

Alfacam Group

**Company incorporated under Belgian law
Registered office : Fabriekstraat 38 in B-2547 Lint**

OFFERING TO SUBSCRIBE FOR UP TO EUR 20 MILLION IN NEW SHARES OFFERING TO SELL UP TO EUR 15 MILLION IN EXISTING SHARES

The Offering is a public offering in Belgium and a private placement to institutional investors in Belgium and certain other countries within the European Economic Area and in Switzerland.

The Joint Lead Managers will be granted a Greenshoe-option up to 15% of the Offering for the sole purpose of covering possible over-allotments. The Greenshoe-option shall be exercisable as of the Listing Date until 30 days thereafter and will consist of Additional Shares.

WARNING

The Offering and the distribution of this Prospectus are subject to certain restrictions, set forth in the chapter "Disclaimers and notices".
Investing in the Shares involves substantial risks. Investors should carefully read the risks set forth in the chapter "Risk Factors".

LISTING OF ALL SHARES ON EUROLIST BY EURONEXT BRUSSELS

Joint Lead Managers



Selling Agents



April 2007

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SUMMARY

This summary must be read as an introduction to the Prospectus. It contains selected information about Alfacam Group and the Offer. This summary must be read together with, and is fully qualified by the more detailed information, combined accounts and explanatory notes that appear elsewhere in this Prospectus. It must also be read together with the information provided in the "Risk Factors" section. Any decision to invest in the Offered Shares must be based on the Prospectus in its entirety. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the applicable legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Nobody can be held liable under civil law merely on the basis of the summary or translation thereof, unless the content is misleading, inaccurate or inconsistent when read with other parts of this Prospectus.

Summary of the activities

The Group's activities are grouped into 4 business segments, i.e. the Alfacam Multi-Camera TV Services Segment, the Eurolinx Wireless TV Services Segment, the Eurocam Media Center Segment and the Euro1080 Content Segment.

- **Multi-Camera TV Services**

Alfacam and its German and French subsidiaries provide television services to broadcasting corporations, production houses and various organisations. As at the end of 2006, the Group owned 19 vans, including 14 OB vans equipped with the latest cameras for HDTV (high definition television), 1 standard definition recording van, 2 audio vans and 2 satellite vans. Alfacam specialises in recording international sporting events, including the Olympic Games, football's World Cup and European championships and concerts by internationally renowned artists, such as Robbie Williams and Madonna. Alfacam also hires out OB vans, recording apparatus and peripheral equipment and builds OB vans for its own use and for third parties.

- **Wireless TV Services**

The Group's wireless activities, in both standard digital TV and HDTV, were combined in **Eurolinx** at the start of 2007. Wireless transmission is used, for example, in cycling/car racing and athletics competitions. These wireless broadcasts were previously produced by Alfacam. Incorporating these activities into a separate company strengthens the commercial position. The fact that Eurolinx can be regarded as "independent", makes it easier for Alfacam's competitors to make use of its services. In fact, some of Alfacam's competitors can become important customers for Eurolinx.

- **Eurocam Media Center**

The lease of the building and studios was placed with the **Eurocam Media Center**. The media Center, which operates under the name Eurocam Media Center, is not a separate legal entity.

- **Content**

Broadcasting and server-related activities, such as HDTV image archive management, play-out (final editing) and the conversion of analogue to digital recordings, are combined in **Euro1080**. Euro1080 was the first television company in Europe to introduce HDTV broadcasts.

Corporate governance

As of the Closing Date, the Company's board of directors will consist of 6 members: 2 executive directors, 1 non-executive director, and 3 independent directors.

The Company's auditor is "Deloitte Bedrijfsrevisoren CVBA", represented by Mr. Frank Verhaegen and Mr. Gert Vanhees.

Alfacam Group has adopted a corporate governance charter that is conform to the recommendations that are described in the Belgian Corporate Governance Code, published on 9 November 2004 by the Belgian Commission on Corporate Governance, and this charter shall enter into force on the Closing Date. The

Company's board of directors intends to apply the Belgian Corporate Governance Code, but is, nonetheless, of the opinion that certain deviations from its provisions are justified on the ground of the Company's specific situation. The Company's board of directors will review the corporate governance charter from time to time and make such changes as it deems necessary or appropriate.

Key information of the Offering

Offering	The Offering consists of a public offering in Belgium and a private placement with institutional investors in Belgium and in certain countries within the European Economic Area and Switzerland of the number of New Shares.
Greenshoe option	<p>The Greenshoe option granted to the Joint Lead Managers pertains to maximum 15% of the Offering and serves the sole purpose of providing coverage for any possible over-allotments. The Greenshoe option shall be exercisable as of the Listing Date of the Shares until 30 days thereafter. The maximum number of Shares that will make up the Greenshoe option shall be published in the financial press in Belgium prior to the opening of the Offering.</p> <p>The Shares that cover the Greenshoe option may be Existing Shares that are being lent to the Joint Lead Managers by the Selling Shareholder ("Over-allotment Option") or may be new shares that will be issued when exercising the over-allotment warrants that are allotted to the Joint Lead Managers ("Over-allotment warrants") by the Company. For further details, see section 3.5. "Greenshoe – Stabilisation".</p>
Offering Period	The period during which one can subscribe to the Offering. The Offering will begin on 7 May 2007 and will be closed on 23 May 2007, subject to early closing as of 11 May 2007 at 4:00 PM. The Offering Period shall, in any event, be open for at least 6 banking days as of the availability of this Prospectus. The Offering Period is the same for retail investors as for institutional investors.
Offering Price and allocation	<p>The price per Share that will be determined after closure of the book-building period. The Offering Price is in euro currency and is identical for all investors, both retail and institutional. The Offering Price will be determined within a price range on the basis of a book-building procedure in which only the institutional investors are allowed to participate. The Offering Price will under no circumstance exceed the upper-end of the price range. Following the closing of the Offering Period, the Joint Lead Managers will as soon as possible determine the Offering Price in accordance with the Company and the Selling Shareholder.</p> <p>The Offering Price will be published in the financial press in Belgium, in principle, on 25 May 2007, or on the first publication day following its determination.</p> <p>The allocation should take place on 24 May 2007 and will, in that case, also be published on 25 May 2007 in the financial press in Belgium.</p>

Payment, settlement and delivery of the Offered Shares	The payment and delivery of the Offered Shares will, in principle, take place on 30 May 2007, being the third banking day following the allocation. This date will be published in the financial press in Belgium at the same time as the publication of the Offering Price and of the result of the Offering. The Shares will only be delivered through the book-entry facilities of Euroclear Belgium – CIK, the central securities depositories in Belgium, in keeping with the procedures customary for the settlement of shares.
Closing Date	The Closing Date is the date on which the realisation of the capital increase associated with the Offering will be established by the Company's board of directors. The Closing Date is expected to be on or about 30 May 2007, being the third banking day following the allocation date subject to early closing. This date will be published in the financial press in Belgium together with the announcement of the Offering Price and the results of the Offering.
Lock up Agreement	The agreement signed by the Existing Shareholders whereby the latter engage themselves not to transfer any Shares for a period of at least six months as of the Listing Date (see section 3.6 "Lock up").
Use of proceeds	The Company shall receive the net proceeds from the Offered Shares, with the exception of the Existing Shares, which it intends to use in the first place for the reimbursement of the loan to GIMV, investments in Eurolinx (wireless operations) and in server-related operations that fall under the business segment Content (see further 2.4 "Reasons for the Offering and use of proceeds"). The Selling Shareholder shall receive the net proceeds of the Existing Shares sold in the Offering.
Costs and remuneration of the intermediaries	The aggregate costs of the Offering include legal, administrative and other costs, the remuneration of the CBFA, the costs of the legally required publications, cost of advisors, the management and selling fees and underwriting fees of the Joint Lead Managers, plus the fees payable to Euronext Brussels for the admission to the Listing. The entirety of the costs to be borne by the Company may be estimated at 5.71% of the Offering (see section 3.10 "Costs associated with the Offering").
Listing	An application has been made for the admission of the Shares to a listing on Eurolist by Euronext Brussels on an "if and when issued and delivered" basis. This conditional Listing is expected on or about 25 May 2007.
Listing Date	The date on which the Shares are expected to be traded for the first time on Eurolist by Euronext Brussels. It is expected that this date will be 25 May 2007.
Codes of the Shares	ISIN: BE0003868859 SVM Code: 3868.85 Euronext Symbol: ALFA

Key Dates

The following dates are scheduled dates presented under reserve of unforeseen circumstances and an earlier/later closure (possible at the earliest as of 11 May 2007):

4 May 2007	Publication date of the modalities of the Offering and start of the Offering Period.
23 May 2007	End of the Offering Period (subject to early closing as of 11 May 2007).
24 May 2007	Determination of the Offering Price and allocation criteria.
25 May 2007	Publication of the Offering Price, the results of the Offering, and the allocation of the Shares.
25 May 2007	Listing Date.
30 May 2007	Closing Date.

Selected financial information

The tables hereafter outline the selected financial information of the Consortium, drawn up on the basis of the International Financial Reporting Standards (IFRSs). This information is based on the combined accounts of the Consortium Alfacam-Euro1080 as per 31 December 2006, 31 December 2005, and 31 December 2004, respectively, for the then closed financial years, and which are mentioned elsewhere in the Prospectus. These combined accounts, containing the consolidated accounts of Alfacam and the IFRS accounts of Euro1080, were audited.

Combined profit and loss account

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004
Revenue	24,124	22,083	22,837
Other operating income	3,832	249	699
Total operating income	27,956	22,332	23,536
Total operating expense	-21,745	-22,788	-18,742
Total depreciations and amortisations	-6,749	-5,948	-4,542
EBITDA	12,960	5,492	9,336
% of the Total operating income	46%	25%	40%
OPERATING PROFIT (LOSS)	6,211	-456	4,794
% of the Total operating income	22%	-2%	20%
PROFIT (LOSS) BEFORE TAXES	3,429	-2,324	3,438
NET PROFIT (LOSS)	2,857	-1,411	2,578

Combined balance sheet

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004
Goodwill	258	258	258
Property, plant & equipment	43,976	43,595	40,492
Deferred tax assets	1,709	1,643	867
Goods for resale	665	117	234
Trade and other receivables	6,646	6,838	4,465
Cash and cash equivalents	401	247	75
Non-current assets	48,326	47,057	43,131
Current assets	7,712	7,729	4,774
ASSETS	56,038	54,786	47,905
Financial leases	17,085	19,930	21,077
Long-term borrowings	11,717	10,397	6,388
Advances received	10,025	5,348	3,226
Deferred tax liabilities	2,532	1,922	2,065
Trade payables	3,633	6,586	4,336
Equity	8,720	5,863	7,274
Non-current liabilities	24,427	26,383	24,487
Current liabilities	22,891	22,540	16,144
EQUITY AND LIABILITIES	56,038	54,786	47,905

Combined cash flow statement

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004
Operating cash flow before movement in working capital	9,128	5,383	8,637
Movement in working capital	1,320	435	1,319
NET CASH FLOWS FROM OPERATING ACTIVITIES	10,448	5,818	9,956
Disposal of non-current assets	5,881	1,742	253
Acquisitions of non-current assets	-3,218	-6,474	-6,403
Received investment grants	629	102	1,181
NET CASH FLOWS FROM INVESTING ACTIVITIES	3,292	-4,630	-4,969
NET CASH FLOWS FROM FINANCING ACTIVITIES	-13,586	-1,016	-4,947
Net increase (decrease) in cash and cash equivalents	154	172	40

Dilution

The following table shows the expected shareholders' structure prior to and following the closure of the Offering, in the event of a placement of EUR 20 million in New Shares and the largest possible amount that the Selling Shareholder can deliver in Existing Shares on the basis of 3 hypothetical offering prices, namely EUR 7, 11, and 15. The table offers 4 scenarios, namely the shareholder structure prior to the Offering¹, following the Offering, prior to and following the exercise of the Greenshoe-option and on a fully diluted basis, e.g. after the exercise of the warrants that are allotted following the IPO.

The Offering Price is EUR 7²

Offering Price EUR 7	Before Offering		After Offering, before exercise GS, before exercise warrants		After Offering, after exercise GS, before exercise warrants		After Offering, after exercise GS, after exercise warrants	
	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital
Shareholder								
Fehervari - Stoop/Sigmacam	5,191,265	76.1	5,191,265	63.7	5,191,265	63.7	5,191,265	63.0
GIMV	1,630,995	23.9	0	0.0	0	0.0	0	0.0
Public	0	0.0	4,488,137	46.4	5,191,357	49.9	5,161,357	49.4
Warrant holders	0	0.0	0	0.0	0	0.0	96,794	0.9
Total	6,822,260	100.0	9,679,402	100.0	10,382,622	100.0	10,449,416	100.0

The Offering Price is EUR 11³

Offering Price EUR 11	Before Offering		After Offering, before exercise GS, before exercise warrants		After Offering, after exercise GS, before exercise warrants		After Offering, after exercise GS, after exercise warrants	
	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital
Shareholder								
Fehervari - Stoop/Sigmacam	5,191,265	76.1	5,191,265	63.7	5,191,265	63.7	5,191,265	63.0
GIMV	1,630,995	23.9	267,359	3.1	0	0.0	0	0.0
Public	0	0.0	3,181,817	36.8	3,659,089	41.3	3,659,089	40.9
Warrant holders	0	0.0	0	0.0	0	0.0	86,404	1.0
Total	6,822,260	100.0	8,640,441	100.0	8,850,354	100.0	8,936,758	100.0

¹ In the hypothesis that the Contribution in Kind is realised, see section 5.6.3. "History of the capital".

² In case the Offering Price is EUR 7, the participation of the Selling Shareholder is not sufficiently large to sell Existing Shares for the amount of EUR 15 million. The value of her participation amounts in that case to EUR 11.4 million. The Greenshoe-option will in that case consist entirely of new Shares.

³ In case the Offering Price is EUR 11, the Selling Shareholder will be able to sell for EUR 15 million of Existing Shares and also deliver a part of the Greenshoe-option for the amount of EUR 2.7 million. The remaining part of the Greenshoe-option will consist of new Shares.

The Offering Price is EUR 15⁴

Offering Price EUR 15	Before Offering		After Offering, before exercise GS, before exercise warrants		After Offering, after exercise GS, before exercise warrants		After Offering, after exercise GS, after exercise warrants	
	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital
Shareholder								
Fehervari - Stroop/Sigmacam	5,191,265	76.1	5,191,265	63.7	5,191,265	63.7	5,191,265	63.0
GIMV	1,630,995	23.9	630,995	7.7	280,996	3.4	280,996	3.4
Publiek	0	0.0	2,333,333	28.6	2,683,332	32.9	2,683,332	32.6
Warrant holders	0	0.0	0	0.0	0	0.0	81,556	1.0
Total	6,822,260	100.0	8,155,593	100.0	8,155,593	100.0	8,237,149	100.0

Risk factors

An investment in the Offered Shares involves certain risks that relate to Alfacam Group, its activities, and the Offering, as described in the sections "Risk Factors" hereinafter. Before investing in the Offered Shares, prospective investors should consider, in combination with the other information provided in this Prospectus, all factors and risks associated with investing in the shares of Alfacam Group, including the following risks:

- The business sector wherein Alfacam is active is characterised by rapid technical evolution, high complexity, and strong competition. While there are clear areas where the Alfacam Group can distinguish itself from its competitors by its technological edge, no guarantee can be offered that enough technological evolutions will happen in the future to allow the Group to maintain its present advantage;
- Today's average consumer still watches analogue or digital television. While the number of HDTV viewers is increasing, no absolute certainty can be offered about the continuation of this rising trend. In the event that the HDTV – market fails to develop according to the Company's expectations, there is always the risk that the investments by the Company will not render the anticipated return;
- The cyclical nature and the seasonal character of the revenues of the Alfacam Group can lead to a high volatility in the price of the share;
- Because of the high degree of specialisation of its activities, the Group calls upon collaborators with advanced technological knowledge and experience. The Group's success will partially remain dependent on its ability to attract and retain capable and experienced personnel at an acceptable remuneration;
- The risks attached to price fluctuations, dependency on certain clients and suppliers, the diversity of activities, the project-oriented character of the business model, and the limited historical background information of certain of the activities.

These and other risks related to the activities of Alfacam Group and to the Offering are described in the section "Risk Factors" below.

Additional information

Share Capital

Prior to the Offering, the Company's share capital amounted to EUR 61,502, represented by 8,786 common Shares without nominal value. The capital is fully paid up.

Articles of Association

The Company's articles of association provide, amongst others, for specific rules relating to the management of the Company, its shareholders' meeting (including rules with respect to the right to attend and to vote at the shareholders' meeting) and to the Company's liquidation. The entering into force of certain provisions in the Company's articles of association is subject to the completion of the Offering (e.g., the provisions with respect to the Company's share capital).

⁴ In case the Offering Price is EUR 15, the Selling Shareholder will be able to sell for EUR 15 million of Existing Shares and deliver the entire Greenshoe-option for the amount of EUR 5.3 million.

Information made available to the public

Documents disclosed in accordance with applicable laws are available for consultation at the registered office of the Company and/or on the Company's website: *www.alfacam.com*.

RISK FACTORS

Risks related to the activities of the Group

Risks related to technological evolutions and competitive factors

The sector in which Alfacam Group operates is characterised by rapid technological evolution, high complexity, and strong competition. It is an accepted and natural fact that for all group companies competitive enterprises are active in the same market (see sections 6.1.3, 6.2.3, 6.3.3 and 6.4.5 for a description of the players in the markets where, respectively, Multicamera TV-Services, Wireless TV-Services, the Eurocam Media Center, and Euro1080 are active). Some of these enterprises have access to substantially larger financial resources than Alfacam Group. No guarantees can be offered that the competitors of Alfacam Group will not succeed in acquiring the same expertise in the area of HDTV⁵ and expand the provision of their services, although it is unlikely that a competitor could assume the same business profile as Alfacam Group.

Aside from its clearly defined focus on HDTV, the Group is further oriented towards another new evolution in the mediaworld, namely, remote digital wireless HDTV transmissions of, for instance, bicycle races, a field in which it aims to become a leading player. Until this moment, bicycle races have only been recorded and transmitted by the analogue system (see also 6.2.1 "Activities").

Even though there are, indeed, already clear areas where the Group can distinguish itself from the competition by building up a technological edge (this being HDTV and digital wireless transmissions), no guarantees can be offered that there will not be relevant technological evolutions to allow competitors to catch up with the Group and permit Alfacam to maintain its present advantage.

In the coming years, the Group will be forced into heavy investments in order to maintain its current competitive technological edge over the competition. Moreover, the servers used by the Group for the play-out services and the storage of archival images may well age more rapidly than anticipated, requiring higher than planned investments. No guarantees can be offered that the Group will manage to find all of the needed financial funding to engage in the necessary investments to that effect (see 10.6.2 "Expected Investment").

Risks related to the technological evolutions and their impact on the behaviour of the end consumer

There is a consensus of opinion that the average consumer is still watching analogue or digital television. While there is a rise in the numbers of HDTV viewers, no assurances can be offered about the future and further development of this trend. Today, the development of HDTV is still faced with substantial obstacles (cost, availability of decoders, time-consuming use, name awareness, ...), which means that, at the present moment, HDTV is reaching a limited audience only. Nonetheless, it is not outside the realm of possibility for such limitations to change substantially in the future.

In addition, the development and evolution of the flat TV screens and MPEG4-decoders are bound to strongly influence the future of HDTV. (see 7.3.2 "Worldwide penetration of HDTV" and 7.4.3 "Decoder manufacturers: Mass production of MPEG4 decoders"). On the basis of the current estimates of the future evolutions in this sector, the Company has developed an investment plan. Should these evolutions differ substantially from the forecasts, there is the risk that the investment plan will need to be adjusted and that certain current investments will fail to realise the anticipated return.

Risks related to the cyclical nature and seasonal dependency of the revenues and operating results

The operating revenues, financial results and profits realised by the Group vary from quarter to quarter. Furthermore, the operating revenues in the even years proved substantially higher than in the odd years. This cyclical result can be explained, amongst other reasons, by the fact that certain Special Top Events

⁵ HDTV: "High-definition television", see chapter 12 "Glossary".

such as European and World championship competitions, and likewise the Olympic Winter and Summer Games, are typically held in even years. Additionally, Summer Games are being held in the third quarter and Winter Games in the first quarter of the financial year. The cyclical character and the seasonal dependency of the Group's revenues can lead to high volatility in the price of the share.

The Group is taking steps to reduce this cyclical nature and seasonal dependency by focusing its activities during the odd years on additional Special Events and the long-term leasing of OB vans (see also 6.1.2 "Strategy"). There is no guarantee that these negotiations can on every occasion be successfully completed.

Risks related to fluctuations in market prices

The future profitability of the Group – for Alfacam, as well as for Euro1080 and Eurolinx – is also determined by the prices the Group can realise for its services and products. The profitability of Alfacam and Eurolinx depends in part on the price elasticity of consumer demand to make use of the latest technology during the filming of events. In the initial phase of a novel technology's existence (such as HDTV or wireless HDTV), higher prices can be demanded, which results in a higher margin. As more and more competitors start to use the same technology, the prices for the same services will fall off. The Group follows the strategy of investing at the start of a life cycle of a new technology so that it can demand higher prices. Alfacam has already in the past proved that it is an innovative enterprise (see section 5.2 "History and development of the Group"). By the consistent expansion of this strategy into the future, management believes that the Group will also be capable of avoiding undue pressure on its margin in the years to come.

The profitability of Euro1080 is partly determined by the average price per viewer and the total number of viewers of the distribution company (satellite or cable distribution company) per customer with whom Euro1080 has signed a contract (see also 6.4.2 "Activities"). Euro1080 expects a price pressure in the average price per viewer as well as a "limited" penetration of HDTV in a number of European markets. Yet, in spite of the application of this "prudent man rule", no decisive explanation can be offered about the real evolution of the price per viewer or of the total number of viewers during the coming period and its resulting impact on the operating result. For that reason, Euro1080 is trying, through the conclusion of "buy outs", to guarantee revenues for the long term. Through a buy-out, Euro1080 aims at the partial or full leasing out of HD1 and EXQI transmitters to third parties. In exchange for the availability of this content, Euro1080 will receive a fixed fee, which may, or may not, be complemented with a fee per viewer. For a more detailed explanation regarding the buy-out model, referral is made to section 6.4 "Euro1080: the Segment Content".

Risks related to the dependency on certain customers

During the financial years 2004 and 2006, respectively circa 36% and 21% of the Group's operating revenue originated from international sports organisations such as the TV-production ratings service of the International Olympic Committee, the UEFA for the organisation of the European Soccer Championships, and the FIFA for the organisation of the World Cup Soccer championships.

During the financial years 2004, 2005 and 2006, the following top 10 clients of the Group annually accounted for approximately 24% of the operating revenues, distributed as follows: Eurosport (5%), NHK (3%), ART (3%), TF1 (2%), BBC (2%), ORF (<2%), TMF (<2%), Studio 100 (<2%), SONY (2%) and Thomson GVG (2%). The Group expects that also in the future a substantial part of the operating revenue in the even years will be spread over a relatively small number of customers. A drop in demand for the services of the Group by these customers can exert a tangible influence on the Group's results.

Euro1080 can for its channels or content conclude distribution contracts with television companies within or outside of Europe. The payment policies of television companies and of certain authorities may deviate from the customary norms and exert an impact of the Group's cash flow position.

Risks related to the selection process used by international organisations

Alfacam and Eurolinx are dependent for a significant part of their income on international sports organisations such as, amongst others, the TV production ratings service of the International Olympic

Committee, the UEFA for the organisation of the European Soccer Championships, and the FIFA for the organisation of the World Cup Soccer championships. Assignments from such organisations are awarded on the basis of a bill of specifications whereby both quality and price are important criteria in the decision-making process. These risks encompass, without being limitative:

- the fact that these organisations are entitled at any time to change the content and/or size of these projects or put a stop to them; and
- the number and the conditions of new contracts can to a significant degree be influenced by political factors.

During the financial years 2004 and 2006, the consolidated operating revenues from international sports organisations amounted to, respectively, approximately 36% and 21% of the Group's total operating revenue. For the future, management expects that this percentage will drop in 2008 and 2010. This drop is to be explained by the Group's increasing turnover as of 2008 (amongst others, in the segments other than Multicamera TV-Services), while the turnover originating from the international sports organisations (primarily in the Segment Multicamera TV-Services) is growing at a relatively lesser rate.

Depending on the size of such projects of widespread visibility, these risks can have important consequences for the activities and the operating results of the Alfacam Group.

Risks related to the diversity of the Group's activities

The activities of Alfacam Group and its subsidiary companies are distinguished by their great diversity: geographically, with respect to target groups, qua activities, for the degree of innovation as well as in their customer databanks.

Currently, the Group's main activity consists of outside broadcasting, the filming of Special and Standard events for broadcasting on television channels of customer-stations or via the Group's own HD-television channels (see 6.1 "Alfacam: Multicamera TV Services"). Aside from this principal activity, the Group will in the future also undertake the construction or the assembly of OB vans (TV broadcast vehicles) and the wireless filming and broadcasting of events via the subsidiary company Eurolinx (see section 6.2 "Eurolinx: Wireless TV Services"). The Group further manages the Eurocam Media Center in Lint, which houses recording studios, offices, auditoriums, a tavern and guestrooms (see 6.3 "Eurocam Media Center"). In addition, the Alfacam Group is via its subsidiary company Euro1080 offering a variety of HDTV-television channels (see 6.4 "Euro1080: the Segment Content"). These diverse activities lead to synergy. Nevertheless, the financial results realised by the Group's companies can differ significantly amongst themselves, a fact that exerts an impact on the Group's consolidated result. The offering of such diverse and divergent activities entails certain risks since management is forced to direct its attention into different channels while, furthermore, funds available for investment are spread out more. For that reason, the Company is investing in expanding the management for each of these segments.

Risks related to being able to attract and retain the services of qualified own personnel, management, and free-lancers

Because of the high degree of specialisation demanded by its activities, the Group is interested in collaborators capable of contributing advanced technical knowledge and experience. The Group's success will remain partially dependent on its ability to attract that kind of talented and experienced personnel and to retain them at an acceptable remuneration.

Besides its own full-time personnel, the Group also customarily engages freelance collaborators to assist in the sectors where it is active. Such freelancers are not associated with the Group on a long-term basis. This practice entails risks in terms of the availability of professionals with the desired qualifications. On the other hand, working with freelance personnel offers the Group the necessary flexibility to engage collaborators for only short-term projects. Furthermore, since the Group involves its freelancers in an enormous international market, it is confident that qualified personnel will always remain available to her.

Within the context of its recruiting policy, the Group has concluded an agreement with the Karel de Grote College to accommodate a department of the newly created study programme MCT (Multimedia and Communication Technology) inside the Alfacam Group buildings. The Group is of the opinion that

the proximity of the school enhances the likelihood of attracting future collaborators possessed of specific technical knowledge. Alfacam is a participant in the steering group established for this study programme and has a voice in the curriculum content in function of the needs within the TV technology market. It is possible that, in the future, also other educational institutions with a focus on the media sector will take up residence at this campus.

Risks related to the project-based character of the business model of the Alfacam Group

The activities undertaken by Alfacam, Eurolinx, and the buy-out activities of Euro1080 are conducted primarily on a project basis. As a consequence, the results can be volatile in function of the number of new projects that the subsidiaries manage to sell. On the other hand, all Top and some of the other Special Events that are being recorded by Alfacam and Eurolinx, are contractually concluded a long time in advance of their dates, thus allowing Alfacam and Eurolinx to maintain a clear picture of their order books. Furthermore, more than 50% of the Group's operating revenue in 2006 may be considered as recurrent. Thanks to the wide distribution of its customer databank, the Segment Multicamera TV-Services within the Group realised during the period 1999 to 2006 an average annual operating revenue and margin growth exceeding 34% (see section 5.2 "History and development of the Group"). This historical growth does not, however, offer any guarantee for a similar operating revenue and margin growth in the future. In addition, the sector wherein the Group is active is only marginally affected by economic and seasonal adjustments.

Risks related to the provision of services

Alfacam's and Eurolinx's services provide, amongst others, during events such as the Olympic Games, the UEFA Champions League and pop concerts, the filming of live images on behalf of the contracting party and their transmission via cable or satellite to one or several television stations that are broadcasting the competition or the concert. Should Alfacam or Eurolinx fail to transmit the images on time, their customers will be in default with the end-user. While the Group takes all possible protective measures to guard against such an eventuality by equipping its broadcast vans with back-up systems to anticipate on and deal with technical disruptions, such an occurrence can impact on future orders. Every TV broadcast van has its own generator in case of power failure and more than adequate recording and filming apparatus is kept available to replace defective equipment. Up to the present moment, Alfacam has never failed to transmit the ordered events completely and on time. Further, Euro1080 uses satellites to distribute the images to its users. In this process it is not entirely impossible that, as a result of storms, the satellites would temporarily be put out of order or disabled, as a consequence of which the transmissions by Euro1080 would not be available for at least a few days, which in turn will impact on the sender's revenues.

Risks related to the geographic distribution of the activities

Alfacam Group operates worldwide. This entails certain risks in the area of logistical organisation, credit management, and foreign exchange fluctuations. When such risks materialise, this can exert a negative impact on the operating and financial results of Alfacam Group. Until this moment, the Group has not had to deal with significant logistical or payment problems.

Risks related to the acquisition of broadcasting rights to the televised images

For the programming of its HDTV-channels, Euro1080 possesses a collection of television images that were recorded by Alfacam during events. The rights acquired by Euro1080 via Alfacam for the broadcast of some of these film recordings are restrictive in time and in the number of broadcasts. Euro1080 cannot guarantee that, in the future, it will be able to acquire sufficient rights at an acceptable price to continue to offer a complete programming for its TV stations in HDTV. In the event that Euro1080 fails to retain or to acquire the rights to existing and future film recordings, this can affect its competitive position in the market, especially where it concerns sports events.

Risks related to the dependence on certain suppliers that provide the Group with essential parts, components, and services

The Group depends on third parties for the delivery of parts, components, and services. In the sectors wherein the Group is active, freelance personnel that has no long-term attachment to the Group is

regularly employed (see also the risk factor "Risks related to attracting and retaining qualified own personnel, management and freelancers").

For the construction of OB vans for third parties and for its own use, Alfacam depends on a small number of suppliers of high-tech equipment (see section 6.1.1 "Activities"). The suppliers do not hold intellectual property rights to the equipment used, and for practically all such products there exist enough competitors that can be played off against one another during purchase negotiations, except for a specific server type as well as for the frames of double-decker OB vans that, up to now, have been produced by only one supplier.

Alfacam is reliant on the timely and correct deliveries by its suppliers in order that it itself can assemble and deliver the OB vans on time to its own customers. In case one of the suppliers fails to deliver this equipment on time, this can have substantial repercussions on the operating results and the reputation of Alfacam Group. On the other hand, a mutual interest exists between the suppliers of the equipment and Alfacam as user, both on the commercial plane and in term of visibility of their products during Special (Top) Events.

Risks related to start-up activities of Eurolinx and Euro1080

A number of the subsidiary companies of Alfacam Group, such as Eurolinx (digital wireless HD-recordings) and Euro1080 (HDTV-channels) are still in the start-up phase. Alfacam Group cannot guarantee that these start-up activities will be successful in their future development.

It needs to be noted that, while Eurolinx is uniquely positioned to assume a leading position within these niche markets, there are currently no contracts issued for the remote filming and telecasting of, for instance, bicycle races, either to Eurolinx or to anyone of its competitors. Alfacam, however, has for already a long period acquired broad experience with digital wireless filming and telecasting of, for instance, live-shows (MTV Music Awards) and sports events such as athletic competitions and auto races, where the digital data need to be transmitted over short or medium distances only (see section 6.2 "Eurolinx: Wireless TV Services").

Even though Euro1080 exists for already 3 years, it still should be considered as a start-up activity. The HDTV channels acquire via Alfacam the broadcasting rights of a considerable number of cultural events (pop concerts, classical concerts, sports events, ...) and a number of these HDTV-channels have already been made operational. However, the revenues at this time mainly originate from partner contracts and 'access cards' that were distributed via manufacturers of consumer electronics (who in their turn then offered the subscriptions to consumers that bought flat screens from them), and to a number of other partners. Up to now, Euro1080 television channels have only a limited number of paying private customers (see section 6.4 "Euro1080: the Segment Content").

During the coming years, the Group will need to engage in significant investments towards the further development of the recently established business segments (wireless TV-Services, server-related activities, and content). This can influence the Group's operating result. For more information about the planned investments, see section 10.6.2 "Expected Investment".

Because of the rapid growth of Alfacam and the start-up phase in which Euro1080 finds itself, the resources of the one company are sometimes used by the other. This practice is laid down and ratified in a number of agreements within the Group. For this reason, Alfacam and Euro1080 are currently legally and operationally quite intertwined.

Risks related to the financial structure

As a consequence of the Group's strategy to invest in the most modern technological equipment and in a completely brand-new media center, it has incurred a considerable financial indebtedness. In spite of the reduction of debt in the period 2004-2006, the Group's indebtedness remains high, with a gearing-ratio⁶ of 344% at the closing of 2006, down from 409% in 2004. As a result, the financing costs determine the

⁶ The gearing ratio has been calculated as follows: (the current and non-current leases and the current and non-current loans)/equity.

result to a very large degree. The Company will in the first place apply the net proceeds from the capital increase to repay the existing debt position vis-à-vis GIMV for the amount of EUR 4 million, to be increased with the interests due, which will already reduce the indebtedness and the interest charges. The Company expects, however, that, for the short to medium term, it will not have to invest heavily in the Eurocam Media Center. For what concerns investments in technical equipment, the Company opted in the past to repay its financial lease obligations for technical materials much faster than their economic lifespan. As a result of this, the existing financial lease obligations for technical equipment will be largely paid off by the end of 2008 (see also section 10.7 "Cash and funding sources").

The planned investments in Eurolinx and in server-related activities (see section 10.6.2 "Expected Investment") will be financed with the proceeds of the capital increase (see section 2.4 "Reasons for the Offering and use of proceeds"), thus to strengthen the Company's capital structure.

