BARCO

Visibly yours

ANNUAL REPORT 2003

Dreams and reality
meet in deadlines

Dreams are the children of the soul. Dreams are vital for a company, just like they are for our personal health and well-being. They are sparks for the future, daring and inspiring at the same time. Dreams are boundless; they have no limits and therefore continuously open new perspectives. Hence, they allow reaching a higher level of creative and flexible "out of the box" thinking.

Having great dreams, however, cannot simply turn bold ideas into reality. As a market-driven, technology-enabled company, we know that our dreams and those of our customers need to be translated into realistic goals and strategies for the future. Superb technological and innovative ideas can only be turned into outstanding high-tech products when their development is guided by customer feedback and when there is sufficient market potential for the product.

Projects become valuable when there are concrete deadlines and when the goals are clear, tangible and feasible for all the company's stakeholders. Hence, it is of prime importance that we live up to the goals we set: delivering on time, as promised to our customers, in line with our internal processes and high quality levels. Ultimately, living the dream means meeting the deadlines, both those set by us and, even more importantly, those set by our customers.

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Company profile

Barco is a world leader in business-to-business markets, in which it offers professional display and visualization solutions. Based upon in-depth market knowledge and leading-edge technology, Barco solutions help customers improve productivity and effectiveness.

Barco, a global company, operates in almost 100 countries. The company is headquartered in Belgium, with major R&D and manufacturing facilities located across Europe, the USA and Asia. Worldwide, the company employs 4,022 people and realized sales close to euro 630 million in 2003.

Barco is quoted on Euronext Brussels and is part of the BEL 20 and Next 150 indexes.

Five core divisions, supported by the Barco Manufacturing Services division, target the various key markets of the company. Core divisions include the existing BarcoView and BarcoVision divisions, as well as the newly created Barco Control Rooms, Barco Media & Entertainment and Barco Presentation & Simulation divisions. These last three divisions came into being as a result of the strategic reorganization of BarcoProjection into three independent divisions on 1 January 2004. This refocus underlines Barco's strategy to operate as close as possible to the customer and to enlarge the international segment of its various markets, without cost increase. As such, the reorganization is in line with Barco's market-oriented approach that is characteristic of the company's operations and a key factor of Barco's successful growth.

To further increase efficiency and thus substantially reduce cost, all subcontracting activities of the Barco Manufacturing Services division have been consolidated into a single location in Belgium and one in the Czech Republic.

- **Martin De Prycker**
  Chief Executive Officer

Worldwide presence 2004

R&D and manufacturing facilities

Belgium
China
Czech Republic
France
Germany
India
Japan
Switzerland
United Kingdom
United States

Subsidiaries and offices

Europe & Middle East

Belgium
Czech Republic
Denmark
France
Germany
Israel
Italy
Poland
Russia
Spain
Switzerland
The Netherlands
UAE: Dubai
United Kingdom

Asia - Pacific

Australia
China
India
Japan
Korea
Malaysia
Singapore
Taiwan
Thailand

Americas

Brazil
Canada
United States

- **Luc Kindt**
  President Global Sales & Services

- **Bernard Dursin**
  President Barco Europe & Asia

- **Jacques Bertrand**
  President Barco Japan

- **Dave Scott**
  President Barco North America

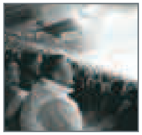
Organizational structure 2004

BarcoView

Air Traffic Management
Avionics
Defense & Security
Medical Imaging

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 management. In most of its markets, Barco occupies a leading position.

Barco Media & Entertainment



Digital Cinema
Events
Media

Barco is a recognized world leader in advanced projection and LED display solutions targeted at the Media & Entertainment industry. Its tailor-made solutions for professional markets range from digital cinema projection to large-scale entertainment or corporate events, from installations at entertainment sites and sport venues to branding at company headquarters.

Barco Presentation & Simulation

Edutainment
Presentation
Simulation & Virtual Reality

Barco is a leading manufacturer and integrator of display products and solutions for simulation, virtual reality and presentation. Typical application areas of Barco technology include flight and driving simulators, car design, scientific research, oil & gas exploration, science centers, planetariums, conference centers and auditoriums.

Barco Control Rooms

Broadcast
Surveillance
Traffic

Barco is a worldwide leader in control room solutions for broadcasting, telecommunications, public utilities, process control, traffic control, surveillance and command & control applications. The company's large-screen visualization systems, displaying real-time signals and information, are optimized for 24/7 monitoring applications.

BarcoVision

Textiles

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

Barco Manufacturing Services

Barco provides electronic and mechanical manufacturing services to external and internal customers.

Corporate support

General operations
Information technology
Finance & administration
Human resources
Corporate marketing
Investor relations

Letter to the shareholder

Dear shareholder,

In 2003 the board and the management of Barco continued to focus on four strategic actions. All have been successfully implemented.

Creating focus in the business portfolio

The reorientation of the business portfolio, decided a few years ago, was realized last year. The objective of the portfolio reorientation was to focus more on the attractive markets in image processing, in which Barco holds a leading position worldwide. An agreement was reached in the last days of 2003 to exit from Esko-Graphics and the sale of dotrix was also concluded. In this way Barco achieved a full exit from its graphics activities. Because of the very difficult market conditions in the graphics industry and the position Barco held in the market, the graphics business had become a burden on the results of Barco. Moreover, these activities did not contribute to the technological and market position of the core businesses. An agreement was also reached about the exit of Machine Vision. As a consequence, Barco today has a portfolio of businesses with significant market positions in their respective specialized markets serving professional customers. These businesses build on the strong and unique technological capabilities that Barco has created over the last decades.

- **Herman Daems**
  Chairman of the board of directors

Building a market-oriented organization

As Barco created more focus in its portfolio, it became clear that the organization could be made more efficient by splitting the BarcoProjection division into three entities: Barco Media & Entertainment, Barco Control Rooms and Barco Presentation & Simulation. The names of these divisions already clearly show that they will enable Barco to focus better on the different market segments, which are serviced by the various products and systems of the former BarcoProjection division. In addition to the importance of the business dimension in the organization, special attention was also given to the geographical dimension. Barco aspires to grow in the North American and Asian markets and this requires that the organization also reflects the importance of the geographic dimension. A dedicated function was created to stimulate global sales and services and to improve interdivisional sales cooperation in the key markets.

Improving efficiency

Already in 2002 the new management started a major drive to improve the use of working capital. This led to remarkable improvements. During 2003, efforts to improve business processes were continued and some restructuring and reconfiguring of manufacturing across divisions took place to realize economies of scale and to find more optimal locations to serve markets. The improvements in efficiency, together with efforts on the marketing side, have enabled the management of Barco to protect margins and push up the operating results of the businesses.

Laying the foundations for future growth

Over the course of the year, several steps were taken to lay the foundations for future growth in Barco. As is explained further in this annual report, growth will come along three dimensions:

- Expansion in key geographical markets such as North America and Asia
- A gradual shift from products to systems and solutions in professional markets
- Further penetration in vertical markets, such as media, medical imaging and surveillance, which offer good growth opportunities and build upon Barco's key products and technological capabilities. The acquisition of the assets of Trans-Lux West & Leyard and the acquisition of Folsom Research must all be seen in this respect.

In the future, the board and the management will continue to refine the growth strategy of the company and review opportunities for external and internal growth.

Market conditions in 2003 were not optimal. The dollar declined significantly and uncertainty about world events had a negative effect in some of Barco's markets. Nevertheless, Barco was able to meet its targets. Most importantly, the company succeeded in improving its EBITA margin. This is evidence that the strategic actions are already paying off. The future looks promising as well, as is underlined by the strong orders Barco has received for its products. If markets continue to improve and uncertainty about world events declines, Barco will be in an excellent position to take advantage of the strategic foundations that have been laid over the last year.

The board wishes to thank the management and the employees of Barco for their efforts to make the company innovative and successful in challenging technologies and markets. The board also is grateful for the support and commitment that shareholders have made and will continue to make to the company.

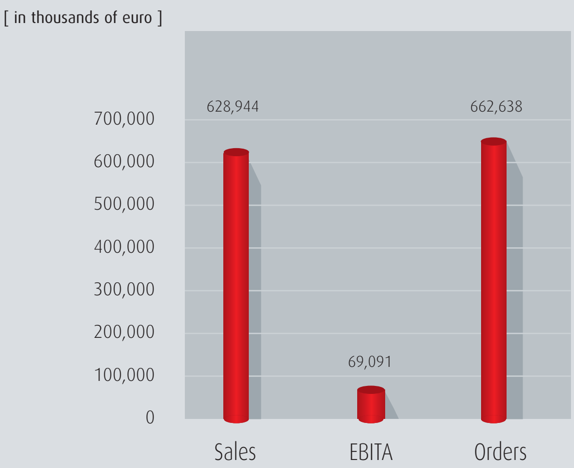
Herman Daems
Chairman of the board of directors

Financial highlights for the year

Keyfigures

[in thousands of euro*]	2003	2002
Net sales*	628,944	669,040
Gross profit*	277,862	296,504
EBITA*	69,091	71,228
Current result before taxes*	70,631	72,493
Current result after taxes*	54,581	54,434
Current result after taxes per share	4.42	4.39
Net income*	46,564	17,740
Earnings per share	3.77	1.43
Diluted earnings per share	3.54	1.35
Current cash-flow*	109,813	114,413
Current cash-flow per share	8.88	9.22

2003


[in thousands of euro]
700,000
600,000
500,000
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200,000
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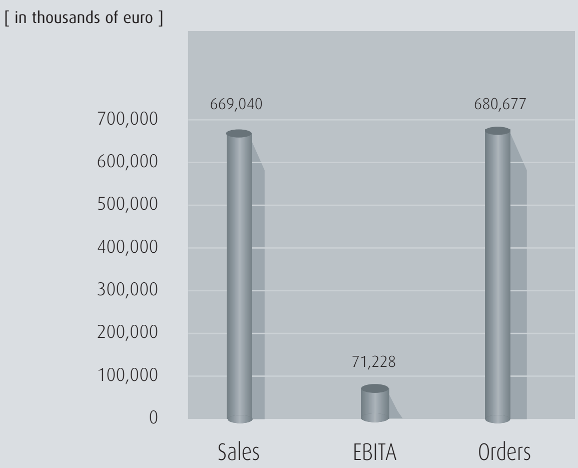
628,944
69,091
662,638
Sales
EBITA
Orders

2002


[in thousands of euro]
700,000
600,000
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400,000
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200,000
100,000
0
669,040
71,228
680,677
Sales
EBITA
Orders

Financial highlights per quarter

Keyfigures per quarter 2003

[in thousands of euro*]	4th quarter 2003	3rd quarter 2003	2nd quarter 2003	1st quarter 2003
Net sales*	174,676	145,201	157,990	151,077
Gross profit*	78,646	61,607	70,903	66,705
EBITA*	26,164	10,076	17,443	15,408
Current result before taxes*	26,543	10,370	17,928	15,788
Current result after taxes*	22,495	7,546	13,044	11,497
Current result after taxes per share	1.83	0.61	1.05	0.93
Net income*	18,728	6,684	11,373	9,779
Earnings per share	1.52	0.54	0.92	0.79
Diluted earnings per share	1.42	0.51	0.86	0.74
Current cash-flow*	35,314	21,955	28,049	24,496
Current cash-flow per share	2.87	1.78	2.26	1.97

Number of employees

Total	4,022	4,110	4,166	4,131

Keyfigures per quarter 2002

[in thousands of euro *]	4th quarter 2002	3rd quarter 2002	2nd quarter 2002	1st quarter 2002
Net sales*	194,868	145,846	176,106	152,220
Gross profit*	88,816	64,744	80,158	62,786
EBITA*	27,955	10,451	21,954	10,868
Current result before taxes*	28,428	10,842	22,329	10,893
Current result after taxes*	22,155	7,359	17,026	7,894
Current result after taxes per share	1.78	0.59	1.37	0.64
Net income*	17,372	5,878	-12,226	6,756
Earnings per share	1.40	0.47	-0.99	0.54
Diluted earnings per share	1.32	0.45	-0.94	0.52
Current cash-flow*	36,723	21,912	34,870	20,909
Current cash-flow per share	2.96	1.77	2.81	1.68

Number of employees

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

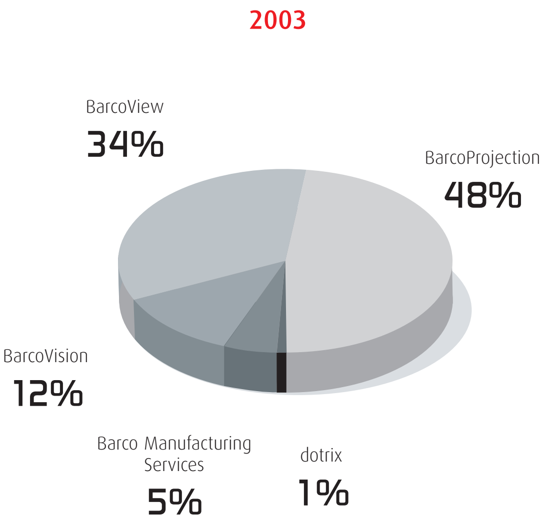
Keyfigures for shareholders

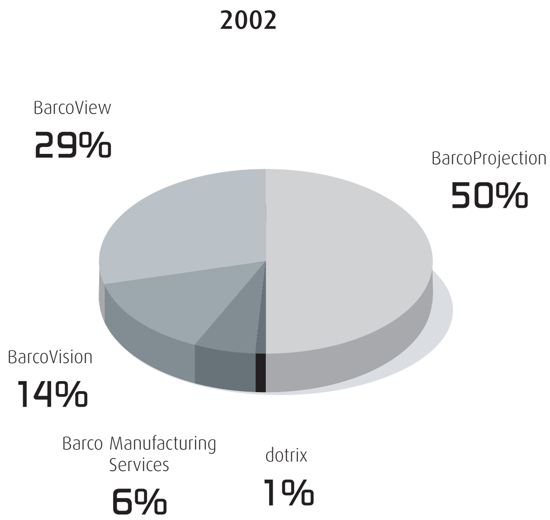
[in euro]	2003	2002
Number of shares on 31 Dec (in thousands)	12,414	12,412
Per share		
Current result (1) after taxes	4.42	4.39
Current cash flow (2)	9.03	9.22
Net result	3.77	1.43
Gross dividend	2.00	1.92
Net dividend (3)	1.50	1.44
Net dividend (4)	1.70	1.63
Gross dividend yield (%) (5)	2.88	3.84
Yearly return (%) (6)	43.14	31.65
Pay-out ratio (%) (7)	53.10	134.34
Price/earnings ratio (8)	15.74	11.39
Net equity	31.34	30.84

(1) earnings before provision for restructuring, non-operating income, goodwill amortization and tax impact related to afore-mentioned
(2) current result after taxes + amortization, depreciation and changes in deferred taxes
(3) without VVPR-strip
(4) with VVPR-strip
(5) gross dividend / closing rate on 31 Dec
(6) increase / decrease share price + gross dividend, divided by closing share price
(7) gross dividend / net result
(8) share price 31 Dec / current result after taxes per share

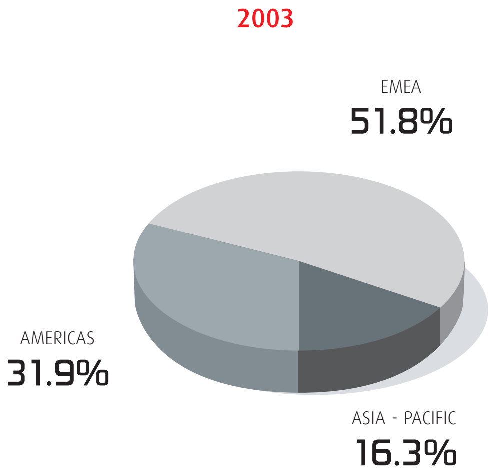
[in euro]	2003	2002
Share price		
Average price	55.54	45.87
Highest price	70.1	57.00
Lowest price	42.75	34.99
Price on 31 Dec	69.5	49.95
Average number of shares traded daily	22,893	13,410
Stock market capitalization on 31 Dec (in millions)	862.77	619.98

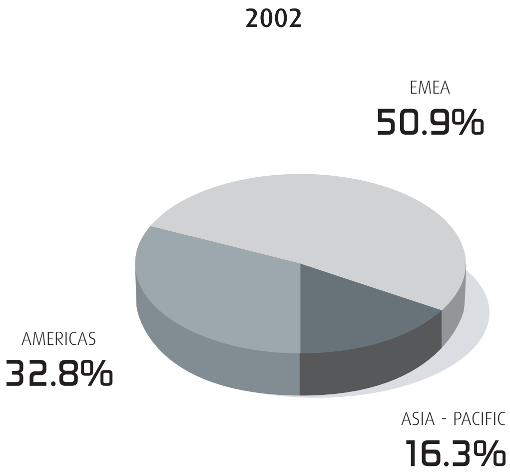
Sales per division





Geographical breakdown of sales





EMEA = Europe, Middle East and Africa

Market overview

Air Traffic Management

Air traffic demand is expected to keep on growing by an annual rate of at least five percent in the next two decades, thereby doubling the number of passengers. To increase airspace capacity while at the same time maintaining or even improving the safety level, air traffic management largely depends on communications technology. Presenting controllers with real-time information facilitates decision-making and improves efficiency as skies grow more and more crowded.

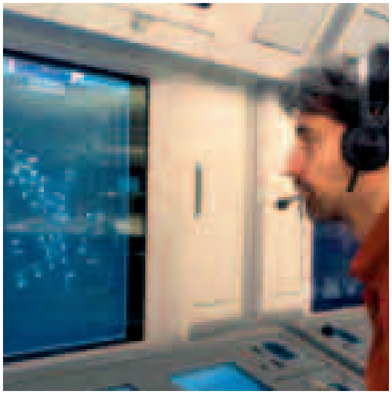


Photo courtesy of Eurocontrol

JANUARY: Inauguration of Europe's second largest ATC Center. Eurocontrol's Maastricht UACC features Barco displays, graphics controllers and ODS software development toolbox

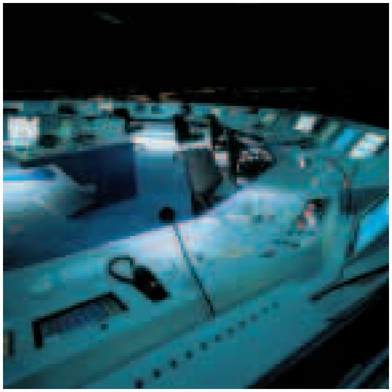
FEBRUARY: Barco introduces PVS6600 graphics generator for air and vessel traffic management applications

SEPTEMBER: Indra orders Isis displays for major Spanish ATC system upgrade - Barco and Eurocontrol sign five-year maintenance contract for ODS Toolbox at Maastricht UACC

OCTOBER: 600th Isis display delivered for US Federal Aviation Authorities replacement program

DECEMBER: ODS software development toolbox selected for Minsk (Belarus) ATC center - Barco introduces OPScenter, a set of standardized tools and modules for operational display systems

Barco is a recognized international leader in the design, development and manufacturing of real-time graphics systems and software components for air traffic management. The company's range of components and services go from sensor interfacing and information visualization to recording, archiving, playback and system management.



For more information about company milestones, please refer to www.barco.com

Avionics

Satellites allow aircraft to pinpoint their speed and altitude more accurately than ever before. The use of digital communication, involving ground stations, satellites and aircraft, will allow for more efficient use of airspace and will ultimately result in free flight. Captains in the cockpit will rely on content-rich, flat screens, showing a variety of information to fly directly from A to B, without the need for predefined airways.

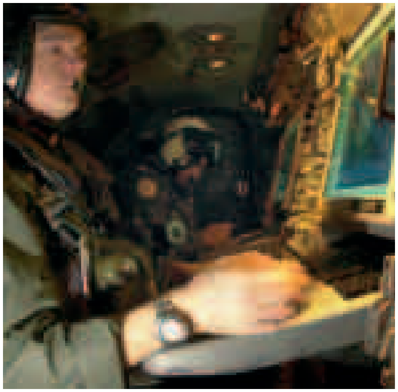
Photo courtesy of Pilatus Aircraft

JUNE: Barco introduces MOSArt open system architecture for software development and integration
AUGUST: Barco to supply cockpit displays for UK Royal Air Force Merlin Mk3 helicopters
SAGEM (France) contracts Barco for cockpit upgrades of fixed wing and helicopter applications worldwide
SEPTEMBER: Follow-on contract by L3 Communications for US Air Force RC-135 reconnaissance aircraft
Eurocopter orders 44 CDMS units and 22 ACP-G control panels for Australian Tiger helicopters

Barco offers an extensive range of color cockpit displays, all featuring modular, open system architectures. Developed for critical flight applications, its product range includes Primary Flight Displays, Navigation Displays, Control Display Units, Engine Instrument Displays and Situational Awareness Displays.

