over two million visitors and half a million downloads per year, the website is of paramount importance in Barco's marketing strategy. Recently the company launched my.barco.com, a new personalized interactive extranet for partners, customers and prospects.

Ann Galland, Global Director Marketing at Barco, explains: "The whole idea behind my.barco.com is to give customers and end-users immediate access to the information they are looking for. The need for personalization was one of the key learnings from the 2007 web visitor satisfaction survey.

They can customize their profile, indicate their preferences and directly interface with Barco staff and each other. By linking back office processes, we ensure customers always see up to date information, and more importantly, information that is relevant for their business. An example? A lens calculator that only takes into account the projector types a partner has or a spare parts finder that only shows spares for their installed fleet of monitors."

Structured around four major types of content (support, sales, marketing and training), my.barco.com offers instant access to

the most relevant information for all users. Partners are often the first line brand advocates for our company, therefore they should have the most recent information at their fingertips 24/7, be it product specifications, user manuals or technical information. Moreover, they can register service requests online and have access to an interactive FAQ, a searchable knowledge-base where they find the answer to all their technical questions. End-users can consult all required information for the products they have, whereas prospects are kept up to date of new products or technologies in their fields of interest. All other registered users have access to a limited set of functions, including subscription to Barco newsletters and press alerts.

Ann Galland: "The dynamic structure of the site allows updating pages on the fly, resulting in a very user-friendly interface. Most of the navigation is also wizard-based. The information presented is first filtered based on the visitor's profile. Step-by-step, visitors can then further navigate to their desired content by selecting from drop down lists. If you are for instance looking to download a driver, you simply select the category, product type and choose the driver from a list of available downloads."

In the coming months the global webteam will be adding many more functionalities to my.barco.com to further facilitate interaction. My.barco.com will be expanded with forums and blogs to exchange knowledge, targeted content publishing to automatically inform partners of 'must-know information', and a 'my colleagues' section from where partners can easily give their colleagues access to my.barco.com.





"The superior quality of Barco products, the professionalism of its staff and its customer first service concept are projected through this giant screen."

Ms. Jiang,  
Beijing Hao Yun Investment Group

## 758m<sup>2</sup> urban landmark for Beijing

The Chinese outdoor advertisement industry is one of the fastest growing markets today. The new LED screen, which dominates the façade of the Jingxin building on Beijing's Third Ring Road, is the showpiece of the Beijing Hao Yun Investment Group. It measures 758 square meters and is composed of 1260 Barco LED tiles. "In all these years in China I have never been part of a project that captured the imagination of so many people," says Frank Christiaens, Managing Director Barco China. "Anyone who visits Beijing and passes by the 3<sup>rd</sup> ring road remembers our screen."

One and a half years after project initiation, the Jingxin LED screen is there for all to see. Its excellent display quality and stable back-office operating system have been widely praised. These features, combined with the screen's unique location, make it a dazzling city highlight and a much sought-after advertising space for world-class brands. Beijing Hao Yun Investment Group is delighted with the result and expressed their appreciation at the Jingxin inauguration speech in December 2007: "The superior quality of Barco products, the professionalism of its staff and its customer first service concept are projected through this giant screen, which will be a highlight in Beijing."

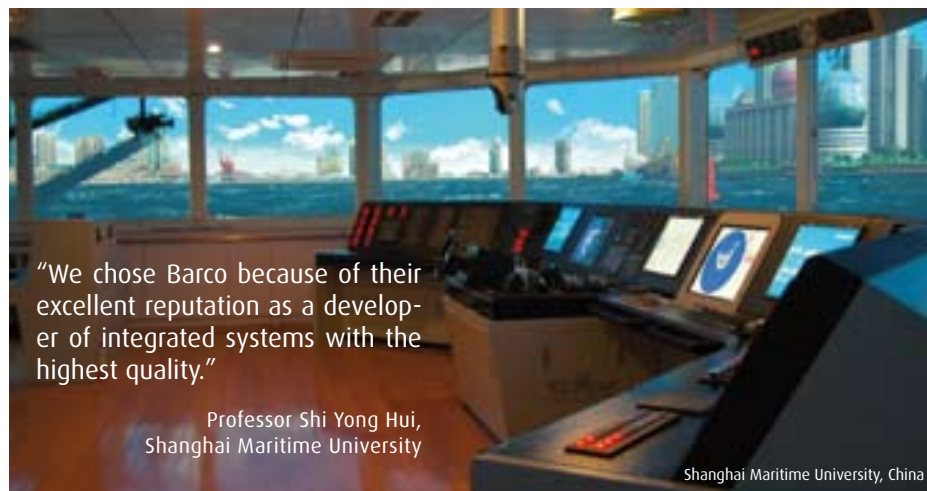
"Because we made such a big investment we evaluated all LED products on offer in the market. We decided to go for Barco based on quality and lifecycle cost. Our experience with Barco's high-standard installation and after-service confirms our initial quality perception of Barco," says Ms. Jiang, representative of Beijing Hao Yun Investment Group. "Moreover, seeing is believing. Once potential advertising customers have seen their advertisement on screen, they are totally confident of the impact their message will have."

## Shanghai Maritime University contracts Barco for stereoscopic, 360° ship bridge simulator

Chinese maritime education has its roots in Shanghai in 1909, when a shipping faculty was established at Shanghai Industrial College. Today, Shanghai Maritime University is a multidisciplinary university with a full-time student popu-

lation of nearly 15,000 and over 800 teaching and research staff. The University has provided shipping enterprises, public institutions and government departments with thousands of graduates and its excellent reputation has earned

it the title 'cradle of qualified shipping personnel'. Barco partnered with Shanghai Maritime University to install the country's first stereoscopic, twelve-channel ship bridge simulator.



"We chose Barco because of their excellent reputation as a developer of integrated systems with the highest quality."

Professor Shi Yong Hui,  
Shanghai Maritime University

Shanghai Maritime University chose Barco as prime contractor because of its excellent reputation as a developer of integrated systems. The proposed solution was a twelve-channel stereoscopic system with a 360° field of view, an image height of 5.5m and screen length of 70m. Twelve Barco Galaxy projectors drive the system in front-projection, while a special Barco remote control takes care of automatic realignment, color settings and brightness adjustments. Another major technology feature of the Galaxy projectors is their geometry correction, which warps the images around the 360° curved screen in seamless overlap.

The stereoscopic ship bridge simulator is currently used by the University as well as third parties for a multitude of training applications.

# Largest LED screen for 2007 Special Olympics World Summer Games

On 2 October, more than 80,000 spectators were present at Shanghai Stadium for the 2007 Special Olympics World Summer Games opening ceremonies, with another 500 million viewers watching the live broadcast from home. Ceremonies were attended by the city's most famous sporting sons -- basketball icon Yao Ming, a Special Olympics ambassador, and Liu Xiang, the world and Olympic champion 110m hurdler. In preparation of the games, Barco installed a 391m<sup>2</sup> LED screen at Shanghai Stadium, the biggest LED wall ever at a Chinese sports venue, totaling no less than 651 individual LED tiles. The ceremonies started with a video of People's Republic of China President Hu Jintao, who officially declared the games open.

Built in 1997, Shanghai Stadium covers 190,000 square meters and has a seating capacity of 80,000. The stadium has been host to numerous

international and domestic sporting events over the last decade. In addition to being the host site for the Special Olympics, the Shanghai Stadium will also serve as one of next year's 2008 Olympic Games soccer venues. Frank Christiaens, Managing Director Barco China, looks back on Barco's recent achievements in the Chinese sporting industry: "In 2004 we installed the first major LED project in the Chinese sports market at Shanghai Formula 1 Race Track. Over the years we have installed numerous LED screens at reference sites, including the Nanjing Olympic Sports Centre in Jiangsu province, and the Qi Zhong International Tennis Center in Shanghai, home of the ATP Tennis Masters Cup."

Playing host to some 7,500 athletes, 40,000 volunteers and 3,500 event officials from around the world, the 2007 World Summer Games were the first Special Olympics held in Asia, and it was

only the second time they were held outside the United States. What is more, the event makes China the first country in history to host the Special Olympics World Summer Games, the Paralympic Games and the Olympic Games in one four-year Olympic cycle.

## A window on the 2008 Olympic Games

In the course of 2007 Barco has installed twelve LED screens for the Beijing Olympic Cultural Square project. The LED screens are installed at 12 strategic locations ("Cultural Squares") in Beijing, with an extra two mobile LED displays to be deployed where needed. The screens will be used to display live video from the 2008 Beijing Olympic Games, along with government bulletins. After the games, the LED screens will be used to broadcast advertising, live video and news bulletins.



"In 2004 we installed the first major LED project in the Chinese sports market at Shanghai Formula 1 Race Track. The 391m<sup>2</sup> LED screen installed at Shanghai Stadium marks a new landmark for Barco."

Frank Christiaens,  
Managing Director Barco China

Special Olympics, China



Rascal Flatts on tour, US

## Rascal Flatts' tour dressed in Barco LED

For the latest "Still feels good" tour of award winning country music group Rascal Flatts, Nashville-based I-MAG Video selected a full complement of Barco LED gear. The tour, which kicked off in the summer of 2007, features no less than 4,400 of Barco's creative LED modules.

The expansive main stage is comprised of 154 plexiglass "decks", each of which include 18 Barco MiTRIX LED elements. This provides a solid and expansive foundation for video imagery on which the band members perform. During "Life is a Highway", Rascal Flatts literally performs on a video highway that rolls smoothly down the stage under their feet. And during "Stand", they're playing on concrete.

Above the stage in a dramatic thunderbird motif, 96 Barco outdoor LED tiles provide the palette for the concert's main video content. Below

the primary thunderbird, secondary thunderbird "wings" thrust out to the sides. These wings are also dressed with MiTRIX modules on both sides. With "surround" structures in place for video, Rascal Flatts' "Still Feels Good" set goes far beyond an immersive experience. Spectators are not just watching a musical performance with a video backdrop. Instead they feel like they star in the video themselves.

The set was designed by Bruce Rodgers, winner of the prestigious 2006 Parnelli "Set Designer of the Year" award. "I tried to solve all of Rascal Flatts' needs," notes Rodgers. "We wanted a 360 degree setup, we wanted audience interaction, and we wanted the people in the back and to the sides to have the same great show as the people out front. And out of this came the thunderbird vibe and the wings."

In order to fulfill Rodgers' vision, an advanced

video delivery system was required. To this end Steve Daniels, owner of I-MAG Video, called a "meeting of the minds" at the NAB tradeshow with Steve Scorse, Barco's VP of Sales and Marketing for the Media & Entertainment Division; Tony Van Moorleghem, Product Manager for Barco's new DX-700 LED digitizer and veteran visual designer Charlie Terrell.

"Because the set is so big, it posed challenges in terms of aspect ratios and playout," explains Daniels. "Our goal was to facilitate this electronically, as simply as possible, and at the highest resolution. By using the DX-700, the first application of the product worldwide, we reduced the number of digitizers, and processed the video at a much higher bit rate."

The result of this cooperation? A visually overwhelming stage set for a tour attracting more than one million fans.

# Barco and Royal National Orthopaedic Hospital advance orthopedic imaging

The Royal National Orthopaedic Hospital – NHS Trust (RNOH), founded over a hundred years ago, is a highly specialized orthopedic clinic in Central London with an international reputation. Always pushing the boundaries in treatment, research and education, the hospital focuses on offering its many patients state-of-the-art quality care. When PACS was introduced, RNOH resolutely opted for a Barco display solution in the operating theaters.

“Working with conventional films had become difficult,” explains Stephanie Williamson, PACS Project Manager. “First of all, because of the space they take up. Since, for some disciplines such as spinal surgery, for example, the surgeons have to be able to see the whole spine on one image, the films could be up to 90 centimeters long. Surgeons also have to be able to view multiple images – X-rays, MR scans, CT scans, etc. – at the same time. As a result, there were

often four or five different sets of images up on the light boxes in the operating theater.”

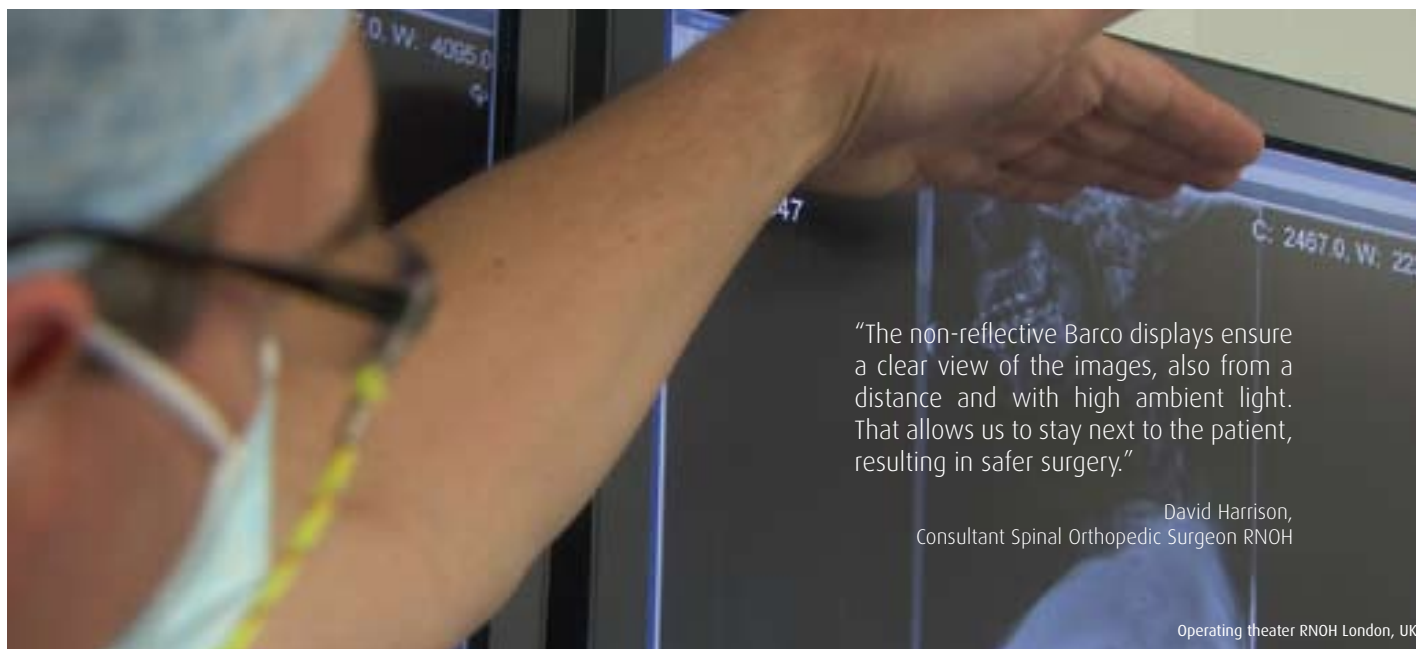
Space was not the only problem. Using film also involved huge costs. Besides the actual cost of the film, there were the expenses for transport, storage, management or chemical processing.

## Complex requirements list

The switch to a digital imaging system implied the purchase of a reliable display system. The requirement list was long. Stephanie Williamson: “The system had to be able to display DICOM images and it had to be easy and quick to install. Since the operating theaters are the powerhouse of an orthopedic hospital, we could not afford any downtime during installation. For that same reason, the system had to be extremely reliable: if the imaging system is down, our operating capacity is down.”

“At RNOH, we use many challenging and innovative medical techniques that rely on access to accurate information at all times. To allow us to execute complex medical procedures, our new digital imaging system had to provide an extraordinary image quality and be able to import several types of images,” adds Joint Medical Director Tim Briggs.

And there were other requirements. David Harrison, Consultant Spinal Orthopedic Surgeon: “In spinal surgery, my field of expertise, we need a wide range of imaging for diagnosis and surgery. It is also crucial that we can see the whole spine or lower limb on a single high-quality image. And we need to be able to manipulate the images. A static image is not always enough. Sometimes you need to flip it or to move it around during the operation.”



“The non-reflective Barco displays ensure a clear view of the images, also from a distance and with high ambient light. That allows us to stay next to the patient, resulting in safer surgery.”

David Harrison,  
Consultant Spinal Orthopedic Surgeon RNOH

Operating theater RNOH London, UK

### Barco: a trusted partner

RNOH already knew the Barco name as a reference in the field of medical imaging, thanks to the National Program of the National Health Service. "Barco seemed like an obvious choice to ask for a proposal. The demo they gave included various options, all suitable for our theaters. It did not take long to convince us that Barco's large, high-quality 30-inch displays were the best choice," explains Stephanie Williamson. From the demo over the selection procedure to the implementation, the Barco-RNOH cooperation was smooth. Stephanie Williamson praises the good relationship they had with Barco throughout the process, starting with the demos all the way to selecting and installing the right equipment.

### High-definition view

Quantifying the exact impact of PACS and the

new display system early after their implementation is difficult. However, the RNOH surgeons and staff have expressed great appreciation of the high-quality viewing facilities. "The Barco displays give us a life-size image of the part of the patient we are about to treat," says Tim Briggs. David Harrison adds: "Wherever you stand in the operating theaters, you get a good, clear image, even with high ambient light. This is really important: a high-definition image of a tumor and the surrounding tissue, for instance, allows for their more precise excision."

"The new display system has really changed our way of working and I have discovered that you can do far more with digital images than with conventional film," he continues. "We can constantly vary contrast and brightness, measure angles and distances, etc. The non-reflective Barco displays ensure a clear view of the images, also from a distance and with high ambient

light. That allows us to stay next to the patient instead of stepping down to have a closer look, resulting in safer surgery."

### Filmless from PACS day one

Consequently, the system has improved safety and efficiency in the operating theater. RNOH now has a display solution that meets the clinical needs of its surgeons – a crucial achievement in orthopedic healthcare. And it is saving money: the hospital stopped using films the day PACS became operational. "However, the fact that the new system meets our surgeons' clinical requirements is definitely the most important benefit," summarizes Stephanie Williamson. Tim Briggs' conclusion echoes this: "The Barco display system helps us to achieve our aim: to offer an ever higher quality care to our patients."



# All-in-one broadcast visualization solution for RTL TVI

In January 2007 RTL TVI, the leading channel in the south of Belgium, moved to brand new facilities in Brussels. In designing its new monitoring and studio facilities, RTL Group Belgium chose to integrate the latest technologies available. Barco played a major role in creating these state-of-the-art facilities and installed its visualization solutions in the production rooms, the news studio and the multi-functional auditorium.

## Unequaled flexibility

For the two main production rooms Barco provided rear-projected video walls, offering unlimited flexibility to program directors. They can configure and re-configure the wall according to their requirements, without having to move monitors. They simply select from a list of available sources, which they drag and drop onto the screen. Video windows can be enlarged

or reduced in size until the layout fully meets their needs. Barco also provided 42-inch High-Definition LCD displays for the production rooms. These displays offer the RTL TVI control room operators crisp, clear and color-accurate images on a 1920x1080 pixel resolution.

## Advanced networked visualization

RTL TVI also chose to integrate Barco's Networked Broadcast Monitoring System, which allows for high-quality, low-latency distribution of video sources and metadata over the available IP network. Thanks to this approach, sources can be displayed and monitored on any screen throughout the facility, including the three production rooms, the nodal, the EVN satellite room and the filing room. "The Networked Broadcast Monitoring System is highly scalable, with an almost unlimited number of input and output ports," says Thierry Piette, Technical and Broadcast IT Managing Director. "Its distribut-

ed architecture allows us to save on the total investment needed for monitoring within the facility, because we need significantly less router capacity and monitoring inputs."

## Multi-purpose auditorium

RTL TVI's new facilities also include a 133-seat auditorium, used for opening performances, press conferences, presentations as well as for radio recordings. In this room Barco installed its DP-90 compact 2K digital cinema projector. RTL TVI greatly appreciates Barco's service and support throughout the execution of the project, which was delivered in the shortest time possible. "With the installation of Barco's visualization technology, we are heading in the right direction," says Thierry Piette. "This installation gives us the opportunity to work out comparable solutions in facilities of the RTL Group throughout Europe and the rest of the world."



"The distributed architecture of the networked broadcast monitoring system allows us to save on the total investment needed for monitoring within the facility, because we need significantly less router capacity and monitoring inputs."

Thierry Piette, Technical and Broadcast IT Managing Director

RTL TVI, Belgium

# daytaOhio and Barco: bringing virtualization to the next level

daytaOhio is a non-profit organization set up on the campus of Wright State University in Dayton, Ohio, US. "Due to the internet, advancements in IT and increasing globalization, every company is struggling with an overabundance of data, which slows down decision-making," explains Ken Berta, Executive Vice President for daytaOhio. "As the effective use of information is key to success in today's knowledge-driven economy, we wanted to help Ohio's business, academic and government institutions to effectively acquire, manage, analyze and visualize these large volumes of data. That's why we wanted to create a professional demonstration environment where businesses can visualize and evaluate data more intuitively." The State of Ohio, five universities and a series of private partners were enthusiastic about the idea. They came up with the necessary funds to implement a state-of-the-art visualization complex at the new Joshi Center, on the campus of Wright State University.

## The beating heart: next-generation visualization

The beating heart of the research center is the visualization environment. Ken Berta: "We in-

sisted on teaming up with the leading player in this field. To us, Barco is the Rolls Royce of visualization. Its broad product offering, innovative solutions and high-quality equipment are beyond compare. And something else that was equally important: Barco has a sales office and manufacturing base in our region. We could, therefore, join forces with a local business."

## Custom-made concept

The technical collaboration hit the mark alright. Ken Hunter, market director for Barco's virtual and augmented reality business at Barco: "At the very start, daytaOhio was unsure to what extent virtualization would be possible. So more than providing a bare solution, we conceived the entire concept together." As the project was a sophisticated one, with a fully customized solution, Barco assembled an entire team of dedicated, experienced professionals for the installation. They did a terrific job. In five months' time, an impressive virtualization solution went live in multiple rooms. The centerpiece is an immersive visualization room surrounding the user with 3D rear-projected virtual imagery.

"Barco's system is fully tailored to our specific needs," Ken Berta continues, "and has largely exceeded our expectations. First of all there is of course the great brightness, high resolution, and color depth, which we had come to expect of Barco display systems. But we never imagined the countless possibilities to process and visualize large and varied streams of data."

"Users can indeed simultaneously view 3D stereo and mono data from various sources – DVD, video, network – in different windows. This is a quite unique asset of our XDS-1000 display management system," explains Ken Hunter. "The multi-sided I-Space is like the Star Trek Hologdeck: it surrounds and immerses the researcher or user in the data and allows him to interact with it. And as all this visualization technology is network-centric, it is ideal for collaborative analysis and decision-making: users can share information, visualize it and analyze it between the meeting rooms and the visualization lab." "On top of that, the system is very user-friendly," Berta adds. "All the systems are desktop-integrated and can be operated easily with the familiar mouse and keyboard, thus eliminating the need for further training."





3MP LCOS projector



# Resolution revolution in virtual reality

Recreating reality by means of visualization devices, that is what virtual reality is all about. The better the colors, the contrast, the image quality and resolution of a virtual environment, the closer it comes to reality. Industry insiders often say that “a virtual setup saves a ton of time and a ton of money”. And that is true. For instance in flight simulation, training pilots in a simulator versus training them in a real-life plane is up to 40 times cheaper. And in automotive design a virtual mockup of a new car is quicker to create and comes at a fraction of the cost of a physical mockup.

