

ANNUAL REPORT 2002



BARCO

Visibly yours





Annual Report **2002**

All comparisons with the results of 2001 included in this report relate to the pro forma results of 2001. These pro forma results exclude the results of former Barco Graphics and include the results of dotrix n.v.

Table of Contents

4	Visibly yours
5	Mission Statement
6	Company Profile
8	Letter to the Shareholder
10	Keyfigures per Quarter 2002
11	Keyfigures per Quarter 2001
12	Keyfigures 2002
14	Keyfigures for Shareholders 2002
16	Geographical Distribution of Sales per Division
18	Worldwide Presence and Organizational Structure
20	Overview Markets
42	Board of Directors and Executive Committee
	Report of the Board of Directors
44	Corporate Governance
52	Human Resources
54	Developing Products in Line with Customer Demands
56	Corporate Marketing
58	ICT
60	Corporate Sustainability
62	Evolution of the Results
78	Barco n.v.
	Information for the Shareholder
80	Information about the Share
80	Capital
81	Ownership of the Company's Shares
85	Comments on the Evolution of the Barco Share Price
86	Dividend
87	Analysts Covering Barco
88	Financial Calendar
89	Investor Relations in 2002
	Barco Consolidated
92	Balance Sheet after Appropriation
94	Income Statement
96	Sources and Uses of Funds
98	Commentary on the Consolidated Accounts
100	Notes
113	Auditor's Report
	Barco n.v. (Summary Version)
115	Commentary
116	Balance Sheet after Appropriation
118	Income Statement
119	Appropriation Account

Wherever you look, whatever you do, wherever you go ... Barco is with you, Barco is much closer than you ever might have thought. Barco's technology and know-how touches your life and guarantees your safety and well-being, enhances your comfort level or even helps to make some dreams come true.

In this way, Barco plays a part in virtually every human being's life. Throughout the day and throughout the night, Barco is noticeable to the eye and noticeable to the mind, be it close or at a distance.

A worldwide leader in most of its key markets, Barco takes on a pioneering role and creates tomorrow's image processing solutions. Look around and you will be convinced that Barco is "Visibly yours".

visibly yours

Mission Statement

Barco aims to be the world leader in the business-to-business markets in which it offers visualization and image processing solutions. Barco's solutions, based on pioneering state-of-the-art image processing, help customers improve their productivity and effectiveness.

Quality is the key that opens markets – and keeps them open. Customers are looking not only for the highest quality images but also for the highest quality total service and product package.

Barco's employees are the company's most valuable assets. Their role in this permanent search for better quality is the key to company success and to customer satisfaction. For this reason, Barco has set up a quarterly employee "Quality Award" program to reward the teams with the best quality initiatives.

Martin De Prycker ▼
President & CEO



Company Profile

Barco, an international company, is active in three key areas of imaging technology. The company designs and develops solutions for large-screen projection, visualization solutions for life-critical decision making, and optical systems for visual inspection. The company employs over 4100 people and realized a sales figure of more than 669 million euro in 2002. Barco is quoted on Euronext/Brussels, is part of the BEL 20 and Next 150 indexes and is also a member of the Dow Jones Sustainability Indexes.

As a market driven company, Barco targets world leadership in its selected markets. Currently Barco is active in the markets of traffic, surveillance, broadcasting, utilities, telecommunications, simulation and virtual & augmented reality, events, media, digital cinema, air traffic control, defense & security, medical imaging, avionics, textiles and food sorting. Through acquisitions and major R&D investments, Barco consolidates and expands its leadership in these constantly growing markets.



Barco is a global company, present in almost 100 countries. R&D and manufacturing facilities are located in several countries of Europe, in the USA and in Asia. Barco's skilled and highly motivated employees are key to the company's success. Their motivation is stimulated by opportunities for ongoing training and career growth. Barco wants to operate in harmony with the environment and takes all necessary measures to reach this goal.

Barco is headquartered in Belgium.

Letter to the Shareholder

Dear Shareholder

2002 has been an important year for the Barco group. After some years of unsatisfactory profitability, Barco succeeded in increasing current profit before taxes on a full year basis by 35% to 73.4 million euro or 11% of sales. This strong increase indicates that the strategic and structural process of change that was started in 2000, is now generating results.

Focus in the portfolio

In 2000 the decision was taken to refocus the product and market portfolio on the core skills of Barco in image processing and to make better use of the strong position Barco has developed in image processing markets. As a consequence a number of product groups such as cable networks and graphic systems were either divested or Barco's interest in them was reduced. This strategy of focusing the company was continued in 2002 by further reducing the interest Barco holds in the graphic activities.



▲ **Herman Daems**
Chairman of the board of directors
Martin De Prycker
President & CEO

From products to systems

A *value added* strategy was already started in the past, to integrate products into systems that can create much more value for professional users in specialized markets. This strategy has been successfully implemented and has led to a qualitative improvement of the structure of the sales in 2002 too. Sales are increasingly generated by systems. In this way, Barco can continue to excel in markets yielding higher margins

New management

A further step in the new strategic approach has been set with the appointment of Martin De Prycker as new CEO. Early February 2002, after having managed Barco for over 20 years, Baron Hugo Vandamme resigned as CEO and was appointed Vice Chairman of Barco. At this occasion, the Board of Directors expressed its gratitude for the efforts Baron Hugo Vandamme put into the growth of Barco, strongly supported in these efforts by Erik Dejonghe.

Dynamic process of change focused on growth

With a lot of dynamism the new CEO has accelerated the process of change that had already been started. On the operational side, costs and operating working capital were firmly controlled. As a result the net cash position increased from 11.8 million euro to 88.1 million euro. In this way the company has laid the necessary basis for future growth.

Barco sees growth along three axes: geographical growth, growth in vertical markets and expansion of the product range to systems and solutions.

Geographical growth offers good opportunities. Today, Barco has strong market positions in Europe, while in other continents such as North America and Asia, Barco has not yet been able to completely turn its technological innovative strength into market leadership. Steps have been taken to realize this quickly, like a couple of strategic acquisitions in the beginning of 2003.

The growth in vertical markets is also very promising. More and more, professional users consider Barco as a trendsetter in specialized image processing markets. Analyses of the available market potential indicate that in many of these application areas of professional image processing, the markets can still grow substantially and other players have not yet taken in market positions.

Finally, also the transition from products to systems creates profitable growth. Through systems and solutions, Barco gets higher up in the *value chain* and it can protect its position against competitors that compete merely with products.

In the past the strategy for growth has always been the strength of Barco. The new management and the board of directors will take further steps in the coming years to realize this strategy for growth once again and to further refine the focus of the company.

Herman Daems
Chairman of the Board of Directors

Financial Highlights

Keyfigures per Quarter 2002

[in thousands of euro]

	4 th Quarter 2002	3 rd Quarter 2002	2 nd Quarter 2002	1 st Quarter 2002
Sales	194,868	145,846	176,106	152,220
Operating result	32,762	10,898	21,549	9,621
Financial result	-4,051	-667	-3,249	-1,019
Results on ordinary activities	28,712	10,230	18,300	8,602
Current result (1) before taxes	32,657	11,595	19,401	9,703
Current result (1) after taxes	26,174	8,392	15,913	6,829
Extraordinary result before taxes	-57	-5	-28,100	
Amortization consolidation goodwill	3,946	1,364	1,101	1,101
Result before taxes	28,655	10,226	-9,800	8,602
Taxes on the result	-6,483	-3,203	-3,488	-2,874
Result after taxes	22,172	7,023	-13,287	5,728
Current cash flow (2)	40,069	23,700	31,722	22,112
Current result after taxes per share	2.11	0.68	1.28	0.55

Number of Associates

Total	4,117	4,000	4,016	4,033
-------	-------	-------	-------	-------

[1] result without extraordinary results and depreciation of consolidation goodwill on acquisitions

[2] current result after taxes + amortization & depreciation

Keyfigures per Quarter 2001

[in thousands of euro]

	Present-day activities pro forma	Present-day activities pro forma	Present-day activities pro forma	Present-day activities pro forma
	4 th Quarter 2001	3 rd Quarter 2001	2 nd Quarter 2001	1 st Quarter 2001
Sales	180,856	153,676	181,745	157,098
Operating result	12,598	2,281	25,767	13,820
Financial result	-2,189	-2,560	-1,374	-732
Results on ordinary activities	10,409	-279	24,393	13,088
Current result (1) before taxes	12,102	1,414	26,098	14,793
Current result (1) after taxes	9,675	1,131	18,028	10,219
Extraordinary result before taxes	-95,931		-411	
Amortization consolidation goodwill	1,693	1,693	1,705	1,705
Result before taxes	-85,522	-279	23,982	13,088
Taxes on the result	-2,427	-283	-8,070	-4,574
Result after taxes	-87,949	-562	15,912	8,514
Current cash flow (2)	21,459	15,790	33,013	25,203
Current result after taxes per share	0.78	0.09	1.45	0.82

10 | II

Number of Associates

Total	4,132	4,299	4,235	4,150
-------	-------	-------	-------	-------

[1] result without extraordinary results and depreciation of consolidation goodwill on acquisitions

[2] current result after taxes + amortization & depreciation

Keyfigures

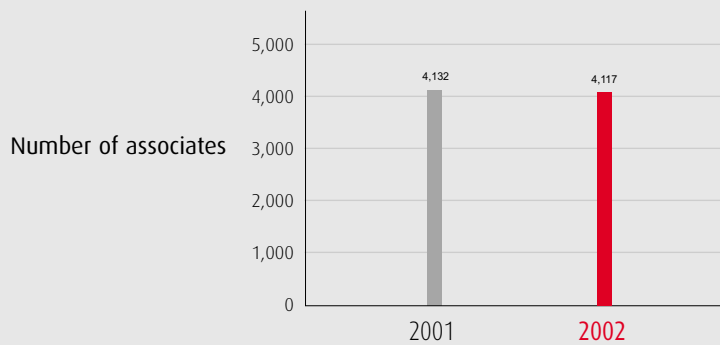
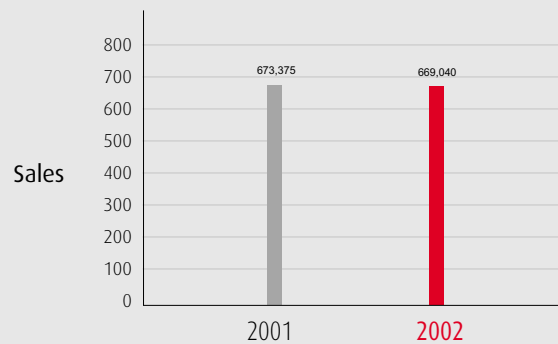
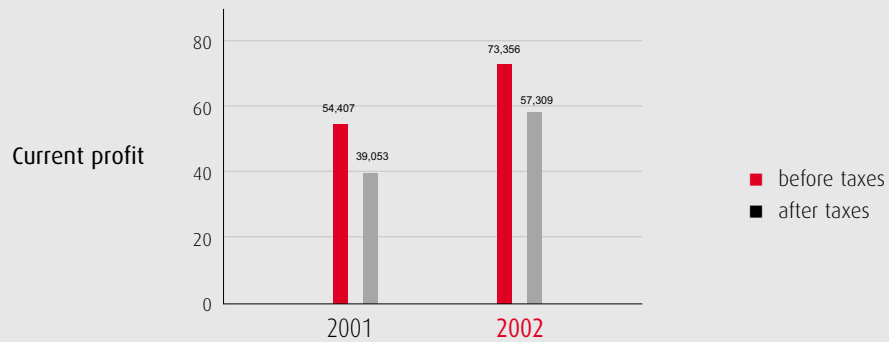
[in thousands of euro]

	2002	Present-day activities pro forma 2001	Published figures 2001
Sales	669,040	673,375	791,919
Operating result	74,831	54,466	47,790
Financial result	-8,987	-6,855	-12,497
Results on ordinary activities	65,844	47,611	35,293
Current result (1) before taxes	73,356	54,407	48,446
Current result (1) after taxes	57,309	39,053	34,192
Extraordinary result before taxes	-28,161	-96,342	-96,342
Amortization consolidation goodwill	7,512	6,796	13,153
R&D Expenses	71,399	78,719	
Result before taxes	37,683	-48,731	-61,049
Taxes on the result	-16,048	-15,354	-14,254
Result after taxes	21,636	-64,085	-75,303
Current cash flow (2)	117,603	95,465	106,058
Investments in tangible assets	16,845	32,127	34,313
Investment in intangible assets (3)	39,145	42,085	54,043
Current result after taxes per share	4.62	3.15	2.75

[1] result without extraordinary results and depreciation of consolidation goodwill on acquisitions

[2] current result after taxes + amortization & depreciation

[3] without consolidation goodwill on acquisitions



Keyfigures for Shareholders

[in euro]	2002	Present-day activities pro forma 2001	Published figures 2001
Number of shares on 12/31 (in thousands)	12,412	12,412	12,412
Per share			
Current result (1) after taxes	4.62	3.15	2.75
Current cash flow (2)	9.47	7.69	8.54
Net result	1.74	-5.16	-6.07
Gross dividend	1.92	1.88	1.88
Net dividend (3)	1.44	1.41	1.41
Net dividend (4)	1.63	1.60	1.60
Gross dividend yield (%) (5)	3.84	4.77	4.77
Yearly return (%) (6)	31.65	-48.34	-48.34
Pay-out ratio (%) (7)	110.15	-36.41	-30.99
Price/earnings ratio (8)	10.82	12.52	14.30
Net equity	27.15	28.31	28.39

14 | 15

Share Price

Average price	45.87	53.52	53.52
Highest price	57.00	80.75	80.75
Lowest price	34.99	28.00	28.00
Price on 12/31	49.95	39.40	39.40
Number of shares traded (9)	13,410	13,724	13,724
Stock market capitalization on 12/31 (in millions)	619.98	489.03	489.03

(1) result without extraordinary results and depreciation of consolidation goodwill on acquisitions

(2) current result after taxes + amortization & depreciation

(3) without VVPR-strip

(4) with VVPR-strip

(5) gross dividend/closing rate on 12/31

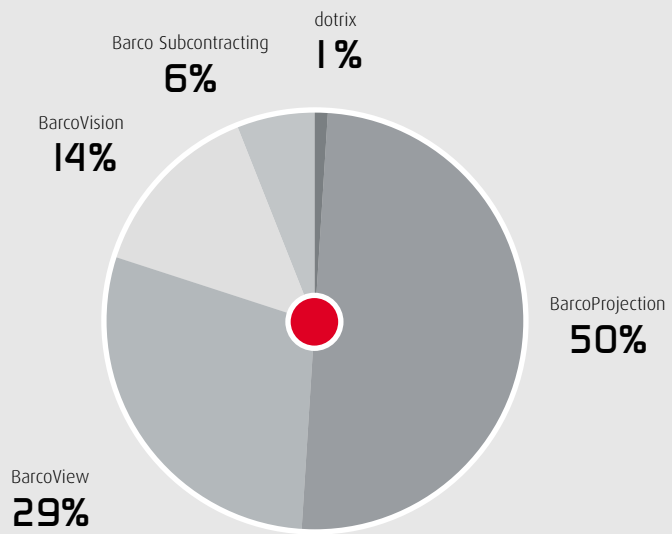
(6) (stock exchange result on basis 12/31 last year + gross dividend)/closing rate on 12/31 last year

(7) gross dividend/net result

(8) share price 12/31 current result after taxes per share

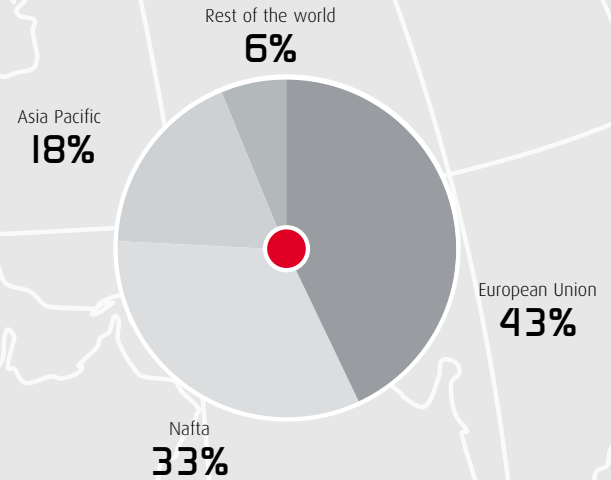
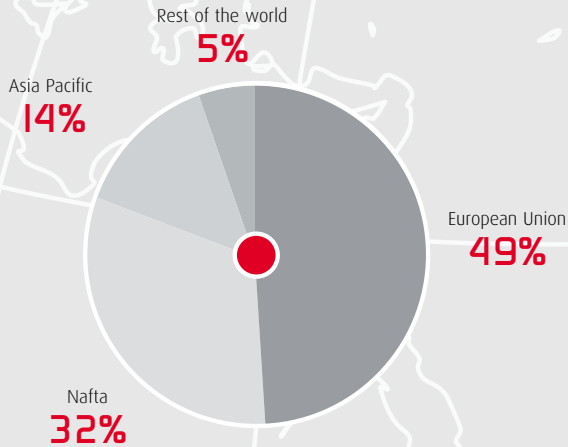
(9) average on daily basis

Sales per Division

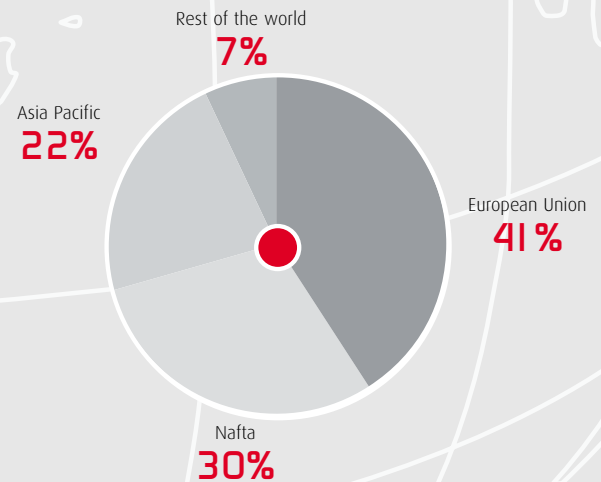
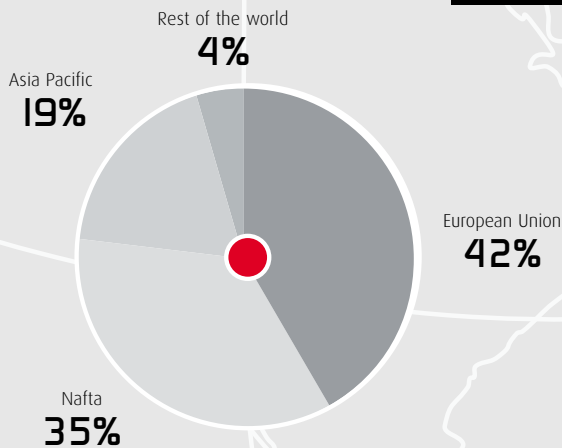


Geographical Breakdown of Sales per Division in % Shows a Relative Growth in Sales in the NAFTA and Asia Pacific Regions

1st quarter 2002 2nd quarter 2002



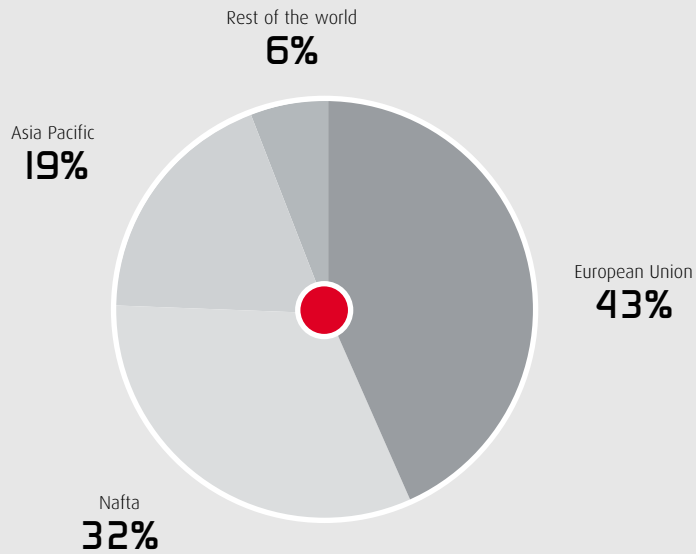
3rd quarter 2002 4th quarter 2002



Yannick Post ▶
Executive Vice President
North America



YTD 2002 (12 months)



European Union
43%



Jacques Bertrand ▶
President Barco Japan

* Asia Pacific: incl. Israel, Australia, New Zealand - R of W: incl. Europe non-EU, Turkey, Latin America excl. Mexico, Africa

** Deliveries to OEM customers are included in the sales of the country of the OEM customer. The end products are often exported to other countries. This means that, on the whole, the sales of Nafta and Asia Pacific is to some extent underestimated, and that of the EU is overestimated.