For more information about company milestones, please refer to www.barco.com

Defense & Security



US Navy photo by Photographer's Mate 3rd Class Elizabeth Thompson

Defense & security operators increasingly rely on information technology for precise and efficient decision-making. Providing commanders with real-time, critical information ensures knowledge superiority and offers strategic advantages. Therefore Barco integrates the latest technologies and computing capabilities into its display products for network-centric application, while leaving room for future technology updates or functionality expansion.

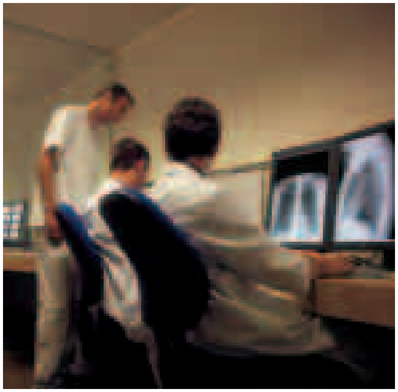
US Navy photo by Journalist 2nd Class Mark O'Donald

MARCH: Raytheon orders displays and graphics controllers for US Navy Surface Search Radar (SSR) program
MAY: Barco contracted to deliver more than 300 rugged displays for UK BOWMAN/CIP program - Airbus selects Barco rugged displays for A380 test flight program
SEPTEMBER: Barco to supply vetronics display systems for Norwegian CV90 armored vehicle
NOVEMBER: Boeing orders rugged flat displays for US Navy Unmanned Combat Air System (UCAV) - SaabTech opts for Barco's modular rugged displays for the Nordic Standard Helicopter Program
DECEMBER: Barco launches high performance graphics generator EVS6000 - Barco's FD471 displays selected by US Naval Air Systems Command

Barco designs, manufactures and markets rugged display solutions for operational decision-making in airborne, shipboard and ground-based applications. Its range of consoles, flat panel displays, graphics generators and Human Machine Interface solutions, has been especially designed and tested for use in extreme environmental conditions, resulting in superior image quality.

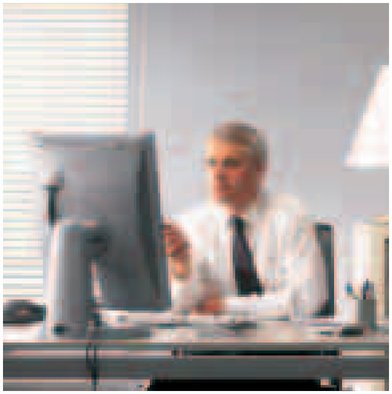
Photo courtesy of EADS

For more information about company milestones, please refer to www.barco.com



Medical Imaging

Ambient intelligence is radically changing user comfort. With your mobile, you can turn the heat on, the refrigerator prints this week's shopping list and you can switch the lights on by simply saying so. Also in medical imaging, product intelligence offers new and exciting opportunities. Hence, all Barco imaging systems feature intelligent sensors and form a network that automatically establishes quality to predefined levels.



Barco is a worldwide leader in radiology softcopy display technology for digital imaging modalities and PACS (Picture Archiving and Communication System). The company provides the industry's largest medical equipment manufacturers with color and grayscale LCD displays, radiology display and projection systems, high-speed imaging boards and QA software.

JANUARY: Coronis display systems and ImageTile softcopy lightbox receive FDA (US Food and Drug Administration) clearance

FEBRUARY: Launch of MIVD1218, plug and play replacement for legacy and CRT displays in X-ray control and operating rooms

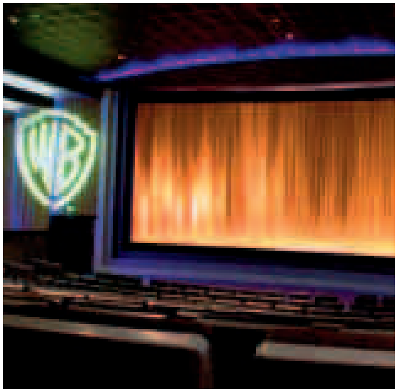
JUNE: Nio, industry standard medical display system, launched at SCAR exhibition

OCTOBER: Barco introduces new backlight technology. LCD lifetime extended by factor 3 to 5

NOVEMBER: Barco brings color to its LCD display systems: Color Coronis introduced at RSNA

DECEMBER: Barco and Toyo set up joint venture to provide medical imaging solutions to the Japanese market

For more information about company milestones, please refer to www.barco.com

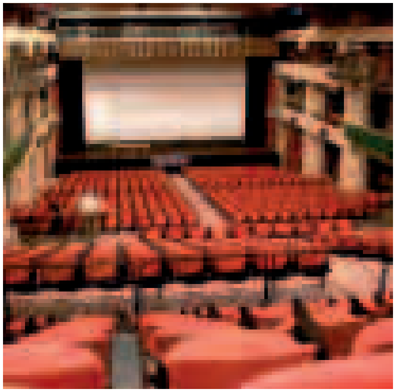


Digital Cinema

In May 2002, George Lucas kicked off the digital cinema era with Star Wars, Episode II, the attack of the clones. For more than hundred years, movies have been shot and distributed on celluloid film. Until recently, it seemed unthinkable to distribute film via satellites or broadband, to have movies that do not degrade with each viewing, or to show a movie in numerous theaters simultaneously.

Barco supported the dream of digital cinema right from the start and was one of the first companies to present digital projection solutions, opening a new world of opportunities. From digital mastering to premier quality feature film screenings, from alternative presentations in the auditorium to advertizing, Barco has the solution. To date, it has the only digital projector to be THX-certified*.

MARCH: Launch of entry-level digital cinema projector, D-Cine Premiere DP30 for post-production purposes and projection on screens up to 10 m wide
MAY: Barco official partner of the 2003 Cannes Film Festival
JUNE: Barco unveils high-end 2K digital cinema projector, D-Cine Premiere DP100
OCTOBER: Barco sponsors Hollywood film festival and provides projector for Gala Awards Ceremony
NOVEMBER: Leading Belgian cinema group, Kinepolis, orders ten digital cinema projectors
DECEMBER: Eng Wah to develop network of multiplex installations throughout Singapore equipped with twenty Barco D-Cine Premiere projectors



* THX quality assurance programs ensure superior picture and sound quality for cinema presentation
For more information about company milestones, please refer to www.barco.com

JUNE: SLM R8 projector wins eight video awards at the Rental & Staging Systems Awards held at InfoComm, Orlando, USA

AUGUST: Robbie Williams and The Eagles on tour with Barco LED backdrop

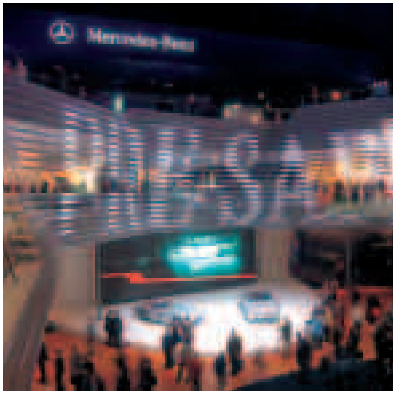
SEPTEMBER: MiPix, Modular Intelligent LED pixel block, premiered on Mercedes booth at Frankfurt carshow

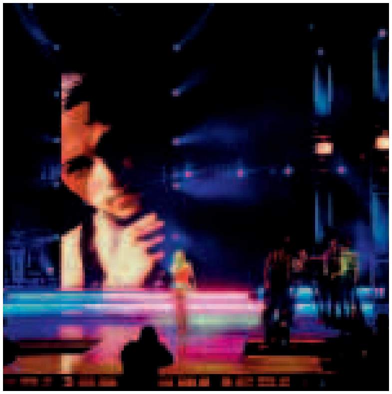
iLite 3 mm ultra high resolution LED tile and XLM H25 high-bright wide-screen projector introduced

OCTOBER: Tokyo carshow features over 400 m^2 of Barco LED diplays

DECEMBER: Barco MiPix and LED displays chosen for exclusive Kylie Minogue concert in London

Events



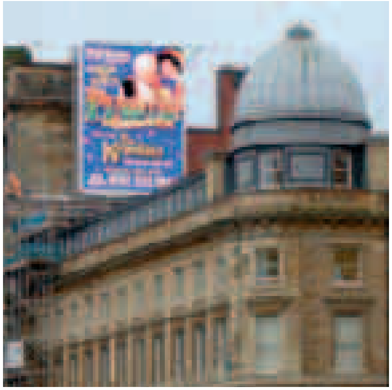


Artists thrilling their audience, fashion designers ravishing their public or car manufacturers enchanting buyers, they all want to capture the crowd's attention at events. To have even more impact on target groups, many of them are turning to digital signage for their advertizing and entertainment.

Barco offers premier, large-format visualization equipment to rental and staging companies all over the world. Its LED displays and projectors form a complete rental range of advanced display solutions for indoor and outdoor events. They are used for renowned and large-scale events, including car shows, exhibitions, concerts and fashion shows.

For more information about company milestones, please refer to www.barco.com

Media



Communication and advertizing need to be instantaneous and interactive to have full impact in today's world. Digital signage offers an ideal platform to bring promotions and advertizing into the 21st century. Their animated, high-bright and programmable commercial messages offer new and exciting opportunities. They can easily be set up as a regional or local network, allowing to schedule commercials for commuters passing by or to target a dedicated audience in today's multi-purpose sports arenas.

The world's leading brands have already discovered Barco's LED and LCD solutions to maximize their visibility. From large-screen displays in sports arenas and giant branding media in corporate headquarters, to out-of-home communication, such as digital advertizing billboards in shopping centers, Barco displays capture the crowd's attention.

MARCH: Barco LED displays selected for European 2004 and 2008 soccer championships (Estadio das Antas, Portugal and Stade de Genève, Switzerland, to use Barco LED walls)

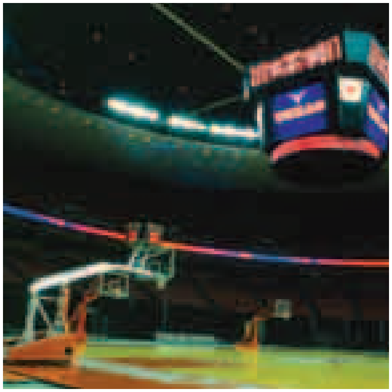
APRIL: Acquisition of the assets of Trans-Lux West (USA) strengthens Barco's position in color LED market

Quiksilver uses Barco for sports clothing flagship store on New York's Times Square

AUGUST: Barco delivers video and scoreboard displays for Texas and Jacksonville arenas, USA

SEPTEMBER: Solaris 40" flat screen launched, ideal means for presentation and public information display

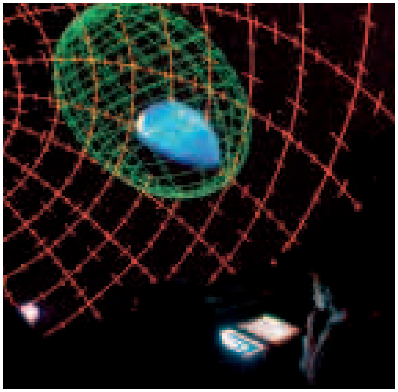
Leyard (China) acquisition opens the way for LED wall manufacturing in China



DECEMBER: Breakthrough in sports market with contracts won for Hala Sazka Arena Prague (Czech Republic), Bitsa Horse race track Moscow (Russia), Furth stadium (Germany), Odessa stadium (Ukraine), Leira Stadium (Portugal) and Montgomery Riverwalk Stadium (USA)

Branding installations in Las Vegas, USA (Fashion Show) and Glasgow, UK (City screen) completed

For more information about company milestones, please refer to www.barco.com



Edutainment

Ever wondered what our constellation looked like centuries ago, wished you could stroll through ancient Rome, regretted you never visited the now-destroyed Bamiyan Buddhas in Afghanistan or simply wanted to walk with dinosaurs? Enhanced reality and simulation give the chance to enjoy these wonderful sights, allow to access historical sites without damaging them, and may well give everyone the possibility to visit past wonders of the world.

Enhanced reality displays and enriched content employment appeals to a large audience. Barco's Edutainment offering helps leisure centers, museums and planetariums in creating a new interactive world for their visitors, replacing the traditional one-way communication.

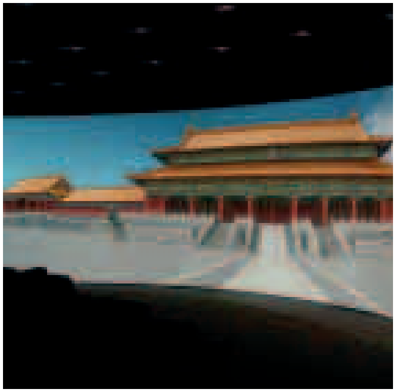
JUNE: Barco's I-Dome projection system at Science Museum Valladolid (Spain) goes live

Barco teams with SGI to install immersive and interactive stereoscopic projection system at Sci-Quest Huntsville, Alabama science center

JULY: L'Astronef planetarium Saint-Etienne (France) shows solar system with I-Dome technology

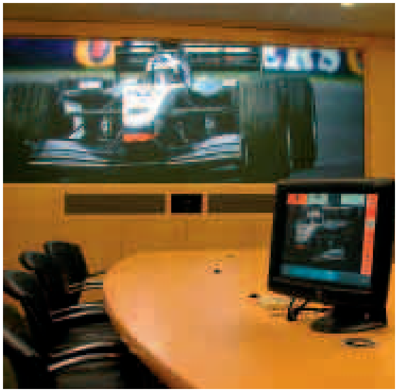
Papalote Museo del Niño in Mexico City starts construction of planetarium with Barco technology

OCTOBER: Hamburg planetarium, featuring I-Dome, shows constellations of the future



For more information about company milestones, please refer to www.barco.com

Presentation



Until recently, frequent flyers could only dream of virtual meeting rooms, with people from all over the globe attending the same meeting. International conferences with participants viewing the same information on their laptops as in the presentation room itself, and taking control of mouse and keyboard to lead their part of the presentation or discussion, simply seemed unimaginable.

Barco projectors, networked or stand-alone, set a new standard for large venue presentations and changed the way we meet, share ideas and reach decisions. They facilitate video conferencing and real-time data exchange between people at multiple sites and 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.

JANUARY: Barco strategic partner of World Economic Forum at Davos, Switzerland. Congress hall and conference rooms equipped with iQ projectors

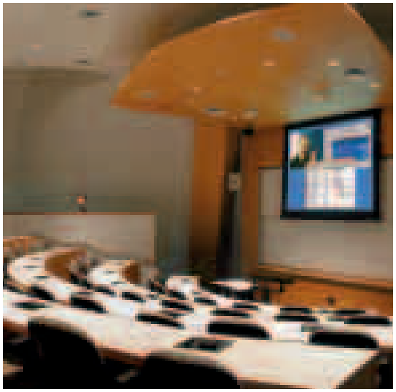
FEBRUARY: Barco and Belgacom bundle expertise, and launch Integrated Videocommunication system

APRIL: Award-winning iQ series expanded with iQ 500 and iQ Pro 500 models

MAY: European Parliament Brussels (Belgium) standardizes on iQ projectors. Vodafone (Germany) and Microsoft (UK) also select Barco for their conference rooms

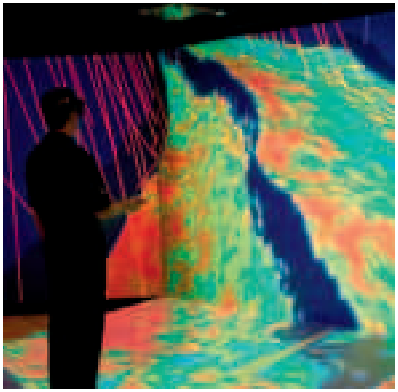
JULY: Case Western University, US, has integrated a first batch of a total of 100 projectors in classrooms and conference rooms

SEPTEMBER: iQ range further expanded with iQ 350 and iQ Pro 350



For more information about company milestones, please refer to www.barco.com

Simulation & Virtual Reality



Imagine advanced computer and projection equipment bundled to create a computer-generated world. Not as an illusion but as an interactive visualization tool for scientific research, education or training. A tool that allows to accurately and repetitively simulate dangerous or rare situations, without any risk for the user. Virtual reality and 3D simulations are the ideal means to visualize scientific research, practice surgical interventions, train operators, display geological data or design cars.

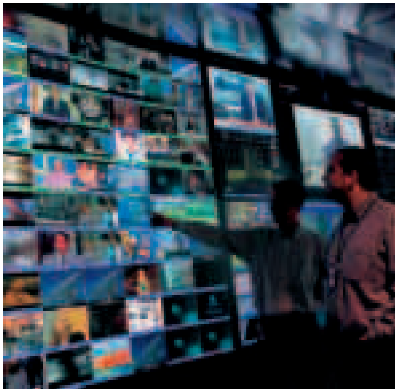
MAY: Launch of GEMINI entry-level stereoscopic package for science, research and design applications
JUNE: National Center for Atmospheric Research, Colorado, US chooses Barco stereoscopic high resolution projection
AUGUST: First multipurpose holospace for medical imaging at Center of Advanced European Studies and Research in Bonn, Germany
NOVEMBER: University of Iowa (US) selects Barco for Advanced Driving Simulator
Researchers at Calgary Center for Innovative Technology (Canada) use Barco MoVE virtual environment

Barco is a trusted partner for simulation and virtual reality. Its projection equipment is used to recreate reality through computer-generated images in training applications or research environments, where complex data need to be visualized for fast and accurate decision-making.

For more information about company milestones, please refer to www.barco.com

Broadcast

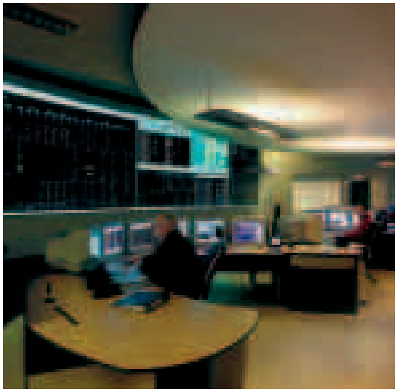
MAY: Japan's key broadcast stations select iStudio display solution for their new digital master control centers
SEPTEMBER: SES Astra Luxembourg chooses Barco control room solutions for Netzdorf network operations center
iStudio with integrated streaming video input modules demonstrated at IBC Amsterdam
NOVEMBER: National Mobile Television Atlanta (USA) selects Hydra multi-video insertion unit for production truck



Digital television and broadcast-on-demand are exciting new technologies, ready to replace traditional, free-to-air analog television. They do not only offer superior picture quality, astonishing sound and wide-screen images but, more importantly, they do allow viewers to pick channels "à la carte".

With digital technologies, the number of images that need to be simultaneously viewed and controlled in studios, master control centers, playout centers, uplink centers and downlink monitoring, increases drastically. Barco's control room solutions help operators in broadcast and distribution to recognize potential problems and initiate responsive actions.

For more information about company milestones, please refer to www.barco.com

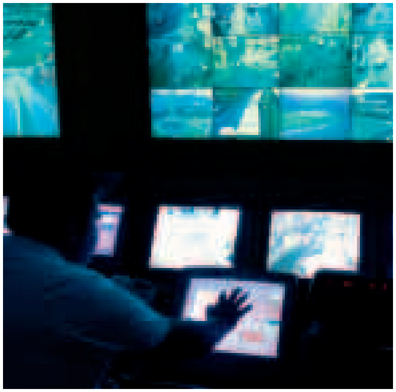


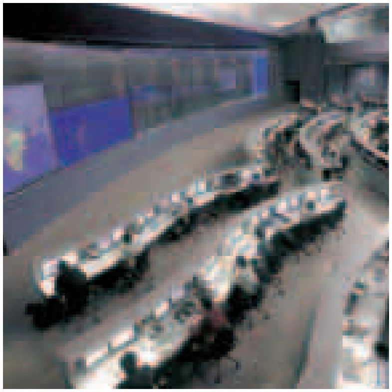
Surveillance

Electronic surveillance will be an invaluable tool this century, not only to fight crime and terrorism, but also to control emergency situations. Digital communications technology offers the tools and infrastructure for effective collaborative working, and allows for monitoring, response dispatching, recording and systems control in 24/7 operations.

Barco is regarded the leading expert in control rooms for surveillance, utilities and telecom. Its solutions offer full operational control to operators in command & control centers of police, fire brigades and other organizations. Maps with the positions of emergency vehicles or highlighting alternative routes are displayed on screen and communicated to the entire operations command staff.