Risks related to the Offering

Absence of a liquid public market

Prior to the Offering, there did not exist a public market for the Shares of Alfacam Group; following the Offering, an active public market for the Shares may not develop or be sustained. The Offering Price will be determined by the Joint Lead Managers in joint agreement with the Company and the Selling Shareholder, this on the basis of the book-building procedure in which only institutional investors are allowed to participate. The Offering Price may possibly not be indicative of future market prices, which may well fall below the Offering Price. Factors that are relevant in the book-building procedure include, amongst others:

- the market conditions at the time of the Offering;
- the number of Offered Shares requested, the size of the orders received, the quality of the investors submitting such orders, and the prices at which the orders were placed;
- the Group's and its sector's future prospects;
- the Group's operating revenue, earnings and other financial and operating information from its recent past;
- the market prices of securities and the financial-operational information of companies that are engaged in similar business activities.

Use of proceeds

The Group will have significant flexibility and broad discretion in its allocation of the net proceeds of the capital increase, with exception of the existing debt reduction vis-à-vis the Selling Shareholder for the amount of EUR 4 million, to be increased with EUR 0.6 million in interest charges (estimated on the Prospectus Date). In the event that the Group takes the wrong investment decisions, the risk exists that it will no longer be able to pursue its planned strategy. The Group's board of directors and management will determine, at their sole discretion and without the need for shareholders' approval, the amounts and the timing of the Group's actual expenditures, which will depend on various factors, including the status of the Group's eventual product development and sales efforts, the proceeds of the New Shares, and the possible proceeds that may be raised through the cooperative partnerships. The Group is receptive to opportunities that may present themselves for acquiring activities or technologies that are deemed to be complementary to its own. The Group's management may use its own judgment to decide to use the proceeds for purposes other than the ones above-mentioned.

Future dilution

Alfacam Group might decide to increase the capital also in the future through the issuance of public or private (convertible) bonds, equity securities and/or rights to acquire these bonds or securities. Case pertaining, the preferential right attached to the shares existing at that moment can be limited or excluded. Should Alfacam Group, by such or other means, raise significant amounts of capital, this could at that time bring about a substantial dilution for the shareholders. Likewise, Alfacam Group will offer a warrant plan to the management, which also can lead to dilution for the shareholders (see 5.7 "Warrant plan"). It cannot be excluded that, if the Greenshoe-option were to consist also of new Shares, an immediate dilution would follow.

Volatility of the Share price

Besides the risk factors that are being listed in this Prospectus, numerous factors can exert a significant impact on the Share's market price and its volatility, more particularly :

- the announcement of new large contracts, of new products and services, or of collaborations with or take-overs by the Group's competitors or by the Group itself;
- disputes and/or economic, monetary, or other external factors.

No minimum amount for the Offering

Alfacam Group is entitled to issue fewer Shares than for the anticipated maximum amount of EUR 20 million and the Existing Shareholders are entitled to sell fewer Existing Shares than for the anticipated maximum amount of EUR 15 million.

As a result (i) fewer Shares would be traded on Eurolist by Euronext Brussels, which would lower the liquidity of the Share, and (ii) the Group might not have the needed financial resources available to its to realise the anticipated utilisation of the proceeds of the capital increase as described in section 2.4. As a consequence, the Group might have to reduce its investment level or may need to call upon other financing forms.

Significant shareholders

Prior to the Offering, GIMV holds 23.91%, and the married couple Fehervari-Stoop, directly or via their management company Sigmacam NV, hold the remaining 76.09% Shares. Following the Offering and the Listing, the married couple Fehervari-Stoop will, either directly and/or indirectly, retain the majority of the Shares.

This significant shareholder will be able to elect or dismiss directors and, case pertaining, take other resolutions that normally are adopted by the general meeting (GM) (for which more than 50% or 75% is required of the existing votes in attendance or represented at the GM which is dealing with those points on the agenda). Even if this significant shareholder does not obtain enough votes to impose certain resolutions upon the GM, he could block resolutions that require more than 50% or 75% of the votes of Alfacam Group in attendance or represented at the GM in question. Any such voting by this significant shareholder may possibly not be in the best interests of the Alfacam Group or of the other shareholders.

Alfacam Group will incur increased expenses as a result of being a public company

As a public company, Alfacam Group will have to incur legal, accounting, and other expenses that it did not have as a private company. For example, Alfacam Group will appoint additional directors, create additional board committees, and adopt additional policies regarding corporate governance. In addition, Alfacam Group will incur increased expenditures associated with the development of investor relations and with public company reporting requirements in Belgium. Likewise, Alfacam Group will need to pay listing costs.

It cannot be excluded that these new rules and regulations imposed on the Company will exert an impact with regards to obtaining liability insurance for its directors and officers.

Risks related to transactions on an "as if-and-when issued" basis

As of the Listing Date until the determination of the capital increase, the Alfacam Group Shares will be listed and traded on Eurolist by Euronext Brussels on a conditional "as if and when issued and delivered", basis.

Investors that wish to engage in transactions in the Shares prior to the Closing Date, whether such transactions are conducted on the Eurolist by Euronext Brussels or elsewhere, should be aware that the determination of the capital increase may possibly not take place on 30 May 2007, or may not happen at all, if certain conditions or events are not satisfied or if the Underwriting Agreement is not signed (see section 3.8 "Underwriting").

Euronext Brussels has indicated that it will annul all transactions in the Shares if the Offered Shares are not issued. Euronext Brussels has indicated that it cannot be held liable for any damage and losses arising from the Listing and the trading on a conditional ("as if and when issued and delivered") basis.

DEFINITION OF THE PRINCIPAL GENERAL TERMS USED IN THE PROSPECTUS

For the terms related to the activities, referral is made to the glossary in chapter 12.

The Company or Alfacam Group	Alfacam Group, a limited liability company organized and existing under Belgian law, with registered office on Fabriekstraat 38 in 2547 Lint (Belgium), and registered with the register of legal entities under company number 0888.585.821 and issuer of the Shares.
The Group	Alfacam Group and its subsidiaries (see section 5.3 "Group Structure") in the assumption of the realisation of the Contribution in Kind.
The Consortium	Prior to the realisation of the Contribution in Kind, Alfacam, together with its subsidiaries, and Euro1080 are establishing a consortium pursuant to article 10 of the Belgian Companies Code.
Alfacam	Alfacam, a limited liability company organized and existing under Belgian law, with registered office at Fabriekstraat 38 in 2547 Lint (Belgium), and registered with the register of legal entities under company number 0431.780.652.
Euro1080	Euro1080, a limited liability company organized and existing under Belgian law, with registered office at Fabriekstraat 38 in 2547 Lint (Belgium), and registered with the register of legal entities under company number 0859.635.774.
Eurolinx	Eurolinx, a limited liability company organized and existing under Belgian law, with registered office at Fabriekstraat 38 in 2547 Lint (Belgium), and registered with the register of legal entities under company number 0446.955.808.
GIMV	GIMV NV, with registered office at Karel Oomsstraat 37 in 2018 Antwerp, and registered with the register of legal entities under company number 0220.324.117 and "Adviesbeheer GIMV Corporate Investments Belgium NV", with registered office at Karel Oomsstraat 37 in 2018 Antwerp, and registered with the register of legal entities under company number 0476.170.723.
Existing Shareholders	The married couple Fehervari-Stoop and the companies organized and existing under Belgian law Sigmacam NV, with registered office at Diepestraat 46, in 2540 Hove and registered with the register of legal entities under company number 0467.202.280, and GIMV, that were already shareholders of the Company prior to the Offering. For further details: see section 5.8 "Shareholders".
Selling Shareholder	GIMV.
ING	ING Belgium, a limited liability company organized and existing under Belgian law, with registered office at Marnixlaan 24 in 1000 Brussels, Belgium, and registered with the register of legal entities under company number 0403.200.393.
KBC Securities	KBC Securities, a limited liability company organized and existing

under Belgian law, with registered office at Havenlaan 12 in 1080 Brussels, Belgium, and registered with the register of legal entities under company number 0437.060.521.

Selling Agents	KBC Bank NV, with registered office at Havenlaan 2 in 1080 Brussels, Belgium, and ING.
Joint Lead Managers	ING and KBC Securities, which are likewise Joint Bookrunners and Joint Underwriters.
Prospectus	The present document, drawn up for the Offering and the Listing, and approved by the CBFA on 24 April 2007.
CBFA	The Banking, Finance, and Insurance Commission, Congresstraat 12-14 in 1000 Brussels.
Shares	All existing shares of Alfacam Group that are in existence prior to the Offering and all New, Existing, and Additional Shares.
Offered Shares	The Offered Shares are (i) a number of New Shares for a maximum amount of EUR 20 million, as well as (ii) a still to be determined number of Existing Shares for a maximum amount of EUR 15 million that are offered for sale by the Selling Shareholder.
New Shares	The Shares to be issued and offered within the context of the Offering. The number of New Shares shall be determined by the total subscribed amount, in any case to be limited to EUR 20 million, to be divided by the Offering Price. The maximum number of New Shares as well as the price range will be published in the financial press in Belgium prior to the opening of the Offering. The number of New Shares to be effectively issued shall be announced, at the same time as the Offering Price, following the closing of the Offering.
Existing Shares	All Shares that constitute the Company's capital stock prior to the Offering, therein included the Shares that will be issued following the realisation of the Contribution in Kind.
Contribution in Kind	On 23 April 2007, the extraordinary shareholders' meeting of the Company resolved to increase the capital of the Company through a contribution in kind consisting of all shares in Alfacam and Euro1080, under the condition precedent of the determination of the final Offering Price and the conclusion of the Underwriting Agreement. In exchange for the contribution of one share in Alfacam or one share in Euro1080, an Alfacam or, respectively, a Euro1080 shareholder will receive one share in the Company (it being understood that a relative value for Alfacam and Euro1080 was determined and that in function thereof, and with a view to a "share-for-share" exchange ratio, a split of the shares in Alfacam and Euro1080 was carried out). The shares in Alfacam and Euro1080 will be contributed at a global value equal to the final Offering Price multiplied by 6.813.474 shares.
Prospectus Date	24 April 2007
Additional Shares	The Existing Shares or new shares that are the subject of the Greenshoe-option.

DISCLAIMERS AND NOTICES

Approval of the Prospectus

On 24 April 2007 the CBFA approved the Dutch written version of the Prospectus for the purposes of the public Offering in Belgium and the Listing of the Company's Shares on Eurolist by Euronext Brussels in accordance with Article 23 of the Belgian Act of June 16, 2006 on the public offerings of securities and the admission of securities to trading on a regulated market (*Wet betreffende de openbare aanbiedingen van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereguleerde markt/Loi relative aux offres publiques d'instruments de placement et aux admission d'instruments de placement à la négociation sur des marchés réglementés*). The CBFA's approval does not imply any judgement on the merits or the quality of the Offering, the Offered Shares or the Company.

The Offering and the Prospectus have not been submitted for approval to any supervisory body or governmental authority outside Belgium.

Legal notices

The Prospectus is published on 4 May 2007 at the latest, in accordance with article 21 of the aforementioned Belgian Act.

All further publications for the purposes of the public Offering will be done in the Belgian financial press.

Available information

Prospectus

The Prospectus will be made available to investors at no cost at the registered office of the Company, Fabrikstraat 38 in 2547 Lint, Belgium. The Prospectus will also be made available to investors at no cost at the Contact Center of ING Belgium at telephone numbers +32 (0)2 464 60 02 (French) or +32 (0)2 464 60 03 (English) and at the KBC Telecenter at the telephone number +32 (0)3 283 29 70. Subject to certain conditions, this Prospectus and the summary are also available on the internet at the following websites: www.alfacam.com, www.ing.be, www.kbcsecurities.be, www.kbc.be.

This Prospectus has been prepared in Dutch and in English. The Company is responsible for verifying the consistency between both versions of the Prospectus. In case of inconsistencies between the different language versions, the Dutch version shall prevail.

Posting this Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to sell any of the Offered Shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. This Prospectus is only valid in its original printed version circulated in Belgium in compliance with applicable laws. Other information on the website of the Company or any other website does not form part of the Prospectus.

Company documents and other information

The Company must file its (restated and amended) articles of association and all other deeds that are to be published in the annexes to the Belgian Official Gazette with the clerk's office of the Commercial Court of Antwerp (Belgium), where they are available to the public. A copy of the most recently restated articles of association and the corporate governance charter are also available on the Company's website.

In accordance with Belgian law, the Company must also prepare annual audited statutory and consolidated financial statements. The annual statutory and consolidated financial statements and the reports of the board of directors and statutory auditor relating thereto are filed with the Belgian National Bank, where they are available to the public. Furthermore, as a listed company, the Company has to publish summaries of its annual and semi-annual financial statements, as well of the reports of the statutory auditor and the board of directors of the Company. These summaries will generally be made publicly available in the

financial press in Belgium in the form of a press release. Copies thereof and of the annual report, will also be available on the Company's website, www.alfacam.com.

The Company will also have to disclose periodical and occasional information, information about its shareholders' structure, and certain other information to the public. In accordance with the Belgian Royal Decree of March 31, 2003 (as amended) relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereguleerde markt*/ *Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé belge*), such information and documentation will be made available through press releases, the Company's website and the website of Euronext Brussels.

The Company's website can be found at www.alfacam.com.

No representation

No dealer, sales person or other person has been authorised to give any information or to make any representation in connection with the Offering and the Listing that is not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised or acknowledged by the Company, by KBC Securities or by ING.

Statements made in this Prospectus are valid on the Prospectus Date. The delivery of this Prospectus or the completion of the Offering and Listing will not imply under any circumstance that there have been no changes in the affairs or financial situation of the Group since the Prospectus Date, or that material information contained in this document is correct after the Prospectus Date. In accordance with Belgian law, if a significant new fact occurs between the Prospectus Date and the completion of the Offering that could affect investors' assessment of the Offered Shares, this new fact will need to be mentioned in an addendum to this Prospectus. The addendum shall be subject to approval by the Belgian Banking, Finance and Insurance Commission (*Commissie voor het Bank-, Financie- en Assurantiewezen*/ *Commission Bancaire, Financière et des Assurances*) ("CBFA") in the same manner as the Prospectus and shall be made public as shall be determined by the CBFA. In the event where an addendum to the Prospectus were to be published prior to the Closing Date, the investors shall have the right to withdraw their subscriptions made prior to the publication of the addendum. Such withdrawal must be done within the time limits set forth in the addendum (which shall not be shorter than two banking days after publication of the addendum).

Decision to invest

In making an investment decision regarding the Offered Shares offered herein, potential investors must rely on their own examination of the Group and the terms of the Offering, including the risks and merits involved. Any summary or description set forth in this Prospectus of legal provisions, corporate structurings or contractual relationships is for information purposes only and should not be construed as legal or tax advice as to the interpretation or enforceability of such provisions or relationships. In case of any doubt relating to the contents or the meaning of the information contained in this document, prospective investors should consult an authorised or professional person specialised in advice on the acquisition of financial instruments. The Offered Shares have not been recommended by any federal or state securities commission or regulatory authority in Belgium or elsewhere.

Certain restrictions on the Offering and the distribution of this Prospectus

The Offering and the distribution of this Prospectus may be restricted by law in certain jurisdictions outside Belgium. Alfacam Group does not represent that this Prospectus may be lawfully distributed in jurisdictions outside Belgium or that the Offered Shares may be lawfully offered in compliance with any applicable registration or other requirements in jurisdictions outside Belgium, or pursuant to any exemption available thereunder. Alfacam Group does not assume any responsibility for such distribution or Offering. Accordingly, the Offered Shares may not be offered or sold, directly or indirectly, and neither

this Prospectus nor any advertising or other offering materials may be distributed or published in any jurisdiction outside Belgium, except in circumstances that will result in compliance with any applicable laws and regulations. This Prospectus does not constitute an offer to sell or a solicitation of an offer to sell any of the Offered Shares of Alfacam Group to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. Persons in whose possession this Prospectus or any of the Offered Shares come, must inform themselves about, and observe, any such restrictions.

United States of America

The Offered Shares have not been and will not be registered under the Securities Act of the United States. Subject to certain exceptions, the Offered Shares may not be offered, sold or delivered in the United States of America ("U.S."), or to, for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S. The Offered Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the U.S. or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offered shares or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the U.S.

Japan

The Offered Shares have not been and will not be registered under the Securities and Exchange Law of Japan. Therefore, the Offered Shares may not be offered or sold, directly or indirectly, to or for the benefit of Japanese persons, including any company or any other entity incorporated under Japanese law, or to other persons with the intention to re-offer or resell, directly or indirectly, in Japan or to, for the account of, any Japanese person.

Member States of the European Economic Area

The Offered Shares have not been or will not be offered to the public in any Member State of the European Economic Area (each, a "Member State") other than in Belgium, except that the Offering may be made in any Member State under one of the following exemptions set out in the EU Directive 2003/71/EC (the "Prospectus Directive", such expression including any relevant implementing measure in each Member State), assuming such exemptions have been implemented in that Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
 - to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000 and (iii) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
 - to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
 - in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer in any Member State shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any offered shares in any Member State means the communication in any form and by any means of information on the terms of the offering, the shares to be offered so as to enable an investor to decide to subscribe for any shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Each subscriber for Offered Shares in the offer located within a member state of the European Economic Area other than Belgium will be deemed to have represented, acknowledged and agreed that:

- it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive; and
- either (i) the Offered Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer of resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Lead Managers has been given to the offer or resale; or (ii) any acquisition of Offered Shares by it under the Offering on behalf of other persons will be deemed to

have been made as a qualified investor because such Offered Shares are acquired by it on a discretionary basis.

Switzerland

The Offered Shares have not been or will not be offered to the public in Switzerland accordingly to Article 652 a, paragraph II, of the Swiss Code des Obligations.

The Company, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Lead Managers of such fact in writing may, with the consent of the Joint Lead Managers, be permitted to subscribe for or purchase Offered Shares in the Offer.

It is the responsibility of any person not resident in Belgium who wishes to take part in this Offering to ascertain that the legislation applicable in his or its country of residence is complied with, and that all other formalities that may be required are fulfilled, including the payment of all costs and levies.

Forward-looking information

This prospectus contains forward-looking statements, forecasts and estimates made by the management of the Company with respect to the anticipated future performance of the Group and the market in which it operates. Such statements, forecasts and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Therefore, actual results, the financial condition, performance or achievements of the Group, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements, forecasts and estimates. Factors that might cause such a difference include, but are not limited to those discussed in the section "Risk Factors". Furthermore, forward-looking statements, forecasts and estimates only speak as of the Prospectus Date.

Industry data, market share, ranking and other data

Unless otherwise mentioned in the Prospectus, certain information concerning industry data, market size/share data, ranking and other data provided in this Prospectus was derived from publications by market research agencies and other independent sources or is based on the Company's own estimates and assumptions, believed by the Company to be reasonable. The information published by such third parties has been accurately reproduced and as far as the Company is aware and able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company and the Joint Lead Managers and their respective advisors have not independently verified any of the abovementioned information. Furthermore, market information is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data. As a result, prospective investors should be aware that the Company cannot guarantee that market data, market share, ranking and other similar data in this prospectus, and estimates and beliefs based on such data are correct.

Rounding of financial and statistical information

Certain financial and statistical information in this Prospectus have been subject to rounding adjustments. Accordingly, the sum of certain data may not be equal to the expressed total.

1. PARTIES ASSUMING RESPONSIBILITY

1.1. Responsibility for the content of the Prospectus

The Company, represented by its board of directors, assumes responsibility for the content of the entire Prospectus. The following segments of the Prospectus have been drawn up on the basis of information provided by the Existing Shareholders who assume any additional responsibility arising therefrom, specifically: (i) details about the Existing Shareholders and their respective share participation in the Company; (ii) the statements and declarations concerning the intentions of the Existing Shareholders, and (iii) the biographical data of the current directors of the Company that have been elected by the Existing Shareholders.

The Company declares that, having taken all required measures, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the true facts and contains no omission likely to affect its import. The Existing Shareholders state and declare that, to the best of their knowledge, they have exercised all due care to ensure that the information for which they are assuming responsibility and that is contained in this Prospectus is in accordance with true facts and that no data have been omitted of a nature that is likely to affect its import.

1.2. Responsibility for the auditing of the annual accounts

Deloitte Bedrijfsrevisoren, a civil company having the legal form of a cooperative company with limited liability organized and existing under Belgian law, with registered office at 1050 Brussels, Louizalaan 240, represented by Mr. Frank Verhaegen and Mr. Gert Vanhees, has on 5 April 2007 been appointed as statutory auditor of Alfacam Group for a term of 3 years ending immediately following the closing of the general shareholders' meeting that will be held in the year 2010 and which will deliberate and resolve on the annual account for the financial year closed on 31 December 2009.

The combined financial statements of the Consortium Alfacam - Euro1080 for the financial years closed on, respectively, 31 December 2004, 31 December 2005, and 31 December 2006, as included in chapter 11, have been audited by Deloitte Bedrijfsrevisoren CVBA, represented by Mr. Frank Verhaegen, who has delivered an unqualified opinion. These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs").

The statutory annual accounts of Alfacam for the financial years closed on, respectively, 31 December 2004, 31 December 2005, and 31 December 2006 have been audited by Deloitte Bedrijfsrevisoren CVBA, represented by Mr. Frank Verhaegen, who delivered an unqualified opinion. These annual accounts have been prepared on the basis of the accounting reference system commonly in use in Belgium.

The statutory annual accounts of Euro1080 for the financial years closed on, respectively, 31 December 2004, 31 December 2005, and 31 December 2006 have been audited by Deloitte Bedrijfsrevisoren CVBA, represented by Mr. Frank Verhaegen, who delivered an unqualified opinion for the financial years closed on, respectively, 31 December 2004 and 31 December 2005, and an unqualified opinion with thereto an explanatory paragraph for the financial year closed on 31 December 2006. These annual accounts have been prepared on the basis of the accounting reference system commonly in use in Belgium.

2. KEY INFORMATION

2.1. Working capital statement

On the Prospectus Date, the Company is of the opinion, taking into account its available cash and cash equivalents, that it has sufficient working capital to meet its current requirements and to cover the working capital needs for the next 12 months as of the Prospectus Date. For additional details about the financial status, we refer to chapter 10 "Management's Discussion and analysis of financial condition and results of operations".

2.2. Capitalisation and indebtedness

The following table sets forth the Group's equity as per 31 December 2006 (audited) and the financial liabilities as per 31 March 2007 (unaudited). This table should be read in conjunction with the Group's audited combined accounts, inclusive of the added explanatory notes, drawn up in accordance with IFRSs (see chapter 11 "Financial information on the Alfacam Group and Alfacam-Euro1080 Consortium"), and the explanation given in chapter 10.

In 1,000 EUR		
Share capital	176	
Share premium	2,412	
Reserves	6,132	
Equity per 31 December 2006		8,720
Current financial liabilities per 31 March 2007		14,304
- Financial liabilities with a security provision ^(*)	7,744	
- Financial liabilities with a guarantee provision ^(*)	2,008	
- Financial liabilities without any provision	4,552	
Non-current financial liabilities per 31 March 2007		15,097
- Financial liabilities with a security provision ^(*)	15,097	
- Financial liabilities with a guarantee provision ^(*)	0	
- Financial liabilities without any provision	0	
Total financial liabilities per 31 March 2007		29,401
Cash and cash equivalents	176	
Liquidity per 31 March 2007 (A)		176
Current financial liabilities	2,008	
Current portion of long-term borrowings	5,313	
Current portion of finance leases	6,982	
Current financial liabilities per 31 March 2007 (B)		14,303
Net current financial liabilities per 31 March 2007 (B)-(A)		14,127
Long-term borrowings	6,942	
Finance leases	8,155	
Non-current financial liabilities per 31 March 2007 (C)		15,097
Net financial leases per 31 March 2007 (B)+(C)-(A)		29,224

(*) A security provision entails commercial securities on leased assets, mortgage registrations and mortgage powers of attorney. A guarantee provision entails the vesting of a pledge on the business entity.

2.3. Interests of natural and legal persons involved in the Offering

The net proceeds of the sale of the Existing Shares by GIMV shall be divided between GIMV and the married couple Fehervari-Stoop. In effect, GIMV did in 1998 join the share ownership of Alfacam and since that time has supported the company's growth with capital contributions and debt financing. The capital contribution and loans that have been issued by GIMV to Alfacam and Euro1080 were coupled with various agreements with the married couple Fehervari-Stoop regarding the pull-out by GIMV. One of these agreements states that, while the married couple Fehervari-Stoop, neither directly nor indirectly, are offering any Shares for sale via Sigmacam NV, they would nevertheless be eligible to share in the gains

to be realised by GIMV from a sale of the Existing Shares. The married couple Fehervari-Stoop intend to invest the realised gains in assets that can positively contribute to the activities of the Group or provide support for them. The plan is being studied aimed at the possible investment, together with other parties, in a company that will offer transport solutions for the conveyance of the OB vans to and from the various locations where they will be put to use. In case these plans materialise, the procedure established to deal with matters of conflict of interest issue shall be adhered to.

2.4. Reasons for the Offering and use of proceeds

The net proceeds of the offering of the New Shares shall in the first place be applied by the Company to repay the existing indebtedness to GIMV in the amount of EUR 4 million, increased with the interests due that on the Prospectus Date may be estimated to amount to EUR 600.000. Furthermore, the net proceeds from the New Shares shall be applied to the investments for the period 2007-2008 in Eurolinx for an amount of approximately EUR 5 million and in server-related activities in the amount of approximately EUR 5 million. Moreover, a part of the net proceeds can be applied to minor finishing works to the Eurocam Media Center or for any possible investments in recording equipment of the Segment Multicamera TV-Services. If and when opportunities are happening in the market, the possibility exists that the Company will contemplate a selective acquisition (see also section 10.6.2 "Expected Investments").

3. GENERAL INFORMATION ABOUT THE OFFERING

3.1. Intentions of the Existing Shareholders

It is the intention of the Selling Shareholder to offer a total of up to EUR 15 million in Existing Shares, while at the same time reserving the right to offer less. Following the Offer, the Selling Shareholder may still retain a limited participation in the Company. These Shares in question will be subject to the Lock up Agreement.

The Existing Shareholders have decided to waive their pre-emptive right to the issuance of the New Shares and do not have the intention to subscribe to the New Shares.

The married couple Fehervari-Stoop and Sigmacam NV will not offer Existing Shares (see also section 2.3 "Interests of natural and legal persons involved in the Offering").

3.2. Conditions to which the Offering is subject

During its meeting held on 23 April 2007, the extraordinary shareholders' meeting of the Company resolved, amongst other decisions:

- (i) to increase the share capital of the Company by means of a contribution in kind as described in section 5.6.3 "History of the Capital";
- (ii) to increase the company's share capital in cash through the issuance of New Shares, subject to the completion of the Offering;
- (iii) to increase the company's share capital in cash, under the condition of the exercise of the Over-allotment warrants by the Joint Lead Managers;
- (iv) to approve the Company's warrant plan, as described in section 5.7.

The Offering Price for these New Shares and the final amount of the capital increase shall be established on the basis of a book-building procedure in which only institutional investors may participate. The number of New Shares that need to be issued within the context of the Offering Period shall be determined by the total subscribed amount, in any case to be limited to EUR 20 million, to be divided by the Offering Price.

The Offering is likewise subject to the signing of the Underwriting Agreement by the Joint Lead Managers (see point 3.8 infra).

The Existing Shares and, as the case may be, the Additional Shares, are offered in accordance with Belgian law; the New Shares and, as the case may be, the Additional Shares, shall be issued and offered in accordance with Belgian law.

3.3. Date of the issuance of the New Shares

The New Shares shall be created following the closure of the Offering Period on the Closing Date. Following expectations, the New Shares shall be created on 30 May 2007.

3.4. Terms of the Offering

3.4.1. Nature of the Offering

The Offering consists of a public offering in Belgium and a private placement with institutional investors in Belgium and in certain countries within the European Economic Area and Switzerland.

The Offering Price shall be the same for retail investors and institutional investors⁷ (see also section 3.4.2 *infra*).

The Offering consists of a number of New Shares at a counter-value of maximum EUR 20 million that are being offered by the Company, plus a number of Existing Shares for a counter-value of maximum EUR 15 million and which are being offered by the Selling Shareholder. The latter does nonetheless reserves the right to offer fewer shares. A Greenshoe-option shall be granted to the Joint Lead Managers for a maximum of 15% of the Offering. The Shares that are covering the Greenshoe-option may be Existing Shares that will be lent by the Selling Shareholder ("Over-allotment option") or they can be new Shares that will be issued on exercise of the over-allotment warrants that are issued to the Joint Lead Managers ("Over-allotment warrants"). The Greenshoe-option can be exercised during a term of 30 days as of the Listing Date, for the sole purpose of being able to cover any possible over-allotments (see also section 3.5 "Greenshoe - Stabilisation").

All Offered Shares are being offered as part of one single Offering and in accordance with the same modalities. The number of Shares shall be determined following the determination of the Offering Price. The total amount of the Offering and the number of allotted Existing, New and Additional Shares shall be published in the financial press in Belgium on or about 25 May 2007, except in case of an early closing.

3.4.2. Offering Price

The Offering Price will be determined by the Joint Lead Managers in agreement with the Company and the Selling Shareholder, on the basis of a book-building procedure.

During this book-building procedure, only institutional investors will be able to state the number of Shares they wish to purchase and at what price/prices within a price range established in advance. The book-building procedure runs simultaneously with the Offering Period.

The price range will be published in the financial press in Belgium at the latest on the day of commencement of the Offering, this being in principle on 7 May 2007, as an addendum to the Prospectus, approved by the CBFA.

The Offering Price will be determined after analysing the order book and taking into account qualitative and quantitative elements, including therein, but not limited to, the number of requested Shares, the size of the orders received, the quality of the investors that have submitted these orders, and the prices at which the orders were submitted, as well as the market conditions at that particular moment.

The Offering Price shall under no circumstance exceed the upper-end of the price range, nor shall it amount to less than EUR 7. The Offering Price will be a single price in euro that will apply to the retail as well as the institutional investors.

The Offering Price shall be published in the financial press in Belgium, on the first publication day following its determination, in principle, on 25 May 2007 (subject to early closing).

The details pertaining to the applicable taxes on the Offering Price and the costs involved are explained under sections 4.7.3 and 3.10.

3.4.3. Offering Period

The Offering Period will commence on 7 May 2007 and will be closed on 23 May 2007, unless it is closed earlier. The Offering cannot be closed until, at the earliest, 6 banking days following the availability of the Prospectus, being on 11 May 2007 at 4:00 PM. Any early closing will be published in the financial press in Belgium.

⁷ Retail investors are investors that are not institutional investors. The latter are investors that are qualified as such in the sense of article 2 1. e) i) of the directive 2003/71/CE of the European Parliament and of the Council of 4 November 2003. These institutional investors include, particularly, the credit institutions, the investments companies, the insurance companies, institutions for collective investments, pension funds, and so forth.

The Offering Period shall be the same for the retail investors as for the institutional investors. Potential investors can submit their orders during the entire Offering Period, except when this period has been closed early. Taking into account the fact that the Offering Period may be closed earlier, investors are urged to submit their orders as promptly as possible.

3.4.4. Subscription procedure

Orders for subscriptions can be submitted at no cost to the Joint Lead Managers and at the Selling Agents or to any other financial intermediary. Investors are advised to gather information about any possible costs that may be charged by such other financial intermediaries.

In order to be valid, the orders must be registered on the final day of the Offering Period and at the latest on 23 May 2007 at 4.00 PM (Brussels time).

Retail investors

Retail investors must indicate in their orders the number of Offered Shares they commit to acquire. Only one single order per retail investor will be accepted. In the event that the Joint Lead Managers determine that a retail investor has submitted several orders, such orders may be ignored. There are no specific requirements pertaining to the minimum and/or the maximum extent of the subscriptions. The orders are irrevocable.

Institutional investors

During the book-building procedure, institutional investors need to indicate how many Offered Shares they wish to acquire at what price within the price range. Institutional investors are invited to submit their orders as soon as possible to the Joint Lead Managers.

3.4.5. Allocation of the Shares

It is expected that no fewer than 40% of the Offered Shares shall be allocated to the retail investors in Belgium.

Nonetheless, this proportion may be adjusted on the basis of the degree of interest demonstrated by these investors. In the event that the demand by the retail and/or institutional investors substantially exceeds this anticipated allocation, the Joint Lead Managers, in consultation with the Company, reserve the right to alter this ratio by maximum 20% in both directions ("*claw-back*" clause).

In case of over-subscription of the Offered Shares, the allocation to the retail investors will be made on the basis of objective distribution criteria (such as the use of a relative or an absolute number of Shares vis-à-vis each subscription), and may (albeit not necessarily so) be carried out in various tranches. A preferential allocation may be granted to orders that are submitted to the Joint Lead Managers and the Selling Agents.

In case of over-subscription, also the orders from institutional investors may be reduced and the allocation will be made dependent on the quantitative and qualitative analysis of the order book.

In the event that the Offering is not placed in its entirety, first the New Shares shall be allocated for an amount of minimum EUR 15 million and then, to a lesser degree, the Existing Shares. In any event, the Joint Lead Managers shall also then provide for over-allotments with a view to the stabilisation (see 3.5 Greenshoe - Stabilisation).

The Joint-Lead Managers shall take all reasonable steps in order to ensure that the Shares to be delivered to the retail investors be New Shares. In the event that the total number of Shares to be allocated to retail investors exceeds the number of New Shares that are actually to be allocated in the Offering, the New Shares shall be allocated to the retail investors on a *pro rata* basis. No tax on stock exchange transactions is charged on New Shares (see section 4.7.3 "Tax on stock exchange transactions").

3.4.6. Publication of the results of the Offering

The results of the Offering, being the distribution between retail and institutional investors, the allocation key for the retail investors and the Offering Price, will be published at the latest on 25 May 2007 in the financial press in Belgium.

The said announcement will also mention if and to what degree over-subscription happened and how many Additional Shares were allocated. The retail investors shall via this press release be informed how many Shares they will receive and what is the eventual distribution between the New and the Existing Shares. The institutional investors shall be informed individually about the number of Shares allocated to them.

3.4.7. Payment, settlement and delivery of the Shares

The Shares must be paid up in full in euro, together with any applicable tax on stock exchange transactions. For further information about applicable taxes, see section 4.7.3 "Tax on stock exchange transactions".

The Closing Date, being the payment date, which is also the date in which the Shares will be delivered to the investors, is set at the third banking day after the allocation date, this being on 30 May 2007, unless the Offering Period closes at an earlier date.

All Offered Shares will be delivered in book-entry form into an account with Euroclear Belgium – CIK, the Belgian central securities depository. As mentioned in section 4.1, the Company opts not to deliver the Shares in physical form but rather make them available in book-entry form only (by posting them into the shareholder's securities account).