Worldwide Presence

2003

R&D and Manufacturing Facilities

Subsidiaries and Offices

Belgium
Czech Republic
France
Germany
India
Japan
Switzerland
The Netherlands
United Kingdom
United States

Europe

Belgium
Czech Republic
Denmark
France
Germany
Italy
Poland
Russia
Spain
Switzerland
The Netherlands
United Kingdom

America

Argentina
Brazil
United States

Asia

China
India
Japan
Korea
Malaysia
Singapore
Taiwan
Thailand

Middle East

Dubai
Israel

Oceania

Australia



Bernard Dursin ▲

President Barco Europe & Asia

Organizational Structure 2003

BarcoProjection

Large-screen visualization

Control Rooms
Presentation & Simulation
Media & Entertainment

BarcoView

Visualization for
life-critical decision making

Command & Control
Medical Imaging Systems
Avionics

BarcoVision

Visual inspection
and quality control

Sensors & Systems
Machine Vision



Barco develops, manufactures and markets high-quality, large-screen display systems. Barco is the only worldwide player offering projection systems based on CRT, LCD, DLP and LED technology at the same time. The company's projectors are used in rental & staging, media applications, digital cinema, simulation & virtual reality environments and control rooms. In recent years Barco has made an important transition from product vendor to solutions provider.

Barco supplies visualization solutions for decision making in life-critical viewing circumstances. This comprises high resolution, high performance display systems for medical imaging, the aviation industry, military applications and air traffic control. In most of its markets, Barco occupies a leading position.

Barco is a world leader in the markets of optical detection and inspection systems, sorting machines and computerized production management systems, for the textile, plastics and food markets.

Barco Subcontracting

Special Components
Interconnection Technologies

doRIX (88%)



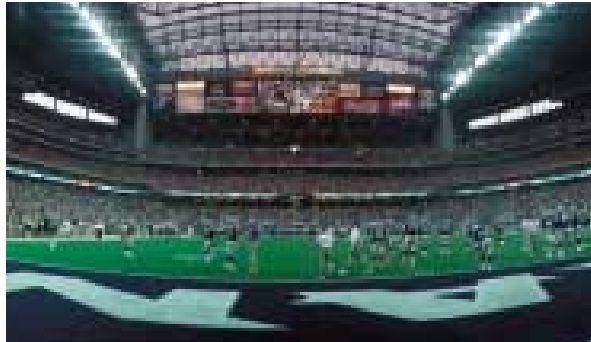
ADVERTISING
CLOSE
OMNIPRESENT

LARGE-SCREEN VISUALIZATION

ENLIGHTENED

PERSUASIVE

DIALOGUE



Media

Barco develops giant LED display walls for use in high ambient light environments, both for indoor (ILITE) and outdoor (DLITE) use. From large-screen displays in sports arenas and giant corporate branding media in corporate headquarters, to out-of-home communication, such as digital advertising billboards in shopping centers, Barco renders messages with unprecedented impact.

20 | 21

Reliant Park Stadium, Houston, Texas, USA: Barco supplied seven indoor and outdoor LED displays totaling more than 500 square meters to Reliant Park Stadium, which will host the 2004 Superbowl.



ENTERTAINMENT
DYNAMIC
AUDIENCE

LARGE-SCREEN VISUALIZATION

CONCERTS & SHOWS

LARGE-SCREEN
IMAGE



Events

Barco provides rental and staging companies all over the world with top class, large-screen display solutions. The company's LED displays and state-of-the-art projectors form a complete rental range of advanced projection and large format display solutions, inclusive of events software, both for indoor and outdoor venues. They are used for a wide range of renowned and large-scale events, including car shows, exhibitions, concerts and corporate shows. Barco is world leader in this market with over 35% market share.

Paul McCartney World Tour 2002: One hundred and forty-nine square meter DLITE 7 and 16 ELM R12 projectors formed the backdrop to Paul McCartney's highly anticipated 2002 world tour.



DIGITAL CINEMA

LOOK & FEEL
DREAM
LARGE-SCREEN VISUALIZATION
TRUE TO LIFE
COLORFUL
ENTERTAINING

Digital Cinema

In Barco's Digital Cinema, the traditional film copy is replaced with digital technology, which eliminates degradation of film quality and results in superior projection quality, reduced duplication cost, improved time to market and greater flexibility for theater owners. This new technology will soon allow theaters around the globe to receive and show films simultaneously, and will yield a drastic reduction of distribution costs.



SECURITY
CONTINUOUS
OMNIPRESENCE

LARGE-SCREEN VISUALIZATION

TOTAL CONTROL
OBSERVATION

Barco is regarded the leading expert in control room solutions for broadcasting, telecommunications, utilities, traffic control and surveillance applications. Its project approach focuses on assisting the customer from the earliest stages of concept engineering to the final delivery of the control center. Barco has a worldwide leadership with over 45% market share.

Traffic

Barco is a worldwide leader in control room solutions for traffic control applications. The company's large-screen visualization systems display real-time signals from highway sensors, GPS systems and other intelligent transportation systems. In this way, operators can quickly dispatch emergency-response vehicles, anticipate traffic delays and divert traffic routes more efficiently.

Barco Control Room solutions are optimized for 24/7 mission-critical applications and feature guaranteed servicing and availability of components and support over product lifetime.



Telecinco, Spain: Production and Master Control, Barco's iStudio represents today's most integrated monitoring solution for broadcast television. (Picture courtesy of Telecinco, Madrid)

FAA, the US Federal Aviation Administration opted for Barco's control room solutions for the Atlanta Large Terminal Radar Approach Control Center (LTRACON) to closely monitor traffic and weather.



SURVEILLANCE

SUPERVISION
RISKFREE
LARGE-SCREEN VISUALIZATION
IN CONTROL
UNINTERRUPTED
GUARANTEE



Nuon, Netherlands: Energy Transportation and Distribution Network Center. Barco's solution provides Nuon's operators with all critical information at a glance, reducing the reaction time per event. (Picture courtesy of Nuon, Netherlands)

Surveillance

Barco is regarded the leading expert in control room solutions for surveillance. A clear assessment of emergency situations is required in command & control centers of police and fire brigades. Barco's control rooms offer full operational control: maps with the positions of emergency vehicles or highlighting alternative routes are displayed and communicated to the entire operations command staff.

Its expertise in projection technology, leadership in the field of mechanical design, wall management, software, display wall control systems and extensive project, system and user experience, allow Barco Control Rooms to act as one single partner for each control room project.



NCP Manchester Ltd. (NML), UK: Barco's iSURVEILLANCE solution offers operational efficiency for Manchester City enabling event-driven car park control and city center control in the NCP Control Center. (Picture courtesy of NCP, Manchester)



SIMULATION & VIRTUAL REALITY

PERSONALITY
TRUST
LARGE-SCREEN VISUALIZATION
IMMERSION
3D VISUALIZATION
DIALOGUE



Aéroports de Paris (ADP) Air Traffic Control simulator near Roissy Airport, France.

Simulation & Virtual Reality

Barco's high-performance display products and solutions for simulation and training are used in a wide range of applications, including flight, driving, ship bridge and air traffic control simulators. Barco Simulation's expertise in large-screen projection is vital for recreating reality through computer generated images, offering full interactivity to make trainees cope with the real danger without taking the actual risk.

Virtual and Augmented Reality technology is used in the oil and gas exploration industry, car design and pharmaceutical & scientific research, and leads to increased insights, faster and more accurate decisions, and therefore shorter time to market.

Barco's Edutainment offering helps Science Centers, Museums and Planetariums in creating a new interactive world for their visitors, instead of the traditional one-way communication.

30 | 31



Barco's Magic-Y installation makes objects travel between different worlds at the "Technisches Museum Wien" (TMW), Austria.



PRESENTATION

EDUCATIONAL
PRESENTATION
INTERACTION
LARGE-SCREEN VISUALIZATION
VIDEOCONFERENCING
EFFICIENCY
CONVINCING



Caixaforum in Barcelona, Spain, is equipped with an SLM Executive 3-Chip DLP™ Projector, offering numerous possibilities for multimedia presentations.

Presentation

Barco's intelligent projection solutions facilitate video conferencing and real-time data exchange between people at multiple sites. These solutions turn meeting rooms of large corporations, universities and conference centers into virtual meeting rooms, with participants from all over the world conferencing as if they were in the same room. With the latest iQ Pro projector series, Barco is the first to have a powerful computer server integrated in its projector design, resulting in true integration of IT and AV (Audio Visual) solutions.



Case Western Reserve University, Cleveland, Ohio, selected Barco's iQ Series projectors for its classrooms and auditoriums.



MEDICAL IMAGING

RELIABILITY
PEOPLE
VISION

VISUALIZATION FOR LIFE-CRITICAL DECISION MAKING

SOFTCOPY DIAGNOSIS
LIFE-CRITICAL
PERFECTION

Medical Imaging

Today, Barco is a global leader in radiology softcopy display technology for digital imaging modalities and PACS (Picture Archiving and Communication System). Imaging modalities are systems used to acquire patient images such as ultrasound, CT, MR, X-ray etc. PACS is a system that manages the communication, display and archiving of diagnostic and clinical images, as well as other patient-related medical information.

Barco provides the industry's largest medical equipment manufacturers with premium quality, high-resolution diagnostic systems. Its range of displays, imaging boards, radiology display systems and QA (Quality Assurance) software was expanded with DICOM-compliant projection systems and a complete family of grayscale LCD solutions in 2002.

34 | 35



Barco's medical imaging solutions have been integrated in hospitals all over the world.



DEFENSE & SECURITY

LIFE-CRITICAL
TRUST
RUGGEDIZATION
VISUALIZATION FOR LIFE-CRITICAL DECISION MAKING
SECURITY
OBSERVATION
REAL-TIME



Barco's 20.1" rugged LCD displays have been integrated into several helicopter programs, including the Royal Navy's fleet of SeaKings. The airborne environment of the SeaKing is one of the most severe rotary wing platforms.

Defense & Security

Barco develops, manufactures and sells rugged display solutions for airborne, shipboard and ground-based applications in very demanding and harsh environments. Its range of consoles, flat panel displays, graphics generators and HMI (Human Machine Interface) solutions, has been especially designed and tested for use in extreme environmental conditions. Solutions for life-critical visualization all feature a modular approach to allow for future technology updates or functionality expansion. The company's product portfolio was widened in 2002 with the DIGITAL SCRIBE RGB recording solution, the VISTA 4000 COTS (Commercial-off-the-Shelf) console family and 17" and 18" modular rugged flat displays.

36 | 37



Barco's rugged visualization solutions have been installed on a wide range of platforms, including surface ships and aircraft carriers.



Avionics

The avionics product family focuses on three major parts of the cockpit-man-machine interaction: the Control Display and Management System, the Multi-Function Display and the Cockpit Head Down Display. As such, the aerospace industry is the main customer.

Air Traffic Control

Building on its vast expertise in ATC (Air Traffic Control) solutions, Barco continues to strengthen its leading market position thanks to the successful ISIS flat panel display. The company's investments in R&D have resulted in numerous product innovations in main displays, tower control displays and software solutions.

With the integration of Orthogon's complementary technologies and products, Barco extended its hardware-based ATC portfolio with software components and associated services. This resulted in a more diversified product offering to its customer base.

CONFIDENCE
CONVERSATION
FREE FLIGHT

VISUALIZATION FOR LIFE-CRITICAL DECISION MAKING

REAL-TIME VISUALIZATION

CLEAR SKY

AIR SAFETY

38 | 39



The Hellenic Civil Aviation Authority opted for Barco's tower control displays for the new International Spota Airport in Athens, Greece.

Pilatus Aircraft, Switzerland, has integrated Barco's Cockpit Head Down Displays and Multi-Function Displays in the new Pilatus PC-21 turboprop trainer aircraft. (© Neil Smorthit)

Skyguide, responsible for securing the safety of air traffic in Switzerland's airspace, opted for Barco's ISIS 28" main displays for its control center in Zürich.



TEXTILES - SENSORS & SYSTEMS

PREFERENCE

FIRST-RATE

PERSONALITY

VISUAL INSPECTION & QUALITY CONTROL

QUALITY CONTROL

SENSIBLE



Cyclops, BarcoVision's automatic on-loom inspection, supervises fabric quality at Ten Cate, Holland.

Textiles - Sensors & Systems

The Computer Integrated Manufacturing systems division supplies computerized production management systems to both the textiles and plastics processing industries. These products and systems greatly improve the efficiency of the customer's production process as well as the quality of the final products.

40 | 41



Production at De Witte Lietaer is monitored by Barco's WEAVEMASTER System.

Board of Directors and Executive Committee

Board of Directors

Chairman	Herman Daems
President & CEO	Martin De Prycker
Vice-Chairman	Baron Hugo Vandamme
Directors	Jozef Cornu
	Philippe Naert
	Marc Ooms
	Eric Van Zele
	Marc Vercruysse
	Robert J. Verhoeven
	Karel Vinck
Secretary	Antoon Van Petegem
Honorary Chairman	Raynier van Outryve d'Ydewalle
Honorary Vice-Chairman	Alfons Watteeuw
Honorary Director	Rafaël De Bie
Honorary Director	Erik Dejonghe
Honorary Director	Jean-Claude Deschamps
Honorary Director	Gerard Van Acker

Statutory Auditor

Ernst & Young Bedrijfsrevisoren S.C.C.
Marcel Thiryiaan 204
1200 Brussels

represented by Ludo Swolfs and Marc Van Hoecke

Executive Committee

President & CEO	Martin De Prycker
Vice President & CFO	Antoon Van Petegem
Vice President Barco n.v.	
President BarcoProjection	Luc Kindt
Sr Vice President Barco n.v.	
President BarcoView	Luc Vandenbroucke
Sr Vice President Barco n.v.	
President BarcoVision	Bernard Cruycke
Vice President Operations & Purchasing	
President Barco Interconnection Technologies	Patrick Luysen
Vice President Barco n.v.	
President Barco Special Components	Willy Maes
Sr Vice President Barco n.v.	
President Barco Europe & Asia	Bernard Dursin
President Barco Japan	Jacques Bertrand
Executive Vice President North America	Yannick Post
Sr Vice President HR & Corporate Affairs	Donald Defoort
Vice President Information Technologies	Miel Schamp
Vice President Corporate Communication & Investor Relations	JP Tanghe

Corporate Governance

The Board of Directors

Directors		Main position outside the company	Date on which the term of office expires: end of the annual meeting
Chairman	Herman Daems (1)	Chairman of the board of directors Gimv	2006
President & CEO	Martin De Prycker (3)		2008
Vice-Chairman	Baron Hugo Vandamme (1)	Chairman of the board of directors Roularta and Kinopolis	2008
Directors	Jozef Cornu (2)	Executive Assistant to the Chairman of Alcatel	2004
	Marc Ooms (1)	Managing Director Petercam n.v.	2004
	Philippe Naert (2)	Dean TIAS Business School	2008
	Eric Van Zele (2)	Managing Director Telindus n.v.	2004
	Marc Vercruyssen (1)	Chief Financial Officer Gimv	2006
	Robert J. Verhoeven (2)	Managing Director BMT n.v.	2004
	Karel Vinck (2)	Chairman of the Executive Committee N.M.B.S. - Belgian railway company	2003
	Erik Dejonghe	Director	(till February 11, 2002)
René Smits	Director	(till May 8, 2002)	

(1) non-executive directors

(2) non-executive independent directors

(3) executive director

Curriculum Vitae of the Current Directors

Herman Daems

Herman Daems is Chairman of the board of GIMV and Barco. He is also a member of the board of BIAC (Brussels International Airport Company), CoWare Inc. (San Jose, CA, USA) and the EVCA (European Venture Capital Association). He is Professor of International Management and Strategy at the Department of Applied Economics of the Catholic University of Leuven (Belgium). He was on the faculty of the Harvard Business School where he taught Competition & Strategy.

Martin De Prycker

Martin De Prycker held several positions in Alcatel between 1982 and 1996. He was President of the Alcatel division for ADSL broadband products from 1996 until 2000. From 2000 till 2002 he was Chief Technology Officer of Alcatel and a member of the Executive Committee. In February 2002 he became President and CEO of Barco. He is also on the board of directors of FLV Fund.

Baron Hugo Vandamme

Baron Hugo Vandamme was a member of the Executive Committee of Barco from 1974 till 2002 and CEO from 1983 till 2002. Currently he is Vice Chairman of the board of directors of Barco. He is also Chairman of the boards of Roularta Media Group and Kinopolis Group, a director of Generale Maatschappij van België, and member of the Board of Supervisors of Sara Lee/DE. Baron Hugo Vandamme is also Chairman of the Belgian-Indian Chamber of Commerce & Industry.