MAY: Barco introduces iSurveillance projection system with integrated streaming video decoding
JULY: ABB orders display walls for central control rooms of Jänschwalde power plant (Germany)
SEPTEMBER: Reliance Infocomm (India) equips National Network Operations Center with 225 m² control wall
OCTOBER: Barco exhibits at ITU World Telecom Geneva with Belgium-based network provider Telindus





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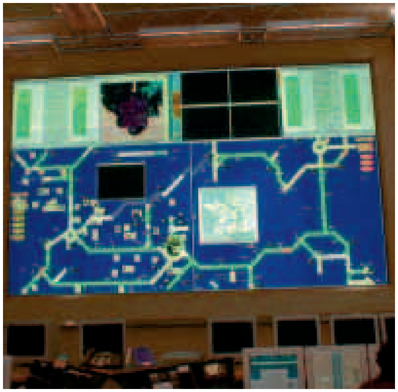
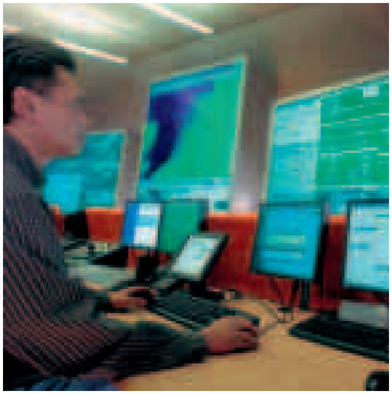
Traffic



Traffic management is becoming a necessity for organizations responsible for highways, railways, airports and harbors. Monitoring traffic levels and providing a safe environment for passengers are very important as traffic gets ever more dense. Networked surveillance solutions, which visualize data collected from cameras, GPS systems, radar or other intelligent sensors, greatly improve traffic management efficiency, ultimately resulting in enhanced safety levels.



Barco is a worldwide leader in control room solutions for 24/7 mission-critical applications. Its large-screen visualization systems display critical information for traffic control operators so that they can dispatch emergency vehicles, anticipate delays or divert traffic efficiently.

MARCH: VCNON Netherlands equips traffic management center with Barco control walls
MAY: Barco expands OverView product family with industry's first UXGA resolution and new DLP-technology based projection systems
SEPTEMBER: Portuguese private motorway operator BRISA chooses Barco control room for motorway security and traffic control system
NOVEMBER: Introduction of iTraffic display solution with integrated streaming video decoding

For more information about company milestones, please refer to www.barco.com

Textiles

Being competitive in textiles, one of the oldest manufacturing industries of the world, is all about quality and Return On Investment. In the last decades, the industry has evolved to a high level of modernization. As quality is key for a product to be successful and customers to remain loyal, most manufacturers have set up quality management initiatives, relying on state-of-the-art final inspection techniques.

For many years Barco has been leading the way in sensor- and camera-based quality management from raw material to final product. The company offers a complete range of computerized production and quality management solutions for spinning, weaving, knitting, tufting, dyeing and finishing. These products and systems greatly improve the efficiency of the customer's production process, as well as the quality of the final products.

FEBRUARY: Concordia (Belgium) and Cedro (Brazil) opt for WeaveMaster production monitoring system
APRIL: Fruit of the Loom (US) orders a third KitMaster system for sliver quality inspection
JULY: Glen Raven (US), Hilasal (Mexico) and Bower Roebuck (UK) select Barco's WeaveMaster for real-time production monitoring
SEPTEMBER: Barco introduces polyprop sensor, the world's first sensor to detect polypropylene contamination in yarns
Textil Santanderina (Spain) chooses Barco WeaveMaster production monitoring tool

OCTOBER: Barco introduces wireless data collection solutions for quality monitoring systems and enhances range of Cyclops on-loom inspection systems at ITMA exhibition, Birmingham
DECEMBER: Lauffenmühle (Germany) selects Barco dyeing management systems for textile finishing plant

For more information about company milestones, please refer to www.barco.com

Report of the board of directors

Corporate governance

Executive committee

Martin De Prycker	Chief Executive Officer
Antoon Van Petegem	Chief Financial Officer
Luc Vandenbroucke	President BarcoView
Stephan Paridaen	President Barco Media & Entertainment
Michel Vandeplas	President Barco Presentation & Simulation
Carl Peeters	President Barco Control Rooms
Bernard Cruycke	President BarcoVision
Patrick Luyssen	President Barco Manufacturing Services & General Operations
Luc Kindt	President Global Sales & Services
Bernard Dursin	President Barco Europe & Asia
Jacques Bertrand	President Barco Japan
Dave Scott	President Barco North America
Donald Defoort	President Human Resources & Corporate Affairs
Miel Schamp	President Information Technologies
JP Tanghe	President Corporate Communication & Investor Relations

Board of 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
CEO	Martin De Prycker (3)		2008
Vice-Chairman	Baron Hugo Vandamme (1)	Chairman of the board of directors Roularta Media Group and Kinepolis Group	2008
Directors	Jozef Cornu (2)	Advisor to the Chairman of Alcatel	2004
	Marc Ooms (1)	Managing Director Petercam n.v.	2004
	Philippe Naert (2)	Dean TIAS Business School, Tilburg University (NL)	2008
	Eric Van Zele (2)	Managing director Omniform S.A.	
		Chairman Pauwels International and Reynaers Aluminium	2004
	Marc Vercruysse (1)	Chief Financial Officer Gimv	2006
	Robert J. Verhoeven (2)	Managing Director BMT n.v.	2004
Secretary	Antoon Van Petegem		

(1) non-executive directors
(2) non-executive independent directors
(3) executive director

Herman Daems is Chairman of the board of Barco and Gimv, a publicly listed Private Equity and Venture Capital firm. He is also a member of the board of BIAC (Brussels International Airport Company), CoWare Inc. (San Jose, CA, USA) and EVCA (European Venture Capital Association). Before, he held board positions with Belgacom and Glaverbel and was Professor in International Management and Strategy at the Department of Applied Economics of the Catholic University of Leuven (Belgium). He also taught Competition & Strategy at Harvard Business School and was at the faculty of the University of California, LA. Herman Daems holds degrees in Mathematical Physics and Economics and has a doctorate in Economics. He received grants and prizes from several international organizations.

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

For 20 years (1983-2002), Baron Hugo Vandamme was President and CEO of Barco. Today he is Vice-Chairman of the board of directors and Honorary President. He also is Chairman of the boards of Roularta Media Group and Kinepolis Group, member of the board of supervisors of Sara Lee/DE and director on the board of the Port Authority Zeebrugge. Baron Hugo Vandamme further is Chairman of the Association of Belgian Listed Companies, the Belgian-Indian Chamber of Commerce & Industry and the Flemish Radio Orchestra and Choir.

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 joined Petercam as Managing Director in 1988, became Managing Partner of the Petercam Group in 1992 and Chairman of Petercam Nederland in 1999. He is in charge of corporate finance in Belgium and the Netherlands. He also is member on the board of directors of several public and private companies.

Philippe Naert is dean of TIAS Business School at Tilburg University (NL) and director of 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 is managing director of Omniform S.A. and chairman of Pauwels International and Reynaers Aluminium. Prior to his current positions, he was President & CEO of Telindus and Vice-President of Raychem Corporation.

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

For almost twenty years Robert J. Verhoeven held 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.

Appointment and re-appointment of directors

The board of directors consists of at least five directors, of whom at least two are independent, and manages the company. The board consists of:

- One executive director
  Martin De Prycker, Chief Executive Officer
- Four non-executive directors
  Herman Daems, Chairman,
  Marc Vercruysse,
  Baron Hugo Vandamme,
  Marc Ooms
- Four independent, non-executive directors who hold senior positions in leading international companies or organizations
  Jozef Cornu,
  Philippe Naert,
  Eric Van Zele,
  Robert J. Verhoeven

The directors are appointed by the general meeting for a term of maximum six years. Terms of office end at the closing of the annual meeting. Directors may be dismissed at any time by the general meeting. The age limit is set at 65 and directors can be re-appointed upon the end of their mandate. New directors are nominated by the remuneration/nomination committee; international business experience and/or experience in professional electronics are the main selection criteria.

Operation of the board of directors

The board of directors performs all actions necessary to achieve the goals of the company, except for matters that are by law the exclusive authority of the general meeting.

In 2003, the board of directors met nine times and was twice consulted in writing. At each meeting the board receives an update of all business divisions, with key data being made available the first week of every month. Detailed financial reporting at group level with consolidated keyfigures per division is available within one month. The uniformity of this reporting allows for comparison over time, and between various divisions.

Most significant topics discussed by the board of directors

The board discusses medium-term plan, short-term plan (profit plan), annual and quarterly results, financing, legal problems related to company law, acquisitions and strategy, both of the parent company and its subsidiaries. Other subjects, such as organizational changes, personnel matters (e.g. stock option plans), external communication, quality management and current affairs (e.g. major IT projects) are frequent topics on the agenda of the board of directors.

Supervision of day-to-day management

The board of directors has delegated day-to-day management to Martin De Prycker, company CEO. He is assisted by an internal executive committee, which consists of the managers of the various divisions and regions of the company and managers with group management responsibilities. Under the supervision of members of the executive committee, including CEO and CFO, extended responsibilities have been delegated to the managers for the management of the company. These persons are also regularly invited to the board meetings of the company to provide information on the results of their divisions, short- and long-term planning, as well as important investment projects.

Execution 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 for all extra-judicial matters, by two directors acting jointly.

With respect to day-to-day management, the company is also legally represented, both in court and for all extra-judicial matters, either by the Chief Executive Officer, or by each of the managers of the international executive committee, who have been entrusted with the day-to-day management. 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.

Remuneration for directors and members of the executive committee

The general meeting grants fixed remuneration to the directors, which is charged to the general costs. For the executive director and the members of the executive committee, the remuneration is determined by the remuneration/nomination committee. The variable part of this remuneration, including the number of stock options granted to them, is 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 2003 a total remuneration of euro 1,979,236 was paid to the directors, including

- euro 504,630 to HRV n.v. for strategic advice to the company, in execution of the board's 2002 decision and as reported in last year's annual report
- euro 634,900 as a variable part of the remuneration

These amounts include payments by all group companies, and also include the total remuneration for the current CEO, including contributions to personal risk assurance and retirement benefits. Also included is the amount paid to the previous CEO as a director in Barco group companies. The total number of stock options granted to the directors amounted to 7,400.

In 2003, total remuneration for members of the executive committee amounted to euro

3,043,094. This amount also includes the employer's contributions to personal risk insurances and retirement benefits. Euro 2,003,123 of the total remuneration was fixed, while euro 1,039,971 variable. The total number of stock options granted to the members of the executive committee amounted to 13,200. Executive Committee figures exclude CEO remuneration, which is included in the amount paid to the directors of the company.

Committees set up by the board of directors

Audit committee

The audit committee, reporting to and advising the board of directors, supervises the company's accounting operations and financial reporting. The committee, which met four times in 2003, pays particular attention to the quarterly and annual reporting to shareholders. The audit committee can at any time request reports and information on all aspects of the company, both internally and from the statutory auditors, and it can carry out any audit. The majority of the members are independent directors. The committee is composed of chairman Robert Verhoeven, along with Philippe Naert and Marc Vercruysse. Also invited to the meetings are the company CEO Martin De Prycker, company CFO Antoon Van Petegem and the statutory auditor. The internal auditor receives his tasks from the audit committee and reports directly to the audit committee.

Remuneration/nomination committee

The remuneration/nomination committee is composed exclusively of non-executive directors, being Herman Daems, Jozef Cornu and Marc Ooms.

The remuneration/nomination committee ensures that management and employees receive fair remuneration, in line with their contribution to the performance and success of the company. At the same time, the committee makes recommendations to the board of directors, is responsible for the implementation of decisions taken by the general meeting and/or board of directors and selects nominees for the position of director. The remuneration/nomination committee also decides on stock option plans.

Strategic committee

The strategic committee meets at least three times per year to discuss the company strategy, including focus and growth strategy for products and markets. Moreover, the strategic committee prepares proposals for acquisitions for the board of directors. The following directors are the members of this committee:

Herman Daems, Hugo Vandamme, Eric Van Zele, Jo Cornu and Martin De Prycker.

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

Distribution of profits

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

The board of directors proposes the application of the profit balance to the general meeting, which decides by majority of votes. The board of directors determines when and how dividends are to be paid. The board of directors is also empowered to pay interim dividends, subject to the legal provisions listed 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.

Like before, it is the intention to keep dividends in line with the evolution of earnings. The dividend over 2003 will be 2.00 euro.

Relations with reference shareholder

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

Statutory auditor

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

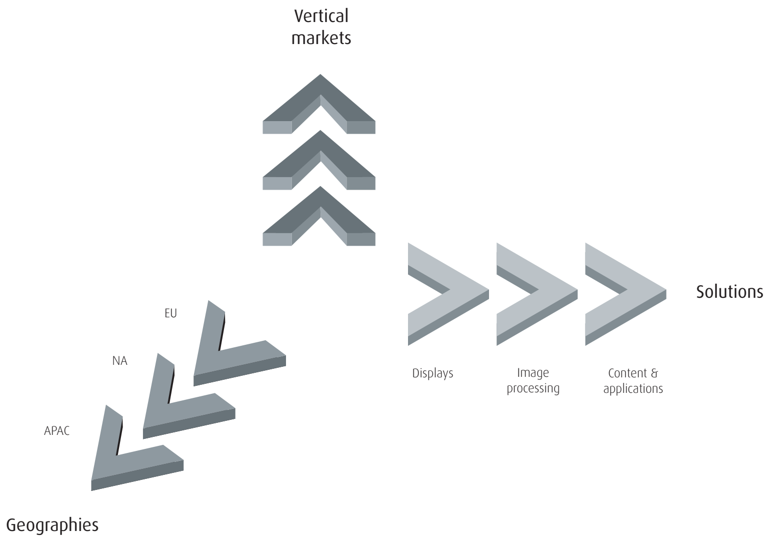
represented by Ludo Swolfs and Marc Van Hoecke

Strategy for growth

Barco is a world leader in professional visualization and display solutions for business-to-business markets. A long-term growth plan along three axes and a short-term operational improvement plan are the main pillars of Barco's strategy for the future.

Long-term growth

Shareholder value increases through further growth of the company. Barco therefore strives for growth along three axes: further evolving from product manufacturer towards solutions provider; looking for new opportunities to expand our offering in the range of vertical markets; and increasing the American and Asia-Pacific share of total sales.



From products to solutions

Over the years, Barco has gradually evolved from a product manufacturer into a complete systems and solutions provider, thanks to the powerful combination of dedicated market-orientation and cutting-edge technology. Product management teams daily interface with customers to gather in-depth information and translate market requirements into product specifications. Concurrently, there is a close interaction with R&D and manufacturing, so that customer requirements can be perfectly translated into new solutions through the technological expertise of the company.

Barco has a strategic product portfolio innovation of about 60% every two years. An annual level of R&D investment of around 11% of sales and better listening to the customer base by a stronger involvement of key customers in product design, are prerequisites to stay ahead of competition in today's economy.

In several of its markets Barco develops subsystems to become part of larger systems. In this way systems & integration expertise beyond its own offering have helped Barco grow in specialty markets, such as the PACS market in medical imaging. Hence, intimate end customer knowledge is a crucial part of the push-pull marketing Barco applies.

Vertical market expansion

Barco uses its technological knowhow, developed in its various markets, to enter new markets with dedicated solutions. The vertical market axis is characterized by cross-fertilization in a networked organization. This also helps Barco achieve its goal to always be number one in each of its specific markets. In this way, intense R&D efforts and strong market knowledge have enabled an LCD technology transition from defense to air traffic management and to the medical market. Likewise, over the last two years, state-of-the-art LED technology has successfully transitioned form the events market into a wide range of media applications, including the sports market. In 2003, the Control Rooms division saw a remarkable technology transition from utilities & telecom into the traffic & surveillance market.

Regional growth

Being in specific specialist markets, makes Barco pursue these markets on a worldwide scale. Barco is leader in the majority of its markets, but not necessarily in each of the three big regions of the world. Consequently, Barco wants to increase its presence and its sales in North America (32% of total sales in 2003) and in the Asia-Pacific area (16% of sales in 2003).
To achieve this goal, the regions are

empowered to enhance customer intimacy and customer service levels.

In addition, a sound financial structure allows Barco to finance not only internal growth but also growth through acquisitions. In 2003, acquisitions of the assets of companies like Trans-Lux West and Leyard have proven to be healthy strategic fits that will further ensure Barco's success story in LED solutions.
The acquisition of the assets of US-based Trans-Lux West, offering integrated solutions for the sports market, enables Barco to further expand its presence both in North America and in the worldwide media & events markets.
Leyard, the n° 1 full color LED screen manufacturer in China, has improved Barco's position in China and Asia, with strong growth to be expected in the years to come. Just think of the Beijing Olympics of 2008 and the Shanghai World Expo 2010, two top events that will require a multitude of LED solutions. In 2004 this strategy is being continued: in January a new subsidiary was opened in Toronto, Canada, and Folsom Research Inc., Sacramento, US, was acquired to further strengthen Barco's position in the events market.

Operational improvement

In 2003, Barco has used the downturn in the economy to further streamline its internal processes with an operational improvement plan. Increased customer focus, higher quality levels through the start-up of a company-wide 6-Sigma project, further reduction of operating working capital, a global marketing image and an improved customer service organization have all started to yield the expected results. Further progress in these domains can be expected in the coming years, as the initiatives launched in 2003 will continue in 2004 and beyond.

In order to stay ahead of competition in very demanding markets, larger volume products are more often being manufactured in countries with lower labor costs and, more

importantly, with access to lower priced parts and components. In this way the Kladno site in the Czech Republic has become more significant for the Barco Manufacturing Services division.
The Barco Leyard facility in China will produce LED walls not only for the domestic market, but also for Europe and North America. Medical displays for the PACS market are increasingly being manufactured through third-party outsourcing in Taiwan. Finally, manufacturing in countries with dollar-related currencies, also further strengthens Barco's natural hedging position.

■ **Martin De Prycker**
Chief Executive Officer

Technology leadership

To maintain its leadership in all its key markets, Barco relies on close and intense interaction between product management, research & development and manufacturing. To be successful in these markets, customer understanding, market knowledge and technology expertise need to be perfectly aligned.

New products are often designed based on first-hand customer knowledge. Product management teams close to the customer identify both the requirements and expectations that live in the market. Based upon in-depth knowledge of the customer's competitive situation and business processes, Barco product management teams translate market- and application-specific requirements into product specifications, while at the same time helping customers understand and exploit the potential benefits. Barco's successful mammography products were for instance designed based upon the market requirement of ultra-sharp and fast-loading images for digital screening, clearly a technology differentiator in the market.

In its key markets, Barco bundles hardware and software visualization expertise (CRT, LCD, LED, DLP, ...) with a clear understanding of emerging and future technologies (image processors and FPGA's, image compression and processing, wireless and wired networking ...). This allows R&D resources to draw upon a range of technologies to answer customer-specific issues. Over the last years,

■ **Johan Remmerie**
Vice President Technology

Barco has for instance made considerable investments in the application of the emerging digital cinema projection technology. The technology has now matured and with a potential of over 120,000 installations, Barco is well poised to take a leading position in this market.

Streamlined operations within the company and close customer contacts often allow Barco to bring new products onto the market in a very short timeframe, as happened with the MiPIX modular pixel blocks in 2003. Once the dream of Mercedes and its market potential had been identified, the product was designed and manufactured in less than three months, building upon a strong technological know-how. As a result, Barco is pioneering in the lighting market and leading artists like Kylie Minogue, use MiPIX for their exclusive shows.

Another example of this successful market approach is the breakthrough of the Cyclops on-loom inspection system in the textiles market. Camera-based fabric inspection had been a dream for many years, until Barco managed to match technology progress with customer requirements to come to an economically viable solution.

ICT

For a global company like Barco, active in a wide range of professional markets, it is extremely important to have critical business information at hand. Directors, managers, decision-makers and stakeholders mainly rely on ICT processes for their real-time status overview of the company. In recent years, Barco has considerably invested in infrastructure to monitor and facilitate critical business processes.

In support of company operations, the worldwide rollout of ERP and CRM systems was continued in 2003. Implementation in Belgium is expected to be finalized by the end of 2004, with the other countries following from 2005 onwards. The integrated infrastructure will enable business transparency and allow for better operational management, from design over manufacturing and installation on-site to customer service.

Due to its high pervasiveness, our ICT infrastructure needs to be highly dependable and secure. In 2003 several actions were undertaken to guarantee business continuity, including continuous updates of our virus protection, firewalls and other critical components. Moreover, the IT processes for change management, asset management and problem handling were further fine-tuned, resulting in capital optimization and reduced solution times.

Knowledge sharing, both inside and outside the company, is also one of the focal points. In 2003, discussion forums for engineers were set up, forums that allow engineering teams to exchange information and best practices with respect to Barco's core technologies. Also for external parties, knowledge sharing is important. In this respect, the Partnerzone concept, offering dealers, agents, distributors, other business partners and customers first-hand information, was further rolled out within the Barco organization.

- **Miel Schamp**
  President Information
  Technologies

Corporate marketing

The essence of branding is not in a logo, a corporate identity guide, brochures or an ad campaign … The essence of branding is to leave the desired emotional imprint in the heart and mind of all our target audiences.

Brand recognition is of utmost importance to further enhance Barco's excellent market position and maintain the company's competitive edge over time. The 'Visibly yours' image building campaign is strengthening the overall company image towards customers, partners, investors, employees and other stakeholders worldwide.

In 2003, the physical brand was laid down in the Barco corporate identity, to ensure a consistent brand experience across all communication, marketing and sales tools. In addition, the barco.com website was restyled into a globally integrated and informative site. Dedicated customer-oriented market portals now allow all divisions to better promote their high-end solutions offering.