3.5. Greenshoe - Stabilisation

Within the context of the Offering, the Joint Lead Managers can exercise the Greenshoe option and, as of the Listing Date, until 30 days thereafter, execute transactions that are meant to stabilise the market price of the Shares or maintain it at levels above those that could or might otherwise prevail in the open market. These transactions, should they occur, may be executed on Eurolist by Euronext Brussels, in the over-the-counter market or in some other manner. There are no assurances that such stabilisation will be undertaken and, should this, indeed, be the case, such stabilisation may be discontinued at any given moment, which will happen in any event 30 days following the Listing Date.

In the event that the Joint Lead Managers should create a short-position in the Shares, they can reduce this short-position by buying Shares in the open market or, as indicated *infra*, through their whole or partial exercise of the Greenshoe-option. The purchase of Shares by the Joint Lead Managers for the purpose of stabilising the share price may lead the market price of the Company's Shares to reach a higher level than it might reach in the absence of such purchases. Neither the Company nor the Joint Lead Managers are hereby making any representation or offering a prediction as to the direction or the magnitude with respect to any consequence which the transactions, as described above, could or might exert on the price of the Shares.

Within a week of the end of the stabilisation period, and pursuant to article 8 §3 of the Royal Decree of 5 March 2006, the following information will be published on the Company's website: (i) whether or not stabilisation action took place, (ii) the date on which the stabilisation action commenced, (iii) the date on which the last executed stabilisation action took place and (iv) the price range within which the stabilisation took place for each and every date during which stabilisation transactions were executed.

The Joint Lead Managers may opt to reduce any short-position by a whole and partial exercise of the Greenshoe-option. This Greenshoe-option can be exercised as of the Listing Date until 30 days thereafter. The Greenshoe-option consists of an option that can only be exercised to cover over-allotments, should these occur. The possibility to over-allot Shares in the Offering and to exercise the Greenshoe-option shall exist irrespective of whether or not the Offering has been wholly subscribed to.

The Greenshoe-option shall have reference to a number of Additional Shares equal to maximum of 15% of the Offering. The number of Additional Shares as well as the ratio between new and/or Existing Shares that are part of the Greenshoe-option shall, together with the Offering Price, be published in the financial press in Belgium.

The Greenshoe-option is applicable to Existing and new Shares as follows:

- Over-allotment option: the Selling Shareholder has granted to the Joint Lead Managers the right to purchase Existing Shares in order to cover any possible over-allotments;
- Over-allotment warrants: in addition, the Company shall grant to the Joint Lead Managers Over-allotment warrants that will entitle the Joint Lead Managers to subscribe to a number of new Shares amounting to 15% of the Offering, minus the number of Existing Shares that the Joint Lead Managers can receive by exercising the above-mentioned Over-allotment option.

Should the Joint Lead Managers decide to exercise the Greenshoe-option, they must first exercise the Over-allotment option on the Existing Shares. Only following the complete exercise of the Over-allotment option, the Joint Lead Managers can opt for the whole or partial exercise of the Over-allotment warrant.

In order to cover any over-allotment prior to the exercise of the Greenshoe option, it is expected that the Joint Lead Managers will enter into a stock lending agreement with the Existing Shareholders.

3.6. Lock up

GIMV, on the one hand, and Sigmacam NV and the spouses Fehervari-Stoop, on the other, have engaged themselves during at least 6 months to one year respectively, to be counted as of the Listing Date, not to sell or try to sell any financial instruments, nor to seek an offer for the purchase of the Shares. They furthermore engage themselves to refrain, during that selfsame period, from taking positive decisions that will lead or might or could lead to the issuance by the Company of shares, warrants or other financial instruments, or likewise options, convertible securities or exchangeables or other rights to subscriptions, or otherwise conclude any contracts (including transactions with derivative products), or undertake any other commitments with similar effect. Neither shall the Company, in its turn, buy Shares or reduce its capital in any other manner, other than in accordance with the stock option plan for Company personnel. These restrictions do not apply to the Offered Shares, the Additional Shares that will be sold to the Joint Lead Managers in the exercise of the Greenshoe-option, and the Shares that are the subject of the agreement of the stock lending for the over-allotment possibility in the Offering (with this understanding that the Shares that are being returned to the lender at the termination of the stock lending shall be part of the Lock up).

The Company engages itself, amongst others, vis-à-vis the Joint Lead Managers, subject to the prior written authorisation from the Joint Lead Managers – which cannot unreasonably be withheld - during a term of one year following the Listing Date (a) not to issue or sell any Shares or financial instruments that could be used to subscribe to Shares or to acquire Shares, or to enter into an engagement that will lead to the same result or (b) not to reduce its capital and not to purchase own securities.

3.7. Financial service

The financial service related to transactions involving the Shares shall be ensured in Belgium by the Joint Lead Managers, free of charge for the shareholders. Should the Company alter its policy in this matter, any change will be announced in the financial press in Belgium.

3.8. Underwriting Agreement

The Joint Lead Managers, the Company, and the Selling Shareholder are expected to enter into an Underwriting Agreement no later than on the day of the determination of the Offering Price, being 24 May 2007.

The Offering is subject to the signing of this Underwriting Agreement by the Joint Lead Managers. In the event that the Underwriting Agreement in question should not be signed by the Joint Lead Managers, the orders placed by investors shall automatically be cancelled. The conclusion of this Underwriting Agreement shall depend on various factors, including the market conditions and the result of the Offering.

Subject to the terms and conditions of the Underwriting Agreement, the Joint Lead Managers will severally but not jointly, agree to subscribe to and/ or acquire in their own name and or the account of the investors each for 50% of the Offering, and guarantee the payment of the Offering Price for the Offered Shares to which subscriptions were received within the context of the Offering.

These conditions include the receipt of the officer's certificates and the legal opinions and the occurrences include the suspension of trading on Eurolist by Euronext Brussels, or a material adverse change in the Company's financial status or business activities or in the financial markets. Euronext Brussels has announced it shall cancel all transactions relating to the Shares if the Offered Shares are not delivered on the planned Closing Date.

It is also expected that the Underwriting Agreement will likewise provide that, in the event of certain occurrences, such as the suspension of trading on the Eurolist by Euronext Brussels, or a material adverse change in the Company's financial condition or business activities or in the financial markets, or in case of other *force majeure* events, the Joint Lead Managers shall, under certain conditions and after consultation with the Company, be entitled to withdraw from the Underwriting Agreement and the Offering prior to the payment of the Offered Shares.

The Company engages itself vis-à-vis the Joint Lead Managers in the Underwriting Agreement, subject to the prior written authorisation from the latter – which cannot unreasonably be withheld -, during a term of one year following the Listing Date (a) not to issue or sell any Shares or financial instruments that could be used to subscribe to Shares or to acquire Shares, or to enter into an engagement that will lead to the same result or (b) not to reduce its capital and (c) not to purchase own shares.

3.9. Listing

An application has been made for the admission of all Shares to a listing on Eurolist by Euronext Brussels.

The Shares will be listed under the international fund number ISIN BE0003868859 and under the Belgian code (SRW-code) 3868.85 at the latest on the Listing Date, being 25 May 2007. The Shares are expected to be listed under the symbol ALFA.

Prior to the Closing Date, the Shares will be conditionally listed on an "as if and when issued and delivered" basis. Investors that wish to conduct transactions in the Shares prior to the Closing Date, irrespective of whether these transactions are taking place on the Euronext Brussels or elsewhere, should be aware that the Closing Date may possibly not take place on 30 May 2007, or possibly may not happen at all, in the event that certain conditions or events referred to in the Agreement are not being satisfied or are postponed or do not occur on or prior to that date.

Prior to the Listing of the Shares, no public market existed for the Offered Shares.

3.10. Costs associated with the Offering

The Offering is subject to legal, administrative, and other costs (the remuneration of the CBFA, the costs for the legal publications, the costs incurred for advisors, organisation, selling and underwriting fees borne by the Joint Lead Managers and the administrative costs due to Euronext Brussels for the admission and the trading transactions on Eurolist by Euronext Brussels).

The management, selling and underwriting fee of the Offering amounts to 3% of the gross proceeds of the Offering, including therein all possible proceeds associated with the Greenshoe option, and fees that are paid to financial intermediaries that are making contributions to the placement of the Offered Shares. Alfacam Group, represented by its board of directors, can up to 30 days following the Listing Date make a discretionary decision to allot an extra remuneration of maximum 1% of the gross proceeds of the Offering to the Joint Lead Managers. The exact percentage shall be established unilaterally by the Company.

The Selling Shareholder shall bear a sales commission of 1.8% (included in the afore-mentioned 3%) on the amount of the actual sale of its Existing Shares.

The total amount contributed by the Company to the costs related to the Offering can be estimated at EUR 2 million, or 5.71% of the Offering. The Selling Shareholder shall bear 13.5% of these costs.

3.11. Jurisdiction

The Offering is governed exclusively by Belgian law. The courts and tribunals of Brussels have sole jurisdiction should any dispute arise in relation to the Offering.

4. GENERAL INFORMATION ABOUT THE SHARES

4.1. Nature of the Shares

The Shares are registered shares, immaterial bearer shares in book-entry form or dematerialised shares.

The Shares are deemed to be indivisible.

The Shares that fall within the Lock up obligations of the Offering (see section 3.6 "Lock up") remain, at least until the expiration of the provided period, registered shares.

The bearer Shares will be represented by one or more global bearer certificates that will be deposited with Euroclear Belgium - CIK. Euroclear Belgium - CIK will hold these bearer Shares for the account of the beneficiaries. The bearer Shares will only be delivered in book-entry form, by way of a positive balance on the securities account of the beneficiary. The Company will not print any Shares.

Given the future dematerialisation of bearer securities, it should be noted that the bearer securities that have been credited to a securities account will be converted automatically into dematerialised securities as from 1 January 2008, as provided in Article 8 of the articles of association (see also section 4.3 "General information on the physical delivery of shares").

The registered Shares will be registered in the Company's share register. Every shareholder can at all times, at his own cost, request the conversion of his Shares into Shares of another type.

4.2. Currency

The Shares have been issued in euro.

4.3. General information on the physical delivery of shares

In accordance with section 3.4.7 "Payment, settlement and delivery of the Shares", the Company will not print any Shares. The sections hereinafter are purely for information purposes only.

4.3.1. The law of 14 December 2005 on the abolition of bearer securities

On 1 January 2008, all bearer shares which are held in a securities account will automatically be converted into dematerialised shares. The automatic dematerialisation also takes place for material (printed) shares which are booked on a securities account after 1 January 2008. At the expiry of the term set by the Law of 14 December 2005 on the abolition of bearer securities, all existing bearer shares that the holder has not asked to be converted into dematerialised or registered securities will as a matter of law be converted into dematerialised shares or registered shares. According to the law of 14 December 2005 all bearer securities will be converted automatically as follows: on 31 December 2013 for securities issued before 23 December 2005 on the one hand and on 31 December 2013 for securities issued after 23 December 2005 on the other hand. A draft reformatory bill was submitted to parliament on 29 January 2007. This draft bill provides for a single conversion date, namely 31 December 2013. Each shareholder may, at any time and at its own cost, ask for conversion of its shares into shares of a different type (e.g. into registered shares).

4.3.2. Tax on the physical delivery of bearer securities

The physical delivery of bearer shares acquired on the secondary market for consideration through a "professional intermediary" in Belgium is generally subject to the Belgian tax on the physical delivery of bearer securities. The tax payable is at this time equal to 0.6% of the purchase price. The tax is also due upon the physical delivery of shares in Belgium pursuant to the withdrawal of the shares from "open custody" or as a result of the conversion of registered shares into bearer shares. The tax currently amounts to 0.6% of the last stock price before withdrawal or conversion.

No tax on the physical delivery of bearer securities is due upon the issuance of New Shares.

4.4. Rights attached to the Shares

4.4.1. Dividend rights

All Shares participate in the same manner in the Company's profits (if any), as from the incorporation of the Company (5 April 2007). In general the Company can only distribute dividends after approval of the general meeting of shareholders of the Company. Based on a proposal of the board of directors, the meeting of shareholders decides by simple majority vote on the distribution of the balance of the net profits, taking into account the legal limitations. The payment of the dividends takes place at the time and place determined by the board of directors.

The board of directors may, in accordance with the Belgian Companies Code and on its own responsibility, resolve on the distribution of interim dividends and the payment conditions thereof.

The meeting of shareholders must allocate at least 5% of the annual net profits to a legal reserve until the reserve equals 10% of the share capital.

The Company does not intend to distribute any dividend in the first years to come. The net profits (if any) will be capitalised and used to develop the Company. The Company can change its dividend policy in the future. Any distribution of dividends will depend on the profits of the Company, its financial position, its capital needs and other factors that are considered to be important for the Company.

Neither Belgian law nor the articles of association of the Company require the meeting of shareholders to distribute any dividends.

In accordance with Article 2277 of the Belgian Civil Code, the right to payment of dividends of registered securities expires after a period of five years.

Dividends on bearer securities are in principle not subject to prescription. The Belgian Law of 24 July 1921 provides that, if the Company wishes to invoke prescription, the Company has the right to deposit those dividends with the Deposit and Consignment Office (*Deposito en Consignatiekas/Caisse de Dépôts et Consignations*). Deposited dividends that have not been claimed after 30 years are transferred to the Belgian State.

4.4.2. Voting rights

Each Share carries one vote, except in the case of suspension of the voting rights, as provided in the law and the articles of association of the Company. Shareholders may vote by proxy.

The Company only recognises one shareholder per share. If several owners own one share, or if the share is subject to a usufruct, or if the share is pledged, the rights attached to the shares may be suspended until the parties concerned have reached an agreement regarding the appointment of one representative.

4.4.3. Right to attend and to vote at the meetings of shareholders

The annual shareholders' meeting is held at the registered office of the Company on each third Wednesday of May, at 10 a.m., or the next business day if this day is a public holiday.

An extraordinary or special shareholders' meeting can be convened each time the interest of the Company so requires. The board of directors and each statutory auditor can each convene a special or extraordinary meeting of shareholders.

They are obliged to convene a meeting of shareholders if the shareholders that together hold one fifth of the share capital so request.

Convening notice for the meeting of shareholders

The convening for the meeting of shareholders takes place in accordance with the legal formalities and contains the agenda with the items to be discussed as well as the proposed resolutions.

The notice must be published in the Belgian State Gazette at least 24 days prior to the meeting or the registration date. The notice must also be published in a national newspaper 24 days prior to the meeting, unless it concerns annual shareholders' meetings held at the municipality, place, date and hour mentioned in the deed of incorporation of the Company, with an agenda limited to the examination and approval of the annual accounts, the annual report of the board of directors, the statutory auditor's report and the vote on the directors' and statutory auditor's discharge. The annual accounts, the annual report of the board of directors and the report of the statutory auditor are made available to the shareholders, bondholders, holders of warrants and certificates issued in cooperation with the Company, 15 days prior to the annual meeting of shareholders.

These notices will be sent 15 days prior to the meeting to holders of registered securities, directors and statutory auditors of the Company. This notice is sent by ordinary letter unless the addressees have individually and expressly agreed in writing to receive the notice by another means of communication. The convening notice contains the agenda with the items to be discussed as well as the proposed resolutions.

If all shares, bonds or certificates issued in cooperation with the Company are in registered form, no publication is required and a convening notice sent by registered letter can suffice, unless the addressees have individually and expressly agreed in writing to receive the notice by another means of communication.

Formalities to attend the meeting of shareholders

In order to be admitted to attend the meeting of shareholders, the holders of registered shares must advise the board of directors in writing at least three working days in advance of their intention to attend the meeting of shareholders, if the board of directors so requests in the convening notice.

If the board of directors so requests in the convening notice, the holders of immaterial bearer Shares must file a certificate of unavailability issued by the relevant financial institution at least three working days in advance at the place specified in the notice.

If the board of directors so requests in the convening notice, the holders of dematerialised Shares must file a certificate of unavailability issued by a recognised account holder or by the institution of liquidation at least 3 working days in advance at the place specified in the notice.

In accordance with Article 536 of the Belgian Companies Code the convening notice may provide for a registration date. If this is the case, the shareholders are only entitled to attend the shareholders' meeting and to exercise their voting rights with respect to the Shares of which they are the holder at midnight on the registration date. The above applies irrespective of the number of Shares held by each shareholder on the day the shareholders' meeting takes place. The registration date cannot be set earlier than the fifteenth day or later than the fifth working day prior to the shareholders' meeting.

Proxy

Each shareholder has the right to attend and vote at a shareholders' meeting in person or through a proxy holder. The proxy holder does not need to be a shareholder. In the notice, the board of directors may specify the format that the power of attorney must take and require it to be deposited at least 3 working days prior to the shareholders' meeting at a place specified in the notice.

Quorum and majorities

There is no attendance quorum at the shareholders' meeting, except as provided by law in relation to decisions regarding certain matters.

Decisions are made by simple majority of the votes cast, except where the law or the articles of association of the Company provide for a special majority. Matters involving special quorum and majority requirements include, among others, amendments to the articles of association including amendments to the rights attached to the shares, the issues of new shares, convertible bonds or warrants and decisions regarding mergers and de-mergers, which require at least 50% of the share capital to be present or represented and the affirmative vote of the holders of at least 75% of the votes cast. Amendments to the corporate purpose of the Company require at least 50% of the share capital and 50% of the profit-sharing certificates (if any) to be present or represented and the affirmative vote of at least 80% of the votes cast. If the quorum is not reached, a second meeting may be convened at which no quorum will apply. The special majority requirements, however, remain applicable.

4.4.4. Rights regarding liquidation

If, as a result of losses, the Company's net assets are less than 50% of its share capital, the directors must submit the question of dissolving the Company and any other possible steps to the shareholders' meeting for consideration. In accordance with Article 633 of the Belgian Companies Code, the shareholders will deliberate on these matters at a shareholders' meeting. The board of directors must justify its proposals in a special report to the shareholders' meeting. If the board of directors proposes that the Company's activities be continued, it must provide details of the measures that it proposes taking to regulate the Company's financial situation. The shareholders must convene at a shareholders' meeting within two months after the loss is noted, or should have been noted under legal or statutory provisions, to discuss dissolving the Company and other measures set out in the agenda.

If, as a result of losses, the Company's net assets are less than 25% of the Company's share capital, the shareholders' meeting may approve the Company's dissolution. For such approval, 25% of the votes cast must be in favour of dissolution.

If the amount of the Company's net assets has dropped below EUR 61,500 (the minimum amount of share capital of a public limited liability company), each interested party is entitled to request the competent court to dissolve the Company. The court can order the dissolution of the Company or grant a grace period within which the Company is to remedy the situation.

Only an extraordinary meeting of shareholders can decide on the voluntary dissolution of the Company in accordance with the applicable legal provisions.

If the company is to be dissolved for any reason and at any time, the liquidation will be carried out by one or more liquidators appointed by the shareholders' meeting in accordance with the law. Failing such appointment, the existing directors will be considered liquidators towards third parties. The appointment of the liquidators is subject to the confirmation by the commercial court in accordance with Article 184 of the Belgian Companies Code. To this end, the liquidators dispose of the broadest competences, in accordance with the Belgian Companies Code. The meeting of shareholders decides on the remuneration of the liquidators.

Any balance remaining after discharging all debts, liabilities and liquidation costs must first be used to reimburse, in cash or in kind, the paid up capital of the Shares. If the net proceeds are insufficient to reimburse all the Shares, the liquidators shall first reimburse those Shares paid up to a greater extent to equalise them with the Shares paid up to a lesser extent, or shall call for an additional payment by the holders of Shares paid up to a lesser extent. Any remaining balance is to be equally distributed among the Shares.

4.4.5. Changes to the share capital

By the meeting of shareholders

In accordance with the Belgian Companies Code, the Company may increase or decrease its share capital by decision of the shareholders' meeting, taken by a majority of 75% of the votes cast, at a meeting where at least 50% of the share capital of the Company is present or represented.

Authorised capital

The shareholders' meeting of the Company may authorise the board of directors to increase the Company's share capital. The board of directors can use its powers under the authorised capital for a renewable period of maximum five years. The amount of the authorised capital cannot exceed the amount of the issued share capital of the Company.

On 23 April 2007 the extraordinary meeting of shareholders of the Company resolved to authorise the board of directors to increase the share capital of the Company in one or more times with a maximum amount of EUR 20 million under condition precedent of the determination of the final Offering Price and the signing of the Underwriting Agreement. The powers of the board of directors under the authorised capital granted at the extraordinary meeting of shareholders of 23 April 2007, can be exercised for a period of 5 years as from the publication of the deed of capital increase in the Annexes to the Belgian State Gazette.

The technique of the authorised capital gives flexibility and speed to the board of directors, which is necessary in order to guarantee the most appropriate way of managing the Company. The board of directors can use the authorised capital to attract working capital. The board of directors can also use the authorised capital within the framework of the remuneration policy of the Company, i.e. the issuance of shares, options or warrants to employees, directors or consultants of the Company or its subsidiaries, as well as other persons that have been an asset to the Company or its subsidiaries through their professional activities.

The authorised capital can also be used as a defence mechanism against a hostile public take-over bid.

The powers of the board of directors are valid for capital increases through contribution in cash or in kind, through incorporation of reserves or issue premiums, with or without issuance of new shares.

The board of directors is authorised, within the limits of the authorised capital, to issue convertible bonds, warrants or combinations thereof or other securities.

Within the framework of the use of the authorisation within the limits of the authorised capital the board of directors can, in the interest of the Company, within the limits and in accordance with the conditions provided in the Belgian Companies Code limit or cancel the preferential subscription right.

This limitation or cancellation can also take place in favour of the employees of the Company and its subsidiaries and in favour of one or more persons, even if these persons are not employees of the Company or its subsidiaries.

If within the framework of a capital increase which takes place within the limits of the authorised capital an issue premium is paid, this will be booked automatically on an "issue premium" account, which will in the same way as the share capital constitute a guarantee for third parties and about which, except for the possibility to convert this reserve into share capital, decisions can only be made in the same manner as provided for changes to the articles of association.

4.4.6. Preferential subscription right

The Belgian Companies Code and the articles of association of the Company give shareholders a preferential subscription right to subscribe on a pro rata basis to any issue against cash of new Shares, convertible bonds or warrants exercisable in cash.

The Shares subscribed to in cash have to be offered first to the shareholder on a pro rata basis during a period of at least fifteen days as from the starting date of the subscription period. The meeting of shareholders, or the board of directors within the limits of the authorised capital, determines the subscription price at which and the period during which the preferential subscription right can be exercised. These preferential subscription rights are transferable during the subscription period and are only subject to the limits of the transferability of the Shares to which they relate.

The board of directors is authorised, within the limits of the authorised capital, to limit or declare inapplicable the preferential subscription right granted by law to the shareholders if this is in the best

interest of the Company and in accordance with the provisions of the Belgian Companies Code. The board of directors is authorised to limit or declare inapplicable the preferential subscription rights in favour of one or more persons, even if the persons concerned are not members of the personnel of the Company or its subsidiaries (see section 4.4.5).

4.5. Form and transferability of the Shares

All Shares are registered, immaterial bearer shares in book-entry form or dematerialised shares, depending on the shareholder's choice.

All Shares will, as of delivery, be fully paid up and freely transferable.

The Existing Shareholders and the Company have committed themselves for a period of respectively 6 months and one year after the Listing Date, to observe a number of limitations to this free transferability. See section 3.6 concerning the Lock up Agreement.

4.6. Notification of important participations

Belgian law, in conjunction with the Company's articles of association, imposes disclosure requirements on any individual or entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisitions or transfer, the total number of voting rights directly or indirectly held by such individual or entity, alone or in concert with others, increases above or falls below a threshold of 3%, 5%, or any multiple of 5%, of the total number of voting rights attached to the Company's securities. A shareholder whose shareholding increases above or falls below any such thresholds must, each time, disclose this fact to the CBFA and to the Company. The documents pursuant to which the transaction was effected must be submitted to the CBFA. When the participation of a shareholder reaches 20%, the notification must indicate in which strategy the acquisition or transfer concerned fits, as well as the number of securities acquired during a period of twelve months before the notification and in which manner such securities were acquired. Such notification is also required if an individual or an entity acquires or transfers control (either direct or indirect, either *de iure* or *de facto*) on a company that possesses 3%, 5% or a multiple of 5% of the voting rights of the Company.

The Company is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the Company's securities on the next business day, and must mention these notifications in the notes to its annual accounts. Euronext Brussels will publish details of the notifications. Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability.

4.7. Belgian Taxation

The following is a summary of certain Belgian tax consequences of the acquisition, ownership and disposal of Shares in the Company. It is based on the tax laws and administrative interpretations applicable in Belgium as presently in effect and is subject to changes in Belgian law, including changes that could have a retroactive effect. The following summary does not take into account or discuss the tax laws of any country other than Belgium, nor does it take into account the individual circumstances of each investor. Prospective investors should consult their own advisers as to the Belgian and foreign tax consequences of the acquisition, ownership and disposal of the Shares.

For the purpose of this summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e., an individual who has his domicile in Belgium or has the seat of his wealth in Belgium, or a person assimilated to a Belgian resident), (ii) a company subject to Belgian corporate income tax (i.e., a company that has its registered office, its main establishment, its administrative seat or its seat of management in Belgium) or (iii) a legal entity subject to the Belgian tax on legal entities (i.e., a legal entity other than a corporation subject to corporate income tax that has its registered office, its main establishment, its administrative seat or its seat of management in Belgium). A Belgian non-resident is a person that is not a Belgian resident and that is subject to the non-residents income tax.

4.7.1. Dividends

For Belgian income tax purposes, the gross amount of all distributions made by the Company to its shareholders is generally taxed as a dividend, except for the repayment of paid-up capital carried out in accordance with the Belgian Companies Code to the extent that the capital qualifies as "fiscal" capital.

In general, a Belgian withholding tax of 25% is levied on dividends. In certain circumstances, the 25% withholding tax rate is reduced to 15% for certain shares (VVPR shares). Shares that are eligible for this reduced withholding tax can be issued together with or accompanied by a "VVPR strip", which is a separate instrument representing the holder's right to receive dividends at the reduced withholding tax of 15%. The Company renounces expressly the benefit of this reduced withholding tax on the New Shares. The Existing Shares do not enjoy the benefit of reduced withholding tax either.

The gross amount paid by the Company to redeem its Shares and the gross amount of distributions made by the Company to its shareholders as a result of the Company's complete or partial liquidation is also generally taxed as a dividend, to the extent the payments exceed the fully paid-up fiscal capital of the Company (represented by the bought or held Shares, respectively). In general, a 10% Belgian withholding tax is levied on such redemption and liquidation distributions. The redemption distributions are considered to be a dividend at the time that a reduction in value or a capital loss is recorded on the redeemed Shares and at the latest upon dissolution or liquidation of the Company.

(i) Belgian private investors and legal entities

For private investors subject to Belgian income tax and for legal entities subject to the Belgian tax on legal entities, Belgian withholding tax generally constitutes the final tax on their dividend income; the taxpayer does not have to declare the received dividends separately in his income tax declaration or legal entities' tax declaration. If a private investor elects to report the dividend income in his tax return, he will then be taxed at the separate rate of 25% or at the applicable progressive personal income tax taking into account the taxpayer's other declared income, whichever is lower. The reporting of a dividend income in the income tax declaration is only advantageous if the private investor has a very small income. In both cases, the tax due will be increased with the municipal surcharges, and the withholding tax levied at source can be credited with the total amount of taxes due and is even reimbursable in the event that and to the extent it would exceed the amount of tax due.

(ii) Belgian companies

For companies subject to Belgian corporate income tax, the gross dividend income, including the withholding tax levied, must be added to their taxable income, which is taxed at the ordinary corporate income tax rate of 33.99%. Under certain circumstances lower tax rates may apply.

(a) Exemption and levying of withholding tax

The withholding tax may in principle be credited against the corporate income tax and is reimbursable to the extent that it exceeds the corporate income tax due, subject to two conditions: (i) the taxpayer must own the Shares in full legal ownership at the time of payment or attribution of the dividends and (ii) the dividend distribution may not give rise to a reduction in value of, or a capital loss on, the Shares. The second condition is not applicable if the investor proves that he has held the Shares in full legal ownership for an uninterrupted period of twelve months prior to the attribution of the dividends or that, during that period, the Shares never belonged to a taxpayer that was not a Belgian company or that was not a non-resident company that held the Shares through a permanent establishment in Belgium.

See also point (v) hereunder.

(b) Deduction of dividends from the taxable income

If a company subject to Belgian corporate income tax, holds, at the time of the dividend distribution, a shareholding of at least 10% in the capital of the Company or a share participation with an acquisition value of at least EUR 1,200,000, then, under certain conditions, 95% of the gross dividend received may be deducted from the taxable amount ("dividend received deduction"), provided that the shareholding in the Company qualifies as a fixed financial asset and the shareholding has been held in full legal ownership during an uninterrupted period of at least one year.

The minimum participation requirement does not apply to dividends received by Belgian credit institutions, insurance companies and stock exchange companies. Additionally, the minimum participation, legal ownership, accounting qualification and minimum holding period requirements do not apply to dividends received by investment companies.

(iii) Non-resident companies with a Belgian permanent establishment

If the Shares are held through a permanent establishment of a non-resident, the received dividends will be part of the taxable income of this permanent establishment and will be taxed at the non-resident income tax rate.

Withholding tax levied at source may, in principle, be offset against non-resident (corporate) income tax and is reimbursable to the extent that it exceeds the actual tax payable, as far as the non-resident company holds the Shares in full legal ownership at the time of dividend distribution and that the dividend distribution does not result in a reduction in value of, or a capital loss on the Shares. This condition is not applicable if: (i) the non-resident (the company) demonstrates that it has held the full legal ownership of the Shares for an uninterrupted period of 12 months preceding the date upon which the dividends are attributed or (ii) during the said period, the Shares never belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian establishment.

See also point (v) below.

(iv) Non-resident company or individual without Belgian establishment or fixed base

If the Shares are held by a non-resident, a company or individual, without a permanent establishment or a fixed base to which the Shares are allocated, the 25% dividend withholding tax will be the final tax in Belgium for such non-residents.

In the event that there is no exemption applicable under Belgian domestic tax law, the Belgian dividend withholding tax can potentially be reduced for investors who are non-residents pursuant to the treaties regarding the avoidance of double taxation concluded between the Belgian State and the state of residence of the (non-resident) shareholder. Belgium has concluded tax treaties with more than 80 countries, reducing the dividend withholding tax rate to 15%, 10%, 5% or 0% for residents of those countries, depending on conditions, among others, related to the size of the shareholding and certain identification formalities.

Potential investors are advised to contact their own financial adviser to check whether they could be subject to a reduction or an exemption of withholding tax on the distribution of dividends or to obtain information on the formalities to receive such a deduction or exemption for payment of dividends or to file a request for reimbursement.

See also point (v) hereunder.

(v) EU Member State residents or residents of a country that concluded a tax treaty

Additionally, in accordance with European Union law, European Union resident companies that qualify under the EU Parent–Subsidiary Directive of 23 July 1990 (90/435/EEC) as amended by Directive 2003/123/EC of 22 December 2003, are exempt from Belgian withholding tax if they own at least a 15% interest in the Company for an uninterrupted period of at least one year. To benefit from this exemption, the qualifying shareholder must sign a certificate as to its status as an EU resident company within the

meaning of the EU Parent–Subsidiary Directive and as to its 15% interest in the company for an uninterrupted period of at least one year. This certificate must then be forwarded to the Company and the paying agent. A shareholder that holds an interest in the Company of at least 15% but has not held such interest for the minimum one-year period at the time the dividends are attributed may benefit from the exemption if it signs a certificate such as described above, but, giving the date from which it has held its 15% or more interest. In this certificate the shareholder must also undertake to continue to hold the interest until the one-year period has expired and to notify the Company immediately if the one-year period has expired or if its shareholding falls below 15%. The Company will withhold an amount equal to the withholding tax until the end of the one-year holding period and then pay it to the shareholder or the Belgian Treasury, as appropriate. The 15% minimum participation requirement will be reduced to 10% for dividends attributed or paid after 1 January 2009.

Moreover, no withholding tax will be due on dividend payments by the Company provided that the (i) the beneficiary is a company limited by shares located in a country having a double tax treaty with Belgium and is subject to the common system of corporate tax in its country of residence, (ii) the beneficiary holds at least 15% of the share capital of the Belgian company for an uninterrupted period of one year, and (iii) the double tax treaty concerned contains an exchange of information clause necessary to execute the national laws of the treaty states.

4.7.2. Capital gains and losses

(i) Private investors

If a private investor subject to Belgian income tax is in the possession of Shares, these Shares are in principle part of his private estate. Therefore, private investors who are Belgian residents are in principle not subject to Belgian income tax on capital gains realised on the Shares.

If the capital gain cannot be qualified as resulting from the normal management of a private estate, the capital gain is taxable at 33%, to be increased with communal surcharges.

The capital gains realised upon the sale of shares belonging, during the five years before the transfer of the shares, to a substantial shareholding of 25% or more (taking into account the shares held by certain relatives) are taxable at 16.5%, to be increased with communal surcharges, in case the shares are sold to a non-resident corporation. However, the European Court of Justice decided on 8 June 2004 that the application of this 16.5% capital gain tax is contrary to the general principles of free movement of capital and freedom of establishment contained in the EC Treaty if the shares are transferred to an EU resident company. The tax authorities accept that the tax is not applicable if the Shares are sold to an EU resident company. The legislation has not been amended to the jurisprudence.

Any capital losses realised by private investors upon the disposal of the Shares are generally not tax deductible. However, losses on speculative transactions or transactions falling outside the scope of the normal management are, in principle, tax deductible from the income received pursuant to similar transactions.

(ii) Legal entities and companies

Legal entities subject to the Belgian tax on legal entities are in principle not subject to Belgian income tax on capital gains realised upon the disposal of the Shares but can be subject, as described above, to the 16.5% tax in case they hold a substantial (25%) interest in the Company. Capital losses realised upon the disposal of the Shares are generally not tax deductible under Belgian tax law.

Companies that are subject to Belgian company tax are in principle not taxed on capital gains realised on the sale of Shares.

Capital losses realised upon the disposal of the Shares are generally not tax deductible under Belgian tax law, except possibly at the time of liquidation of the Company up to the fiscal capital of the Company represented by those Shares.