In this world every pixel counts, as an extra pixel means a better simulation of reality. With its newly introduced 3 and 10 megapixel LCoS projectors, Barco has more than doubled the highest resolution available today. Moreover, the technology holds the potential to show up to 50 million pixels, ten times more than the highest projector resolution available on the market today.

## Liquid Crystal on Silicon

“LCoS stands for Liquid Crystal on Silicon,” explains Peter de Meerleer, Director Product Management for Barco’s Presentation & Simulation division. “You could say it is a combination of the existing LCD and DLP technologies. Liquid crystals are put on a reflective silicon grid. This silicon grid masks the electronics which manipulate the liquid crystal, turning off or on each pixel. In this way the image is built up pixel by pixel. But the big difference with existing technologies is that the electronics to turn the pixels on or off are not placed next to the pixel. Instead they are located under the pixel. As a result the technology has a much higher density, meaning that you have more pixels on the same amount of space. The result? Resolutions of more than 10 million pixels and the potential to reach up to 50 million pixels.”

## Smearing reduction crucial for commercial success

LCoS technology has been around for a long time. Fifteen years ago Barco evaluated its potential for the first time but the technology was not yet

ready for production as it had too many pixel defects. Peter de Meerleer: “We immediately recognized the market potential of the technology and kept a close eye on its evolution. In 2005 the technology finally became mature and our R&D team in Japan started working with it.”

Higher resolution and better contrast are the big advantages of LCoS. But the technology did not render colors as uniform as DLP does, and the high image refresh rates caused smearing when fast-moving images were displayed. Peter de Meerleer: “When the R&D team started creating the first projector designs, we had to further engineer the core technology to make sure that it would meet industry standards. Building on our core competences in visualization, we designed some unique electronics to make sure that our LCoS projector would meet industry standards for uniformity. We also solved the smearing issues by designing a dedicated smearing reduction wheel. This wheel freezes the images for a fraction of a second to make sure that each single image is perfectly perceived by the human eye. And this proves crucial for commercial success in flight simulation.”

## Flight simulation enters 21<sup>st</sup> century

Flight simulation is probably the last market worldwide where CRTs, cathode ray tubes, were still the technology of choice. Despite drawbacks like heavy maintenance, expensive tubes and tedious alignment procedures, CRT was the only technology capable of rendering true black and fast-moving images. Peter de Meerleer: “Thanks to the smearing-reduction wheel we designed and added to the LCoS technology and the inherent strong black rendering of LCoS, we have made the technology perfectly suited for simulation. What is more, end of 2007 we were the first to attain level D certification in flight simulation. Canadian CAE integrated our projectors and their Tropos-6000 visual system in an Airbus 320 flight simulator for Air France. Civil aviation authorities awarded this simulator level D certification, the highest level attainable in commercial flight. This means that pilots, who have been trained in this

LCoS-powered simulator, can start flying a plane immediately after their training, without the need for further test flights.”

## Black is black

LCoS has a five time higher contrast ratio than existing technologies, which amongst others ensures that black is rendered in a more reliable way. Peter De Meerleer: “This true to life black rendering makes it possible to perfectly simulate night flights for a pilot. But this true black is also essential in other applications. In automotive design, car interiors are rendered more accurately and a black environment in a planetarium is now finally projected with the black level it deserves!”

## Reducing complexity in virtual collaboration

But also other markets will benefit from this resolution revolution in projection. LCoS is quickly becoming the technology of choice for applications that need to show fine detail or graphics and that require higher projected resolutions. Peter de Meerleer: “We currently have a 10 million megapixel projector on the market, the LX-5, which can replace existing multi-channel setups in virtual collaboration rooms. Instead of using several projectors to project full screen on canvas, this can now be done with just one projector, ensuring superb image quality and removing the need for projector alignment. And this perfectly matches our company vision of reducing complexity!”



10 MP LCoS projector

# Barco tears down boundaries between video and lighting in the entertainment industry

Over the last five years there has been a clear convergence between video, lighting and scenic elements in the entertainment industry. Video and light used to be two different worlds but with video projectors and LED displays gaining brightness, they are more and more being used as a lighting device. When asked about their ultimate dream in staging shows, designers always express the desire to create a unique experience for each individual show. Instead of repeating a pre-programmed show night after night, they thrive on imagination and create the show experience on the fly from a library of lighting and video effects.

Barco has been leading the way in this creative revolution. Its MiPIX, MiSTRIP and MiTRIX creative LED elements were pacesetters in the industry, although they were still video-driven. But with the introduction of the DML, the digital moving luminaire, Barco has finally broken the unwritten law that video and lighting had to be separated. The digital luminaire can be used both as a super bright moving digital light source and as a high-quality video projector. As such, it allows lighting designers to design a truly unique show for every event, client and purpose. Applications for the DML are wide ranging, from concert music tours to theater and opera performances.

Chris Colpaert, Director Product Management at Barco's Media and Entertainment division explains how the DML was born: "Three years ago, in late August 2004, we held a brainstorm with lighting designers in a hotel in Barcelona, Spain. Amongst them were Andy Doig, Liz Berry, Pete Barnes, Mark Cunniffe, Steve Moles and Per Sundin. We discussed a wide range of topics but one topic kept coming back, their desire to exploit video and light in a more creative way. More precisely, they wanted a high brightness, moveable device, with a media server included, controllable from the lighting desk and able to show effects on the spot. Today, three years on, the DML is the fruit of these discussions and we are proud to be at the forefront of this exciting market."

He continues: "With its brightness, unlimited image selection and instant switching between light beam and video projection, the DML provides lighting designers pure creativity at their fingertips. Thanks to the on-board media player, lighting designers are no longer limited to pre-selected patterns and colors. Instead, they can create a library of digital gobos and lighting effects, which they can project at a touch of a button during the show. Each DML comes with a preloaded set of effects, and new effects can be easily downloaded into the luminaire. We will even set up a web community where designers can exchange their digital gobos and win prizes for their creative designs. This will be Barco's iTunes for animations and graphics effects!"

The DML, which will be available from Q3 2008 onwards, was previewed in October 2007 to major rental partners, light designers and industry press.



Digital moving luminaire



Eurovision Song Contest, Finland

# The touch of interaction

## Barco adds touch screen technology to large video wall displays

In conference centers interactive whiteboards are used as powerful presentation devices. Computer images are projected on a whiteboard with touch screen functionality, allowing users to highlight items and write notes in digital ink onto the screen. Typical dimensions of these whiteboards are 1.5 by 1 meter. Now imagine interactive collaboration by means of touch screen technology on a video display wall surfacing tens of square meters...

In the last quarter of 2007 Barco and a Canadian company SMART Technologies ULC announced availability of their display wall touch system. Filip Van Steenkiste, Product Manager Barco, explains: "We are a market leader in rear-projected video walls used in a wide range of applications, from command and control centers to news studios. In all these environments we felt a clear need for more intuitive and user-friendly collaboration. With a single touch of a finger, people want to freeze video images, highlight strategic information, zoom in on details or simply write annotations on the screen. That is

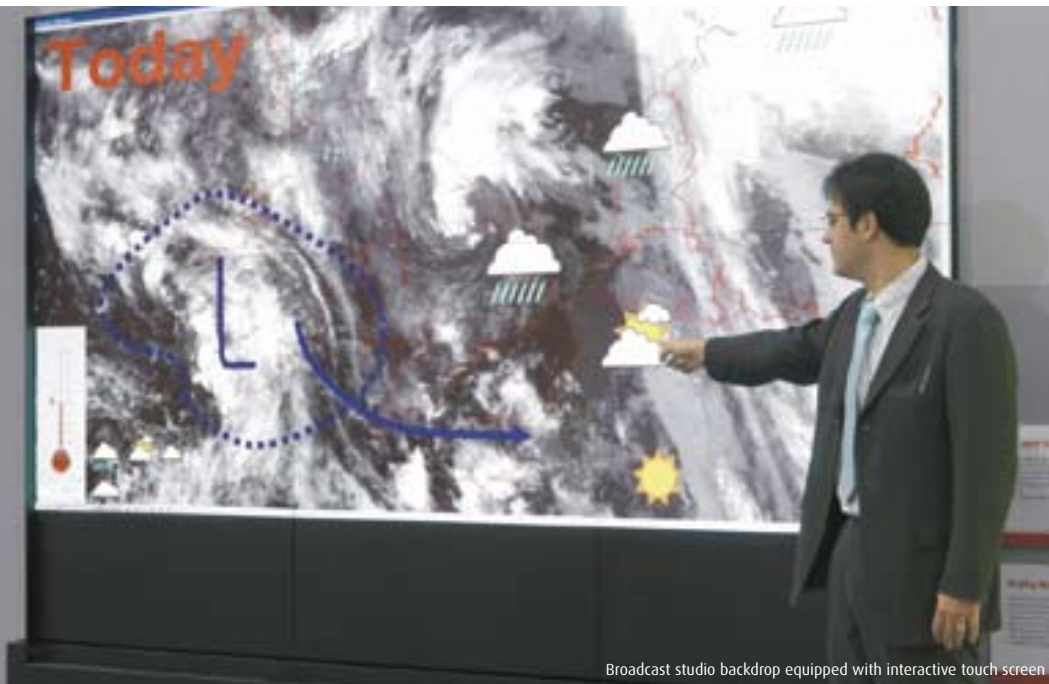
how the idea was born to add touch screen functionality to our product offering. We went looking for a mature touch screen technology, compatible with both new and existing installations, and forged a partnership with SMART Technologies."

The display wall touch system is camera-based. Two infrared cameras are mounted in the corners of the display that recognize the position of a finger or pen with high precision. Filip Van Steenkiste: "Right now two cameras are used, which makes the technology fit for display setups of maximum 3 by 2 meter. But together with SMART Technologies, we are working on a modular touch screen, whereby the number of cameras can be increased to control larger screen areas. Moreover, as the technology is evolving, we will also add multi-touch options, allowing two or more people to use the touch screen simultaneously."

Especially in applications with high levels of interaction, touch screen technology opens new

perspectives. Filip Van Steenkiste: "For instance in the broadcast market, a weatherman can interact with pressure or wind charts on screen. Or a financial journalist can highlight stock price changes on screen. Or a coach can comment on his tactics in the sports studio."

Application of this touch screen technology is of course not limited to a broadcast environment. In command & control rooms for example the technology can be used for briefing and effective collaboration. The interactive wall improves the decision-making process by enabling mission-critical information to be visualized in real-time and allowing team members to annotate directly onto the screen and save their notes for future reference. The intuitive finger tip interaction of the display wall touch system may well hold the promise of a whole new user experience.



Broadcast studio backdrop equipped with interactive touch screen



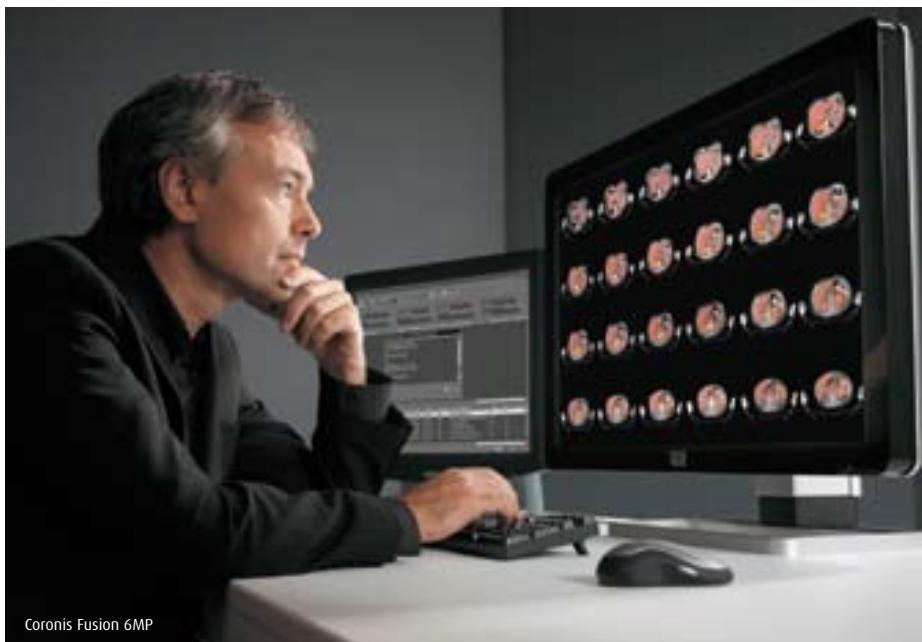
# Leading the way in medical imaging with multi-modality color display

At the annual RSNA (Radiological Society of North America) tradeshow, the world's most attended event in medical imaging, Barco premiered its 6 MegaPixel bezel-free LCD color display. The display, featuring Hitachi's IPS-PRO technology and Barco's in-house developed diagnostic luminance backlight, paves the way for multi-modality medical imaging.

Until recently the market for diagnostic imaging was dominated by grayscale displays. These monochrome displays typically had three times higher brightness and better contrast ratios than color. But in the market there is a growing demand for multi-modality viewing. Imaging specialists need to have color and grayscale information side-by-side on their screen for a complete image interpretation.

Lynda Domogalla, Director Product Marketing Barco, explains: "Image fusion is a hot topic in today's medical imaging world. Different types of images such as x-ray, MRI or nuclear need to be displayed and interpreted at the same time. And unlike x-ray, many of these modalities require the use of color and 3D. For example, structural information is mostly viewed in grayscale, whereas functional information like blood flow is shown in color. That is how the idea was born to develop a bright 6MP color display, capable of showing both color and grayscale modalities side-by-side, with no distracting bezel in between."

In collaboration with Barco, Japanese Hitachi Displays developed a 6MP LCD panel with IPS-PRO technology. Geert Carrein, Director Product Management Barco: "IPS-Pro is the state-of-the-art LCD technology for medical imaging, bringing substantial improvements in viewing angle, contrast ratio and response time for moving images. Hitachi's newly-designed IPS-PRO doubles the contrast of the existing IPS



Coronis Fusion 6MP

technology. Higher contrast results in better blacks, which in combination with the better viewing angle yield an unprecedented image quality for a color LCD display."

While Hitachi engineers were developing the custom LCD panel, Barco engineers focused on the display's design, electronics and backlight. Geert Carrein: "To make a color display bright enough for diagnostic grayscale applications, we developed our diagnostic luminance backlight technology which increases the light output by more than 200%. This results in higher brightness and contrast ratios, with a total luminance of 800 cd/m<sup>2</sup>, equivalent to what is offered on today's grayscale displays. Having this luminance on a color display opens a wide range of new opportunities for radiologists."

Lynda Domogalla: "Coronis Fusion 6MP DL is our answer to the diagnostic community's desire for a more versatile PACS imaging solution, capable of presenting grayscale and color-augmented modalities on a single high-resolution display. This opens new diagnostic opportunities for radiologists as it enables them to read x-ray, CT, MR, ultrasound or any other modality side by side on a single diagnostic screen."

Like all other Barco diagnostic medical displays, the Coronis Fusion 6MP DL comes standard with a five-year warranty.

# Embracing the future - Barco supports Kinopolis' Moviekiss campaign to promote 3D cinema



Campaign image 'Embracing the future'  
(photo courtesy Kinopolis and B.AD)

Mid-November European cinema group Kinopolis, with the support of Barco and Texas Instruments, launched its Moviekiss campaign. Through a series of print ads, TV commercials and an e-game, Kinopolis wanted to promote the revolutionary 3D concept it installed in its multiplexes. Each of the group's theaters now features at least one auditorium equipped with Dolby 3D Digital Cinema and Barco's digital projectors.

Thanks to this new approach 3D movies can be displayed on conventional screens, with a single digital projector. To display the 3D image, a Dolby 3D color filter wheel is put in front of the Barco digital cinema projector. At a high frame rate, images for the left and the right eye are projected alternately and thanks to the passive Dolby 3D glasses, visitors see the movie projected in 3D.

Central theme in the campaign is the kiss, the ultimate expression of emotion. Through a series of famous film kisses, the campaign symbolizes the unforgettable experience movie-goers get in cinemas. At the same time people were invited to visit the Moviekiss website and to play a virtual kissing game. Almost 40,000 unique visitors joined the game and the winner went for a VIP trip to Hollywood.

# Barco awards young researchers

A high-tech pioneer, Barco invests on average 10% of its annual sales in R&D and employs almost 1,000 R&D staff worldwide. To stimulate young potentials and underline the important role of research and engineering in today's economy, the company each year awards scientific prizes for promising research projects. During a ceremony in its facilities in Kuurne on 11 December 2007, the Barco annual research and engineering awards were granted for the twentieth consecutive time. In total ten awards were handed out, nine with a value of 2,500 euro and one with a value of 5,000 euro.

Jan Van Acoleyen, President HR & Corporate Affairs for Barco, comments: "The Barco scientific prizes not only stimulate students to perform basic and applied research, but also illustrate the importance of collaboration

between universities, colleges, scientific institutions and industry partners like Barco. These awards are our way of encouraging youngsters to be innovative and creative, as they take their first steps in their professional career."

In 2007, Dr Ewout Vansteenkiste won the Barco scientific award worth 5,000 euro for his thesis: Quantitative Analysis of Ultrasound Images of the Preterm Brain. This doctoral thesis proposes new techniques for a better diagnosis of preterm brain injury by means of ultrasound images. A number of the techniques are currently being used in the Sophia Children's Hospital in Rotterdam, which accommodates one of the biggest Neonatology Divisions in Europe.



Dr Ewout Vansteenkiste, award winner 2007 & Tom Bert, award winner 2006



Dave Janke defeats the Breithorn

# Barco hits the heights

In the summer of 2007 Dave Janke climbed the Mont Blanc, the highest of the Alps. Dave is Vice President Sales and Marketing for Barco's simulation business. He lives just outside Salt Lake City (Utah), in the heart of the Rocky Mountains. "No wonder I am fascinated by high places," he starts off. "Over the past few years, I have climbed several major peaks in the western States, including Mount Whitney in California, which, at 4,418m, is the highest mountain in the contiguous US."

But every true mountaineer also wants to conquer the Alps. "My son and I decided to venture on an 'Alpine trilogy': the Matterhorn, Mont Blanc and the Eiger." Such an adventure is a huge challenge, as these three giants are more than 4,000 meters high, with the Mont Blanc the highest of them at 4,807 meters. After an intensive training program, Dave and his son arrived in Chamonix on 7 August 2007. "A lot of snow had fallen during a violent storm a day or two before. This did not faze us though. So, after just a few days of acclimatizing, we began the climb. We trudged through deep snow up to our thighs and almost froze our toes off, but we made it to the top, where we enjoyed some spectacular views and proudly unfurled the Barco flag."

Unfortunately, that same storm which made the Mont Blanc hard to climb, made the Matterhorn and the Eiger too treacherous to attempt. So Dave and his son had to settle for the Breithorn instead. "Despite our setbacks we still had a fantastic time," said Dave. "And, by the way, we still intend to conquer both the Matterhorn and the Eiger before the year is out."



# Barco brings ancient China to life at British Museum

In autumn of 2007, Barco, a long-time supporter of arts and culture, partnered with the British Museum, London, UK for the hugely popular exhibition: 'The First Emperor: China's Terracotta Army'.

'The First Emperor' explores one of the greatest archaeological discoveries of the twentieth century, giving an insight into China's First Emperor, Qin Shihuangdi, and his legacy. The exhibition includes a number of the world-famous terracotta warriors from Xi'an, China,

which were buried alongside the First Emperor in readiness for the afterlife, as well as some of the most striking recent discoveries made on the site.

To present the historical storyline for the First Emperor exhibition, the British Museum chose ten single-chip DLP, 1080p HD iCon H250 projectors, and had them arrayed in two five-channel setups. An additional Barco projector is being used at the main entrance to the exhibition and provides visitors with informa-

tion on what they are about to see.

Ann Galland, Global Director Marketing for Barco, explains: "Barco shares the British Museum's belief that cross-cultural investigation makes the world a better place, in business as well as in arts. So we are extremely proud to be the Museum's Visualization Partner for this exhibition."

## Linking past and present – Supporting Xi'an orphans

Xi'an, the capital of Shaanxi province in People's Republic of China, is one of the Four Great Ancient Capitals of China. It was the capital of 13 dynasties, including the Zhou, Qin, Han, the Sui and the Tang. Xi'an is also renowned for being the eastern terminus of the Silk Road.

In ancient times Xi'an was called Chang'an, which literally means 'Western Peace'. The area came to fame and glory under China's First Emperor, Qin Shi Huang, from whom the area derived its name when the empire was united with its capital at Xianyang (about 60 km west of Xian). The magnificent Terracotta Army was built during this period to protect the Emperor's tomb from eastern invaders. The vast army of terracotta warriors and horses is often referred to as the eighth wonder of the world...

Since the 1990s, as part of the economic revival of interior China, the City of Xi'an has re-emerged as an important cultural, industrial and educational center of the central-northwest region, with facilities for research and development, national security and China's space exploration program.

### Xi'an orphanage

In this region of ancient heritage, Barco China decided to reinvest some of its profits into the less fortunate by financially supporting the Xi'an orphanage. There are three different projects at Xi'an. These are the disabled person's service center, an orphanage and a center for mentally disabled children, aimed at training the children and providing assistance to their parents.

The Xi'an orphanage project sets up self-supporting facilities to train disabled youth and young adults in specific job skills. More particularly, they are trained to staff a convenience store and a café in Hanzhong city (close to Xian) over a three-year period. After this period of training, they will have sufficient skills and experience to be employed in the community. They will be able to make a living for themselves, thereby seriously improving the quality of their lives. As the 12 disabled young adults who are being trained right now take up their place in the local community, other young adults will have the chance to join the program. Since 2001, the organization has been helping more than 150 disabled children.



Xi'an orphanage

# Barco in the spotlight at Film Festivals

An industry leader in digital cinema, Barco regularly partners with film festivals and award ceremonies. In 2007 Barco was the exclusive supplier of digital equipment to the Berlin Film Festival in Germany and also supported the Gent Film Festival, Belgium.

Rated in the top 50 of must attend festivals by trade paper Variety and acclaimed as one of the top five European Film Festivals with character by The Wall Street Journal, the Gent Film Festival focuses on the impact of music on film. It was established in 1974 and has since developed into one of Europe's most prominent film events. Every year in October, the festival presents more than 200 movies, attracting more than 100,000 viewers.

"We have been partnering with the Gent Film Festival for many years now as it allows us to showcase our digital projection in a real life environment and invite customers, partners and employees to one of the most respected European film festivals," explains Ann Galland, Global Director Marketing for Barco. "Moreover, we are also supporting the first short film by Karl Meersman, one of Belgium's most famous cartoonists. This movie, an ode to the power of imagination, will be premiered at the World Expo in Zaragoza in June 2008."





Gent Film Festival, Belgium - © Luk Monsaert

## Barco & Red Cross

In September 2007, Barco held its annual customer loyalty survey. All customers were personally invited by company CEO Martin De Prycker to participate in an online questionnaire. Based on the responses and feedback collected through this initiative, Barco further tailors its products and service offering, taking into account most valuable customer needs and concerns in a timely way.