Jozef Cornu

After three years of research at the Brown Boveri research laboratories in Baden, Switzerland, Jozef Cornu started his career within Bell Telephone (ITT) in 1973. During his career he occupied general management positions with Mietec and Bell Telephone (ITT) and was COO of Alcatel Telecom from 1995 till 1999. Since 2000 he has been on the board of directors of Alcatel and advisor to the president of the company.

Marc Ooms

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. As a Partner he is in charge of corporate finance in Belgium and the Netherlands.

He is a member of the board of directors of several public and private companies in Belgium and the Netherlands.

Philippe Naert

Philippe Naert is dean of Tias Business School at Tilburg University (NL) and director of amongst others Almanij, Concordia Textiles and De Koninck. He was also dean of INSEAD (F), director of the EIASM (Brussels) and academic director of the Instituto Universitario Euroforum Escorial (E). He graduated from the Catholic University of Leuven as a civil engineer. He 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.

Eric Van Zele

Eric Van Zele is Managing Director of Telindus nv and President & CEO of the Telindus Group. Prior to joining Telindus, he was Vice President of Raychem Corporation (USA), Managing Director of Raychem nv (Belgium) and General Manager of the Telecom Division. He is also on the board of directors of Pauwels.

Marc Vercruysse

Marc Vercruysse is CFO of Gimv and a member of the Executive Committee since 1998. Before becoming CFO, he has been internal auditor with Gimv, senior investment manager and head of Structured Finance. He is also on the board of directors of Kinopolis and several unlisted companies.

Robert J. Verhoeven

For almost twenty years Robert J. Verhoeven occupied several senior management positions in the connector industry. Since 1991 he has been CEO of the BMT Group. This listed company is active in 12 countries with 18 manufacturing plants.

Karel Vinck

Karel Vinck is Executive Chairman of Umicore. Before joining Umicore he was CEO of Eternit and Bekaert. Presently, he is also Chairman of the Executive Committee of N.M.B.S., the Belgian railway company. He is also a member of the board of Société Générale de Belgique, Tractebel, the Catholic University of Leuven and Théâtre Royal de la Monnaie. He is honorary chairman of VEV, the Flemish employers association and Chairman of the Flemish Science Policy Council.

Honorary Directors

- Honorary Chairman
Raynier van Outryve d'Ydewalle
- Honorary Vice-Chairman
Alfons Watteeuw
- Honorary Director
Rafaël De Bie
- Honorary Director
Jean-Claude Deschamps
- Honorary Director
Gerard Van Acker
- Honorary Director
Erik Dejonghe (as of February 11, 2002)

The Board Consists of Ten Members:

- One executive director, the Chief Executive Officer;
- Four non-executive directors, 2 of whom are part of the management of Gimv: Herman Daems as chairman of the board of directors and Marc Vercruysse as Chief Financial Officer; Baron Hugo Vandamme was executive director of Barco till February 11, 2002; Marc Ooms is managing director of Petercam and an independent director on the board of directors of Gimv;
- Five independent, non-executive directors who have senior positions in prominent international business enterprises or organizations.

Statutory Rules Governing the Appointment and Reappointment of Directors

According to the statutes, the company shall be managed by a board of directors consisting of at least five (5) directors, at least two (2) of whom shall be independent directors.

The directors are appointed by the general assembly for a term which may not exceed six years. Their term of office ends at the closing of the annual meeting. Directors may be dismissed at any time by the general assembly. Directors who have reached the end of their terms of office may be reappointed.

The age limit has been set at 65. In the event of one or more vacancies, the company shall be validly managed and represented by the board of directors, consisting of the remaining directors, until the vacancy is filled. The board of directors shall also be entitled to fill the vacancy provisionally. The first general assembly that is held thereafter needs to decide on the definitive appointment.

New directors are nominated by the chairman and the CEO; international business experience

and/or experience in professional electronics are the main selection criteria.

The Gimv representatives are proposed by the board of directors of Gimv. In practice, directors are appointed for terms of office of one to six years.

Operation of the Board of Directors

The board of directors is authorized to undertake all actions that are necessary or useful to achieve the goals of the company, except for those where according to the law sole authority lies with the meeting of shareholders.

According to the statutes, the board of directors must meet at least five (5) times per year; at least one (1) meeting shall be held each quarter and one (1) meeting shall be held for the purpose of drawing up the Annual Statement of Accounts and the Annual Report.

Some eight meetings shall be held throughout the year. The members shall receive the relevant information in a timely fashion in order to prepare the meetings thoroughly.

The board of directors must be summoned when-

ever the interests of the company so require and whenever at least two directors so request.

In 2002, the board of directors met 8 times. There were also two meetings in writing of the members of the board of directors.

At every meeting the board is updated on the various divisions. Key data can be made available within the first week of every month, while detailed financial reporting at the group level with consolidated key figures per division is available within one month. The uniformity of this reporting permits comparison over time, and between various divisions.

If one or more of the directors wishes to obtain advice from an independent expert, this proposal must be presented to the entire board of directors. In the case of a positive decision by the board of directors, the costs for obtaining the advice shall be paid by the company.

Statutory Rules concerning Decision making within the Board of Directors

The board of directors meets under the chairmanship of its chairman. In the event the chairman is unable to attend, he will be replaced by a member

of the board of directors, chosen by the directors.

The board of directors can deliberate and take resolutions only on matters which are on the agenda, and only when at least a majority of its members is present or represented at the meeting. This requirement to be present shall not apply for resolutions in which the majority of the members of the board do not take part, pursuant to Article 523 of company law, subject, however, to the condition that at this meeting a majority of the remaining directors must be present or represented.

The board of directors can validly deliberate on and take resolutions concerning matters which are not mentioned on the agenda only if all members are present at the meeting and agree thereto. This agreement is deemed to have been given when, according to the minutes, no objection has been raised.

Any director may commission one of his colleagues, by simple letter, fax, e-mail or any other means of communication involving a printed document, to represent him at a specific meeting of the board, and to vote on his behalf and in his place. In these circumstances the commissioning director is deemed to be present. A single director

may represent several of his colleagues. The resolutions of the board of directors shall be taken by a simple majority of votes. In the event of a tied vote, the director chairing the meeting has the casting vote.

The decisions of the board of directors may be taken in writing pursuant to the legal provisions in this matter.

Most Significant Types of Subjects Discussed by the Board of Directors

The board of directors discusses the Medium-Term Plan, the Short-Term Plan (Profit Plan), the annual and quarterly results, financing, legal problems relating to company law, acquisitions and strategy, and it reviews the interim results for each division. These discussions encompass both the parent company and its subsidiaries.

Other subjects such as important organizational changes, personnel matters (e.g. stock option plans), external communication, quality care and current affairs such as major IT projects are frequent topics on the agenda of the board of directors.

Way in which the Board Supervises day-to-day Management

No executive committee has been set up within the board of directors. Active management is carried out by Mr. Martin De Prycker as CEO (as of February 11, 2002). For general matters, he is assisted by an internal executive committee, which consists of the managers of the various divisions of the company and managers with certain group management responsibilities. Extended competence has been delegated to the managers of the various divisions of the company for the management of their divisions, under the supervision of a number of members of the executive committee, among whom at least the CEO and the CFO, and other important managers within the company. These persons are also regularly invited to the board meetings of the company to provide information on the results of their divisions, the short-term and long-term planning, and important investment projects.

Rules Governing the Exercise of the Management Function

Regardless of the general powers of representation

of the board of directors as a collegiate body, the company is legally bound, both in court and outside, by two directors acting jointly.

With respect to day-to-day management, the company is also legally represented, both in court and outside, either by each manager of the internal executive committee or by each director to whom day-to-day management is entrusted. In addition, the company is legally bound by persons to whom special authority has been delegated, within the limit of the delegated authority granted to them.

Rules and Procedures for Establishing Remuneration for Directors and Members of the Executive Committee

The general meeting may grant fixed remuneration to the directors, which will be charged to the general costs. For the executive director and the members of the executive committee, the remuneration is determined by the remuneration committee. The variable part of this remuneration, including the number of stock options granted to them, is to be in line with the profits and the increase of profits and the evolution of the long-

term growth potential of the company.

The board of directors is also authorized to grant remuneration to directors entrusted with special functions or tasks. These are charged as general costs.

In 2002 a total remuneration of 1,680,572 euro was paid to the directors, 546,792 euro of this amount being the variable part.

The total number of stock options granted to the directors amounted to 92,500.

In 2002, the total remuneration of the members of the executive committee amounted to 2,683,403 euro. 1,882,870 euro of this amount was fixed remuneration, while 800,533 euro was variable.

Committees Set up by the Board of Directors

Audit Committee

The audit committee has the task of reporting to and advising the board of directors.

The audit committee supervises the company's accounting operations and financial reporting. It

verifies that there are sufficient internal controls and, in collaboration with the statutory auditors, it inquires into accountancy issues, including the assessment. It meets at least twice per year in order to discuss the half-year statement and the drafts of the annual accounts and of the consolidated annual accounts. The audit committee can at any time request specific reports on all aspects of the company. It is authorized to request such information from the Statutory Auditors as well. The audit committee can requisition any necessary documents and information, and it can carry out any audit. The majority of the members of this committee must be independent directors. The committee is composed of Mr. Robert Verhoeven, Chairman, and Messrs. Philippe Naert and Marc Vercruysse. The CEO, Mr. Martin De Prycker, and the Vice President of Finance & Administration, Mr. Antoon Van Petegem, are invited to the meetings. The Statutory Auditor is usually invited to the meetings. The internal auditor receives his tasks from the audit committee and reports directly to the audit committee. Other members of the management can also be invited for the discussion of specific subjects. This committee pays particular attention to the half-yearly and yearly reporting to shareholders. In 2002, the audit committee met three times.

Remuneration Committee

The remuneration committee is made up exclusively of non-executive directors: Messrs. Herman Daems, Jozef Cornu and Karel Vinck. In line with the statutes, at least one member must be an independent director. The Chairman of the board of directors shall also be a member of the remuneration committee. The executive director shall not be a member of the remuneration committee.

One of the responsibilities of the remuneration committee is to ensure that the members of the staff are remunerated fairly and appropriately in relation to their contribution to the performance and well being of the company. At the same time, the committee makes recommendations to the board of directors. The remuneration committee is also responsible for implementing the decisions of the general meeting and/or of the board of directors. The board of directors can assign certain tasks to the remuneration committee. The remuneration committee also determines any stock option plans.

Strategic Committee

The chairman of the board of Directors,

Mr. Herman Daems, the Vice-Chairman, Baron Hugo Vandamme, Messrs. Eric Van Zele and Jo Cornu, directors, and the CEO, Mr. Martin De Prycker, are members of this committee.

The strategic committee meets three times per year or ad hoc and discusses the strategic options of the company, concerning the focus and growth strategy for products and markets. Moreover, the strategic committee prepares proposals for acquisitions for the board of directors.

The board of directors can also set up ad hoc committees.

There is no nomination committee. The nomination procedure is explained above in the present text.

Policy for the Distribution of Profits

The net profit is distributed as follows:

At least five percent is set aside to form the legal reserve, until this amounts to one-tenth of the company capital.

Based on a proposal made by the board of directors, the application of the profit balance is decided upon by a simple majority of votes cast in the

general meeting. The board of directors determines when and how the dividends are to be paid. The board of directors is empowered to pay interim dividends, subject to the legal provisions contained in Article 618. It may not resolve to do so less than six months after the closing of the previous financial year, and before the approval of the annual accounts for the same financial year. The payment of a second interim dividend in the same year may not be resolved less than three months after the resolution concerning the first interim dividend.

The intention continues to be, as in the past, to have dividends follow the earnings evolution. The dividend over 2002 will be 1.92 euro.

Relations with Reference Shareholder

Under an agreement dated December 17, 1990 between Gimv and Barco, Gimv undertakes to provide any kind of advice which may relate to and be relevant to the general management of the company, in particular legal advice and advice on setting up optimal acquisition structures.

Decision of the Board of Directors concerning a Matter Provided for in Article 523 of the Companies Code

The Chairman notes that all directors are either present or represented.

The Chairman explains that this meeting is being held to deliberate upon and to reach a decision regarding the service agreement that has been concluded between Barco n.v. and HRV n.v. in accordance with earlier discussions in the Remuneration Committee and in the meeting of the board of directors.

All directors agree to deal with this single agenda point.

Immediately after these introductory proceedings, Baron Hugo Vandamme asks to speak, whereupon the Chairman gives him the floor.

Baron Vandamme informs the board of directors that in this matter he has a conflict of interest which is financial in nature in view of the fact that he is Vice-Chairman and a director of the Barco n.v. board of directors and at the same time Managing Director of HRV n.v.

The members of the board of directors take note of the statement. Baron Vandamme leaves the meeting room and does not take part either in the deliberations or in the voting.

Then the board of directors begins deliberations concerning the cooperation with HRV n.v.

The board of directors is of the opinion that HRV n.v. is very well qualified to advise the CEO and the board of directors concerning the strategic aspects of the technological and commercial developments in the fields of activity in which Barco n.v. both currently and in the future either is or will be involved, in view of the many years of experience Baron Vandamme has in the markets in which Barco is active, his worldwide connections and his excellent knowledge of the products.

On the basis of the foregoing considerations, the board of directors unanimously ratifies the agreement with HRV n.v. for the period beginning 1 March 2002 and running until 30 November 2005. As for the financial consequences of this agreement, the sum of 410,400.00 euro was paid out to HRV n.v. in 2002, an amount which the board of directors considers to be in conformity with the market in view of the strategic nature of

this service. As for the ensuing years, at the end of each previous year an estimate shall be made of the financial consequences for the coming year. It is not expected that these will differ substantially from the amount in 2002.



◀ **Donald Defoort**
Sr Vice President HR
& Corporate Affairs

Human Resources

In 2002 the number of employees fell from 4,132 end 2001 to 4,117 end 2002. On the one hand, there was indeed an increase of 100 employees through the acquisition of TAN Projektionstechnologie GmbH & Co.KG, TAN AG and Orthogon AG, but there were also staff reductions involving more than 150 employees. On the other hand, a number of new marketing and sales people have been recruited in order to enlarge the worldwide sales organization. The further optimization of the development, production and logistical processes enabled a further increase in overall personnel

efficiency, which in turn made it possible to reduce the number of personnel, all the while maintaining the quantity and quality of the output.

Despite this cost-saving program, further investments were made in developing HR management. In 2002 the focus was on competency management and results-linked remuneration.

- Competency management is aimed at optimizing the use of employee competence

through a number of processes and initiatives such as assessment centers and personal development programs. This increases the effectiveness of all employees and improves the contributions they make towards realizing Barco's strategy and objectives.

In the first phase, areas of competence are defined to contribute to ensuring Barco's future, taking into account recent organizational and technological developments. In the second phase, action programs are developed for acquiring these areas of competence: recruitment and selection, training, development ...

- In 2002, a worldwide bonus system was also developed. This system is based on the Barco HRM principle that employees bear partial responsibility for the company results, and this fact should be reflected in the pay package. The existing variable pay systems were adapted to form a bonus system in which measurable objectives are defined and evaluated for all executives. These objectives are to a large extent EBIT- and working capital oriented and thus contribute to a more vigorous result-oriented attitude among all employees. Attention is focused on the individual

performances while the company results also play a role.

In accordance with the European directives, a European Works Council was organized for the first time on June 27 and 28, 2002. All countries belonging to the European Union in which Barco has a workforce of at least 75 employees participated in this forum. Except for urgent agenda items, the European Works Council will meet annually shortly after the approval by the board of directors of the Barco Strategic Plan.

Developing Products in Line with Customer Demands

Barco is well known for its strong technological leadership in image processing, including display technologies such as CRT, LCD, LED and DLP, image processing hardware and software, image encoding software and application software. Barco plans to enhance its technological leadership by continuing to invest some 11% of its sales in R&D.

What is less well known about Barco is the thorough market knowledge it has accumulated within its own fields of activity through the intense relationships it maintains with customers.

Barco's product management teams often work together with their customers to help them understand the benefits and ROI's they will gain with Barco solutions. These teams translate individual customer requirements into product specifications. This results in new Barco product designs, which meet the customer's specific requirements. This unique combination of market and customer understanding, coupled with technological superiority, enables Barco to maintain its leadership in existing markets such as medical imaging, defense & security, events, utilities and telecom control rooms, flight simulation, and oil, gas and automotive. It also enables Barco to extend this leadership into new markets such as

media, air traffic control, digital cinema, simulation for edutainment applications, and control rooms for traffic & surveillance and broadcasting studios.

The close collaboration between product management and R&D has been extended into manufacturing to enable Barco to reduce its time to market and still maintain top product quality. New products can be brought onto the market within 6 to 24 months, depending on the complexity of the product and the market requirements.

In order to further optimize the time to market and product quality, a more stringent product life cycle process was implemented in 2002 to control all phases, from product management to R&D and final production tests. This product life cycle will be further extended in 2003 to include Barco's software design, which is aimed at achieving a CMM level 2.



Corporate Marketing

In 2002, the decision was taken to set up a dedicated Corporate Marketing department. Even though Barco holds a leading position in most of the markets it is active in, the overall image of the company could still be strengthened towards potential customers and investors. The new “Visibly yours” image building campaign is one of the first actions in building a stronger brand recognition for Barco.

◀ **Ann Galland**
Director Corporate Marketing

Barco shares technology, information, knowledge, images and emotions through a variety of professional markets. As the visualization industry is rapidly expanding, a high level of innovation is one of the prerequisites to stay ahead of competition. With its innovative approach, Barco strives to be the worldwide leader in technological visualization solutions.

In order to enhance its excellent market position, Barco is committed to offering leading edge technology applications through a flexible and customer-oriented approach. Therefore, a strong brand and brand recognition are of prime importance for Barco to keep its competitive edge. And this is exactly where Corporate Marketing comes in.

Although Corporate Marketing does not directly relate to the products itself, it is at the heart of Barco as it determines the overall image of the company. The corporate image is the totality of impressions, knowledge, expectations and emotions held by the different stakeholders of the company.

Virtually everything that is done at Barco contributes to this delicate brand building process. Therefore, branding is marketing and marketing is branding. Markets are constantly evolving, but a strong brand must remain consistent to be effective. It is a personality statement, a company signature.

Corporate Marketing clarifies the brand's identity by aligning all formal and informal communication tools towards the company's various target audiences. Corporate Marketing lays down a vision and creates an image that must be carried right through to the end customer's experience.

As communication builds on images, Corporate Marketing will assure that Barco is in the picture whenever it comes to visualizing information in the best possible way.

Barco, Visibly yours

Visibly yours

ICT

In 2002, two important steps were taken concerning ICT investments at Barco. The first step was to streamline the existing investments, mainly by reexamining major contracts with suppliers, by consolidating the system of servers and by a worldwide standardization on new but mature technologies. In this way investments were also reduced.

The second step was to draw up a plan to integrate the ICT infrastructure worldwide, thereby using the new ERP and CRM systems. These ERP and CRM systems have been gradually introduced in 2002 and will be used throughout the whole of Barco as from 2004 onwards.