(iii) Non-residents (individuals and legal entities)

Non-resident shareholders (companies) that hold Shares through a permanent establishment in Belgium will generally not be subject to Belgian income tax on capital gains realised upon the disposal of the Shares.

Non-resident shareholders that do not hold the Shares through a permanent establishment or fixed base in Belgium will generally not be subject to any Belgian income tax on capital gains realised upon the sale, exchange, redemption (except for the dividend withholding tax; see above) or other transfer of the Shares, unless non-resident shareholders hold a substantial participation and the bilateral tax treaty concluded between the Kingdom of Belgium and their state of residence, if any, does not provide for an exemption from Belgium capital gains tax.

4.7.3. Tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration in Belgium, through a "professional intermediary", of existing Shares (secondary market) is subject to the tax on stock exchange transactions, generally in the amount of 0.17% of the purchase price, capped at EUR 500 per transaction and per party in accordance with the Law of 28 April 2005.

In any event, no tax on stock exchange transactions is payable by (i) professional intermediaries described in Articles 2, 9° and 10° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services (Wet betreffende het toezicht op de financiële sector en de financiële diensten / Loi relative à la surveillance du secteur financier et aux services financiers), acting for their own account; (ii) insurance companies described in Article 2, §1 of the Belgian Law of 9 July 1975 on the supervision of insurance companies (Wet betreffende de controle der verzekeringsondernemingen/Loi relative au contrôle des entreprises d'assurances) acting for their own account, (iii) pension funds described in Article 2, 1° of the Law of 27 October 2006 (Wet betreffende het toezicht op de instellingen voor bedrijfspensioenvoorzieningen/Loi relative au contrôle des institutions de retraite professionnelle) on the supervision of pension funds acting for their own account; (iv) collective investment institutions as described in the Law of 4 December 1990, acting for their own account or (v) non-residents acting for their own account (upon delivery of a certificate evidencing the fact that they are non-resident).

Upon the issuance of New Shares, no tax on stock exchange transactions is due. To the extent that the number of Offered Shares to individual investors is greater than the number of New Shares, the tax on stock exchange transactions on the Existing Shares offered to them will be taken into account upon payment of the Offered Shares.

5. GENERAL INFORMATION ABOUT THE COMPANY

5.1. General Information

Alfacam Group NV is a public limited company that was incorporated under Belgian law for an undetermined period on 5 April 2007. The Alfacam Group was established by the current shareholders of Alfacam and Euro1080, i.e. the married couple Fehervari-Stoop, Sigmacam NV and GIMV (see section 5.8 "Shareholders"). The Company's registered office is situated at Fabriekstraat 38, 2547 Lint (Belgium) and the company is registered in the Belgian Register of Legal Entities under enterprise number 0888.585.821 (Antwerp). The Company's telephone number is +32 3 454 10 40.

This Chapter sets out the Company's corporate purpose and its capital. This section is based on the Company's articles of association, as amended by the Extraordinary General Meeting of Shareholders of 23 April 2007. Some of these amendments will only enter into force when the final Offering Price or Closing Date is determined. The description provided hereafter is only a summary and does not purport to give a complete overview of the Company's articles of association nor of the relevant provisions under Belgian law, neither should it be considered as legal advice regarding these matters.

5.2. History and Development of the Group

Alfacam BVBA was created in August 1987 through the merger of Angel Video and E&E Audiovisuals. Angel Video was a TV production company owned by the married couple Fehervari-Stoop, whilst E&E Audiovisuals was a TV services company owned by the late Mr Eric Coenegrachts. Until 2003, the Group only provided TV Services via the company, Alfacam.

Alfacam initially provided single-camera services for recording corporate films. Different images were recorded and then edited into a documentary or news report. Alfacam gradually moved on to using multi-cameras for recording local events and shows, such as the Antwerp Night of the Proms.

Demand for corporate films in Belgium fell as a result of the first Gulf war and so Alfacam decided to focus more on serial and permanent recordings for television broadcasting corporations. At that time, the Belgian public broadcaster, VRT (previously BRITN), began to increasingly outsource recordings. With more than 200 completed TV programme hours per year in 1993-1994, Alfacam was one of VRT's most important suppliers for recordings that included Samson & Gert, Biosfeer, Ecologisch Tuinieren, Panorama, KMO Partner and quite a number of TV shows.

Television is directly and indirectly paid for by the viewers. More TV broadcasters were established in the mid-nineties, as a result of which advertising revenues, and therefore the available budget per TV channel, decreased. This led to price erosion in the TV recording market. In response to these changed market conditions, Alfacam began concentrating on the Special Events market where particularly the quality, quantity and size of OB vans and use of new technologies were the important decision criteria as opposed to price. For this reason, Alfacam has consistently invested in the latest technologies, several large OB vans and an extensive inventory of recording equipment since the mid-nineties. Since 1995, Alfacam has invested a total of some EUR 74.1 million, of which EUR 10.3 million was invested in the Eurocam Media Center.

Alfacam has always been a leader in the use of the latest available technologies:

- in 1993, Alfacam was the first European player to invest in 16:9 digital image format;
- in 1998, Alfacam was the first European player to switch over to the new super slow motion technology;
- in 1999, Alfacam was the first European player to own a very large OB van (the "OB 7"), equipped with 27 cameras;
- in 2000, Alfacam was the first European player to switch over to High Definition Digital technology (HDTV) and the first worldwide player capable of sending both SD and HD recorded images to its customers;

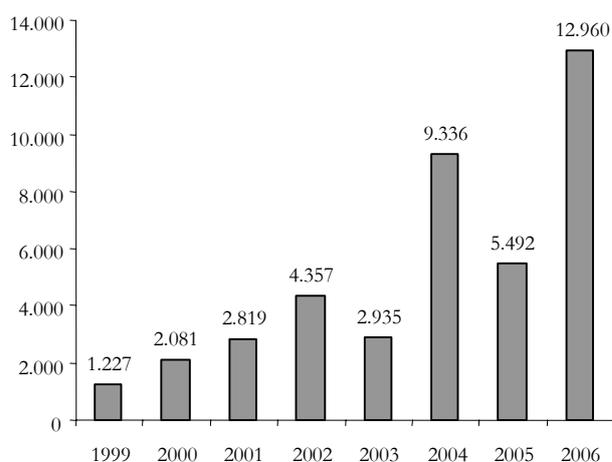
- in 2004, Alfacam was the first worldwide player to start using the new HD super slow motion cameras;
- and, in mid-2005, Euro1080 was one the first broadcasters worldwide to use MPEG4 compression technology for the transmission of HDTV signals.

The most important milestones in the Group's history are listed below:

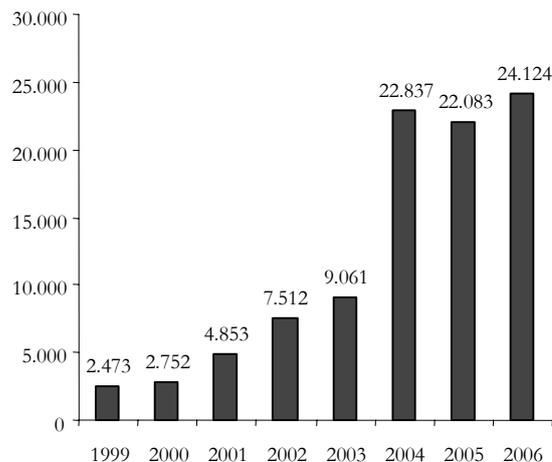
Period	Description
Aug. 1987	Establishment of Alfacam, which focused on recording corporate films and local shows
1991	Started recordings for the Belgian public broadcaster VRT
1992	Purchased the first multi-camera truck
1993	Moved to new 600 m ² offices in Hove (Belgium) Started to use new 16:9 digital image format technology
1995	Started to expand European activities
1998	Started to use super slow motion technology
1999	Started to use the OB 7, an OB van equipped with 27 cameras, the first one in Europe
2000	Alfacam was the first in Europe to start in HDTV
2002	Major supplier of OB vans for the Winter Olympics in Salt Lake City
2003	Launch of Euro1080
Dec. 2003	Acquisition of Euro TV Mobil in Germany – Alfacam Deutschland GmbH
Jan. 2004	Launch of "HD1", the first HDTV channel in Europe
Jun.-Jul. 2004	Major supplier of OB vans for the Athens Olympics and the EURO 2004 football championship in Portugal
End of 2004	First player in 2004 to use the latest HD super slow motion cameras
April 2005	Establishment of Alfacam France SAS
Sept. 2005	Opening of Eurocam Media Center in Lint (Belgium)
Feb. 2006	Largest supplier of OB vans for the Turin Winter Olympics
June 2006	Signing of the contract for the supply of Multi-Camera TV Services for the 2008 Beijing Olympics

The graph below provides an overview of the evolution of the EBITDA and operating revenue for 1999-2006.

EBITDA Evolution 1999-2006



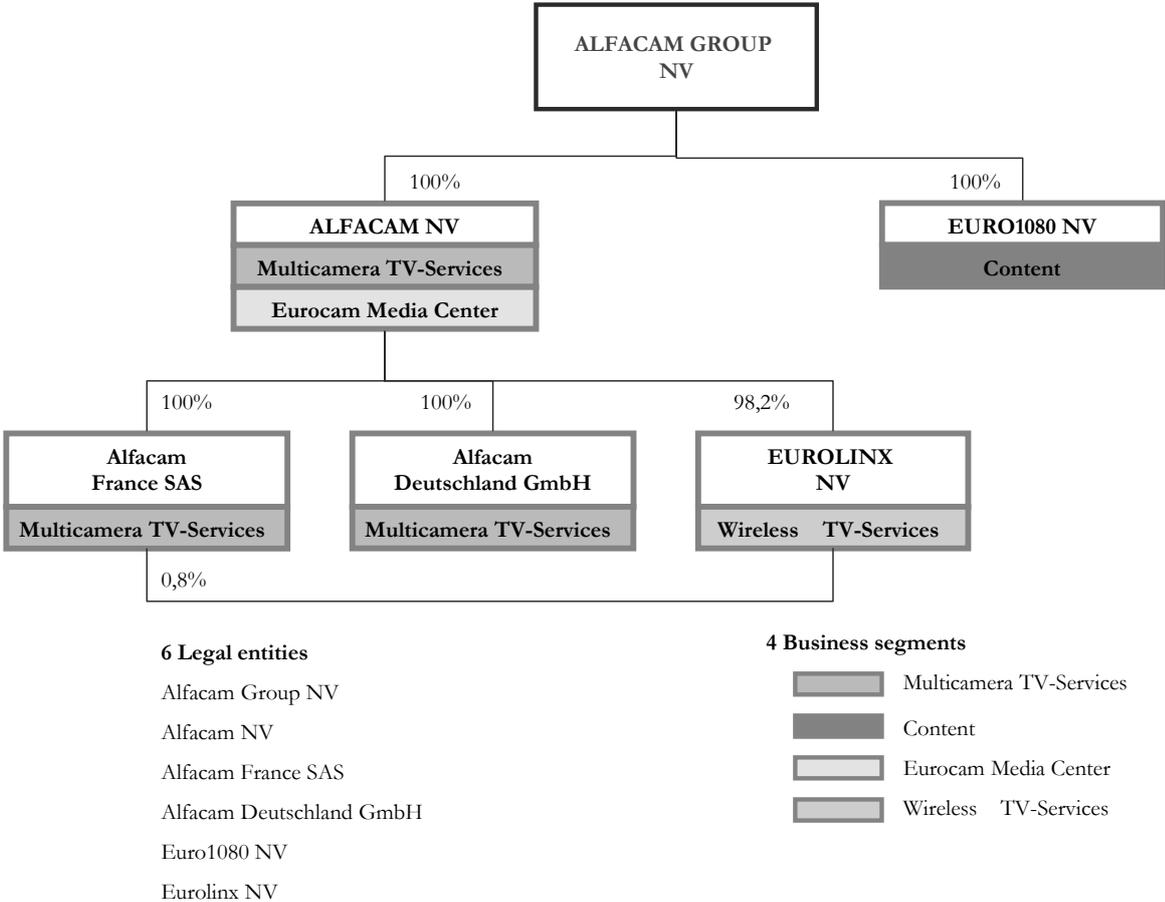
Operating Revenues Evolution 1999-2006



5.3. Group Structure

After the establishment of the Contribution in Kind (and the associated increase of the Company’s capital) by the Board of Directors, which is planned on the Closing Date (see section 5.6.3 "Increase of Capital"), the Company will have the following subsidiaries: (i) Alfacam NV, with registered office at Fabriekstraat 38, 2547 Lint (Belgium), (ii) Euro1080 NV, with registered office at Fabriekstraat 38, 2547 Lint (Belgium), (iii) Eurolinx NV, with registered office at Fabriekstraat 38, 2547 Lint (Belgium), (iv) Alfacam France SAS, with registered office at 28 Avenue de Rome-Les Estroublans, 13127 Vitrolles (France) and (v) Alfacam Deutschland GmbH, with registered office at Freisinger Strasse 108, 85737 Ismaning (Germany).

After the establishment of the Contribution in Kind (and the associated increase of the Company’s capital) by the Board of Directors, which is planned on the Closing Date, the group’s legal structure will be as follows:



The Group’s activities are the following:

- **Alfacam NV** and its German and French subsidiaries provide television facilities and services to broadcasting corporations and production houses. As at the end of 2006, the Group owned 19 vans, including 14 OB vans equipped with the latest cameras for HDTV, 1 standard definition OB van, 2 audio trucks and 2 satellite trucks. Alfacam specialises in recording international sports events, including the Olympic Games, football’s World Cup and European championships, and concerts by internationally renowned artists, such as Robbie Williams and Madonna. Alfacam also hires out OB vans, recording and peripheral equipment, and builds OB vans for its own use. From 2007 onwards, Alfacam has started to build and sell OB vans for third parties.

- The Group's wireless activities, in both standard digital TV and HDTV, were combined in **Eurolinx** at the start of 2007. Wireless transmission is used, for example, in cycling/car racing and athletics competitions. These wireless broadcasts were previously produced by Alfacam. Incorporating these activities into a separate company strengthens the commercial position. The fact that Eurolinx can be regarded as "independent", makes it easier for Alfacam's competitors to make use of its services. In fact, some of Alfacam's competitors can become important customers for Eurolinx.
- The rental of the building and studios was placed with the ***Eurocam Media Center***. The media centre, which operates under the name Eurocam Media Center, is not a separate legal entity.
- Broadcasting and server-related activities, such as HDTV image archive management, play-out (final editing) and the conversion of analogue to digital recordings, are combined in **Euro 1080 NV**. Euro1080 became the first television company in Europe to start with HDTV broadcasts on 1 January 2004. It was also the only HDTV broadcasting channel until December 2005.

5.4. Group Strategy

The Group intends to reinforce its leading position in HDTV recording in a fast-changing television market where digital, on-demand (pay TV) and HD are becoming ever-increasingly important. The Group focuses in general on the upper end of the market, both with respect to Multi-Camera and Wireless TV Services and the rental of studios and equipment. The Group moreover tries to ensure top-quality services by deploying the latest technologies and highly trained, flexible employees, which must lead to flawless execution.

The Group strives for the most optimal capacity utilization of its OB vans, wireless equipment and server capacity by working on a pan-European scale and with alternative rental formulas (including sale with rent-back clauses, long-term dry-hire). As the Group has already proven in the past, it aims to manage its assets in the best possible manner. The Group tries to accomplish this by investing and disinvesting at the right time. The group companies generate and stimulate business for each other, which can give rise to important synergies.

Alfacam's activities currently still constitute the most important source of revenue for the Alfacam Group, however, the Group management's medium term aim is for the operating result to be more evenly distributed among the various segments (also see 6.1.2, 6.2.2, 6.3.2 and 6.4.4 for a discussion on the strategy for each segment).

Alfacam acts as the locomotive for Eurolinx's customers, making it possible for wireless services to be offered in every corner of Europe. Alfacam's reputation and customers in the area of TV Services will stimulate the growth of the Wireless TV Services.

Euro1080 uses Alfacam's HDTV resources for recording its programmes. Conversely, via its recording activities, Alfacam can acquire broadcasting rights from its customers, which Euro1080 broadcasting channels can use. The server-related activities can generate additional operating revenues with regard to the content in Euro1080's possession. Euro1080 can also use the server-related activities for its own broadcasting channel.

The Eurocam Media Center has become the flagship of the Group. The studios also generate work for the OB vans.

5.5. Purpose of the Company

Pursuant to article 3 of the articles of association, the Company aims to undertake, alone or together with other entities, in Belgium and abroad, all activities, operations, and investments that relate to the production and the commercialization of audio-visual recordings, the provision of audio-visual and communication services, the running of a film and television company, with specific reference to the following:

- the investment, subscription, participation, investment, sale, purchase and trade in shares, securities, bonds, certificates, receivables, liquid funds and other investment instruments issued by Belgian or foreign companies - whether they be commercial companies or not - administrative offices, institutions or associations, excepting the activities for which permission of a financial supervisor is required;

- the management of investments and participations in subsidiaries, the rendering of professional advice, management services and other services that are in line with the activities carried out by a holding company. These services may be rendered pursuant to contractual or statutory appointments or in the capacity of an external advisor;
- the allotment of loans and advances in whatever form and for whatever term as may be to all associated companies or companies wherein the company holds a participation, as well as the posting of guarantees with respect to its obligations and to all obligations of these said companies by standing surety or by offering securities or in some other form, on condition that the company personally derives a benefit from such actions.

The Company may act as director, business manager, manager or liquidator of other companies.

The Company shall be entitled to engage in all activities of an industrial, commercial, financial, civil, moveable and immovable nature, as well as engage in all transactions for a fee, such transactions to be either directly or indirectly related to its objectives or be of a character to promote the realisation of the said objectives of the company.

5.6. Capital and Shares of the Company

5.6.1. Share capital and shares

On the Date of the issue of the Prospectus, the Company's share capital amounts to EUR 61,502, represented by 8,786 registered shares without nominal value, each of which represents an identical fraction of the Company's share capital. The capital has been fully paid up.

All the Shares have the same rights.

5.6.2. Other outstanding financial instruments

Aside from the above-mentioned registered Shares and the Warrants described hereinafter (see section 5.7. "Warrant plan"), the Company has not issued other securities representing or not the Company's share capital.

5.6.3. History of the capital

Evolution of the capital of the Company

The Company was incorporated on 5 April 2007 by a cash contribution. At the time of incorporation, the Company's capital amounted to EUR 61,502, represented by 8,786 registered Shares without nominal value, each worth an identical fraction of the Company's share capital.

The extraordinary general meeting of shareholders of the Company, held on 23 April 2007, decided to increase the capital for the Company by means of a contribution in kind of all shares in Alfacam and Euro1080 under the condition precedent of the determination of the final offering price and the signature of the Underwriting Agreement prior to the 1 July 2007. In exchange for the contribution of one share of Alfacam or one share of Euro1080, a shareholder of Alfacam or, respectively, Euro 1080 will receive one Share in the Company (with this proviso that a relative value of Alfacam and Euro1080 has been fixed, being 67% for Alfacam and 33% for Euro1080, and that, in function thereof, and with an eye on the "share-for-share" exchange ratio, a split of the shares of Alfacam and Euro1080 was carried out). The shares in Alfacam and Euro1080 will be entered at a global value that is equal to the final Offering Price multiplied by 6,813,474 Shares. As a consequence, the Board of Directors, following the completion of the book-building procedure, shall establish the final Offering Price, and therewith the value of the shares contributed. Following the fulfilment of the condition precedent, and at the latest on the closing, the Board of Directors shall determine the Contribution in Kind and issue the 6,813,474 Shares to the shareholders of Alfacam and Euro1080 that have contributed their shares in those said enterprises to the Company. To this end, the extraordinary general meeting granted the required powers of attorney to the Board of Directors. The fractional value of the Shares at the time of incorporation of the Company amounts to EUR 7. Depending on the final Offering Price, it is possible that the fractional value of the

new Shares as compensation for the Contribution in Kind will deviate from the one of the existing Shares at the moment of incorporation. The final Offering Price can in any event not be lower than the fractional value of these Shares existing at the time of incorporation. The extraordinary general meeting of shareholders of the Company, held on 23 April 2007, decided that, in case of a difference, the fractional value of all Shares in the Company shall conventionally be equalized.

The reports of the Board of Directors and of the Auditor regarding the Contribution in Kind, drawn up pursuant to Article 602 of the Companies Act, constitute annex 1 to this Prospectus.

While these reports are in first instance meant to inform the Existing Shareholders on their contribution and the counter-value that they will receive in consideration thereof, the following points should be taken into account. These reports do not contain any valuation in absolute amounts of the contribution. It was not deemed opportune to have a difference between the validation of the contribution and the valuation of the IPO. The valuation for the IPO is carried out on the basis of the bookbuilding procedure, which effectively tests the value with the investors and which, qualitatively seen, is preferable to a valuation that is based exclusively on theoretical valuation models.

The reports of the contributions thus refer, with respect to the valuation, to the formula: number of issued Shares in compensation of the Contribution (being 6,813,474) x the final Offering Price. To further establish at what values Alfacam and Euro1080 will be entered as Company assets, a relative distribution formula is applied to the total value of the contribution. The relative values were conventionally fixed between the Existing Shareholders at 67% for Alfacam and 33% for Euro1080. Taking into account (i) the relative values of Alfacam and Euro1080, (ii) the wish to issue one Share of Alfacam Group for the contribution of one share of Alfacam or one share of Euro1080 and (iii) the wish to achieve an Offering Price within the value range that is acceptable to the market (meaning neither too high nor too low), the number of Shares to be issued by the Company in compensation for the Contribution in Kind was fixed at 6,813,474.

The manner of reporting offers from an economic point of view offers less insight since the valuation method is the one taken from the bookbuilding procedure, which will only at a later date offer a clarification of the valuation in absolute terms. The Company is of the opinion that for the incorporation of a holding Company at the time of the IPO this structure is to be preferred. The Company's legal advisor, Linklaters De Bandt, has confirmed the validity of this structure and has made referrals to precedents in casu.

The same extraordinary general meeting of the shareholders decided to increase the capital of the Company as required set forth in the objects of the Offering (see section 2.4 "Reasons for the Offering and use of proceeds ") and granted the Board of Directors special powers of attorney for the determination of the capital increase and the issuance of the Shares to the investors on closure of the Offering. The portion in the Company's capital that is represented by each Share may change as a consequence of the Offering. Depending on the final Offering Price, it is indeed possible that the fractional value of the New Shares will be different from the value of the already Existing Shares. The extraordinary general meeting of shareholders of the Company held on 23 April 2007 decided that, in the event of a difference, the fractional value of all Shares of the Company will be conventionally equalised.

Evolution of the capital of Alfacam

On the Prospectus Date, Alfacam NV's share capital amounts to EUR 94,309.40, being represented by 4,565,220 shares.

Alfacam was incorporated on 26 August 1987 with a share capital of EUR 18,592.01 (BEF 750,000). On 30 December 1994, the share capital was increased to EUR 68,170.72 (BEF 2,750,000). On 21 December 2000, the share capital was increased to EUR 89,582.44 (BEF 3,614,150) by conversion of convertible bonds of GIMV, which had already acquired one share in Alfacam on 30 September 1998. On 19 December 2003, the company conducted a final capital increase through a contribution in kind by Plazamedia GmbH, a company under German law, with registered office on Münchenerstrasse 101, in 85737 Ismanig, Germany. The capital was increased to EUR 94,309.40, which is the company's current

share capital. In August 2005, agreements were entered into about the exit of Plazamedia GmbH, which were formalized at the start of 2007. The participation of Plazamedia GmbH, which represented circa 5% of Alfacam's capital, was acquired in equal portions by Fehervari-Stoop and GIMV, on the basis of the results for 2005, in conformity with the agreements concluded at the start of 2006.

Evolution of the capital of Euro1080

Euro1080 was incorporated on 8 July 2003 with a share capital of EUR 62,000.00. On 12 January 2004, the share capital was raised by means of a capital increase on which GIMV subscribed and which brought the capital to EUR 81,468.00, which is the current share capital of the company. On the Prospectus Date, the capital is represented by 2,248,254 shares.

Prior to the Offering, GIMV and Adviesbeheer GIMV Corporate Investments België NV have exchanged shares so that both hold an equal shareholding in Alfacam and Euro1080. The exchange ratio used is based on the relative value of Alfacam and Euro1080 individually in relation to the total.

5.6.4. Acquisition of own shares

The Company is entitled to acquire its own shares, profit-sharing certificates or related certificates, alienate them or take them in pledge with proviso of compliance with the legal provisions.

On 23 April 2007, the extraordinary general meeting of the company decided, under the condition precedent of the determination of the final Offering Price and the signing of the Underwriting Agreement, to empower the Board of Directors, without prior resolution of the general meeting, to acquire and retain own shares whenever this appears necessary to prevent a threatening serious adverse occurrence for the Company. This authorization is valid for a period of three (3) years, counting as of the announcement of the said empowerment in the Annexes of the Belgian Book of Statutes ("Bijlage bij het Belgisch Staatsblad").

At the same time, this extraordinary general meeting of the Company resolved, under the condition precedent of the determination of the final Offering Price and the signing of the Underwriting Agreement, to empower the Board of Directors to acquire a maximum number of own shares that, collectively, shall not represent more than 10% of the issued capital at a price that needs to be higher than 90% and lower than 115% of the price at which the shares were listed on the day preceding the day of acquisition or exchange. This authorization is valid for a period of 18 months, counting as of the announcement of the above empowerment in the Annexes of the Belgian Book of Statutes ("Bijlage bij het Belgisch Staatsblad"). This authorization is also valid for the acquisition of shares in the Company by one of its directly controlled subsidiaries according to article 627 of the Belgian Companies Act.

Furthermore, the Board of Directors was authorized, still under the same condition precedent, to sell and alienate, at a price to be determined by the Board, all own shares which are held by the Company, on a regulated exchange market, or within the context of its compensation policy to employees, directors, or consultants of the Company. There is no time limit on this empowerment. This empowerment is likewise valid for the alienation of shares in the Company by one of its directly controlled subsidiaries pursuant to article 627 of the Belgian Companies Act.

5.7. Warrant plan

On 23 April 2007, the extraordinary meeting of shareholders of the Company decided, on the proposal of the Board of Directors, under the condition precedent of the determination of the final Offering Price and the signing of the Underwriting Agreement, to issue a number of warrants equal to maximum 1% of the total of the Existing and New Shares. These warrants shall be granted at no cost to the Group's Management.

Every warrant that is being allotted shall entitle its holder to subscribe to one ordinary share of the Company. The exercise price of a warrant shall be equal to the Offering Price.

The warrants have a maturity of 5 years, to be counted as of the Listing Date of the Company. At the end of the 5-year period, the warrants will lapse. The definitive acquisition of the warrants by the warrant holders shall happen progressively, namely 34% as of the first anniversary date of the allotment, 67% as of the second anniversary date of the allotment, and 100% as of the third anniversary date of the allotment.

The warrants are not transferable *inter vivos*. The warrants can be exercised only when they have been acquired definitively and at the earliest as of 1 January following the third anniversary date of the allotment of the warrants to the warrant holders.

In the event of a change in the control of the Company, the Board of Directors shall have the authority to shorten the exercise period of the warrants on condition that the warrant holder is allotted at least 15 calendar days during which he can exercise his warrants. In the event that the warrant holders do not exercise their warrants within this period, the warrants shall lapse *de iure*.

5.8. Shareholders

The following table shows the expected shareholders' structure prior to and following the closure of the Offering, in the event of a placement of EUR 20 million New Shares, and the largest possible amount that the Selling Shareholder can deliver in Existing Shares on the basis of 3 hypothetical Offering prices, namely EUR 7, EUR 11, and EUR 15. The table offers 4 scenarios, namely the shareholder structure prior to the Offering, following the Offering⁸, prior to and following the exercise of the Greenshoe and on a fully diluted basis, e.g., after the exercise of the warrants that are allotted following the IPO.

The Offering Price is EUR 7⁹

Offering Price EUR 7	Before Offering		After Offering, before exercise GS, before exercise warrants		After Offering, after exercise GS, before exercise warrants		After Offering, after exercise GS, after exercise warrants	
	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital
Shareholder								
Fehervari - Stoop/Sigmacam	5,191,265	76.1	5,191,265	63.7	5,191,265	63.7	5,191,265	63.0
GIMV	1,630,995	23.9	0	0.0	0	0.0	0	0.0
Public	0	0.0	4,488,137	46.4	5,191,357	49.9	5,161,357	49.4
Warrant holders	0	0.0	0	0.0	0	0.0	96,794	0.9
Total	6,822,260	100.0	9,679,402	100.0	10,382,622	100.0	10,449,416	100.0

The Offering Price is EUR 11¹⁰

Offering Price EUR 11	Before Offering		After Offering, before exercise GS, before exercise warrants		After Offering, after exercise GS, before exercise warrants		After Offering, after exercise GS, after exercise warrants	
	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital
Shareholder								
Fehervari - Stoop/Sigmacam	5,191,265	76.1	5,191,265	63.7	5,191,265	63.7	5,191,265	63.0
GIMV	1,630,995	23.9	267,359	3.1	0	0.0	0	0.0
Public	0	0.0	3,181,817	36.8	3,659,089	41.3	3,659,089	40.9
Warrant holders	0	0.0	0	0.0	0	0.0	86,404	1.0
Total	6,822,260	100.0	8,640,441	100.0	8,850,354	100.0	8,936,758	100.0

The Offering Price is EUR 15¹¹

Offering Price EUR 15	Before Offering		After Offering, before exercise GS, before exercise warrants		After Offering, after exercise GS, before exercise warrants		After Offering, after exercise GS, after exercise warrants	
	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital	# Shares	% of the capital
Shareholder								
Fehervari - Stoop/Sigmacam	5,191,265	76.1	5,191,265	63.7	5,191,265	63.7	5,191,265	63.0
GIMV	1,630,995	23.9	630,995	7.7	280,996	3.4	280,996	3.4
Publiek	0	0.0	2,333,333	28.6	2,683,332	32.9	2,683,332	32.6
Warrant holders	0	0.0	0	0.0	0	0.0	81,556	1.0
Total	6,822,260	100.0	8,155,593	100.0	8,155,593	100.0	8,237,149	100.0

⁸ In case of execution of the Contribution in Kind.

⁹ If the Offering Price is EUR 7, the participation of the Selling Shareholder is not sufficiently large to sell Existing Shares for the amount of EUR 15 million. The value of her participation amounts in that case to EUR 11.4 million. The Greenshoe-option will in that case consist entirely of new Shares.

¹⁰ If the Offering Price is EUR 11, the Selling Shareholder will be able to sell for EUR 15 million of Existing Shares and also deliver a part of the Greenshoe-option for the amount of EUR 2.7 million. The remaining part of the Greenshoe-option will consist of new Shares.

¹¹ If the Offering Price is EUR 15, the Selling Shareholder will be able to sell for EUR 15 million of Existing Shares and deliver the entire Greenshoe-option for the amount of EUR 5.3 million.

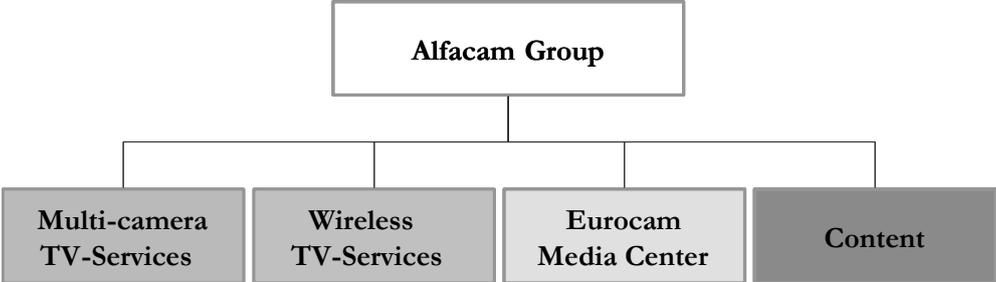
5.9. Legal matters and arbitration

In December 2006, a decision was rendered in an arbitration procedure started in 2005 with respect to a dispute regarding *access* cards bought by a partner of Euro1080. The judgment went against Euro1080 and the company was ordered to pay the sum of EUR 0.6 million to the counter-party. This amount was entered as a one-time cost. However, Euro1080 has lodged a claim for annulment of this decision before the general courts.

Aside from the above instance, neither the Company nor any one of its subsidiary companies is involved in legal disputes or arbitration procedures which during the 12 months preceding the Prospectus Date have had a notable effect or, to the Company's best knowledge, could or might have a notable impact on the financial position and/or the Company's operating results. Furthermore, the Company has no knowledge of any other possible procedures or legal claims pending.

6. ACTIVITIES OF THE ALFACAM GROUP

The Group's activities are grouped into 4 business segments, i.e. the Alfacam Multi-Camera TV Services Segment, the Eurolinx Wireless TV Services Segment, the Eurocam Media Center Segment and the Euro1080 Content Segment, which includes the Group's HD channels and server-related activities.



6.1. Alfacam: Multi-Camera TV Services

Alfacam was established in 1987 as a service provider for the recording of corporate films and local events. Since the mid-nineties, Alfacam has grown into a pan-European supplier of multi-camera services to broadcasting corporations for the recording of international sports, music and other large events, also known as outside broadcasting. In December 2006, an average of 53.6 FTEs were active in the Multi-Camera TV Services Segment. Freelancers or employees of the customer are often engaged for projects and, as such, the number of people working on a project can expand considerably, sometimes up to five times that number.

Alfacam has a very extensive and state-of-the-art OB fleet in Europe with 15 of its own OB vans, of which 14 are equipped with the latest HDTV cameras. There are currently about 60 to 70 OB vans in Europe equipped with HDTV cameras. No other market player in Europe has as many vans as Alfacam. Additionally, the average capacity of an Alfacam OB van to install and operate recording cameras is significantly greater than that of most competitors.¹² Alfacam also has two Surround 5.1 audio trucks and two satellite or SNG trucks with HDTV capacity.

In addition to Special and Standard Events recording, Alfacam also rents high-tech audiovisual recording and peripheral equipment (including 124 HDTV cameras, of which 16 are super slow motion cameras) to other media companies. Alfacam has also started this year with the construction and assembly of OB vans for third parties.