In addition, a yearly web survey was held, to continuously improve the online experience of our visitors, in accordance with the latest web technology evolutions. To reward customers for their participation in both surveys, Barco promised to donate 5 euro to the Red Cross for each completed survey.

## Barco awarded Caring Company Logo

The Hong Kong Council of Social Service awarded Barco for its corporate citizenship. Barco was qualified as employee-friendly, giving and caring for the environment. More in particular, Barco was praised for the teambuilding activities it sets up for employees, its flexible work arrangements, and the special leave it offers employees to take care of social matters.

Moreover, Barco minimizes environmental impact in daily operations and promotes awareness among employees towards environmental protection. And it demonstrates its corporate citizenship in marketing and sponsorship activities. For instance, each year a Barco team participates in the Climbthon. Teams climb the stairs of the 75-storey high Central Plaza in Hong Kong, where Barco's office is located, to raise money for the Hong Chi Association that supports mentally handicapped children.

# Board of Directors

## Situation on 13 Feb. 2008

Chairman	Herman Daems <sup>(1)</sup>	Chairman of the Board of Directors Gimv	2010*
CEO	Martin De Prycker <sup>(3)</sup>		2008*
Directors	John Hughes <sup>(2)</sup>	Chairman of Telecty Group plc Chairman of Intec Telecom Systems plc	
	Philippe Naert <sup>(2)</sup>	Deputy Chairman of Parity Group plc	2009*
	Marc Ooms <sup>(1)</sup>	Dean TiasNimbas Business School, Tilburg University (NL)	2008*
	Jan P. Oosterveld <sup>(2)</sup>	Managing Director Petercam nv	2010*
	Eric Van Zele <sup>(2)</sup>	Member of various Boards, Professor at IESE Business School Barcelona, Spain	2009*
	Marc Vercruyse <sup>(1)</sup>	Managing Director Omniform S.A., Chairman Pauwels International and Reynaers Aluminium	2010*
	Christina von Wackerbarth <sup>(2)</sup>	Chief Financial Officer Gimv	2010*
		Member of the Board of Mobistar and Tamedia Leadership development coach at Insead	2009*

Secretary Antoon Van Petegem

(1) non-executive directors

(2) non-executive independent directors

(3) executive director

\* Date on which the term of office expires: end of the annual meeting

**Herman Daems** is Chairman of the Board of Barco and Gimv, a Euronext listed Private Equity and Venture Capital firm. He is also a member of the Board of CoWare Inc. (San Jose, CA, USA), Vanbreda Risk and Benefits (Antwerp) and Domo Chemicals. Before, he held board positions with Belgacom and Glaverbel and was Professor in International Management and Strategy at the Department of Applied Economics of the K.U. Leuven (Belgium). He also taught Competition & Strategy at Harvard Business School and was at the faculty of the University of California, Los Angeles. He is past chairman of EVCA, the European Private Equity and Venture Capital Association. Herman Daems holds degrees in Mathematical Physics and Economics and has a doctorate in Economics. He received grants and prizes from several international organizations.

**Martin De Prycker** held several positions with Alcatel between 1982 and 1996. He was President of the division for ADSL broadband products from 1996 until 2000. From 2000 until 2002 he was Chief Technology Officer

and a member of the Executive Committee of Alcatel.

In February 2002 he became CEO of Barco, refocusing the company on visualization for professional markets. He is on the Board of Directors of Agoria (Belgian multisector federation for the technology industry), Voka (Flanders' Chamber of Commerce and Industry) and a member of the Board of IBBT (Interdisciplinary Institute for BroadBand Technology). Martin De Prycker holds a PhD in Computer Science and an MBA.

**John Hughes** has more than 30 years' experience leading complex, high-technology businesses operating at a global level, including senior executive positions at Thales Group (Executive Vice President and Chief Operating Officer), Lucent Technologies (President worldwide GSM and UMTS businesses) and Hewlett-Packard (Director of Convex Global Field Operations). Mr Hughes is currently Chairman of Telecty Group plc, Intec Telecom Systems plc and Deputy Chairman of Parity Group plc. Additionally he serves on the Board of Nice Systems Ltd. and Spectris plc.



Herman Daems



Martin De Prycker



John Hughes



Philippe Naert



Marc Ooms



Jan P. Oosterveld



Eric Van Zele



Marc Vercruyse



Christina von Wackerbarth

Mr Hughes holds a Bachelor of Science degree in Electrical and Electronic Engineering from the University of Hertfordshire.

**Philippe Naert** is dean of TiasNimbas, the business school of Tilburg University and Technische Universiteit Eindhoven (NL). He is a director of KBC Group, Concordia Textiles, Jori, Boondoggle, McThree and De Koninck. He was also dean of INSEAD (FR), director of the EIASM (Brussels) and academic director of the Instituto Universitario Euroforum Escorial (ES). He graduated in Electrical Engineering from the Catholic University of Leuven. He further holds a postgraduate degree in Management Science (University of Manchester, UK) and a PhD (Cornell University, USA). He is doctor honoris causa of the Helsinki School of Economics.

**Marc Ooms** joined Petercam as Managing Director in 1988, became Managing Partner of the Petercam Group in 1992 and Chairman of Petercam Nederland in 1999. He is in charge of corporate finance in Belgium and the Netherlands. He is a member of the Board of Directors of several companies.

Until his retirement in 2004, **Jan P. Oosterveld** was a member of the Group Management Committee of Royal Philips Electronics in charge of corporate strategy, corporate alliances, CEO of Philips Asia Pacific and responsible for the joint ventures for LCD and CRT with LGE Korea. He holds Master's degrees in Mechanical Engineering from the Technical University Eindhoven, the Netherlands and Business Administration from the IESE Business School, Barcelona, Spain. He is a professor at IESE and has his own consultancy company. He is a member of the supervisory Board of Continental AG, Germany, Atos Origin S.A., France, Crucell nv, the Netherlands (Chairman) and Cookson Electronics Plc, UK.

Since 2004 **Eric Van Zele** is President & Chief Executive Officer of the Pauwels Group in Mechelen and Chairman of Ganz Transelektro Villamossági Zrt (GTV) in Budapest, Hungary. The Pauwels Group and Ganz Transelektro Villamossági Zrt. are both wholly-owned subsidiaries of Crompton Greaves Ltd. (India). He further serves as Managing Director of Omniform S.A. in Wavre. Additionally Mr Van Zele serves as Chairman of

the Board of Directors of Reynaers Aluminium in Duffel and as a Director of Zenitel nv in Zellik. Prior to his current responsibilities, Mr Van Zele was the President and Chief Executive Officer of Telindus in Leuven (2000-2003) and Vice President of Raychem Corporation (Menlo Park, CA, USA - 1972-1999). Eric Van Zele holds a master's degree in mechanical engineering and post-graduate degrees in management from Stanford University.

**Marc Vercruyse** has been CFO and member of the Executive Committee of Gimv since 1998. Before becoming CFO, he was internal auditor with Gimv, senior investment manager and head of Structured Finance. He is also on the Board of Directors of several unlisted companies.

After several assignments as magazine Editor-in-Chief, **Christina von Wackerbarth** became VNU Belgium's publishing director in 1994. She took over the operational group management of VNU Magazines International in January 1998. From 1999 to 2003, she was General Manager Television and COO of VRT, the Belgian public broadcasting company. Since then, Christina has been active as Media Consultant and Executive Coach, among others for the Leadership Development Centre at Insead. She also serves on the Board of Directors of Mobistar, the N° 2 Belgian mobile telecom operator and Tamedia, the N° 2 Swiss media company. Christina von Wackerbarth holds a degree in Romance philology and linguistics, completed an Advanced Management Program at Insead and holds a Master's in Consulting and Coaching from HEC Versailles/Insead.

**Antoon Van Petegem** was Chief Financial Officer of Barco till end of August 2007, when a new CFO took over. Since then Antoon took up the position of co-CFO and will do so till his retirement in May 2008. After his studies as a commercial engineer (1970), he occupied various senior financial management positions. In 1986, he started with Barco as Chief Financial Officer and Controller. Since 1989, he has been Secretary of the Board of Directors.

# Executive Management Team

## Situation on 13 Feb. 2008

Martin De Prycker	Chief Executive Officer
Dirk De Man	Chief Financial Officer
Luc Vandenbroucke	President Europe, Middle East, Africa and Latin America
	President Medical Imaging and Avionics Division
Stephan Paridaen	President Media & Entertainment Division
Carl Peeters	President Security & Monitoring Division
Michel Vandeplas	President Presentation & Simulation Division
Dave Scott	President Barco North America
Jacques Bertrand	President Barco Asia-Pacific
Piet Berkhout	President Global Operations & Supply Chain
Jan Van Acoleyen	President Human Resources & Corporate Affairs
JP Tanghe	President Corporate Communication & Investor Relations and Compliance Officer

**Dirk De Man** joined Barco as Chief Financial Officer on 3 September 2007. Prior to joining Barco, he was CFO of Unilin, a division of Mohawk Industries (USA). During the greater part of his career he worked for Procter & Gamble in Europe and the USA, where he held a number of finance positions. After that he joined UCB as Group Controller of the Specialty Chemicals Division. Dirk De Man has an MBA from Manchester Business School in the UK and a Master Degree in Financial & Commercial Sciences from EHSAL in Belgium. In his position of CFO, Dirk is responsible for corporate finance, all financial and accounting departments worldwide, the legal department, internal audit and Corporate Business Development.

**Luc Vandenbroucke** is Senior Executive Vice President Barco. He is President Europe, Middle East, Africa & Latin America and is also President of the Medical Imaging and the Avionics division. Prior to his present position, he was President of the division BarcoView. He took up several positions in Marketing & Sales after joining Barco in 1975 and was also involved in the start-up of new ventures. Luc holds a Commercial Engineer degree from the University of Leuven and a degree of Expert in International Trade from the International Trade Invest Institute of Antwerp. He is member of the Board of Metris nv and a guest lecturer at the K.U. Leuven, dept. of Economics. He is also an Hon-

orary Fellow of the Hogenheuvcl College of the University of Leuven and independent advisor in the Flemish Strategic Advisory Board for International Affairs. He is member of the Executive Committee of Agoria Vlaanderen and Vice President of the Belgian Security & Defence Industry.

**Stephan Paridaen** is President of the Media & Entertainment Division. He has been responsible for this division since its start-up in 1999. Prior to his present position, Stephan gained international experience establishing Sales & Marketing organizations for Barco throughout Eastern Europe and Asia. He has been with Barco since 1994. Stephan holds a Bachelor degree in Information Technology, a Master degree in Applied Economics and an MBA.

**Carl Peeters** is President of the Security & Monitoring Division. He started with Barco in 1987 and held positions of Marketing Manager and Division Manager in the former Graphics division of Barco until 1996. Later he was responsible for Mergers & Acquisitions for the Barco group. He was appointed CFO of BarcoNet when this division was spun off from Barco as a separate public company in 2000. He rejoined Barco after the delisting of BarcoNet in 2002. Carl holds a degree in Applied Economics and a postgraduate degree in Business Administration.



Dirk De Man



Luc Vandenbroucke



Stephan Paridaen



Carl Peeters



Michel Vandeplas



Dave Scott



Jacques Bertrand



Piet Berkhout



Jan Van Acoleyen



JP Tanghe

**Michel Vandeplass** is President of Barco's Presentation & Simulation Division. He started at Barco in 1985 and was involved in Product Management, Market Management and the start-up of Barco's simulation activity prior to his present position. He also spent a year in France to set up the National Organization of Barco in France. Before he joined Barco, Michel worked at Philips at the product development department for CDs and video discs for 2 years. He holds a degree in Electronics & Telecom Engineering.

**Dave Scott** is President Barco North America. He holds a degree in Electrical Engineering (BSEE) from Virginia Polytechnic Institute and State University.

Prior to his career with Barco, he was an architect/designer of color graphics display technology, holding positions from research engineer to Vice President of Engineering at former companies. He was co-founder of Chromatics Inc. in 1976, which was acquired by Barco in 1990. In 1994, he was appointed as Executive Vice President/General Manager of Barco Display Systems division (renamed BarcoView in 1998), responsible for BarcoView US activities. In 2001, Dave became Chief Operating Officer for BarcoView, responsible for the worldwide Command and Control business unit. In January 2004, he assumed his present position.

**Jacques Bertrand** is President Barco Asia-Pacific. He joined Barco in 1986 after obtaining a degree in Electronic Engineering. He acquired his first experience in sales and product management in the former Graphics division of Barco and moved to Singapore in 1993 to become responsible for the start-up and expansion of Barco Graphics in Asia-Pacific as Managing Director Barco Graphics Asia-Pacific. In 2000, Jacques moved to Tokyo and was appointed President Barco Japan. In January 2005, he was promoted to President Barco Asia-Pacific.

**Piet Berkhout**, President Global Operations & Supply Chain, has worked with Philips since 1977 in various management functions in research, development and operations. His activities have always had a strong focus on bringing products based on new technologies to the market. Research on digital signal processing was followed

by the development of Optical Disc Mastering for CD-audio, CD-ROM and CDi. He led a small joint venture between Philips and Studer for the development of professional CD equipment and was responsible for the business of Video Camera Modules for both consumer and professional applications. In 1994 he became the operations manager for Digital Video Systems, followed in 1997 by global operations and supply chain management for Philips digital set top boxes. From 2003 until 2007 he founded and managed the Electro-Magnetics and Cooling Competence Center on the High Tech Campus in Eindhoven. Piet holds a PhD in solid state physics from the University of Amsterdam.

**Jan Van Acoleyen**, President Human Resources and Corporate Affairs, holds a Master Degree in Educational Sciences from the University of Leuven and an executive MBA from the University of Antwerp. Prior to joining Barco, Jan held senior international HR positions in high-tech companies such as Alcatel and Agfa-Gevaert.

**JP Tanghe** is President Corporate Communication & Investor Relations and responsible for Corporate Marketing. JP is also the Compliance Officer of Barco and Senior Advisor to the CEO.

Prior to working for Barco, JP was a consultant in human resources management and became Director of Human Resources at another international company. In 1991 he started with Barco as Manager Human Resources of the former Graphics division. Later he became Manager International Human Resources for the Barco group and held that position till 1998.

JP holds a Master degree in Philosophy and Literature from the University of Leuven. He is also an Honorary Fellow of the Hogenheuvell College of the same university.

# Obligations with regard to periodical information following the transparency directive effective as of 1 January 2008

## Declaration regarding the information given in this annual report 2007

The undersigned declare that:

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

Martin De Prycker, CEO  
Dirk De Man, CFO

## Corporate governance

*Barco's "Corporate Governance Charter" is available for download at [www.barco.com/investors/en/corporategovernance](http://www.barco.com/investors/en/corporategovernance).*

### Appointment of Directors

The board consists of 9 directors:

One executive director

Martin De Prycker, Chief Executive Officer

Three non-executive directors

Herman Daems, Chairman,  
Marc Ooms,  
Marc Vercruyse

Five independent, non-executive directors

John Hughes,  
Philippe Naert,  
Jan P. Oosterveld,  
Eric Van Zele,  
Christina von Wackerbarth

All non-executive directors hold senior positions in leading international companies or organizations.

Two directors resigned during the year.

Robert J. Verhoeven resigned at the end of the Annual General Shareholders Meeting on 26 April 2007, as he reached the age limit set in the Corporate Governance Charter of the company. Jo Cornu resigned on 30 November 2007 to avoid a conflict of interest following his appointment as CEO of Agfa-Gevaert.

### Activity report on board and board committees' meetings

Reference is made to the Corporate Governance Charter on [www.barco.com](http://www.barco.com) for an overview of the responsibilities of the board of directors and its committees, and for a survey of topics discussed at board meetings.

### Board of directors

In 2007 the board of directors met eight times. In five of these meetings all members were present. At two of the eight meetings two directors were excused and at one meeting one member was excused.

### Audit committee

The audit committee consists of Marc Vercruyse and Philippe Naert, both non-executive directors. Till the end of his mandate Robert J. Verhoeven chaired the audit committee. He was replaced by Jo Cornu for the last two meetings of the year. In 2007 the audit committee met five times. All members attended all meetings.

## Remuneration & nomination committee

The remuneration & nomination committee consists of 3 non-executive directors: Herman Daems (chairman), Marc Ooms and Eric Van Zele, who replaced Jo Cornu. The committee met six times. At one of these meetings one member was excused.

## Strategic committee

The members of this committee are Herman Daems (chairman), Martin De Prycker, Eric Van Zele, Jan P. Oosterveld and John Hughes. Jo Cornu was a member till the date of his resignation. The strategic committee met five times in 2007. All members attended all meetings.

In line with Belgian Corporate Governance guidelines the Board of Directors of Barco carried out a process of self-evaluation at the end of 2007. The intention was to evaluate the functioning of the Board as a whole. Individual and private interviews were held with each of the directors. On the basis of the interviews a report was submitted to the full board for review and action. The following topics were discussed: the quality of the interaction between management and board, the quality of the information and documents submitted to the board, the preparation of the board meetings, the quality of the discussions and decision-making of the board, the extent to which all relevant strategic, organizational and managerial issues were addressed by the board, and the contribution of all board members to the decision-making process at the board. The overall conclusion of the self-evaluation was that the board is confident that it is carrying out its duties. Where opportunities for improvement were identified, actions were taken.

## Remuneration for Directors and members of the Executive Committee

On 26 April 2007, pursuant to article 17 of the articles of association, the general meeting

set the aggregate annual remuneration of the entire Board of Directors at 1,950,000 euro for the year 2007. This amount was apportioned amongst all the members of the Board in line with the internal rules.

The general meeting grants a fixed remuneration of 20,000 euro to directors and an additional amount based on attendance at meetings of the committee(s) a director is a member of. These remunerations are charged as general costs.

In 2007 the remuneration paid to non-executive directors totaled 624,167 euro consisting of:

- 366,667 euro fixed remuneration
- 257,500 euro remuneration for attending board and committee meetings

Individual total remuneration of the non-executive directors in 2007:

Herman Daems, Chairman: 156,000 euro and 44,000 euro as retirement benefit  
Jo Cornu: 67,500 euro  
John Hughes: 45,000 euro  
Philippe Naert: 47,500 euro  
Marc Ooms: 52,500 euro  
Jan P. Oosterveld: 52,500 euro  
Eric Van Zele: 50,000 euro  
Marc Vercruyssen: 50,000\* euro  
Robert J. Verhoeven: 24,167 euro  
Christina von Wackerbarth: 35,000 euro

\* Paid to Gimv

No stock options were granted to non-executive directors in 2007.

For the executive director and the members of the executive committee the remuneration is determined by the remuneration & nomination committee, in line with the rules described in the company's "Corporate Governance Charter", available on [www.barco.com](http://www.barco.com).

The 2007 remuneration package of the CEO consisted of:

- fixed salary of 576,563 euro, i.e. an increase of 3.8% compared to 2006
- bonus of 319,860 euro, i.e. 9.1% higher than the year before and largely in line with the growth in net profit
- contribution for personal risk insurance and retirement benefits of 274,327 euro
- number of stock options granted: 34,000

Total remuneration for the 17 members of the executive committee, excluding the CEO:

- total fixed remuneration of 3,038,408 euro including the employer's contributions to personal risk insurances and retirement. The increase of 15.1% compared to 2006 lies in the fact that 4 of the 17 members of the executive committee were included for only 6 months in the figures of 2006. 2007 counted 17 members during the full year. Moreover, as part of the transition scheme to a new CFO, both the new CFO and his predecessor were employed simultaneously for the last four months of 2007.
- total bonus of 1,284,853 euro or 37.8% higher than in 2006, mainly for the same reasons as described above
- total number of stock options granted: 24,000

On 1 January 2008 a new Executive Management Team was set up, the members of which are listed elsewhere in this annual report.

In line with the Royal Decree of 5 March 2006, which came into force on 10 May 2006, members of the board of directors and the executive committee must notify the BFIC (Banking, Finance and Insurance Commission) of any transactions involving shares or other financial instruments of Barco within 5 business days after the transaction. These transactions are made public on the website of the BFIC ([www.cbfa.be](http://www.cbfa.be)) and also on the Barco website ([www.barco.com/investors](http://www.barco.com/investors)), where by the end of the first month following every quarter all transactions by "insiders" in financial instruments related to Barco, are made public by the compliance officer of Barco.

## Compliance with "The Belgian Code on Corporate Governance"

Reference is made to Barco's Corporate Governance Charter on [www.barco.com/investors](http://www.barco.com/investors).

Barco complies to a large extent to all corporate governance rules of "The Belgian Code on Corporate Governance", to be consulted on [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

The principles and guidelines of the code that Barco does not comply with, along with an explanation of the reasons for non-compliance, can be found on the Barco website: [www.barco.com/investors](http://www.barco.com/investors).

## Statutory auditor

Ernst & Young Bedrijfsrevisoren S.C.C.  
Marcel Thirylaan 204  
1200 Brussel

represented by Marc Van Hoecke

In 2007, remuneration paid to the statutory auditor for auditing activities (continuing operations) amounted to 515,202 euro. Remuneration paid to the statutory auditor for special assignments was 144,362 euro.

# Risk factors

This chapter gives an overview of the risks the Board of Directors and the Executive Management Team are aware of. Each of these risks might have a negative impact on the overall condition of the company and its results. Therefore, any forward-looking statements made in this annual report must be interpreted in the light of these risks. Besides the risks mentioned, there may be other risks the company is not aware of, or which are not recognized as such, but which also might have an adverse effect on the company.

## Risks related to new products

Barco is active in very specialized, selected professional markets for visualization. In order to remain or become a market leader in each of its key markets, the company annually invests around 10% of its sales in research & development. In 2007 this was 9.2% of sales.

The main challenge in this respect is to define the right products to introduce in each of the company's markets. Risks associated with this challenge are:

- being not the first to market a new product, which may lead to a smaller market share than anticipated or even discontinuation of the product
- not achieving the expected sales volume or profitability, because of insufficient specifications of the new products, or better or less expensive competitive products
- having no or insufficient access to new basic technology
- introducing new products that are not yet ready enough to be marketed, resulting in unusually high or higher than anticipated/provisioned warranty expenses
- using 3<sup>rd</sup> party components that do not meet the expected quality levels, resulting in unusually high or higher than anticipated/provisioned warranty expenses

## Litigation risks

Barco has sometimes been, and may also be in the future, involved in legal actions which are a normal aspect of doing its business.

These legal actions may be related to:

- claims from 3<sup>rd</sup> parties for patent infringement
- product liability
- warranty issues
- claims from Barco against 3<sup>rd</sup> party component suppliers

The above is an incomplete list. If necessary, provisions, which are understood to be sufficient, are made. However, any litigation case may result in unexpected costs.

## Currency risk

The results of the company are reported in euro. This means that the results of the operations

and the financial position of Barco entities that work in other currencies than the euro, need to be translated in euro in the company's consolidation process. As there is an ongoing fluctuation between these foreign currencies and the euro, a negative impact may occur on the company's consolidated results. The most important currency and risk in this respect is the US dollar. Around 45% of the company's total annual sales are realized in USD or USD-related currencies. The evolution of the exchange rate of the USD versus the euro cannot be predicted, which results in an ongoing risk in forecasting sales volumes for the whole group, also because of the time elapsing between order and actual delivery and invoice.