Infrastructure

The most important responsibilities of the infrastructure group within the ICT division relate to cost-of-ownership optimization, enhancing the reliability of infrastructure and services, and ensuring Barco's continuing development with a

vision for the future. This group is also responsible for drawing up a Barco ICT roadmap and defining the company's ICT standards.

Processes

In addition to the infrastructure group, a second group is responsible for the information systems used to support the various operating processes within the organization. Projects were started up to adapt these systems to the new Barco requirements.

The process of defining, elaborating, producing, installing, maintaining and following up global solutions for customers confronts the present systems with totally new demands relating to configuration management, project management and supply chain management.

For all solutions sold to customers, it is a matter of crucial importance that Barco has adequate

management of the configuration in question throughout the entire lifecycle, from conception to recycling.

Realization and Plans

The implementation of a new, integrated ERP environment was undertaken for the purpose of effectively enabling and supporting these new operating procedures.

In the initial phase, Order Acquisition was dealt with. At the current time most international sales teams are equipped with effective CRM tools that enable them to rapidly develop and present to the customer solutions that work. In addition, the streamlining of the processes involved and the improved understanding of the global order pipeline have enabled a more effective steering of the underlying logistical processes.

In the following phase, Order Fulfillment and Customer Service & Support are being dealt with.

In the following phase, Order Fulfillment and Customer Service & Support are being dealt with. At the current time the processes in question are being critically analyzed, optimized and, when necessary, redesigned for the purpose of creating a common set of 'best practices' for Barco. During 2003 and 2004 these processes and the new support systems will be rolled out in the different production and service centers. This implementation will first be carried out in Belgium, with the branches in other countries following in the course of 2004. In view of the organizational impact, a large group of key users is being deployed for this program at the Barco group level.

In parallel with this project, a reexamination of the financial and administrative processes and reporting is taking place, and the future environment will naturally be totally IFRS-compatible (International Financial Reporting Standards).

Miel Schamp ▶
Vice President
Information Technologies



Corporate Sustainability

As a technology leader with worldwide operations, Barco is convinced of the importance of good corporate citizenship. Barco believes in creating long-term shareholder value, by seizing opportunities that fit within the framework of its vision of corporate sustainability. Based upon transparency and dialogue, the company builds relationships with all different stakeholders. Expanding a company and its business draws upon a variety of resources: talented people provide the knowledge, creativity and dedication for Barco's pioneering role; investors contribute the required funds for continuous expansion and development; and there is also the environment, which is a resource, but which needs to be dealt with respectfully.

Barco's uniform worldwide Human Resources Policy is based upon internationally recognized

codes of conduct. Associates are an important asset and are therefore given many opportunities to use their talent and creativity for product development and to expand their knowledge and skills by life-long learning. This results in a strong and lasting bond between Barco and its employees. At the same time, Barco maintains relations with colleges and universities. By giving company and technology presentations, participating in real-life research projects and supervising thesis topics, Barco invests in its future talents.

Obviously, activities are carried out with respect for and in harmony with the environment. Barco's manufacturing processes as well as the products themselves, strictly comply with governing regulations. The company is continuously searching for alternative techniques and components, bearing in mind their reuse and recycling potential. Many

of Barco's solutions feature a modular approach to allow for future technology insertion or functionality expansion, without having to replace the complete product. In microelectronics, much thought is also given to the energy aspects of system design. As an example, Barco's projection solutions generate a higher light output than ever before with reduced power consumption. Finally, less environmentally friendly activities have been halted or converted to ecological processes like unleaded soldering.

But Barco not only tackles its own environmental impact. The company's product portfolio often helps customers in reducing their environmental impact. A few examples:

- Barco's high resolution display systems for medical imaging replace the traditional X-ray film radiologists use and thereby eliminate the



chemical film development process.

- The company's sensors for textile production detect flaws in the early stages of the production process, thereby reducing waste.

Barco also shoulders the responsibility for historical ground pollution partly caused by former owners or users of Barco sites. In open dialogue with local residents and authorities, measures have been taken to decontaminate the soil of the oldest Barco site still in use in Belgium.

For a company like Barco, Risk Management is not limited to safeguarding company results. It also means establishing a pro-active focus and continuously improving the company's interaction with its resources, employees, customers, other stakeholders and its own "environment" in the broadest sense of the word.

◀ **Martin Piepers**

Corporate Risk Manager

Evolution of the Results

With a small decrease of 1%, sales in 2002 were at about the same level as in 2001. There was limited external growth of 0.64% of total sales due to the acquisition of Orthogon at the beginning of the 4th quarter, but the decline of the US dollar against the euro resulted in a negative impact of 2% on total sales. Whereas sales for the first three quarters of 2002 were lower than for the respective quarters of 2001, sales posted in the 4th quarter were 8% higher than in the same quarter of the previous year. BarcoView in particular contributed to this increase, with sales in the 4th quarter being 40% higher than in the same period of the previous year. In the same quarter, BarcoVision increased its sales by 14%.

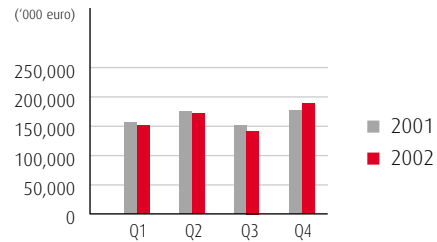
Year-on-year sales in the Nafta countries increased from 28.2 to 32.2% of total sales. Asia Pacific grew by 2% to 18.5% of total sales. These shifts were at the expense of sales in the European Union countries. Roughly the same geographical shifts can be seen with BarcoProjection. At BarcoView, Nafta comes close to 50% of total sales, while the reduction in percentage of sales

of BarcoVision in the European Union is largely offset by the increase in Asia Pacific and Switzerland. The goal set in 2002 of increasing sales in the Nafta region and Asia has clearly been achieved.

The ratio of total orders in 2002 to total orders in 2001 is the same as for total sales: -1%. Here, too, there is a negative US dollar effect of about 2%. For three consecutive quarters, orders were higher than sales, but this was not the case in the 4th quarter, mainly because of a 10% drop in BarcoProjection orders. This decrease in orders for BarcoProjection can be almost fully attributed to the European Union, with sharp decreases in France, Germany and the UK due to the general economic slowdown. BarcoView, on the other hand, saw its orders grow by 22% compared to 2001, in particular thanks to Air Traffic Control and Medical Imaging. For BarcoView, North America takes credit for about 50% of the total order volume for 2002. Overall, BarcoVision orders increased by 9%, with a decrease in the European Union but a sharp increase in Asia Pacific, non-EU Europe and Latin America.

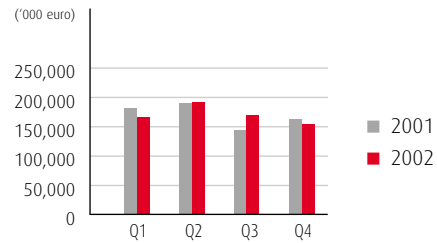
Q4	7.75
Q3	-5.10
Q2	-3.10
Q1	-3.10
▲ % 2001	

■ Evolution of Sales per Quarter 2002 vs 2001



Q4	-2.61
Q3	11.42
Q2	0.82
Q1	-11.54
▲ % 2001	

■ Evolution of Orders per Quarter 2002 vs 2001



Sales in '000 euro & Current EBIT in %

[in euro]	2002	% EBIT	2001	% EBIT
BarcoProjection	334,122	11.4	342,663	7.7
BarcoView	193,088	11.4	171,150	8.6
BarcoVision	94,328	13.9	99,806	11.7
dotrix	7,100	-70.6	9,394	-34.7
Barco Subcontracting	81,911	4.7	95,764	5.2
Eliminations	-41,509		-45,402	
Total present-day activities	669,040	10.8	673,375	8.1
Disposed Graphics activity			118,544	-5.0
Total	669,040	10.8	791,919	6.1

Commentary by Division

BARCOPROJECTION

Evolution of Sales

BarcoProjection Sales Decreased by 2.4%.

In the Control Rooms business unit, sales went down 6% due to the strong decrease in telecom sales. The utilities market remained vigorous, with 38% of total sales. There was a clear growth in sales of broadcast, traffic & surveillance applications, which accounted for 19% of total sales of control rooms in 2002. A new family of control rooms based on DLP technology was also introduced.

In Presentation & Simulation, Simulation and Virtual & Augmented Reality increased their sales by 4%.

There was a decline in sales in the training market due to a slowdown in investments in civil aviation. On the other hand, there was obvious growth in Virtual & Augmented Reality thanks to a further breakthrough in solutions for car design, particularly in China, the US, Mexico and Japan. The edutainment market also did very well, with increasing sales to museums and planetariums. Stand-alone projectors saw sales go down in 2002. The reasons for this decline included the end of life of the previously successful 6000 series, the shrinking corporate investments in

projectors in general and the delay in the introduction of the iQ Pro version. The downturn was clearly halted in the second half of 2002.

Sales of Media & Entertainment went up 6%, with substantial growth in Media, Events and Digital Cinema. The events market performed to expectations but there was a clear drop in sales in Home Theater.

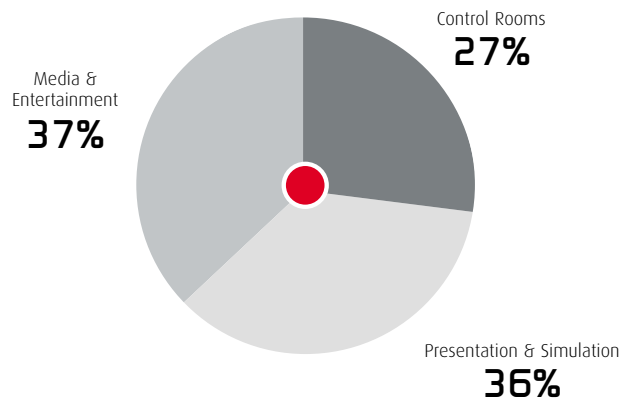
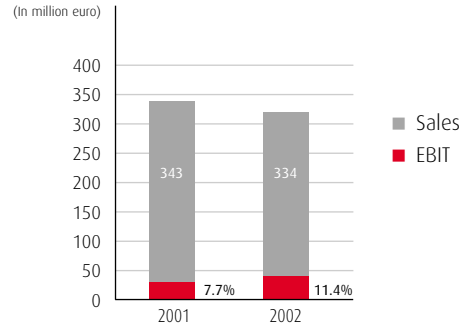
The events market showed a stable trend, though Barco was able to expand its market share to

BarcoProjection Sales & EBIT, 2001 vs 2002

nearly 40% worldwide. Events owes its strong position to the ILITE product line (LED walls for indoor use) and the fact that it can offer customers a combined solution of LED walls, high brightness projector systems for concerts and corporate events, and event control solutions. The event control solutions combine control of all light and audio & visual sources at events. In 2002 the USA became the most important market for Events.

The strong growth in Media was a result of its entry into the sports market. Media also saw a further extension of its out-of-home communication solutions and the introduction of a series of new products. Barco's market share grew to 7%, leaving considerable opportunities for growth. Digital Cinema sales rose spectacularly to nearly 10 million euro, thanks to significant growth in the USA and China. The worldwide digital cinema market was shared by Barco and one other competitor in 2002.

Home Theater suffered from a drop in demand for the high-end CRT home theater projectors. Barco encountered a challenge in terms of time-to-market with its new DLP-based projection product line.



Evolution of EBIT

BarcoProjection EBIT Rose to 11.4% in 2002.

EBIT grew by 84% compared to 2001.

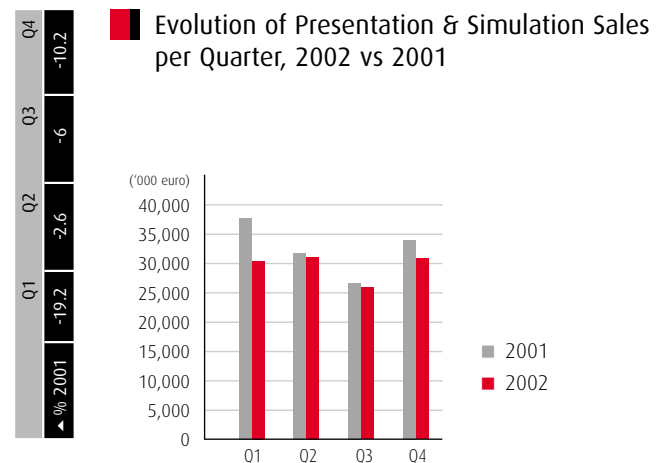
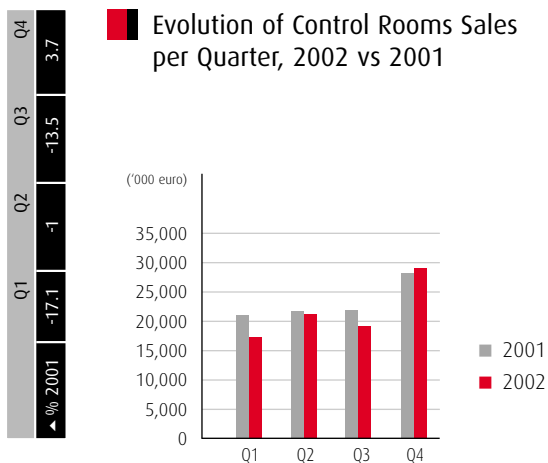
Control Rooms and Presentation & Simulation remained at very good EBIT levels.

In Media & Entertainment, Events drove profitability up as it saw its EBIT margin improve considerably despite a market that did not grow. Further growth in sales volume, combined with new and more competitive products will lead to higher profitability in Media in 2003. Barco con-

tinues to invest in the high potential field of Digital Cinema, even though it will not yet result in positive EBIT figures in the short term.

Total expenditures for Research & Development R&D amounted to 9% of sales.

At the end of 2002, BarcoProjection had 1,665 employees worldwide.

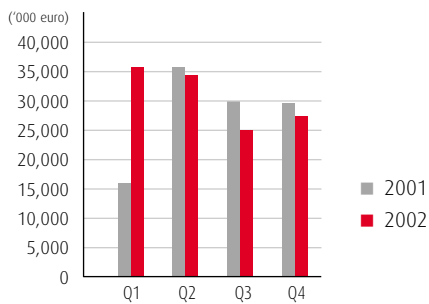




Luc Kindt ▶
President BarcoProjection

Q1	Q2	Q3	Q4
▲ % 2001	-4.6	-15.9	-5.8
▲ % 2001	120.6		

Evolution of Media & Entertainment Sales per Quarter, 2002 vs 2001



Outlook for 2003

It can be expected that the telecom market will not yet be returning to the level of investments of 2000. On the other hand, growth in the control room business is expected in Broadcasting and in Traffic & Surveillance, the latter clearly being driven by a growing need for security and safety. The utilities market is expected to remain at a level comparable to that of 2002.

Further growth is expected in Simulation and Virtual & Augmented Reality, with more sales in the scientific market in China and in the automotive market in Japan, and further geographical extension and strengthening of the European

position in the edutainment market.

Sales for stand-alone projectors are expected to remain at a level comparable to that of 2002. The new iQ Projector has already won several awards and is expected to fully break through in 2003.

Barco expects to improve its market share in Media by offering new and more competitive products, by strengthening its geographic sales presence in the USA and Asia, and by providing a more focused image solution and system integration approach specifically for Media & Entertainment.

In the Events market a flat evolution is expected in 2003 due to limited investments in the present markets worldwide. Barco is expected to retain a strong market position, however, with high market share in the USA and Europe.

In view of the introduction in the second quarter of 2003 of a new Digital Cinema projector platform developed for midsize theaters, further growth is expected in Digital Cinema, though a full breakthrough is not expected before 2004.

For Home Theater, sales are expected to rise once again, with the greater part being DLP.

BARCOVIEW

Evolution of Sales

BarcoView Sales Rose by 13%.

In 2002 there was a decline in the defense market, to which the Command & Control business unit provides rugged visualization solutions. Although there was an increase in defense budgets, precise allocations had not yet fully been made, which resulted in the postponing of new orders. On the other hand, 2002 was a very good year for the ATC market group within the same business unit, thanks to the successful introduction of ISIS, the 2Kx2K LCD Main Display for Air Traffic Control. Barco managed to capture a substantial share of the U.S. and International market, so that, all in all, the business unit booked a 4% increase in sales.

Luc Vandenbroucke ▶
President BarcoView



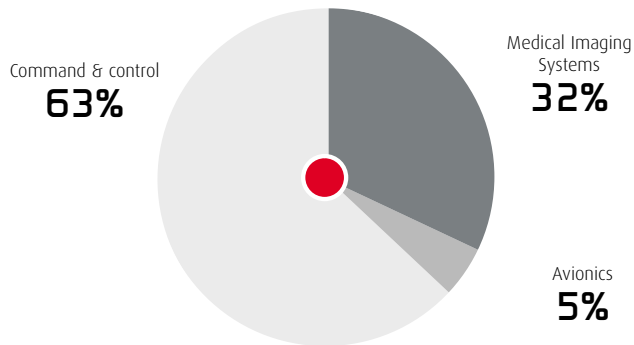
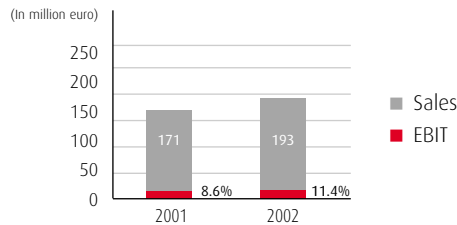
Medical Imaging Systems witnessed major growth, with a substantial 25% increase in sales for 2002. This was accomplished by the expanding PACS (Picture Archiving and Communication System) market in all geographic regions around the globe. The introduction in May 2002 of the Product INtelligence (PIN) concept, a technological breakthrough, and the launch in September of

a whole family of CORONIS® flat panel displays contributed significantly to achieving these results. MAMMO MEDIS® and MAMMO DESK®, a series of display products which are of vital importance in digital mammography and screening, were launched in June 2002, thus enabling Barco to further expand its share of the Medical Imaging market worldwide. Furthermore, Barco launched the first and only

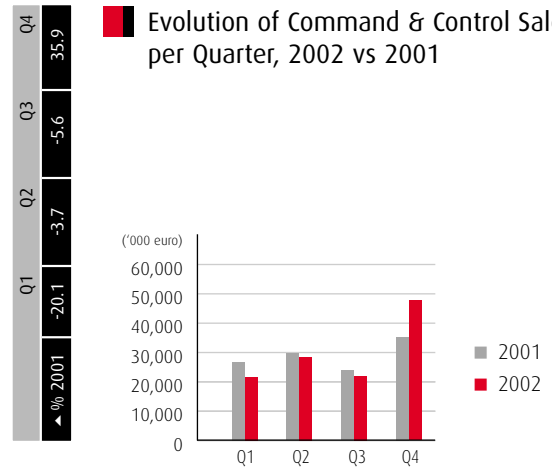
projector in the medical market that is compliant with the DICOM standards.