In December 2003, Alfacam acquired 100% of the shares in two German companies: Euro TV Beteiligungs GmbH and Euro TV Mobil Production GmbH&Co KG. The name of Euro TV Beteiligungs GmbH was subsequently changed to Alfacam Deutschland GmbH and all shares in Euro TV Mobil Production GmbH&Co KG were contributed as a part of a capital increase to Alfacam Deutschland GmbH. In this way, Euro TV Mobil Production GmbH&Co KG was merged into Alfacam Deutschland GmbH and ceased to exist as an independent legal entity. In April 2005, a second Alfacam subsidiary was established in France, Alfacam France SAS. Consequently, Alfacam can compete in the German and French markets for contracts with the public broadcasting corporations, which would not be possible if it were not based locally.

6.1.1. Activities

The activities of Multi-Camera TV Services consist of recordings for Standard and Special Events, rental of recording equipment and producing events and programmes, for which Alfacam undertakes the

¹² Source: Germany's Medien Bulletin, December 2006.

creative detailing, technical and logistics consulting and production management (post production and delivery, etc.).

The recording of Standard and Special Events forms the most important activity of the Multi-Camera TV Services Segment and in some years represents up to half of the operating revenues. Alfacam annually records around 1,500 events, of which about half are currently in HD.

Special Events are events that require several large HDTV OB vans for several consecutive recording days. Quality and certainty are key considerations and high profit margins can be achieved because often fewer own personnel and freelancers are needed. For Special Events, OB vans are regularly hired out with the minimum use of own staff and the organiser of the Special Event (such as the Olympic Games or the recording of various Clouseau concerts) looks after additional recording staff or hires freelancers itself. There are, however, a number of Special Events that only take place in even years, such as the Olympic Games and the European and World football championships, which can be regarded as **Top Special Events** due to their size and international character. Alfacam's management believes that it provides the recording of the majority of all Top Special Events. Given the size of these Special and Top Events, it is not unusual for the principal to pay an advance well before the event gets underway.

Standard Events are events that only require the deployment of one or a small number of small OB vans for one or a limited number of recording days and for which the recording is sometimes still made in SD, or where the HDTV recording is subsequently converted into a lower image standard, such as SD. For these types of events, Alfacam will mostly provide its own staff or freelancers. Examples of Standard Events that Alfacam has recorded include the TMF Awards, operas, classical music concerts, weekly football matches in Belgium, France and Germany, and almost all of Studio 100's projects¹³.

The Standard and Special Events can also be categorised on the basis of content:

- sports;
- music (rock and classical);
- other events.

In the area of sport, Alfacam has undertaken all or major parts of the recordings for the following (Top) Special Events: the 2002 Winter Olympics in Salt Lake City, the 2004 Summer Olympics in Athens, the 2006 Winter Olympics in Turin, the EURO 2000 Football Championship organised in Belgium and the Netherlands, the EURO 2004 Football Championship in Portugal, the 2002 Football World Cup organised in Japan and Korea, the World Touring Car Championship since 2002, the Handball World Cup in Tunisia in 2003 and in Germany in 2007. In the near future, these recordings will include the Pan American Games in Brazil (July 2007) and the Rugby World Cup in France (September-October 2007). Examples of Standard Events include the recordings of some 400 football matches in Belgium, Poland, Portugal, Ukraine, Germany, France and Saudi Arabia.

Alfacam has also provided the HDTV recordings of more than 250 rock concerts and festivals, including the Rolling Stones, Jean-Michel Jarre, Bruce Springsteen, Madonna, Elton John, Simple Minds and Rock in Rio. Other music event recordings include more than 200 operas and 250 classical music concerts (e.g. the Vienna New Year's Concert), as well as the 2006 European MTV Music Awards.

Alfacam has also recorded other events: the G8 conferences in Evian (2003) and St. Petersburg (2006), the Red Bull Air Race Series (2003-2006), the 300-year birthday celebrations of St. Petersburg (2003), the festivities relating to the 60th anniversary of the end of the Second World War in Moscow (2005) and the visit of Pope Benedict XVI to Istanbul (2006).

The number of recording, satellite and audio trucks needed depends on the size of the event. The Multi-Camera TV Services Segment is therefore the largest supplier of OB vans for the 2008 Beijing Summer Olympics. The total number of OB vans which will be transferred from Europe towards the Beijing

¹³ Studio 100 is a Belgian producer of children's programmes and theatre shows. Studio 100 also has studios (also see 6.3.3 "Market and players").

Summer Olympics is estimated by the management to be around 30. The value of this contract is around double that of the 2004 Athens Summer Olympics. Depending on the contract, the OB vans must be in place several days in advance to prepare for the recording.

Since the start of HD recordings, Alfacam has obtained certain **broadcasting rights** when negotiating for the recording of events in HD. The recordings for which these broadcasting rights have been obtained are stored in a library which is at the disposal of the Euro1080 broadcasting channels. The catalogue includes footage from over 300 projects, including sports events and concerts. Due to the quality and unique and timeless character of the recorded events (no news features), these programmes have a long life span (also see section 6.4.2 "Activities").

Alfacam also **rents its available high-tech recording and peripheral equipment** to production houses, public broadcasting services and event organisers. Alfacam has a wide range of modern audiovisual equipment, including 124 HDTV cameras, of which 16 are HD super slow motion cameras. This equipment is regularly rented to production houses that make recordings in one of the Eurocam Media Center studios (see section 6.3.1 "Activities"). This equipment is occasionally rented during Special Events for which dozens of broadcasting vans and hundreds of cameras are required. Given the current shortage, there is a market eager for the equipment Alfacam can provide.

Finally, the Multi-Camera TV Services Segment started during 2007 with **the construction of OB vans for third parties**. According to management, the large demand for HD OB vans, the experience the Group gained when building OB vans for its own use (Alfacam has already built 27 OB vans), the existing long-term relationships with the suppliers of recording equipment and the available space in the Eurocam Media Center are unique trump cards that must result in the profitable construction of OB vans for third parties. Given that HD OB vans can be built for own use at the same time, management is assuming that additional economies of scale can be realised with regard to purchasing and production. These OB vans are only built to order, so that no stock is accumulated, and orders are only accepted if an attractive operating margin can be made. Obviously, these vans are not built for direct competitors but for distant markets such as the Middle East, North and West Africa or the Russian Federation.

When selling OB vans it has previously used for its own benefit, Alfacam includes a clause that entitles it to rent back the van for a certain number of days per year to resolve temporary capacity problems in peak periods.

6.1.2. Strategy

Alfacam is aiming to further expand its leading pan-European position in the supply of television facilities for large-scale Special Event recordings throughout the world. Alfacam is involved in the majority of Top Special Events. Since 2004, all Top Special Events have been recorded in HDTV. Management estimates that the Group possesses around 20% of the OB vans in Europe and records around two-thirds of the projects that are recorded in HDTV. Alfacam's reputation and list of references since 2001 play a key role in securing the contracts for Special Events. The technological lead and know-how that Alfacam has built up since 2001 in the field of HDTV are also important trump cards.

Alfacam is less interested in frequency contracts, such as the weekly football in Belgium. The profit margin made on these contracts is often low. Alfacam would also be too tied up with specific customers or part of its production capacity would be restricted, while there are more interesting orders elsewhere.

Management believes that Alfacam possesses the following essential attributes that enable it to maintain and reinforce its leading position:

A. Technological leadership in HD

Since the nineties, Alfacam has set itself apart from its competitors by investing at the right time in the latest recording technologies. Through its vision and foresight to date, Alfacam has always succeeded in investing in new technology and, as a result, can offer its clients a unique range of recording equipment and OB vans, both in the area of advanced technology and quantity.

Alfacam has developed its own advanced design for the construction and composition of its OB vans. This design consists of double-decker OB vans that can simply be built onto a bus chassis. These double-decker OB vans have around 68m² of usable floor space: the bottom floor is used for the technology, whilst the top floor contains the working areas. In this way, there is less noise and heat interference and the staff can work more comfortably.

Alfacam assembles the OB vans in a quasi-exclusive joint venture with bus manufacturer, Van Hool NV, and the company Moeyersons NV for the specific technical adaptations.

Alfacam intends assembling a number of trucks at the same time, to take advantage of benefits, including: (i) flexible planning; (ii) considerable economies of scale in purchasing and production; (iii) tailor-made vans, (iv) mutual interest for the suppliers of recording equipment and Alfacam as user, both at a commercial level and for the visibility of their products at Top Special Events.

The diagram below shows how these OB vans are built:



B. Expansion of the largest fleet of HD OB vans

The provision of Multi-Camera services is a volume business: profitable margins can be made by offering a large number of high-tech OB vans for large projects. The principal often tries to limit the number of suppliers, particularly when several OB vans are deployed at the same time.

At Special (Top) Events (such as the Olympic Games), price is often not the decisive decision criterion. Currently, no other market player has a fleet comparable to that of Alfacam (see section 6.1.6 "Competition"). Since 1998, Alfacam has been consistently investing in the expansion of its fleet through autofinancing. For the purpose of recording the 2008 Beijing Olympics, Alfacam will have to increase its existing fleet with two large OB vans (with a capacity of more than 30 cameras per van) and two OB vans with a capacity of 12 cameras. The two large OB vans, including additional recording material, represents an investment of around EUR 11 million (see section 10.6 "Investments").

Alfacam systematically upgrades its fleet to ensure it remains the most advanced. Current market conditions enable Alfacam to sell its older vans at a significant surplus value.

C. Skilled, highly qualified, and multi-lingual personnel

The majority of the broadcasts carried out by the Multi-Camera TV Services Segment take place abroad. The fact that its film and sound-recording technicians are multilingual is a great advantage compared to

foreign companies. In 2006, 14% of operating revenues was generated in Belgium, 71% was generated in the rest of Europe, and 15% was generated in the rest of the world.

In addition, the large number of annual events attracts highly qualified personnel and ensures a quick learning curve, which results in more extensive on-the-job experience.

The management expects that the cooperation with the Multimedia & Communication Technology department of the Karel de Grote College in Antwerp will have a positive effect on the inflow of new employees in the future (see section 6.3.1).

D. Reducing the cyclic effect by entering into long-term contracts

In the past, operating revenues was considerably higher in even years than in uneven years. Most sports and music events take place in the weekend or on Wednesday evening. There is also a peak of large sports events such as the Olympic Summer Games, the European or World Cup Football, Roland Garros, and Wimbledon in the spring and in the summer. There are noticeably fewer large sports events in autumn and in winter. Especially since 2006, Alfacam endeavours to reduce seasonal fluctuations and fluctuations between even and uneven years as much as possible by renting out OB vans in relatively calm periods for a longer period of time to foreign broadcasters that do not have their own staff. Alfacam entered into such contracts in 2006 for the weekly broadcasting of the football matches in Saudi Arabia and in Poland for the period 2006-2007. During the first quarter of 2007, almost all OB vans were in use each week, also by renting out certain vans for longer periods to clients in Saudi Arabia, Ukraine, and Sweden. In January 2007, Alfacam supplied broadcasting vans for big football matches in Abu Dhabi and images of the World Cup Handball in Germany were broadcasted using five vehicles. In addition, the management also actively looks for Special Events that take place in uneven years in order to become less dependent on Top Special Events in even years. For example, in 2007, Alfacam will be doing the broadcasting for the Pan American Games in Brazil, the World Rugby Championship in France, the World Handball Championship in Germany, and the Gulf Cup in Abu Dhabi. These four Special Events combined provide compensation for one Top Special event in the even years. Alfacam will be present with eight large HDTV vehicles for 20 days for the broadcasting of the Pan American Games. Furthermore, the management aims to carry out the most qualitative assignments that are financially most attractive in the peak months.

Finally, the production equipment can also be used for the production of cultural programmes for Euro1080 (see section 6.4 "Euro1080: the Content Segment

E. Valorisation of the broadcasting material

Alfacam aims to service its clients with the most modern material available on the market. When a certain technology has become mainstream, Alfacam will valorise part of its broadcasting material. By freeing up funds, Alfacam is again able to invest in the newest technologies. In connection with the implementation of this strategy, broadcasting vehicles are sold regularly after three to eight years. For instance, OB3 (built by Alfacam in 1992) was sold in 2000, OB9 (1998) was sold in 2001, and OB7 (1999) and OB11 (2001) were sold in 2006. The management expects that the frequency of the sale of vehicles will increase as a result of the strong increase in the fleet of vehicles in the last few years. Over the next three years, Alfacam expects to sell minimum one new and one second-hand OB van per year.

Alfacam is one of the first to invest in new technologies and can benefit from economies of scale due to the in-house assembly of vehicles. As the company sells the vehicles when the technology is still mainstream, Alfacam is able to realise significant surplus value at the time of each sale.

6.1.3. Market and market players

The management estimates the total number of broadcasting vehicles in Europe at 800. The majority of these vehicles are broadcasting vehicles in SD. Only a limited number, estimated at 60 to 70 by market surveys¹⁴ and the management, are HDTV broadcasting vehicles. The HDTV broadcasting vehicles can also broadcast in SD; however, in that case, it is not possible to demand a premium for these vehicles, as

¹⁴ Source: Germany's Medien Bulletin, December 2006.

the HDTV facilities are not being used. Alfacam has a very extensive and state-of-the-art fleet of vehicles in Europe with 15 of its own OB vans of which 14 are equipped with the newest HDTV cameras. No other market participant in Europe owns more OB vans than Alfacam. In addition, the average capacity of an Alfacam OB van for the installation and operation of broadcasting cameras is significantly larger than the capacity of most of Alfacam's competitors' vans.¹⁵

Although it is possible to convert a SD broadcasting van into an HDTV broadcasting van at one third of the cost price of a new van, it appears that the most modern large HDTV broadcasting vehicles are being specifically designed for HD production. Ideally, the whole monitoring takes place in HDTV and the sound is converted from stereo to Surround 5.1, which is practically impossible in a SD OB van without extensive adaptations. After all, HDTV signals are complex and difficult to transmit, they require a considerably larger bandwidth, completely new monitoring, and a specific cable network.

The average cost price of a new HDTV OB van is between EUR 3.5 and EUR 9 million. The most important builders of broadcasting vans are Sony, BFE, and Thomson Systems. In addition, broadcasting vans are also built in-house for the company's own use, as Alfacam has done in the past.

At present, mainly Special Events are broadcasted in HDTV. It concerns amongst others all matches in the UEFA Champions League, all matches of the UEFA Cup, the FIS World Cups alpine skiing, Nordic skiing, jumping and biathlon, the European Championships ice hockey, basketball, and handball, the World Cup tennis, sailing, cycling, and rowing, the Grand Prix motor cross and the European Formula 1 races. Furthermore, there are also the international matches in football, golf, and cricket in the United Kingdom, horseback riding in Ireland, France, and the United Kingdom, the World Cup jumping and certainly also the airplane races that are already being broadcasted in HD.¹⁶ Practically all major classical and rock concerts are also recorded in HD.

The Olympic Winter Games in Turin and the 2006 World Cup Football in Germany gave rise to a clear increase in the number of new HDTV broadcasting vans as preparation for the expected additional demand for HD broadcasts. However, this additional demand was delayed due to the later than expected introduction of new HDTV channels. The later start of these channels was amongst others due to a delay in the production and delivery of MPEG4 decoders to these channels by the manufacturers. As consequence, there were too few projects to provide work for the complete European fleet of HDTV broadcasting vans at the end of 2005 and the beginning of 2006. Especially in Germany, there was an oversupply of HD broadcasting vans after the World Cup football. As a result, Alfacam decided to transfer its vans, which were previously stationed in Munich, to use mainly in Poland, Saudi Arabia, Sweden, and Ukraine, where there is a shortage of HDTV broadcasting vans. Since the second half of the year 2006 and especially in 2007, the supply of HD broadcasting vans can no longer keep up with the demand.

When various additional broadcasters take the step to record and broadcast all of their programmes in HDTV quality, the existing HDTV fleet will no longer be sufficient and all existing OB vans will have to be replaced by HDTV vans (see section 7 "Description of the HD TV market"). As a consequence of the ascendancy of HDTV, there are fewer large projects that are broadcasted in SD resulting in price pressure in the SD market.

6.1.4. Facilities

Alfacam is housed in the Eurocam Media Center, where it has around 13,500 m² at its disposal.

The equipment consists primarily of TV broadcasting vans (OB, satellite, and sound vehicles), TV cameras, production rooms, and peripheral equipment. The table below provides an overview of Alfacam's broadcasting vehicles:

¹⁵ Source: Germany's Medien Bulletin, December 2006.

¹⁶ Source: Germany's Medien Bulletin, December 2006.

Number	Ownership	Available	HD	SD	SNG	5.1 Surround	Maximum camera-capacity
OB4	X		X	X			10
OB5	X		X(*)	X			8
OB7		X		X			22
OB8	X		X	X			6
OB10	X		X	X			30
OB11		X	X	X			30
OB12	X		X	X			10
OB13	X		X	X			15
OB14	X		X	X			15
OB15	X				X		3
OB16	X		X	X			16
OB17	X					X	
OB18	X		X	X			36
OB19	X			X			12
OB20	X		X	X			24
OB21	X		X	X			36
OB22	X		X	X			16
OB24	X					X	
FC25Flight case	X		X	X			24
OB26	X		X	X	X		1
OB27	X		X	X			10
BCE		X	X	X			10
Total ownership	19		15	16	2	2	272
Total available		3	2	3			62
Total	19	3	17	19	2	2	334

* HD ready

6.1.5. Sales and marketing

Alfacam's market is a business-to-business market. Alfacam's customers are broadcasters, event organisers, sports federations, or production houses. On a European level, this is a small circle of customers and suppliers who know each other and where reputations count.

Customers take their decisions based mostly on referrals and to a lesser extent on price. Advertising budgets, income from broadcasting rights, and other income are often many times higher than the cost price for the technical services as supplied by Alfacam. After all, the final product of such a service cannot be demonstrated in advance so that one's track record and reputation play an important role. In addition, the organiser of a Special (Top) Event seeks to minimise the risk of claims and to avoid any damage to its reputation. In such a market, the entry barrier for new market players is very high, certainly where international sports manifestations and events are concerned. A longstanding reputation is the only way to acquire new assignments.

6.1.6. Competition

Alfacam is pre-eminently the pan-European market player. In addition, there are a number of broadcasting companies that are active in specific regions such as Prisma in Scandinavia, Euromedia in France, and Mediapro in Spain and Portugal.

The market for multi-camera services is fragmented and consists primarily of local players. An overview of the most important local players and the number of HDTV broadcasting vehicles that they have at their disposal is provided in the table below. Due to the large investments that are required to switch over from SD to HDTV, a consolidation is noticeable in the market for multi-camera service providers. The Dutch UBF, the Swedish Prisma, and the French Euromedia act as consolidators in this market.

UBF has acquired the Dutch Sonotech (2001) and Cinevideogroep (2005), the Belgian Videohouse (2005), and the British CTV (2006). In addition, UBF acquired a participation of 25.7% in the German TV Unit through the takeover of NOB Studios. In recent years, Prisma acquired Jelbe (2002), Made in Video (2003), and the German DigiTV (2004) and entered into a partnership with the Danish Primevision in

2006. Euromedia is the most important player in France with SFP and VCF as subsidiaries since 2001 and 2003 respectively.

On 27 February 2007, UBF and Euromedia announced their intention to merge in a press release.

The management of the Group expects that the current consolidation trend will have a positive impact on the market, as the consolidation trend will result in multi-camera services being offered by a small group of players. The larger players will be able to serve a larger and more stable customer base. This should logically reduce the stimulus for these players to lower their prices drastically. The above can only result in a positive impact on the general price level and the margins in the market, from which Alfacam will also be able to profit indirectly. Furthermore, Alfacam will be able to profile itself, even more than in the past, for the (Top) Special Events with a qualitative, excellent offer. The specific preference of a growing number of customers for Alfacam will be strengthened by the shrinking number of service providers. As a result, Alfacam will be able to position itself more independently with regard to its competitors. This strengthens the belief of the management of Alfacam that the company's future will be supported by a promising market.

Overview of the most important local OB players and the number of HD OB vans¹⁷:

Players per country	Number of HD broadcasting vehicles	Players per country	Number of HD broadcasting vehicles
Belgium		Luxemburg	
Alfacam	14	BCE	1
Outside Broadcast	3	Netherlands	
RTBF	2	CineVideoGroep	1
Videohouse (part of UBF)	3	UBF	1
Germany		Norway	
Digi TV	1	NRK	1
HD signs	1	OB team	1
Saarländischer Rundfunk	1	Poland	
TrioFilm	1	Polsat	2
TopVision	2	Portugal	
TVN	1	Media Luso	1
TV-Skyline	1	Spain	
Studio Berlin Adlershof	1	Media Movil	2
WIGE	2	MediaPro	1
France		United Kingdom	
AMP	2	O21 Televideo	2
Digital Video Sud	1	Arena Television	2
France 3	2	Arqiva	2
SFP	1	BBC Outside Broadcasts	2
Soft ADS	1	Bow Tie Television	2
VCF	1	CTV Outside Broadcast	2
Visual 102	1	NEP Visions	3
Ireland		Neon Broadcast	1
OBServe	1	Telegenic	2
TVM	1	Televideo	1
Italy		Sweden	
Betanews	1	Prisma	1
Euroscena	2	Switzerland	
Frame	1	RTSI	1
Global Production	1	TPC	1
Mediaset	1		
SBP	3		
Telerecord	2		

¹⁷ Source: Medien Bulletin January 2007

6.2. Eurolinx: Wireless TV Services

Since 2007, the Group has concentrated all activities in connection with wireless transmission in Eurolinx, formerly Deltacam NV, established in 1992. The name and the articles of association of this company were revised in May 2006. Eurolinx is a 100%-owned subsidiary of Alfacam.

6.2.1. Activities

Alfacam has been active in wireless transmission since 1998. In 2006 around EUR 1.5 million of the turnover of Alfacam came from the wireless transmission. At present, digital wireless technology is already operational in SD (standard definition) but not yet in HD. The wireless activities are divided, on the one hand, in wireless transmission through satellite and, on the other hand, wireless terrestrial transmission.

Illustration of satellite / SNG wireless transmission

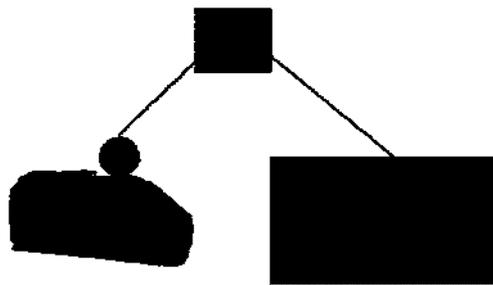
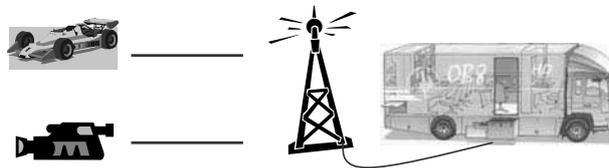


Illustration of terrestrial wireless transmission



In the case of wireless transmission by satellite, also referred to as SNG (Satellite News Gathering), a SNG van, which is equipped with a dish antenna with a diameter of circa 1.5 meters, is used to send signals to a satellite. These signals are sent to the receiving location or even the end user by satellite.

A second method consists of sending digital terrestrial wireless signals from a camera mounted on a car, motorcycle, or helicopter to an OB van. In this case, the signals are sent directly from the recording location to the OB vehicle. These signals can be compared to the signals of a mobile phone, but in the case of HDTV, a considerably higher number of bits and bytes are sent.

Three categories can be distinguished in wireless mobile/terrestrial transmission:

- Short distance: the distance between the transmitter of the camera and the reception antenna is less than 100 meters. This wireless camera technique is used, for example, at concerts and athletics events. The most important attention point is minimising the delay between the wireless image and the images of other cameras that are connected to the OB van by a cable, so that these cameras can be used synchronised.
- Medium distance: the distance between the transmitter of the camera and the receiver is less than three kilometres. A typical example is a camera on board of a race car. In the past, the transmission took place via a helicopter to an OB van. However, Alfacam has developed a new technology so that a helicopter is no longer required for medium distances to transmit images. Alfacam has been using this technology since 2002. As the use of a helicopter is no longer necessary for the transmission of the images, the quality and reliability of the images are higher (also in the event of bad weather conditions) and production is cheaper.
- Long distance: the signals have to bridge a distance of between three and 100 kilometres. Eurolinx is cooperating in the development of new technology that should make it possible to transmit these images directly to the OB van from the recording location (motorcycle, helicopter) without the assistance of satellites. In addition to cycle races, this method could also be used for, among others, triathlons, marathons, or other athletics tournaments.

6.2.2. Strategy

By concentrating the wireless activities in Eurolinx, cooperation is enabled with customers that are often Alfacam's direct competitors. The Group intends to invest approximately EUR 5 million in these wireless

activities in 2007 and 2008 with the aim to offer wireless transmission in HDTV on a large scale (see section 2.4 "Reasons for the Offering and use of proceeds". Up to the present, the Group has focused mainly on providing wireless transmission over short and medium distances. Eurolinx now concentrates on developing long distance HDTV transmission. In this manner, Eurolinx seeks to profile itself in the sector as the first company that will be able to offer long distance transmission in HDTV quality on a large scale. At the same time, it can also benefit from Alfacam's reputation.

6.2.3. Market and market players

At present, most public broadcasters (VRT, RAI, TVE, ...) have their own wireless division, which often still works with analogue equipment and which provides for the broadcasting of, for example, the Ronde van Vlaanderen (the tour of Flanders), the Giro in Italy, and the Vuelta in Spain. Due to the limited budgets that are allocated to public broadcasters, it is doubtful whether these broadcasters will make large investments in HDTV transmitting equipment, as the digital approach differs significantly from the analogue approach. Moreover, there are only a very limited number of applications in each country and in each year so that the yield on the required investment would be limited for the public broadcasters. Therefore, it can be expected that most broadcasters will outsource these activities.

Certainly for a sports category such as cycling, the advantage exists that the assignments hardly overlap so that a service provider such as Eurolinx can benefit from economies of scale when it can carry out several assignments a year with the same set of equipment. As a consequence, the consumer price can be lowered, causing the yield calculation for the public broadcaster to shift even more in favour of outsourcing these activities.

In the area of wireless HD transmission services, the French SFP, a subsidiary of Euromedia, is the most important competitor and is mainly active in the French market.

As far as wireless SD transmission is concerned, Eurolinx competes mainly with the local public broadcasters.

6.2.4. Facilities

Eurolinx is housed in the Eurocam Media Center and occupies 800 m².

Eurolinx's most important equipment is wireless broadcasting material and mechanical attributes such as motorcycles. Helicopters are always rented. The Eurocam Media Center will have a helicopter landing area in 2007.

6.3. Eurocam Media Center

The Group moved into the Eurocam Media Center in Lint in September 2005.

The Eurocam Media Center also contains offices, production rooms, storage areas, a tavern, and a number of guest rooms in addition to having the largest surface area of TV studios in Belgium. The Eurocam Media Center houses all of the subsidiaries of the Alfacam Group and parts of the Center are also being leased to third parties.

With effect from 15 April 2007, two auditoriums will be taken into use, where courses will be given for the MCT Course (Multimedia and Communication Technology) of the Karel de Grote College.

The Eurocam Media Center covers an area of approximately 90,000 m², of which 60,000 m² are covered halls. The construction of the Center required an investment of approximately EUR 10.3 million.

6.3.1. Activities

The Eurocam Media Center rents offices, office space, and auditoriums to third parties for the long term (traditional 3-6-9 year renting contracts). The offices are rented to TMF-MTV Networks Benelux (approximately 1,000 m²) and the warehouses and production areas have been leased to non-media related companies (approximately 1,500 m²). For instance, the former owners, Shetron Sobemi and Amcor Whitecap, rent approximately 12,000 m² with a 3-6-9 year lease.

In addition, the studios (in total approximately 3,500 m² studio space) are rented on a project basis for various productions such as the recordings in connection with the following VRT programmes: "De

slimste mens" [The smartest person], "*Zo is maar één*" [One of a kind], "Debby & Nancy" and "*Steracteur/Sterartiest*" [Star actor / Star performer].

In connection with its recruitment policy, the Group has entered into an agreement with the Karel de Grote College to house a department of the newly established MCT course in the buildings of the Alfacam Group. To this end, a long-term contract has been concluded with the Karel de Grote College for the rental of the auditoriums and laboratories (in total approximately 700 m²).

With the Eurocam Media Center, the Alfacam Group can also accommodate ad hoc demands (such as for the organisation of company events) and has studios available that can be rented for short periods (in total approximately 4,000 m² (including the studios) surface area for events, and with effect from 15 April 2007 6,700 m²).

Finally, a substantial part of the space in the Eurocam Media Center is used for the activities of all of the subsidiaries of the Group. Alfacam uses about 13,500 m², Euro1080 uses about 1,000 m², and Eurolinx uses about 800 m². In addition, there are covered halls with a surface area of about 20,000 m² that also serve as car parks during events.

6.3.2. Strategy

In the past three years, the Group has invested heavily in a modern and flexible infrastructure and the Eurocam Media Center has become the flagship for the Group. The Eurocam Media Center aims to become the preferred partner of, among others, broadcasters and production companies as far as the rental of studios and equipment is concerned. The Group is able to realise synergies with other entities also by combining studio rental with Multi-Camera TV Services and the use of studios for the development of its own content.

6.3.3. Market and market players¹⁸

There are four important competitors on the Belgian market as far as the rental of TV studios is concerned:

- Studio 100 has studios with a total surface area of 4,558 m², divided into four studios of 630, 1,128, 1,575, and 1,225 m² respectively.
- Both VTM and VRT have a number of smaller studios for daily use (100 m², 500 m², 700 m²). These broadcasters use the studios of third parties for all large assignments.
- Studio's Amusement in Boortmeerbeek belongs to VMMA and houses four studios of 875 m², a restaurant, and 40 guest rooms.

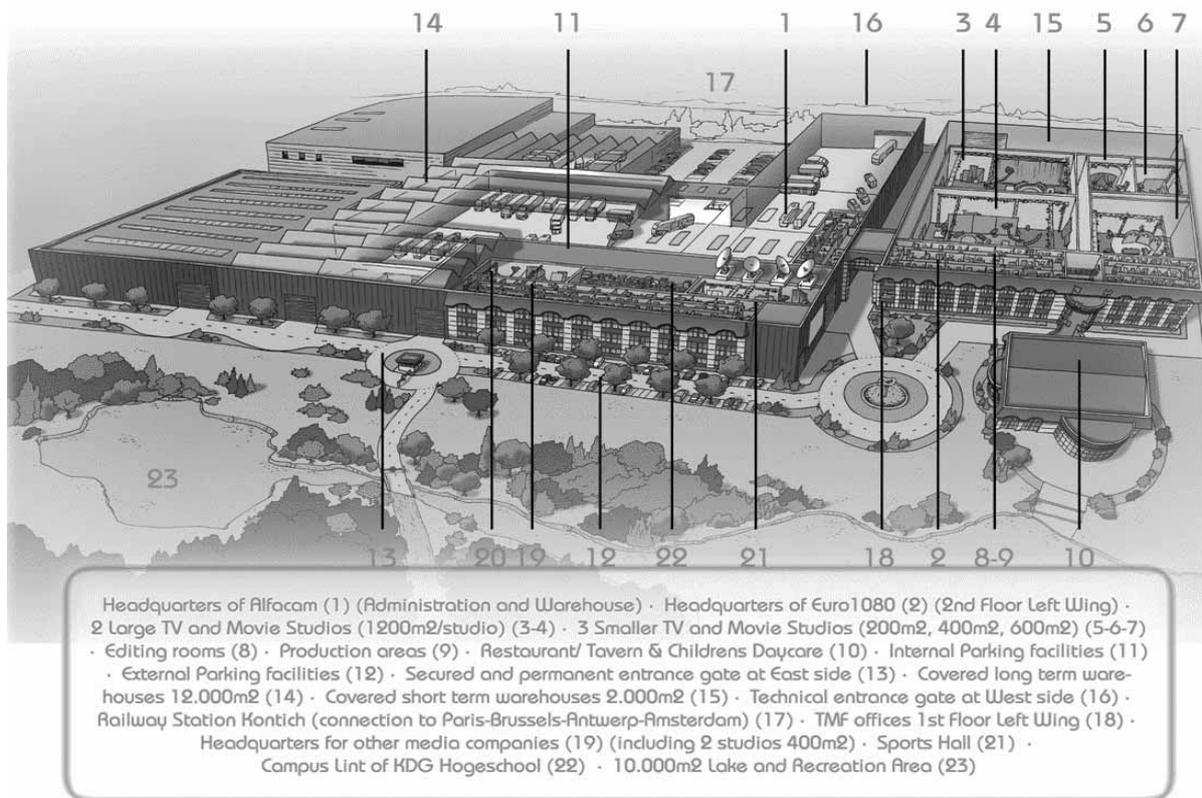
6.3.4. Facilities

The Eurocam Media Center had the following facilities as at the date of the Prospectus:

- 10,000 m² storage space and warehouses for housing Alfacam's OB vehicles (1);
- 1,500 m² warehouse specially equipped for loading support vans (1);
- 1,500 m² warehouse specially equipped for the assembly of OB vehicles (16);
- 5 TV studios: studio 1 and 2 of each 1,200 m² (3, 4), studio 3 of 545 m² (7), studio 4 of 280 m² (6) and studio 5 of 196m² (5). The total studio surface area amounted to approximately 3,500 m² at mid-April 2007;
- 3,300 m² office space (2, 18);
- two auditoriums with 230 and 300 seats respectively, six media laboratories, and an office space for the MCT department of the Karel de Grote College in Antwerp (22).
- 200 m² engineering labs (22);
- 32 guest rooms (18);
- technical and production areas (8, 9);
- 400 parking spaces (11, 12, around the buildings).

¹⁸ Source: websites of the companies in question

The drawing below provides an overview of the Eurocam Media Center:



In the course of 2007, the Eurocam Media Center will be expanded with the following facilities:

- Studio 6: in combination with the two auditoriums, this studio can be converted into the largest TV studio in the Benelux with a total surface of 3,200 m² and 1,000 seats. The height of the studio is 16 meters, which is unique in Belgium (11). This studio can also be used as a congress and event hall. As a result, the total amount of studio space is approximately 6,700 m²;
- 25 production areas and additional guest rooms (in addition to 11);
- a tavern of 600 m², of which 100 m² is intended for a quality restaurant. The tavern satisfies all technical requirements for the conversion of this area into a seventh studio (10);
- fitness area of 140 m² and a day care Center, which can only be used by the personnel (in addition to 21);
- helicopter pad (required for Eurolinx) (13);
- a new satellite portal (next to the tavern – 10).