But a brand is much more than a set of physical guidelines and marketing tools. A successful brand is determined by the positive experience people have with products and solutions, by the way they link that experience to their belief in the Barco brand, and hence by showing their trust in Barco as a preferred professional partner. Consequently, in 2004, we will continue to devote much attention to enhancing a personalized Barco experience for all stakeholders through further website optimization, targeted PR and integrated marketing actions.

In today's global business environment, the web has become the hub "par excellence" for a wide range of marketing activities. As we consider the website to be our most valuable marketing tool, high responsiveness is key to a positive brand experience. The time a visitor spends on the Barco web is a considerable investment on his part. As a result, it has to fulfill the customer's specific needs and meet the expectations of other stakeholders.

■ **Ann Galland**
Director Corporate Marketing

Internal branding will continue to be a focal point as employees are the soul of the organization. All Barco employees, irrespective of their position, are communicators who bring the brand to life and contribute to the delicate brand building process.

Through consistently further combining all marketing and marketing communications efforts company-wide, with the dedicated teams in various locations all over the world, Barco will continue to ensure a consistent brand experience across the organization, thus providing a distinct competitive edge in the marketplace.

Human resources

Selection and recruitment, remuneration, training and career development, internal communications and employee motivation are only some of the tasks of an HR department. Human resources management is in fact a synchronous coordination of multiple dreams, a continuous matching of the aspirations of each individual employee with the overall company strategy and objectives. Key to realizing this ambition are people management and the company's internal processes.

People make the difference in today's competitive business environment. They play a crucial role in the overall company success as they directly interface with customers, suppliers and other stakeholders, from sales lead to customer service. Through brainstorms and structured planning, they translate customer dreams and technology innovation into product and system designs, which are not only in line with customer request but also exceed market expectation.

That is why competences like entrepreneurship, vision, accountability, creativity, flexibility and international orientation are at the heart of Barco. Human resources maps the competences of each employee and sets up, in mutual arrangement, personalized development programs to optimize both interpersonal and technical competences. In this way competence management links personal career paths with the overall company roadmap for improved efficiency.

In 2003, the number of personnel worldwide fell from 4,117 to 4,022. Acquisitions of the assets of Trans-Lux West and Leyard increased the number of staff by 138, whereas the sale of Machine Vision and dotrix reduced the number with 150. Next to this, optimization of business processes and higher efficiency, led to the termination of a number of temporary contracts. In September, it was also decided to consolidate all surface mounting and SMD activities at two locations. Over the next years, all activities will be moved to Poperinge and Kladno (Czech Republic), resulting in the redundancy of over 100 staff. An agreement has been reached with trade unions and provisions for this restructuring have been made.

Company processes and organization are another crucial factor in aligning people and company objectives to make sure that Barco operates as close as possible to the customer. To anticipate market influences and technology evolution, Barco continuously streamlines its organization, with focus on flexibility, responsiveness and customer intimacy. In this respect, the decision was taken to split BarcoProjection from 1 January 2004 onwards into three separate divisions: Barco Control Rooms, Barco Presentation & Simulation and Barco Media & Entertainment (next to the already existing divisions BarcoVision, BarcoView and Barco Manufacturing Services).

■ **Donald Defoort**
President Human Resources
& Corporate Affairs

Corporate sustainability

Corporate sustainability is an integral part of Barco’s business principles. The company wants to generate profits in harmonious operation with society and mankind, without endangering chances of future generations.

Employees are key when it comes to corporate sustainability. As fellow entrepreneurs, whose initiatives and ideas determine the company's future, they are encouraged to further develop their talents and work out these ideas as a team. A quarterly international Quality Award rewards the team with the best initiative to enhance product quality and improve company processes.

Communication is essential for employees to become company ambassadors. Therefore, general Barco objectives are translated into concrete goals for teams and individuals, taking into account local and cultural differences. On a regular basis, Barco employees also get the chance to review their performance in an evaluation and appreciation review with their supervisor. At the same time, training needs, career opportunities and lifelong employment in the broadest sense of the word, are discussed. Moreover, Barco closely collaborates with educational circles, a continuous interaction of academic background and practice complementing each other.

Barco and its employees are also part of society. And just like they pioneer in technology, they also want to play a leading role in society. Last year, employees set up a fundraising cancer prevention awareness campaign and donated to a fund for scientific research. WWF and Doctors without Borders were also given financial support. As the company opted for an electronic Christmas card, savings on postage were donated to those organizations. And each year foster children receive donations and toys collected by the employees at one of the Barco sites.

Barco’s commitment to society is not limited to humane projects. As a high-tech company, Barco attaches great value to the quality of scientific training and education. Therefore the company awards annual research prizes to promising young engineers. But the arts and culture can all the like count on Barco support. In 2003 Barco sponsored the multimedia exhibitions of video artist Bill Viola at the Ruhrtriennale in Oberhausen (Germany) and the National Gallery in London.

As for the environment, Barco also takes the lead and tries to do better than regulations prescribe, by using easily recyclable raw materials and components, by cleaning historic ground pollution or by developing energy-friendly products. As an example, the OSYRIS arrival management software optimizes aircraft approach routes and avoids unnecessary circling before landing, resulting in significant fuel savings, higher safety levels and reduced pollution of the environment.

When it is impossible to avoid the use of polluting production processes, Barco does everything possible to neutralize the negative impact. Its division Barco Manufacturing Services has had an environmental charter from an independent governmental agency since 1993, which rewards the ongoing effort for environmentally-friendly operation.

Openness is another cornerstone of Barco's corporate sustainability approach. In financial communications, for instance, Barco informs everybody at the same time about results, important deals or structural changes in the company. This transparency is also reflected in the availability of the management team, which is always prepared to answer questions of individual or institutional shareholders, journalists and analysts. Furthermore, the annual General Meeting is an open forum for dialogue with shareholders.

Barco's efforts for transparency and openness did not go unnoticed. The company was awarded second prize for best financial communication from the Belgian Association of Financial Analysts, and received the 2003 Transparency Award from the Corporate Governance Authority.

Comments on the results

In comparison with the previous year, sales decreased with 6% in 2003. Sales declines at BarcoProjection, BarcoVision and Barco Manufacturing Services more than offset the 9.7% increase at BarcoView. Excluding currency fluctuations, sales would have increased by 2%. There were also changes in the consolidation scope, which account for a sales increase of 0.5%: the divestment of Machine Vision on the one hand (deconsolidated from 1 July 2003 onwards) and the acquisition of Orthogon (September 2002), the acquisition of the assets of Trans-Lux West (April 2003) and Leyard (September 2003) on the other hand. The acquisitions of the assets of Trans-Lux West and Leyard for Barco Media & Entertainment had a relatively limited impact on the 2003 results because manufacturing of LED products in Barco Leyard only started in the first quarter of 2004. Trans-Lux West has now become Barco Media US, while Leyard has become Barco Leyard, the center of operations for Barco Media China.

Geographical distribution year-on-year shows hardly any change, with 32% of sales to the Americas, 16% to Asia-Pacific and 52% to EMEA (Europe, Middle East and Africa). The absence of a significant shift between the three geographical areas is characteristic for all divisions, with the exception of BarcoView where sales to the Americas decreased by 5% due to weaker sales in the US defense & security market.

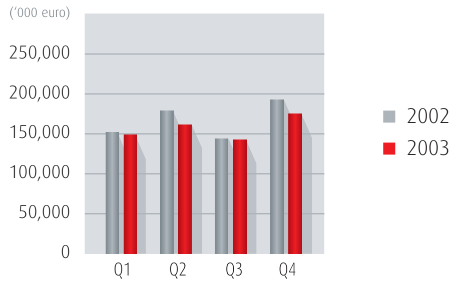
It is clear that, without the decline of the US dollar and related (Asian) currencies, sales would have been proportionally higher in the Americas and Asia-Pacific, as outlined in Barco's strategy to keep sales growing in these geographical areas.

Orders declined with 3% as compared to 2002. Excluding currency fluctuations, however, orders would have grown with 5%. The 8% growth in orders at BarcoProjection offset the decline at the other divisions to a large extent. For the whole of Barco, the first three quarters show a decline year-on-year, whereas the fourth quarter shows an increase by 19%. The book-to-bill ratio over 2003 is 1.05 versus 1.02 in 2002.

General and administration expenses, as a percentage of sales, remained relatively stable at 7.2%. Sales & marketing expenses, however, increased year on year to 15.9% from 14.6% reflecting higher sales coverage. Sales coverage further increased in North America and Asia as a result of the acquisitions of the assets of Trans-Lux West in the USA and of Leyard in China. R&D increased by 0.3% to 10.9%.

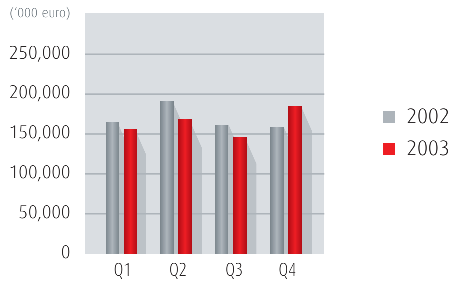
Evolution of sales per quarter 2003 vs 2002

	Q1	Q2	Q3	Q4
▲ % 2002	-0.8	-10.3	-0.4	-10.4



Evolution of orders per quarter 2003 vs 2002

	Q1	Q2	Q3	Q4
▲ % 2002	-5.7	-11.3	-10.1	18.6



Sales in '000 euro & current EBITA in %

	2003	% EBITA	2002	% EBITA
BarcoProjection	307,860	8.7	334,122	11.4
BarcoView	211,894	15.6	193,088	11.7
BarcoVision	75,522	15.1	94,328	12.4
dotrix	4,765	-97.0	7,100	-67.6
Barco Manufacturing Services	64,473	3.8	81,911	4.5
Eliminations	-35,571		-41,510	
Total	628,944	11.0	669,040	10.6

Comments by division

BarcoProjection

Orders and sales

Over 2003, orders at BarcoProjection increased by 8%, while sales declined by the same percentage.

2003 started with sales lower year-on-year in the first and second quarters, due to the overall economic uncertainty, which mainly affected the utilities market for control rooms and the civil flight simulation market. As of the second quarter, order levels improved to a book-to-bill ratio of 1.13. Over the following two quarters, this ratio further climbed to 1.14 and 1.15, to bring the book-to-bill ratio for the whole year to 1.15. Worth mentioning are successes booked in digital cinema, media and events, simulation and edutainment. Control Rooms also performed very well, with a high order volume for broadcast solutions in the USA and Japan and traffic & surveillance worldwide. On the other hand the weak results in Home Cinema led to a reduction in direct sales force mid 2003.

As a result of the improved order situation, BarcoProjection realized a growth in sales year-on-year from the third quarter onwards. Barco's market leadership in events was confirmed by increased sales both in Europe and in the US. Control Rooms recorded ongoing sales growth in China, India and Korea, as well as a recovery in Europe. System sales for presentation were good, while stand-alone product sales were weak. Simulation saw a partial recovery of civil aviation sales in the fourth quarter.

In 2003 two acquisitions of assets were made for Media & Entertainment: Trans-Lux West in the USA and Leyard in China, both to become our core teams for media, respectively in the US and in China. Their impact on sales was still limited in 2003 but will become more important in 2004, especially when the manufacturing of LED walls at Barco Leyard in China starts in the first quarter of 2004.

At the end of 2003 the decision was taken to split up BarcoProjection into three new divisions: Barco Media & Entertainment, Barco Presentation & Simulation and Barco Control Rooms. This reorganization fits within Barco's focus to be market-oriented and make the company operate as close as possible to its customers.

EBITA

EBITA decreased from 11.4% in 2002 to 8.7% in 2003.

The EBITA margin suffered from low sales in the first three quarters of the year and an unfavorable product mix, but recovered in the fourth quarter, driven by higher volumes in sales.

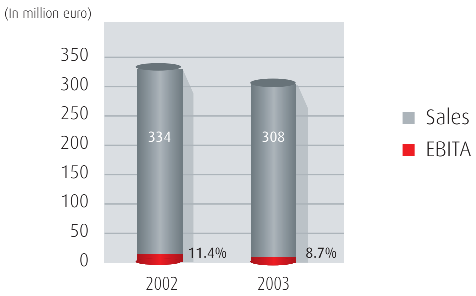
R&D investments

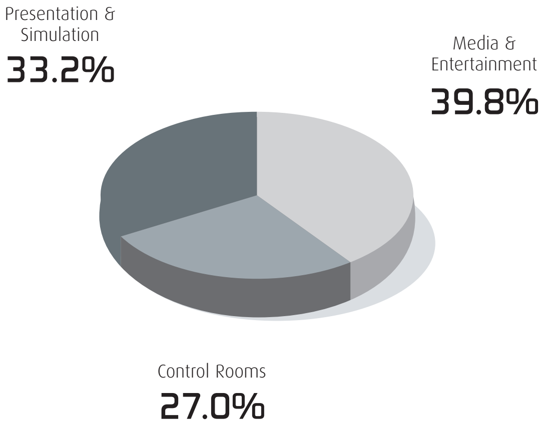
Total expenditures for Research and Development amounted to 9% of sales.

Number of employees

At the end of 2003 BarcoProjection had 1,746 employees worldwide.

BarcoProjection sales & EBITA, 2002 vs 2003

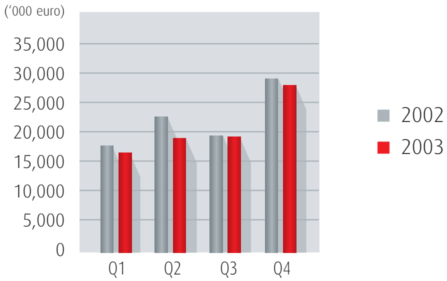




■ **Carl Peeters**
President Barco Control Rooms

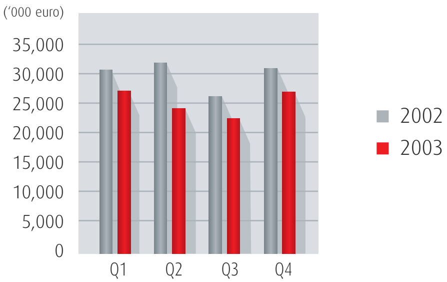
	Q1	Q2	Q3	Q4
% ▲ 2002	-8.2	-16.2	0.5	-4.9

Evolution of Control Rooms sales per quarter, 2003 vs 2002



	Q1	Q2	Q3	Q4
% ▲ 2002	-10.3	-23	-14.8	-10.8

Evolution of Presentation & Simulation sales per quarter, 2003 vs 2002

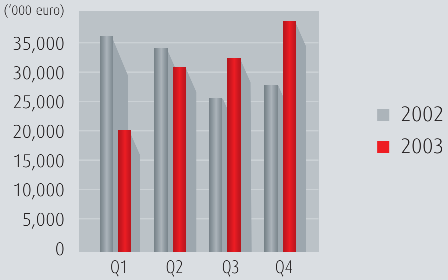


■ **Michel Vandeplas**
President Barco Presentation & Simulation

Stephan Paridaen
President Barco Media & Entertainment

	Q1	Q2	Q3	Q4
▲ % 2002	-44	-9.3	27	38.4

Evolution of Media & Entertainment
sales per quarter, 2003 vs 2002



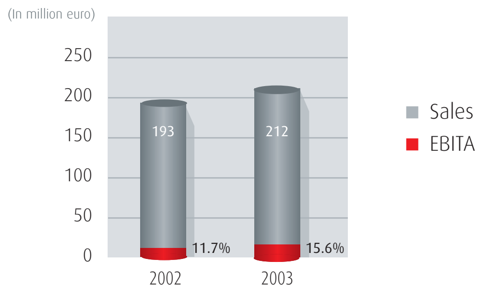
BarcoView

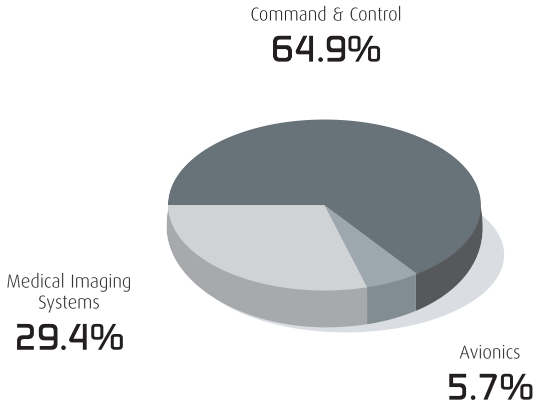
Orders and sales

Orders at BarcoView declined with 6% in 2003. Sales grew by 10%.

BarcoView sales rose throughout the first three quarters of the year, with a steep increase of 63% in the first quarter. Sales in medical imaging and air traffic management mainly accounted for this substantial growth. But the medical imaging market became weaker in the following quarter, because of customer stock depletion. From the third quarter onwards, improvements were to be noticed and Barco further strengthened its leadership in medical imaging. Defense & security was confronted with a slowdown of sales in the first half of the year due to the war in Iraq. But from the third quarter onwards, improvements were noticed. In the

BarcoView sales & EBITA, 2002 vs 2003





last quarter of 2003, sales did not increase year-on-year because a very large delivery of displays for air traffic management took place in the last quarter of 2002. Avionics sales were booming in the fourth quarter.

Orders took off well in the first quarter with a 20% growth year-on-year, despite a low for defense & security because of the Iraq war and the crisis in the aviation sector that led to a number of orders for ATC centers being postponed. In the second quarter, the avionics market started to generate strong orders, leading to an impressive sales figure in the final quarter. Orders for medical imaging remained more or less at the same levels as the year before.

■ **Luc Vandenbroucke**
President BarcoView

EBITA

EBITA margin increased from 11.7 % in 2002 to 15.6 % in 2003.

EBITA was positively influenced by the improved efficiency in operations and increased outsourcing of activities in medical imaging.

R&D investments

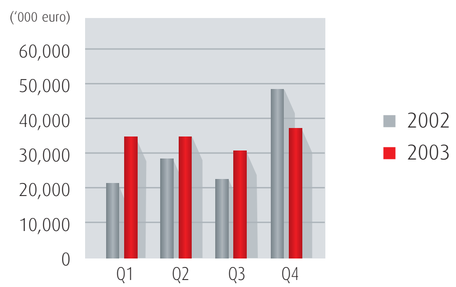
Total expenditures for Research & Development amounted to 12.1% of sales.

Number of employees

At the end of 2003, BarcoView had 1,087 employees worldwide.

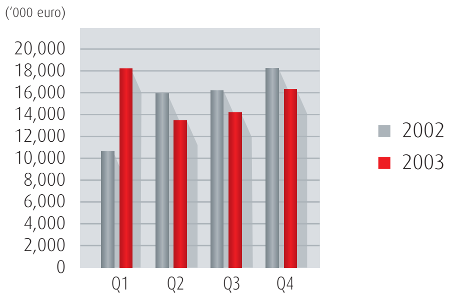
	Q1	Q2	Q3	Q4
▲ % 2002	60.8	20.5	34.6	-22.4

Evolution of Command & Control sales per quarter, 2003 vs 2002



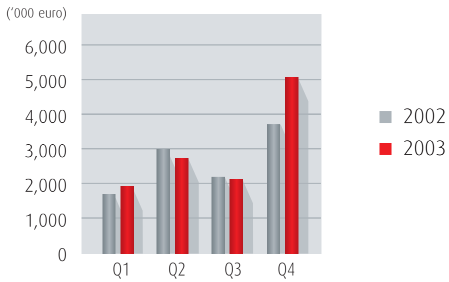
	Q1	Q2	Q3	Q4
▲ % 2002	71.5	-14.8	-12.1	-9.6

Evolution of Medical Imaging Systems sales per quarter, 2003 vs 2002



	Q1	Q2	Q3	Q4
▲ % 2002	23.1	-7.1	-2.7	36.6

Evolution of Avionics sales per quarter, 2003 vs 2002



BarcoVision

Orders and sales

Sales at BarcoVision declined with 20% in 2003, orders by 25%.

Following the sale of Machine Vision, this business unit was no longer consolidated from 1 July 2003 onwards. This deconsolidation accounts for approximately 40% of the decline in sales.

The textiles market continued to perform well beginning of the year, resulting in a sales increase of 12% in the first quarter, even though sales were decreasing in the food sorting markets of Machine Vision. In the second quarter of the year, a decline of 7% was recorded, due to a downturn in textile subcontracting. A book-to-bill ratio lower than 1 for the second quarter was the first sign of the decline in the business cycle of the textiles market. From the third quarter onwards, the down cycle of the textiles market was reflected in weaker sales, a situation that is expected to continue well into 2004.

EBITA

The EBITA margin increased from 12.4% in 2002 to 15.1% in 2003.

Due to a better product mix, the EBITA margin improved steadily year-on-year for the first three quarters. The last quarter of the year however, the EBITA margin decreased from 16.5% to 7.6% as a result of low sales volumes.