Avionics sales rose by 78%, thanks to the shipment of the first flyable prototypes, which were also the first production series for major customers around the globe.

BarcoView Sales & EBIT, 2001 vs 2002



Evolution of Command & Control Sales per Quarter, 2002 vs 2001



Evolution of EBIT

BarcoView EBIT Rose to 11.4% in 2002.

Notwithstanding the uncertain conditions on the international market, the EBIT margin for Command & Control was in line with expectations, with ATC making up for the decrease in defense & security.

The Medical Imaging Systems EBIT margin grew substantially and did better than planned due to strong sales of the complete product range on a global scale.

Avionics is continuing to invest intensively in Research & Development for the further enhancement of its product range.

Total expenditures for BarcoView Research & Development amount to 13% of sales.

At the end of 2002 BarcoView had 1,035 employees worldwide.

Outlook for 2003

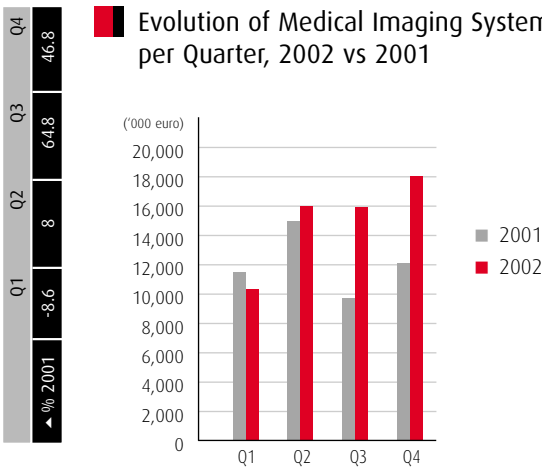
The further integration of the existing capabilities within the different markets will have a positive effect on the overall results of Command & Control. So further growth is expected in 2003, although new budgets in defense & security have not yet been fully allocated and the spectacular growth of 2002 in Air Traffic Control may be hard to repeat.

Growth and sales in Medical Imaging Systems is in line with the PACS market, taking into

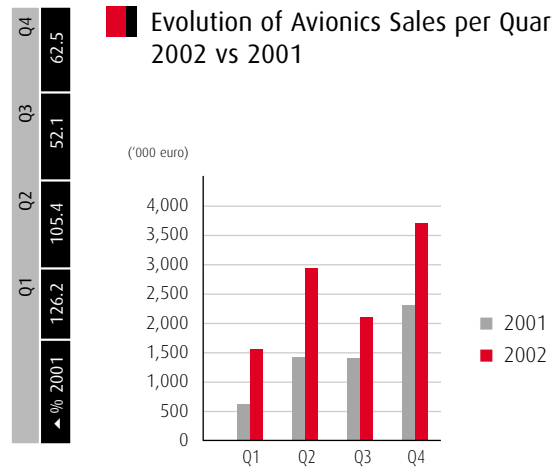
account that a number of Barco modality products are starting to reach their end of life, thus resulting in a growth percentage that is expected to be healthy but lower than in 2002.

By now most of the Avionics products are fully qualified, being manufactured in series. New high-end products are being assessed. Recurring series orders from major customers are expected, thus creating additional sales.

Evolution of Medical Imaging Systems Sales per Quarter, 2002 vs 2001



Evolution of Avionics Sales per Quarter, 2002 vs 2001



Bernard Cruycke ▶
President BarcoVision



BARCOVISION

Evolution of Sales

BarcoVision Sales Decreased by 5%.

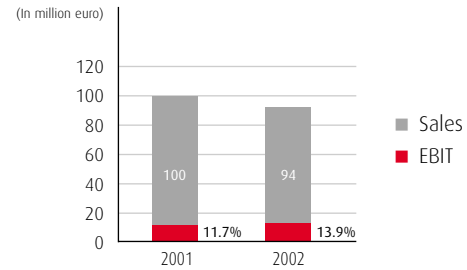
The low order volume from the second half of 2001 continued during the first quarter of 2002. This was reflected in a lower than expected sales volume during the first half of the year. From March 2002 onwards, orders and sales strongly improved to such an extent that over the whole year orders increased by 10% over 2001.

Due to a boom in textile machinery sales in China and a revival in the investment climate in the Turkish textile market, orders and sales both for sensor products and machine controllers remained at high levels throughout the year.

Orders for Sensors and Systems increased by 12% compared to 2001, while sales decreased by 2%.

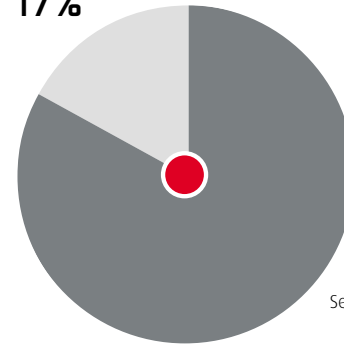
Machine Vision experienced a 16% drop in sales and an 8% decrease in orders.

BarcoVision Sales & EBIT, 2002 vs 2001



Machine Vision

17%

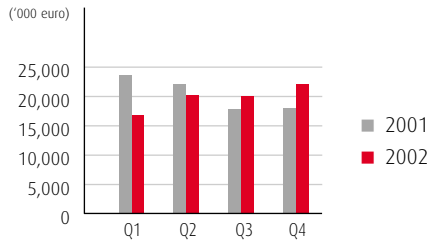


Sensors & Systems

83%

Q4
Q3
Q2
Q1
▲ % 2001
-25.6
-7.5
12
19.3

Evolution of Sensors & Systems Sales per Quarter, 2002 vs 2001



Evolution of EBIT BarcoVision EBIT Rose to 13.9% in 2002.

EBIT for 2002 totaled 13.14 million EUR, which was 14% of sales and a 26% increase over 2001. This large increase is the result of a favorable product mix and a strong cost control program.

Total expenditures for Research & Development amounted to 11% of sales.

At the end of 2002, BarcoVision employed 555 people worldwide.

Outlook for 2003

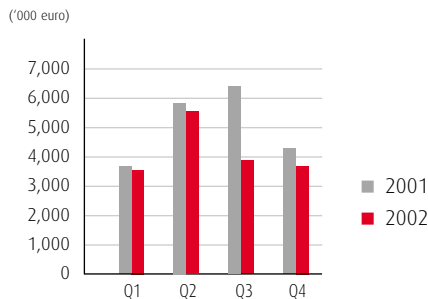
The strong order book built up during 2002 will positively influence sales during the first half of the year.

Several new projects for Cyclops, the automatic on-loom inspection system, will materialize during 2003 and create the backbone for sustainable growth in the years to come.

The new camera-based MIRA and laser technology-based URSA sorters combined with the Fluo patent will allow Barco Machine Vision to further strengthen its market position.

Q4
Q3
Q2
Q1
▲ % 2001
-0.9
-5.8
-40.3
-13.5

Evolution of Machine Vision Sales per Quarter, 2002 vs 2001



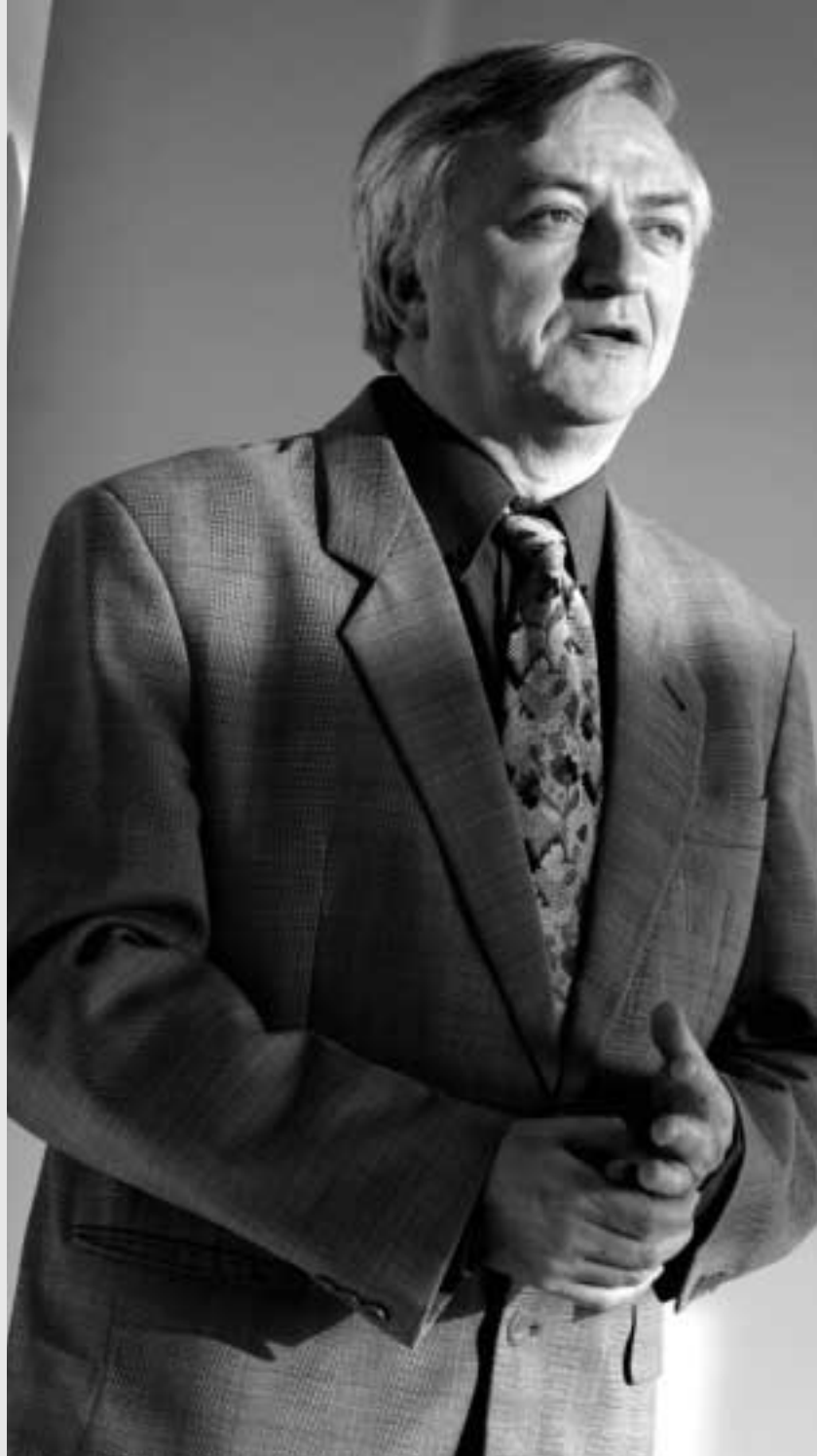
BARCO SUBCONTRACTING

Evolution of Sales

Barco Subcontracting Sales Decreased by 14%.

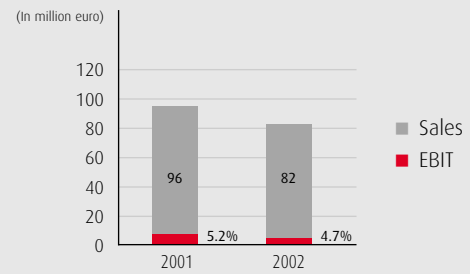
The drop in sales is to be attributed both to Barco Interconnection Technologies and to Barco Special Components. It was due mainly to general market conditions, although sales also decreased because of an increased use of customer-supplied components in manufacturing. However, this development in manufacturing yields higher gross margins.

Willy Maes ▶
President Barco
Special Components

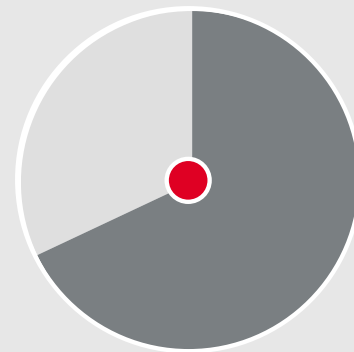




**Barco Subcontracting Sales & EBIT,
2002 vs 2001**



Barco Special
Components
32%



Barco Interconnection
Technologies
68%

◀ **Patrick Luysen**
President Barco
Interconnection Technologies

Evolution of EBIT

Barco Subcontracting EBIT remained nearly stable at 4.7% in 2002 thanks to efforts to reduce costs and to increase productivity.

Total investments in Research & Development amounted to 2% of sales.

At the end of 2002, Barco Subcontracting had 689 employees worldwide.

Outlook for 2003

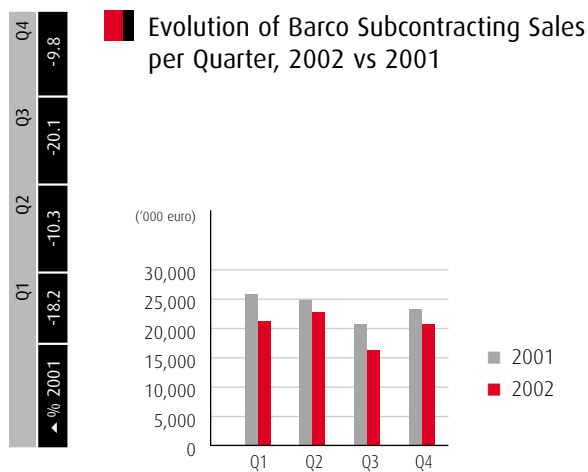
General market conditions are not expected to improve in 2003.

DOTRIX

dotrix is the only activity in the graphics sector that is still fully consolidated. At the current time, Barco still has an 88% interest in dotrix, while dotrix management controls 12%. Barco is looking for investment partners for dotrix.

dotrix is particularly active in the industrial printing markets with the first industrial printing press for on-demand short runs, *the.factory*. Complete digital workflows are available for voluminous markets such as packaging and labels, as well as for more specialized applications such as laminates, wall paper and plastic cards.

While significant investments are still being made in Research & Development, initial sales of *the.factory* took place in 2002.



Barco n.v.

In addition to the information provided in the report of the board of directors on the consolidated accounts of the company, the following items need to be reported for Barco n.v.

Barco n.v.'s unconsolidated turnover amounted to 455.3 million euro in the financial year that ran from January 1, 2002 till December 31, 2002. In the previous financial year, which ran from January 1, 2001 till December 31, 2001, the unconsolidated turnover was 451,9 million euro. Unconsolidated net profit was negative because of the realization of the participations in the Graphics division. This non-recurring loss has no influence on future profitability.

The board of directors holds the opinion that the amounts for product development on the balance sheet meet the criteria for distribution (product development is important for the company, is continuously updated and forms a likely source for future profit).

With today's low share prices, it could be appropriate to have more possibilities to buy back company shares, in view of the number of outstanding share options and warrants.

Remuneration paid to the statutory auditor for special assignments and to the persons with whom the statutory auditor collaborates in his professional capacity amounted to 213,152 euro over the past financial year. Payments to the statutory auditor for special assignments were granted mainly as a result of consulting activities carried out within the context of the disinvestment of Barco Graphics. At the same time, remuneration was paid to the statutory auditor for consulting services relating to International Accounting Standards and for the analytical audit of the annual results of a number of smaller companies within the group. The persons with whom the statutory auditor collaborates professionally were paid with funds designated for fiscal and social consulting services.



Information for the Shareholder

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	12/31/02		619,980,948 euro
Highest capitalization			707,485,767 euro
Lowest capitalization			434,296,965 euro
Yearly volume 2002			161,475,794 euro
Velocity 2002 BEL 20			28.12%

Capital

On December 31, 2002, the capital amounted to 53,065,256.88 euro, represented by 12,412,031 shares.

Based on the decision of the extraordinary general meeting of November 9, 2000, the board of directors can create 400,000 warrants in the future for the benefit of members of staff and non-active directors, as well as for persons who play an important role in the company. In 2002, 239,685 warrants were allocated.

The total number of outstanding warrants and options as of December 31, 2002, amounts to 680,348, which can lead to the creation of the same number of shares. The number of warrants and options, as established in consideration of the choice made on the occasion of the splitting up of Barco n.v., can be implemented in accordance with the following conditions of implementation:



JP Tanghe ▲

Vice President Corporate Communication
& Investor Relations

Options still exercisable within the context of the law of 1984

Allocation	last batch	exercise price	balance as of Dec 31, 2002
12/08/97 (personnel)	Dec/03	132.15 euro	17,580
			17,580

Options still exercisable within the context of the law of 1999

Allocation	last batch	exercise price	balance as of Dec 31, 2002
09/16/99 (personnel)	Sep/09	93.58 euro	130,580
09/16/99 (non-personnel)	Sep/04	96.93 euro	2,500
05/16/00 (personnel)	Dec/06	95.64 euro	10,137
07/13/00 (personnel)	Jun/10	91.92 euro	150,290
07/13/00 (non-personnel)	Jun/05	93.27 euro	2,000
06/18/02 (personnel)	Jun/12	42.01 euro	192,726
06/18/02 (non-personnel)	Jun/07	46.36 euro	5,400
06/24/02 (personnel)	Jun/12	40.55 euro	4,752
06/24/02 (personnel)	Jun/12	42.70 euro	10,000
06/24/02 (personnel)	Sep/12	42.40 euro	25,900
			534,285

80 | 81

Bond loan with warrants 1995-2005

Allocation	last batch	exercise price	number Dec 31, 2002
03/08/95	Feb/05	47.55 euro	128,483

Convertible bond loan

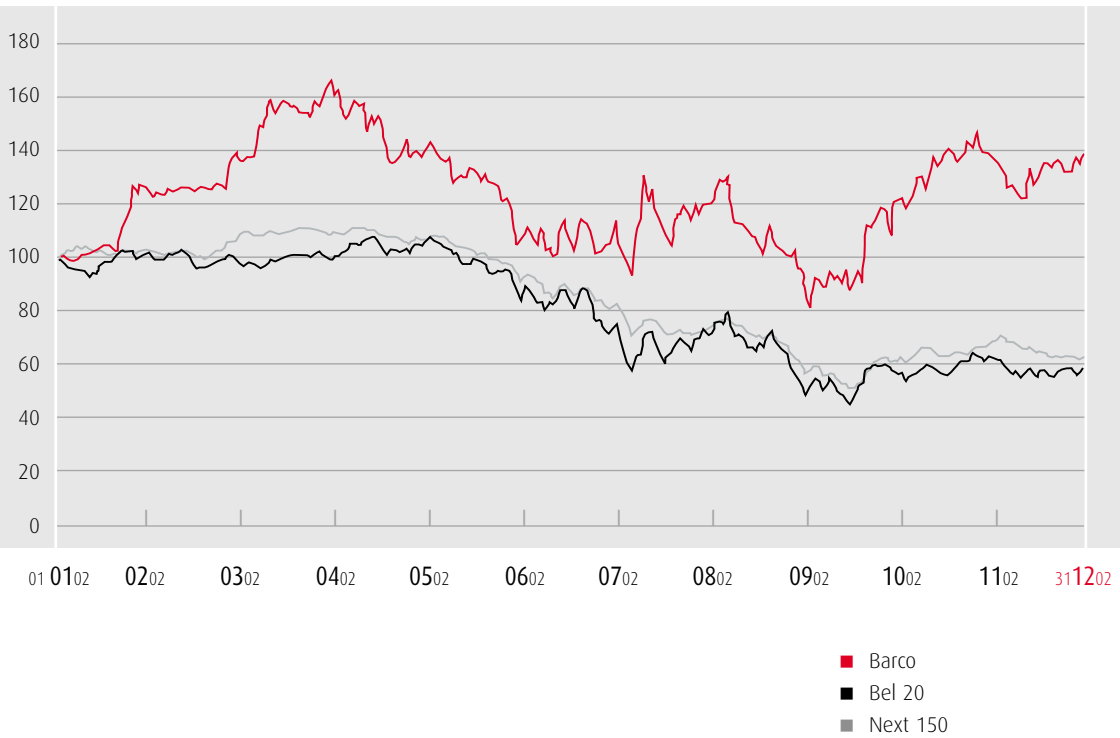
The conversion of the convertible 1995-2005 bond loan (issued by Barco n.v. and taken over by the newly incorporated company Barco at the time of the split-up for an amount of 5,395,921 euro), can lead to the creation of 80,000 shares (conversion exchange rate: 67.46 euro).