6.4. Euro1080: the Content Segment

6.4.1. Introduction

Euro1080 was established at the end of 2003. As a pioneer in the development of HD in Europe, Alfacam required sufficient support for HDTV. The most important purpose of establishing Euro1080 was to promote HDTV in Europe. These promotional activities also included that Euro1080 guaranteed the recording and transmission of HDTV images, the management of satellites, the registration and management of the subscribers. To this end, Euro1080 joined forces with a number of partners (Astra, Pioneer, Sony, and Panasonic) that supported Euro1080 by making equipment and financial resources available to realise HDTV broadcasts and to prepare the market for the introduction of HDTV. Euro1080 has outgrown this phase and focuses now on exporting a general channel (HD1) and a cultural channel (EXQI) to cable networks, telecom operators, and other broadcasters across Europe.

With effect from 2007, the Content Segment also offers server-related activities to other players in the HDTV market. Because of its headstart in HD technology, Euro1080 already has certain equipment that others do not have and content that offers other players the opportunity to diversify their HD offer. These server-related activities consist of play-out or final direction for its own channels and for other TV channels, play-out to cinemas, the development and management of an image archive in HD, supplying content on demand and converting analogue material to digital carriers.

In 2006, the Content Segment employed on average 12.2 full-time equivalent employees.

6.4.2. Activities

The activities of the Content Segment can be divided into two categories: (i) offering content for its own channels and third parties, through Euro1080 on the one hand, and (ii) the server-related activities on the other hand.

A. Content for the companies own channels and for third parties

Euro1080 broadcasts programmes in HDTV quality. An HDTV image is very sharp because it is digitally built up out of 1080 lines and 1920 pixels (image dots). The sound is also digital and the quality of the sound is comparable to that of a CD. This is contrary to standard television where the image resolution and the sound quality are considerably lower.

The start of Euro1080: a pan-European model

On 1 January 2004, Euro1080 was the first television company in Europe to start broadcasting in HD. This took place via the HDTV channel HD1 of which one version existed for all customers in Europe (pan-European model). In 2005, two additional HDTV channels were launched, HD2 and HD5. These channels make use of the same satellite frequency and therefore these channels are available alternately.

HD2 is a focused channel that broadcasts content to a select target group such as exclusive concerts and Special (Top) Events that can be sent to cinemas and theatres and that can also be received by a select group of private television viewers. For instance, HD2 was the exclusive transmitter in 2006 of the WC football to around 100 European cinemas in HD. HD5 functions primarily as a demonstration channel that mainly broadcasts niche images that are useful in the retail sector to demonstrate the pinpoint sharp quality of HDTV. Now that various new HD channels are being introduced in Europe, HD5 is gradually losing its reason for existence and will be terminated at the end of 2007.

The pan-European HDTV channels of Euro1080 can be received via the satellite organisations Astra, Sirius, and Eutelsat or via European cable networks with which Euro1080 has entered into a broadcasting agreement.

The three channels are accessible through "access cards" that are made available through manufacturers and distributors of consumer electronics at a fixed price per card. These cards make it possible for the viewer to decode the coded signals of the HDTV channels of Euro1080. In the start-up phase of Euro1080, approximately 200,000 cards or vouchers for access cards were sold to, among others, Sony, Pioneer, Sharp, and Panasonic.

The pan-European channel of HD1 will remain available for viewers until 2010, after which it will disappear.

Transition to a multi-regional model

Many new HDTV distribution platforms and channels have been launched since the middle of 2006 due to the availability of the new encoding technology MPEG4.

To accommodate the increasing demand for HD content, Euro1080 aims, since the middle of 2006, to switch over to a "multi-regional" model in which the channels HD1 (lifestyle and sports) and the culture channel EXQI are adapted to each region so that they can be offered all over Europe. These channels are then adapted for each region in the region's own language and with partially specific content for each region (see also section 6.4.3 "Brief description of HD and the EXQI culture channels")

A first concrete step in the transition to a multi-regional model was taken in May 2006, with the launch of HD1 in the Netherlands under the name "HD NL". Euro1080 started broadcasting the HD culture channel EXQI in Flanders and the Netherlands on 1 October 2006. With effect from 2 April 2007, HD1

Flanders and EXQI were included in the HD offering of cable operator INDI, together with VTM HD, National Geographic HD, and Kinopolis TV. Theoretically, 800,000 Flemish families can now view INDI's HD offering.

Euro1080 receives a fixed, cost-covering basis fee in combination with a fee per viewer for making its content available to mainly cable companies. This fee per subscriber varies between EUR 0.35 and EUR 3 per month and depends on, among other things, the characteristics of the specific market, the penetration rate of HDTV in the country or region in question, the number of subscribers of the cable company, and the profile of the end users. This revenue shared model exists as of 2006 and the revenue generated by this model amounted to EUR 0.4 million in 2006.

As at the date of the Prospectus, Euro1080 had already entered into contracts with EssentNL, Casema NL, Multikabel NL, CAIW NL, INDI Flanders, Noos France, Neufcegetel France, Monaco Cable, and Borderlight Sweden.

Expansion of the multi-regional model with "buyouts"

At the beginning of 2007, Euro1080 introduced the buyout formula. With this model, Euro1080 aims to enter into agreements for full or partial buyout of the HD1 and EXQI channels with third parties, such as (local) governments or distributors.

- *Full buyout:* Euro1080 makes infrastructure and content available to the customer who commercialises this completely for his own account within a pre-defined geographical area.
- *Partial buyout:* Euro1080 makes infrastructure and content available to the customer and the management of the channel and the advertising income remain for the account of Euro1080.

The fee can consist of only an annual fixed fee or an annual fixed fee plus a fee per viewer.

Euro1080 intends to export the HD1 and EXQI model in the short to medium term and to establish 6 to 15 HD1 sports and lifestyle channels and as many EXQI (cultural channels) in Europe. On the short term, Euro1080 targets Turkey, Poland, Portugal, France, Germany, Scandinavia, Hungary, Russia, Ukraine, Italy, and Spain. As at the date of the Prospectus, no buy-out contracts have been closed.

These buyout agreements are tailored to the customer. The profiles of parties with which Euro1080 wishes to conclude a buyout agreement are: (i) cable and satellite platform operators, (ii) public broadcasters that are thus able to include a cultural channel in their range of channels inexpensively, and finally (iii) governments that, on the one hand, can offer a cultural channel to their own population inexpensively and, on the other hand, can also export culture thanks to the European platform. In view of the fact that the content that is to be offered is of a local and cultural nature, this could arouse the interest of governments that have public channels.

The average gross revenue per agreement can be estimated at between EUR 3 million and EUR 5 million and varies according to the parameters and specifications of the agreement, size of the market, language, etc.

The agreements will have an average term of 3 years, as a consequence, the revenue for the company will be ensured for this period.

As a result of this internationalisation, Euro1080 can benefit from economies of scale in the areas of production costs and personnel so that the average cost price per broadcast decreases as more buy-out agreements are concluded. The economies of scale from production result from the fact that 70% of the content is generic for all regions, (see section 6.4.3 "Brief description of HD and the EXQI culture channels."

In addition, economies of scale can also be realised in the area of purchasing, because broadcasting rights can be purchased on a European scale and these costs can be spread out over several buy-out contracts.

The management expects that a team of 7 to 8 employees will be required for each channel, consisting of the company's own employees and freelancers. For the international expansion of the HD1 and EXQI

channels, Euro1080 will cooperate with local companies that take care of the local promotion, content, and administration on their own account. They will set up the local language versions and develop the advertising income from local advertisers under the supervision of Euro1080.

In the multi-regional model, Euro1080 will no longer fulfil the role of distributor but will concentrate on supplying content and managing the channels.

Commercial contracts in the pan-European and multi-regional model

As a result of digital TV and TV on Demand the viewer is able to avoid commercials. Therefore these traditional 30-second commercials are becoming less interesting for advertisers. Consequently, these commercials are being replaced more and more by product or name placement. This technique consists of including the name or the brand of the advertiser in the programme or connecting this to the programme. Euro 1080 distinguishes itself in this aspect from commercial channels by including the brand or the name of the sponsor/partner in the broadcast without interrupting the programmed by commercials.

In 2006 and 2007, Euro1080 concluded **product placement** agreements with a number of companies (for example Daimler Chrysler, Sigma, Daikin,...) that wish to link their name or brand explicitly to the focused, high-tech, and innovative profile of Euro1080.

In addition, Euro1080 also works with **structural partnerships**, whereby partners adopt programmes. In this case, the partner associates himself with a TV series or programme. (e.g. "the Carlsberg Jazz Night" or the "Mercedes Opera evening"). Such agreements have an average term of 12 to 18 months and represent on the Prospectus Date an estimated operating revenue of EUR 3 million per year up to and including 2008.

The main differences between the pan-European model and the multi-regional model can be summarised as follows:

Pan-Europees model	Multi-regional model
Distribution with stable, recurring revenues:	Combined income model:
- access cards with a fixed price	- fixed costs + fee per user
- distribution through European partners	- fee between EUR 0.35 and EUR 3 per user per month
- income model will extinguish in 2010	- dependent on market (size and characteristics), HDTV penetration, ...
	Buyout (limited risk):
	- <i>Full buyout</i> : Infrastructure, content and commercialisation at a fixed price
	- <i>Partial buyout</i> : Infrastructure and content at a fixed price
Commercial revenues through partnerships	Commercial revenues through partnerships

B. Server-related activities

With effect from 2007, the Content Segment also offers server-related activities to other players in the HDTV market. Due to its head start in HD technology, Euro1080 already has large servers on which digital recordings of events and programmes can be stored. The server-related activities offered by the Content Segment are:

- **Play-out or final editing for TV channels:** Euro1080 provides for the broadcasting of events and programmes of TV channels to cable networks or satellite platforms. In recent years, a trend can be identified whereby public and commercial broadcasters outsource the play-out of programmes and events to specialised companies.
- Euro1080 already does the play-out for nine channels of which five (HD1, HD2, HD5, EXQI and HDNL) are its own channels and four are third-party channels. Euro1080 plans to expand these activities in the future to other television companies.

- **Play-out cinemas ("Cinecasts")** : In addition to the play-out for TV channels, Euro 1080 also intends to focus on broadcasting alternative content and movies for cinemas. Euro1080 already gained the necessary experience for this during the WC Football in 2006 whereby the company broadcasted matches to around a hundred cinemas in various European countries, as well as the Vienna New Year's Concert since 2005, and numerous other events.
- **Development of image archives**: Euro1080 is busy developing a database with HDTV images that will be made available and sold through the Internet. For example, an Australian client can request and purchase images in HD of the Brussels Atomium through the Internet.
- **On demand** in the future Euro1080 can provide a similar service with, for example, cultural programmes or movies. Customers can request programmes and images on demand. With this service, Euro1080 seeks to take advantage of the growing demand for on demand services.
- **Conversion of 35mm into digital media**: images that are on 16mm and 35 mm film can be converted into digital HDTV format and thus stored. There is a strong demand for this service in connection with film archives, as digital archiving is preferable to analogue archiving of video images. Analogue media are less durable and, moreover, the quality of an analogue recording decreases each time it is played. Digital archives are more compact, more easily referenced, and easier to manage than analogue video archives. However, digital archives require a considerable digital storage capacity, causing the cost price to be higher than in the event of analogue archiving.
- **Other services**: production units are available for external clients in which HDTV images and 5.1 surround sound recordings can be edited. Euro1080 offers customers, broadcasters, and production houses a complete range of services, from the storage of recorded image material on servers to the commercialising and distribution of this material.

The management of the Company expects that the demand for these applications will increase considerably with effect from 2008 and 2009.

C. Cooperation with group companies

Euro1080 is inextricably linked to the other group companies. Euro1080 is an important link in the HDTV chain, as a promoter of HDTV and as a television channel that broadcasts in HDTV.

Thanks to the projects for which Alfacam provides for the broadcasting and the broadcasting rights that are then negotiated with the organiser, Alfacam has built up an interesting HDTV library of sports, music, and cultural programmes (see below 6.4.3 " Brief description of HD and the E X QI culture channels."

These programmes offer an important commercial added value for Euro1080; as a result the broadcaster can distinguish itself from other broadcasters with regard to both the programmes and the image quality. Due to the quality and unique and timeless nature of the recorded events (no news features) such programmes have a long lifespan. The first programme that Euro1080 could broadcast in this manner was the Vienna New Year's Concert of 2004.

Thanks to the know-how that Alfacam has gained by organising the simultaneous broadcasting of Special (Top) Events in cinemas throughout Europe, so-called cinecasts, (for example, the WC Football 2006), Euro1080 can make use of the customer base that has been built up to organise broadcasts with 'alternative content' and secondary movies through theatres and cinemas. Such programmes target companies that wish to offer certain programmes to their clients on an exclusive basis.

6.4.3. Brief description of HD and the EXQI culture channels

Target group

With the HD and EXQI channels, Euro1080 approaches viewers of all ages that have a general interest in programmes with a qualitative content, without anything sensational and whose point of departure continues to be the themes mentioned above, i.e. sports and culture in the broadest sense.

The HD1 and EXQI channels

The HD1 and EXQI channels are not *me-too* channels. They position themselves as (theme) channels that are educational, amusing, and relaxing.

The HD1 channels offer top sports events such as ATP tennis tournaments, WTCC car races, Pan American Games, the WC Handball, and the "Race of the Champions", a motor sports event that has been organised annually in the Stade de France in Paris since 1988.

In addition, lifestyle programmes are also broadcasted about fashion, interior design, and architecture. The possibility exists for HD1 that the focus will shift slightly in the future from sports to lifestyle if it should appear that, with the ascendancy of HD, competing sports channels force the prices of HD images of certain sport events up too high.

The EXQI channels offer cultural programmes that focus on sculpture, photography, film, fashion, painting, pop and rock festivals, opera and classical music concerts, theatre, ballet, cabaret, cultural tourism, architecture, religious art, anthropology, folklore, cultural history, etc.

The recordings of programmes that are broadcasted on the regional HD1 and EXQI channels take place in the studios of the Eurocam Media Center. This creates a (recognisable) harmonious house style.

Programmes

The image material for the HD1 and EXQI channels is supplied primarily by Alfacam and complemented with material of which Euro1080 has obtained the broadcasting rights from third parties. For instance the BBC produces documentaries in HDTV that are commercialised internationally. Euro1080 also seeks to cooperate with cultural organisations in order to enrich its product offering with top productions.

The programmes for the HD1 channels are identical for all countries where this channel is broadcasted.

However, the programme schedule of EXQI consists of three sections:

- more than 70% is pan-European and **identical for all regions** which makes it possible to realise cost advantages through economies of scale. This mainly concerns concerts and operas for which Euro1080 has obtained the rights from Alfacam. Euro1080 can provide subtitling for operas in the language of the region where the programme is being broadcasted.
- approximately 20% is **local content**, which is mainly interesting for the local viewers. The subjects are mainly language specific (for example, film reviews, theatre, literature, or interviews with local artists). A number of these recordings can be realised in the studios of the Eurocam Media Center, or in cooperation with local partners.
- the remaining 10% are **local subjects that are also cross-border interesting** in the field of culture in the broadest sense. These recordings take place according to a fixed pattern both with regard to structure and to length. They will be subtitled in accordance with the region where they will be broadcasted. This could concern interviews with international stars or programmes on a certain theme.

This model is suitable for the exchange of such programmes between the different EXQI channels, whereby similar image material is delivered in exchange. In addition, the distribution of programmes can be restricted geographically in connection with copyright and other limitations as a result of which certain programmes may not be broadcasted in certain countries.

HD2 (Pan-European)

HD2 is referred to as focused and provides for broadcasting certain programmes to a select group of viewers through access cards, which puts HD2 in a unique position.

The selection criteria that determine the focus can be, amongst others, geographically determined: for example, HD2 obtained the live broadcasting rights in 2006 to the Olympic Games in Turin, the WC football, and Wimbledon, but not globally. The signal was not available for the viewer in the countries where the Group had not acquired these rights.

The signal can be directed solely towards cinemas, as this was the case for the WC Football 2006 in Europe, or Business-to-Business, such as medical programmes for universities.

HD5 (Pan-European)

HD5 functions as a demonstration channel that mainly broadcasts niche images that can be useful in the retail sector to demonstrate the pinpoint sharp quality of HDTV. Euro1080 receives compensation from manufactures of consumer electronics.

However, now that the number of HDTV channels is increasing, the importance of this channel is dwindling. Therefore, HD5 will be terminated at the end of 2007.

6.4.4. Strategy

Euro1080 is a pioneer in the promotion and development of HDTV projects in Europe and, to this end, it works together with partners in consumer electronics, satellite providers, and commercial partners.

Euro1080 concentrates on the broadcasting of programmes in HD with a focus on sports, music, and culture.

With regard to the purchase of broadcasting rights, Euro1080 will not attempt to out bid other broadcasters that view obtaining the broadcasting rights to top events in sports as essential. In that case, it will diversify its range of sports programmes with other types of sports programmes.

Euro1080 wishes to be the preferred provider for the broadcasting of alternative content and secondary movies via theatres and cinemas.

Euro1080 aims to conclude buyout agreements in the short term with third parties, such as (local) governments or distributors. In addition, Euro1080 intends to export the HD1 and EXQI model in the short to medium term in order to establish 6 to 15 HD1 sports and lifestyle channels and as many EXQI (cultural channels) in Europe. Euro1080 can thus achieve important economies of scale, in view of the fact that more than 70% of the content offered is generic, or, in other words almost identical for the various regions.

Euro1080 also wants to solidly expand the server-dependent activities. With a considerable investment in storage capacity and servers amounting to EUR 5 million in the periods of 2007 and 2008, Euro1080 aims to be able to provide various services (see section 6.4.2 "Activities"). This will increase the profitability and reduce the risk of each application. In view of the fact that new applications will be implemented at various speeds in the new digital market, Euro1080 will be able to adapt its emphasis and change its priorities if necessary. In addition, this makes it possible to proceed carefully in the evolving digital television market. In the course of time, the various activities can be evaluated and it will be possible with more market expertise to decide which of these activities offers the most opportunities and what Euro1080's focus should be.

Euro1080 believes that it has a strategic advantage to start with these server-related activities due to its central location in Europe, its experience with cinecasts, and the synergy that it can realise with other entities within the Group.

6.4.5. Market and market players

For a description of the general HDTV market, please see section 7 "Description of the HD TV market". The management of the Group expects that HDTV will break through in Europe with effect from the second half of 2007. Due to the permanent price pressure on plasma and LCD television screens the demand for these television sets is increasing continuously (see section 7.3.1 "Overview of the worldwide market of television sets"). In view of the fact that these screens are quite a bit larger than traditional televisions, the demand for high-quality images is also growing. The availability of MPEG4 decoders and the growing supply of HD-ready compatible products such as Playstation 3, Blu-ray DVD, and HD consumer cameras will result in an even faster growth of the demand for HD programmes. As a result of this development, various HD distribution platforms and broadcasters were launched in 2006, which are all parties demanding HD channels and HD programmes. Euro 1080 aims to take advantage of the increasing demand for HD quality with its range of cultural, lifestyle, and sports programmes. In order to distinguish itself from the other broadcasters, Euro1080 focuses on content that is relatively insensitive to trends and the spirit of the times and of which the lifespan, and as a result the commercial value, exceeds that of popular amusement programmes and news items.

The management of Euro1080 has established that in certain countries a number of general channels and thematic channels, which now still broadcast in SD, are considering switching to HDTV or already preparing to, although this is not taking place everywhere at the same speed. Various Belgian and international channels request image material and programmes from Euro1080 in order to diversify and expand their HDTV programme range.

With effect from 2 April 2007, the Belgian cable company INDI offers a bouquet of HD channels that consists of VTM HD, National Geographic HD, Kinopolis TV, HD1 VL, and EXQI.

In Germany, the pay-channel Premiere broadcasts programmes in HDTV since November 2005. The intention was to offer three channels in HDTV; however, that turned out to be a too limited offer in order to convince the German consumer to switch to HDTV, especially because Premiere lost the rights to the German Bundesliga football half way through 2006 to Unity Media (cable group) who will only start with HDTV in the spring of 2007.

In the United Kingdom, BSkyB has been offering HDTV broadcasts since 22 May 2006. A bouquet of approximately eight HDTV channels is being offered. In the third quarter of 2006, over 96,000 subscribers were registered and their number has increased to 184,000¹⁹ by the end of December. This strengthens the conviction of the management of Euro1080 that a strong start with an offering of a large number of channels will be more successful than a fragmented and slow start.

Canal Digital has been broadcasting in HDTV in Scandinavia for approximately one year. Viasat has plans to start with HDTV with effect from the end of 2007.

The Dutch cable companies Casema, Essent, Caiw, and Multicable have been broadcasting an HDTV bouquet of three channels since May 2006. The offer, without Dutch football, turns out to be too limited, causing there to be only approximately 20,000 subscribers at present. The consumer is the demanding party for extra HDTV channels.

The Dogan Group started with one HDTV channel in Turkey, and Digiturk intends to launch a bouquet of 5 or 6 channels on the market with effect from the middle of 2007.

Poverkhnost has been active in HDTV in Ukraine since November 2005.

NTV+, First TV, and RTR have announced that they will start with HDTV bouquets in Russia in the course of 2007.

The Portuguese company PT plans to offer HDTV via cable after the summer of 2007.

In France, Canalsat and TPS each already broadcast three programmes in HDTV. Both companies are involved in a merger round that still requires the government's approval, as a result, a real start in HDTV with a sound bouquet of 8 to 10 channels can only be expected in the last quarter of 2007. Nevertheless, Canalsat has forecasted 200,000 HDTV subscribers with effect from March 2007.

In Poland, TVN-III will be starting a commercial broadcaster, Polsat, and CANAL+ Poland will start with an HDTV offer with effect from September 2007.

In Italy, Sky-Italia has started since 2006. As yet, there is no HDTV activity in Spain.

¹⁹ Source: press release British Sky Broadcasting Group PLC "Results for the six months ended 31 December 2006"

The table below provides an overview of the existing channels at present²⁰:

Belgium	HD1 VL HD2 HD5 EXQI VTM HD	Italy	Next HD Sky HD Cinema Sky HD Sport National Geographic Channel HD ArtsWorld HD
France	National Geographic HD Kinopolis TV Canal+ HD National Geographic Channel HD TPS M6 Arte HD TF1 France 3 Ushaia TV Eurosport Anixe HD	United Kingdom	BBC HD Discovery HD The History Channel National Geographic Channel HD Sky HD Sky Box Office HD Sky Movies HD Sky OOO HD Sky Sports HD Telewest ITV
Germany	Discovery HD HD Hit Première HD Film Première HD Sport ProSieben HD Sat 1	Poland	Cyfra+
Luxemburg	Astra Fashion TV Luxe.TV	Turkey	D HDTV
		Netherlands	HD1 NL EXQI NL
		Sweden	Canal+ HD Discovery HD SVT HD Voom Networks HD

The competition for Euro1080 as a television company is often in the field of the technical quality and the field of the content. Both parameters are important points to attract end users / television viewers. As the acceptance of HDTV by end users grows and more television companies start to broadcast in HD, the exclusive profile of Euro1080 will fade as far as the technique is concerned; however its programme schedule with a focus on sports, lifestyle, and culture will remain an important differentiator. Contrary to other television broadcasters that may pay more attention to viewing figures, the quality of the content is essential for Euro1080.

However, these competing television companies are also Euro1080's clients in the sense that they wish to diversify their offer and complement their offer with the content of Euro1080.

As described above the management of Euro1080 has established that television companies in the surrounding countries are launching theme channels that broadcast all or part of their programmes in HD or general channels that broadcast certain programmes in HD. According to reports, 43 HD channels are available that are distributed via 69 satellite channels in Europe.²¹

The French-German cultural television channel Arte started with HDTV broadcasts for the French market in July 2006.²² The programme schedule is not only cultural but also includes other themes. The Arte HD channel has its very own programme schedule that differs in content from the Arte SD channel for the French market. The majority of the programmes broadcasted have been recorded in HD. In addition, the offer is complemented with SD material in order to achieve a 24-uur programme schedule. Arte is planning to start an HD channel for the German market in September 2008. Similar to the Arte's SD channel, this channel will broadcast via the cable and un-encoded via the satellite. The BBC broadcasts

²⁰ Source: Germany's Medien Bulletin, December 2006

²¹ Source: Germany's Medien Bulletin, December 2006

²² Source: www.satellietnieuws.nl

documentaries and theatre productions in prime time in HDTV quality via cable, satellite, and its digital terrestrial network (DVB-T). BBC plans to switch its complete infrastructure over to HD by 2010 and to invest in three HD OB vans²³.

The Luxemburg Luxe.TV, solely focusing on luxury, is already available in HD in certain countries. Since January 2007, this channel has become available in Belgium for subscribers of TV Flanders, although only in SD²⁴

The general channels cannot ignore the new trend and the demand of their viewers for HD. The switch to HD is also stimulated by technical developments. The cable operators already make it possible for viewers to determine the time when they wish to view a programme to a limited extent. Pay TV will allow the viewer to determine the programme schedule of his television evening himself to an increasingly larger extent. Due to the fact that Euro1080 also provides the play-out for other television companies or supplies HD image material through the server-related activities, it offers a unique combination in comparison to traditional television broadcasters.

Server-related activities

At present there are no suppliers of HDTV archive images or of HDTV cinema distribution. However, there are suppliers of images such as Getty Images or Acclaim Images. It is also possible to purchase and download digital photos and films off the Internet from these companies.

Play-out services are provided by companies such as Technicolor, BCE (Luxemburg and especially for internal RTL companies), Plazamedia in Munich, and a number of smaller players in the United Kingdom. In addition, many large broadcasters provide for their own play-out. Euro1080 targets smaller channels in particular that are not large enough to make the necessary investments and therefore outsource their play-out to third parties.

6.4.6. Facilities

Euro1080 is housed in the Eurocam Media Center and occupies approximately 1,000 m². The most important equipment consists of servers and satellite equipment.

²³ Source: Germany's Medien Bulletin, December 2006

²⁴ Source: website www.TV-visie.be

7. DESCRIPTION OF THE HD TV MARKET

7.1. What is HD?

HDTV is digital television with a better picture quality thanks to the larger number of picture lines, more pictures per second and a higher ratio between the width and height of the picture compared to SDTV. The sound quality is also highly improved because HDTV supports multichannel sound reproduction. SDTV uses an analogue technique and has a 4:3 picture ratio. Two common SDTV standards are NTSC and PAL.

- NTSC ("*National Television Standards Committee*") is an American television standard with a vertical resolution of 525 picture lines, using 480 active picture lines and 576 pixels per line. The picture is refreshed 60 times per second.
- PAL ("*Phase Alternate Lines*") was developed in Germany and has 576 picture lines with 720 pixels per line and is refreshed 50 times a second.

In contrast to SD, HDTV has 720 or 1080 picture lines arranged in a picture ratio of 16:9. With HDTV, picture refresh rates of 24, 25, 50 or 60 times per second are possible. The higher the number of picture lines and the more often they are refreshed per second, the better the quality is.

The demand for HDTV in the United States is larger and manifested itself much earlier than in Europe. In view of the low SD quality usual there, the public were encouraged more rapidly to make the switch to HDTV.

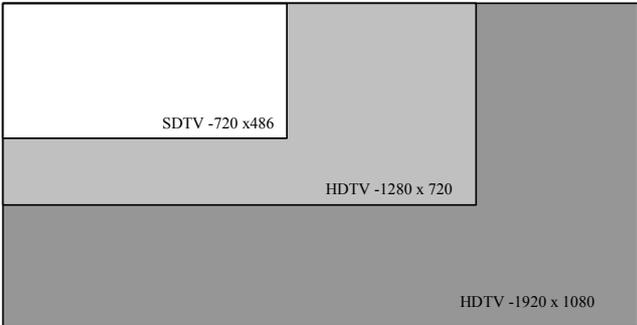
Nevertheless, a distinction must be made between the American market and the market in Japan and Europe. In the United States, HDTV mainly displays 720 picture lines and 60 pictures per second. In Europe and Japan, HDTV quality is higher since HDTV there comprises 1080 picture lines, even though the pictures refresh rate is only 30 times per second. Television sets that show 1080 show picture lines are given the label HD in Europe, whereas the logo "HD ready" is given to television sets with only 720 picture lines.

The table below shows a summary of the various picture formats.

Name	# Pixels	# Picture lines	# Pictures/second (<i>Frame rate</i>)	Picture format	HD or SD
PAL	576 x 720	625	50/ second	4:3	SD
NTSC	480 x 640	525	60/ second	4:3	SD
720p	720 x 1280	720	24, 25, 50 or 60 / second	16:9	HD Ready
1080i	1080 x 1920	interlaced	50 or 60 / second	16:9	HD

Source: Academy for Digital Communication, "HD in Picture", October 2005

Summary of the SD and HD picture format:



Since the newest generation of plasma and LCD screens are becoming increasingly larger, the picture in SDTV becomes more vague and picture errors are visible to the naked eye. This means that demand for the higher resolution of HDTV is also more prominent.

7.2. The production process of an HD broadcast

The making of an HD production differs from an SD production because HD is seven times sharper than SD. Because of this, more attention must be given to lighting and make-up. There are 4 steps that can be distinguished in the production process of an HD production that is not broadcast live: (1) Preproduction, (2) Production, (3) Distribution, and (4) Viewing. For a live broadcast in HD, the production steps preproduction and viewing are skipped.

7.2.1. Preproduction

During the preproduction phase, the choice of HD format is decided. A different HD format will be selected depending whether the production is being made for cinema, television or PC.

7.2.2. Production

The production process can be further subdivided into three phases: (a) recording, (b) editing and (c) mastering.

Recording

Special recording equipment is required to be able to make recordings in HD. This equipment must be able to record in a picture ratio of 16:9 and with at least 720p or 1080i picture lines. Because a picture ratio of 16:9 is used, up to five times more information comes into the picture. Consequently, close-ups or long distance shots are brought into the picture in a different manner than with SD. Moreover, it is very important to use the right lighting because overexposed material is very difficult to correct.

Because HD shooting registers every detail, errors or irregularities can be seen much more clearly with HD than with SD, so that much more attention must be spent on the finishing of the sets, the properties on the set and the make-up of actors and presenters.

Editing

Once shooting of all the scenes is complete, the editing will make the total story clear. The editing or montage of an HD production is often performed in two steps in order to keep the costs of hiring an HD editing suite as low as possible.

During the offline editing, the pictures are studied and pre-assembled. In addition, the desired start and end points of scenes are also entered so that it becomes clear which picture material will be used in online editing.

In the online editing, also called final editing, the original recordings are read in from the tape. With the advent of new recording media such as HD DVD and Blu-Ray, offline and online editing will be possible on the same equipment more frequently in the future. The filmed material can of course be stored immediately on a disk or memory card in the camera. It will then no longer be necessary for the tape to be read in first, as a result of which time is saved and immediate online editing is possible.

Mastering

After the online editing is finished, colour correction and audio post-production processing are carried out to optimise the quality of the end product. In this process, if required, the end product is transcoded to other formats such as SD.

7.2.3. Distribution

The distribution of HD can take place via: (a) IP networks, (b) Digital Video Broadcast standard and (c) UMTS.

Internet Protocol networks (IP networks)

Distribution via IP networks is called HD steaming. With the current network connections, HD steaming is relatively easy subject to sufficient bandwidth being available. There are three methods of HD steaming:

- Live steaming: an event being transmitted at the moment it is being recorded.

- Programmed steaming or *broadcasting*: whatever is programmed in advance is transmitted. This usually occurs with the television.
- Video on Demand steaming: the end-users themselves decide what they want to watch.

Digital Video Broadcasting

Digital Video Broadcast is used when HD content is distributed via satellite or cable. With Digital Video Broadcasting, MPEG2 or MPEG4 signals are transmitted via a satellite and received with a dish aerial or transmitted via the cable. These MPEG2 or MPEG4 signals are converted in a so-called decoder or *set-top box* into a video signal, which can be an SD or HD signal. The receiver/decoder is connected to a screen on which the pictures are displayed.

UMTS

Via UMTS, it is possible to send and receive HDTV entirely wirelessly. Thanks to UMTS, a cable connection or a satellite dish is unnecessary and you only need a power cable. However, this technology is not very widespread yet.

7.2.4. Viewing

When HDTV is distributed, the pictures must be still shown on a display device. With HD distribution by means of IP networks, the network connection to a computer is used instead of a *set-top box*. Not only must the network card have sufficient capacity, the processor of the computer must be sufficiently powerful and have enough working memory to decode the data stream. Finally, a suitable video card is needed which can manage the HD resolution, to prepare the HD images for display.

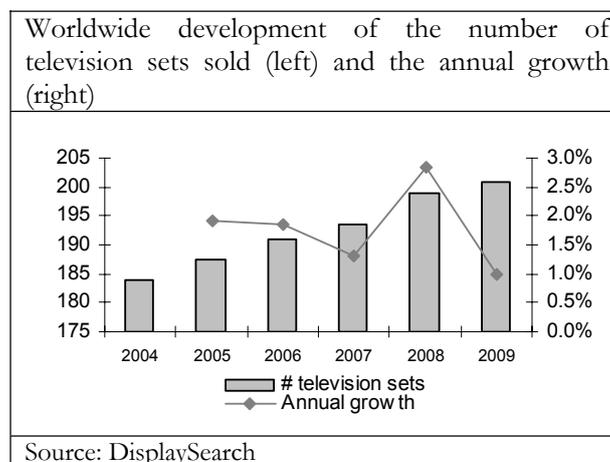
With distribution by means of digital video broadcasting a *set-top box* is used to show the HD signal on a suitable screen.

There are various types of screens that are suitable for displaying HD, such as plasma, LCD, CRT or DLP. The HD-label is given to those television sets that can receive the HD signal and can show HDTV. Approximately 90% of TV sets sold in Belgium during 2006, and approximately 80% of TV sets sold in Europe can show HDTV.

7.3. The HDTV market: the current market versus the expected market growth²⁵

7.3.1. Overview of the worldwide market for television sets²⁶

In 2005, there were 188 million television sets worldwide, without distinguishing between different technologies. For the period from 2005 to the end of 2009, an increase in volume of 2% is expected for all continents, except for Japan, where an increase of 6% is expected.