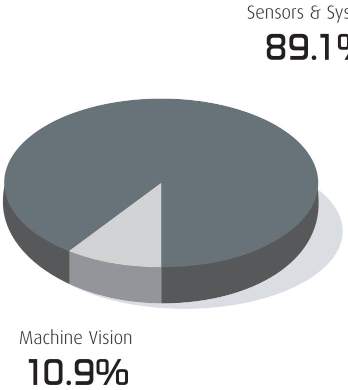
R&D investments

Total expenditures for Research & Development amounted to 12.7% of sales.

Number of employees

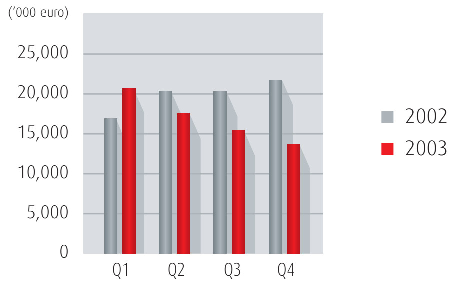
At the end of 2003 BarcoVision had 449 employees worldwide.

■ **Bernard Cruycke**
President BarcoVision

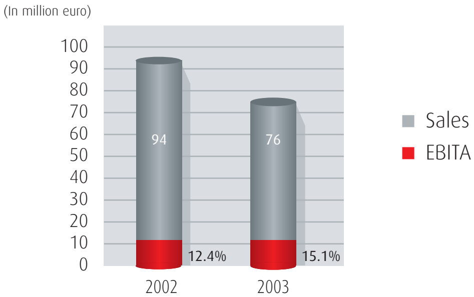


	Q1	Q2	Q3	Q4
▲ % 2002	22.3	-12	-23.8	-37.2

Evolution of Sensors & Systems sales per quarter, 2003 vs 2002

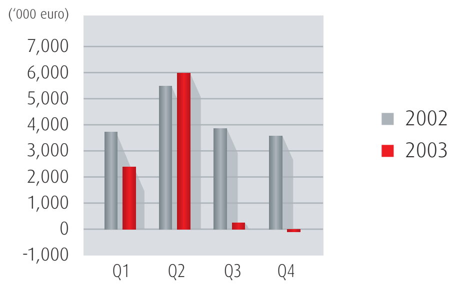


BarcoVision sales & EBITA, 2003 vs 2002



	Q1	Q2	Q3	Q4
▲ % 2002	-35.9	9	-93.7	-101.2

Evolution of Machine Vision sales per quarter, 2003 vs 2002



Barco Manufacturing Services

Orders and sales

Barco Manufacturing Services (formerly called Barco Subcontracting) saw orders going down with 25% and sales with 21%.

Towards the end of the year, it was decided to restructure Barco Manufacturing Services and consolidate the division in two plants, to further streamline the manufacturing operations. Smaller series will be produced in Belgium, whereas larger volume products are manufactured in the Czech Republic. This reorganization resulted in a charge of euro 2.5 million. This amount corresponds with the annual savings that will be realized from the beginning of 2005 onwards.

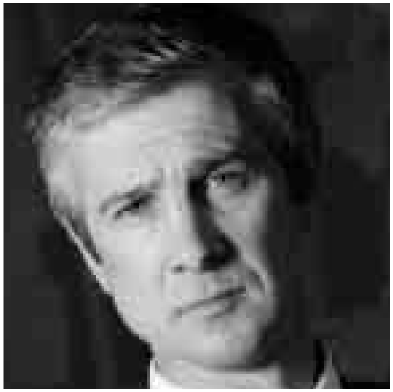
Both orders and sales were lower year-on-year for the four quarters.

EBITA

The EBITA margin decreased from 4.5% to 3.8%. Indirect manufacturing costs not fully aligned with manufacturing volumes, had a negative impact on EBITA for 2003.

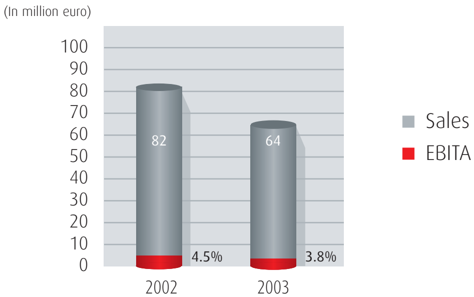
Number of employees

At the end of 2003 Barco Manufacturing Services had 644 employees worldwide.



- **Patrick Luyssen**
  President Barco Manufacturing Services & General Operations

Barco Manufacturing Services
sales & EBITA, 2003 vs 2002



dotrix

dotrix develops, manufactures and sells digital printing solutions for industrial applications. It was the last fully consolidated Barco subsidiary in the graphics market, Barco has retreated from over the last two years. At the end of 2003, dotrix was sold to Agfa-Gevaert.

Following the successful introduction of its new inkjet printing technology, dotrix concluded a number of important international contracts. In 2003 dotrix realized sales of almost euro 5 million, with a loss of about the same amount due to heavy investments in Research & Development. Orders increased with 43% year-on-year.

Number of employees

At the end of 2003 dotrix employed 73 employees worldwide.

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 31 Dec 03			862,766,189 euro
Highest capitalization			870,214,530 euro
Lowest capitalization			530,694,311 euro
Share price 31 Dec 02			49.95 euro
Share price 31 Dec 03			69.50 euro
Average number of shares traded on daily basis (2003)			22,893
Yearly volume 2003			328,209,958 euro
Velocity 2003			48.96%

■ **JP Tanghe**
President Corporate Communication
& Investor Relations

Capital

On 31 December 2003, the capital amounted to euro 53,073,264.76, represented by 12,413,902 shares.

Based on the decision of the extraordinary general meeting of 9 November 2000, the board of directors could create 400,000 warrants for the benefit of members of staff and non-executive directors, as well as for individuals who play an important role for the company. 82,453 warrants were granted in 2003.

The total number of outstanding warrants and options as of 31 December 2003, amounts to 735,592, 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. in 2000, can be exercised in accordance with the following exercising conditions:

Options still exercisable within the context of the law of 1999

Allocation	Last exercise	Exercise price	Balance as of 31 Dec 2003
09/16/99 (personnel)	Sep/09*	93.58 euro	128,481
09/16/99 (non-personnel)	Sep/04	96.93 euro	2,500
05/16/00 (personnel)	Dec/06	95.64 euro	9,634
07/13/00 (personnel)	Jun/10*	91.92 euro	149,173
07/13/00 (non-personnel)	Jun/05	93.27 euro	2,000
06/18/02 (personnel)	Jun/12*	42.01 euro	189,190
06/18/02 (non-personnel)	Jun/12	46.36 euro	5,400
06/24/02 (personnel UK)	Jun/12	40.55 euro	4,752
06/24/02 (personnel)	Jun/12*	42.70 euro	10,000
11/04/02 (personnel)	Sep/12*	42.40 euro	25,900
06/23/03 (personnel)	Jun/13	50.75 euro	72,595
06/23/03 (non-personnel)	Jun/08	52.17 euro	2,400
06/23/03 (personnel UK)	Jun/13	50.50 euro	1,605
09/15/03 (personnel)	Sep/13	57.52 euro	5,350
* to a large extent extended by 3 years, in accordance with the law of 24 December 2002, article 407			608,980

Bond loan with warrants 1995-2005

Issue date	Last exercise	Exercise price	Number 31 Dec 2003
03/08/95	Feb/05	47.55 euro	126,612

Convertible bond loan

Issue date	Conversion	Exercise price	Number 31 Dec 2003
11/29/95	Nov/05	67.46 euro	80,000

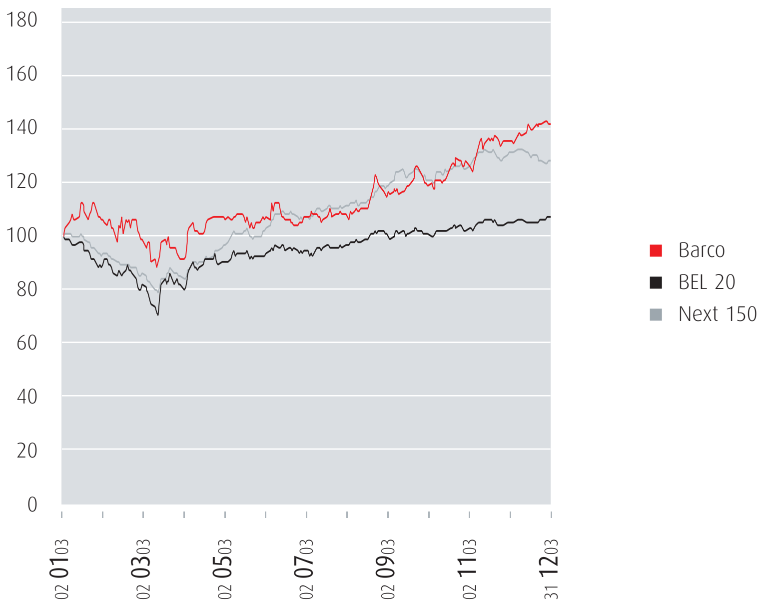
Ownership of the company's shares

On 31 December 2003, ownership of the company's shares was as follows:

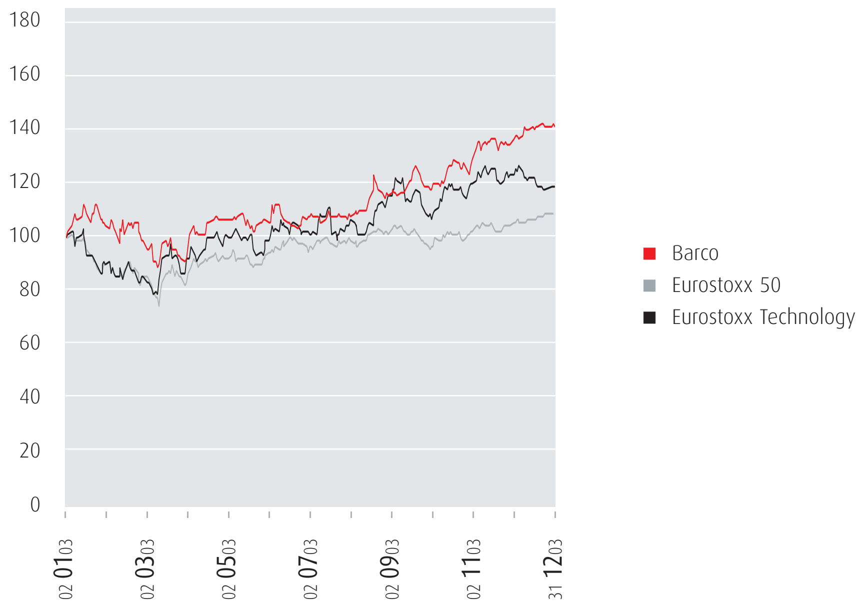
GIMV: 29.60% (3,674,921 shares)
Public: 69.62% (8,643,053 shares)
Barco: 0.77% (95,928 shares)

fully diluted: Gimv: 27.78% (3,674,921 shares)
Public: 71.50% (9,458,645 shares)
Barco: 0.72% (95,928 shares)

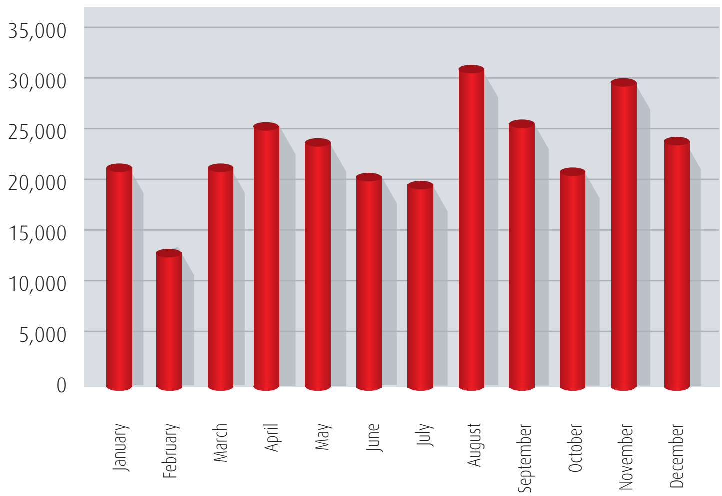
Evolution share price Barco/Next 150/BEL 20



Evolution share price Barco/Eurostoxx 50/Eurostoxx Technology



Daily average shares traded 2003



Comments on the evolution of the share price

Just like in 2002, Barco outperformed the BEL 20, Next 150, Eurostoxx 50 and Eurostoxx Technology Indexes. Following the 27% increase in 2002, Barco's share price rose another 40% in the course of last year. The majority of the financial analysts supported this growth, although the uncertainty about the evolution of the US dollar and the stability of the worldwide economic recovery, made some of them issue a “hold” recommendation by the end of the year.

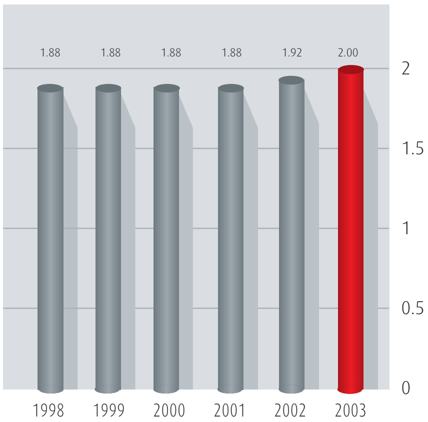
The growing interest of international investors, which was noted in 2002, clearly materialized in 2003, as illustrated by the doubling of traded volumes over 2003 and a 74% increase in velocity. This lively interest from the international investors community can largely be explained by the fact that Barco delivered on the promises made in 2002. As announced, the company made a full exit from its graphics activities, by withdrawing from Esko-Graphics and selling dotrix to Agfa-Gevaert. Next to this, Barco further reduced working capital and restructured the activities of its Barco Manufacturing Services division. This restructuring will lead to increased efficiency, resulting in cost savings of euro 2.5 million in 2005.

Furthermore, Barco continued to demonstrate its leadership in established markets in 2003. Ongoing investments in R&D and Sales & Marketing, coupled with strategic acquisitions, allowed Barco to gain ground on competition in new markets like media.

As of January 2004 BarcoProjection has been split up into three new divisions. In line with the company's intention to keep on offering shareholders and international investors maximum transparency, Barco will report on these new divisions on the same level as for existing divisions from the first quarter of 2004 onwards.

Dividend

The board of directors will propose to the general meeting that the dividend will be raised to 2.00 euro gross, this is 1.50 euro net, on withholding tax of 25%, and 1.70 euro net on withholding tax of 15% (with VVPR strip). Dividends will be payable from 26 May 2004.



Evolution dividend

Analysts covering Barco

Cazenove	Daragh Horgan
	Thomas Heidstra
Corluy	Patrick Millecam
Degroof	Dirk Pattyn
Delta Lloyd Securities	Gert De Mesure
Dewaay NV	Danny Wittenberg
	Marc Ernaelsteen
Dexia Securities	Peter Van Assche
SG Bank De Maertelaere	Danny Van Quaethem
Fortis Bank	Kenneth Wils
Goldman Sachs	Charles Elliott
	Christopher Agnew
	Michael Nickson
KBC Securities	Dirk Saelens
ING Barings	Jean-Marc Mayeur
Petercam SA	Stefaan Genoe
Puilaetco	Philippe Rochez

Financial calendar

Annual report 2003 available on www.barco.com (preliminary)	19 February 2004
Announcement of results 4Q03 and FY03	19 February 2004
Announcement of results 1Q04	28 April 2004
Annual General Meeting of Shareholders	12 May 2004
Payment of dividend (coupon number 4)	26 May 2004
Announcement of results 2Q04	27 July 2004
Announcement of results 3Q04	27 October 2004
Announcement of preliminary results 4Q04 and FY04	26 January 2005
Announcement of results 4Q04 and FY04	17 February 2005
Annual General Meeting of Shareholders Announcement of results 1Q05	4 May 2005

Investor relations

The growing interest from worldwide investors, illustrated by the year-on-year doubling of volumes, clearly shows Barco's increased visibility in worldwide financial markets. The new Investor Relations website, part of a completely restyled Barco website, plays an important role in achieving this enhanced visibility.

Barco's new IR website is key in making information simultaneously available to all interested parties. The site not only lists all Barco press releases for investors, financial journalists and trade press, but also features audiocasts of the conference calls held when announcing quarterly results. In 2003 Barco also started publishing management interviews on the company's strategy.

In line with its efforts to provide investors with detailed and trustworthy information, Barco also has historic material available on its IR website. Visitors can now download all press releases issued since 1995, and all quarterly and annual reports published since 2000. Barco is convinced that these documents give an honest overview of company history and will help understand the company's present-day situation.

In 2003 Barco continued its efforts to keep shareholders and investors, institutional and private, up to date on the company status. At the same time, many new investors were seen on international roadshows or invited to visit Barco sites. Last year, over 150 private meetings were held with investors. Roadshows for institutional investors were organized in Belgium, the UK, the USA, France, Germany, Canada, Switzerland, the Netherlands, Luxembourg, Singapore, Spain, Italy, Denmark, Sweden and Hong Kong. In addition, Barco's IR department frequently communicated with financial analysts throughout the year.

In April 2003, Barco for the first time held an Analyst & Investor Day. Attendees had the opportunity to gain first-hand information from Barco's division and business unit managers. Participants were informed about Barco's market position, market share and growth potential, competitive advantages and new developments. At the same time they had the opportunity to attend real-life demo's of Barco's visualization solutions. The Analyst & Investor Day was greatly appreciated and will be organized each year from now on.

All published materials can be downloaded from www.barco.com or obtained from the Investor Relations department. Information about investor conference calls that have been scheduled, is also to be found on the website. E-mail addresses and telephone and fax numbers can be consulted on the final page of this annual report.

Barco consolidated

Income statement

[in thousands of euro]

	Note	2003	2002
Net sales	4	628,944	669,040
Cost of goods sold	5	-351,082	-372,536
Gross profit		**277,862**	**296,504**
Research and development expenses	6	-68,350	-70,775
Sales and marketing		-100,307	-97,987
General and administration expenses		-45,550	-49,120
Other operating income (expense) - net	7	5,436	-7,393
Operating result before goodwill amortization and restructuring provision (EBITA)		**69,091**	**71,228**
Goodwill amortization	14	-6,397	-7,699
Restructuring provision	9	-2,535	
Operating result		**60,159**	**63,529**
Interest income (expense) - net	10	1,540	1,264
Other non-operating income (expense) - net	11	-8,399	-29,068
Income before taxes		**53,299**	**35,725**
Income taxes	**12**	**-6,666**	**-18,059**
Net income of consolidated companies		**46,634**	**17,667**
Minority interest	24	-70	73
Net income		**46,564**	**17,740**
Earnings per share	13	3.77	1.43
Diluted earnings per share	13	3.54	1.35

Balance sheet [in thousands of euro]

	Note	31 Dec 2003	31 Dec 2002
ASSETS			
Goodwill	14	32,123	30,538
Capitalized development cost	15	53,458	54,921
Other intangible assets	15	1,564	1,923
Land and buildings	16	57,908	58,150
Assets under construction	16	10,234	456
Other tangible assets	16	35,778	42,517
Investments	17	1,723	5,050
Deferred tax assets	18	11,338	8,633
Other non-current assets	17	3,645	14,609
Non-current assets		207,772	216,797
Inventory	19	103,351	117,995
Trade debtors (accounts receivable)	20	149,486	158,497
Other amounts receivable	20	25,851	31,846
Deposits and cash at bank and in hand	21	133,416	122,529
Prepaid expenses and accrued income	22	3,131	4,680
Current assets		415,235	435,547
Total assets		623,008	652,344
EQUITY AND LIABILITIES			
Equity	23	386,088	382,759
Minority interest	24	1,122	10
Long-term debts	25	17,235	13,275
Deferred tax liabilities	18	3,054	9,125
Other long-term liabilities	25	1,329	3,223
Non-current liabilities		21,618	25,623
Current portion of long-term debts	25	2,412	1,472
Short-term debts	26	9,536	19,656
Trade payables		57,104	60,388
Advances received on contracts in progress		19,460	26,125
Tax payables		24,080	27,020
Employee benefits		35,674	39,932
Other current liabilities	27	9,296	6,583
Accrued charges and deferred income	28	16,025	22,708
Provisions	29	40,593	40,069
Current liabilities		214,180	243,952
Total equity and liabilities		623,008	652,344

Cash-flow statement (note 34)

[in thousands of euro]

	2003	2002
Cash-flow from operating activities		
Operating result before goodwill amortization and restructuring provision (EBITA)	69,091	71,228
Amortization capitalized development cost	34,733	34,764
Depreciation of tangible and intangible fixed assets	19,616	21,648
Gains and losses on tangible fixed assets	276	698
Gross operating cash-flow	**123,716**	**128,338**
Decrease in trade receivables	4,280	12,249
Decrease in inventory	7,887	35,138
Increase in trade payables	1,024	1,271
Other changes in net working capital	-4,904	5,965
Change in net working capital	**8,288**	**54,623**
Net operating cash-flow	**132,004**	**182,961**
Interest income/expense	1,540	1,264
Income taxes	-15,442	-15,190
Cash-flow from operating activities	**118,102**	**169,036**
Cash-flow from investing activities		
Expenditure on product development	-36,106	-35,474
Purchases of tangible and intangible fixed assets	-19,222	-17,575
Proceeds on disposals of tangible and intangible fixed assets	567	
Acquisition of Group companies, net of acquired cash	-11,492	-10,493
Disposal of Group companies, net of disposed cash	5,894	4,756
Other investing activities	34	993
Cash-flow from investing activities	**-60,326**	**-57,793**
Cash-flow from financing activities		
Dividends paid	-23,831	-23,335
Share issue	89	
Acquisition of own shares	-4,978	
Proceeds from (+), payments of (-) long-term liabilities	146	-2,996
Proceeds from (+), payments of (-) short-term liabilities	-9,180	-59,084
Other	-9,135	-10,010
Cash-flow from financing activities	**-46,889**	**-95,425**
Net decrease/increase in cash and cash equivalents	**10,887**	**15,818**
Cash and cash equivalents at beginning of period	**122,529**	**106,711**
Cash and cash equivalents at end of period	**133,416**	**122,529**

Consolidated statement of changes in shareholders' equity

[in thousands of euro]	Share capital	Share premium	Retained earnings	Cumulative translation adjustment	Interest rate swap	Convertible bond	Acquired own shares	Total equity
Balance at 1 January 2002	53,065	120,471	222,793	8,323	-367	188		404,473
Net income			17,740					17,740
Dividend			-23,335					-23,335
Translation adjustment				-15,794				-15,794
Cash-flow hedge					-326			-326
Capital increase								
Acquisition of own shares								
Balance at 31 December 2002	**53,065**	**120,471**	**217,198**	**-7,471**	**-693**	**188**		**382,759**
Balance at 1 January 2003	53,065	120,471	217,198	-7,471	-693	188		382,759
Net income			46,564					46,564
Dividend			-23,831					-23,831
Translation adjustment				-14,764				-14,764
Cash-flow hedge					250			250
Capital increase	8	81						89
Acquisition of own shares							-4,978	-4,978
Balance at 31 December 2003	**53,073**	**120,552**	**239,931**	**-22,234**	**-443**	**188**	**-4,978**	**386,088**

Notes to the consolidated financial statements

1. First time adoption of IFRS

The "International Financial Reporting Standards" (IFRS) are applied to the consolidated financial statements of the Barco group. 2003 is the first year in which the publication of results is in conformity with these rules. IFRS has also been applied to the figures for the financial year 2002, based on SIC 8, so that they can be used as a relevant basis for comparison. In addition to the accounting principles (1.1.), you will find explanatory notes making the comparison with the annual accounts that were published in conformity with Belgian GAAP (1.2.). The financial statements were authorized for issue by the board of directors on 15 March 2004. The chairman has the power to amend the financial statements until the shareholders' meeting of 12 May 2004.