At the same time profit margins may be negatively affected. At least as important however, is the fact that some of Barco's main competitors are USD-based. Whenever the USD decreases in value against the euro, these competitors have a worldwide competitive advantage over Barco. Barco has done great efforts in recent years to increase its competitive position and its natural hedging against the USD by increasing its operational costs in USD or USD-related currencies and by purchasing more components in these currencies. In 2007 a natural hedging position of close to 70% was reached. The company is set to continue on this course.

### **Risk of not finding the necessary human resources**

As Barco's business is introducing new cutting-edge technological applications, finding the right human resources for product management, R&D, business development and operations is a constant challenge. However, the global distribution of Barco's sales & marketing activities, service organization, R&D and manufacturing reduces this risk to a large extent.

### **Risks of environmental liability**

In all its operations and in all locations worldwide, Barco strictly adheres to all laws and regulations with regard to environmental safety. Nevertheless, unexpected circumstances or accidents may expose Barco to litigation. Moreover, Barco may be subjected to remediate historical environmental conditions on any of its sites, without being the actual or only cause of the environmental problem. In 2007 Barco sold one of its sites, which had environmental liabilities. The site's soil and groundwater pollution was due to many years of industrial activity on the part of Barco and the site's previous owners. The site was sold to PSR, a market leader in brownfield development, who has taken over the responsibility to structurally and permanently clean up the site.

### **Risks related to exceptional events**

Events of an exceptional nature may be related to the company itself or events on a larger or even global scale. An example of the former is a fire, destroying (part of) a site of the company. Particularly in the case of an R&D and/or a manufacturing site, a fire may strongly affect the competitive position of the company, as it may slow down or stop deliveries to customers or postpone the introduction of new products. As is the case with the actual damage caused by the fire itself, this competitive or commercial damage is insured as well. However, it is impossible to calculate beforehand what the real competitive negative impact of an event like fire may be.

On a larger or global scale exceptional events may be related to nature, such as extreme weather conditions, flooding, etc. These events can also be terrorist attacks or health epidemics, destabilizing part or all of the world's economy. The list of the above-mentioned exceptional events is not complete.

### **Acquisition risk**

Part of Barco's long-term growth strategy is based on acquisitions. Despite the fact that Barco has well-defined parameters within which it looks for potential acquisitions and that it carries out the due-diligence processes with utmost care, acquisitions always bring along risks. These risks may be associated with the integration of the acquired company in the group. The growth of the acquired business may be below expectations or the acquired technological know-how may not be as valuable as anticipated. The above risks may result in goodwill impairment.

# Comments on the results

Sales grew 9.7% to 747.2 million euro compared to 2006, with the Media & Entertainment division recording the highest growth, i.e. 28%. At constant exchange rates, the Barco group would have realized a sales growth of 15%. Excluding the negative currency impact, sales would have grown in all divisions.

Sales to Europe, Middle East and Africa (EMEA) represented 45.4% of consolidated sales, in line with the share of total sales the year before. 34.3% of sales were realized in the Americas, versus 35.8% in 2006. Sales to the Asia Pacific (APAC) region increased to 20.3% of total sales from 18.0% the year before.

Sales in EMEA grew almost 8%, with strong growth rates in Turkey and Spain. Sales in the Americas increased by more than 5%. The APAC region recorded an impressive sales increase of almost 24%, with the highest growth in China, Taiwan, Japan and Australia and New Zealand.

The increase in sales was mainly driven by strong organic growth in the media, events, digital cinema and traffic management markets. Also the control rooms, avionics and simulation markets did very well.

In comparison with 2006, orders increased by 6.6%. Order levels grew in all divisions, except the Medical Imaging division. With an increase of 52%, order growth was most significant in the APAC region. Growth in the EMEA region was in line with overall growth, while the order intake in the Americas was almost 10% lower than the year before. Countries and regions that did very well were South East Asia, China, Australia and New Zealand, UK, Ireland, Turkey and South East Europe.

At the end of Q407, the orderbook was 9.7% higher than the year before: 304.5 million euro compared to 277.6 million euro end 2006.

Gross profit rose to 289.7 million euro from 276.3 million euro the year before. This 4.8% increase is the result of the higher sales volume. Gross profit margin was slightly lower due to the negative currency impact and because of the product mix (38.8% versus 40.6% in 2006). The Media & Entertainment division, which has a lower gross profit margin than other divisions, had a higher share of sales in 2007 than in 2006, impacting gross profit margin.

EBIT increased by 12.6% to 57.5 million euro, from 51.1 million euro in 2006. The negative impact of foreign exchange rates was 10 million euro. Excluding this negative impact, EBIT would have grown 32%. EBIT margin was at 7.7%, up from 7.5% the year before.

Research & development expenses increased by 8.5 million euro to 9.2% of sales versus 8.9% of sales in 2006. Sales and marketing investments increased by 1.8 million euro to 15.2% of sales versus 16.5% the year before. General and administration expenses were up 2.9 million euro to 6.7% of sales compared to 6.9% in 2006.

On 31 December 2007 accounts receivable were at 202.4 million euro or 79 days compared to 208.3 million euro or 89 days at the end of December 2006. Inventory was at 204.1 million euro versus 138.3 million euro on 31 December 2006.

Capex for 2007, excluding capitalized R&D, was 13.0 million euro.

At the end of December 2007 Barco had a net debt position of 53.3 million euro, compared to a net debt position of 12.4 million euro on 31 December 2006.

In 2007 a 27.5 million euro dividend payment was made and 11.4 million euro was spent on the share buy-back program.

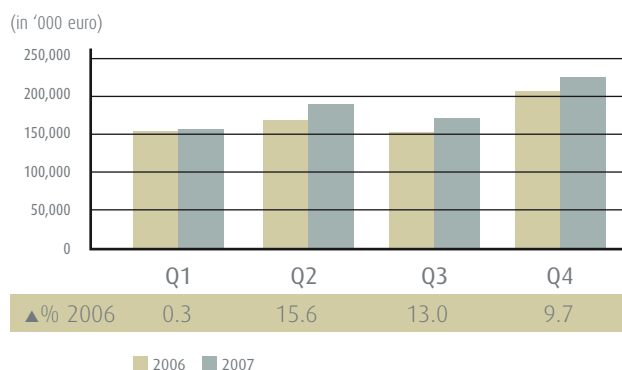
In 2007 Barco announced the divestment of its division Barco-Vision, which is mainly active in the textile machinery market. Pending final approval by antitrust authorities, the divestment was not yet closed before the end of the year. Closing is expected in the first half of 2008 and will be followed by a capital reduction of 70 million euro, resulting in a payment of approximately 5.8 euro per share. Barco also started the divestment of the third and final part of the former subcontracting division, Manufacturing Services. This deal was closed in January 2008. The net impact of this transaction was neutral.

## Sales\* in '000 euro & EBIT

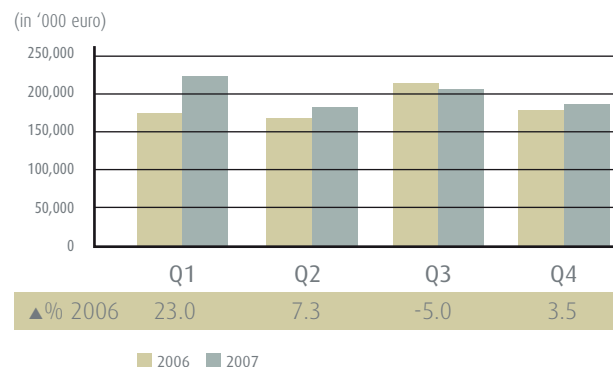
	2007			2006		
	Sales	EBIT	% EBIT	Sales	EBIT	% EBIT
Media & Entertainment division	278,487	20,109	7.2	216,776	2,709	1.2
Security & Monitoring division	232,389	15,800	6.8	220,914	15,340	6.9
Medical Imaging division	130,193	12,547	9.6	133,276	22,979	17.2
Other markets	136,730	9,080	6.6	136,717	10,058	7.4
Eliminations	-30,568	0		-26,725	0	
<b>Total</b>	<b>747,231</b>	<b>57,536</b>	<b>7.7</b>	<b>680,958</b>	<b>51,085</b>	<b>7.5</b>

\* Excluding BarcoVision and Barco Manufacturing Services

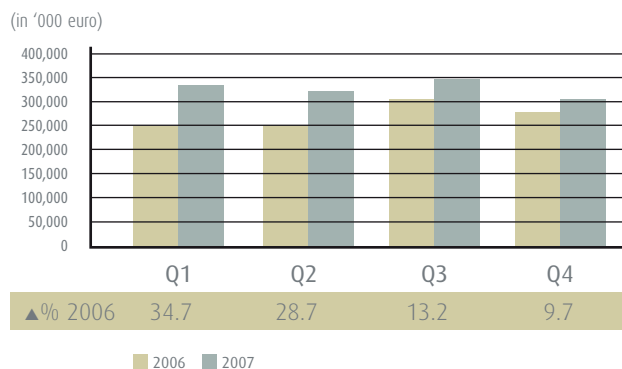
### Evolution sales per quarter, 2006-2007



### Evolution orders per quarter, 2006-2007



### Evolution orderbook per quarter, 2006-2007



## Media & Entertainment division

### Sales and orders

Sales at the Media & Entertainment division grew 28.5% compared to 2006. All three regions contributed to this growth, although it was most significant in the APAC region. The events market did very well with a sales increase of 23% year-on-year, with strong growth in the UK, Ireland, Turkey, South East Europe, the USA, India, Australia and New Zealand. In the media market sales growth was 31%, thanks to a strong growth in the APAC area and a significant increase in EMEA. Sales in the digital cinema market increased by almost 50%, for a large part driven by sales growth in the APAC region, where both China and India did very well.

Excluding foreign exchange impact growth in sales for the whole Media & Entertainment division would have been 34%.

Orders increased by 8.8% compared to 2006, mainly thanks to a significant growth in the APAC region. In line with the positive trend in the market, the events business did very well with growth in all three regions. However, growth rate slowed down in the second half of the year. With new products to be introduced in the first half of 2008, order intake is expected to pick up again. Orders remained flat in the media market, with increases in the APAC region and the Americas of close to 30% each, making up for the decrease in orders in EMEA. The USA was the strongest market in order intake for media, followed by China. Order intake grew strongly in digital cinema too, in line with the worldwide expansion of this market. China, the UK and Ireland noted the highest growth rates.

The orderbook at year end totalled 53.5 million euro compared to 75.3 euro the year before.

### Gross profit and EBIT

Gross profit improved 27.1% year-on-year. EBIT went from 2.7 million to 20.1 million euro. EBIT margin was 7.2% versus 1.2% the year before.

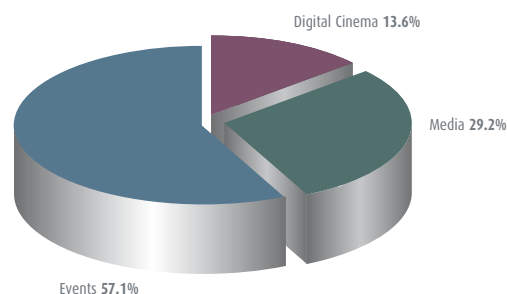
### R&D investments

Total expenditures for research & development amounted to 5.2% of sales.

### Number of employees

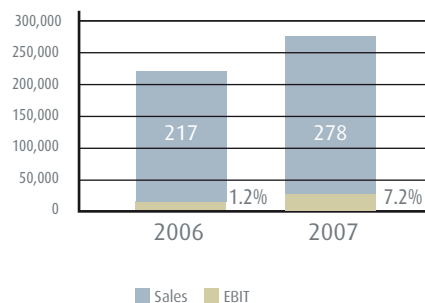
At the end of 2007 the Media & Entertainment division counted 720 employees worldwide compared to 589 end 2006.

Media & Entertainment sales per business unit

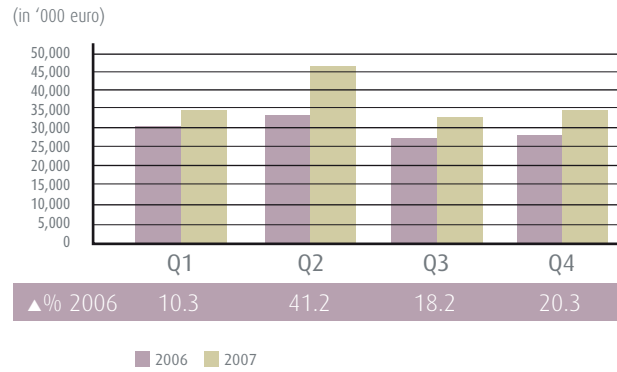


Media & Entertainment sales & EBIT, 2006-2007

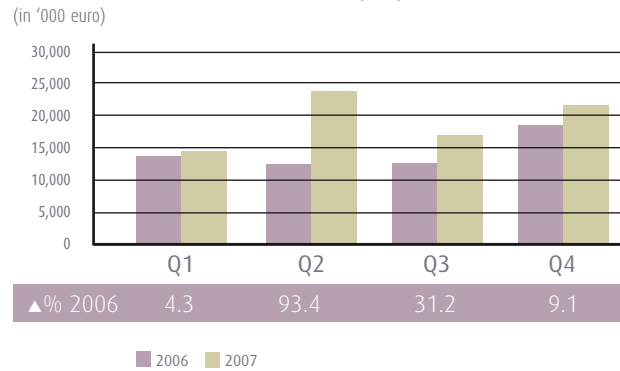
(in '000 euro)



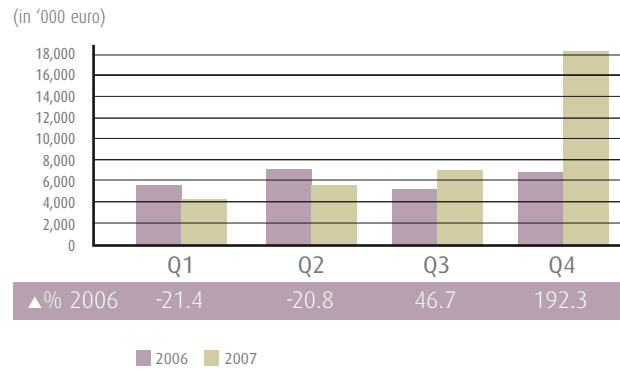
Evolution sales **Events** per quarter, 2006-2007



Evolution sales **Media** per quarter, 2006-2007



Evolution sales **Digital Cinema** per quarter, 2006-2007



## ■ Security and Monitoring division

### Sales and orders

Growth in sales in the Security & Monitoring division was 5.2%, with double digit growth in the Americas and APAC, and a slight decline in EMEA. All markets contributed to the sales growth of the division, with the exception of the defense market. The control rooms market recorded the highest growth in sales in Italy, Turkey and most APAC countries. Traffic management almost doubled its sales in North America and had close to 30% increase in sales in the APAC region.

Sales growth for the division would have been 9% excluding currency impact.

In 2007 orders grew 15.1%, with a strong performance in the broadcast, defense & security and air traffic control markets. In the control rooms market the strongest growth in order intake was recorded in North America and South East Asia. The defense & security market saw its orders grow to a large extent thanks to growth in Europe. Traffic management did very well in North America and Asia-Pacific.

The orderbook at the end of 2007 was up 28.2% to 124.6 million euro from 97.2 million euro the year before.

### Gross profit and EBIT

Gross profit grew only moderately versus 2006, due to price pressure and currency erosion. The high EBIT margin of 16.1% in 4Q07 made up for the lower margins in the first 3 quarters of the year. With an EBIT of 15.8 million euro, the EBIT margin for the full year was 6.8% compared to 6.9% in 2006.

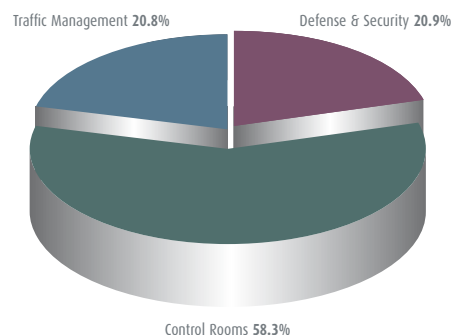
### R&D investments

Total expenditures for research & development amounted to 9.5% of sales.

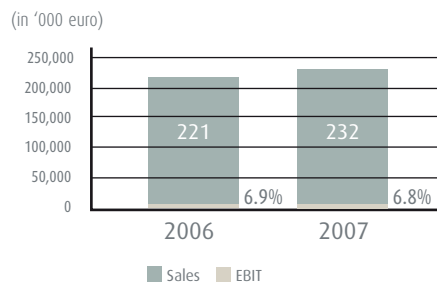
### Number of employees

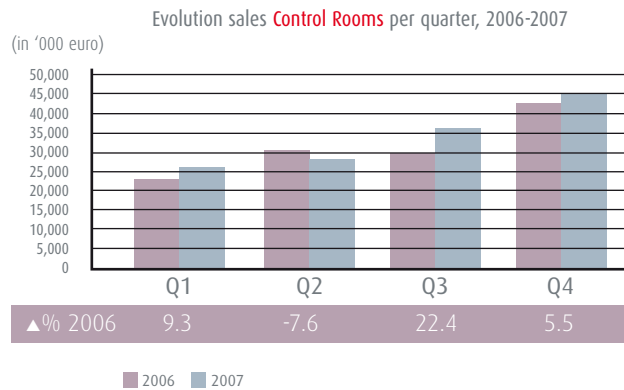
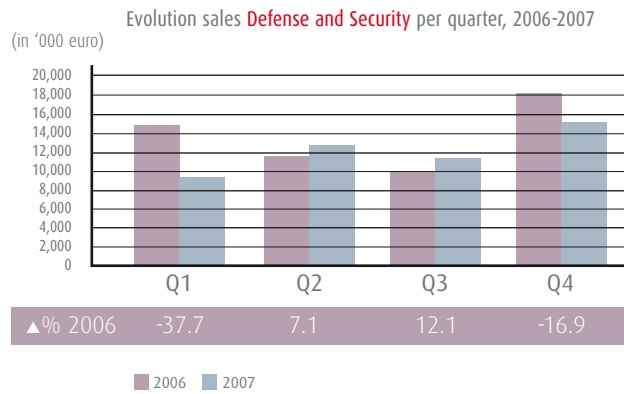
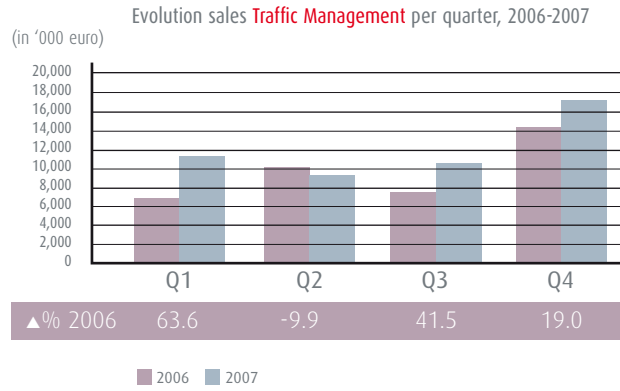
At the end of 2007 the Security & Monitoring division counted 1,155 employees worldwide compared to 1,099 end 2006.

Security & Monitoring sales per business unit



Security & Monitoring sales & EBIT, 2006-2007





## ■ Medical Imaging division

### Sales and orders

Overall sales declined 2.3% compared to the year before. This was completely due to the decline in sales in the USA. The EMEA region did very well with strong growth in Spain and Turkey, while South East Asia, Australia and New Zealand, Japan and also India performed solidly in the APAC region. An important part of the growth came from the modality market.

Excluding the negative currency impact, sales in the Medical Imaging division would have grown 3%.

Orders declined 6.3%, mainly because of the impact of the Deficit Reduction Act in the US. In EMEA and APAC, the countries that realized strong sales figures also had a strong order intake. At the end of December 2007, the orderbook was 39.1 million euro versus 32.8 million euro the year before, an increase of 19.2%.

### Gross profit and EBIT

Due to the lower sales volume, product mix and cost, gross profit margin declined. EBIT margin also decreased from 17.2% to 9.6%, due to the lower sales volume and the lower gross margin.

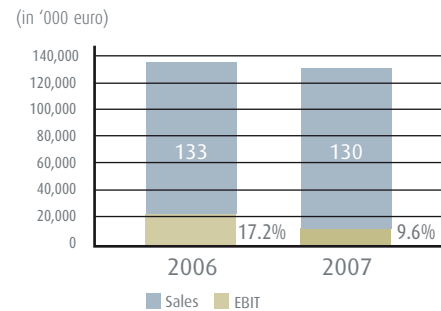
### R&D investments

Total expenditures for research & development amounted to 12.6% of sales.

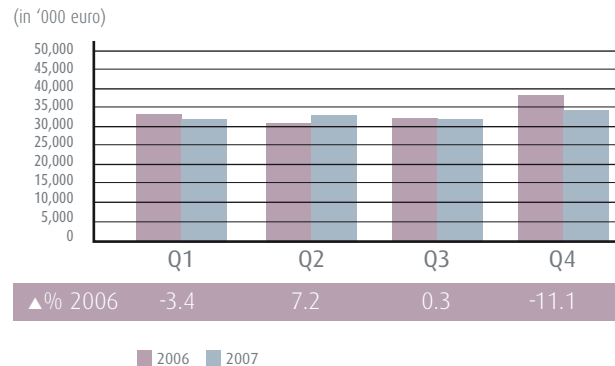
### Number of employees

At the end of 2007, the Medical Imaging division counted 478 employees worldwide compared to 433 end 2006.

Medical Imaging sales & EBIT, 2006-2007



Evolution sales Medical Imaging per quarter, 2006-2007



## ■ Other markets

### Sales and orders

Total sales for “other markets” remained flat year-on-year. In the simulation market, sales increased by 8.2%, thanks to the flight simulation and oil & gas markets. The most important growth was realized in North America, India and China. As new products were only introduced at the end of 2007, sales in the presentation market declined. The avionics market showed a strong growth of 12.8%, mainly realized in North America, the DACH area (Germany, Austria, Switzerland) and North America.

Excluding currency impact “other markets” would have grown 4% in sales.

Orders increased, mainly driven by flight simulation and the oil & gas market. The orderbook in “other markets” increased by 15.1% from 78.2 million euro in 2006 to 90 million euro in 2007.