²⁵ Source: Screen Digest, March 2006

²⁶ Source: Dataxis, November 2006

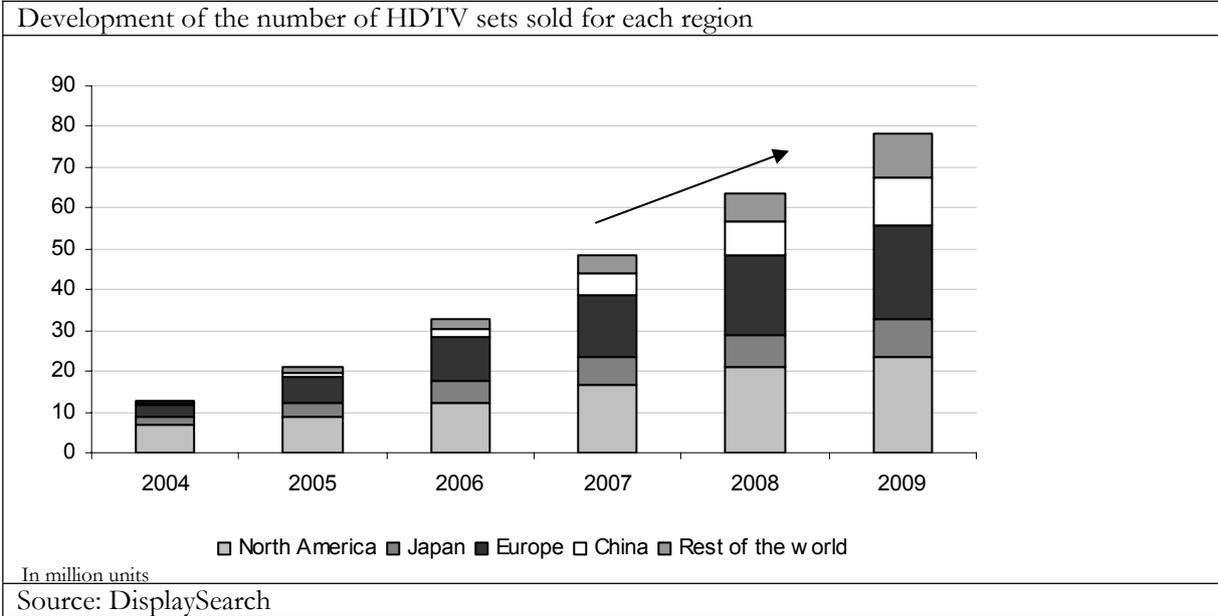
Despite weak global growth in the number of television sets, it is expected that the average price of a TV will increase from USD 402 in 2004, up to USD 622 in 2009, which means an average annual growth rate of 8.8%. This expected increase in prices is the result of the penetration of flat screens (Plasma, LCD and projection), which replace the "old" cathode ray television sets.

Worldwide development of the number of television sets sold in USD billions (left) and the annual growth (right)	Development of the average price of a television set in USD (left) and the annual growth (right)																																										
<table border="1"> <caption>Worldwide development of TV sales and growth</caption> <thead> <tr> <th>Year</th> <th>Sale of TV sets in billion \$</th> <th>Annual growth</th> </tr> </thead> <tbody> <tr><td>2004</td><td>75</td><td>1.5%</td></tr> <tr><td>2005</td><td>85</td><td>1.3%</td></tr> <tr><td>2006</td><td>95</td><td>1.2%</td></tr> <tr><td>2007</td><td>110</td><td>1.1%</td></tr> <tr><td>2008</td><td>125</td><td>1.0%</td></tr> <tr><td>2009</td><td>130</td><td>0.9%</td></tr> </tbody> </table>	Year	Sale of TV sets in billion \$	Annual growth	2004	75	1.5%	2005	85	1.3%	2006	95	1.2%	2007	110	1.1%	2008	125	1.0%	2009	130	0.9%	<table border="1"> <caption>Development of average price and growth</caption> <thead> <tr> <th>Year</th> <th>Average price of TV-set in \$</th> <th>Annual growth</th> </tr> </thead> <tbody> <tr><td>2004</td><td>402</td><td>8.8%</td></tr> <tr><td>2005</td><td>450</td><td>12.0%</td></tr> <tr><td>2006</td><td>500</td><td>11.1%</td></tr> <tr><td>2007</td><td>550</td><td>10.0%</td></tr> <tr><td>2008</td><td>600</td><td>9.1%</td></tr> <tr><td>2009</td><td>622</td><td>8.8%</td></tr> </tbody> </table>	Year	Average price of TV-set in \$	Annual growth	2004	402	8.8%	2005	450	12.0%	2006	500	11.1%	2007	550	10.0%	2008	600	9.1%	2009	622	8.8%
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7.3.2. Worldwide penetration of HDTV

The majority of the flat screens that are currently sold are equipped with HD functionality and consequently ensure the fast increase of HDTV sets. A recent study by DisplaySearch shows that in 2006, worldwide, 32.7 million HDTV sets were available. They expect that, in 2009, this number will have increased strongly to 78 million HDTV sets, which means average annual growth of 34%.

The table below shows that HDTV has already existed in Japan and the United States for several years. In 2004, 69% of all HDTV sets sold worldwide were sold in Japan and the United States. In 2006 this still amounted to 54%, and 32% of the HDTV sets were sold in Europe.



Average annual growth rate 2006-2009: 34%

The penetration of HDTV sets in Japan and the United States was 22% in 2004, whereas this still only amounted to 8% in Europe. In 2006, this penetration had increased in Japan up to 56%, in the United States 37% and 29% in Europe. Market studies predict that the number of households in Europe with an

HDTV set will increase strongly to 77 million in 2009, which corresponds with a market penetration of 60%. By 2009, a market penetration of 80% and 67% is expected for Japan and the United States respectively.

The high penetration in the United States can partially be explained by the fact that the American government enacted a law at the end of the 1990s with the objective of only allowing digital broadcasts by the end of 2007. In view of the high investments in new infrastructure for the broadcasting companies, the deadline has been shifted by a few years. Just like in the United States, there is Japanese legislation that promotes the broadcasting of digital television that is the basis of the remarkably higher penetration in 2006 compared to other countries.

The European Commission is also working to have the transition from analogue to digital television take place as soon as possible, and is aiming for all member countries to have been switched over to digital television around 2012, having stopped analogue TV broadcasting.²⁷

Development of the HDTV penetration by region in number of TV sets

	2004	2005	2006	2007	2008	2009
North America	22%	27%	37%	50%	61%	67%
Japan	22%	38%	56%	68%	75%	80%
Europe	8%	18%	29%	41%	50%	60%
China	1%	3%	6%	13%	21%	29%
Rest of the world	1%	2%	3%	6%	9%	14%
Total	7%	11%	17%	25%	32%	39%

Source: DisplaySearch

The strong rise of HDTV will be supported by new technological developments in the hardware and broadcasting industry. Consumer surveys show that consumers set increasingly higher demands for a better television quality and are also prepared to pay for the necessary hardware and services. The Pay TV operators expect that HD will become an important marketing instrument to increase the ARPU²⁸, to reduce the customer turnover or increase the number of subscribers. Various European Pay TV operators started offering HD in 2006, as a result of the Football World Championship in Germany: the German Premiere, the British BSkyB, the French TPS and Canal+, and the Italian Sky Italia.

Sporting events are the first events that are broadcast in HD, because considerable amounts are paid out for the broadcasting rights and because these events are among the most watched programmes worldwide.

Once the majority of households have a *Full HD* or *HD ready* TV set, and the majority of programmes (both TV and DVD) are recorded in HD, it is expected that public broadcasting systems will also switch over rapidly to HD so that they can provide the same high technical quality. In addition, parallel media play an important role in spreading HD, such as game console manufacturers.

7.4. The players in the HDTV market

There are 5 intermediate parties necessary to bring an event to the viewer in HD (source: Alfacam Group).

²⁷ Communication from the Commission to the Council, the European Economic and Social Committee and the Committee of the Regions on evaluation of the interoperability of digital interactive television services, 2 February 2006.

²⁸ ARPU: Average Rate Per User" – see section 12 "Glossary"



Event	Outside Broadcasters	Channels	Encoding Storage Distribution Transmission	Decoder	Electronic Consumer manufacturers	Consumer
Sport Music other	Multi-Camera TV Services of Alfacam Wireless TV Services of Eurolinx UBF Euromedia	Content HD-channels of Euro1080 Public channels VRT, BBC, ... Commercial Channels VTM, VT4 European channels MTV	Content Serverrelated Activities of Euro1080 Satellite Astra, Eutelsat Cable Telenet, Casema, INDI, IP Belgacom	MPEG2 or MPEG4 decoder Thomson Motorola Scientific Atlanta	Electronic manufacturers of flat screens (Plasma, LCD, Projection) JVC Pioneer Philips Sony	Consumer/ viewer

In a first stage, the outside broadcaster records the pictures of the event and processes these pictures on-site in mobile OB vans for them to be sent to the broadcaster in a subsequent stage. TV broadcasters programme transmissions of these pictures, either at the same time as the event, broadcast live or later. After the recording of the event, there is the storage, the maintenance, the distribution and transmission of the pictures. After the first transmission of the event, the broadcaster can broadcast these pictures again many times. In order to send the pictures technically to the viewer/consumer, encoders are needed on the transmission side and decoders on the receiving side respectively, to convert data or signals to code and back from code to signals again. These codes are sent by means of networks or satellites to the viewers/end consumers who can watch the pictures on their TV screens.

Alfacam Group operates in 3 of the 5 stages in the "HDTV chain":

- Via Alfacam and Eurolinx, Alfacam Group operates outside broadcasting;
- Euro1080 broadcasts several channels in HD; and
- Euro1080 also provides storage, distribution and transmission of TV pictures in HD.

It is essential that all intermediate parties cooperate to take the steps necessary so that HD can be provided to the general public. To realise the expected growth in HDTV in the near future, the following challenges must be overcome:

7.4.1. Outside broadcasters: limited number of HDTV Outside Broadcast Vans

Recent market studies²⁹ show that, at the start of 2007, only 60 to 70 of the 800 outside broadcast vans in Europe were equipped to make HDTV recordings. Although it is possible to convert an SD OB Van to become an HDTV OB Van at a third of the cost of a new one, it appears that most recent large HDTV OB vans are designed specially for HD production. It is more ideal, as it happens, to also include the complete monitoring on HDTV and convert the stereo sound to *surround* sound. This complete modification is almost impossible with an existing SD van. HDTV signals, after all, are complex and difficult to transport. They require a considerably higher bandwidth and a specific cable network.

The average cost of a new HDTV van varies between EUR 3.5 million and EUR 9 million. As a result of the high cost, the decision to buy an HDTV van will often only be taken if it is economically feasible and there is consequently a clear prospect of the demand for HDTV productions.

Because the manufacturing of HDTV OB Vans takes 6 to 12 months, it is possible that there will be a capacity shortage at the time the HDTV market takes off, with increases in prices as a consequence. Given

²⁹ Source: German Medien Bulletin, December 2006

the limited number of players that can build HDTV OB Vans, the change over from SDTV vans to HDTV could take several years.

7.4.2. Broadcasters: gradual change over to HD productions

HDTV is the most significant change in the TV market since the change from black and white to colour television. In the United States and Japan, where the quality of television pictures was substandard, HDTV has already won an important share of the market (see section 7.3.2 "Worldwide penetration of HDTV").

In Europe, HDTV is still on the starting blocks. The change from analogue to digital HD productions requires broadcasting companies and TV broadcasters to make large investments in production equipment and staff training. Pay TV operators are the first television companies that offer HDTV with the intention of increasing the ARPU, reducing customer turnover or increasing the number of subscribers.

Currently, however, it is mainly sports events that are recorded and broadcast in HD, as a result of which the current HD supply is still too limited to justify a higher price. As soon as the HD programme supply obtains sufficient substance and sufficient end consumers can receive HDTV productions, public broadcasting systems will be obliged to follow the example of the Pay TV operators and broadcast in HD.

Below is a summary of the broadcasters that already transmit HDTV broadcasts in Europe.

- In Belgium, since January 2004, Euro1080 has been the first European TV channel broadcasting HDTV productions (see section 6.4 "Euro1080: The Content Segment").
- In Germany, the Pay TV company Premiere³⁰ has been broadcasting programmes in HDTV since November 2005. The plan was to provide 3 channels with HDTV, but that proved to be too limited a supply to persuade the German consumer to invest in HDTV.
- In the United Kingdom, BSkyB has been providing HDTV broadcasts since 22 May 2006. In this case, a selection of around 8 HDTV channels is offered. In the third quarter of 2006, there were already more than 96,000 subscribers, and this number doubled to 184,000³¹ as at the end of December 2006.
- In Scandinavia, CANAL DIGITAL has been broadcasting in HDTV for about one year. VIASAT has plans to start with HDTV from the end of 2007.
- The Dutch Cable companies CASEMA, Essent, CAIW and Multikabel have been broadcasting an HDTV selection of 3 channels since May 2006. Provided the television viewer has a decoder, the 3 HD channels are included in the cable subscription without any surcharge for the time being. The supply, without Dutch football, seems too limited, so that there are currently only around 20,000 connections. The consumer demands additional HDTV channels.
- In Turkey, DOGAN Group started an HDTV channel in 2006, and DIGITURK wants to put a selection of 5 or 6 channels on the market from mid-2007.
- Poverkhnost has been active with HDTV in Ukraine since November 2005.
- NTV+, First TV and RTR have announced that they will start with selections of HDTV channels in Russia during the course of 2007.
- The Portuguese company PT wants to bring an HDTV offering via cable during the course of 2007.
- In France, CANALSAT already transmits 3 programmes in HDTV and TPS also has 3. Both companies are in a merger round that must still be approved by the government, as a result of which the real start in HDTV of a solid selection of 8 to 10 channels cannot be expected before the last quarter of 2007. Canalsat will, nevertheless, already be providing 200,000 HDTV receivers with effect from March 2007.
- In Poland, TVN-ITI is starting a commercial broadcasting company; POLSAT and CANAL+ Poland each plan an HDTV offering with effect from September 2007.
- In Italy, SKY-ITALIA started in 2006.
- There is currently no HDTV activity in Spain.

³⁰ Source: websites of the broadcasters concerned

³¹ Source: press release persbericht British Sky Broadcasting Group PLC "Results for the six months ended 31 December 2006".

7.4.3. Decoder manufacturers: Mass production of MPEG4 decoders

A viewer needs a decoder that can decode the HD signal originating from a digital medium (satellite, cable or internet protocol) or an analogue medium³² (*terrestrial* or wireless). An HD signal contains six times more data (1.5 GB/sec) than an SD signal and thus needs a greater bandwidth. For the last 10 years, the usual compression standard was MPEG2 in which the data of 1.5GB per second was compressed to 19MB per second. MPEG2 is used by the Japanese and American HDTV broadcasting companies.

In April 2006, an improved decoder was brought on the market as a result of which the HD signal can be received 2.5 times faster than with the MPEG2 decoder: MPEG4. Thanks to the MPEG4 decoder, HDTV needs less bandwidth on the cable or satellite, as a result of which there can be more channels on the cable, and the satellite costs, one of the most important costs for a broadcaster, are significantly reduced.

Various broadcasters used the World Championship Football in June 2006 to introduce HDTV. Due to the simultaneous change of a number of broadcasters to HDTV that all offered their viewers MPEG4 decoders to be able to receive HDTV, supply could not meet demand and the MPEG4 decoder deliveries were delayed. Beside a strong increase of the demand in the middle of 2006, the producers also still had to deal with the fact that the research and development of MPEG4 took more time and cost more than had been initially foreseen. The development and capacity problems were solved at the end of 2006 and the producers have declared that they have the necessary production capacity to meet the rising demand. The market for the HD MPEG4 decoders is estimated at EUR 250 million for the period 2006-2008 in a Mc Kinsey study.

7.4.4. Transmission: Distributing the MPEG-4 decoders to the general public

In a number of countries, the implementation of MPEG2 decoders is still in full swing, as is the case in Belgium, where Telenet is still busy running an active marketing campaign. The price of an MPEG2 decoder for SDTV amounts to EUR 100 to EUR 150, whereas the price of an MPEG4 decoder is currently between EUR 300 and EUR 400. The high price combined with the fact that the viewer must still also pay an additional subscription for HD broadcasts to the amount of EUR 5 to EUR 10 per month, and the limited number of channels that broadcast HD, mean there is insufficient incentive for the purchase of MPEG4 decoders. For this reason, MPEG4 decoders are now frequently subsidised by the content providers who already provide HD content.

It is generally expected that the prices of the MPEG4 decoders will decrease annually by 10% to 20% and, once the selection of HD channels becomes more extended and varied, it is expected that the viewer will proceed more rapidly to buying an MPEG4 decoder and thus be better able to watch HD productions.

7.5. Market trends

The factors below could have a substantial effect on the rate with which HDTV will break through in Europe.

7.5.1. Consumer awareness of HD among the general public

The parties identified above going from the outside broadcasters, through TV channels to the satellite and cable companies, and manufacturers and distributors of flat screens, should continue working on raising the consumer and viewer awareness of HD. If more TV channels decide to record their new programmes exclusively in HD, doing so will mean a much broader selection of programmes can be offered. This could also create a significant increase in the attractiveness of HDTV for the consumer. The strong sale of flat-screen televisions (see section 7.3 "The HDTV market: the current market versus the expected market growth

"), with which HDTV can be received, plays an important role in making the general public aware of HDTV. Moreover, the end consumer can also be familiarised with the improved quality of HD via the most recent versions of game consoles.

³² An HD programme that is distributed using an analogue medium gives a lower quality picture than when it is distributed using a digital medium.

7.5.2. Acceptance of HDTV by the end consumer

Despite the greater consumer awareness, the penetration of HDTV with mass consumers is impeded by various obstacles. HDTV must become user-friendlier, both in buying and in using it. At present, the end-user cannot buy a total solution, but must purchase the TV screen, the decoder and the HD connection separately, often in different shops. Moreover, once in the living room, the end-user then needs a different remote control for each piece of equipment in order to control the set and be able to watch programmes in SD and HD.

The relatively high price to be able to receive HDTV, and watch it, initially only appeals to a limited number of users. Once there is a fall in prices of flat-screens and MPEG4 decoders, HDTV will become more accessible to the general public.

7.5.3. European statutory framework for digital television

The European Commission is working to have the transition from analogue to digital television take place as soon as possible, and is aiming for all member countries to have switched over to digital television around 2012, and have stopped analogue TV broadcasting. Just as in the United States and Japan, where legislation encouraged a high increase and fast penetration of HDTV in the initial years commencing in 2000, it can be expected that the stimulus from the European Commission will have a positive impact in the further expansion of HDTV.

8. HUMAN RESOURCES

8.1. Operational structure of the subsidiary companies

Alfacam Group has a very flat management structure with short decision lines. Mr. Gabriel Fehervari is CEO of Alfacam Group and of its subsidiary companies. In each of the subsidiaries he is supported by a deputy manager and an assistant manager. Mr. Tom Leemans is CFO of Alfacam Group.

The members of the management team responsible for the day-to-day supervision of the **subsidiary companies** are:

- for Alfacam: Ms. Karin Stoop, operational manager since the start of the Group, together with Mr. Chris Demeulemeester.
- for Eurolinx: Mr. Bruno Coudyser, manager.
- for Euro1080: Mr. Simon Scales, network manager of EXQI Europe, Mr. Chris Michel, network manager of EXQI Flanders and Mr. David Steegen, manager of the HD1 European network.

Below is a brief background sketch of each member of the management team:

Gabriël Fehervari (°1960), *Chief Executive Officer*

For this, please refer to section 9.2.4. "Composition of the board of directors".

Tom Leemans (°1965), *Chief Financial Officer*

Tom Leemans started in 1990 as a graduate in applied economic sciences with Elf Oil Belgium, where he remained until 2001 and finished in the position of financial manager. After that, he joined Real Software, where he took on the job of group controller. In 2003, he left the company to become the deputy for the general manager of Avia Belgium, an independent company active in the storage and distribution of fuels. He joined Alfacam NV at the end of October 2006.

Karin Stoop (°1962), *Alfacam Management*

For this, please refer to section 9.2.4. "Composition of the board of directors".

Chris Demeulemeester (°1968), *Alfacam Management*

Before joining Alfacam in 2002, Chris Demeulemeester was already an active television producer, mainly for sport programmes, in numerous other enterprises such as Outside Broadcast NV, Canal + Belgium, SuperSport Television NV and FilmNet Television NV. In 1995-97 he was technical producer for "Morgen Maandag" and "Het Huis van Wantrouwen" of Mark Uytterhoeven, and in 2005 he was technical consultant for *Woestijnvis*, as freelancer each time.

Bruno Coudyser (°1971), *Eurolinx Management*

Bruno Coudyser joined Alfacam in 2007, where he has the task of further developing wireless transmission activities of the Group. Prior to this, among others, he gained experience concerning broadcasting and HDTV as a commercial manager with ASH Video Facilities, as sales manager with Lines Broadcast Systems and as project manager with Outside Broadcast.

Simon Scales (°1967), *Network Manager for EXQI Europe (Euro1080)*

Simons Scales, before he was engaged in 2007 for the expansion of EXQI, has been active with the BBC for 12 years, as a director and series producer, among other things. He has already won two British Academy of Film and Television Arts (BAFTA) awards, a European Promax award (*Animated Titles*), and a Royal Television Society award. In 2006, he was a member of the advisory panel for the Edinburgh Television Festival.

Chris Michel (°1956), *Network Manager for EXQI Flanders (Euro1080)*

Chris Michel has already gained many years' experience in the television world as a producer of numerous TV programmes (Stanley's Route, Peking Express), as well as reporter and journalist (Jambers, Telefacts, VTM News), and as an author and filmmaker of company films. Since 1990, he has organised the annual

"Raiders and Challengers Trophy" event in Spain and Portugal, and since 1980 he has acted as a moderator in debates. He has been the Network Manager of EXQI Flanders since the end of 2006.

David Steegen (°1966), HD1 European Network manager (Euro1080) and Alfacam Group's Head of Marketing

Before coming to Alfacam Group in 2007, among other things, David Steegen was active as the Cross-Media manager for the football with Belgacom TV, he presented a daily talk show on VT4, and he was press and communication manager with Canal + and Canaldigitaal Belgium. Before that, he was also the press and PR spokesman for Brussels minister Guy Vanhengel. David Steegen is also an author, columnist, moderator and actor.

For a description concerning the directors and the management of Alfacam Group and the key staff, please refer to the Corporate Governance section.

8.2. HR strategy

Alfacam Group is going to centralise the monitoring and management of the human resources of its subsidiary companies. This service will be charged on to the subsidiaries on a *pro rata* basis.

The Group pursues a cost-efficient staff policy. It has a permanent core of experienced staff that is supplemented, on an ad hoc basis for performing the project, with *freelancers* from Belgium or from the countries where a project is produced. The staffing requirements are filled on the basis of the number and size of the events and projects that the Group acquires.

The nature of the engagements that the Group performs, its focus on quality as well as its personnel policy with provision of social services, are important aspects for attracting staff. The site of the Eurocam Media Center specifically provides facilities that are virtually non-existent with other market players, such as childcare facilities, a fitness Center, sport accommodation, a company restaurant, etc.

In the context of its recruitment policy, the Group has entered into an agreement with the Karel de Grote College to house a department for the newly established MCT (Multimedia and Communication Technology) course in the buildings of Alfacam Group. This creates the opportunity for the Group, with a front row seat, to recruit talent and only invest in future projects with the best workers. Alfacam has a seat in the steering committee of this course, and thus has an important say in the composition of the teaching programme so that this responds as much as possible to the rapidly evolving market of TV technology and its needs.

8.3. Workforce

As at 31 December 2006, the Group had 69.4 staff members in full-time equivalents (FTEs) permanently employed by the Group. They mainly have higher technical education and are specialised and proficient in the media and communication technology.

Of these during 2006, an average 53.6 FTEs were employed in the Multicamera TV Services Segment, 12.2 FTEs with the Content Segment, and 3.6 FTEs with the Eurocam Media Center Segment.

Over the last 3 years, the workforce evolved in each segment, in FTEs, as follows:

Average number of staff per segment:	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
- Multicamera TV Services	53.6	50.7	44.3
- Content	12.2	9.6	9.6
- Eurocam Media Center	3.6	2.9	0.0
Total	69.4	63.2	53.9

The increase is especially the result of the general growth of the activities and more specifically the expansion of the Content Segment (Euro1080).

The staff can be broken down into the following groups:

Management : 7

Technicians : 65

Sales & Marketing : 7

Administration and logistics : 20

The geographic distribution of the staff is as follows :

Belgium : 93

France : 3

Germany : 3

The average age is 35 and the average length of service rounds down to 3 years.

The Group makes little use of temporary staff. The Group does, however, make extensive use of freelancers in performance of the projects, both from Belgium and the countries where the projects are produced.

9. CORPORATE GOVERNANCE

9.1. General

This chapter provides an overview of the rules and principles according to which the corporate governance of the Company is structured in accordance with Belgian company law and the articles of association of the Company. The overview is based on the articles of association of the Company and the corporate governance charter of the Company.

The corporate governance charter of the Company is adopted in accordance with the recommendations set forth in the Belgian Corporate Governance Code, which was published on 9 December 2004 by the Belgian Corporate Governance Committee. Corporate Governance is defined in the Corporate Governance Code as a number of rules and conducts on the basis of which the companies are governed and controlled. The Corporate Governance Code is based on the "comply or explain" principle: Belgian listed companies need to comply with the Belgian Corporate Governance Code, but can depart from the rules and recommendations (but not from the principles), if they explain why they have done so.

The board of directors intends to apply the Belgian Corporate Governance Code but is of the opinion that certain departures from the rules are justified given the specific situation of the Company. These departures include:

- The Nomination and Remuneration Committee meets as frequently as is necessary or advisable for the efficient operation of the Nomination and Remuneration Committee, but is in any event called at least once a year. By doing so, the Company, as a smaller listed company, departs from the recommendation (of meeting at least twice a year) in the provisions 5.3/6 and 5.4/6 of the Corporate Governance Code.
- The Audit Committee meets as frequently as is necessary or advisable for the efficient operation of the Audit Committee, but is in any event called at least twice a year. By doing so, the Company, as a smaller listed company, departs from the recommendation (at least thrice a year) in provision 5.2/19 of the Corporate Governance Code.
- Since no management committee in the meaning of Article 524bis et seq has been established, the Company has not included specific terms of reference of the executive management. The tasks, responsibilities and powers of the CEO are set out in the terms of reference of the board of directors. By doing so, the Company as a smaller listed company departs from the recommendation in provision 6.1 of the Corporate Governance Code.

The board of directors of the Company will revise its corporate governance charter from time to time and will amend it when necessary. The charter is available without any charge on the website of the Company (www.alfacam.com) and at the registered seat of the Company. In addition, the board of directors will provide a chapter on corporate governance in the annual report of the accounting year that ends on 31 December 2007 and which will be published in 2008. In this chapter the corporate governance practices that took place in 2007 will be elaborated on, including an explanation on the departures from the Corporate governance Code, if any, in accordance with the "comply or explain principle".

9.2. Board of directors

9.2.1. General

The board of directors is empowered to perform all actions that are considered necessary or useful to achieve the Company's purpose, except with respect to such areas which are reserved for the shareholders' meeting by law or by the articles of association.

The board of directors is composed of at least three (3) members. At least half of the directors must be non-executive directors and at least three of them must be independent within the meaning of Article 524 of the Belgian Companies Code.

The directors are appointed for a term of no more than three (3) years by the shareholders' meeting, and may be re-elected. If any of the offices of director becomes vacant, for whatever reason, the remaining directors have the right to temporarily fill such vacancy until the next shareholders' meeting, which shall make a final appointment. The appointment is put on the agenda of the first meeting of shareholders following the temporary appointment.

The board of directors can only deliberate if a majority of its members are present or represented, it being understood that at least two (2) directors, including at least one non-executive director, have to be personally present or represented by their representative. Each director can appoint another member of the board to represent him and vote in his name. Any director can represent more than one other director. Decisions are made by a simple majority of the votes cast. The chairman of the board has no decisive vote.

9.2.2. Chairman

As from the completion of the Offering and the realisation of the capital increase, Mr Hugo Vandamme will be chairman of the board of directors.

The chairman of the board is responsible for the proper and efficient functioning of the Board. He takes the necessary measures to develop a climate of trust within the board of directors, contributing to open discussion, constructive dissent and support for the decisions of the board.

In the board of directors the chairman is primarily responsible for:

- drawing up the agenda of the meetings of the board of directors after consultation with the CEO and taking into account requests from directors;
- ensuring the procedures are correctly followed with respect to preparation, consultation, approval of resolutions and implementation of decisions;
- ensuring that all directors receive the same accurate and clear information in good time before the meeting and where necessary between meetings.
- chairing the meetings of the board of directors and ensuring that the board of directors operates and makes decisions as a collegiate body;
- monitoring the execution of decisions that have been made and determining the need for further consultation in the board of directors;
- monitoring the regular evaluation of the Company's corporate structure and corporate governance, and assessing their satisfactory operation;
- ensuring that new members of the board of directors receive suitable training;
- leading the process of appointing directors, in consultation with the Nomination and Remuneration Committee and making sure the members and chairmen of the committees are appointed by the board of directors; and
- organising the evaluation process of the members of the board of directors.

The board of directors may decide to confer additional responsibilities on the chairman of the board of directors.

Vis-à-vis shareholders and third parties, the chairman shall be primarily responsible for chairing the shareholders' meeting and for ensuring that the relevant questions of shareholders are answered.

9.2.3. Independent directors

The Company applies the criteria of independence set forth in Article 524 of the Belgian Companies Code.

Independence will also be assessed taking into consideration the following criteria set out by the Corporate Governance Code:

- not being an executive or managing director of the Company or an associated company, and not having been in such a position for the previous three years;
- not being an employee of the Company or an associated company and not having been in such a position for the previous three years;

- not receiving, or having received, significant additional remuneration from the Company or an associated company apart from a fee received as non-executive director;
- not being a controlling shareholder or a shareholder with a shareholding of more than 10%, or a director or executive officer of such a shareholder; whereby a controlling shareholder is defined as a shareholder who solely or in concert, directly or indirectly, controls a company in the meaning of Article 5 of the Companies Code;
- not having or having had within the past year, a significant business relationship with the Company or an associated company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship;
- not being or having been within the past three years, a partner or an employee of the current or former external auditor of the Company or an associated company;
- not being an executive or managing director of another company in which an executive or managing director of the company is a non-executive or managing director, and not having other significant links with executive directors of the Company through involvement in other companies or bodies;
- not having served on the board as a non-executive director for more than three terms subject to the board providing for exceptions;
- not being a close family member of an executive or managing director or of persons in the situations described above.

When an independent director has served on the board for three terms, he is in principle not eligible for a fourth term in the capacity as an independent director subject to exceptional circumstances in the interest of the Company recognised by the board. In such case the proposal to renew his mandate as independent director will expressly indicate why the board considers that his independence as a director is preserved.

The board of directors will announce in its annual report and on the website of the Company which directors it considers to be independent. A director that no longer complies with the criteria of independence should notify the board of directors immediately.

9.2.4. Composition of the board of directors

At the Date of this Prospectus, the board of directors consists of three members: Sigmacam NV, represented by its permanent representative Gabriel Fehervari, Karin Stoop and Alain Keppens. On 23 April 2007 the extraordinary meeting of shareholders appointed Hugo Vandamme, Jean Stock and Luc Van Milders as directors of the Company under the condition precedent of the determination of the final Offering Price and the signing of the Underwriting agreement. Therefore, the board of directors will consist of six members:

Name and function	Duration ³³	Professional address
Sigmacam NV, represented by its permanent representative Gabriel Fehervari <i>Executive director</i>	2010	Diepestraat 46 2540 Hove - Belgium
Karin Stoop <i>Executive director</i>	2010	Diepestraat 46 2540 Hove - Belgium
Alain Keppens <i>Non-Executive director</i>	2010	Drapstraat 28 9220 Hamme - Belgium
HRV NV, represented by its permanent representative Hugo Vandamme <i>Independent director and chairman of the board of directors</i>	2010	Fairybankhelling Residentie Eden Roc 18, bus F2 8670 Oostduinkerke - Belgium
Jean Stock <i>Independent director</i>	2010	Rue Siggy vu Lezebuerg 43 1933 Luxembourg - Grand-Duchy of Luxembourg
Luc Van Milders <i>Independent director</i>	2010	Sneeuwbeslaan 17 2610 Antwerp - Belgium

³³ De duur van de bestuursmandaten verstrijkt onmiddellijk na de jaarlijkse algemene vergadering van aandeelhouders gehouden in het jaar aangegeven naast de naam van de bestuurder.

The curricula vitae of the directors or their permanent representatives are as follows:

**Gabriel Fehervari (b. 1960),
CEO,
Representative of Sigmacam NV**

Gabriel Fehervari holds a Master's in Law (KUL) and a Master's in audiovisual and communication sciences from Leuven University. He holds a degree in journalistic sciences from IPC in Brussels. In 1985 he founded Angel Video together with his wife, Karin Stoop. In 1987 he founded Alfacam, of which he became CEO.

Karin Stoop (b. 1962)

Karin Stoop holds a Master's in sports sciences (KUL). In 1985 she founded Angel Video together with her husband Gabriel Fehervari. In 1987 both of them founded Alfacam, in which she has a management function in the TV services department.

**Alain Keppens (b. 1967),
representative of GIMV**

Alain Keppens holds a Master's in applied economics (UA) and an MBA from Marquette University (1990). After working as an auditor at PricewaterhouseCoopers, he joined GIMV in 1991. At GIMV he worked, among other things, as Investment Manager and was appointed Investment Director in 2006. He is a member of the board of Accent Interim, Accessories International, Européenne de la Mer, Gasco Group, Impression, Mondi Foods, Tops Foods, Scana Noliko, Sfinc, Vectis, Westerlund Group and Somnis Bedding. During the past five years Alain Keppens has held board positions in the following companies (which have been ended): Food Partners Holding, Bake Invest, Gourmet Invest, Macrae Food Group, Marco Polo, Pan European Seafood Holdings, Poplar Invest and Eye-D. Alain Keppens was a member of the board of 3 S International and Sofitex, which filed for bankruptcy during his mandate.

**Hugo Vandamme, Chairman
(b. 1945)
Representative of HRV NV**

Baron Hugo Vandamme graduated in 1969 as civil electrotechnic engineer and received a degree in civil trade engineering in 1970. In 1969 he started working as production director at Libeltex, after which he switched to Barco. Baron Vandamme worked there for 30 years of which 20 as CEO. He became manager of the year in 1989 and received the Insead Innovator Prize in 1996. Until now Baron Vandamme is president of the board of directors of Kinopolis and Roularta Media Group. He is also a director at Sara Lee (DE), the port of Zeebrugge, the VEV-VOKA and EALIC. He also holds offices at the Brouwerij Van Honsebrouck and Dotrix. He is vice president of Picanol, member of the management committee of the VBO, president of the association of listed companies and the Belgo Indian Chamber of Commerce & Industry.