■ **Antoon van Petegem**
Chief Financial Officer

1.1. Accounting principles

1. Basis of presentation

The consolidated financial statements of the Barco group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee Interpretations approved by the IASC that remain in effect. The financial statements are presented in thousands of euro and are prepared under the historical cost convention, except for the measurement at fair value of investments and derivative financial instruments.

2. Principles of consolidation

General

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

Subsidiaries

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

Investments in associated companies

Investments in associated companies over which the Company has significant influence but no control (typically those that are 20-50% owned) are accounted for under the equity method of accounting and are carried in the balance sheet at the lower of the equity method amount and the recoverable amount, and the pro rata share of income (loss) of associated companies is included in income.

Joint ventures

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

3. Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary or associated company at the date of acquisition. Goodwill is amortized using the straight-line method over its expected useful life. General estimate of useful life is 10 years, unless a longer or shorter period can be justified. This period is not exceeding 20 years.

4. Research and development costs

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

5. Other intangible assets

Other intangible assets, which are acquired, are capitalized and amortized on a straight-line basis not exceeding 5 years.

6. Property, plant and equipment

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

Estimated useful life is:

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

7. Leases

Finance leases, which effectively transfer to the group substantially all risks and benefits incidental to ownership of the leased item, are capitalized as property, plant and equipment at net present value. The corresponding liabilities are recorded as long-term or current liabilities depending on the period in which they are due. Lease interest is charged to the income statement as a financial cost. Capitalized leased assets are depreciated over the useful life as mentioned under “property, plant and equipment”.

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

8. Other participating interests (investments)

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

9. Other non-current assets

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

10. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on a first in first out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs of completing the sale. In addition to the cost of materials and direct labor, the relevant proportion of production overhead is included in the inventory values.

11. Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. For product sales, revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, and collectibility is probable. For contract sales, the percentage of completion method is used, provided that the outcome of the contract can be assessed with reasonable certainty. For sales of services, revenue is recognized by reference to the stage of completion. Revenue on government grants is recognized as income in proportion to the depreciation of the underlying fixed assets.

12. Trade receivables and other current assets

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

13. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and short-term investments. It is the group's policy to hold investments to maturity. All investments are initially recognized at cost. Gains and losses are recognized in income when the investments are redeemed or impaired, as well as through the amortization process.

14. Provisions

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

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

15. Equity – costs of an equity transaction

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

16. Interest-bearing loans and borrowings

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

17. Trade and other payables

Trade and other payables are stated at cost.

18. Employee benefits

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

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

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

19. Transactions in foreign currencies

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

20. Foreign group companies

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

21. Derivative financial instruments

Derivative financial instruments are recognized initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The fair values of derivative interest contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward exchange contracts is their market price at the balance sheet date. Recognition of any resulting gain or loss depends on the nature of the item being hedged.

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

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

22. Income taxes

Current taxes are based on the results of the group companies and are calculated according to local tax rules. Deferred tax assets and liabilities are determined, using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Tax rates are used that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the balance sheet date. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and tax losses can be utilized.

23. Impairment of assets

At each balance sheet date, an assessment is made as to whether any indication exists that assets may be impaired. If any such indication exists, an impairment test is carried out in order to determine if and to what extent a valuation allowance is necessary to its value in use (the present value of estimated future cash-flows) or, if higher, to its net selling price. Then, and only then, is an impairment loss recorded and completely charged against income.
An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

24. Earnings per share

The group calculates both basic and diluted earnings per share in accordance with IAS 33, Earnings per share. Under IAS 33, a basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares outstanding during the period plus the dilutive effect of warrants and stock options outstanding during the period.

1.2. Explanatory notes making the comparison with annual accounts published in conformity with Belgian GAAP

1.2.1. Impact of the transition from Belgian GAAP to IFRS on the balance sheet

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

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

a. Dividends

Net equity is calculated before allocation of the results.
Under Belgian GAAP, dividend payments proposed to the general assembly by the board of directors were accounted for as a debt, instead of net equity.
Under IFRS rules these dividends are still included in net equity.

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

b. Investment grants

Under Belgian GAAP, subsidies and investment grants not yet booked as income, are included in the net equity of the company, under deduction of deferred taxes.
Under IFRS rules, these subsidies and investment grants that do not qualify to be booked as revenue, remain on the balance sheet as a liability, even if reimbursement of the grant is excluded.

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

c. Capitalized development costs

Under Belgian GAAP, capitalized R&D included also long term research, that did not necessarily lead immediately to a commercial product; valuation was done at an hourly rate, including only the direct part of the R&D team.
Under IFRS rules, only development immediately leading to commercial products or additions to products is capitalized. Costs made to correct product design after commercial introduction are not capitalized. Capitalization however also includes overhead related to development.
Amortization only starts at the moment the product is commercially available.
Under Belgian GAAP, amortization rules included a full year's amortization applied already in the year of capitalization. Under IFRS, amortization starts on average 6 months later and is only made "pro rata temporis" i.e. only for the part of the year remaining after the commercial availability.

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

d. Consolidation goodwill

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

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

e. Tangible fixed assets and software

Under Belgian GAAP, depreciation over the year of first use was calculated over the full year. For countries where this was not allowed and where fixed assets were not important, no adjustment was made.
Under IFRS, depreciation over the year of first use is made only "pro rata temporis"of real use.

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

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

f. Inventory

Under Belgian GAAP, Barco had chosen to value inventory at direct cost of materials and salaries without any coverage of manufacturing or other overhead cost. Materials were valued at the last purchase price.
Under IFRS, Barco has chosen to value at full manufacturing cost using the FIFO method.
During 2003–2004, more precise valuation methods will be put into place gradually.

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

g. Trade debtors

Some write-offs, which were calculated on a more general basis under Belgian GAAP, are no longer maintained under IFRS.

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

h. Provisions

Provisions for social liabilities are transferred to employee benefits. At the same time, employee benefits increase, mainly for pension obligations. The provisions for maintenance of the buildings, booked in accordance with Barco's Belgian GAAP rules, are no longer admitted under IFRS rules. This has an impact of euro 2,637K at the end of 2001 and euro 2,202K at the end of 2002.

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

i. Deferred tax assets and liabilities

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

Under Belgian GAAP only deferred tax liabilities were accounted for in case of temporary differences between Belgian valuation rules and local tax rules.

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

j. Unrealized exchange gains

Under IFRS unrealized exchange gains are recognized as income, while under Belgian GAAP they were deferred.

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

k. Derivatives

Barco uses the following derivatives:
- Interest rate swaps are treated as cash flow hedges (directly related to a specified underlying transaction). Consequently, the fair value at balance sheet date is recognized directly in equity.

Impact on net equity per 31 Dec 2001: € -367K
31 Dec 2002: € -693K

- Currency rate swaps are treated as macro-hedges (not directly related to a specified underlying transaction). As a consequence changes in fair value are recognized in income statement.

Impact on net equity per 31 Dec 2001: € -103K
31 Dec 2002: € +269K

- A convertible bond, for which the warrant value is recognized in equity.

Impact on net equity per 31 Dec 2001: € +90K
31 Dec 2002: € +70K

1.2.2. Impact of the transition from Belgian GAAP to IFRS on the income statement

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

a. Amortization of goodwill

Goodwill amortization under IFRS is based on the following principles:

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

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

[in thousands of euro]

* - = negative impact on results
  + = positive impact on results

b. Capitalization and amortization of development cost

Since capitalization criteria are stricter under IFRS than under Belgian GAAP, fewer projects are subject to capitalization. However, since projects are capitalized at full cost instead of direct cost, more costs per project are subject to capitalization. In 2002, 35.5 million euro was capitalized under IFRS, while 38.4 million euro was capitalized under Belgian GAAP rules.

Under IFRS, amortization only starts when products are available for use. Under Belgian GAAP, development costs were amortized over 3 years with a full year of amortization in the year of development. This results in a different amortization scheme. In 2002, 34.8 million euro was amortized under

IFRS, while 40.1 million euro was amortized under Belgian GAAP. The difference was particularly high in the 4th quarter of 2002, since some projects were fully amortized under Belgian GAAP, which were never capitalized under IFRS.

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

[in thousands of euro]

c. Depreciation of software and tangible fixed assets

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

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

[in thousands of euro]

d. Inventory valuation

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

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

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

[in thousands of euro]

e. Write-offs trade debtors

Some write-offs, which were calculated on a more general basis under Belgian GAAP, are no longer maintained under IFRS.

	Difference
1st quarter	-73
2nd quarter	-91
3rd quarter	-28
4th quarter	0
Year 2002	-192

[in thousands of euro]

f. Exchange gains and losses

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

- under IFRS unrealized exchange gains are recorded as income, while under Belgian GAAP they were deferred
- under IFRS forward contracts are measured at fair value with changes in fair value taken to income

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

[in thousands of euro]

g. Investment grants

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

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

[in thousands of euro]

h. Provisions

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

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

[in thousands of euro]

i. Financial costs

Due to the specific treatment of convertible loans under IFRS, financial costs are slightly higher.

	Difference
1st quarter	-4
2nd quarter	-26
3rd quarter	9
4th quarter	0
Year 2002	-21

[in thousands of euro]

j. Taxes

IFRS requires that deferred tax assets be set up, while Belgian GAAP does not. This has a significant impact on the 2002 results, because Barco n.v. had unused tax losses at YE2001 which were used in 2002. Under IFRS, a deferred tax asset was set up at YE2001, which resulted in a deferred tax cost in 2002.

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

[in thousands of euro]

2. Consolidated companies

2.1. List of consolidated companies on 31 December 2003

Europe, Middle-East and Africa

Belgium	Aesthedes n.v.	President Kennedypark 35, 8500 Kortrijk	100%
Belgium	Barco Coordination Center n.v.	President Kennedypark 35, 8500 Kortrijk	100%
Belgium	Barco Creative Systems n.v.	President Kennedypark 35, 8500 Kortrijk	100%
Belgium	Barco Silex s.a.	Scientific Parc, rue du Bosquet 7, 1348 Ottignies-Louvain-la-Neuve	100%
Belgium	dotrix n.v.	Tramstraat 69, 9052 Gent	100%
Czechia	Barco Manufacturing s.r.o.	Billundska 2756, 272 01 Kladno-Krocehlavy	100%
Denmark	Barco A/S	Tobaksvejen 23A, 2860 Soeborg	100%
France	Barco s.a.	Boulevard de la Libération 6, 93200 Saint-Denis	99,99%
France	Barco Silex s.a.	ZI Rousset-Peynier, Route de Trets, 13790 Peynier	99,95%
France	BarcoView Texen s.a.	7 rue Roger Camboulives, 31000 Toulouse	100%
Germany	Barco Control Rooms GmbH	An der Rossweid 5, 76229 Karlsruhe	100%
Germany	Barco GmbH	An der Rossweid 5, 76229 Karlsruhe	100%
Germany	Barco Orthogon AG	Hastedter Osterdeich 222, 28207 Bremen	100%
Germany	Barco Sedo GmbH	Neuwies 1, 35794 Mengerskirchen	100%
Germany	BarcoView GmbH	Wilhelm-Franz-Strasse 1, 77971 Kippenheim	100%
Italy	Barco Loepfe s.r.l.	Via el Alamein 11/c, 22100 Como	100%
Italy	Barco s.r.l.	Via Montferrato 7, CAP 20094 Corsico, Milano	100%
Netherlands	Barco b.v.	Marinus van Meelweg 20, 5657 EN Eindhoven	100%
Netherlands	Barco Holding b.v.	Marinus van Meelweg 20, 5657 EN Eindhoven	100%
Poland	Barco Sp. z o.o.	Marywilska 16, 03-228 Warsaw	100%
Russia	Barco Services LLC	Novorogozhkaya Ul 32, Stroyeniye 1, 109544 Moscow	100%
Spain	Barco Electronic Systems s.a.	Travessera de Les Corts, 371, 08029 Barcelona	100%
Switzerland	Barco A.G.	Soodstrasse 55, 8134 Adliswill	99,93%
Switzerland	Gebr. Loepfe A.G.	Kastellstrasse 10, 8623 Wetzikon	99,99%
Switzerland	Treepoint A.G.	Kastellstrasse 10, 8623 Wetzikon	100%
United Kingdom	Barco Ltd	50 Suttons Park Avenue, Reading, Berkshire RG6 1AZ	100%
United Kingdom	BarcoVision Ltd	Philips Rd., Blackburn, Lancashire, BB1 5SN	100%

Americas

Brazil	Barco Ltda	Av. Dr. Cardoso de Melo, 04548-005 Vila Olympia, Sao Paulo	100%
Mexico	Barco Electronics SA de CV	Tamaulipas 30-802 Colonia Condesa, 06140 Mexico, D.F.	100%
USA	Barco Inc	3240 Town Point Drive, Kennesaw, GA 30144	100%
USA	Barco Media LLC	1651 North 1000 West, Logan UT 84321	100%
USA	Barco Orthogon LLC	29 South New York Rd, Suite 400 Smithville NJ 08205	100%
USA	Barco Projection Systems LLC	3240 Town Point Drive, Kennesaw, GA 30144	100%
USA	BarcoView LLC	3059 Premiere Parkway, Duluth, GA 30097	100%
USA	BarcoVision LLC	4420 Taggart Creek Rd. Ste 101, Charlotte NC 28208	100%
USA	dotrix Inc	4420 Taggart Creek Rd. Ste 101, Charlotte NC 28208	100%
USA	Electronic Image Systems, Inc.	600 Bellbrook Avenue, Xenia, OH 45385	100%

Asia-Pacific

Australia	Barco Systems Pty Ltd	2 Rocklea Drive, Port Melbourne, Vic 3207	100%
China	Barco Leyard Electronic Technology Co Ltd	18 Harbour Road, Wanchai, Hong Kong	80%
China	Barco Ltd	18 Harbour Road, Wanchai, Hong Kong	100%
China	Barco Trading C° Ltd	66 Lujiazui Road, Pudong, Shangai 200120	100%
China	Beijing Barco Leyard Electronic Technology Co Ltd	9 Chia Qian Road, Chang Ping District, Beijing	80%
India	Barco Electronic Systems Pvt., Ltd	14, LSC, Community Centre, Pushp Vihar, Nadangir, New Delhi 11-0062	100%
India	Barco Hotline Pvt. Ltd	B-26, Qutab Institutional Area, New Delhi-110016	100%
Israel	Barco Electronic Systems Ltd	6 Kriminitzky Street, Tel Aviv 67899	100%
Israel	BarcoView Ltd	6 Kriminitzky Street, Tel Aviv 67899	100%
Japan	Barco Co., Ltd	Yamato International Bldg 8F, 5-1-1 Heiwajima, Ohta-ku, Tokyo 143-0006	100%
Korea	Barco Ltd	3F, Dansan-Nonhyun Bld. Kangnam-ku, Seoul 135-010	100%
Korea	BarcoView Ltd	3F, Dansan-Nonhyun Bld. Kangnam-ku, Seoul 135-010	100%
Malaysia	Barco Sdn. Bhd.	Level 17, Menara Milenium, 50490 Kuala Lumpur	100%
Singapore	Barco Pte Ltd	Block 750 E Chai Chee Road, # 05-03 Technopark@Chai Chee, 469005	100%
Taiwan	Barco Ltd	17F, n° 868-6 Chungcheng Road, Chungho City, Tapei County 235	100%
Thailand	Barco Ltd	Sukhumvit 42 Road, Prakanong, Klongtoey, Bangkok 10110	49%

2.2. Changes in group structure during 2003

New investments

The acquisition of the full-color LED assets of Trans-Lux West took place in late March 2003 in the US. The activity was renamed Barco Media LLC and results have been incorporated into the income statement for the second, third and fourth quarter of 2003.

In China, Barco acquired 80% of Leyard Electronics Technology Co Ltd in the beginning of September 2003. Results have been incorporated into the income statement from September onwards.

Disposed investments

In July 2003, Barco sold the Machine Vision Business Unit, a part of the BarcoVision division, to BEST. The Machine Vision Business Unit was excluded from the Barco consolidation from the first of July onwards. The disposed business unit included the entities Barco Elbicon n.v., Elbicon Industries n.v. and Pulsar Industrial Research BV.

On 30 December 2003, Barco reached an agreement to sell the dotrix activity to Agfa-Gevaert. Since the agreement is for the sale of assets, the entities dotrix n.v. and dotrix Inc are consolidated companies at year-end. Both entities will be liquidated during 2004.

3. Segment reporting

3.1. Basis of segment reporting

Segment reporting is based on two reporting formats.

Primary reporting format presents the organizational structure with following divisions:

- BarcoProjection (3.2.)
- BarcoView (3.3.)
- BarcoVision (3.4.)
- Barco Manufacturing Services (3.5.)

The activities in each of the divisions are described in “Organizational structure 2004” on page 7 of this report. From 1 January 2004 onwards, BarcoProjection is split into Barco Media & Entertainment, Barco Presentation & Simulation and Barco Control Rooms. Until 2003 BarcoProjection is one division including the activities of the 3 new divisions.
Intersegment sales are priced on arm’s length basis.

Results by division are commented on pages 74 to 85 of this report.
Reconciliation of division reporting with group reporting is made in 3.6.

