

ANNEX

CHANGE TO IFRS



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Barco, IFRS, Accounting Principles

1. Basis of Presentation

The consolidated financial statements of the Barco group have been prepared in accordance with Standards issued by the International Accounting Standards Committee (IASC), interpretations issued by the Standing Interpretations Committee of the IASC and additional requirements in the Fourth European Directive.

The financial statements are presented in thousands of euro and are prepared under the historical cost convention.

The first year application of IFRS is 2003. Comparable figures of 2002 have been prepared using consistent accounting policies as those used in 2003.

2. Principles of Consolidation

General

The consolidated financial statements comprise the accounts of the parent company, Barco N.V., 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.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Investments in associated companies

Investments in associated companies over which the Company has significant influence but no control (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-accounted amount and the recoverable amount, and the pro rata share of income (loss) of associates 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 of a subsidiary or associate at the date of acquisition. Goodwill is amortized using the straight-line method over its expected useful life. General estimate of useful life is 10 years, unless a longer or shorter period can be justified. This period is not exceeding 20 years.

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 processes, which are recognized as an asset 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

Other intangible assets, which are acquired, are capitalized and 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 amortization. Generally, depreciation and amortization are 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	
cfr underlying asset, limited to outstanding period of lease contract	
- demo material	1 to 3 years

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 tangible fixed assets at net present value. 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 financial expenditure. Capitalized leased assets are depreciated over the useful life as mentioned under "property, plant and equipment".

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 recognized as an expense in the income statement.

8. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first in first out (FIFO) basis. Net realizable value is the amount that can be realized from the sale of the inventory in the normal course of business after allowing for the costs of realization.

In addition to the cost of materials and direct

labor, the relevant proportion of production overhead is included in the inventory values.

9. Revenue Recognition

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

Concerning sale of goods, 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.

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

Concerning rendering of services, revenue is recognized by reference to the stage of completion.

Concerning government grants, revenue is recognized as income in proportion to the depreciation of the underlying fixed assets.

10. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand

and balances with banks and short-term investments. It is the Group's policy to hold investments to maturity. All investments are initially recognized at cost. Gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

11. Provisions

Provisions are recognized 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.

12. Equity – Costs of an Equity Transaction

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

13. Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognized at cost, less attributable transaction cost. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

14. Employee Benefits

Employee benefits are recognized as an expense when the Group consumes the economic benefit arising from service provided by an employee in exchange for employee benefits, and as a liability when an employee has provided service in exchange for employee benefits to be paid in the future.

General pension plans are defined contribution plans. Obligations for these plans are recognized as an expense in the income statement as incurred.

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

15. 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 treated as financial income and expenses.

16. 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 effects of translating these operations are included in shareholders equity.

17. Derivative Financial Instruments

Derivative financial instruments are recognized initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The fair values of derivative interest

contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward exchange contracts is their market price at the balance sheet date. Recognition of any resulting gain or loss depends on the nature of the item being hedged.

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, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity.

18. 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 subsequently enacted at the balance sheet date. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and tax losses can be utilized.

19. 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 its value in use (the present value of estimated future cash-flows) or, if higher, to its net selling price. Then, and only then, is an impairment loss recorded and completely charged against income.

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.

20. 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 basic 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 and stock options outstanding during the period.

Impact of the Introduction of IFRS on the Income Statement

1. Barco consolidated income statement 2002 according to the IFRS rules

[in thousands of euro]

	2002		2002		2002		2002		2002	
	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Dec YTD	
Net sales	152,220	100%	176,106	100%	145,846	100%	194,868	100%	669,040	100%
Cost of goods sold	-89,434	-59%	-95,948	-54%	-81,102	-56%	-106,051	-54%	-372,536	-56%
Gross profit	62,786	41%	80,158	46%	64,744	44%	88,816	46%	296,504	44%
Research and development expenses	-17,085	-11%	-17,810	-10%	-17,901	-12%	-17,978	-9%	-70,775	-11%
Sales and marketing	-24,128	-16%	-24,988	-14%	-23,153	-16%	-25,718	-13%	-97,987	-15%
General and administration expenses	-11,945	-8%	-13,169	-7%	-11,913	-8%	-12,093	-6%	-49,120	-7%
Other operating income (expense) - net	1,241	1%	-2,237	-1%	-1,326	-1%	-5,072	-3%	-7,393	-1%
EBITA	10,868	7%	21,954	12%	10,451	7%	27,955	14%	71,228	11%
Goodwill amortization	-1,206	-1%	-1,206	-1%	-1,482	-1%	-3,806	-2%	-7,699	-1%
Operating result	9,662	6%	20,748	12%	8,969	6%	24,149	12%	63,529	9%
Interest income (expense) - net	25	0%	375	0%	392	0%	472	0%	1,264	0%
Other non-operating income (expense) - net		0%	-28,092	-16%		0%	-975	-1%	-29,068	-4%
Non-operating result	25	0%	-27,717	-16%	392	0%	-503	0%	-27,804	-4%
Income taxes	-2,999	-2%	-5,303	-3%	-3,483	-2%	-6,273	-3%	-18,059	-3%
Net income of consolidated companies	6,688	4%	-12,272	-7%	5,878	4%	17,373	9%	17,667	3%
Share of results of associated companies		0%		0%		0%		0%		0%
Minority interest	-67	0%	-6	0%		0%		0%	-73	0%
Net income	6,756	4%	-12,266	-7%	5,878	4%	17,372	9%	17,740	3%
Earnings per share	0.54		-0.99		0.47		1.40		1.43	
Diluted earnings per share	0.52		-0.95		0.45		1.32		1.36	