### Gross profit and EBIT

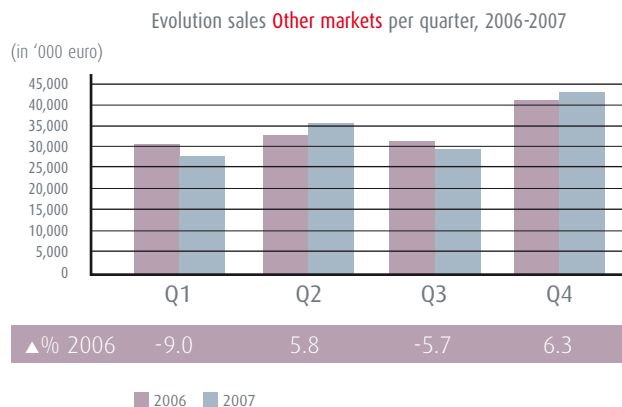
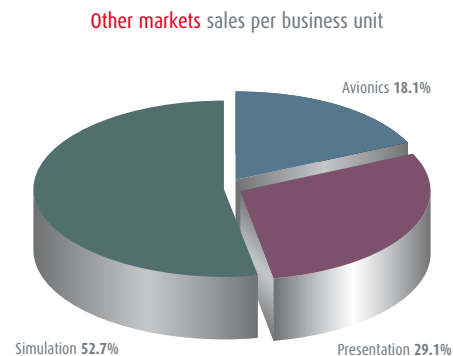
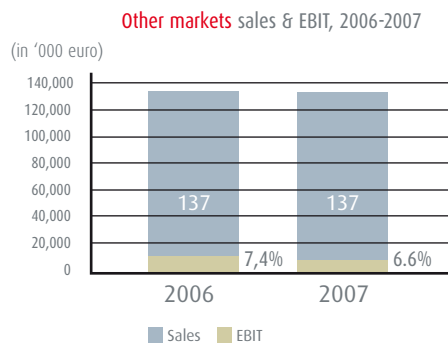
EBIT margin improved in the simulation market. This increase was offset however, by increased R&D costs in the avionics market and lower sales in the presentation market.

### R&D investments

Total expenditures for research & development amounted to 11.8% of sales.

### Number of employees

At the end of 2007 “other markets” counted 536 employees compared to 559 end 2006.



# Information about the share

Euronext Brussels

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

Reuters                BARBt.BR  
 Bloomberg            BAR BB

Market capitalization 31 Dec 07            661,361,211 euro  
 Highest capitalization                      929,419,646 euro  
 Lowest capitalization                        585,531,877 euro  
 Share price 31 Dec 07                        52.20 euro  
 Share price 31 Dec 06                        69.00 euro  
 Average number of shares traded  
 on daily basis (2007)                        40,831  
 Yearly volume 2007                          672,335,005.98 euro  
 Velocity 2007                                  83.61%

# Ownership of the company's shares

On 31 December 2007, the capital amounted to euro 54,168,315.60, represented by 12,669,755 shares. Ownership of the company's shares was as follows:

Gimv:	9.87%	(1,249,921 shares)	fully diluted:	Gimv:	9.32%	(1,249,921 shares)
Franklin Resources, Inc	7.46%	(945,169 shares)		Franklin Resources, Inc	7.05%	(945,169 shares)
Allianz	3.93%	(497,475 shares)		Allianz:	3.71%	(497,475 shares)
Barco:	5.60%	(710,063 shares)		Barco:	5.30%	(710,063 shares)
Public:	73.14%	(9,267,127 shares)		Public:	74.62%	(10,006,099 shares)
Total:	100%	(12,669,755 shares)		Total:	100%	(13,408,727 shares)



JP Tanghe | President Corporate Communication & Investor Relations

# Key figures for shareholders

[ in euro ]	2007	2006
Number of shares on 31 Dec (in thousands)	12,670	12,639
<b>Per share</b>		
Net result <sup>(1)</sup>	4.43	2.76
Gross dividend	2.40	2.30
Net dividend <sup>(2)</sup>	1.80	1.725
Net dividend <sup>(3)</sup>	2.04	1.955
Gross dividend yield (%) <sup>(4)</sup>	4.60	3.33
Yearly return (%) <sup>(5)</sup>	-20.87	12.29
Pay-out ratio (%) <sup>(6)</sup>	54.18	83.33
Price/earnings ratio <sup>(7)</sup>	11.78	25.00
<b>Net equity</b>	<b>35.25</b>	<b>34.07</b>

(1) net income from continuing operations + net income from discontinued operations

(2) without VVPR-strip (withholding tax of 25%)

(3) with VVPR-strip (withholding tax of 15%)

(4) gross dividend / closing rate on 31 Dec

(5) increase / decrease share price + gross dividend, divided by closing share price

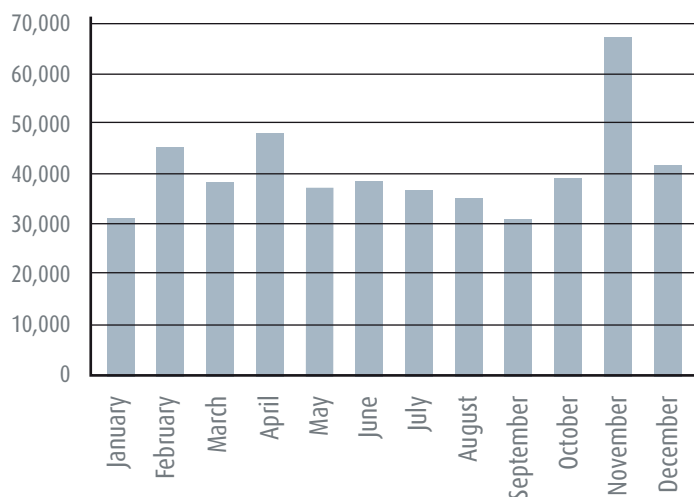
(6) gross dividend / net result

(7) share price 31 Dec / net result per share

[ in euro ]	2007	2006
<b>Share price</b>		
Average closing price	64.64	69.65
Highest closing price	73.40	80.55
Lowest closing price	46.22	63.25
Closing price on 31 Dec	52.20	69.00
<b>Average number of shares traded daily</b>	<b>40,831</b>	<b>35,443</b>
<b>Stock market capitalization on 31 Dec (in millions)</b>	<b>661.36</b>	<b>872.13</b>

# Daily average shares traded

2007



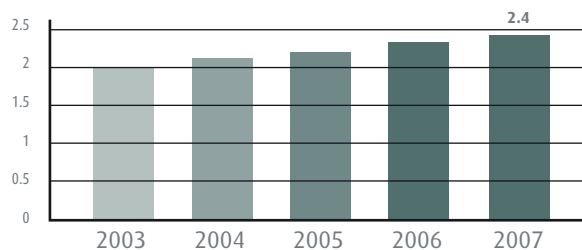
2006



# Dividend

The Board of Directors will propose to the annual general shareholders' meeting on 24 April 2008 to raise the dividend to 2.40 euro gross, this is 1.80 euro net, on withholding tax of 25%, and 2.04 euro net on withholding tax of 15% (with VVPR strip). Dividends will be payable from 13 May 2008. At 2.40 euro, the pay-out ratio is 54.18%.

(in euro)



# Evolution of share price

On 31 December 2006 Barco's share price was 69.0 euro. At year end 2007, the price was only 52.20 euro ... An unpleasant observation, both for Barco's shareholders as well as for Barco.

However, this does not mean that Barco did not deliver on its promise in 2007. A promise for renewed growth after the restructuring projects set up in 2005 and fully executed by the middle of 2006. Growth which was further boosted by the new market-oriented divisional structure put in place at the beginning of 2007 and focusing on fast-growing markets.

As of 2Q07 Barco was clearly on the growth-path again. The company was able to grow its top line to higher levels than anticipated in the beginning of 2007 and increased EBIT over the full year by 12.5%.

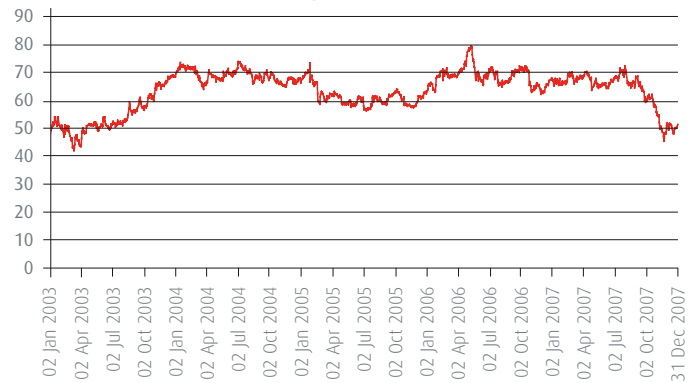
Nevertheless the share did not benefit from this growth for a number of reasons. First of all, there was the crisis on the stock markets and the growing fear of a recession of the US economy towards the end of 2007. This had an important impact on shares across the world and all the more on small and mid caps.

Furthermore, with around 45% of its sales realized in USD-based currencies Barco seems vulnerable to the evolution of the USD, both on its top and bottom line. The sudden strong dollar decline in the third quarter has made the company less attractive in the short term. However, for years now Barco has been working hard to neutralize the negative impact of currency rates. Today the company has a natural hedging of 65 to 70% of the USD and related currencies, mainly through costs for operations and components in these currencies. This natural hedging is being further increased.

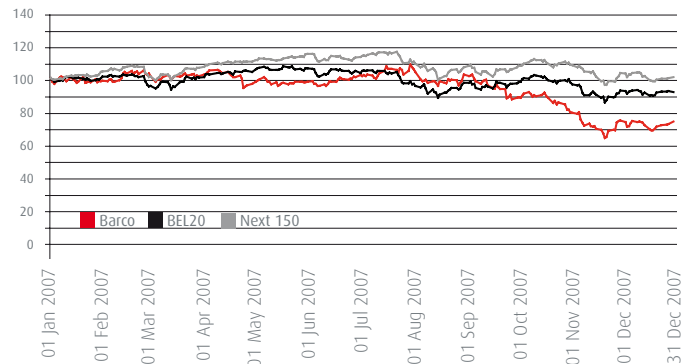
Barco has been able to grow despite the significant and ongoing dollar decline, through ongoing investment in innovation, by adapting its way of working to changing market circumstances and by redefining its cost structure. In this way, this challenge has turned Barco into a fitter company with a promise that will intensify as soon as currency rates stabilize again.

Some important shareholders have recognized this promise and increased their stake in Barco, thus proving their belief in Barco's potential for growth.

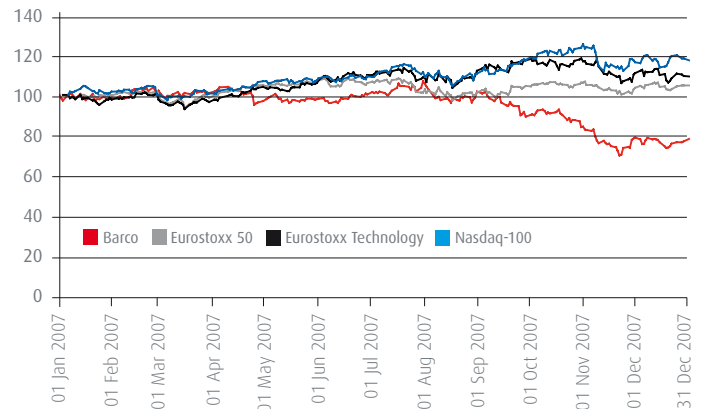
Barco share price - 2003-2007



Barco / BEL20 / Next 150 - 2007



Barco / Eurostoxx 50 / Eurostoxx Technology / Nasdaq-100 - 2007



# Financial calendar

Announcement of results 4Q07 and FY07 – 13 February 2008

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Annual report 2007 available on [www.barco.com](http://www.barco.com) – 13 February 2008

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Announcement of results 1Q08 – 23 April 2008

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Annual General Meeting of Shareholders – 24 April 2008

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Payment dividend (coupon number 8) – 13 May 2008

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Announcement of results 2Q08 – 23 July 2008

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Analyst & Investor Day – 12 September 2008

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Announcement of results 3Q08 – 22 October 2008

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# Analysts covering Barco

Cheuvreux	Pieter Van Gelder
Degroof	Christophe Dessain
Dexia Securities	Peter Van Assche
Flemish Federation of Investors and Investor Clubs	Gert De Mesure
Fortis Bank	Bart Jooris
Goldman Sachs International	Patrick Hargreaves
ING	Arnaud Goossens
	Rodolphe Blondiau
KBC Securities	Nico Melsens
	Kristof Samoy
Merrill Lynch	New analyst to be appointed
Petercam	Stefaan Genoe
Rabo Securities	New analyst to be appointed
SG Private Banking	Danny Van Quaethem

# Investor relations

In recent years Barco focused much energy on globalizing the company's shareholdership. With over 200 one-on-one meetings with investors worldwide, these efforts were continued in 2007, resulting in a further globalization of the company's shareholdership. End of June 2007, institutional investors in North America, the UK, Germany and France had further grown their total number of shares. Of all shares held by identified institutional investors, 21.4% are in North America, 17.2% in the UK, 12.7% in Germany and 8.1% in France. On 30 June 2007, Belgian identified institutional investors held 30.3% of these shares, compared to 40.5% the year before.

Another trend that continued in 2007 was the growing importance of value and GARP (growth at reasonable price) investors in Barco's shareholdership. Value investors tend to buy stocks that appear to be undervalued or inexpensive against their primary benchmarks. The growing

presence of value investors in particular manifested itself already in the first half of 2007. This trend clearly illustrates that Barco's share price was perceived as undervalued, even before the crisis on the stock markets.

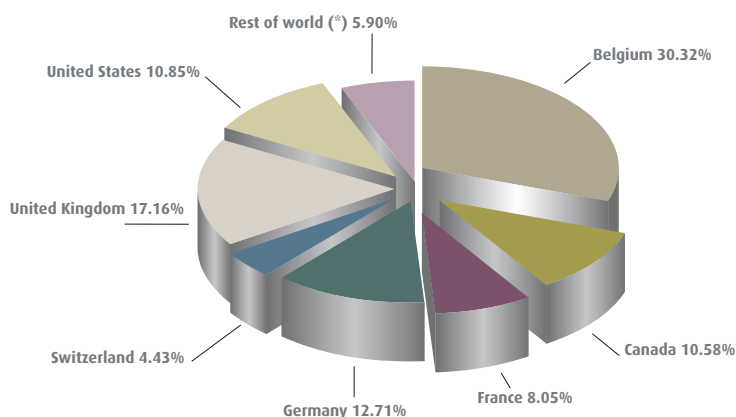
As far as the concentration of Barco shares is concerned, the ten largest shareholders held more than a third of all shares outstanding mid 2007. The top three shareholders together held 21% of all shares outstanding.

In 2007 Barco continued its best practice of holding investor road shows, but also increasingly invited investors to visit its headquarters in Belgium. Not only retail clients of brokers and private investor clubs paid a visit, but also more and more international institutional investors were welcomed. Investors took the chance to gain first hand knowledge about Barco, its product portfolio and the markets it is active in.

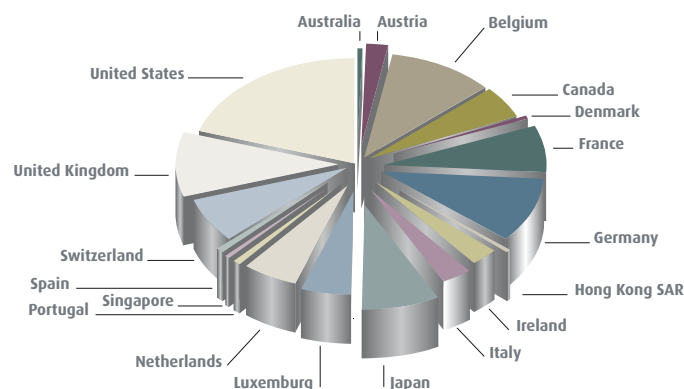
Virtual visits, via the investor relations portal on the Barco website, are also a preferred way for investors to get in touch. They can download all financial reports from 2000 onwards and can even go back until 1995 in the press release archive. Moreover, they can listen to the quarterly audio casts, use the interactive share price charting tool with downloadable historical share prices or consult the investment calculator.

The next Analyst & Investor Day will take place on 12 September 2008. Analysts and institutional investors are invited to learn all about Barco's growth strategy. They will also receive an update on the company's position in its target markets and get a taste of technology breakthroughs in the company's portfolio.

Geographical distribution of shares held by identified institutional shareholders in number of shares



Geographical distribution of shares held by identified institutional shareholders in number of shareholders



\* Austria, Australia, Spain, Singapore, Portugal, Netherlands, Luxemburg, Japan, Italy, Ireland, Hong Kong SAR and Denmark

# Income statement

[ in thousands of euro ]	Note	2007	2006	2007	2006
		Continuing business		Reported business	
Net sales	5	747,231	680,958	810,191	750,790
Cost of goods sold	6	-457,498	-404,693	-488,693	-440,421
<b>Gross profit</b>		<b>289,733</b>	<b>276,265</b>	<b>321,498</b>	<b>310,369</b>
Research and development expenses	7	-69,073	-60,539	-76,989	-69,181
Sales and marketing expenses	8	-113,917	-112,167	-120,862	-120,272
General and administration expenses	9	-49,839	-46,980	-54,780	-55,317
Other operating income (expense) - net	10	632	-5,495	-553	-4,913
<b>Operating result before goodwill impairment (EBIT)</b>		<b>57,536</b>	<b>51,085</b>	<b>68,314</b>	<b>60,687</b>
Goodwill impairment	14	0	-13,130	0	-13,130
<b>Operating result</b>		<b>57,536</b>	<b>37,955</b>	<b>68,314</b>	<b>47,556</b>
Interest income		2,889	2,124	2,641	1,856
Interest expense		-5,053	-3,205	-4,804	-2,937
Other non-operating income (expense) - net		0	0	73	-1,368
<b>Income before taxes</b>		<b>55,372</b>	<b>36,874</b>	<b>66,224</b>	<b>45,108</b>
Income taxes	12	-10,536	-10,184	-12,913	-11,804
<b>Net income from continuing operations</b>		<b>44,836</b>	<b>26,690</b>		
<b>Net income from discontinued operations</b>	4	<b>8,474</b>	<b>6,615</b>		
<b>Net income</b>		<b>53,310</b>	<b>33,305</b>	<b>53,310</b>	<b>33,305</b>
Minority interest	23	-1	173	-1	173
<b>Net income attributable to the equityholder of the parent</b>		<b>53,309</b>	<b>33,478</b>	<b>53,309</b>	<b>33,478</b>
Earnings per share (in euro)	13	4.43	2.76	4.43	2.76
Diluted earnings per share (in euro)	13	4.19	2.61	4.19	2.61

# Balance sheet

[ in thousands of euro ]	Note	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
<b>Assets</b>		Continuing business		Reported business	
Goodwill	14	48,155	48,458	48,410	48,458
Capitalized development cost	15	79,383	74,368	85,032	74,368
Other intangible assets	15	1,544	1,743	1,547	1,743
Land and buildings	16	34,997	54,133	44,340	54,133
Assets under construction	16	2,032	1,962	2,039	1,962
Other tangible assets	16	28,310	32,037	29,673	32,037
Investments		327	358	357	358
Deferred tax assets	17	23,481	15,719	23,488	15,719
Other non-current assets		3,475	3,599	5,490	3,599
<b>Non-current assets</b>		<b>221,703</b>	<b>232,376</b>	<b>240,376</b>	<b>232,376</b>
Inventory	18	204,085	146,672	212,417	146,672
Trade debtors	19	202,449	218,591	216,088	218,591
Other amounts receivable	19	27,936	42,683	37,174	42,683
Deposits and cash at bank and in hand	20	73,337	81,418	73,337	81,418
Prepaid expenses and accrued income	21	8,879	5,811	8,964	5,811
Assets from discontinued operations	4	49,967			
<b>Current assets</b>		<b>566,653</b>	<b>495,175</b>	<b>547,980</b>	<b>495,175</b>
<b>Total assets</b>		<b>788,356</b>	<b>727,551</b>	<b>788,356</b>	<b>727,551</b>
<b>Equity and liabilities</b>					
Equity attributable to equityholders of the parent	22	421,606	412,876	421,606	412,876
Minority interest	23	2	4	2	4
<b>Equity</b>		<b>421,608</b>	<b>412,879</b>	<b>421,608</b>	<b>412,879</b>
Long-term debts	24	14,782	16,977	14,782	16,977
Deferred tax liabilities	17	3,453	4,615	6,234	4,615
Other long-term liabilities	24	3,591	492	3,591	492
<b>Non-current liabilities</b>		<b>21,826</b>	<b>22,085</b>	<b>24,607</b>	<b>22,085</b>
Current portion of long-term debts	24	1,905	2,669	1,905	2,669
Short-term debts	25	109,983	74,201	109,983	74,201
Trade payables	26	87,327	69,378	92,495	69,378
Advances received on contracts in progress		14,377	21,339	17,193	21,339
Tax payables		23,325	21,195	24,302	21,195
Employee benefits		37,844	41,612	40,388	41,612
Other current liabilities	26	4,599	4,462	4,801	4,462
Accrued charges and deferred income	27	14,719	15,165	15,283	15,165
Provisions	28	30,344	42,565	35,791	42,565
Liabilities from discontinued operations	4	20,499			
<b>Current liabilities</b>		<b>344,922</b>	<b>292,587</b>	<b>342,141</b>	<b>292,587</b>
<b>Total equity and liabilities</b>		<b>788,356</b>	<b>727,551</b>	<b>788,356</b>	<b>727,551</b>

# Cash flow statement<sup>\*\*</sup> (note 33)

[ in thousands of euro ]	2007	2006
<b>Cash flow from operating activities</b>		
Operating result before goodwill impairment (EBIT)	57,536	51,085
Amortization capitalized development cost	42,238	35,115
Depreciation of tangible and intangible fixed assets	12,629	11,703
Gains and losses on tangible fixed assets	-403	25
Share options recognized as cost	726	590
Discontinued operations: cash flow from operating activities	17,763	19,545
<b>Gross operating cash flow</b>	<b>130,489</b>	<b>118,063</b>
Changes in trade receivables	1,712	-40,722
Changes in inventory	-69,602	-15,952
Changes in trade payables	23,427	9,479
Other changes in net working capital	-13,460	6,339
Discontinued operations: change in net working capital	-2,692	-4,680
<b>Change in net working capital</b>	<b>-60,615</b>	<b>-45,535</b>
<b>Net operating cash flow</b>	<b>69,874</b>	<b>72,528</b>
Interest income/expense	-2,164	-1,081
Income taxes	-13,182	-12,715
Other non-operating results	0	0
Discontinued operations: income taxes	-2,378	-1,619
<b>Cash flow from operating activities</b>	<b>52,151</b>	<b>57,113</b>
<b>Cash flow from investing activities</b>		
Expenditure on product development	-54,492	-45,936
Purchases of tangible and intangible fixed assets	-13,031	-10,544
Proceeds on disposals of tangible and intangible fixed assets	2,108	4,287
Acquisition of group companies, net of acquired cash	0	-1,930
Disposal of group companies, net of disposed cash	0	0
Other investing activities	1	15
Discontinued operations: cash flow from investing activities	10,009	-5,775
<b>Cash flow from investing activities</b>	<b>-55,405</b>	<b>-59,882</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-27,772	-26,067
Share issue	1,491	4,112
Acquisition of own shares	-11,368	-9,651
Proceeds from (+), payments of (-) long-term liabilities	-2,195	-5,588
Proceeds from (+), payments of (-) short-term liabilities	35,017	15,125
<b>Cash flow from financing activities</b>	<b>-4,826</b>	<b>-22,069</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-8,081</b>	<b>-24,838</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>81,418</b>	<b>106,256</b>
<b>Cash and cash equivalents at end of period</b>	<b>73,337</b>	<b>81,418</b>

\*continuing versus discontinued operations

## Changes in equity (notes 22 and 23)

[in thousands of euro]	Share capital and premium	Retained earnings	Share-based payments	Cumulative translation adjustment	Derivatives	Own shares	Equity attributable to equityholders of the parent	Minority interest	Equity
<b>Balance on 1 January 2006</b>	179,708	275,811	903	-14,543	-395	-23,402	418,083	1,176	419,258
Net income		33,478					33,478	-173	33,305
Dividend		-26,067					-26,067		-26,067
Translation adjustment				-8,952			-8,952	-212	-9,164
Cash flow hedge					1,284		1,284		1,284
Capital increase	4,112						4,112		4,112
Acquisition of own shares						-9,651	-9,651		-9,651
Shared-based payment			590				590		590
Acquisition of minority interest								-787	-787
<b>Balance on 31 December 2006</b>	183,820	283,221	1,492	-23,495	889	-33,052	412,876	4	412,879
<b>Balance on 1 January 2007</b>	183,820	283,221	1,492	-23,495	889	-33,052	412,876	4	412,879
Net income		53,309					53,309	1	53,310
Dividend		-27,772					-27,772		-27,772
Translation adjustment				-7,273			-7,273	-2	-7,275
Cash flow hedge					-383		-383		-383
Capital increase	1,491						1,491		1,491
Acquisition of own shares						-11,368	-11,368		-11,368
Shared-based payment			726				726		726
<b>Balance on 31 December 2007</b>	185,311	308,759	2,218	-30,769	506	-44,421	421,605	2	421,607

# Notes to the consolidated financial statements

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## 1. Accounting principles

### 1. Statement of compliance and basis of presentation

The consolidated financial statements of the Barco group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the EU.