Secondary reporting (3.7.) presents the geographical markets:

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

3.2. BarcoProjection

[in thousands of euro]

	2003		2002		Variance 2003-2002
Net sales	307,860	100.0%	334,122	100.0%	-26,262
- external sales	307,367	99.8%	333,964	100.0%	-26,597
- interdivision sales	493	0.2%	159	0.0%	334
Cost of goods sold	-172,365	-56.0%	-177,409	-53.1%	5,045
Gross profit	**135,495**	**44.0%**	**156,713**	**46.9%**	**-21,217**
Operating result before goodwill amortization and restructuring provision (EBITA)	**26,834**	**8.7%**	**37,970**	**11.4%**	**-11,136**
Goodwill amortization	-3,442	-1.1%	-3,015	-0.9%	-426
Restructuring provision					
Operating result	**23,392**	**7.6%**	**34,954**	**10.5%**	**-11,562**
Amortization capitalized development	15,290	5.0%	14,352	4.3%	939
Depreciation TFA and software	8,952	2.9%	9,940	3.0%	-988
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**51,076**	**16.6%**	**62,261**	**18.6%**	**-11,185**
Capitalized development	16,719	5.4%	17,214	5.2%	-495
Capital expenditures TFA and software	3,924	1.3%	8,451	2.5%	-4,527
Segment assets	242,423		227,527		
Segment liabilities	89,570		91,090		
Number of employees at year end	1,746		1,665		

3.3. BarcoView

[in thousands of euro]

	2003		2002		Variance 2003-2002
Net sales	211,894	100.0%	193,088	100.0%	18,806
- external sales	211,820	100.0%	192,874	99.9%	18,946
- interdivision sales	75	0%	215	0.1%	-140
Cost of goods sold	-112,911	-53.3%	-103,930	-53.8%	-8,980
Gross profit	**98,984**	**46.7%**	**89,158**	**46.2%**	**9,826**
Operating result before goodwill amortization and restructuring provision (EBITA)	**33,067**	**15.6%**	**22,654**	**11.7%**	**10,413**
Goodwill amortization	-2,042	-1.0%	-1,394	-0.7%	-648
Restructuring provision					
Operating result	**31,025**	**14.6%**	**21,259**	**11.0%**	**9,765**
Amortization capitalized development	14,414	6.8%	14,832	7.7%	-418
Depreciation TFA and software	4,173	2.0%	4,256	2.2%	-83
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**51,654**	**24.4%**	**41,741**	**21.6%**	**9,912**
Capitalized development	14,548	6.9%	12,572	6.5%	1,976
Capital expenditures TFA and software	12,456	5.9%	2,603	1.3%	9,853
Segment assets	142,535		160,218		
Segment liabilities	58,360		68,322		
Number of employees at year end	1,087		1,035		

3.4. BarcoVision

[in thousands of euro]	2003		2002		Variance 2003-2002
Net sales	75,522	100.0%	94,328	100.0%	-18,806
- external sales	75,508	100.0%	94,076	99.7%	-18,568
- interdivision sales	14	0.0%	252	0.3%	-238
Cost of goods sold	-42,348	-56.1%	-55,624	-59.0%	13,276
Gross profit	**33,174**	**43.9%**	**38,704**	**41.0%**	**-5,531**
Operating result before goodwill amortization and restructuring provision (EBITA)	**11,383**	**15.1%**	**11,738**	**12.4%**	**-356**
Goodwill amortization	-913	-1.2%	-1,321	-1.4%	408
Restructuring provision					
Operating result	**10,469**	**13.9%**	**10,417**	**11.0%**	**52**
Amortization capitalized development	5,029	6.7%	5,581	5.9%	-552
Depreciation TFA and software	1,759	2.3%	1,882	2.0%	-122
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**18,170**	**24.1%**	**19,201**	**20.4%**	**-1,030**
Capitalized development	4,840	6.4%	5,687	6.0%	-848
Capital expenditures TFA and software	600	0.8%	2,948	3.1%	-2,348
Segment assets	45,066		61,311		
Segment liabilities	18,504		23,342		
Number of employees at year end	449		555		

3.5. Barco Manufacturing Services

[in thousands of euro]	2003		2002		Variance 2003-2002
Net sales	64,473	100.0%	81,911	100.0%	-17,438
- external sales	29,484	45.7%	41,026	50.1%	-11,542
- interdivision sales	34,988	54.3%	40,885	49.9%	-5,897
Cost of goods sold	-56,437	-87.5%	-71,113	-86.8%	14,676
Gross profit	**8,036**	**12.5%**	**10,798**	**13.2%**	**-2,762**
Operating result before goodwill amortization and restructuring provision (EBITA)	**2,431**	**3.8%**	**3,665**	**4.5%**	**-1,234**
Goodwill amortization					
Restructuring provision	-2,535				
Operating result	**-104**	**-0.2%**	**3,665**	**4.5%**	**-3,769**
Amortization capitalized development					
Depreciation TFA and software	4,389	6.8%	5,041	6.2%	-653
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**6,820**	**10.6%**	**8,707**	**10.6%**	**-1,887**
Capitalized development					
Capital expenditures TFA and software	1,596	2.5%	3,463	4.2%	-1,868
Segment assets	30,619		42,367		
Segment liabilities	13,224		16,632		
Number of employees at year end	644		689		

3.6. Reconciliation of segment information with group information

[in thousands of euro]	2003	2002
External sales		
Total external sales segments	624,179	661,940
External sales dotrix	4,765	7,100
Net sales Group	628,944	669,040
Net Income		
Total operating results segments	64,782	70,296
Operating result dotrix	-4,624	-6,768
Interest income (expense) - net	1,540	1,264
Other non-operating income (expense) - net	-8,399	-29,068
Income taxes	-6,666	-18,059
Minority interest	-70	73
Net Income Group	46,564	17,740
Assets		
Total segment assets	460,643	491,422
Assets dotrix	354	5,065
Investments	1,723	5,050
Deferred tax assets	11,338	8,633
Deposits and cash at bank and in hand	133,416	122,529
Other non-allocated assets	15,533	19,644
Total assets	623,008	652,344
Liabilities		
Total segment liabilities	179,658	199,386
Liabilities dotrix	261	4,666
Equity	386,088	382,759
Minority interest	1,122	10
Long-term debts	17,235	13,275
Deferred tax liabilities	3,054	9,125
Current portion of long-term debts	2,412	1,472
Short-term debts	9,536	19,656
Other non-allocated liabilities	23,641	21,995
Total equity and liabilities	623,008	652,344
Number of employees at year end		
BarcoProjection	1,746	1,665
BarcoView	1,087	1,035
BarcoVision	449	555
Barco Manufacturing Services	644	689
dotrix		80
General Services	96	93
Total	4,022	4,117

3.7. Key data by region

[in thousands of euro]

	2003		2002		Variance 2003-2002
Net sales					
Europe - Middle East - Africa	325,727	51.8%	340,545	50.9%	-14,818
Americas	200,684	31.9%	219,322	32.8%	-18,638
Asia-Pacific	102,533	16.3%	109,173	16.3%	-6,640
Total	628,944	100.0%	669,040	100.0%	-40,096
Total assets					
Europe - Middle East - Africa	459,069	73.7%	474,933	72.8%	-15,864
Americas	94,043	15.1%	110,973	17.0%	-16,930
Asia-Pacific	50,433	8.1%	53,262	8.2%	-2,829
Group corrections	19,462	3.1%	13,176	2.0%	6,286
Total	623,008	100.0%	652,344	100.0%	-29,337
Capitalized development					
Europe - Middle East - Africa	31,340	86.8%	28,671	80.8%	2,669
Americas	4,766	13.2%	6,802	19.2%	-2,036
Asia-Pacific					
Total	36,106	100.0%	35,474	100.0%	633
Capital expenditure software and tangible fixed assets					
Europe - Middle East - Africa	14,523	75.6%	12,904	73.4%	1,619
Americas	3,076	16.0%	2,083	11.9%	992
Asia-Pacific	1,624	8.4%	2,588	14.7%	-964
Total	19,222	100.0%	17,575	100.0%	1,647

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

4. Net sales

2003	2002	%	
628,944	669,040	-6.0%	[in thousands of euro]

Sales were favourably affected by organic growth (1.6%) and new acquisitions (1.6%). There was a negative currency impact (-8.0%) and the negative influence of the disposal of the Machine Vision business unit (-1.2%).

Sales per division and per geographic region are disclosed in the section on “Segment reporting” (note 3), and in “Comments on the results” on pages 72-85 of this report.

5. Cost of goods sold

2003	2002	%	
351,082	372,536	-5.8%	[in thousands of euro]

Cost of goods sold includes direct selling costs, direct and indirect production costs, warranty costs and inventory write-offs.

Cost of goods sold remained stable when compared to sales: 55.8% in 2003 versus 55.7% in 2002.
Selling and production costs were comparable as a percentage of sales.
Warranty costs were higher in 2003 versus 2002 by euro 2,921K. These additional costs were provided for in 2002, which resulted in high provisions in 2002 that could be reversed in 2003 (see also note 7).
Cost of inventory obsolescence was lower in 2003 versus 2002, as a result of improved inventory control.

6. Research and development expenses

[in thousands of euro]	2003	2002	%
Research & development	69,724	71,485	-2.5%
Capitalized development	-36,106	-35,474	+1.8%
Amortization capitalized development	34,732	34,764	-0.1%
Research and development expenses	68,350	70,775	-3.4%

R&D expenses were at a comparable level in 2003 versus 2002. The decline of 2.5% is mainly caused by the negative currency impact of the USD.

7. Other operating income (expense) - net

[in thousands of euro]	2003	2002
Addition to (-)/ reversals of (+) provisions [1]	2,482	-4,252
Addition to (-)/ reversals of (+) year-end bonus provisions [2]	1,288	-2,346
Losses on bad debts (including write-offs and reversals of write-offs)	-1,604	-2,118
Exchange gains and losses [3]	-2,733	-5,266
Bank charges	-1,037	-798
Other financial results	355	-193
Investment grants	2,180	1,685
Operating subsidies	365	284
Gains on disposal of tangible fixed assets	211	144
Other operating income [4]	4,480	6,418
Losses on disposal of tangible fixed assets	-487	-842
Other operating expenses	-64	-109
Other operating income (expense) - net	5,436	-7,393

(1) In 2002 the additional provisions were caused by higher warranty provisions and higher provisions for the risk on buy-back agreements (see also note 29). In 2003 warranty provisions were reversed, which had a positive impact on "other operating income". The warranty cost itself is included in cost of goods sold (see also note 5).
(2) In 2002 higher bonus provisions were accrued than were paid out. In 2003 lower bonus provisions were accrued than were paid out.
(3) Exchange gains and losses were negative both in 2002 and 2003, because of the negative evolution of the USD. The result was less negative in 2003 because the outstanding position of unhedged net-receivables was lower.
(4) Other operating income mainly includes cost recovery and additional risk premiums that can be invoiced to customers participating in the vendor lease program as disclosed in note 29. Additional risk premiums were specifically high in 2002, but are compensated by the high provisions for the risk on buy-back agreements on the vendor lease program, as disclosed in (1).

8. Current revenues and expenses by nature

[in thousands of euro]	2003	2002
Sales	628,944	669,040
Material cost	-238,149	-257,403
Services and other costs	-93,502	-97,314
Personnel cost	-214,217	-216,768
Amortization capitalized development cost	-34,733	-34,764
Capitalized development cost	36,106	35,474
Depreciation tangible fixed assets and software	-19,616	-21,646
Write-offs/(reversals) on inventories	-1,388	-1,384
Write-offs/(reversals) on trade receivables	-1,564	-1,581
Provisions	2,401	-4,179
Other operating charges	-4,547	-7,026
Other financial charges/income	-1,630	-3,116
Other operating income	10,986	11,895
Interest income (expense) - net	1,540	1,264
Current income before taxes	70,631	72,493
Operating result before goodwill amortization and restructuring provision (EBITA)	69,091	71,228

9. Restructuring provision

[in thousands of euro]	2003	2002
Restructuring provision	-2,535	

A provision was set up in 2003 for the reorganization of the electronic assembly activities during 2004 and 2005. Part of these activities are still being carried out within the core Barco divisions BarcoProjection, BarcoView and BarcoVision. These activities will be centralized in the locations of Barco Manufacturing Services in Poperinge, Belgium, and Kladno, Czech Republic.
The provision mainly includes the social costs related to lay-offs.

10. Interest income (expense) - net

[in thousands of euro]	2003	2002
Interest income	2,439	3,201
Interest expenses	-899	-1,937
Interest income (expense) - net	1,540	1,264

11. Other non-operating income (expense) - net

Non-operating results include the results on the sale of the Graphics division and the Machine Vision business unit.

[in thousands of euro]	2003	2002
Esko-Graphics [(1)]	-13,835	-26,115
Mania-Barco and Mania Technologie [(2)]		-2,953
dotrix [(3)]	4,816	
Machine Vision [(4)]	620	
Non-operating income (expense) - net	-8,399	-29,068

(1) Result on Esko-Graphics in 2002 was related to the reduction of the share of Barco in Esko-Graphics from 49% to just under 20%. The result in 2003 is related to the total exit by Barco from Esko-Graphics. This transaction has a positive tax-effect of euro 8.5 mln through deferred tax assets resulting from the booking of the losses on the operation. The impact of Esko-Graphics on the net-result of Barco is euro -5.3 mln.
(2) The outstanding investments in and loans to Mania-Barco and Mania Technologie have a net-book value of euro 1,792,000. This amount remained unchanged during 2003.
(3) The sale of the dotrix activity to Agfa-Gevaert resulted in a positive non-operating result of euro 4,816,000 in 2003.
(4) The sale of the Machine Vision business unit to BEST has a marginally positive effect on the non-operating result in 2003.

12. Income taxes

[in thousands of euro]	2003	2002
Current versus deferred income taxes		
Current income taxes	-14,856	-15,983
Deferred income taxes	8,190	-2,076
Income taxes	-6,666	-18,059
Income taxes versus income before taxes		
Current income before taxes	70,631	72,492
Taxes related to current income before taxes [(1)]	-16,049	-18,059
	22.7%	24.9%
Goodwill amortization	-6,397	-7,699
Taxes related to goodwill amortization		
	0.0%	0.0%

	2003	2002
Restructuring provision	-2,535	
Taxes related to restructuring provision	861	
	34.0%	
Other non-operating income and expenses	-8,399	-29,068
Taxes related to other non-operating income and expenses (2)	8,522	
	101.5%	0.0%
Income before taxes	53,300	35,725
Income taxes	-6,666	-18,059
	12.5%	50.6%

1) Taxes related to current income before taxes

Current income before taxes	70,631	72,492
Theoretical tax rate	34.0%	37.0%
Theoretical taxes related to current income before taxes	-24,000	-26,849
Non-deductible items	-1,104	-1,276
Special tax status	6,030	8,188
Investment allowances	1,868	2,330
Use of deferred tax assets, not recognized in prior years	1,721	1,519
Deferred tax assets, not recognized in current year	-261	-1,970
Tax adjustments related to prior periods	-303	
Reported taxes related to current income before taxes	-16,049	-18,059

Theoretical tax rate decreased as a result of a reduction of tax rate in Belgium from 40.17% to 33.99%.

2) Taxes related to other non-operating income and expenses

The positive tax-effect of euro 8,522K is the result of deferred tax assets, which are recognized on the agreed liquidation of Afviklingsselskabet A/S (formerly Esko-Graphics A/S) after the transfer of its business to a new holding company.

13. Earnings per share

[in thousands of euro]	2003	2002
Basic earnings per share		
Net income attributable to shareholders	46,564	17,740
Weighted average of shares	12,365,002	12,412,031
Basic earnings per share	3.77	1.43
Diluted earnings per share		
Net income attributable to shareholders	46,564	17,740
Weighted average of shares (diluted)	13,160,628	13,172,379
Basic earnings per share	3.54	1.35

The difference between the weighted average of shares and weighted average of shares (diluted) is due to exercisable options and debt linked derivatives. The company has issued share options to its employees and non-executive directors. These option plans are not recognized in the balance sheet and income statement. For more detailed information concerning the exercisable options and debt linked derivatives, please refer to pages 88-89 of this annual report.

14. Goodwill

[in thousands of euro]	2003	2002
At cost		
At 1 January	113,042	238,216
Expenditure	7,982	10,544
Sales and disposals	-24,951	-135,718
At 31 December	96,072	113,042
Amortization		
At 1 January	82,503	210,522
Amortization	6,397	5,565
Impairment losses		2,134
Sales and disposals	-24,951	-135,718
At 31 December	63,949	82,503
Carrying amount		
At 1 January	30,538	27,694
At 31 December	32,123	30,538

The main increase in goodwill in 2003 relates to the acquisitions of the assets of Barco Media LLC, former division of Trans-Lux West (USA) and Chinese Leyard Electronics Technology Co Ltd.
Sales and disposals relate to the Machine Vision business unit and dotrix division. Goodwill on Machine Vision and dotrix was impaired and fully amortized in 2001 and 2002.

15. Intangible assets

[in thousands of euro]	2003 Capitalized development	2003 Other intangible assets	2003 Total	2002 Total
At cost				
At 1 January	111,599	9,009	120,608	142,146
Expenditure	36,106	660	36,766	36,204
Sales and disposals	-4,639	-238	-4,877	-21,233
Acquisition of subsidiary		145	145	1,789
Disposal of subsidiary	-3,298	-197	-3,495	-36,509
Translation (losses)/gains	-2,985	-270	-3,255	-1,789
At 31 December	136,783	9,108	145,892	120,608
Amortization				
At 1 January	56,678	7,085	63,764	75,456
Amortization	34,733	1,085	35,818	35,993
Sales and disposals	-4,639	-238	-4,877	-21,233
Acquisition of subsidiary				1,102
Disposal of subsidiary	-2,094	-145	-2,239	-26,300
Translation (losses)/gains	-1,352	-243	-1,595	-1,255
At 31 December	83,326	7,544	90,871	63,764
Carrying amount				
At 1 January	54,921	1,923	56,844	66,689
At 31 December	53,458	1,564	55,021	56,844

16. Property, plant and equipment

[in thousands of euro]	2003 Land and buildings	2003 Plant, machinery and equipment	2003 Furniture, office equipment and vehicles	2003 Leasing and other similar rights	2003 Other property, plant and equipment	2003 Assets under construction	2003 Total	2002 Total
At cost								
At 1 January	84,557	140,151	48,307	306	4,768	456	278,545	330,148
Expenditure	87	3,883	3,577	48	729	10,237	18,561	16,845
Sales and disposals	-381	-23,823	-6,839	-134	-842		-32,019	-15,694
Acquisition of subsidiary	6,482	326	1,822		30		8,660	3,143
Disposal of subsidiary	-1,433	-2,476	-2,298	-25			-6,232	-50,823
Transfers	159	204	20		73	-456		
Translation (losses)/gains	-3,236	-1,447	-1,977	24	-351	-3	-6,990	-5,074
At 31 December	86,235	116,818	42,612	219	4,407	10,234	260,525	278,545

Depreciation								
At 1 January	26,407	108,057	39,387	145	3,427		177,423	205,052
Depreciation	3,440	10,047	4,305	42	697		18,531	20,419
Sales and disposals	-162	-23,454	-6,462	-65	-835		-30,978	-14,996
Acquisition of subsidiary								1,336
Disposal of subsidiary	-898	-2,388	-2,160	-25			-5,471	-31,628
Transfers								
Translation (losses)/gains	-460	-1,131	-1,077	8	-240		-2,900	-2,760
At 31 December	28,327	91,131	33,993	105	3,049		156,605	177,423
Carrying amount								
At 1 January	58,150	32,094	8,920	161	1,341	456	101,122	125,096
At 31 December	57,908	25,687	8,619	114	1,358	10,234	103,920	101,122

Main capital expenditures in 2003 relate to the new buildings under construction for BarcoView in Belgium (Kortrijk) and in the United States (Duluth). Other increases are caused by the first consolidation of the new acquisitions Barco Leyard (China) and Barco Media LLC (USA).

17. Investments - Other non-current assets

[in thousands of euro]	2003	2002
Investments		
Mania-Technologie AG, Germany	925	925
ManiaBarco GmbH, Germany	455	455
Innovatie- en Incubatiecentrum Kortrijk NV, Belgium	124	124
Topgraph SA, France	77	77
Flabel SA, Belgium	74	74
NV Bedrijvencentrum Regio Kortrijk, Belgium	45	45
IGE BA, Switzerland	13	14
Expo Kortrijk, Belgium	10	
Esko-Graphics A/S, Denmark		3,288
Bedrijvencentrum Zaventem, Belgium		2
Bedrijvencentrum Leuven, Belgium		2
SIS, Japan		44
Investments	1,723	5,050
Other non-current assets		
Amounts receivable on Esko-Graphics A/S, Denmark		10,350
Amounts receivable on Mania-Barco GmbH	417	417
Cash guarantees/deposits	3,203	3,398
Other amounts receivable on more than one year	25	444
Other non-current assets	3,645	14,609

Investments in and amounts receivable from Esko-Graphics A/S, Denmark, are completely impaired, as disclosed in note 11 on the non-operating results.

18. Deferred tax assets - deferred tax liabilities

[in thousands of euro]	Assets 2003	Assets 2002	Liabilities 2003	Liabilities 2002	Net 2003	Net 2002
Capitalized development cost			8,518	8,822	-8,518	-8,822
Patents, licenses, ...	1,291	1,540	18		1,273	1,540
Tangible fixed assets and software	954	797	7,499	8,344	-6,545	-7,547
Other investments	8,600				8,600	
Inventory	7,653	8,794	1,900	2,421	5,753	6,373
Trade debtors	942	999	308	292	634	707
Provisions	2,713	2,526	866	821	1,846	1,705
Employee benefits	2,682	2,901			2,682	2,901
Deferred revenue	857	854			857	854
Other items	160	247	241	531	-81	-284
Tax value of loss carry forwards utilized	850	610			850	610
Tax value of tax credits utilized	934	1,472			934	1,472
Gross tax assets/(liabilities)	27,636	20,739	19,351	21,231	8,284	-492
Set off of tax	16,298	12,106	16,298	12,106		
Net tax assets/(liabilities)	11,338	8,633	3,054	9,125	8,284	-492

Net deferred tax assets/(liabilities) increased by euro 8,776K. Deferred taxes in the income statement amount to euro 8,190K. The difference is mainly due to translation differences.