2. Differences in “Net-income of consolidated companies” between income statement 2002 in IFRS and published income statement 2002 according to Belgian GAAP

[in thousands of euro]	2002 1 st Quarter	2002 2 nd Quarter	2002 3 rd Quarter	2002 4 th Quarter	2002 Dec YTD
IFRS	6,688	-12,272	5,878	17,373	17,667
Belgian GAAP	5,728	-13,287	7,023	22,172	21,636
Difference	960	1,015	-1,145	-4,799	-3,969

3. Reconciliation of the differences (positive amounts: IFRS shows better result than Belgian GAAP)

3.1. Amortization of goodwill

Goodwill amortization under IFRS is based on the following principles:

- initial goodwill is adjusted taking into account IFRS valuation rules for the acquired company
- under IFRS amortization starts on the moment the company is acquired while under Belgian GAAP a full year was amortized in the year of acquisition
- general estimate of useful life under IFRS is 10 years

	Difference*
1 st Quarter	-105
2 nd Quarter	-13
3 rd Quarter	-209
4 th Quarter	140
Year 2002	-187

[in thousands of euro]

* - = negative impact on results

+ = positive impact on results

3.2. Capitalization and amortization of development cost

Since capitalization criteria are more severe under IFRS than under Belgian GAAP, less projects are subject to capitalization. However, since projects are capitalized at full cost instead of direct cost, more costs per project are subject to capitalization. In 2002 35,5 million euro is capitalized under IFRS, while 38,4 million euro was capitalized under Belgian GAAP rules.

In IFRS amortization only starts when products are available for use. Under Belgian GAAP development costs were amortized over 3 years with a full year of amortization in the year of development. This results in a different amortization scheme. In 2002 34,8 million euro is amortized under IFRS, while 40,1 million euro is amortized under Belgian GAAP. The difference was particularly high in the 4th quarter of 2002, since some projects were fully amortized under Belgian GAAP, which were never capitalized under IFRS.

	Difference
1 st Quarter	555
2 nd Quarter	597
3 rd Quarter	-378
4 th Quarter	1,576
Year 2002	2,350

[in thousands of euro]

3.3. Depreciation of software and tangible fixed assets

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Under Belgian GAAP, a full year of depreciation was calculated in the year of first use, while under IFRS the depreciation starts on a monthly basis. As a result, in a year like 2002 with lower investments than the years before, depreciation cost is lower under Belgian GAAP than under IFRS. The difference is particularly high in the 4th quarter of 2002, since under Belgian GAAP depreciations during the year were calculated based on budgeted investments, while at year-end real investments were lower than budgeted.

	Difference
1 st Quarter	212
2 nd Quarter	319
3 rd Quarter	409
4 th Quarter	-2,430
Year 2002	-1,491

[in thousands of euro]

3.4. Inventory valuation

Under IFRS inventory is valued at full cost, while under Belgian GAAP inventory was valued at direct cost. This results in lower profits under IFRS when inventory finished goods decreases, for example in a period with high sales such as the fourth quarter 2002.

Under IFRS inventory is valued using FIFO, while under Belgian GAAP materials were valued at the last purchase price. As a result, changes in purchase price (e.g. the exchange rate) had a more direct impact on inventory valuation under Belgian GAAP than under IFRS.

	Difference
1 st Quarter	57
2 nd Quarter	2,559
3 rd Quarter	-506
4 th Quarter	-3,111
Year 2002	-1,002

[in thousands of euro]

3.5. Write-offs trade debtors

Some write-offs, which were calculated on a more general basis under Belgian GAAP, are not maintained anymore under IFRS.