The financial statements are presented in thousands of Euro and are prepared under the historical cost convention, except for the measurement at fair value of investments and derivative financial instruments. The financial statements were authorized for issue by the board of directors on 3 March 2008. The chairman has the power to amend the financial statements until the shareholders' meeting of 24 April 2008.

## 2. Principles of consolidation

### General

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

### Subsidiaries

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

of subsidiaries are prepared according to the parent's company reporting schedule, using consistent accounting policies.

### Minority Interests

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

### Investments in associated companies

Investments in associated companies over which the company has significant influence (typically those that are 20-50% owned) are accounted for under the equity method of accounting and are carried in the balance sheet

at the lower of the equity method amount and the recoverable amount, and the pro rata share of income (loss) of associated companies is included in income.

### Joint ventures

The company's interest in the jointly controlled entity is accounted for by proportionate consolidation, which involves recognizing a proportionate share of the joint venture's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis.

### 3. Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets and contingent liabilities of a subsidiary or associated company at the date of acquisition.

Goodwill is carried at cost less any accumulated impairment losses.

### 4. Research and development costs

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

### 5. Other intangible assets

Intangible assets acquired separately are capitalized at cost.

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

### 6. Property, plant and equipment

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

Estimated useful life is:

- buildings	20 years
- installations	10 years
- production machinery	5 years
- measurement equipment	4 years
- tools and models	3 years
- furniture	10 years
- office equipment	5 years
- computer equipment	3 years
- vehicles	5 years
- leasehold improvements and finance leases cfr underlying asset, limited to outstanding period of lease contract	
- demo material	1 to 3 years

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

### 7. Leases

Finance leases, which effectively transfer to the group substantially all risks and benefits incidental to ownership of the leased item, are capitalized as property, plant and equipment at the fair value of the leased property, or, if lower, at the present value of the minimum lease payments. The corresponding liabilities are recorded as long-term or current liabilities depending on the period in which they are due. Lease interest is charged to the income statement as a financial cost using the effective interest method. Capitalized leased assets are depreciated over the shorter of

the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

### 8. Investments

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

### 9. Other non-current assets

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

### 10. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first in first out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs of completing the sale.

In addition to the cost of materials and direct labor, the relevant proportion of production overhead is included in the inventory values.

## 11. Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

For product sales, revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, and collectibility is probable.

For contract revenue, the percentage of completion method is used, provided that the outcome of the contract can be assessed with reasonable certainty.

For sales of services, revenue is recognized by reference to the stage of completion.

## 12. Government grants

Government grants are classified as deferred income and recognized as income in proportion to the depreciation of the underlying fixed assets.

Other forms of government assistance are recognized as income upon irreversible achievement and by reference to the relevant expenses incurred.

## 13. Trade debtors and other amounts receivable

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

## 14. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and short-term investments with an original maturity date or notice period of three months or less. It is the

group's policy to hold investments to maturity. All investments are initially recognized at fair value, which is the cost at recognition date. Gains and losses are recognized in income when the investments are redeemed or impaired, as well as through the amortization process.

## 15. Provisions

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

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

## 16. Equity – costs of an equity transaction

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

## 17. Interest-bearing loans and borrowings

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

## 18. Trade and other payables

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

## 19. Employee benefits

Employee benefits are recognized as an expense when the group consumes the eco-

nomical benefit arising from service provided by an employee in exchange for employee benefits, and as a liability when an employee has provided service in exchange for employee benefits to be paid in the future. General pension plans are defined contribution plans. Obligations for these plans are recognized as an expense in the income statement as incurred.

Pension obligations caused by legal requirements and some exceptional cases where the additional pension plan includes defined benefit obligations, are treated as post employment benefits of a defined benefit type.

## 20. Transactions in foreign currencies

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

## 21. Foreign group companies

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

## 22. Derivative financial instruments

Derivative financial instruments are recognized initially at cost, which is the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Transaction costs are considered in the initial measurement of all financial assets and liabilities. Subsequent to initial recog-

dition, derivative financial instruments are stated at fair value. The fair values of derivative interest contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward exchange contracts is their market price at the balance sheet date.

Derivative financial instruments that are either hedging instruments that are not designated or do not qualify as hedges are carried at fair value with changes in value included in the income statement.

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

### 23. Income taxes

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

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

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to

the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

### 24. Impairment of assets

At each balance sheet date, an assessment is made as to whether any indication exists that assets may be impaired. If any such indication exists, an impairment test is carried out in order to determine if and to what extent a valuation allowance is necessary to reduce the asset to its value in use (the present value of estimated future cash flows) or, if higher, to its fair value less cost to sell. For goodwill a full impairment test is done every year.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

### 25. Share-based payment

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

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

### 26. Earnings per share

The group calculates both basic and diluted earnings per share in accordance with IAS 33, Earnings per share. Under IAS 33, a ba-

sic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares outstanding during the period plus the dilutive effect of warrants outstanding during the period.

### 27. Discontinued operations and non-current assets held for sale

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

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

## 2. Consolidated companies

### 2.1. List of consolidated companies on 31 December 2007

Europe, Middle East and Africa			% Barco WW
Belgium	Innovative Designs nv	President Kennedypark 35, 8500 Kortrijk; BE 0427.422.976, RPR Kortrijk	100%
Belgium	Barco Coordination Center nv	President Kennedypark 35, 8500 Kortrijk; BE 0431.157.278, RPR Kortrijk	100%
Belgium	Barco Creative Systems nv	President Kennedypark 35, 8500 Kortrijk; BE 0429.790.271, RPR Kortrijk	100%
Belgium	Belgian Monitoring Systems bvba	Theodoor Sevenslaan 106, 8500 Kortrijk; BE 0892.063.765, RPR Kortrijk	100%
Belgium	Barco Silex nv	Scientific Parc, rue du Bosquet 7, 1348 Ottignies-Louvain-La-Neuve; BE 0445.977.591, RPR Nivelles	100%
Czech republic	Barco Manufacturing s.r.o.	Billundska 2756, 272 01 Kladno	100%
Denmark	Barco A/S	Tobaksvejen 23A, 2860 Soeborg	100%
France	Barco SAS	6 boulevard de la Libération, ZA Urbaparc, 93200 Saint Denis	100%
France	Barco Silex S.A.	ZI Rousset-Peynier, Immeuble CCE-CD 6, Route de Trets, 13790 Peynier	99.99%
France	BarcoView Texen S.A.	7 rue Roger Camboulives, Parc Technologique de Basso Cambo, 31000 Toulouse	99.99%
Germany	Barco Control Rooms GmbH	An der Rossweid 5, 76229 Karlsruhe	100%
Germany	Barco GmbH	Greschbachstrasse 2-4, 76229 Karlsruhe	100%
Germany	Barco Orthogon GmbH	Hastedter Osterdeich 222, 28207 Bremen	100%
Germany	Barco Sedo GmbH	Neuwies 1, 35794 Mengerskirchen	100%
Italy	Barco Loepfe srl	Via El Alamein 11/C, 22100 Como	100%
Italy	Barco srl	Via Monferrato 7, 20094 Corsico, Milano	100%
Netherlands	Barco Holding bv	Marinus van Meelweg 20, 5657EN Eindhoven	100%
Netherlands	Barco Folsom bv	Marinus van Meelweg 20, 5657EN Eindhoven	100%
Norway	Barco Norway AS	Bogstadveien 30, 0355 Oslo	100%
Poland	Barco Sp. z o.o.	ul. Marywilska 16, 03-228 Warsaw	100%
Russia	Barco Services OOO	32 Novorogozhskaya Str., 109544 Moscow	100%
Spain	Barco Electronic Systems, S.A.	Travesera de las Corts 371, 08029 Barcelona	100%
Sweden	Barco Sverige AB	c/o Lindebergs Grant Thornton, Kungsgatan 15, Box 2230, 403 14 Göteborg	100%
Switzerland	Barco AG	Bahnhofstrasse 66, 8623 Wetzikon	99.96%
Switzerland	Gebrüder Loepfe AG	Kastellstrasse 10, 8623 Wetzikon	100%
United Kingdom	Barco Ltd	50 Suttons Business Park, Reading, Berkshire, RG6 1AZ	100%
United Kingdom	Barco Vision Ltd	Capricorn Park, Blakewater Road, Blackburn, Lancashire, BB1 5QR	100%
United Kingdom	Voxar	Bonnington Bond, 2 Anderson Place, Edinburgh, EH6 5NP	100%
<b>Americas</b>			
Brazil	Barco Ltda	Av. Dr Cardoso de Melo, 1855 - 8 Andar - Cj 81, Vila Olimpia, 04548-005, Sao Paulo	100%
Canada	Barco Visual Solutions, Inc.	2000 Mansfield Drive, Suite 1400, Montreal, Quebec, H3A 3A2	100%
USA	Barco, Inc.	1209 Orange Street, Wilmington, Delaware 19801	100%
USA	BarcoVision, LLC	4420 Taggart Creek Rd. Ste 101, Charlotte NC 28208	100%
USA	Barco Federal Systems, LLC	1209 Orange Street, Wilmington, Delaware 19801	100%

## Asia-Pacific

Australia	Barco Systems Pty Ltd	2 Rocklea Drive, Port Melbourne, VIC 3207	100%
China	Barco Visual Electronics Co., Ltd	Suite 2801, 28/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100%
China	Barco Ltd	Suite 2801, 28/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100%
China	Barco Trading (Shanghai) Co., Ltd	Rm501, 180 Hua Shen Road, Wai Gao Qiao Free Trade Zone, Shanghai, PRC	100%
China	Barco Visual (Beijing) Electronics Co., Ltd	No. 16 Changsheng Road, Chang Ping Park, Zhong Guan Cun Science and Technology Park, Chang Ping District, Beijing, PRC	100%
India	Barco Electronic Systems Pvt. Ltd	14 LSC Community Centre, Pushp Vihar, Madangir, New Delhi 110062	100%
Israel	Barco Electronic Systems Ltd	6 Kermenetzki Street, Tel Aviv 67899	100%
Israel	BarcoView Ltd (in liquidation)	6 Kermenetzki Street, Tel Aviv 67899	100%
Japan	Barco Co., Ltd	Yamato International Bldg 8F, 5-1-1 Heiwajima, Ota-ku, Tokyo 143-0006	100%
Japan	Barco-Toyo Medical Systems Japan Co., Ltd	1-6, Yaesu 1-Chome, Chuo-ku, Tokyo 103-8284	50%
Korea	Barco Ltd	Sungdo Venture Tower, 165-2 Samsung-dong, Gangnam-gu, Seoul 135-881	100%
Korea	BarcoView Co., Ltd	Sungdo Venture Tower, 165-2 Samsung-dong, Gangnam-gu, Seoul 135-881	100%
Malaysia	Barco Sdn Bhd	No. 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor	100%
Singapore	Barco Pte Ltd	750E Chai Chee Road # 05-03 Technopark@Chai Chee Singapore 469005	100%
Taiwan	Barco Ltd	17F, Kuohwa Building, 868-6, Chungcheng Road, Chunggho City, Taipei County 235	100%
Thailand	Barco Ltd	92/18 Sathornathanee Building II, 9th Floor, Zone B, Silom Bangrak, Bangkok 10500	49%

### 2.2. Changes in group structure during 2007

In 2007 the divestment of the BarcoVision division was announced. This division was mainly active in technology for the textile machine market. Divestment is expected in 2008 pending final approval by antitrust authorities. This divestment will include Loeffe AG, Loeffe SRL, BarcoVision LLC, BarcoVision Ltd, Sedo GmbH and Belgian Monitoring Systems bvba, which was founded in 2007.

End 2007 Barco divested the Mechanical part of the former Manufacturing division, which is the last part of the divestment of this division. As this deal is an asset deal in Belgium and the Czech Republic, this deal has no effect on the legal group structure of Barco.

According to the requirements of IFRS 5, net income of both activities are shown separately on the face of the income statement as 'Net income from discontinued operations', with restatement of the 2006 figures. The same was done for the net cash flows attributable to the operating, investing and financing activities of discontinued operations.

Assets and liabilities were presented separately on the face of the balance sheet per 31 December 2007, as 'Assets and liabilities from discontinued operations'. Balance sheet per 31 December 2006, was not restated.

Disclosures were represented accordingly.

In the US, Barco Visual Solutions LLC, Barco Media & Entertainment LLC, Barco Simulation LLC and BarcoView LLC have been merged into Barco Inc. during 2007.

In Norway, a new sales and service office was founded, Barco Norway AS.

Dyeing Technologies AG in Switzerland was liquidated during 2007. This company had no activity anymore.

## 3. Segment reporting

### 3.1. Basis of segment reporting

Segment reporting is based on two segment reporting formats.

Primary reporting format presents the reporting structure with following divisions:

- Media & Entertainment (3.2)
- Security & Monitoring (3.3)
- Medical Imaging (3.4)
- Other markets (3.5)

The activities in each of the divisions are described in "Reporting structure 2007" on the inside cover of this report. Results by division are commented on pages 46 to 53.

Reconciliation of division reporting with group reporting is made in 3.6.

The basis of pricing inter-segment transfers is at arm's length.

Secondary reporting (3.7.) presents the geographical markets:

- Europe, Middle East and Africa
- Americas
- Asia-Pacific

### 3.2. Media & Entertainment

[ in thousands of euro ]	2007		2006		Variance 2007-2006
Net sales	278,487	100.0%	216,776	100.0%	61,711
- external sales	260,312	93.5%	197,894	91.3%	62,417
- interdivision sales	18,176	6.5%	18,882	8.7%	-706
Cost of goods sold	-197,479	-70.9%	-153,049	-70.6%	-44,429
<b>Gross profit</b>	<b>81,009</b>	<b>29.1%</b>	<b>63,727</b>	<b>29.4%</b>	<b>17,282</b>
<b>EBIT</b>	<b>20,108</b>	<b>7.2%</b>	<b>2,709</b>	<b>1.2%</b>	<b>17,400</b>
Goodwill impairment	0	0.0%	-1,136	-0.5%	1,136
<b>Operating result</b>	<b>20,108</b>	<b>7.2%</b>	<b>1,573</b>	<b>0.7%</b>	<b>18,536</b>
Amortization capitalized development	10,553	3.8%	8,650	4.0%	1,903
Depreciation TFA and software	2,745	1.0%	2,122	1.0%	622
<b>EBITDA</b>	<b>33,406</b>	<b>12.0%</b>	<b>13,481</b>	<b>6.2%</b>	<b>19,925</b>
Capitalized development	13,533	4.9%	11,005	5.1%	2,529
Capital expenditures TFA and software	4,151	1.5%	3,267	1.5%	884
Segment assets	233,617		174,482		
Segment liabilities	65,890		78,760		
Number of employees at year end	720		589		

### 3.3. Security & Monitoring

[ in thousands of euro ]	2007		2006		Variance 2007-2006
Net sales	232,389	100.0%	220,914	100.0%	11,476
- external sales	226,896	97.6%	217,664	98.5%	9,232
- interdivision sales	5,494	2.4%	3,250	1.5%	2,244
Cost of goods sold	-138,307	-59.5%	-127,777	-57.8%	-10,530
<b>Gross profit</b>	<b>94,083</b>	<b>40.5%</b>	<b>93,137</b>	<b>42.2%</b>	<b>946</b>
<b>EBIT</b>	<b>15,800</b>	<b>6.8%</b>	<b>15,339</b>	<b>6.9%</b>	<b>461</b>
Goodwill impairment	0	0.0%	0	0.0%	0
<b>Operating result</b>	<b>15,800</b>	<b>6.8%</b>	<b>15,339</b>	<b>6.9%</b>	<b>461</b>
Amortization capitalized development	11,051	4.8%	11,040	5.0%	11
Depreciation TFA and software	4,187	1.8%	4,023	1.8%	164
<b>EBITDA</b>	<b>31,038</b>	<b>13.4%</b>	<b>30,402</b>	<b>13.8%</b>	<b>635</b>
Capitalized development	13,785	5.9%	9,206	4.2%	4,579
Capital expenditures TFA and software	4,695	2.0%	3,990	1.8%	706
Segment assets	169,409		170,006		
Segment liabilities	51,175		55,553		
Number of employees at year end	1,155		1,099		

### 3.4. Medical Imaging

[ in thousands of euro ]	2007		2006		Variance 2007-2006
Net sales	130,193	100.0%	133,276	100.0%	-3,084
- external sales	129,043	99.1%	132,443	99.4%	-3,400
- interdivision sales	1,150	0.9%	833	0.6%	316
Cost of goods sold	-70,038	-53.8%	-70,158	-52.6%	120
<b>Gross profit</b>	<b>60,155</b>	<b>46.2%</b>	<b>63,119</b>	<b>47.4%</b>	<b>-2,963</b>
<b>EBIT</b>	<b>12,547</b>	<b>9.6%</b>	<b>22,979</b>	<b>17.2%</b>	<b>-10,432</b>
Goodwill impairment	0	0.0%	-11,994	-9.0%	11,994
<b>Operating result</b>	<b>12,547</b>	<b>9.6%</b>	<b>10,985</b>	<b>8.2%</b>	<b>1,563</b>
Amortization capitalized development	9,724	7.5%	7,155	5.4%	2,569
Depreciation TFA and software	2,573	2.0%	2,386	1.8%	187
<b>EBITDA</b>	<b>24,845</b>	<b>19.1%</b>	<b>32,521</b>	<b>24.4%</b>	<b>-7,676</b>
Capitalized development	10,847	8.3%	10,891	8.2%	-44
Capital expenditures TFA and software	1,243	1.0%	1,632	1.2%	-389
Segment assets	95,485		96,866		
Segment liabilities	31,962		23,854		
Number of employees at year end	478		433		

### 3.5. Other markets

[ in thousands of euro ]	2007		2006		Variance 2007-2006
Net sales	136,730	100.0%	136,717	100.0%	13
- external sales	130,274	95.3%	128,572	94.0%	1,702
- interdivision sales	6,456	4.7%	8,145	6.0%	-1,689
Cost of goods sold	-82,138	-60.1%	-80,422	-58.8%	-1,716
<b>Gross profit</b>	<b>54,592</b>	<b>39.9%</b>	<b>56,296</b>	<b>41.2%</b>	<b>-1,703</b>
<b>EBIT</b>	<b>9,080</b>	<b>6.6%</b>	<b>10,058</b>	<b>7.4%</b>	<b>-978</b>
Goodwill impairment	0	0.0%	0	0.0%	0
<b>Operating result</b>	<b>9,080</b>	<b>6.6%</b>	<b>10,058</b>	<b>7.4%</b>	<b>-978</b>
Amortization capitalized development	10,909	8.0%	8,270	6.0%	2,640
Depreciation TFA and software	3,056	2.2%	3,041	2.2%	15
<b>EBITDA</b>	<b>23,046</b>	<b>16.9%</b>	<b>21,369</b>	<b>15.6%</b>	<b>1,677</b>
Capitalized development	16,327	11.9%	14,834	10.9%	1,493
Capital expenditures TFA and software	2,889	2.1%	1,513	1.1%	1,377
Segment assets	117,847		97,746		
Segment liabilities	47,660		29,344		
Number of employees at year end	536		559		

### 3.6. Reconciliation of segment information with group information

[ in thousands of euro ]	2007	2006
<b>External sales</b>		
Total external sales segments	747,231	680,958
<b>Net Income</b>		
Operating result Media & Entertainment	20,108	1,573
Operating result Security & Monitoring	15,800	15,339
Operating result Medical Imaging	12,547	10,985
Operating result Other markets	9,080	10,058
Total operating results segments	57,536	37,955
Interest income (expense) - net	-2,164	-1,081
Income taxes	-10,536	-10,184
Net income from continuing operations	44,836	26,690
Net income from discontinued operations	8,474	6,615
Net income	53,310	33,305
Minority interest	-1	173
Net Income attributable to equityholders of the parent	53,309	33,478
<b>Assets</b>		
Total segment assets	616,358	539,100
Investments	327	358
Deferred tax assets	23,481	15,719
Deposits and cash at bank and in hand	73,337	81,418
Other non-allocated assets	24,887	15,809
Assets from discontinued operations	49,967	75,148
Total assets	788,356	727,551
<b>Liabilities</b>		
Total segment liabilities	196,687	187,511
Equity attributable to equityholders of the parent	421,606	412,876
Minority interest	2	4
Long-term debts	14,782	16,977
Deferred tax liabilities	3,453	4,615
Current portion of long-term debts	1,905	2,669
Short-term debts	109,983	74,201
Other non-allocated liabilities	19,439	7,084
Liabilities from discontinued operations	20,499	21,614
Total equity and liabilities	788,356	727,551
<b>Number of employees at year end</b>		
Media & Entertainment	720	589
Security & Monitoring	1,155	1,099
Medical Imaging	478	433
Other markets	536	559
Commercial & Admin personnel worldwide	469	464
General Services	202	123
Total	3,560	3,267

### 3.7. Key data per region

[ in thousands of euro ]	2007		2006		Variance 2007-2006
<b>Net sales</b>					
Europe - Middle East - Africa	339,359	45.4%	314,812	46.2%	24,546
Americas	256,175	34.3%	243,621	35.8%	12,555
Asia-Pacific	151,697	20.3%	122,525	18.0%	29,171
Total	747,231	100.0%	680,958	100.0%	66,273
<b>Total assets</b>					
Europe - Middle East - Africa	440,682	55.9%	469,791	64.6%	-29,110
Americas	134,869	17.1%	128,256	17.6%	6,613
Asia-Pacific	119,611	15.2%	96,573	13.3%	23,038
Discontinued operations	49,967	6.3%			49,967
Group corrections	43,228	5.5%	32,930	4.5%	10,298
Total	788,356	100.0%	727,551	100.0%	60,805
<b>Capitalized development</b>					
Europe - Middle East - Africa	47,072	86.4%	39,842	86.7%	7,231
Americas	6,377	11.7%	5,573	12.2%	804
Asia-Pacific	1,043	1.9%	521	1.1%	522
Total	54,492	100.0%	45,936	100.0%	8,557
<b>Capital expenditure PP&amp;E and other intangible assets</b>					
Europe - Middle East - Africa	8,521	65.4%	6,022	57.1%	2,499
Americas	1,167	9.0%	2,320	22.0%	-1,154
Asia-Pacific	3,343	25.6%	2,201	20.9%	1,142
Total	13,031	100.0%	10,544	100.0%	2,487

The split of net sales shows the revenue from external customers based on the geographical location of the customers to whom the invoice is issued. Total assets and capital expenditure are detailed by geographical location of the assets. Group corrections on assets mainly relate to goodwill and the elimination of intercompany margin on inventory.