Temporary differences for which no deferred tax asset is recognized:
Tax losses carried forward and other temporary differences on which no deferred tax asset is recognized amount to euro 6,539K (2002: euro 18,134K). Decrease during 2003 is caused by the sale of Machine Vision and dotrix. Deferred tax assets have not been recognized on these items because it is not probable that future taxable profit will be available against which the benefits can be utilized.

19. Inventory

[in thousands of euro]	2003	2002
Raw materials and consumables	76,447	81,482
Work in progress	34,351	47,453
Finished goods	52,746	48,405
Advance payments		27
Contracts in progress	5,999	7,905
Amounts written-off inventory	-66,192	-67,277
Inventory	103,351	117,995

Contracts in progress at 31 December 2003, include a recognized profit of euro 257K (31 Dec 2002: euro 283K), based on the percentage of completion method, where contract revenue and the stage of completion are determined on specified milestones in the contract, and actual versus projected labour hours.

20. Amounts receivable

[in thousands of euro]	2003	2002
Trade debtors (accounts receivable) - gross	153,392	165,311
Trade debtors (accounts receivable) - amounts written down	-6,906	-6,814
Trade debtors (accounts receivable) - net	149,486	158,497
V.A.T. receivable	4,595	8,820
Taxes receivable	8,425	14,567
Interest rate swap (note 30)	213	
Currency rate swap (note 30)	693	269
Other	11,925	8,189
Other amounts receivable	25,851	31,845

Other amounts receivable on 31 December 2003, include a receivable on Agfa-Gevaert, as a result of the sale of the dotrix division.

21. Deposits and cash at bank and in hand

[in thousands of euro]	2003	2002
Deposits (1)	78,235	69,389
Cash at bank (2)	55,073	52,996
Cash in hand	108	145
Deposits and cash at bank and in hand	133,416	122,529

(1) Deposits have an original term of less than one year. On 31 December 2003, deposits include:

- deposits in EUR, with an average rate of 2.34%	73,952
- deposits in GBP, with an average rate of 3.79%	2,055
- deposits in CHF with an average rate of 0.45%	2,228
	78,235

Deposits are held to maturity. Due to the nature of the products, differences between cost and fair value are minimal.

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

- EUR 35%
- USD 28%
- CHF 13%
- GBP 6%
- other 17%

22. Prepaid expenses and accrued income

[in thousands of euro]	2003	2002
Prepaid expenses	3,012	4,605
Accrued income	119	75
Prepaid expenses and accrued income	3,131	4,680

23. Equity

[in thousands of euro]	2003	2002
Share capital (1)	53,073	53,065
Share premium (1)	120,552	120,471
Retained earnings (2)	239,931	217,198
Cumulative translation adjustment (3)	-22,234	-7,471
Interest rate swap (4)	-443	-693
Convertible bond	188	188
Acquired own shares (5)	-4,978	
Equity	386,088	382,759

Detailed information about the share is included on pages 88 and 89 of this report. The statement of changes in shareholders' equity is included on page 103.
(1) Share capital and share premium increased as a result of the conversion of 1,871 warrants into shares on 27 June 2003, with a conversion price of 47.55 euro per share. As a result of this conversion, the total number of shares outstanding increased from 12,412,031 to 12,413,902. All shares are fully paid.
(2) Change in retained earnings is caused by net income of 2003 and the dividend declaration by the general assembly of shareholders in 2003. According to IFRS-rules, the dividend that will be declared in May 2004 with respect to the year 2003, is still included in retained earnings on 31 December 2003. The board of directors will propose to the General Assembly a dividend of euro 2 per share, representing an aggregate amount of euro 24,828K.
(3) Negative evolution in translation adjustment is the result of the strong euro, in comparison with the currencies of some foreign group companies, mainly US companies.
(4) Derivative financial instruments, including interest rate swaps, are disclosed in note 30.
(5) During 2003, Barco acquired 95,928 own shares for an amount of euro 4,978K.

24. Minority interest

[in thousands of euro]	2003	2002
Balance on 1 January	11	83
Share of minority shareholders in net profit	70	-73
First consolidation	1,200	
Decrease/(increase) in ownership		
Translation gains/(losses)	-159	1
Balance on 31 December	1,122	11

Most important part of the balance on 31 December 2003, is the 20% minority interest in the new participations Barco Leyard Beijing and Barco Leyard Hongkong.

25. Long-term debts

31 December 2003 [in thousands of euro]	Payable in 2004	Payable in 2005	Payable in 2006	Payable in 2007	Payable in 2008	Payable later	Total
Financial debts	952	6,253	1,009	253	280	9,439	18,188
Other debts	1,460	850	164	105	105	105	2,789
Total	2,412	7,103	1,173	358	385	9,544	20,976

Analysis of long-term financial debts as to currencies:

- EUR	6,008
- CHF	1,412
- USD	10,530
- AUD	125
- KRW	112
Total	18,188

Analysis of long-term financial debts as to interest rate:

- fixed (average 7.21%)	6,016
- variable swapped into fixed (average 4.29%)	5,921
- variable	6,250
Total	18,188

Long-term debts are valued at amortized cost, which approximates fair value.
The other debts relate to governmental loans and amounts payable to former shareholders of acquired companies.

26. Short-term debts

[in thousands of euro]	2003	2002
Short-term debts	9,536	19,656

Analysis of short-term financial debts on 31 December 2003:

- Japanese Yen, variable interest rate	4,443
- Hong-Kong dollar, variable interest rate	3,627
- other	1,466
Total	9,536

For short-term debts, the carrying amount reported in the balance sheet approximates fair value, considering their short maturity.

27. Other current liabilities

[in thousands of euro]	2003	2002
Dividends payable	1,773	1,565
Interest rate swap (note 30)	491	693
Other liabilities	7,032	4,325
Other current liabilities	9,296	6,583

Other liabilities on 31 December 2003, include amounts payable to the former shareholders of Leyard, which causes the increase versus 31 December 2002.

28. Accrued charges and deferred income

[in thousands of euro]	2003	2002
Investment grants	4,212	3,144
Accrued charges	4,516	6,178
Deferred income	7,298	13,386
Accrued charges and deferred income	16,025	22,708

Deferred income on 31 December 2002, was extraordinary high, because at the end of 2002 Barco received components free of charge from a supplier, in order to deliver them free of charge to customers as warranty replacement. These components were included in inventory on assets side, and deferred income on liabilities side.

29. Provisions

[in thousands of euro]	2003	2002
Pension obligations (1)	4,206	3,500
Technical warranty (2)	16,594	19,446
Restructuring provision (3)	2,535	
Risk on buy-back agreements (4)	3,154	2,407
Risk on contracts in progress	709	989
Risk on disposed activities	1,450	1,421
Environmental risk	3,174	3,174
Social claims and severance payments	1,527	1,193
Other claims and risks	7,244	7,939
Provisions	40,593	40,069

(1) In general, pension plans at Barco are defined contribution plans. Obligations for these plans are recognized as an expense in the income statement as incurred. Expenses for these plans amount to euro 8,377K in 2003 (euro 9,951K in 2002). In some specific cases a pension plan includes a defined benefit obligation. According to IAS 19, provisions are set up in these situations:

- early retirement plans in Belgium	1,581
- local legal requirements (mainly France, Japan, Korea and Italy)	1,476
- a small number of individual plans which existed before the employee joined Barco	1,149

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

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

(3) Restructuring provision includes the provision for Barco Manufacturing Services as disclosed in note 9.

(4) Barco offers a vendor-lease program with the obligation to take back sold goods, in case of insolvency of the client. A provision is set up for this risk. Total possible value of the obligation to take back sold goods is euro 28.3 mln. Average remaining duration of these contracts is 19 months.

For the main classes of provision the timing of the resulting outflow of economic benefits is expected on a short term basis. Provisions made in 2003 amount to approximately euro 31,362K, provisions used amount to approximately euro 30,838K. No important provisions are reversed without use.

30. Derivative financial instruments

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

Foreign currency risk

Recognized assets and liabilities

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

Forward exchange contracts and option contracts are used to manage the currency risk arising from recognized receivables and payables, which are not naturally hedged. This is particularly the case for the US dollar, for which receivables are systematically higher than payables.

No hedge accounting is applied to these contracts. The balances on foreign currency receivables and payables are valued at the rates of exchange prevailing at the end of the accounting period. Derivative financial instruments that are used to reduce the exposure of these balances, are rated in the balance sheet at fair value. Both changes in foreign currency balances and in fair value of derivative financial instruments are recognized in the income statement.

Forecasted transactions

During 2003, Barco did not have designated forward or option contracts as cash flow hedges of its foreign currency exposure related to forecasted sales. In January 2004, Barco started to designate forward contracts. The portion of the gain or loss on the hedging instrument that will be determined as an effective hedge, will be recognized directly in equity.

Interest rate risk

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

<u>Swaps on outstanding loans</u>
1°) an outstanding loan of CHF 2,200K (= euro 1,412K) with variable interest swapped into fixed 4.00%;
2°) an outstanding loan of USD 5,695K (= euro 4,509K) with variable interest swapped into fixed 4.38%.
These hedging instruments are treated as cash flow hedges, and gains or losses are recognized directly into equity.

<u>Cap/Floor on loan agreement</u>
Barco entered into an agreement to borrow euro 15,000K, in order to finance the new BarcoView building in Kortrijk. At the end of 2003, this loan was not yet activated. The variability of this interest rate is limited between 2% and 5% by a cap/floor agreement from 1 April 2004 onwards, date on which the loan will be taken up. The cap/floor on loan agreement doesn’t meet the hedging requirements of IAS 39 and is therefore treated as a financial instrument held for trading. It is valued at fair value and changes in fair value are recognized in the income statement.

Credit risk

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

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

31. Operating leases

[in thousands of euro]	2003	2002
Non-cancellable operating leases are payable as follows:		
Less than one year	4,952	5,368
Between one and five years	8,853	10,021
More than five years	74	951
Total	13,879	16,340

Non-cancellable operating leases mainly relate to leases of factory facilities, warehouses and sales offices. During the current year, euro 5,365K was recognized as an expense in the income statement in respect of operating leases of factory facilities, warehouses and sales offices (2002: euro 5,815K).

32. Rights and commitments not reflected in the balance sheet

[in thousands of euro]	2003	2002
Guarantees given to third parties (1)	14,142	14,401
Mortgage obligations given as security (2)		
- book value of the relevant assets	12,993	14,994
- total of the mortgage	15,981	15,981

The above amounts represent the maximum exposure.
(1) Guarantees given to third parties mainly relate to guarantees given to customers for ongoing projects, and to authorities for commitments related to VAT, duties, etc.
(2) There are outstanding debts guaranteed by the mortgage obligations for an amount of euro 136K.

33. Related party transactions

In 2003 euro 504K was paid to HRV n.v. for strategic advice to the company, in execution of the board's 2002 decision. Gimv received euro 518K for advice given to Barco.
For more information, please refer to the "Corporate governance" section on page 55 of this annual report.

34. Cash-flow statements: effect of acquisitions and disposals

[in thousands of euro]	2003 acquisitions	2003 disposals
Non-current assets	8,660	-2,074
Capitalized development cost		-1,203
Tangible fixed assets and software	8,660	-866
Other investments		-5
Current assets	1,058	-7,342
Inventory	552	-7,309
Trade debtors	490	-5,220
Other receivables	16	-5,187
Foreign exchange adjustments		-36
Minority interest	1,200	
Non-current liabilities	3,814	
Long-term debts, interest-bearing liabilities	3,814	
Current liabilities	1,194	-8,923
Trade payables	1,194	-5,503
Other payables		-3,420
Net-identifiable assets and liabilities	3,510	-493
Non-operating profit (losses) on disposals		5,436
Goodwill on acquisition	7,982	
Disposal of group companies		5,893
Acquired cash	3,486	
Acquisition of group companies	-14,978	

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are carried in terms of historical cost using the exchange rate at the date of the acquisition. Acquisitions and disposals of group companies have a negative influence on EBITA in 2003 versus 2002 of euro 2,067K. This is mainly caused by sales and marketing efforts at Barco Media LLC during 2003.

35. Events subsequent to the balance sheet date

On 6 January 2004, Barco acquired Folsom Research Inc, based in Sacramento, California. Folsom is a company with USD 16.5 million sales, active mainly in the Events market.

36. Recent IFRS accounting pronouncements

In December 2003, the International Accounting Standards Board issued 'Improvements to International Accounting Standards' and the revised standards on financial instruments IAS 32 'Financial instruments: Disclosure and Presentation' and IAS 39 'Financial instruments: Recognition and Measurement'. Barco does not opt for application as of 31 December 2003 and is investigating the impact of adoption of the revised standards in the course of 2004.

Auditor's report

on the consolidated financial statements of Barco n.v. for the year ended 31 December 2003 to the shareholders' meeting

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

We have audited the consolidated financial statements of Barco n.v. (hereafter "the Company") as of and for the year ended 31 December 2003, which have been prepared in accordance with International Financial Reporting Standards under the responsibility of the board of directors and which show a balance sheet total of euro 623.008K and a consolidated net income for the year of euro 46.634K. 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 Belgian institute of company auditors ("Institut des Reviseurs 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 accordance with those standards, we considered the group's administrative and accounting organization, as well as its internal control procedures. We have obtained the 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 used, the basis of consolidation and significant accounting estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements present fairly the Company's consolidated group's assets, liabilities and financial position as of 31 December 2003 and the results of its operations for the year then ended, in accordance with International Financial Reporting Standards.

Other certification and information

We supplement our report with the following certification and information that do not modify our audit opinion on the consolidated financial statements:

- The Company obtained on 29 April 2003 the authorization of the Banking, Finance and Insurance Commission to issue consolidated financial statements in accordance with International Financial Reporting Standards;
- The consolidated directors' report contains the information required by law and is consistent with the consolidated financial statements;
- We reported separately on the consolidated financial statements of the Company for the year ended as of 31 December 2002 prepared in accordance with accounting and reporting laws and regulations applicable in Belgium. The significant differences between International Financial Reporting Standards and accounting and reporting laws and regulations applicable in Belgium in so far as concerns net income and net equity are summarized in note 1.2. to the consolidated financial statements.

Brussels, 16 April 2004

Ernst & Young Reviseurs d'Entreprises
S.C.C. (B 160)
represented by

Ludo Swolfs	Marc Van Hoecke
Partner	Partner

Barco n.v.

Summary version of statutory accounts Barco n.v.

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

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

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

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Barco n.v. for the year that ended 31 December 2003 give a true and fair view of the financial position and results of the company in accordance with all legal and regulatory dispositions.

Balance sheet after appropriation

ASSETS [in thousands of euro]	2003	2002
FIXED ASSETS	**428,529**	**427,829**
II. Intangible fixed assets	29,229	26,625
III. Tangible fixed assets	35,291	32,620
A. Land and buildings	16,580	18,531
B. Plant, machinery and equipment	8,869	12,007
C. Furniture and vehicles	1,487	1,461
E. Other tangible fixed assets	101	254
F. Assets under construction and advance payments	8,254	367
IV. Financial fixed assets	364,009	368,584
A. Affiliated enterprises	360,408	351,968
1. Investments	360,408	351,968
2. Amounts receivable		
B. Other enterprises linked by participating interests	2,496	15,569
1. Investments	1,454	4,742
2. Amounts receivable	1,042	10,827
C. Other financial fixed assets	1,105	1,047
1. Shares	179	170
2. Amounts receivable and cash guarantees	926	877
CURRENT ASSETS	**186,355**	**206,229**
VI. Stocks and contracts in progress	59,847	68,073
A. Stocks	59,540	67,502
1. Raw materials and consumables	30,174	28,660
2. Work in process	16,230	25,105
3. Finished goods	13,136	13,737
B. Contracts in progress	307	571
VII. Amounts receivable within one year	120,336	127,230
A. Trade debtors	102,150	108,727
B. Other amounts receivable	18,186	18,503
VIII. Investments	4,979	
A. Own shares	4,979	
IX. Cash at bank and in hand	76	10,059
X. Deferred charges and accrued income	1,117	867
TOTAL ASSETS	**614,884**	**634,058**

LIABILITIES [in thousands of euro]

	2003	2002
CAPITAL AND RESERVES	**197,915**	**209,088**
I. Capital	53,073	53,065
A. Issued capital	53,073	53,065
II. Share premium account	120,552	120,471
III. Revaluation surplus	63	63
IV. Reserves	11,261	6,296
A. Legal reserve	6,182	6,182
B. Reserves not available for distribution	4,979	
1. In respect of own shares held	4,979	
C. Untaxed reserves	100	114
V. Accumulated profits	10,538	27,845
VI. Investment grants	2,428	1,348
PROVISIONS AND DEFERRED TAXES	**27,339**	**22,502**
VII. A. Provisions for liabilities and charges	26,053	21,922
1. Pensions and similar obligations	1,390	1,220
3. Major repairs and maintenance	2,215	2,202
4. Other liabilities and charges	22,448	18,500
B. Deferred taxes	1,286	580
CREDITORS	**389,630**	**402,468**
VIII. Amounts payable after one year	104,937	130,437
A. Financial debts	104,412	129,912
2. Bonds	5,892	5,892
4. Credit institutions	98,520	124,020
D. Other amounts payable	525	525
IX. Amounts payable within one year	281,427	263,753
A. Current portion of amounts payable after one year	34,531	39,323
B. Financial debts	132,390	
1. Credit institutions	132,390	
C. Trade debts	53,778	54,977
1. Suppliers	53,752	54,951
2. Bills of exchange payable	26	26
D. Advances received on contracts in progress	10,952	8,138
E. Taxes, remuneration and social security	22,136	22,359
1. Taxes	5,969	5,826
2. Remuneration and social security	16,167	16,533
F. Other amounts payable	27,640	138,956
X. Accrued charges and deferred income	3,266	8,278
TOTAL LIABILITIES	**614,884**	**634,058**

Income statement

[in thousands of euro]

		2003	2002
I.	**Operating income**	**449,373**	**489,956**
A.	Sales	423,804	455,250
B.	Increase (+), decrease (-) in stocks of finished goods, work in process and contracts in progress	-9,520	3,769
C.	Fixed assets - own construction	24,876	22,802
D.	Other operating income	10,213	8,135
II.	**Operating charges (-)**	**-411,212**	**-460,052**
A.	Raw materials, consumables and goods for resale	226,289	255,561
	1. Purchases	226,945	233,567
	2. Increase (-), decrease (+) in stocks	-656	21,994
B.	Services and other goods	60,686	63,725
C.	Remuneration, social security costs and pensions	94,635	94,735
D.	Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	30,755	37,443
E.	Increase (+), decrease (-) in amounts written off on stocks, contracts in progress and trade debtors	-514	-563
F.	Increase (+), decrease (-) in provisions for liabilities and charges	-1,056	6,416
G.	Other operating charges	417	2,735
III.	**Operating profit (+)**	**38,161**	**29,904**
IV.	**Financial income**	**14,803**	**11,918**
A.	Income from financial fixed assets	4,925	5,291
B.	Income from current assets	2	9
C.	Other financial income	9,876	6,618
V.	**Financial charges (-)**	**-22,473**	**-24,047**
A.	Interest and other debt charges	10,533	13,787
C.	Other financial charges	11,940	10,260
VI.	**Profit on ordinary activities before income taxes (+)**	**30,491**	**17,775**

[in thousands of euro]	2003	2002
VII. Extraordinary income	6,957	45,924
B. Write-back of amounts written off financial fixed assets		7,067
C. Write-back of provisions for extraordinary liabilities and charges	500	5,615
D. Gain on disposal of fixed assets	6,457	33,242
VIII. Extraordinary charges	-22,566	-64,620
B. Amounts written off on financial fixed assets	16,865	24,147
C. Provisions for extraordinary risks and charges	5,701	
D. Losses on disposal of fixed assets		40,473
IX. Profit for the year before income taxes (+)	14,882	
Loss for the year before income taxes (-)		-921
IX bis. A. Transfer from deferred taxes (+)	34	35
X. Income taxes	-2,416	-1,760
A. Income taxes	-2,417	-3,162
B. Adjustment of income taxes and write-back of tax provisions	1	1,402
XI. Profit for the year	12,500	
Loss for the year		-2,646
XIII. Profit for the year for appropriation	12,500	
Loss for the year available for appropriation		-2,646

Appropriation account

[in thousands of euro]	2003	2002
A. Profit to be appropriated	40,345	51,676
1. Profit for the year for appropriation	12,500	
Loss for the year available for appropriation (-)		-2,646
2. Profit brought forward	27,845	54,322
C. Transfers to capital and reserves	-4,979	
3. to other reserves	4,979	
D. Result to be carried forward		
1. Profit to be carried forward (-)	-10,538	-27,845
F. Distribution of profit (-)	-24,828	-23,831
1. Dividend	24,828	23,831

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