Ownership of the Company's Shares

On December 31, 2002, ownership of the company's shares was as follows:

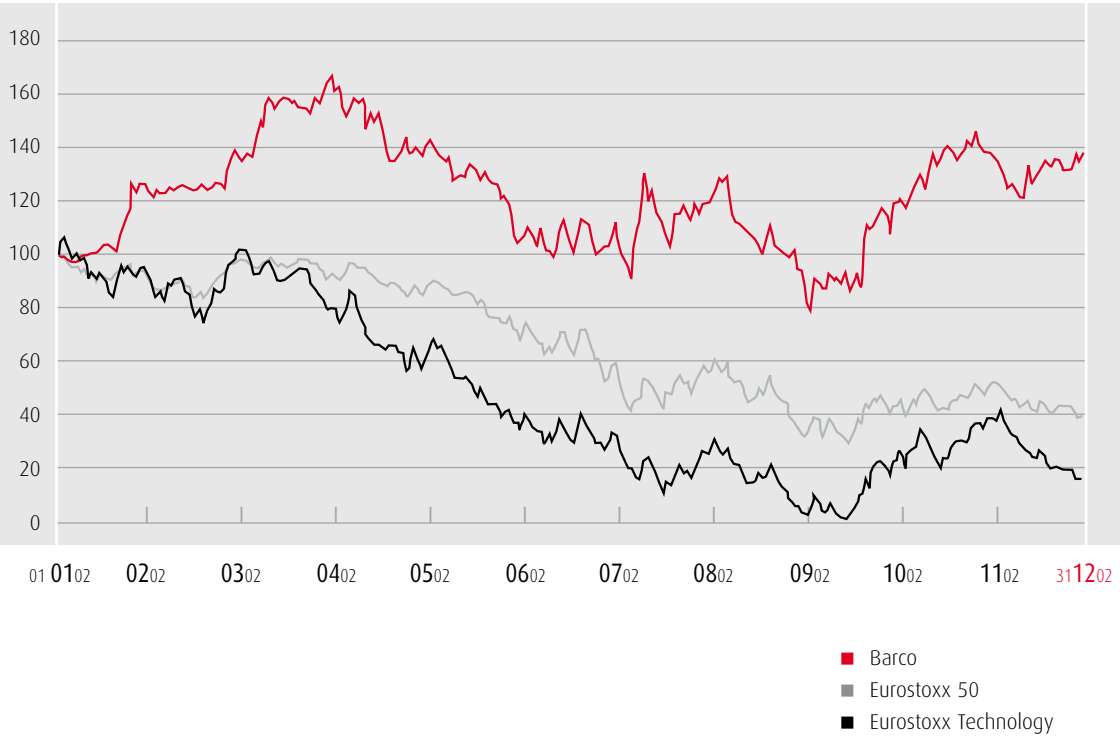
		fully diluted
Gimv:	33.42%	31.49%
Public:	66.58%	68.51%

■ Evolution share price Barco/Next 150/Bel 20

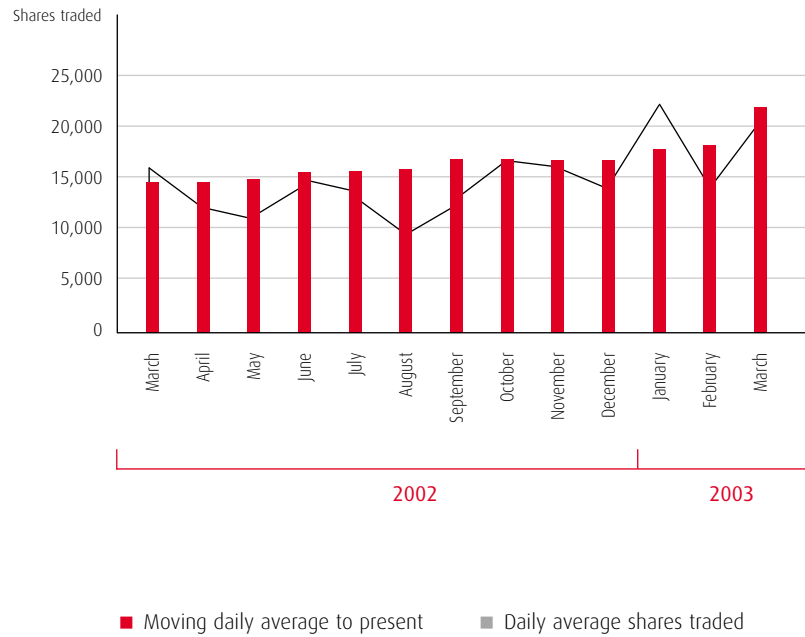


82 | 83

■ Evolution share price Barco/Eurostoxx 50/Eurostoxx Technology



Evolution volumes Barco



Comments on the Evolution of the Barco Share Price

In difficult times for the stock markets worldwide, Barco shares nonetheless outperformed the Bel 20, Next 150, Eurostoxx 50 and Eurostoxx Technology Indexes in 2002. The Barco share price increased by 27% in the course of the year, though the Price/Earnings ratio remained considerably lower than that of several competitors whose results were less positive than Barco's. This explains the price targets set by the financial analysts, which indicate an upward potential for Barco share prices.

Barco has indeed noted the growing interest of international investors during 2002, as well as the coverage given the share by international stock-brokers. Both former shareholders and new ones are once again paying close attention, and some are picking up more shares. This illustrates the

investor community's restored belief in Barco, its management and the company's potential for the future, with its focus on Image Processing.

The deconsolidation of Barco Graphics was regarded by investors to be a step towards restoring the profitability levels of the past and increasing focus. Improved overall cost efficiency had a similar positive impact on Barco's credibility. It was achieved by reducing the working capital, by improving the operational processes within the company and by reducing the number of staff, all the while maintaining the quantity and quality of the output.

In these economically difficult and uncertain times, Barco was once again able to demonstrate its leadership in many of its chosen markets

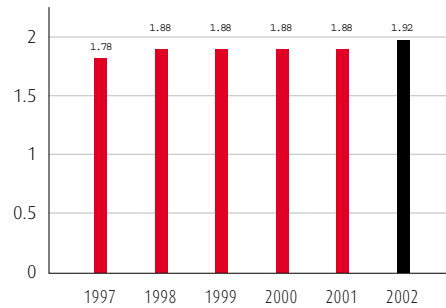
through its continuous focus on ROI, higher productivity and shorter time to market for its customers. The launch of a number of new products will assure the same leadership position in other markets that Barco has recently entered.

It is the intention of Barco's management to keep offering shareholders and the international investor community maximum transparency and full visibility concerning Barco's strategy and position in the various markets.

Dividend

The board of directors will propose to the general meeting that the dividend will be raised to 1.92 euro gross, this is 1.44 euro net, on withholding tax of 25%, and 1.632 euro net on withholding tax of 15% (with VVPR strip). Dividends will be payable from May 28, 2003.

Evolution Dividend



Analysts Covering Barco

Cazenove
Corluy
Degroof
Delta Lloyd Securities
Dexia Securities
Dewaay NV

De Maertelaere
Fortis Bank
Goldman Sachs

KBC Securities
ING Barings
Petercam SA
Puilaetco

Daragh Horgan
Patrick Millecam
Dirk Pattyn
Gert De Measure
Peter Van Assche
Danny Wittenberg
Marc Ernaelsteen
Danny Van Quaethem
Loïc de Caters
Charles Elliot
Christopher Agnew
William Parry-Jones
Dirk Saelens
Jean-Marc Mayeur
Stefaan Genoe
Christophe Jonlet
Philippe Rochez

Financial Calendar

Annual report 2002 on website	February 26, 2003
Announcement of the Annual Results 2002 Announcement of results fourth quarter 2002	February 26, 2003
Annual General Meeting of Shareholders Announcement of results first quarter 2003	May 14, 2003
Payment of dividend (coupon number 3)	May 28, 2003
Announcement of the half year results 2003 Announcement of results second quarter 2003	August 22, 2003
Announcement of results third quarter 2003	November 6, 2003
Announcement of the Annual Results 2003 Announcement of results fourth quarter 2003	February 19, 2004
Annual General Meeting of Shareholders Announcement of results first quarter 2004	May 12, 2004

Investor Relations in 2002

In 2002 Barco continued its efforts to expand its communication towards investors worldwide, thus enhancing the visibility of the company, its strategy and its position in its various Image Processing markets. Barco's management always ensures the simultaneous communication of all information to all interested parties. The continually updated Investor Relations section of the Barco website plays an important role in achieving this goal.

Conference calls at every quarterly announcement allow the investor community to get up to date comments from top management on the results. Audiocasts of these conference calls are available on the Barco website at least twice a year.

In the course of 2002, several private investor clubs were welcomed at Barco's premises, and others were visited at their own meetings. For institutional investors, roadshows were organized in Belgium, the UK, France, Luxembourg, the USA, Canada, Germany, Italy, Singapore and Switzerland. Over a hundred meetings were held with investors, some of whom were visited more than once in the course of the year.

Besides these face-to-face meetings, numerous conference calls and video conference sessions were set up with investors. The Investor Relations Department maintained regular communications with all analysts covering Barco shares. Analyst meetings were held on every occasion results were communicated to the media.

These meetings were made available for the worldwide investor community through webcasts or audiocasts on the Barco website. Throughout the year, sell-side analysts were given individual updates on the company during visits to Barco's premises and in meetings with corporate and divisional managers, thus enabling them to regularly update their reports.

The Barco website (www.barco.com) has a dedicated Investor Relations section, providing the interested investor with all available information on the company, including general financial presentations and the continuously updated presentations used during roadshows.

All published information on Barco can either be downloaded from the Barco website or obtained from the Investor Relations Department. E-mail addresses and telephone and fax numbers can be found on the final page of this annual report.



FINANCIAL PART | Barco Consolidated 2002

BARCO CONSOLIDATED

Balance Sheet after Appropriation

ASSETS [in thousands of euro]	2002	Present-day activities pro forma 2001	Published figures 2001
FIXED ASSETS	199,441	241,488	224,737
II. Intangible fixed assets	39,810	41,422	50,946
III. Consolidation differences	46,728	42,974	42,974
IV. Tangible fixed assets	93,688	99,041	116,457
A. Land and buildings	55,384	49,727	62,427
B. Plant, machinery and equipment	28,646	31,923	34,764
C. Office furniture and vehicles	7,847	11,300	13,052
D. Leasing and other similar rights	161	177	177
E. Other tangible fixed assets	1,195	2,343	2,466
F. Assets under construction and advance payments	456	3,571	3,571
V. Financial fixed assets	19,215	58,051	14,360
B. Companies accounted for by the equity method		7,023	7,023
1. Shares		2,023	2,023
2. Amounts receivable		5,000	5,000
C. Other enterprises	19,215	51,028	7,337
1. Shares	5,050	47,967	4,043
2. Amounts receivable and cash guarantees	14,165	3,061	3,294
CURRENT ASSETS	426,617	453,300	530,483
VI. Amounts receivable after one year	444	463	463
A. Trade debtors	71	227	227
B. Other amounts receivable	373	236	236
VII. Stocks and contracts in progress	109,964	142,768	157,078
A. Stocks	103,106	134,824	149,134
1. Raw materials	41,029	68,335	73,925
2. Work in process	37,429	30,152	36,153
3. Finished goods	24,622	36,337	39,056
6. Prepayments	27		
B. Contracts in progress	6,857	7,945	7,945
VIII. Amounts receivable within one year	189,002	198,747	259,565
A. Trade debtors	157,053	167,970	220,903
B. Other amounts receivable	31,949	30,777	38,662
IX. Investments	69,389	54,789	54,789
X. Cash at bank and in hand	53,139	51,921	51,921
XI. Deferred charges and accrued income	4,680	4,612	6,667
TOTAL ASSETS	626,058	694,788	755,220

LIABILITIES [in thousands of euro]**2002**Present-day
activities
pro forma
2001Published
figures
2001

	2002	2001	2001
EQUITY	336,925	351,347	352,339
I. Capital	53,065	53,065	53,065
A. Issued capital	53,065	53,065	53,065
II. Share premium account	120,471	120,471	120,471
IV. Reserves	166,918	168,241	168,241
VI. Translation differences	-5,818	7,629	7,629
VII. Investment grants	2,289	1,941	2,933
MINORITY INTERESTS	10	609	882
VIII. Minority interests	10	609	882
PROVISIONS, DEFERRED TAXES AND LATENT TAXATIONS	56,103	53,346	60,850
IX. A. Provisions for liabilities and charges	46,912	44,426	51,930
1. Pensions and similar obligations	3,689	2,727	3,791
2. Taxes		260	260
3. Major repair and maintenance	2,202	2,638	2,638
4. Other liabilities and charges	41,020	38,801	45,241
B. Deferred taxes and latent taxations	9,191	8,921	8,921
CREDITORS	233,020	289,485	341,148
X. Amounts payable after one year	16,568	16,833	16,833
A. Financial debts	13,345	15,548	15,548
1. Subordinated loans	157		
2. Bonds	11,322	12,354	12,354
3. Long term leases and similar obligations	171	202	202
4. Credit institutions	1,694	2,967	2,967
5. Other loans		25	25
D. Other amounts payable	3,223	1,285	1,285
XI. Amounts payable within one year	195,792	256,007	290,707
A. Current portion of amounts payable after one year	1,472	1,735	1,735
B. Financial debts	19,656	77,629	77,629
1. Credit institutions	19,656	77,629	77,629
C. Trade debts	60,386	58,866	76,296
1. Suppliers	59,515	57,915	75,345
2. Bills of exchange payable	872	951	951
D. Advances received on contracts in progress	26,125	26,868	29,946
E. Taxes, remuneration and social security	58,327	59,158	72,258
1. Taxes	26,493	26,712	32,831
2. Remuneration and social security	31,833	32,446	39,427
F. Other amounts payable	29,827	31,750	32,842
XII. Accrued charges and deferred income	20,660	16,646	33,609
TOTAL LIABILITIES	626,058	694,788	755,220

Income Statement

[in thousands of euro]

2002

Present-day
activities
pro forma

2001

Published
figures

2001

	2002	2001	2001
I. Operating income	687,900	715,023	846,739
A. Sales	669,040	673,375	791,919
B. Increase (+), decrease (-) in stocks of finished goods, work in process and contracts in progress	-31,754	-8,990	-12,591
C. Fixed assets own construction	38,624	42,155	53,844
D. Other operating income	11,990	8,483	13,567
II. Operating charges (-)	-613,069	-660,557	-798,949
A. Raw materials, consumables and goods for resale	225,826	252,188	280,404
1. Purchases	201,482	262,079	284,312
2. Increase (-) decrease (+) in stocks	24,343	-9,891	-3,908
B. Services and other goods	97,329	108,282	145,085
C. Remuneration, social security costs and pensions	213,951	215,223	268,179
D. Depreciation and amounts written off on formation expenses, intangible and tangible fixed assets	60,294	56,412	71,866
E. Decrease in amounts written off on stocks, contracts in progress and trade debtors	1,632	20,965	24,364
F. Provisions for liabilities and charges	8,036	1,824	2,256
G. Other operating charges	6,002	5,663	6,795
III. Operating profit	74,831	54,466	47,790
IV. Financial income	18,131	22,182	27,828
A. Income from financial fixed assets	710	276	276
B. Income from current assets	3,064	2,432	4,665
C. Other financial income	14,357	19,474	22,887
V. Financial charges (-)	-27,118	-29,037	-40,325
A. Interest and other debt charges	1,916	3,423	5,119
B. Depreciation on consolidation differences	7,512	6,796	13,153
D. Other financial charges	17,689	18,818	22,053
VI. Profit on ordinary activities before income taxes of the consolidated enterprises	65,844	47,611	35,293

[in thousands of euro]	2002	Present-day activities pro forma 2001	Published figures 2001
VII. Extraordinary income	7,922		
D. Writeback of provisions for extraordinary risks and charges	7,921		
VIII. Extraordinary charges (-)	-36,082	-96,342	-96,342
B. Extraordinary depreciation on consolidation differences		75,542	75,542
C. Amounts written off on financial fixed assets	19,917	5,937	5,937
D. Provisions for extraordinary risks and charges	1,200	8,185	8,185
E. Losses on disposal of fixed assets	13,723	5,037	5,037
F. Other extraordinary charges	1,242	1,641	1,641
IX. Profit for the period before income taxes of the consolidated enterprises	37,683	-48,731	-61,049
X. A. Transfer to deferred taxes and latent taxations	-1,001	-1,252	49
XI. Income taxes (-)(+)	-15,047	-14,102	-14,303
A. Income taxes (-)	-15,585	-14,986	-15,187
B. Adjustment of income taxes and writeback of tax provisions	538	884	884
XII. Profit of the consolidated enterprises	21,636	-64,085	-75,303
XIV. Consolidated profit	21,636	-64,085	-75,303
Share of the minority interests	-710	-247	-20
Share of the group	22,346	-63,838	-75,283

Sources and Uses of Funds based on the Consolidated Accounts

[in thousands of euro]

2002

2001

I. Operating activities

Group's share in net profit	22,346	-75,283
Depreciation on intangible fixed assets	41,191	46,315
Depreciation on tangible fixed assets	19,103	25,551
Decrease in amounts written off on financial fixed assets	19,917	5,937
Losses on disposal of fixed assets	13,723	5,037
Depreciation of consolidation differences	7,512	88,695
Provisions and deferred taxes	2,360	11,781
Trade debtors	12,078	16,035
Other amounts receivable	-671	11,690
Stocks	33,621	6,758
Short-term payables	-60,063	-38,293
Total operating activities	111,117	104,223

II. Investment activities

Intangible fixed assets		
Acquisitions	-39,145	-54,044
Other changes	-40	-524
Tangible fixed assets		
Acquisitions	-16,842	-34,313
Other changes	2,398	193
Financial fixed assets	4,756	-4,946
Purchase price acquisitions	-10,672	
Total investment activities	-59,545	-93,634

[in thousands of euro]

2002

2001

III. Financial activities

Long-term borrowings	-1,405	-11,839
Capital increase		26
Other changes in equity accounts	-9,920	3
Changes in minority interests	-599	316
Dividends declared	-23,831	-23,335
Total financial activities	-35,755	-34,829

IV. Net change in liquid assets

15,817 -24,240

V. Change in liquid assets

Short term investments and liquid assets at 01/01	106,710	130,950
Short term investments and liquid assets at 12/31	122,528	106,710
Total change in liquid assets	15,817	-24,240

96 | 97

111 million euro was generated from the operating activities, in spite of the reduction by 60 million euro of short-term payables. This was possible because of a positive current cash flow of 117 million euro, plus the reduction of working capital, mainly inventory.