## 4. Discontinued operations

### INCOME STATEMENT

[ in thousands of euro ]	2007	2006
Revenues	79,571	136,852
Expenses	-68,792	-127,250
Income before taxes	10,778	9,602
Income taxes	-2,378	-1,619
Non-operating result	73	-1,368
Net income from discontinued operations	8,474	6,615
Earnings per share for profit from discontinued operations		
- basic	0.71	0.55
- diluted	0.66	0.51

## CASH FLOW STATEMENT

[ in thousands of euro ]	2007	2006
<b>Cash flow from operating activities</b>		
Operating result before goodwill impairment (EBIT)	10,778	9,602
Amortization capitalized development cost	4,124	4,621
Depreciation of tangible and intangible fixed assets	2,845	5,321
Gains and losses on tangible fixed assets	16	1
Share options recognized as cost	0	0
<i>Gross operating cash flow</i>	<i>17,763</i>	<i>19,545</i>
Changes in trade receivables	-3,915	2,333
Changes in inventory	-164	-6,664
Changes in trade payables	165	336
Other changes in net working capital	1,221	-684
<i>Change in net working capital</i>	<i>-2,692</i>	<i>-4,680</i>
Net operating cash flow	15,071	14,865
Interest income/expense	0	0
Income taxes	-2,378	-1,619
Other non-operating results	0	0
<b>Cash flow from operating activities</b>	<b>12,693</b>	<b>13,246</b>
<b>Cash flow from investing activities</b>		
Expenditure on product development	-3,571	-3,886
Purchases of tangible and intangible fixed assets	-1,127	-1,759
Proceeds on disposals of tangible and intangible fixed assets	0	51
Acquisition of group companies, net of acquired cash	0	0
Disposal of group companies, net of disposed cash	14,707	-182
Other investing activities	0	0
<b>Cash flow from investing activities</b>	<b>10,009</b>	<b>-5,775</b>
<b>Cash flow from financing activities</b>		
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>

## BALANCE SHEET

[ in thousands of euro ]	2007	2006
There are 49,967K euro assets from discontinued operations in the consolidated balance sheet. The most important are the following:		
Capitalized development cost	5,649	
Land and buildings	9,343	
Inventory	8,332	
Trade debtors	13,639	
Other amounts receivable	9,238	
The liabilities from discontinued operations amount to 20,499K euro in the consolidated balance sheet. The most important are the following:		
Trade payables	5,168	
Provisions	5,447	

At 31 December 2007, the ageing analysis of trade debtors is as follows:

Not due	Overdue less than 30 days	Overdue more than 30 days	Amount written-off	Total
12,021	1,211	949	-542	13,639

The discontinued operations include the divisions BarcoVision and Barco Manufacturing Services. In the annual accounts of 2006 these divisions were disclosed as separate segments.

The Manufacturing Services division was sold in 3 parts:

- the Electronic Manufacturing activity was sold to IPTE at the end of 2006;
- the Prints activity was sold to Elprinta at the end of 2006;
- the Mechanical subcontracting unit was sold to BMTech at the end of 2007.

With respect to BarcoVision, an agreement was signed in July 2007 for the acquisition of this division by Itema Group from Bergamo, Italy, pending the approval of antitrust authorities. This approval is expected in the coming months.

## 5. Net sales

[ in thousands of euro ]	2007	2006	%
	747,231	680,958	+9.7%

Sales were very favourably affected by organic growth (14.8% in 2007 versus 8.0% in 2006). There was a substantial negative currency impact of -5.0%. In 2006 this was only -0.2%. There is no impact of acquisitions or disposals of activities.

Sales per division and per geographic region are disclosed in the section on "Segment reporting" (note 3), and in the "Comments on the results" on pages 46 to 53.

## 6. Cost of goods sold

[ in thousands of euro ]	2007	2006	%
	457,498	404,693	+13.0%

Cost of goods sold includes direct selling cost, direct and indirect production cost, warranty cost and cost of inventory obsolescence.

Cost of goods sold increased slightly as percentage of sales: 61.2% in 2007 versus 59.4% in 2006.

## 7. Research and development expenses

[ in thousands of euro ]	2007	2006	%
Research & development	81,327	71,358	+14.0%
Capitalized development	-54,492	-45,935	+18.6%
Amortization capitalized development	42,238	35,115	+20.3%
<b>Research and development expenses</b>	<b>69,073</b>	<b>60,539</b>	<b>+14.1%</b>

For Barco as a whole, research and development expenses increased as a percentage of sales, from 8.9% in 2006 to 9.2% in 2007.

## 8. Sales and marketing expenses

[ in thousands of euro ]	2007	2006	%
	113,917	112,167	+1.6%

Sales and marketing cost includes customer service, sales, marketing and strategic marketing.

Sales and marketing cost decreased as a percentage of sales: 15.2% in 2007 versus 16.5% in 2006.

## 9. General and administration expenses

[ in thousands of euro ]	2007	2006	%
	49,839	46,980	+6.1%

General and administration expenses include human resources management, finance and accounting, information technology and general administration. General and administration expenses decreased as a percentage of sales: 6.7% in 2007 versus 6.9% in 2006.

## 10. Other operating income (expense) - net

[ in thousands of euro ]	2007	2006	
Addition to (-)/ reversals of (+) provisions	6,991	1,284	(1)
Losses on bad debts (including write-offs and reversals of write-offs)	-2,485	-2,294	
Exchange gains and losses	-1,697	-131	(2)
Bank charges	-831	-1,070	
Other financial results	-480	-287	
Investment grants	3,746	3,788	(3)
Operating subsidies	199	186	
Gains on disposals of tangible fixed assets	470	15	
Losses on disposal of tangible fixed assets	-68	-40	
Other operating income	2,449	1,657	(4)
Other operating expenses	-6,032	-3,029	(5)
Cost of share-based payment	-726	-590	
Severance payments	-906	-4,984	(6)
<b>Total</b>	<b>632</b>	<b>-5,495</b>	

(1) Provisions basically result from the additional provisions, the amounts used, and unused amounts reversed as described in note 28.

(2) Exchange gains and losses are higher in 2007 due to the unfavourable evolution of the dollar.

(3) Investment grants mainly relate to the efforts in research and development and to capital expenditure in the Security & Monitoring and

Avionics Division. In general, investment grants are subject to a review by the authorities providing the grant. Investment grants are only recognized as revenue when conditions are fulfilled or when it is highly probable that conditions will be fulfilled.

(4) Other operating income mainly includes cost recuperations. The increase is a result of the rent that Barco receives for the buildings of the

Manufacturing Services division which were not part of the sale agreement.

(5) Other operating expenses mainly include the realized costs on liabilities of which provisions were set up.

(6) In 2006 and 2007 severance payments were performed for a number of reorganizations of which provisions were set up in 2005.

## 11. Revenues and expenses by nature

[ in thousands of euro ]	2007	2006
Sales	747,231	680,958
Material cost	-376,526	-329,186
Services and other costs	-101,257	-95,511
Personnel cost	-212,169	-198,798
Amortization capitalized development cost	-42,238	-35,115
Capitalized development cost	54,492	45,936
Depreciation property, plant, equipment and software	-12,629	-11,703
Other operating income (expense) - net (note 10)	632	-5,495
Operating result before goodwill impairment (EBIT)	57,536	51,085

Personnel cost includes cost for temporary personnel for an amount of 9,277K euro (in 2006 6,619K euro). Cost for employees amounts to 202,892K euro (in 2006 192,179K euro). Average number of employees in 2007 was 3,384 (in 2006 3,221), including 2,442 white-collars (in 2006 2,387) and 942 blue-collars (in 2006 834).

## 12. Income taxes

[ in thousands of euro ]	2007	2006
<b>Current versus deferred income taxes</b>		
Current income taxes	-16,627	-9,978
Deferred income taxes	6,092	-206
Income taxes	-10,535	-10,184
<b>Income taxes versus income before taxes</b>		
Operating result before goodwill impairment	57,536	51,085
Interest income (expense) - net	-2,164	-1,081
Current income before taxes	55,372	50,004
Taxes related to current income before taxes	(1) -10,535	-10,184
	% 19.0%	20.4%
Goodwill impairment	0	-13,130
Taxes related to goodwill impairment	0	0
	%	0.0%
Income before taxes	55,372	36,874
Income taxes	-10,535	-10,184
	%	27.6%
<b>(1) Taxes related to current income before taxes</b>		
Current income before taxes	55,372	50,845
Theoretical tax rate	34.0%	34.0%
Theoretical taxes related to current income before taxes	-18,826	-17,287
Non-deductible items	-1,077	-1,351
Special tax status	6,539	7,270
Investment allowances	2,205	1,818
Use of deferred tax assets, not recognized in prior years	431	326
Deferred tax assets, not recognized in current year	-567	-1,099
Effect of change in expected tax rate on deferred taxes	760	0
Tax adjustments related to prior periods	0	139
Reported taxes related to current income before taxes	-10,535	-10,184

## 13. Earnings per share

[ in thousands of euro ]	2007	2006
Net income from continuing operations	44,836	26,863
Weighted average of shares	12,046,514	12,132,529
Basic earnings per share (in euro)	3.72	2.21
Net income from discontinued operations	8,473	6,614
Weighted average of shares	12,046,514	12,132,529
Basic earnings per share (in euro)	0.71	0.55
<b>Basic earnings per share</b>	<b>4.43</b>	<b>2.76</b>
Net income from continuing operations	44,836	26,863
Weighted average of shares (diluted)	12,714,219	12,821,426
Diluted earnings per share (in euro)	3.53	2.10
Net income from discontinued operations	8,473	6,614
Weighted average of shares (diluted)	12,714,219	12,821,426
Diluted earnings per share (in euro)	0.66	0.51
<b>Diluted earnings per share</b>	<b>4.19</b>	<b>2.61</b>

The difference between the weighted average of shares and weighted average of shares (diluted) is due to exercisable warrants. For more detailed information concerning these, please refer to note 22.

## 14. Goodwill

[ in thousands of euro ]	2007	2006
<b>At cost</b>		
On 1 January	65,589	64,956
Expenditure	-48	633
Discontinued operations	-255	
On 31 December	65,287	65,589
<b>Impairment</b>		
On 1 January	17,132	4,002
Impairment losses	0	13,130
Discontinued operations	0	
On 31 December	17,132	17,132
<b>Net book value</b>		
On 1 January	48,457	60,954
On 31 December	48,155	48,457

Negative expenditure on goodwill in 2007 relates to an adjustment of the Voxar acquisition cost which was contingent on future events. Expenditure in 2006 principally related to the acquisition of the remaining 20% shares in Barco Visual Electronics Co., Ltd (formerly Barco Leyard Electronic Technology Co., Ltd).

The recoverable amount of goodwill is its value in use. Cash flows are projected for a period of five years. Safety margins are applied on these cash flows based on a risk assessment of the projected cash flows. After the fifth year no growth is calculated and a safety margin is applied which is at least the safety margin of the fifth year. The discount rates applied to these cash flows is 10%.

There are no impairment losses recognized in 2007 after goodwill was tested for impairment. In 2006 impairment losses of 13,130K euro were related to Voxar in the BarcoView Division (11,994K euro) and Translux West in the Barco Media & Entertainment Division (1,136K euro).

The goodwill related to discontinued operations amounts to a net book value of 255K euro.

## 15. Intangible assets

[ in thousands of euro ]

	2007			2006
	Capitalized development	Other intangible assets	Total	Total
<b>At cost</b>				
On 1 January	233,730	11,991	245,721	220,694
Expenditure	54,492	676	55,168	50,419
Sales and disposals	-27,596	-55	-27,651	-21,761
Disposal of subsidiary	-13,120	-801	-13,921	-408
Translation (losses)/gains	301	-54	246	-3,224
On 31 December	247,807	11,756	259,563	245,721
<b>Amortization</b>				
On 1 January	159,362	10,247	169,610	153,272
Amortization	42,238	840	43,078	40,692
Sales and disposals	-27,596	-55	-27,651	-21,761
Disposal of subsidiary	-6,864	-779	-7,643	-402
Translation (losses)/gains	1,284	-41	1,242	-2,192
On 31 December	168,423	10,212	178,636	169,610
<b>Net book value</b>				
On 1 January	74,368	1,743	76,111	67,422
On 31 December	79,383	1,543	80,927	76,111

In 2006 expenditure for continuing operations was 46,471K euro, while amortization was 36,028K euro.

## 16. Property, plant and equipment

[ in thousands of euro ]

	2007						2006	
	Land and buildings	Plant, machinery and equipment	Furniture, office equipment and vehicles	Leasing and other similar rights	Other property, plant and equipment	Assets under construction	Total	Total
<b>At cost</b>								
On 1 January	90,246	92,484	43,759	218	5,405	1,962	234,074	282,493
Expenditure	24	5,899	2,836	0	744	2,853	12,355	11,705
Sales and disposals	-5,079	-6,051	-2,197	-58	-495	0	-13,880	-10,803
Disposal of subsidiary	-20,509	-17,669	-3,135		-55	-7	-41,374	-45,498
Transfers	247	1,289	512	0	722	-2,770	0	0
Translation (losses)/gains	-1,339	-340	-1,128	-1	-182	-5	-2,994	-3,822
On 31 December	63,590	75,612	40,647	160	6,139	2,032	188,181	234,074
<b>Depreciation</b>								
On 1 January	36,113	70,257	35,469	92	4,012	0	145,943	179,961
Depreciation	2,410	4,878	3,343	44	1,113	0	11,789	16,069
Sales and disposals	-2,469	-5,474	-1,952	-47	-477	0	-10,419	-5,740
Disposal of subsidiary	-7,116	-12,995	-2,775		-55		-22,941	-42,636
Transfers	0	363	-24	0	-339		0	0
Translation (losses)/gains	-345	-332	-689	-3	-160	0	-1,529	-1,711
On 31 December	28,593	56,699	33,371	86	4,093	0	122,842	145,943
<b>Carrying amount</b>								
On 1 January	54,133	22,227	8,291	126	1,393	1,962	88,131	102,532
On 31 December	34,997	18,914	7,276	74	2,046	2,032	65,339	88,131

In 2006 expenditure for continuing operations was 10,009K euro, while depreciation was 10,790K euro.

## 17. Deferred tax assets - deferred tax liabilities

[ in thousands of euro ]	Assets		Liabilities		Net-asset		Income statement	
	2007	2006	2007	2006	2007	2006	2007	2006
Capitalized development cost	0	0	7,945	7,616	-7,945	-7,616	-776	205
Patents, licenses, ...	354	504	0	0	354	504	-150	492
Tangible fixed assets and software	402	496	4,076	5,876	-3,674	-5,380	134	758
Other investments	0	0	19	136	-19	-136	117	-117
Inventory	8,855	8,822	2,805	2,956	6,050	5,867	-134	172
Trade debtors	664	227	17	285	647	-58	420	-339
Provisions	3,497	3,656	438	693	3,059	2,963	-122	1,051
Employee benefits	2,501	3,026	0	0	2,501	3,026	-525	436
Deferred revenue	1,382	439	1,288	61	94	378	-284	-1
Other items	1,560	499	3	39	1,557	460	1,105	-508
Tax value of loss carry forwards	9,659	5,560	0	0	9,659	5,560	4,099	-4,173
Tax value of tax credits	7,746	5,537	0	0	7,746	5,537	2,209	1,818
Gross tax assets/(liabilities)	36,620	28,767	16,591	17,662	20,029	11,104	6,092	-206
Set off of tax	13,139	13,048	13,139	13,047	0	0		
Net tax assets/(liabilities)	23,481	15,719	3,452	4,615	20,029	11,104		

Temporary differences for which no deferred tax asset is recognized:

Tax losses carried forward and other temporary differences on which no deferred tax asset is recognized amount to 9,454K euro (2006: 9,056K euro). Deferred tax assets have not been recognized on these items because it is not probable that future profit will be available against which the benefits can be utilized.

## 18. Inventory

[ in thousands of euro ]	2007	2006
Raw materials and consumables	85,196	82,172
Work in progress	45,578	41,705
Finished goods	112,112	72,374
Advance payments		0
Contracts in progress	17,029	7,143
Amounts written-off inventory	-55,829	-56,722
<b>Inventory</b>	<b>204,085</b>	<b>146,672</b>

Inventory at 204.1 million euro at the end of 2007 was 39% higher than end 2006.

The amount of write-offs recognized as expense in 2007 amounts to 15,948K euro, compared to 11,257K euro in 2006.

## 19. Amounts receivable

[ in thousands of euro ]	2007	2006
Trade debtors (accounts receivable) - gross	209,299	225,213
Trade debtors (accounts receivable) - amounts written down (1)	-6,850	-6,622
<b>Trade debtors (accounts receivable) - net (2)</b>	<b>202,449</b>	<b>218,591</b>
V.A.T. receivable	10,009	8,602
Taxes receivable	10,869	13,624
Interest rate swap (note 29)	35	34
Currency rate swap (note 29)	716	1,232
Receivables related to sale Barco Electronic Manufacturing & Barco Prints (3)	0	16,073
Other	6,307	3,118
<b>Other amounts receivable</b>	<b>27,936</b>	<b>42,683</b>

(1) Movement in the provision for impairment of trade receivables:

[ in thousands of euro ]	Balance sheet 31 Dec 2007	Additional provisions	Amounts used	Amounts unused	Balance sheet 31 Dec 2006 Continuing operations	Balance sheet 31 Dec 2006
	-6,850	-2,654	1,854	169	-6,219	-6,622

(2) At 31 December the ageing analysis of trade debtors is as follows:

[ in thousands of euro ]	Not due	Overdue less than 30 days	Overdue between 30 and 90 days	Overdue more than 90 days	Amount written-off	Total
2007	138,138	28,096	19,333	23,732	-6,850	202,449
2006	137,129	39,049	21,755	27,280	-6,622	218,591

The highest concentration of credit risk per 31 December 2007, amounts to 5.6% of the outstanding value of accounts receivable.

(3) In December 2006, Barco sold the Prints activity to Multiboard nv (Elprinta), and the Electronic Manufacturing activity to IPTE nv.

In the agreement with IPTE, it is stipulated that IPTE takes over all inventory of the Electronic Manufacturing activity, but has the possibility to send back inventory items to Barco if they are not used on 31 December 2007. An amount receivable was only recognized for the inventory which is expected not to be sent back, which is equal to the net book value of the inventory before the inventory was sold to IPTE.

In 2007 the remaining part of the Barco Manufacturing Services Division was sold to BMTech nv. Next to the remaining receivable on IPTE nv this receivable is presented as an asset from discontinued operations.

## 20. Deposits and cash at bank and in hand

[ in thousands of euro ]		2007	2006
Deposits	(1)	37,726	25,672
Cash at bank	(2)	35,493	55,619
Cash in hand		118	127
<b>Deposits and cash at bank and in hand</b>		<b>73,337</b>	<b>81,418</b>

(1) Deposits are short-term, highly liquid investments, that are readily convertible to known amounts of cash.

On 31 December 2007, deposits include:

- deposits in INR, with an average interest rate of 8.0%	21,175
- deposits in EUR, with an average interest rate of 4.9%	14,277
- deposits in other currencies	<u>2,274</u>
	37,726

(2) Cash at bank is immediately available. It is denominated in the following currencies:

- Euro	47%	- CNY	11%
- USD	27%	- others	16%

## 21. Prepaid expenses and accrued income

[ in thousands of euro ]	2007	2006
Prepaid expenses	8,200	5,473
Accrued income	679	337
<b>Prepaid expenses and accrued income</b>	<b>8,879</b>	<b>5,811</b>

## 22. Equity attributable to equityholders of the parent

[ in thousands of euro ]	2007	2006
Share capital	54,168	54,039
Share premium	131,143	129,781
Share-based payments	2,218	1,492
Acquired own shares	-44,421	-33,052
Retained earnings	308,759	283,221
Cumulative translation adjustment	-30,769	-23,495
Derivatives	508	889
<b>Equity attributable to equityholders of the parent</b>	<b>421,606</b>	<b>412,876</b>

### 1. Share capital

In 2007 30,177 warrants under the existing warrant plans were exercised. The capital increased on 6 July 2007 with 98K euro; on 4 October 2007 with 25K euro and on 28 December 2007 with 6K euro. As a result, the capital increased with 129K euro from 54,039K euro on 31 December 2006 to 54,168K euro on 31 December 2007. The total number of shares outstanding grew from 12,639,578 to 12,669,755. All shares are fully paid.

### 2. Share premium

The share premium increased from 129,781K euro on 31 December 2006 to 131,143K euro on 31 December 2007 after the 30,177 warrants were converted into shares. On 6 July 2007 22,815 warrants were converted, increasing the share premium with 1,040K euro. On 4 October 2007 5,973 warrants were converted into shares. As a consequence, the share premium went up with 268K euro. On 28 December 2007 1,389 warrants were converted into shares. As a result, the share premium rose with 54K euro.

### 3. Share-based payments

In 2004 the extraordinary shareholders' meeting approved a new warrant scheme effective for a period of five (5) years and decided that the board of directors could create for the benefit of the staff up to 400,000 warrants, each one entitling subscription to one (1) share. In 2006 69,421 warrants were granted and in 2007 110,000. As a result, on 31 December 2007 the total number of warrants still to be granted under the new warrant plan amounts to 147,462.