	Difference
1 st Quarter	-73
2 nd Quarter	-91
3 rd Quarter	-28
4 th Quarter	-0.351
Year 2002	-192

[in thousands of euro]

3.6. Exchange gains and losses

Differences in exchange gains and losses are caused by two reasons:

- under IFRS non-realized exchange gains are income, while under Belgian GAAP they were deferred
- under IFRS changes in value of currency rate swaps are directly included in income statement

	Difference
1 st Quarter	709
2 nd Quarter	-194
3 rd Quarter	86
4 th Quarter	-213
Year 2002	388

[in thousands of euro]

3.7. Investment grants

Revenue is recognized as income in proportion to the depreciation of the underlying assets. Since method of depreciation of development cost (see 3.2.) and fixed assets (see 3.3.) is different under IFRS under Belgian GAAP, revenue recognition of investment grants is also different.

	Difference
1 st Quarter	-41
2 nd Quarter	-80
3 rd Quarter	5
4 th Quarter	-56
Year 2002	-172

[in thousands of euro]

3.8. Provisions

Some provisions are accepted by Belgian GAAP, but not by IFRS, such as gross maintenance provisions. Other provisions are higher under IFRS than under Belgian GAAP, such as pension provisions and other social obligations.

	Difference
1 st Quarter	-226
2 nd Quarter	-240
3 rd Quarter	-252
4 th Quarter	-932
Year 2002	-1,650

[in thousands of euro]

3.9. Financial cost

Due to the specific treatment of a convertible loan under IFRS, financial cost is slightly higher.

	Difference
1 st Quarter	-4
2 nd Quarter	-26
3 rd Quarter	9
4 th Quarter	0.5
Year 2002	-21

[in thousands of euro]

3.10. Taxes

Under IFRS deferred tax assets are set up, while this was not the case under Belgian GAAP. This has a significant impact on the 2002 results, because Barco NV had unused tax losses at YE2001 which were used in 2002. Under IFRS, a deferred tax asset is set up at YE2001, which results in a deferred tax cost in 2002.

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	Difference
1 st Quarter	-125
2 nd Quarter	-1,816
3 rd Quarter	-281
4 th Quarter	210
Year 2002	-2,011

[in thousands of euro]

Impact of the Introduction of IFRS on the Balance Sheet

The most important changes between Barco's traditional Belgian GAAP reporting and the new IFRS rules having an impact on the company's net equity, are the following:

1. Overview of the Barco consolidated balance sheet 2002 according to the IFRS-rules

	Dec 31, 2002	Dec 31, 2002	Dec, 2002
[in thousands of euro]	IFRS	Belgian GAAP	Difference with Belgian GAAP
Assets			
Goodwill	30,538	46,728	-16,190
Capitalized development cost	54,921	38,402	16,519
Other intangible fixed assets	1,923	1,408	515
Land and buildings	58,150	55,384	2,766
Assets under construction and advance payments	456	456	
Other tangible fixed assets	42,517	37,849	4,668
Investments	5,050	5,050	
Deferred tax assets	8,633		8,633
Other non-current assets	14,609	14,609	
Non-current assets	216,797	199,886	16,911
Inventory	117,995	109,964	8,031
Trade debtors (accounts receivable)	158,497	157,053	1,444
Other amounts receivable	31,846	31,949	-103
Deposits and cash at bank and in hand	122,529	122,528	1
Prepaid expenses and accrued income	4,680	4,680	
Current assets	435,547	426,174	9,373
Total assets	652,344	626,060	26,284
Liabilities			
Equity	382,759	336,925	45,834
Minority interest	10	10	
Long term debts interest-bearing liabilities	13,275	13,345	-70
Deferred tax liabilities	9,125	9,191	-66
Other long term liabilities	3,223	3,223	
Non-current liabilities	25,623	25,759	-136
Current portion of long term debts	1,472	1,472	
Short term debts	19,656	19,656	
Trade payables	60,388	60,388	
Advances received on contracts in progress	26,125	26,125	
Tax payables	27,020	26,493	527
Liabilities personnel commitments	39,932	31,833	8,099
Other current liabilities	6,583	29,827	-23,244
Accrued charges and deferred income	22,708	20,660	2,048
Provisions for liabilities and charges	40,069	46,912	-6,843
Current liabilities	243,952	263,366	-19,414
Total liabilities	652,344	626,060	26,284

2. Differences between balance sheet 2002 in IFRS and published balance sheet 2002 according to Belgian GAAP

1. Dividends

Net equity is calculated before allocation of the results.

Under Belgian GAAP, dividend payments proposed to the general assembly by the board of directors were accounted for as a debt, no longer as being a part of net equity.

Under IFRS rules these dividends are still included in net equity.

Impact on net equity per	Dec 31, 2001:	+23,335 K €
	March 31, 2002:	+23,335 K €
	Dec 31, 2002:	+23,831 K €

2. Investment grants

Under Belgian GAAP, subsidies and investment grants not yet booked as an income, are already under deduction of deferred taxes, included in the net equity of the company.