Investments in intangible and tangible fixed assets were lower than in 2001: 39 and 17 million euro respectively. Tan and Orthogon were acquired.

Negative "other changes in equity accounts" is mainly caused by negative translation differences on USD group companies. The proposed distribution results in a dividend debt of 24 million euro.

As a result of these activities, cash at bank and on hand increased by 16 million euro.

Commentary on the Consolidated Accounts

Group structure

The Barco Graphics activities, which are integrated in Esko-Graphics, are no longer consolidated from January 1, 2002, onwards. Since this change in structure has major impact on comparisons between 2002 and 2001, a pro forma balance sheet and income statement is presented, which excludes these activities from the 2001 figures.

The share of Barco in Esko-Graphics is just under 20%, and is included in the balance sheet as a share in other enterprises (financial fixed assets). This item on the balance sheet also includes the participations in Mania Technologie AG and ManiaBarco GmbH.

During 2002 two acquisitions were executed: Tan (BarcoProjection) in August 2002, and Orthogon (BarcoView) in September 2002.

Income statement

The comparable figures of 2001 are shown in a pro forma income statement, which includes the present-day activities, excluding the former Graphics activities, which are no longer consolidated. The new acquisitions have a limited impact

on the 2002 income statement: most important is the 4.3 million euro contribution of Orthogon on 2002 fourth quarter sales.

The operating results are discussed per division in the first section of the annual report. We note an overall decrease of services and other goods as a result of a cost saving program. Also remuneration cost is slightly lower than in 2001.

Capitalized R&D, included in "Fixed assets own construction", is lower than in prior years, which results in higher amortizations than capitalizations.

Write-offs on stocks were very high in 2001, and are reduced to a normal level in 2002. The amount mentioned as "decrease in amounts written off on stocks, contracts in progress and trade debtors" is particularly low in 2002 because an important part of the stocks, which were written off in 2001, were scrapped in 2002. The scrap of stocks increases the use of "raw materials", because the acquisition value of scrapped stock is shown in the income statement as "raw materials".

Provisions are particularly high in 2002, including a non-recurring environmental provision of 1.9 million euro.

Financial results are influenced by the evolution of the USD exchange rate: other financial income and charges, which are mainly currency results,

are negative for 3.3 million euro. Interest income and charges are positive as a result of improved net cash position. The depreciation on consolidation differences includes the 100% write-off of the goodwill on dotrix and Treepoint, in view of the general economic conditions and the difficulties with generating sufficient profits.

There is a negative extraordinary result of -28.2 million euro.

-29.7 million euro is the result of the reduction of the share of Barco in Esko-Graphics from 49% to just under 20%, the other transactions related to the former parts of Barco Graphics and the amounts written off on the investments in Mania Technologie AG and ManiaBarco GmbH.

+1.5 million euro is the surplus of provisions for restructuring cost, which were provided for in 2001, versus actual cost in 2002.

Tax-rate is low in 2002, because of tax-deductible losses, which were carried over from 2001.

Assets

Consolidation differences increased slightly because of new acquisitions in Tan and Orthogon. Goodwill on dotrix and Treepoint was fully amortized.

Goodwill per activity

[in thousands of euro]

Activity	Original goodwill	Balance 12/31/2002
BarcoProjection	36,368	18,916
BarcoView	30,388	21,567
BarcoVision	47,361	6,245
dotrix	1,969	
Subcontracting	412	
Total	116,498	46,728

Tangible and intangible fixed assets decreased because of lower investments in 2002 in comparison with prior years. Financial fixed assets are mainly the shares in and amounts receivable on Esko-Graphics (13.6 million euro) and the Mania group (1.8 million euro).

The efforts to reduce working capital were successful, mainly the reduction of stocks and trade debtors.

Cash at bank and in hand increased to 19% of balance sheet total.

Assets in %	2002	2001	2000
Fixed assets	32	30	33
Stocks and contracts in progress	18	21	19
Amounts receivable	31	35	33
Cash at bank and in hand	19	14	15
Balance sheet total [in thousands of euro]	626,058	755,220	902,457

98 | 99

Liabilities

Equity amounts to 54% of balance sheet total. This percentage increased strongly because of reduction of balance sheet total.

Short-term financial debts decreased from 77.6 million euro to 19.6 million euro, as a result of positive current result and a reduction of working capital.

Liabilities in %	2002	2001	2000
Equity	54	47	50
Amounts payable > 1 year and provisions	12	10	8
Amounts payable < 1 year	34	43	42
Balance sheet total [in thousands of euro]	626,058	755,220	902,457

Notes to the Consolidated Accounts

I. Principles of Consolidation

The consolidation is carried out in accordance with the principle of integral consolidation, in view of the fact that Barco n.v. exercises the majority of the voting rights attached to the shares in all the companies in question (direct and indirect participations).

The annual accounts of the Belgian and foreign companies included in the consolidation are prepared in accordance with the legislation and regulations applicable in the countries of incorporation, using valuation rules which, as far as possible, correspond with the valuation rules defined at group level. Where there are differences, which can have a major impact, adjustments are made at consolidation level. These include in particular the standardization of depreciation percentages on fixed assets and the setting up for specific provisions for liabilities and charges. The reciprocal accounts of consolidated enterprises are eliminated by compensating receivables

and payables as well as costs and income. The consolidated figures therefore reflect only transactions with third parties. The unrealized profit element contained in stocks purchased from other group companies has been eliminated, in so far as the purchased products still remain in inventory in their original state.

No eliminations are made on contracts in progress.

Unrealized earnings on tangible fixed assets purchased from other enterprises in the group are eliminated when these purchases are recurrent in nature.

Positive first consolidation differences are entered under the assets heading "consolidation differences". These consolidation differences are written off over 10 year for distribution companies and over a period of 20 years for companies with their

own development and manufacturing. Negative first consolidation differences are entered under the liabilities heading "consolidation differences". Consolidation differences are booked to the individual assets and liabilities heading only when significant amounts are involved.

Third parties' share in net assets is recorded under "minority interest", and their share in profit for the period is recorded under "share of minority interest" in the consolidated income statement.

A provision for deferred taxes is set up for major timing differences, regardless of their duration. In this case the "variable transfer method" is used i.e. deferred taxes are calculated on the basis of the last known tax rate at year end closing date.

The consolidation balance sheet is drawn up after profit distribution.



◀ **Antoon Van Petegem**
Vice President & CFO

II.A. Integrally Consolidated Subsidiaries and Companies Accounted for by the Equity Method

- Barco Coordination Center n.v. (V.A.T. BE431.157.278), Frankrijkklaan 18, BE-8970 Poperinge
- Aesthedes n.v. (V.A.T. BE427.422.976), President Kennedypark 35, BE-8500 Kortrijk
- dotrix n.v. (V.A.T. BE426.869.284), Tramstraat 69, BE-9052 Gent (87.78%)
- Barco Creative Systems n.v. (V.A.T. BE429.790.271), President Kennedypark 35, BE-8500 Kortrijk
- Barco Silex s.a. (V.A.T. BE445.977.591), Scientific Parc, rue du Bosquet 7, BE-1348 Ottignies-Louvain-la-Neuve
- Barco Elbicon n.v. (V.A.T. BE412.584.154), Industrierterrein Nieuwland, BE-3200 Aarschot
- Elbicon Industries n.v. (V.A.T. BE428.293.404), Industrierterrein Nieuwland, BE-3200 Aarschot
- Barco s.a., Boulevard de la Libération 6, FR-93200 Saint-Denis (99.82%)
- BarcoView Texen s.a., 7 rue Roger Camboulives, Parc Technologique de Basso Cambo, FR-31000 Toulouse
- Barco Silex s.a., ZI Rousset-Peynier, Immeuble C.C.E., Route de Trets, FR-13790 Peynier (99.94%)
- Barco Ltd., 50 Suttons Park Avenue, Reading, GB-Berkshire RG6 1AZ
- BarcoVision Ltd., Philips Rd., Whiteburk Industrial Estate, Blackburn, Lancashire, BB1 5SN, UK
- Barco GmbH, Wilhelm-Franz-Strasse 1, DE-77971 Kippenheim
- Barco Sedo GmbH, Neuwies 1, DE-35794 Mengerskirchen
- Barco Control Rooms GmbH, An der Rossweid 5, DE-76229 Karlsruhe
- BarcoView GmbH, Wilhelm-Franz-Strasse 1, DE-77971 Kippenheim
- Barco Orthogon AG, Hastedter Osterdeich 2, DE-28207 Bremen
- Pulsarr Industrial Research b.v., Marinus van Meelweg 20, NL-5657 EN Eindhoven
- Barco Holding b.v., Marinus van Meelweg 20, NL-5657 EN Eindhoven
- Barco b.v., Marinus van Meelweg 20, NL-5657 EN Eindhoven
- Barco Electronic Systems s.a., Travessera de Les Corts, 371, ES-08029 Barcelona
- Barco s.r.l., Via di Castel Giubileo 62, I-00138 Roma
- Barco Loepfe s.r.l., Via el Alamein 11/c, I-22100 Como
- Barco Manufacturing s.r.o., Billundska CZ-2756, 272 01 Kladno-Krocehlavy
- Gebr. Loepfe A.G., Kastellstrasse 10, CH-8623 Wetzikon
- Treepoint A.G., Spitalstrasse 72, CH-8630 Rüti (51.28%)
- Barco A.G., Soodstrasse 55, CH-8134 Adliswill
- Barco A/S, Tobaksvejen 23A, DK-2860 Soeborg
- Barco Sp. z o.o., Marywilaska 16, PL-03-475 Warsaw
- Barco Services LLC, Novorogozhkaya Ul 32, Stroyeniye 1, 109544 Moscow
- Electronic Image Systems, Inc., 600 Bellbrook Avenue, Xenia, OH 45385, USA
- BarcoVision LLC., 4420 Taggart Creek Rd. Ste 101, Charlotte NC 28208, USA
- BarcoView LLC., 3059 Premiere Parkway, Duluth, GA 30097-4905, USA
- Barco Projection Systems LLC., 3240 Town Point Drive, Kennesaw, GA 30144, USA
- Barco Inc., 1206 Orange Street, Wilmington, Delaware 19801, USA
- dotrix Inc., 4420 Taggart Creek Rd. Ste 101, Charlotte NC 28208, USA (87.78%)
- Orthogon LLC, 29 S. New York Rd, Suite 400 Smithvill NJ 08205, USA
- Barco Ltd., 17/F Yen Cheng Center, 64 Hoi Yuen Road, Kwun Tong, Kowloon, Hongkong, China
- Barco Trading C° Ltd., Ste. 1802, China Merchants Tower, 66 Lujiazui Road, Pudong, Shanghai 200120, China
- Barco Ltd., Cheng Loong Plaza, 33 Min Sheng Road, Sec. 1, Panchiao City, Taipei Hsien, Taiwan
- Barco Pte Ltd., Block 750 E Chai Chee Road 5-3, Chai Chee Industrial Park, 469005 Singapore
- BarcoView Pte Ltd., Block 750 E Chai Chee Road 5-3/4, Chai Chee Industrial Park, 469005 Singapore
- Barco Hotline Pvt. Ltd., B-26, Qutab Institutional Area, New Delhi-110016, India
- Barco Electronic Systems Pvt., Ltd., B-26, Qutab Institutional Area, New Delhi-110016, India
- Barco Ltd., 65, 42 Tower, 19th Floor Room n° 1902, Sukhumvit 42 Road, Rakanong, Klongtoey, Bangkok 10110, Thailand (49%)
- Barco Ltd., 3F, Dansan-Nonhyun Bld. 216-8 Nonhyun-dong, Kangnam-ku, Seoul 135-010, Korea
- BarcoView Ltd., 3F, Dansan-Nonhyun Bld. 216-8 Nonhyun-dong, Kangnam-ku, Seoul 135-010, Korea
- Barco Co., Ltd., GE Edison Building 1F, 3-28-2 Takada, Toshima-ku, Tokyo 171-0033, Japan
- Barco Sdn. Bhd., Unit 04-05 Level 4, Uptown 2, 2 Jalan SS1/37 Damansara Uptown, 47400

Petaling, Jaya, Selangor, Darul Ehsan, Malaysia
 - Barco Electronic Systems Ltd., 6 Krimitzky Street, Tel Aviv 67899, Israel
 - Barco View Ltd, 6 Krimitzky Street,

Tel Aviv 67899, Israel
 - Barco Ltda., Av. Dr. Cardoso de Melo, 1855-8º Andar-Cj. 81, 04548-005 Vila Olympia, Sao Paulo, Brazil

- Barco Systems Pty Ltd., 2 Rocklea Drive, Port Melbourne, Vic 3207, Australia
 - Barco Electronics SA de CV, Tamaulipas 30-802 Colonia Condesa, 06140 Mexico, D.F.

V. Other Companies

Figures from the last available annual accounts

	Kept share of the capital %	Annual account per	Currency	Equity (+) or (-)	Net results (in thousands currency)
- Innovatie- en incubatiecentrum Kortrijk n.v., Baron Ruzettelaan 33, BE-8310 Brugge	8.3	12/31/01	EUR	1,515,106.00	-36,796.00
- Flabel Corporation n.v., Auguste Reyerslaan 80, BE-1030 Schaarbeek	25				
- Bedrijvencentrum regio Kortrijk n.v., Vlamingstraat 4, BE-8560 Wevelgem	6.2	12/31/01	EUR	905,809.00	9,900.19
- Bedrijvencentrum Zaventem n.v., Leuvensesteenweg 613, BE-1930 Zaventem Zuid 7	0.36	12/31/01	EUR	588,063.12	12,034.00
- Bedrijvencentrum Leuven n.v., Interleuvenlaan 62/62 a Zone 2, BE-3001 Heverlee	0.37	12/31/01	EUR	1,673,119.00	48,832.00
- SIS Corporation, Takara Building, 2-6-2, Kigashikanda Chiyodaku, Tokyo, Japan 101-0031	25				
- Mania Technologie AG, Technologiepark, DE-61276 Weilrod	11.40	12/31/01	EUR	29,508,000	-40,777,000
- Mania Barco GmbH, Technologiepark, DE-61276 Weilrod	33	12/31/01	EUR	14,978,000	-5,171,000
- Esko-Graphics AS, Industriparken 35-37, DK-2750 Ballerup	19.99	12/31/01	DKK	512,853,000	-83,652,000

VI. Summary of the Valuation Rules of the Group

Assets

Depreciation on fixed assets is charged on a full-year's basis, regardless of the precise date in the year on which the assets involved were acquired.

Formation expenses

All information expenses are immediately charged to the results of the financial year in which they are incurred.

Depreciation

	Terms in years / % first year
Buildings	20/5
Installations	10/10
Productions machinery	5/20
Measurement equipment	4/25
Tools and models	3/33
Furniture	10/10
Office equipment	5/20
Computer equipment	3/33
Vehicles	5/20

Renovation work on leased buildings is depreciated over the remaining term of the leasing agreement, with a maximum of 20 years.

Tangible fixed assets acquired under leasing agreements are entered as assets for the total value of the principal amount included in the lease installments. These assets are depreciated at the same rate as comparable non-leased assets. If by the end of the leasing agreement the

Consolidation differences

See indications under "Principles of consolidation".

Intangible fixed assets

The cost of research and development expected to generate profit for a longer period than the current financial year are capitalized at their direct cost price and amortized over three years on a straight-line basis. If it subsequently appears that future returns should no longer be expected, the remaining amount are written off immediately.

All other intangible fixed assets are valued at purchase price and amortized over five years using the straight-line method.

Tangible fixed assets

Land, buildings, installations, machinery, equipment, furniture and office equipment are valued at purchase price, including all related costs, with the exception of those costs that do not entail an appreciation of assets, and are depreciated by the straight-line method.

purchase option has not been exercised, the balance of the principal portion entered as assets is immediately and entirely written off. Where the purchase option is exercised, the cost of this option is depreciated over the remaining depreciation period of the asset.

Assets under construction are valued at the nominal amount of the cost already incurred. For work undertaken internally, only the direct costs are

charged. Upon completion these assets are posted to the proper asset heading. No depreciations are taken on assets under construction. Advance payments on fixed assets include advances already paid on planned investments. No depreciation is taken on these advance payments.

It is the company policy not to revalue assets.

Financial fixed assets

Shares held in companies which are neither consolidated nor accounted for by the equity method are valued at acquisition cost. Any auxiliary costs are charged immediately to the income statement. Write-offs are recorded and charged against income by decision of the board of directors, taking into account the equity, profitability and future prospect of the company in question and exchange rate developments. Write-offs are reversed and written back into income whenever this is justified by the evolution of the company in question. It is the company policy not to revalue assets.

Stocks and contracts in progress

Raw materials, goods purchased, semi-finished articles, contracts in progress and finished goods are valued at their most recent purchase price or direct manufacturing cost. Obsolete stock and stock items with a slow turnaround are systematically written off.

Receivables

Receivables are valued at nominal values. Reductions in value are recorded whenever the collectability of a receivable is in doubt and after comparison with the market value of the receivable.

Cash investments

Short term investments in the form of term deposits are recorded at nominal value. Reductions in value are recorded if necessary. Marketable securities purchased as short-term investments are valued at purchase cost, excluding acquisition expenses, which are immediately booked as cost.

At the end of the year, the purchase cost of these securities is compared with the last known listed price or inventory value. Where this is lower than the purchase cost, the difference is booked as costs.

Deferred accounts

This item records both:

- that portion of expenditure incurred during the current or earlier financial years, and which applies to one or more of the following financial years;
- that portion of income recognized in the income statement during the current financial but which will be collected only in later years.

Liabilities

Equity

Equity includes:

- the share capital and the share premium account of the parent company;
- reserves;
- translation differences;
- investment grants.