## Warrants exercisable under the warrant plans

The total number of outstanding warrants on 31 December 2007 amounted to 738,972 which can lead to the creation of the same number of shares. These warrants may be exercised under the following conditions:

Allocation date	End term	Exercise price	Balance on 31 Dec 2006	Granted in 2007	Exercised in 2007	Cancelled in 2007	Expired in 2007	Balance on 31 Dec 2007
09/16/99	09/15/09 <sup>1</sup>	93.58 euro	125,649			-6	-1,037	124,606
05/16/00	05/15/07	95.64 euro	7,491				-7,491	0
07/13/00	07/12/10 <sup>1</sup>	91.92 euro	142,383			-140	-8,088	134,155
06/18/02	06/17/12 <sup>1</sup>	42.01 euro	112,475		-5,667		-526	106,282
06/18/02 <sup>4</sup>	06/17/07	46.36 euro	3,600		-1,200		-2,400	0
06/24/02 <sup>2</sup>	06/23/12	40.55 euro	1,361		-378			983
06/24/02	06/23/12 <sup>1</sup>	42.70 euro	7,666					7,666
11/04/02	11/03/12 <sup>1</sup>	42.40 euro	4,300		-300			4,000
06/23/03	06/22/13	50.75 euro	66,973		-18,457	-255	-470	47,791
06/23/03 <sup>4</sup>	06/22/08	52.17 euro	2,400		-600			1,800
06/23/03 <sup>2</sup>	06/22/13	50.50 euro	1,480		-600			880
09/15/03	09/14/13	57.52 euro	4,375		-2,975			1,400
03/29/04	03/28/14	67.00 euro	63,044			-1,663		61,381
03/29/04 <sup>2</sup>	03/28/14	66.50 euro	1,125			-210		915
09/12/05	09/11/05	60.51 euro	59,402			-2,155		57,247
09/12/05 <sup>2</sup>	09/11/05	63.15 euro	1,875			-335		1,540
09/12/05 <sup>3</sup>	09/11/05	61.35 euro	11,290			-855		10,435
11/09/06	11/08/16	65.05 euro	67,511			-1,195		66,316
11/09/06 <sup>2</sup>	11/08/16	66.15 euro	1,910			-335		1,575
11/12/07	11/11/07	50.68 euro		81,450				81,450
11/12/07 <sup>2</sup>	11/11/17	51.53 euro		3,550				3,550
12/15/07	12/14/17	50.48 euro		25,000				25,000
			686,310	110,000	-30,177	-7,149	-20,012	738,972

<sup>(1)</sup> For a large number of warrants the end term was extended with three (3) years according to article 407 of the law of 24 December 2002

<sup>(2)</sup> Deviation of exercise price as a result of the implementation of the UK sub plan

<sup>(3)</sup> Deviation of exercise price as a result of the implementation of the US sub plan

<sup>(4)</sup> Non-personnel

For the warrants exercised in 2007, the weighted average share price at the date of exercise was 65.99 euro.

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

## 4. Acquired own shares

During the year 2007, Barco acquired 187,338 own shares for a total amount of 11,368K euro. As a result, the number of own shares owned by the company increased from 522,725 on 31 December 2006 to 710,063 on 31 December 2007.

## 5. Retained earnings

Change in retained earnings is caused by net income of 2007 and the dividend declaration by the annual general meeting in 2007. According to IFRS-rules, the proposed dividend with respect to the year 2007 for payment in 2008, is still included in the retained earnings on 31 December 2007. The board of directors will propose to the annual general meeting of 2008 to distribute a dividend of 2.40 euro per share.

## 6. Cumulative translation adjustment

Negative evolution in translation adjustment is the result of the stronger euro, mainly in comparison with the US dollar of our US companies.

## 7. Derivatives

Derivative financial instruments are disclosed in note 29.

## 23. Minority interest

[ in thousands of euro ]	2007	2006
Balance on 1 January	4	1,176
Share of minority shareholders in net profit	1	-173
First consolidation	0	0
Decrease/(increase) in ownership		-787
Translation gains/(losses)	-2	-212
<b>Balance on 31 December</b>	<b>2</b>	<b>4</b>

Minority interest did not change much compared to previous year. The decrease in 2006 was caused by the purchase of the remaining 20% participation in Barco Visual Electronics Co., Ltd and Barco Visual (Beijing) Electronics Co., Ltd (formerly Barco Leyard Electronic Technology Co., Ltd and Beijing Barco Leyard Electric Technology Co., Ltd).

## 24. Long-term debts

[ in thousands of euro ]	Payable in 2008	Payable in 2009	Payable in 2010	Payable in 2011	Payable in 2012	Payable later	Total
Financial debts	1,885	1,664	1,500	1,500	1,500	8,618	16,667
Other debts	20	0	6	12	18	3,555	3,611
<b>Total</b>	<b>1,905</b>	<b>1,664</b>	<b>1,506</b>	<b>1,512</b>	<b>1,518</b>	<b>12,173</b>	<b>20,278</b>
Analysis of long-term financial debts as to currencies:		Analysis of long-term financial debts as to interest rate:		Effective interest rate		Maturity	2007
EUR	9,750	- variable, limited by cap-floor agreements as described in note 29		EURIBOR 3M + 0.70%	Later than 2012		3,250
USD	6,368			EURIBOR 3M + 0.75%	Later than 2012		3,250
Other	548			EURIBOR 3M + 0.80%	Later than 2012		3,250
<b>Total</b>	<b>16,667</b>	- variable swapped into fixed		3.9%	Later than 2012		6,368
		- fixed		average 5.8%	2008		548
		<b>Total</b>					<b>16,667</b>

Long-term debts are valued at amortized cost, which approximates fair value. The other debts relate to governmental loans.

## 25. Short-term debts

[ in thousands of euro ]	2007	2006
Short-term debts	109,983	74,201
Analysis of short-term financial debts on 31 December 2007:		
	Effective interest rate	2007
- EUR, fixed interest rate	5.0%	60,691
- American dollar, variable interest rate	5.3%	34,373
- Japanese Yen, fixed interest rate	4.5%	4,669
- Hong Kong dollar, variable interest rate	1.5%	6,747
- Chinese Yen, variable interest rate	3.2%	2,919
- Other	6.1%	586
<b>Total</b>		<b>109,983</b>

For short-term debts, the carrying amount reported in the balance sheet approximates fair value, considering their short maturity. All short term debts per 31 December 2007 are payable in 2008.

## 26. Other payables

[ in thousands of euro ]	2007	2006
Trade payables	87,327	69,378
Other current liabilities	4,599	4,462
Dividends payable	2,383	2,073
Interest rate swap (note 29)	3	151
Other liabilities	2,212	2,237
<b>Other payables</b>	<b>91,926</b>	<b>73,840</b>

The 31 December 2007 trade payables balance is expected to be paid within the first quarter of 2008. Other current liabilities per 31 December 2007 are payable in 2008.

## 27. Accrued charges and deferred income

[ in thousands of euro ]	2007	2006
Investment grants	5,762	5,225
Accrued charges	5,358	6,066
Deferred income	3,599	3,874
<b>Accrued charges and deferred income</b>	<b>14,719</b>	<b>15,165</b>

## 28. Provisions

[ in thousands of euro ]		Balance sheet 31 Dec 2007	Additional provisions	Amounts used	Unused amounts reversed	Balance sheet 31 Dec 2006 Continuing Operations	Balance sheet 31 Dec 2006
Pension obligations	(1)	5,367	1,374	-1,251	-52	5,371	6,145
Technical warranty	(2)	17,969	8,832	-8,335	-2,199	20,043	22,806
Restructuring provision	(3)	1,066	314	-906	-467	2,147	2,147
Risk on buy-back agreements	(4)	1,070	57	0	-530	1,543	1,543
Risk on contracts in progress		497	442	-393	0	448	448
Risk on disposed activities		150	0	0	0	150	1,350
Environmental risk		75	0	0	-1,900	1,975	1,975
Social claims and severance payments		521	150	-663	0	1,035	1,063
Patent infringements		2,302	0	-451	0	2,753	2,753
Other claims and risks		1,326	506	-1,267	-251	2,329	2,335
<b>Provisions</b>		<b>30,344</b>	<b>11,675</b>	<b>-13,267</b>	<b>-5,399</b>	<b>37,795</b>	<b>42,565</b>

(1) In general, pension plans at Barco are defined contribution plans. Obligations for these plans are recognized as an expense in the income statement as incurred.

Expenses for these plans amount to 8,067K euro in 2007 (7,363K euro in 2006). In some specific cases a pension plan includes a defined benefit obligation. According to IAS 19, provisions are set up in these situations:

- early retirement plans in Belgium 3,162
- local legal requirements (mainly France, Japan, Korea and Italy) 1,557
- a small number of individual plans 939

Increase in provision for pension obligations is due to new early retirement plans in Belgium.

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

(2) Provisions for technical warranty are based on historical experience of the level of repairs and replacements. Additional provisions are set up when a technical problem is detected.

(3) Restructuring provision mainly includes the remaining part of following reorganizations decided in 2005:

- the sales & service back office functions which are centralized in the divisional headquarters in Europe
- our defense business unit in France

The 2006 provision for a reorganization in Japan was used.

(4) Barco uses a vendor-lease program with the obligation to take back goods sold, in case of insolvency of the client. A provision is set up for this risk. Total possible obligation to take back goods sold is 11.2 mio euro (versus 14.6 mio euro in 2006). Average remaining duration of these contracts is 17 months.

For the main classes of provisions the timing of the resulting outflow is expected on a short-term basis.

## 29. Risk management - Derivative financial instruments

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

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

### Foreign currency risk

#### Recognized assets and liabilities

Barco incurs foreign currency risk on recognized assets and liabilities when they are denominated in a currency other than the company's local currency. Such risks may be naturally covered when a receivable in a given currency is matched with a payable in the same currency.

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

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

#### Forecasted transactions

Barco designates forward contracts to forecasted sales. Hedge accounting is applied to these contracts. The portion of the gain or loss on the hedging instrument that will be determined as an effective hedge is recognized directly in equity. On 31 December, there were outstanding forward contracts in USD, GBP and AED.

#### Estimated sensitivity to currency fluctuations

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

- Profit margins may be negatively affected because an important part of sales are realized in USD or USD-related currencies, while costs are incurred to a smaller part in these currencies. Impact on operating result is estimated on -10.8 mio EUR when the average USD-rate in a year decreases with 10%. Barco has done great efforts in recent years to increase its natural hedging against the USD by increasing its operational costs in USD or USD-related currencies and by purchasing more components in these currencies.

- The results of the company are reported in EUR, which means that the financial positions of foreign currencies are recalculated to the EUR. Impact on operating result is estimated on -4.1 mio EUR when the year-end USD-rate decreases with 10% at the end of a period, compared to the beginning of a period.

- In order to decrease these effects, Barco uses derivative financial instruments as described above. Impact on operating result is estimated on +1.8 mio EUR when the year-end USD-rate decreases with 10% at the end of a period, compared to the beginning of a period.

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

### Interest rate risk

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

#### Swap on outstanding loan

An outstanding loan of 9,375K USD (6,368K euro) with variable interest swapped into fixed 3.86%.

This hedging instrument is treated as cash flow hedge, and gains or losses are recognized directly into equity.

#### Cap/Floor on loan agreements

Barco entered in 2004 into following loan agreement with variable interest rate, for which the variability is limited by a cap/floor:

- An outstanding loan of 9,750K euro, with variable interest rate which is limited between 2% and 5%;

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

### Credit risk

#### Credit risk on accounts receivable

Credit evaluations are performed on all customers requiring credit over a certain amount. The credit risk is monitored on a continuous basis. In a number of cases collateral is being requested before a credit risk is accepted. Specific trade finance instruments such as letters of credit and bills of exchange are regularly used in order to minimize the credit risk.

#### Credit risk on liquid securities and short-term investments

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

#### Capital Management

Management evaluates its capital needs based on following data:

	31 December 2007	31 December 2006		31 December 2007	31 December 2006
Net financial debt	53,333	12,429	Equity	421,608	412,879
Equity	421,608	412,879	Total equity and liabilities	788,356	727,551
% Net financial debt/Equity	13%	3%	% Equity / Total equity and liabilities	53%	57%

Management considers these ratios as healthy and sufficient for the further development of the group.

### 30. Operating leases

[ in thousands of euro ]	2007	2006
Non-cancellable operating leases are payable as follows:		
Less than one year	4,685	5,524
Between one and five years	8,153	8,105
More than five years	703	406
<b>Total</b>	<b>13,540</b>	<b>14,035</b>

Non-cancellable operating leases mainly relate to leases of factory facilities, warehouses and sales offices. During the current year, 5,323K euro was recognized as an expense in the income statement in respect of operating leases of factory facilities, warehouses and sales offices (2006: 5,634K euro).

### 31. Rights and commitments not reflected in the balance sheet

[ in thousands of euro ]		2007	2006
Guarantees given to third parties	(1)	21,355	16,453
Mortgage obligations given as security	(2)		
- book value of the relevant assets		13,127	14,004
- total of the mortgage		14,626	15,981

The above amounts represent the maximum exposure.

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

(2) There are no outstanding debts guaranteed by the mortgage obligations.

At the end of 2006, Barco reached agreements for the sale of important parts of the Manufacturing Services division. These agreements stipulate that the buyers will remain Barco's leading suppliers for surface mounting and prints activities in the upcoming years. At the end of 2007, Barco reached a similar agreement for its mechanical subassembly activity. Barco's purchase commitments last for a maximum period of 5 years. The commitments gradually decrease from a maximum of 91% in the first year after the sale of the business to 67% in the fifth year after the sale. The prices used in the purchase agreements are based on following principles:

- price continuity with customary adjustments for existing products;
- agreed price calculation models and competitiveness obligations for new products.

The agreements include quality and on-time delivery specifications.

### 32. Related party transactions

For more information with respect to remuneration for directors and members of the executive management, please refer to the "Corporate governance" section on page 42 of this annual report.

### 33. Cash flow statement: effect of acquisitions and disposals

[ in thousands of euro ]	Acquisitions		Disposals	
	2007	2006	2007	2006
<b>Non-current assets</b>		-180		-2,931
Capitalized development cost				
Tangible assets and other intangible assets				-2,926
Deferred tax assets		-180		
Other investments				-5
<b>Current assets</b>			-15,692	-3,889
Inventory				-14,299
Trade debtors				-5,543
Other receivables			-15,692	15,953
<b>Foreign exchange adjustments</b>				
<b>Minority interest</b>				
<b>Non-current liabilities</b>				
Long-term debts, interest-bearing liabilities				
<b>Current liabilities</b>	-48	-689		-5,634
Trade payables				-6,499
Other payables	-48	-689		866
<b>Net-identifiable assets and liabilities</b>	48	1,296	-15,692	-1,186
<b>Non-operating profit (losses) on disposals</b>				-1,368
Goodwill on acquisitions	-48	633		
<b>Received consideration</b>			15,692	-182
Purchase price		-1,930		

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are carried in terms of historical cost using the exchange rate at the date of the acquisition. Acquisitions and disposals of group companies have no relevant influence on the EBIT in 2007 versus 2006.

### 34. Events subsequent to the balance sheet date

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

### 35. Recent IFRS accounting pronouncements

Barco's accounting principles applied in 2007 are based on the IFRSs effective on 31 December 2007.

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

IFRS 7 requires disclosures that enable users of the financial statements to evaluate the significance of the financial instruments and the nature and extent of risks arising from those financial instruments. An amendment on IAS 1 requires to make new disclosures to enable users of the financial statements to evaluate the objectives, policies and processes for managing capital. The new disclosures are included throughout the financial statements. Adoption of these revised standards did not have any effect on the financial performance or position of Barco.

Barco did not choose for early adoption of IFRS 8 "Operating Segments", and IFRIC 11 "IFRS 2 - Group and Treasury Share Transactions".

# Auditor's report

Statutory auditor's report to the general meeting of shareholders of Barco nv on the consolidated financial statements for the year ended 31 December 2007

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

## Unqualified opinion on the consolidated financial statements

We have audited the consolidated financial statements of Barco nv and its subsidiaries (collectively referred to as 'the Group') for the year ended 31 December 2007, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, and the consolidated statements of income, changes in equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 788.356 thousand euro and the consolidated statement of income shows a profit for the year, share of the Group, of 53.309 thousand euro.

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

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

### *Responsibility of the statutory auditor*

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

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated

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

### *Opinion*

In our opinion, the consolidated financial statements for the year ended December 31, 2007 give a true and fair view of the Group's financial position as at December 31, 2007 and of the results of its operations and its cash flows in accordance with IFRS as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

## Additional comments

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

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

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

Brussels, 6 March 2008

Ernst & Young Reviseurs d'Entreprises SCCRL  
Statutory auditor  
represented by

Marc Van Hoecke  
Partner

# Barco nv

## Summary version of statutory accounts Barco nv

The following pages are extracts of the statutory annual accounts of Barco nv.

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

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

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Barco nv for the year ended 31 December 2007 give a true and fair view of the financial position and results of the company in accordance with all legal and regulatory dispositions.

# Balance sheet after appropriation

[ in thousands of euro ]	31 Dec 2007	31 Dec 2006
<b>ASSETS</b>		
<b>FIXED ASSETS</b>	<b>653,656</b>	<b>656,926</b>
II. Intangible fixed assets	75,379	70,248
III. Tangible fixed assets	33,163	34,794
A. Land and buildings	16,912	19,374
B. Plant, machinery and equipment	11,788	11,611
C. Furniture and vehicles	2,421	2,504
E. Other tangible fixed asset	252	452
F. Assets under construction and advance payments	1,791	853
IV. Financial fixed assets	545,114	551,884
A. Affiliated enterprises	543,689	550,603
1. Investments	543,689	550,603
2. Amounts receivable		
B. Other enterprises linked by participating interests	0	0
1. Investments	0	0
2. Amounts receivable		
C. Other financial fixed assets	1,424	1,281
1. Shares	245	245
2. Amounts receivable and cash guarantees	1,180	1,036
<b>CURRENT ASSETS</b>	<b>323,355</b>	<b>271,367</b>
V. Amounts receivable after more than one year		123
A. Trade debtors		123
VI. Stocks and contracts in progress	122,730	83,359
A. Stocks	113,660	80,463
1. Raw materials and consumables	48,451	40,706
2. Work in process	21,467	14,967
3. Finished goods	43,742	24,790
B. Contracts in progress	9,070	2,896
VII. Amounts receivable within one year	151,700	152,262
A. Trade debtors	134,900	125,897
B. Other amounts receivable	16,801	26,365
VIII. Investments	44,628	33,259
A. Own shares	44,628	33,259
IX. Cash at bank and in hand	57	96
X. Deferred charges and accrued income	4,240	2,268
<b>TOTAL ASSETS</b>	<b>977,011</b>	<b>928,293</b>

[ in thousands of euro ]

31 Dec 2007

31 Dec 2006

**LIABILITIES****CAPITAL AND RESERVES**

278,350

322,893

**I. Capital**

54,168

54,039

## A. Issued capital

54,168

54,039

**II. Share premium account**

131,143

129,781

**IV. Reserves**

50,841

39,473

## A. Legal reserve

6,182

6,182

## B. Reserves not available for distribution

44,628

33,259

## 1. In respect of own shares held

44,628

33,259

## C. Untaxed reserves

32

32

**V. Accumulated profits**

36,413

94,434

**VI. Investment grants**

5,785

5,166

**PROVISIONS AND DEFERRED TAXES**

17,371

23,453

**VII. A. Provisions for liabilities and charges**

17,371

23,453

## 1. Pensions and similar obligations

2,610

2,878

## 3. Major repairs and maintenance

1,322

1,430

## 4. Other liabilities and charges

13,439

19,145

## B. Deferred taxes

0

0

**CREDITORS**

681,289

581,947

**VIII. Amounts payable after more than one year**

46,965

57,026

## A. Financial debts

41,167

54,737

## 4. Credit institutions

41,167

54,737

## D. Other amounts payable

5,798

2,289

**IX. Amounts payable within one year**

630,543

522,944

## A. Current portion of amounts payable after one year

19,579

23,295

## B. Financial debts

454,095

351,399

## 1. Credit institutions

454,095

351,399

## C. Trade debts

92,696

83,520

## 1. Suppliers

92,696

83,520

## D. Advances received on contracts in progress

8,726

9,831

## E. Taxes, remuneration and social security

22,463

23,841

## 1. Taxes

6,088

6,476

## 2. Remuneration and social security

16,376

17,364

## F. Other amounts payable

32,983

31,057

**X. Accrued charges and deferred income**

3,782

1,978

**TOTAL LIABILITIES**

977,011

928,293

# Income statement

[ in thousands of euro ]	31 Dec 2007	31 Dec 2006
<b>I. OPERATING INCOME</b>	<b>613,649</b>	<b>554,366</b>
A. Sales	500,936	474,300
B. Increase (+), decrease (-) in stocks of finished goods, work in process and contracts in progress	32,037	7,725
C. Fixed assets - own construction	42,058	36,780
D. Other operating income	38,619	35,561
<b>II. OPERATING CHARGES (-)</b>	<b>605,941</b>	<b>544,536</b>
A. Raw materials, consumables and goods for resale	350,802	286,307
1. Purchases	359,428	286,005
2. Increase (-), decrease (+) in stocks	-8,626	302
B. Services and other goods	110,368	99,360
C. Remuneration, social security costs and pensions	100,942	106,260
D. Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	44,980	44,066
E. Increase (+), decrease (-) in amounts written off on stocks, contracts in progress and trade debtors	2,406	-1,465
F. Increase (+), decrease (-) in provisions for liabilities and charges	-6,082	3,932
G. Other operating charges	2,525	6,075
<b>III. OPERATING PROFIT (+)</b>	<b>7,708</b>	<b>9,830</b>
<b>IV. FINANCIAL INCOME</b>	<b>8,354</b>	<b>11,242</b>
A. Income from financial fixed assets	1	7
B. Income from current assets	9	2
C. Other financial income	8,343	11,233
<b>V. FINANCIAL CHARGES (-)</b>	<b>32,534</b>	<b>24,875</b>
A. Interest and other debt charges	22,626	15,668
C. Other financial charges	9,908	9,207
<b>VI. PROFIT ON ORDINARY ACTIVITIES BEFORE INCOME TAXES (+)</b>		
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INCOME TAXES (-)</b>	<b>-16,472</b>	<b>-3,803</b>

[ in thousands of euro ]	31 Dec 2007	31 Dec 2006
<b>VII. EXTRAORDINARY INCOME</b>	2,983	
D. Gain on disposal of fixed assets	2,983	
<b>VIII. EXTRAORDINARY CHARGES</b>	4,416	1,073
D. Losses on disposal of fixed assets	4,416	447
E. Other extraordinary charges		626
<b>IX. PROFIT FOR THE YEAR BEFORE INCOME TAXES (+) LOSS FOR THE YEAR BEFORE INCOME TAXES (-)</b>	<b>-17,905</b>	<b>-4,876</b>
<b>IX BIS. A. TRANSFER FROM DEFERRED TAXES (+)</b>		<b>35</b>
<b>X. INCOME TAXES</b>	<b>192</b>	<b>3,942</b>
A. Income taxes	196	3,942
B. Adjustment of income taxes and write-back of tax provisions	3	0
<b>XI. PROFIT FOR THE YEAR LOSS FOR THE YEAR</b>	<b>-18,097</b>	<b>-8,783</b>
<b>XIII. PROFIT FOR THE YEAR FOR APPROPRIATION LOSS FOR THE YEAR AVAILABLE FOR APPROPRIATION</b>	<b>-18,097</b>	<b>-8,783</b>

## Appropriation account

[ in thousands of euro ]	31 Dec 2007	31 Dec 2006
A. Profit to be appropriated	76,337	131,857
1. Profit for the year for appropriation		
Loss for the year available for appropriation (-)	-18,097	-8,783
2. Profit brought forward	94,434	140,640
C. Transfers to capital and reserves	11,368	9,651
3. to other reserves	11,368	9,651
D. Result to be carried forward		
1. Profit to be carried forward (-)	36,413	94,434
F. Distribution of profit (-)	28,556	27,772
1. Dividend	28,556	27,772

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