Under IFRS rules, these subsidies and investment grants that do not qualify to be booked as revenue, remain on the balance sheet as a liability, even if reimbursement of the grant is excluded.

Impact on net equity per	Dec 31, 2001:	-3,518 K €
	March 31, 2002:	-2,627 K €
	Dec 31, 2002:	-3,144 K €

3. Capitalized development costs

Under Belgian GAAP, capitalized R&D included also long term research, that did not necessarily lead immediately to a sellable product; valuation was done at an hourly rate only including the direct part of the R&D team.

Under IFRS rules, only development immediately leading to sellable products or additions to products is capitalized. Costs made to correct product design after commercial introduction are not capitalized. Capitalization however also includes overhead related to development.

Depreciation only starts at the moment the product is commercially available.

Under Belgian GAAP, depreciation rules included a full year's depreciation applied already in the year of capitalization. Under IFRS, amortization starts on average 6 months later and is only made "pro rata temporis" i.e. only for the part of the year remaining from the moment of commercial availability.

Impact on net equity per	Dec 31, 2001:	+14,608 K €
	March 31, 2002:	+15,289 K €
	Dec 31, 2002:	+16,519 K €

4. Consolidation goodwill

Differences are created by the fact that

- initial goodwill is adjusted taking into account IFRS valuation rules for the balance sheet of the acquired company
- first year amortization in IFRS is pro rata temporis, while under Belgian GAAP a full year amortization was applied in the first year
- standard amortization period in IFRS is 10 years, instead 5, 10 and 20 years

Impact on net equity per Dec 31, 2001: -15,274 K €
March 31, 2002: -15,379 K €
Dec 31, 2002: -16,190 K €

5. Tangible and fixed assets and software

Under Belgian GAAP, depreciation over the year of first use was calculated over the full year. For countries where this was not allowed and where fixed assets were not important, the adjustment was made.

Under IFRS, depreciation over the year of first use is made only "pro rata temporis" of real use.

On average, this means that depreciation starts 6 months later, leading to an increase of the valuation of tangible fixed assets.

No adjustments have been made for the cost of acquisition of the fixed assets.

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Impact on net equity per Dec 31, 2001: +9,774 K €
March 31, 2002: +10,069 K €
Dec 31, 2002: +7,949 K €

6. Inventory

Under Belgian GAAP, Barco had chosen to value inventory at direct cost of materials and salaries without any coverage of manufacturing or other overhead cost. Materials were valued at the last purchase price.

Under IFRS, Barco has chosen to value at full manufacturing cost using the FIFO method.

Although today's accounting methods do not permit to value inventory perfectly according to these rules, sufficient approximate methods are put in place.

During 2003-2004, more precise valuation methods will be gradually put in place.

Impact on net equity per Dec 31, 2001: +9,349 K €
March 31, 2002: +9,490 K €
Dec 31, 2002: +8,031 K €

7. Trade debtors

Some write-offs, which were calculated on a more general basis under Belgian GAAP, are not maintained anymore under IFRS.

Impact on net equity per	Dec 31, 2001:	+1,615 K €
	March 31, 2002:	+1,543 K €
	Dec 31, 2002:	+1,444 K €

8. Provisions

Provisions for social liabilities are transferred to liabilities for personnel commitments. At the same time, liabilities for personnel commitments increase, mainly for pension obligations.

The provision for maintenance of the buildings, booked in accordance with Barco's Belgian GAAP rules, are no longer admitted under IFRS rules.

Impact of 2,637,000 euro at the end of 2001, 2,202,000 euro at the end of 2002.

Impact on net equity per	Dec 31, 2001:	+392 K €
	March 31, 2002:	+166 K €
	Dec 31, 2002:	-1,256 K €

9. Deferred tax assets and liabilities

Under IFRS deferred tax assets and liabilities are calculated in following cases:

- deferred tax assets based upon tax carry forward losses, when they are likely to be used in the near future
- deferred tax assets or liabilities based upon timely differences between IFRS-valuation rules and local tax rules (capitalizing development, depreciation of fixed assets, full cost inventory,...)

Under Belgian GAAP only deferred tax liabilities were accounted for timely differences between Belgian valuation rules and local tax rules.

Impact on net equity per	Dec 31, 2001:	+10,194 K €
	March 31, 2002:	+10,188 K €
	Dec 31, 2002:	+7,800 K €

10. Non-realized exchange gains

Under IFRS non-realized exchange gains are income, while under Belgian GAAP they were deferred.

Impact on net equity per	Dec 31, 2001:	+1,141 K €
	March 31, 2002:	+1,689 K €
	Dec 31, 2002:	+1,096 K €



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