Investment grants are entered on the liabilities side of the balance sheet once the conditions for obtaining the subsidy are met. The corresponding asset item is a claim on the government, which is credited when payment is received. The grant is then credited to income at the same annual percentage rate as the depreciation on the corresponding fixed asset.

The reserves are the result of:

- the reserves and the result carried forward of the parent company;
- the group's share in the reserve of its subsidiaries and branches;
- the impact on the reserves of the uniformization of the percentages and methods of depreciation of tangible and intangible fixed assets;
- the impact on the reserves of the elimination of intercompany earnings not yet acquired at group level on closing date.

The translation differences arise from the conversion of the participations, equity and income statement of the foreign subsidiaries.

Minority interest

This item records the share of third parties in the shareholder's equity of the consolidated companies.

Provision for liabilities and charges

These are provided for possible losses and charges based on an estimate at the date of the financial statement. For technical guarantees a provision is made based on turnover for the accounting year.

Creditors

Creditors are valued at nominal value. Liabilities for taxes and social security are recorded at the most likely amount payable. The provision for employee holiday pay is determined in accordance with tax legislation in this matter.

Deferred accounts

The expenses to be charged and the deferred revenue are valued at the amount pertaining to the closing financial year or to the subsequent financial year.

Foreign currencies

For balance sheet entries in foreign currencies other than participations, the value booked in euro is compared, currency-by-currency, with the hedging rate or with the indicative rate calculated by the European Central Bank on the last working day of the year.

The balance of the conversion differences per currency is adjusted through earnings in the case of a negative balance and through deferred income in the case of a balance. For Belgian companies, this is undertaken on a consolidated level.

Conversion of financial statement in foreign countries

Balance sheet denominated in foreign currencies are converted into euro at the indicative rate calculated by the European Central Bank on the last working day of the period.

The conversion difference on the share in the net asset value of the company in question is entered under "Translation differences".

The income statement is converted at the average conversion rate for the period. The exchange rate difference is also entered under "Translation differences".

Deferred taxes and latent taxations

- Deferred taxes (in application of art. 76 of the Royal Decree dated January 30, 2001): 672,660 euro;
- Latent taxation (in application of art. 179 of the Royal Decree dated January 30, 2001): 8,518,629 euro.

Recognition of sales

Sales are recognized whenever three basic conditions have been fulfilled:

- the goods or services have been dispatched or delivered,
- all the costs are known and booked;
- corresponding invoices have been issued.

When orders are delivered in installments, sales are recognized insofar as the above conditions have been fulfilled.

With every intermediate closing of the accounts, a prudently calculated margin is recorded.

VIII. Statement of intangible fixed assets

[in thousands of euro]

Costs for research
and development

Concessions, patents,
licences, software, etc.

A. ACQUISITION COST

At the end of the preceding year	128,669	10,090
Movements of the year:		
Acquisitions, including fixed assets own construction	38,415	730
Sales and disposals (-)	-9,413	-2,250
Transfers from one heading to another (+) (-)		
Conversion difference (+) (-)	10	-260
Other movements		
At the end of the year	157,681	8,311

B. DEPRECIATIONS AND AMOUNTS WRITTEN OFF

At the end of the preceding year	78,166	9,646
Movements of the year:		
Recorded	40,056	1,140
Reversals	-1,142	-1,451
Transfers from one heading to another (+) (-)	2,412	-2,412
Conversion Difference (+) (-)		-233
Other movements		
At the end of the year	119,492	6,690

C. NET BOOK VALUE

At the end of the year (A) - (B)	38,189	1,621
----------------------------------	--------	-------

IX. Statement of tangible fixed assets [in thousands of euro]	Land and buildings	Plant, machinery and equipment	Furniture, vehicles and computer	Leasing and similar rights	Other tangible fixed assets	Assets under con- struction & advance payments
--	-----------------------	---	---	----------------------------------	--------------------------------------	--

A. ACQUISITION COST

At the end of the preceding year	92,187	154,527	66,523	322	6,950	3,571
Movements of the year:						
Acquisitions, including fixed assets own constructions	6,284	7,751	2,224	67	262	257
Sale and disposals (-) (-)	-15,481	-25,535	-19,935	-66	-1,860	-499
Transfers from one heading to another (+) (-)	2,047	987	-221		5	-2,819
Conversion differences (+) (-)	-1,137	-1,072	-2,257	-17	-536	-55
Other movements						
At the end of the year	83,900	136,658	46,335	306	4,822	456

C. DEPRECIATIONS AND AMOUNTS WRITTEN OFF

At the end of preceding year	29,760	119,764	53,471	145	4,485	
Movements of the year:						
Recorded	2,852	10,457	4,642	107	1,041	
Reversals	-3,978	-21,579	-17,969	-101	-1,634	
Transfers from one heading to another (+) (-)		37	-59		22	
Conversion differences (+) (-)	-117	-668	-1,597	-5	-287	
Other movements						
At the end of the year	28,516	108,012	38,488	145	3,627	

D. NET BOOK VALUE

At the end of the year (A) - (C)	55,384	28,646	7,847	161	1,195	456
----------------------------------	--------	--------	-------	-----	-------	-----

X. Statement of financial fixed assets

[in thousands of euro]

Companies accounted
for by the equity method

Other companies (1)

	Shares	Amounts receivable	Shares	Amounts receivable and cash guarantees
A. ACQUISITION COST				
At the end of the preceding year	4,495	5,000	9,598	3,294
Movements of the year:				
- acquisitions			33,402	12,954
- sales and disposals			-20,577	-1,000
- reclassifications	-4,495	-5,000	4,495	5,000
- conversion differences			-7	
At the end of the year			26,911	20,248
C. AMOUNTS WRITTEN OFF				
At the end of the preceding year	2,472		5,555	
Movements of the year:				
- amounts written off			13,834	6,083
- reclassifications	-2,472		2,472	
At the end of the year			21,861	6,083
E. NET BOOK VALUE				
At the end of the year			5,050	14,165

(1) Other companies than those with application of the equity method and than fully consolidated companies.

XI. Statement of capital and reserves [in thousands of euro]

XI. A. Statement of capital

A. CAPITAL	Amounts	Number of shares
1. Issued capital		
- At the end of the preceding year	53,065	
- Movements of the year		
- At the end of the year	53,065	
2. Structure of the capital		
2.1. Categories of the share		
shares without indication of the nominal value	53,065	12,412,031
2.2. Registered shares and bearer shares		
registered		870
bearer		12,411,161

D. COMMITMENTS TO ISSUE SHARES	Amounts	Number of shares
1. Following the exercising of conversion rights		
- amounts of outstanding convertible loans	5,396	
- amounts of capital to be subscribed	342	
- maximum number of shares to be issued		80,000
2. Following the exercising of subscription rights		
- number of outstanding subscription loans		680,348
- amounts of capital to be subscribed	2,912	
- maximum number of shares to be issued		680,348
E. AMOUNT OF AUTHORIZED CAPITAL NOT ISSUED	26,600	

(*): the board of directors can have this amount at its disposal until November 22, 2005

G. SHAREHOLDERS ON 12/31/2002 (*)

Gimv (Gimv n.v. 3,558,632 shares and VIM n.v. 589,652 shares): 4,148,284 shares, representing 33.42% of the existing voting rights and 31.95% of the potential voting rights

(*): the percentages of the acknowledge dd. 08/07/1996 have been recalculated based on the current number of shares/potential shares, as confirmed by Gimv.

108 | 109

XI. B. Statement of the reserves

At the end of the preceding year	168,241
Movements of the year:	
- share of the group in the net result	22,346
- dividends	-23,831
- sundries	162
At the end of the year	166,918

XII. Statement of the consolidation differences [in thousands of euro]

Consolidated Companies

XII. A. Positive consolidation differences

Net book value at the end of the preceding year	42,974
Movements of the year:	
- depreciations	-7,512
- others (acquisitions)	11,266
Net book value at the end of the year	46,728

XIII. Statements of amounts payable

[in thousands of euro]

Analysis of amounts payable with an original term of more than one year:

Payable in	2003	2004	2005	2006	2007	later
Financial debts						
1. Subordinated loans						
2. Unsubordinated bonds			5,891			5,431
3. Leasing and other similar obligations	28	134	37			
4. Credit institutions	1,234	926	926			
Other debts	210	2,026	1,197			
Total	1,472	3,086	8,051			5,431

Analysis of debts as to currencies

EUR	9,116	51%
USD	5,743	32%
AUD	171	1%
CZK	526	3%
CHF	2,272	13%
GBP	212	1%
Total	18,040	100%

89% of these debts have fixed interest rates (average: 5.2%) and 11% are interest-free.

XIV. Sales, personnel

[in thousands of euro]

2002

2001

A. BREAKDOWN OF SALES

Sales

Geographical breakdown (in %)

European Union	43	50
Nafta	32	30
Asia	19	16
Rest of the world	6	4

Categories of activity (in %)

Projection	50	43
View	29	22
Graphics (excl. dotrix)		15
dotrix	1	1
Vision	14	13
Subcontracting	6	6

B. PERSONNEL

Belgium

Belgium

110 | III

B.1. Average number of persons	4,088	2,277	4,940	2,646
Workers	1,536	1,083	1,660	1,191
Employees	2,537	1,181	3,265	1,442
Management personnel	15	13	15	13
B.2. Personnel charges	213,951		268,179	
a. Remuneration and direct social benefits	152,920		194,241	
b. Employers' contribution for social security	35,692		43,052	
c. Employers' premium for extra statutory insurance	8,163		7,831	
d. Other personnel charges	14,754		20,232	
e. Pensions	2,422		2,823	

D. TAXES ON THE RESULTS

D.2. Effect of extraordinary results on the amount of income taxes on the current period	2,145
---	--------------

XV. Rights and commitments not reflected in the balance sheet

[in thousands of euro]

2002

A. BREAKDOWN OF SALES

Guarantees received	745
Consignment goods	153
Mortgage obligations given as security for debts and commitments	
- book value of the relevant assets	13,856
- total of the mortgage	14,626
Warranties and securities	14,401
Forward contracts foreign exchange	4,494

Note w.r.t. mortgage obligations: There is no longer an outstanding debt for the stated amount.

Barco appeals only in a limited way to derivatives, mostly to cover exchange risks. As of the end of 2002, there is a limited amount of interest coverage for the CHF.

Obligations in relation with pensions are covered by insurances or explicitly shown as a liability on the balance sheet.

Barco appeals on a vendor-lease program with the obligation to take back sold goods, in case of insolvency of the client. The risk to take back sold goods is provided for as a provision for other liabilities and charges.

XVI. Relations with affiliated companies and companies linked by participating interests which were not consolidated

[in thousands of euro]

2002

1. Financial fixed assets

Investments and shares	5,050
Amounts receivable after one year	10,042
Amounts receivable within one year	725

Auditor's Report

on the consolidated financial statements for the year ended December 31, 2002 to the ordinary shareholders' meeting of Barco n.v.

In accordance with legal and regulatory requirements, we are pleased to report to you on the performance of the audit mandate which has been entrusted to us.

We have audited the consolidated financial statements as of and for the year ended December 31, 2002, which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of 626.058 thousand euro and a consolidated profit for the year of 21.636 thousand euro. We have also examined the consolidated Directors' report.

In respect of certain affiliates of your company for which we are not the auditors, we have relied upon the work of other auditors.

Unqualified audit opinion on the consolidated financial statements

We conducted our audit in accordance with the standards of the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to consolidated financial statements in Belgium.

In accordance with those standards, we considered the group's administrative and accounting organization, as well as its internal control procedures. We have obtained explanations and information required for our audit. We examined, on a test basis, evidence supporting the amounts in the consolidated financial statements. We have assessed the validity of the accounting principles, the consolidation policies and significant accounting estimates made by the company, as well as the overall presentation of the consolidated financial

statements. We believe that those procedures provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements give a true and fair view of the group's assets, liabilities and consolidated financial position as of December 31, 2002 and consolidated result of its operations for the year then ended, in accordance with the legal and regulatory requirements applicable in Belgium, and the information given in the notes to the consolidated financial statements is adequate.

The consolidated directors' report includes the information required by law and is consistent with the consolidated financial statements.

Brussels, April 3, 2003

Ernst & Young Bedrijfsrevisoren BCV (B160)
Statutory auditor
represented by

Marc Van Hoecke
Partner

Ludo Swolfs
Partner



FINANCIAL PART | Barco n.v. 2002

Summary version of statutory accounts Barco n.v.

The following pages are extracts of the statutory annual accounts of Barco n.v. The valuation rules of Barco n.v. are in line with the group valuation rules, except for tangible fixed assets. In statutory annual accounts the declining balance depreciation method is used for most tangible fixed assets, while in consolidated annual accounts only the straight-line depreciation method is used.

The management report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Barco n.v., 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.

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 statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Barco n.v. for the year ended December 31, 2002 give a true and fair view of the financial position and results of the company in accordance with all the legal and regulatory requirements.

Balance Sheet after Appropriation

ASSETS [in thousands of euro]

2002

2001

	2002	2001
FIXED ASSETS	427,829	482,240
II. Intangible fixed assets	26,625	29,289
III. Tangible fixed assets	32,620	38,788
A. Land and buildings	18,531	19,109
B. Plant, machinery and equipment	12,007	15,173
C. Furniture and vehicles	1,461	3,027
E. Other tangible fixed assets	254	515
F. Assets under construction and advance payments	367	964
IV. Financial fixed assets	368,584	414,163
A. Affiliated enterprises	351,968	407,280
1. Investments	351,968	407,159
2. Amounts receivable		121
B. Other enterprises linked by participating interests	15,569	5,824
1. Investments	4,742	5,824
2. Amounts receivable	10,827	
C. Other financial fixed assets	1,047	1,059
1. Shares	170	170
2. Amounts receivable and cash guarantees	877	889
CURRENT ASSETS	206,229	214,325
VI. Stocks and contracts in progress	68,073	86,026
A. Stocks	67,502	85,769
1. Raw materials and consumables	28,660	49,929
2. Work in process	25,105	21,163
3. Finished goods	13,737	14,677
B. Contracts in progress	571	257
VII. Amounts receivable within one year	127,230	127,318
A. Trade debtors	108,727	110,641
B. Other amounts receivable	18,503	16,677
IX. Cash at bank and in hand	10,059	58
X. Deferred charges and accrued income	867	923
TOTAL ASSETS	634,058	696,565

LIABILITIES [in thousands of euro]**2002****2001**

CAPITAL AND RESERVES	209,088	235,640
I. Capital	53,065	53,065
A. Issued capital	53,065	53,065
II. Share premium account	120,471	120,471
III. Revaluation surplus	63	63
IV. Reserves	6,296	6,317
A. Legal reserve	6,182	6,182
C. Untaxed reserves	114	135
V. Accumulated profits	27,845	54,322
VI. Investment grants	1,348	1,402
PROVISIONS AND DEFERRED TAXES	22,502	21,715
VII. A. Provisions for liabilities and charges	21,922	21,123
1. Pensions and similar obligations	1,220	963
3. Major repairs and maintenance	2,202	2,638
4. Other liabilities and charges	18,500	17,522
B. Deferred taxes	580	592
CREDITORS	402,468	439,210
VIII. Amounts payable after one year	130,437	122,029
A. Financial debts	129,912	121,504
2. Bonds	5,892	5,892
4. Credit institutions	124,020	115,612
D. Other amounts payable	525	525
IX. Amounts payable within one year	263,753	313,786
A. Current portion of amounts payable after one year	39,323	38,540
B. Financial debts		153,484
1. Credit institutions		153,484
C. Trade debts	54,977	64,477
1. Suppliers	54,951	64,451
2. Bills of exchange payable	26	26
D. Advances received on contracts in progress	8,138	5,567
E. Taxes, remuneration and social security	22,359	24,779
1. Taxes	5,826	6,943
2. Remuneration and social security	16,533	17,836
F. Other amounts payable	138,956	26,939
X. Accrued charges and deferred income	8,278	3,395
TOTAL LIABILITIES	634,058	696,565

Income Statement

[in thousands of euro]

2002

2001

	2002	2001
I. Operating income	489,956	482,945
A. Sales	455,250	451,925
B. Increase (+), decrease (-) in stocks of finished goods, work in process and contracts in progress	3,769	-6,705
C. Fixed assets - own construction	22,802	28,495
D. Other operating income	8,135	9,230
II. Operating charges (-)	-460,052	-477,562
A. Raw materials, consumables and goods for resale	255,561	253,955
1. Purchases	233,567	258,516
2. Increase (-), decrease (+) in stocks	21,994	-4,561
B. Services and other goods	63,725	71,947
C. Remuneration, social security costs and pensions	94,735	94,815
D. Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	37,443	38,191
E. Increase (+), decrease (-) in amounts written off on stocks, contracts in progress and trade debtors	-563	13,461
F. Increase (+), decrease (-) in provisions for liabilities and charges	6,416	3,157
G. Other operating charges	2,735	2,036
III. Operating profit (+)	29,904	5,383
IV. Financial income	11,918	24,404
A. Income from financial fixed assets	5,291	7,616
B. Income from current assets	9	8
C. Other financial income	6,618	16,780
V. Financial charges (-)	-24,047	-32,114
A. Interest and other debt charges	13,787	15,762
C. Other financial charges	10,260	16,352
VI. Profit on ordinary activities before income taxes (+)	17,775	
Loss on ordinary activities before income taxes (-)		-2,327

[in thousands of euro]

2002

2001

VII. Extraordinary income	45,924	1,318
B. Write-back of amounts written off financial fixed assets	7,067	1,318
C. Write-back of provisions for extraordinary liabilities and charges	5,615	
D. Gain on disposal of fixed assets	33,242	
VIII. Extraordinary charges	-64,620	-51,783
B. Amounts written off on financial fixed assets	24,147	44,577
C. Provisions for extraordinary risks and charges		5,774
D. Losses on disposal of fixed assets	40,473	33
E. Other extraordinary charges		1,399
IX. Profit for the year before income taxes (+)		
Loss for the year before income taxes (-)	-921	-52,792
IX bis. A. Transfer from deferred taxes (+)	35	35
X. Income taxes	-1,760	
A. Income taxes	-3,162	
B. Adjustment of income taxes and write-back of tax provisions	1,402	
XI. Profit for the year		
Loss for the year	-2,646	-52,757
XIII. Profit for the year for appropriation		
Loss for the year available for appropriation	-2,646	-52,757

118 | 119

Appropriation Account

[in thousands of euro]

2002

2001

A. Profit to be appropriated	51,676	77,657
1. Loss for the year available for appropriation (-)	-2,646	-52,757
2. Profit brought forward	54,322	130,414
D. Result to be carried forward		
1. Profit to be carried forward (-)	-27,845	-54,322
F. Distribution of profit (-)	-23,831	-23,335
1. Dividend	23,831	23,335

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More information can be obtained at the Investor Relations Department of the group management:

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Annual report

This annual report is also available in Dutch and can be consulted on the website www.barco.com.

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