Jean Stock (b. 1948)

Jean Stock graduated from the International College of Journalism (Strasbourg, France), after which he started to work for Télé-Luxembourg (1967-1977). Jean Stock also started to work at RTL-Radio in 1969 as news director for East-France in 1969 for RTL-Radio and became Managing Director at RTL-TVi Belgium (1989-1994). From 1987 until 1989 he worked as programme director and executive director for M6 in France. Jean Stock was also active with CLT Luxemburg (Director Television activities, 1989-1995) and CLT-USA (CEO and chairman, 1995-1996). In 1997-1998 he was audiovisual director and member of the management team of the Havas group. He was also chairman of TV5 USA and ALC (1998-2001). He was chairman and CEO of TV5 Monde (France) and Canal France International (1998-2001) and chairman of Portinvest (1999-2001). In addition, Jean Stock

was secretary-general of the European Broadcasting Union (2001-2004) and chairman of the World Electronic Media Forum, which was organised in 2003 in Geneva. He also founded DVL.TV, the broadcaster of the HD network Luxe.TV, of which he is CEO and chairman. He is a member of the International Academy of Television Arts & Sciences (since 2004), of which he was a director from 1999 until 2004. He has acted numerous times as director, but ended his last mandate in 2001. He still is a member of the Executive Committee of Eurovisioni in Italy (since 2001).

Luc Van Milders (b. 1950)

Luc Van Milders holds a Master's in law (1975, KUL), and a degree in corporate accounting (Groep T, Leuven) and participated in the Commercial Bank Management training programme (JP Morgan, New York). Immediately after his law studies he started working as an auditor with KPMG. In 1977 he switched to JP Morgan Chase, where he worked as vice-president. Between 1984 and 1992 Luc Van Milders was active with Esselte Home Entertainment NV and Filmnet NV, where he got experience in the television sector as managing director. After that he became managing director and director (until 2006) at Carestel NV. In the meantime Luc Van Milders was also active as external consultant with Telenet NV to support their listing on the stock exchange on an operational level (2004-2005). In 2005 he started with Fortis Governance Advisory NV as managing director, where he is still active and where he is on the board. He is also a director of Assart and Promivan.

At the Date of this Prospectus none of the directors of the Company has, during the past five years (unless when specified above):

- been convicted for fraud;
- had a senior function as senior manager or member of an administrative organ, a board of directors or a supervising body of a company at the time of, or preceding, its bankruptcy, liquidation or dissolution; or been subject to official or public accusations or sanctions (including from professional organisations);
- been declared incompetent to act as a member of a board of directors or a leading or supervising body of a company or the management or exercise of the activities of a company.

9.3. Committees within the board of directors

9.3.1. General

The board of directors sets up special committees to deal with specific matters and to advise the board of directors. The committees are purely advisory bodies and the effective decision power remains with the board of directors. The board of directors sets out the assignments of each committee regarding organisation, procedures, policy and activities.

The board of directors sets up an audit committee and a nomination and remuneration committee and does not have the intention of setting up any further committees given the size of the company.

9.3.2. Audit committee

Role of the audit committee

The audit committee of the Company consists of at least three directors, all non-executive directors of which the majority are independent directors.

The audit committee assists the board of directors in fulfilling its monitoring responsibilities in respect of control in the broadest sense.

The audit committee will report regularly to the board of directors on the exercise of its duties and on any matters in respect of which the audit committee considers that action or improvement is needed, and may make recommendations as to the necessary steps to be taken.

Duties of the audit committee

It is entrusted with the development of a long-term audit programme encompassing all activities of the Company and is, in particular, entrusted with the oversight of:

Financial reporting

The audit committee monitors the integrity of the financial information provided by the Company: the audit committee ensures that the financial reporting provides a true, honest and clear view of the situation and the prospects of the Company, both on an individual and on a consolidated basis. The audit committee assesses the correctness, completeness and consistency of the financial information.

This task includes the review of periodic information before its publication and the review of the relevance and consistency of the accounting standards used.

The audit committee discusses significant financial reporting issues both with the executive management and with the statutory auditor.

Internal controls and risk management

At least once a year, the audit committee must review the internal control and risk management systems set up by the executive management. It must ensure that the main risks are properly identified, managed and disclosed. The audit committee also reviews the statements included in the annual report on internal control and risk management.

The audit committee reviews the special arrangements by which staff members of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters (whistle-blowers' order). The audit committee must ensure that this arrangement is brought to the notice of all staff members of the Company and its subsidiaries. If deemed necessary, the audit committee must make arrangements for independent investigation and appropriate follow-up of these matters in proportion to their alleged seriousness.

Internal audit

The audit committee must approve the appointment and removal of the head of the internal audit. The audit committee shall determine and control the mandate of the head of the internal audit. The audit committee shall approve the internal audit's budget and evaluates the effectiveness of the internal audit. The audit committee evaluates the implementation of its findings and recommendations by the management.

The audit committee receives the internal audit reports or a periodic summary of such reports.

The chairman of the audit committee must be available at all times to the head of the internal audit to discuss issues relating to the Company's internal audit.

External audit

The audit committee makes recommendations to the board of directors on the selection, appointment and reappointment of the external auditor and on the terms of his or its engagement. These recommendations must be submitted to the shareholders' meeting.

The audit committee monitors the external auditor's independence, in particular as regards the relevant legal and professional standards. The audit committee monitors the external auditor's work programme

and reviews the effectiveness of the external audit process and the responsiveness of the management to the recommendations made by the external auditor in his or its management letter.

The audit committee examines the nature and scope of the non-audit services that have been entrusted to the external auditor. The Audit Committee determines and adopts a formal policy on the types of non-audit services that: a) are excluded; b) are permissible after verification by the Committee, and c) are permissible without being referred to the committee, taking into account the specific provisions of the Companies Code.

The audit committee may open an investigation into issues that could lead to the resignation of the external auditor and then formulates recommendations on all actions required in that respect.

Composition of the Audit Committee

The audit committee is composed of:

- Luc Van Milders (Chairman);
- Jean Stock;
- Alain Keppens.

9.3.3. Nomination and remuneration committee

The nomination and remuneration committee consists of at least three directors. All members of the nomination and remuneration committee must be non-executive directors, a majority of whom are independent.

The nomination and remuneration committee shall generally ensure that the process of appointment and reappointment of the directors is objective and professional and in particular has the following tasks:

- drawing up appointment procedures and selection criteria for members of the board of directors;
- selecting and nominating suitable candidates for vacant directorships and submitting them to the board of directors for approval;
- formulating proposals for reappointments;
- conducting a periodic evaluation at least once every three years of the size and the composition of the board of directors and, where applicable, making recommendations to change this;
- analysing the aspects in connection with the succession of directors
- submitting advice on proposals (from the managing directors or the shareholders among others) on the appointment and dismissal of directors; and
- discussing with the CEO at least once a year the operation and the performance of the executive management.

The nomination and remuneration committee is responsible for the following tasks with respect to remuneration:

- drawing up and evaluating proposals to the board of directors concerning the remuneration policy to be pursued for non-executive directors and the proposals that must be submitted to the shareholders;
- evaluating the proposals to the board of directors drawn up by the CEO concerning the remuneration policy to be pursued for the executive management, at least with respect to:
 - (i) the main contractual provisions, including the most important characteristics of the pension plans and the severance package;
 - (ii) the main components of the remuneration, including the relative importance of each component of the remuneration; the performance criteria that apply to the variable components and the benefits in kind;
- drawing up recommendations concerning the individual remuneration of the directors, including, depending on the situation, the bonuses and long-term incentives – linked or not to the Company's shares – in the form of options or other financial instruments; and
- evaluating the recommendations of the CEO concerning the individual remuneration of the executive managers, including, depending on the situation, the bonuses or long-term incentives – linked or not linked to the Company's shares – in the form of options or other financial instruments.

The nomination and remuneration committee is composed of the following members:

- Hugo Vandamme (chairman)
- Luc Van Milders
- Alain Keppens

9.4. Chief executive officer (CEO)

The board of directors appoints and removes the CEO. The CEO is appointed on the basis of a recommendation by the nomination and remuneration committee for a period of three (3) years, with the possibility of renewal thereof. Sigmacam NV, represented by Gabriel Fehervari, has been appointed as CEO.

The role of the CEO is to implement the mission, strategy and targets set by the board of directors and to assume responsibility for the day-to-day management of the Company. He reports directly to the board of directors. The CEO is responsible for:

- examining, analysing and proposing to the board of directors strategic business opportunities that can contribute to the further growth of the Company;
- executing the decisions of the board of directors;
- preparing proposals to the Nomination and Remuneration Committee concerning the appointment, remuneration and evaluation of the members of the management team;
- leading the executive management;
- determining and monitoring the objectives to be achieved by the management;
- ensuring the day-to-day management of the Company and accounting to the board of directors for such management at regular intervals;
- maintaining a continuous dialogue and interaction with the members of the board of directors in an atmosphere of openness and a climate of trust;
- maintaining excellent relationships with important customers, suppliers and the authorities.

In addition, the CEO must enable the board of directors and the chairman to exercise their responsibilities as directors. The CEO must therefore:

- prepare proposals on topics for which decision-making is the preserve of the board of directors;
- meet the chairman of the board of directors at regular intervals, consult him/her and involve him/her in strategic projects from the outset;
- provide the board of directors with all the possible relevant information it needs to exercise its powers.

9.5. Remuneration of the directors

- Sigmacam NV, represented by Gabriel Fehervari, is remunerated pursuant to a management agreement entered into between Sigmacam NV and the Company. Sigmacam NV receives an annual remuneration of EUR 450,000.
- The independent and non-executive directors receive an annual remuneration of EUR 10,000 (the chairman receives an annual remuneration of EUR 20,000). The directors also receive a remuneration of EUR 1,000 for each meeting of the board of directors (the chairman receives a remuneration of EUR 2,000) and EUR 500 for each meeting of the audit committee or the nomination and remuneration committee they attend.
- The Company does not provide benefits in kind, a pension plan or a group insurance for its directors, CEO or CFO. None of the directors has an employment agreement with the Company that provides for indemnities at the moment of termination of this agreement. The management agreement between Sigmacam NV and the Company can be terminated at any time by giving 6 months' notice and does not provide for indemnities upon termination of this agreement.

9.6. Shares and warrants in the possession of directors and members of the management team of the Company

- On the date of this Prospectus, Sigmacam NV and Mr and Mrs Fehervari-Stoop held 6,685 shares in the Company. Upon realisation of the Contribution in Kind, Sigmacam NV and Mr and Mrs Fehervari-Stoop will receive 5,184,580 shares in the Company as counterpart for their Contribution in Kind of shares in Alfacam NV and Euro1080 NV.
- On 23 April 2007 the extraordinary meeting of shareholders of the Company, on the proposal of the board of directors, decided, under the condition precedent of the determination of the final Offering Price and the signing of the Underwriting agreement, to issue a number of warrants equal to maximum 1% of the total number of Existing and New Shares . These warrants will be issued free of charge to the management of the Group (see section 6.7 Warrants plan).

9.7. Statutory auditor

- The statutory auditor of the Company is Deloitte Bedrijfsrevisoren CVBA, a civil company under the form of a cooperative company with limited liability, having its registered office at Louizalaan 240, 1050 Brussels. Deloitte Bedrijfsrevisoren, represented by Frank Verhaegen and Gert Vanhees, was appointed for three years. Their mandate will end immediately following the general meeting of shareholders that will be held in 2010.
- Deloitte Bedrijfsrevisoren receives an annual remuneration of EUR 30,000 for its services as statutory auditor of the Company.

9.8. Conflict of interest of the directors and the executive management

Article 523 of the Belgian Companies Code provides for a special procedure within the board of directors in the event of a possible conflict of interest of one or more directors with one or more decisions or transactions by the board of directors.

In accordance with Article 523, §1 of the Belgian Companies Code, the director having a direct or indirect conflict of interest of a patrimonial nature shall notify the other prior to a decision of the board of directors relating to such conflicting interest. His/her statement and the grounds justifying the aforementioned conflict of interest must be recorded in the minutes of the board of directors meeting at which such decision is made.

With a view to its publication in the annual report, the board of directors must describe in the minutes of the board of directors the nature of the contemplated decision or transaction and account for the decision made. The minutes must also mention the patrimonial consequences thereof for the Company. The annual report must contain the aforementioned minutes in their entirety.

If the Company has appointed one or more statutory auditors, the director concerned shall also inform such auditor of his/her conflicting interest. The report of the statutory auditors must contain a separate description of the patrimonial consequences for the Company of the decisions of the board of directors in respect of which there is a conflicting interest.

If a company is a listed company, which is the case for the Company, the director concerned cannot take part in the deliberations or the vote of the board of directors that resolves on the transaction or decision that is subject to the conflict of interest.

In case of non-compliance with the foregoing, the Company may request the annulment of the decision or the transactions which have taken place in breach of these provisions if the counterparty to the decision or the transaction was, or should have been, aware of such breach (Article 523, §2 Belgian Companies Code).

Article 523, §1 of the Belgian Companies Code does not apply:

- If the decision or transaction within the authority of the board of directors relates to decisions or transactions between companies of which one holds, directly or indirectly, at least 95% of the voting

securities issued by the other or between companies of which at least 95% of the voting securities issued by each of them are held by another company (Article 523, §3 Belgian Companies Code); or

- If the decision of the board of directors relates to customary transactions which take place on conditions and with collateral customary for similar market transactions (Article 523, §2 of the Belgian Companies Code).

Currently the directors have no conflicts of interest within the meaning of Article 523 of the Belgian Companies Code that have not been disclosed to the board of directors.

Except for potential conflicts of interest (i) because the pond and a part of the car park of the Eurocam Media Center are located on the premises of Rooyendonck NV, which is owned for 7/9 by Mr and Mrs Fehervari-Stoop, for which Alfacam needs to pay no remuneration if it maintains the pond and the part of the car park and (ii) because the couple Fehervari-Stoop intends to invest with other parties in a company that will provide transport solutions for the transport of OB vans to and from the different locations where they are being used (see section 2.3 "Interests of natural persons and legal entities involved in the Offering"), the Company does not envisage any potential conflicts of interest in the short term.

9.9. Transactions with related parties

- The CEO of the Company, Sigmacam NV, represented by Gabriel Fehervari, is remunerated in accordance with a management agreement entered into between Sigmacam NV and the Company. Sigmacam NV receives an annual remuneration of EUR 450,000.
- Sigmacam NV and Mr and Mrs Fehervari-Stoop are significant shareholders of the Company.
- Besides the agreement mentioned, the Company does not have any transactions with related parties.
- For further details on transactions between Alfacam and Euro1080 with related parties, reference is made to 1.25 "Transactions with related parties".

10. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

10.1. General

All the financial information which appears in this chapter is taken from the audited combined accounts as of 31 December 2006, 31 December 2005 and 31 December 2004. The financial information is reproduced in accordance with International Financial Reporting Standards (IFRS).

As well as historical financial information, the following analysis also covers forward-looking statements, including statements of opinions and expectations. For further details, we refer you to the disclaimer concerning "Forward-looking information" on page 27.

The Company was incorporated on 5 April 2007. Prior to that date, the Company's activities were conducted by Alfacam (and its subsidiaries) and Euro1080, operating as a consortium under Article 10 of the Belgian Company Code. The historical financial details for the period 2004-2006 relate to the Consortium's IFRS accounts.

Between 2004 and 2006, activities were divided into three business segments; the Multicamera TV-Facilities Segment, the Content Segment and the Eurocam Media Center Segment. From 2007, wireless activities will be moved to a separate Wireless TV Facilities Segment.

For a detailed description of the legal structure and activities, please see section 5 "General information about the Company" and section 6 "Activities of the Alfacam Group".

In the coming years management expects to accomplish following items:

- Further development of multi-camera facilities in the growing HD market.
- Managing the vehicle fleet capacity rationally by expanding capacity to a limited extent combined with long-term renting out of vehicles (*dry hire*) to third parties with the aim to even out the cyclicity in odd-numbered years.
- Building and selling HDTV OB vans to third parties, with an option to rent these back for a limited number of days a year for Special Top Events, such as the Olympic Games.
- Further development and commercialisation of Wireless TV Facilities (Eurolinx).
- In the content Segment, the development of server-related services to third parties (*play-out*, image archiving and film transfer from analogue to digital media).
- Continued expansion of multiple HD digital television stations on a European scale based on a model of shared income per subscriber or via a so-called *buy out* model.

10.2. Combined profit and loss account

All figures in 1,000 EUR	31.12.2006	31.12.2005	31.12.2004	Change 2006-2005		Change 2005-2004	
				Amount	%	Amount	%
Revenue	24,124	22,083	22,837	2,041	9.2	-754	-3.3
Other operating income	3,832	249	699	3,583	1,439.0	-450	-64.4
Total revenue	27,956	22,332	23,536	5,624	25.2	-1,204	-5.1
Freelancers	-3,545	-4,888	-3,615	1,343	-27.5	-1,273	35.2
Personnel costs	-3,714	-3,178	-2,767	-536	16.9	-411	14.9
Other operating expense	-7,737	-8,774	-7,818	1,037	-11.8	-956	12.2
EBITDA	12,960	5,492	9,336	7,468	136.0	-3,844	-41.2
As % of total revenue	46%	25%	40%				
Depreciation	-6,321	-5,725	-4,500	-596	10.4	-1,225	27.2
Amortisation	-428	-223	-42	-205	91.9	-181	431.0
OPERATING PROFIT (LOSS)	6,211	-456	4,794	6,667	-1462.1	-5,250	-109.5
As % of total revenue	22%	-2%	20%				
Financial income	19	236	254	-217	-91.9	-18	-7.1
Financial expense	-2,801	-2,104	-1,610	-697	33.1	-494	30.7
PROFIT (LOSS) BEFORE TAXES	3,429	-2,324	3,438	5,753	-247.5	-5,762	-167.6
Income taxes	-572	913	-860	-1,485	-162.7	1,773	-206.2
NET PROFIT (LOSS)	2,857	-1,411	2,578	4,268	-302.5	-3,989	-154.7

10.2.1. Revenue

Total revenue rose from EUR 23.5 m in 2004 to EUR 28.0 m in 2006, representing an increase of 19%. Total revenue in 2005 was EUR 22.3 m.

The group's revenue is characterised by a two-year cycle for Multicamera TV Facilities: this is because Special Top Events, such as the Olympic Games as well as the World Cup and European Football Championship, are held in even years. It must also be noted that the Summer Olympics are of a larger scale than the Winter Olympics. Alfacam provided multi-camera services both for the 2004 Summer Olympics in Athens and the 2006 Winter Olympics in Turin.

Such Special Top Events are characterised by (1) higher margins, (2) a larger than average number of filming days and (3) the use of more OB vans. In uneven years, the lack of such Special Top Events must be made up for by covering more other Special Events. Alfacam manages to counteract these seasonal effects by being involved worldwide, which enables Alfacam to undertake a sufficient number of projects in uneven years. Since 2006, Alfacam has been increasingly successful in renting out OB vans to third parties for longer periods, making utilisation rates higher.

Besides revenues from Multicamera TV services, a considerable proportion of revenues comes from selling *access cards* and commercial *partnerships* for Euro1080 HD broadcasting stations, as well as from renting out studios to third parties (since September 2005). As from 2006, the Company has also been generating a limited amount of revenue from contracts with cable companies.

Other operating income includes the surplus values obtained from sales of assets, as well as income from investment grants. In 2006, a considerable capital gain on the sale of an HDTV OB van and associated recording equipment was realised. The sales contract included a clause whereby Alfacam can rent back the sold OB van to provide multi-camera services for Special (Top)Events, like the Summer Olympics in 2008. The Group aims to continuously modernise its OB fleet by selling second hand vans with a surplus value in order to maintain its technological advantage.

10.2.2. Freelancers, personnel costs and other operating expense

Freelancers

Because of profitability considerations and given the geographical proliferation of the work, the Multi-Camera TV Facilities Segment mainly uses local *freelance* personnel. These *freelance* costs rose sharply in 2005, on account of the Multi-Camera TV Facilities Segment being involved in more Standard Events. The costs of *freelancers* fell sharply again in 2006, following a restructuring in Germany and a renewed focus on Special Events. For more details of the restructuring of the German branch, see section 10.3.1.

Personnel costs

These costs relate to central and local management and staff in Belgium, Germany and France. The staff in these countries consists mainly of commercial, technical and administrative support employees. Wages and social security contributions of staff working on the construction of OB vans and the Eurocam Media Center are directly included under property, plant and equipment.

The Group tries to keep its own staff numbers as low as possible, and makes extensive use of *freelancers*. In terms of FTEs, average number of employees increased from 53.9 in 2004 to 69.4 in 2006. This increase in staff occurred mainly in the Multi-Camera TV Facilities Segment.

Other operating expense

Other operating expense mainly comprises the costs of transporting OB vans, the occasional hire of additional equipment, sold *set-top boxes* and *access* cards, heating and electricity, maintenance and other costs. This item also includes acquired program rights from third parties.

Other operating expense amounted to EUR 7.8 m in 2004, EUR 8.8 m in 2005 and EUR 7.7 m in 2006. The peak in 2005 can be explained partly on account of the high equipment hiring costs for the German subsidiary. Considerably more costs were also registered from sold *set-top boxes* and *access* cards in 2005 than in either 2004 or 2006. Additionally, there were non-recurring costs amounting to EUR 0.3 m in 2005 in connection with the opening of the Eurocam Media Center.

Other operating expense returned to normal levels in 2006, mainly as a result of a restructuring of Alfacam's German subsidiary. Allowance must also be made for a cost of EUR 0.6 m incurred in 2006 relating to a legal dispute in the Content Segment.

10.2.3. EBITDA

EBITDA in 2004 was EUR 9.3 m, or 40% of total revenue. In 2005, EBITDA was down to EUR 5.5 m, or 25% of total revenue. This fall in margin can be explained by the fact that Alfacam was the main provider of multi-camera services for the 2004 Summer Olympics. Revenues from these activities were replaced in 2005 by lower-margin revenue due to higher *freelance* costs and high equipment hiring costs relative to revenues. Personnel costs also rose between 2004 and 2005 in the face of a slight downturn in revenue due to a growth in the company workforce amounting to 9 FTEs. This increase mostly occurred in the Multi-Camera TV Facilities Segment in order to handle the large number of smaller projects and to ensure that the OB fleet was expanded in 2005. The Eurocam Media Center, which opened its doors to the public in September 2005, also increased staff numbers.

It should be noted that Alfacam's German subsidiary's low EBITDA margin in both 2004 and 2005 had an adverse effect on the Alfacam Group's EBITDA margin as a whole. Without its German subsidiary, the Alfacam Group's EBITDA margin would have amounted to 49.0% in 2004 and 33.6% in 2005.

As explained in section 10.11, Alfacam also intends to counteract the cyclicity in its activities by signing more contracts for Special Events in uneven years. In 2007, for example, Alfacam will be providing multi-camera services for the Pan American Games in Brazil, the "Gulf Cup Football Tournament" in Abu Dhabi, the World Handball Championships in Germany and the World Rugby Championships in France. Alfacam has also signed contracts for the long-term rental of OB vans to parties in Poland, Ukraine, Sweden and Saudi Arabia.

For the reasons above, the management of Alfacam Group considers an EBITDA margin of 25% as atypical for the Group, even in uneven years.

In 2006, EBITDA grew to EUR 13.0 m or 46% of total revenue. The EBITDA margin was boosted by increasing demand for HDTV services, restructuring in Germany and the gains realised on the sale of an OB van. For the Winter Olympics in Turin, Alfacam used relatively less *freelancers* than in general in 2005.

10.2.4. Depreciation and amortisation

Over the past three years, around 95% of depreciation was related to technical equipment, mainly OB vans and associated equipment. More details on the different categories of assets, depreciation rules etc. can be found in the valuation principles and notes to the IFRS accounts in section 11.2 "Combined accounts for the Alfacam-Euro1080 Consortium 2004-2006".

The significant increase in depreciation between 2004 and 2006 was the direct result of increased investment in both HDTV OB vans and the Eurocam Media Center in Lint (cf. 10.6.1).

Amortisation only applies to trade receivables.

10.2.5. Operating profit (loss)

The Consortium's operating profit evolved from EUR 4.8 m in 2004 to EUR 6.2 m in 2006, representing an improvement in margin from 20% to 22%. The Company recorded an operating loss of EUR 0.5 m in 2005, and therefore the operating margin was slightly negative.

10.2.6. Financial income and expense

In 2006, financial income no longer included the interest grants that were recognised as revenue in 2004 and 2005.

Interest costs constituted the main reason why financial expense increased. Interest costs increased from EUR 1.4 m in 2004 to EUR 2.5 m in 2006. The increase in interest costs in 2005 was linked mainly to financing investments by means of financial leases and investment credits. The further increase in 2006 is largely attributable to interest on working capital financing, partially financed by GIMV through a long-term loan. Financial expense also includes the costs of providing a bank guarantee in relation to the contract for the 2008 Summer Olympics.

10.2.7. Income taxes

Compared with the theoretical tax burden of 33.99% (the corporation tax rate in Belgium), income taxes in 2004 and 2005 were positively affected by application of the Belgian system of distributed investment deductions. In 2006, besides distributed investment deductions, the tax burden decreased due to the inclusion of deferred tax assets from the German subsidiary. These deferred tax assets originated in the losses carried forward accumulated mainly in 2004, which were used after the restructuring and the positive results at the end of 2006.

10.2.8. Net profit (loss)

Since the margins in 2004 and 2006 were higher than in 2005, financial expense and income taxes could be easily absorbed, resulting in net profits of EUR 2.9 m in 2006 and EUR 2.6 m in 2004, as opposed to a net loss of EUR 1.4 m in 2005.

10.3. Segments

Below, the three Segments of Multicamera TV Facilities, Content and Eurocam Media Center are briefly analysed in terms of operating result. Revenues and operating expenses which cannot reasonably be attributed to these segments are included under the residual category Other. In contrast to the segment information included in the IFRS combined accounts (see section 11.2 "IFRS combined accounts for the Alfacam-Euro1080 Consortium 2004-2006"), a number of non-recurring income and expenses are shown separately for reasons of clarification.

10.3.1. Multicamera TV Facilities

All figures in 1,000 EUR	31.12.2006	31.12.2005	31.12.2004	Change 2006-2005		Change 2005-2004	
				Amount	%	Amount	%
Segment revenue	18,907	17,689	19,023	1,218	6.9	-1,334	-7.0
Revenue from external clients	18,907	17,689	19,023	1,218	6.9	-1,334	-7.0
Other revenue	3,684	249	699	3,435	1379.5	-450	-64.4
Total revenue	22,591	17,938	19,722	4,653	25.9	-1,784	-9.0
Freelancers	-3,373	-4,774	-3,571	1,401	-29.3	-1,203	33.7
Personnel costs	-2,853	-2,450	-2,099	-403	16.4	-351	16.7
Other operating expense	-4,324	-5,706	-6,155	1,382	-24.2	449	-7.3
Operating expense (before depreciation and amortisation)	-10,550	-12,930	-11,825	2,380	-18.4	-1,105	9.3
EBITDA before non-recurrent income/expense	12,041	5,008	7,897	7,033	140.4	-2,889	-36.6
As % of total revenue	53%	28%	40%				
Depreciation	-5,887	-5,414	-4,353	-473	8.7	-1,061	24.4
Amortisation	-422	-223	-42	-199	89.2	-181	431.0
OPERATING PROFIT (LOSS) before non-recurrent income/expense	5,732	-629	3,502	6,361	-1011.3	-4,131	-118.0
As % of total revenue	25%	-4%	18%				
Non-recurrent expense	0	0	0	0	-	0	-
OPERATING PROFIT (LOSS) after non-recurrent income/expense	5,732	-629	3,502	6,361	-1011.3	-4,131	-118.0
Average number of staff in FTEs	53.6	50.7	44.3	2.9	5.7	6.4	14.4

Revenues

In 2004, the revenues from the Multicamera TV Facilities Segment were largely determined by the Summer Olympics in Athens and the European Football Championship in Portugal. In 2005, a year with no Special Top Events, there was only a slight decrease in revenues because of a larger number of relatively small Standard Events.

The launch of HDTV by stations such as Premiere Deutschland was postponed due to delays in delivering MPEG4 decoders. *Outside broadcasters*, including Alfacam, had already invested in HDTV OB vans, but had to compete with cheaper and more numerous SD OB vans, putting prices under considerable pressure. The Group's management believes that the trend has turned in the second half of 2006. Consequently, the management believes there is currently a shortage of HDTV OB vans on the European market (including Germany).

In 2004 and 2005, the Alfacam Deutschland realised projects with high revenues but low margins (including the recording of weekly football matches). This was partly due to poor market conditions in Germany (temporary surplus of HDTV OB vans) and partly because the German subsidiary's local management was pursuing a strategy aimed at market share and sales, rather than margin. At the end of 2005, the Group's central management decided to restructure the German subsidiary and move out of low-margin activities. The loss of this low-margin revenues in 2006 was more than made up for by the revenues from the Winter Olympics in Turin. This explains why revenue increased above the 2005 level.

Ignoring the impact of the Olympics on revenues as well as the German subsidiary's revenues, the Group's revenues grew by 23% in both 2005 and 2006.

The geographical split of external revenues, as shown in the table below, clearly demonstrates the international character of the Multicamera TV Facilities Segment. This split is shown based on the continent where the events took place.

In 1,000 EUR	31.12.2006	%	31.12.2005	%	31.12.2004	%
Europe	16,076	85.0	16,160	91.4	17,449	91.7
of which in Belgium	2,710	14.3	2,836	16.0	1,821	9.6
Africa	180	1.0	470	2.7	446	2.3
Asia	2,340	12.4	703	4.0	508	2.7
North America	311	1.6	356	2.0	620	3.3
External revenue	18,907	100.0	17,689	100.0	19,023	100.0

The focus of activity is still on Europe, due to the fact that, amongst other things, Special Top Events were held there (the 2004 Summer Olympics in Athens and the 2006 Winter Olympics in Turin). Even after discounting the low-margin revenues from Alfacam Germany (approx. EUR 6.0 m in 2005), European revenues in 2006 remained stable, partly due to the Winter Olympics in Turin.

Major long-term renting agreements were signed in 2006, as a result of which OB vans were used to record local football matches in Saudi Arabia (grouped under the Asian region). This is part of the strategy of the Multicamera TV Services Segment to use its OB vans where the margins are highest. Revenues in Belgium remained constant in 2006. This displays a noticeable positive synergy effect of the Eurocam Media Center, as clients who hire TV studios also require TV facilities.

Total revenues from the Multicamera TV Facilities Segment rose by 15% between 2004 and 2006, thanks partly to the realisation of significant capital gains from the sale of an HDTV OB van and associated recording equipment in 2006 (in line with the strategy to regularly generate value from the OB fleet). These capital gains are included under other operating income. For 2006, the total surplus value from sales of recording equipment (including the above sale of the HDTV OB van) amounted to EUR 3.3 m.

Operating expense

Operating expense (excluding depreciation and amortisation) rose from EUR 11.8 m in 2004 to EUR 12.9 m in 2005, then fell to EUR 10.6 m in 2006.

Freelance costs peaked in 2005, then fell sharply in 2006. One point to note is that *freelance* costs took a much higher percentage of revenues in Germany in 2005 than elsewhere. Once activities in Germany were restructured, *freelance* costs there fell, both in absolute terms and as a percentage of revenue. This is one explanation why *freelance* costs peaked in 2005. Furthermore, *freelancers* are also involved in recording Special Top Events in even-numbered years. However, the number of *freelancers* hired in proportion to revenues for such an event is also much lower, given that clients themselves often hire *freelancers* locally – another reason why *freelance* costs peaked in 2005.

The fall in other operating expense in 2006 compared to 2005 is mainly attributable to the restructuring of Alfacam's German subsidiary. Among other things, 2005 was characterised by high costs for the hiring of additional equipment by the German subsidiary. The fact that operating expense were higher in 2004 than in 2006 was due mainly to the transport, travel, relocation and production costs involved in providing multicamera services for the Summer Olympics in Athens.

Given that the Group's activities are mainly involved in this Segment, depreciation in the Multicamera TV Services Segment accounts for more than 90% of total depreciation.

10.3.2. Content (Euro1080)

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004	Change 2006-2005		Change 2005-2004	
				Amount	%	Amount	%
Segment revenue	3,704	3,523	3,349	181	5.1	174	5.2
Revenue from external clients	3,704	3,523	3,349	181	5.1	174	5.2
Other operating income	31	0	0	31	-	0	-
Total revenue	3,735	3,523	3,349	212	6.0	174	5.2
Freelancers	-172	-114	-44	-58	50.9	-70	159.1
Personnel costs	-655	-593	-668	-62	10.5	75	-11.2
Other operating expense	-2,152	-2,147	-1,227	-5	0.2	-920	75.0
Operating expense (before depreciation and amortisation)	-2,979	-2,854	-1,939	-125	4.4	-915	47.2
EBITDA before non-recurrent operating income/expense	756	669	1,410	87	13.0	-741	-52.6
As % of total revenue	20%	19%	42%				
Depreciation	-205	-141	-52	-64	45.4	-89	171.2
Amortisation	-6	0	0	6	-	0	-
OPERATING PROFIT (LOSS) before non-recurrent income/expense	545	528	1,358	17	3.2	-830	-61.1
As % of total revenue	15%	15%	41%				
Non-recurrent expense	-629	-63	0	-566	898.4	-63	-
OPERATING PROFIT (LOSS) after non-recurrent income/expense	-84	465	1,358	-549	-118.1	-893	-65.8
Average number of staff in FTEs	12.2	9.6	9.6	2.6	27.1	0.0	0.0

Revenue

As a pioneer in developing HDTV in Europe, Alfacam needed a basis for HDTV broadcasting. The main aim of Euro1080 in late 2003 was to promote HDTV in Europe. This Segment's revenue grew from EUR 3.3 m in 2004 to EUR 3.7 m in 2006. This was mainly external revenue obtained from the sale of *set-top boxes* and *access* cards allowing access to HD stations, income from commercial *partnerships* and, to a lesser extent, contracts with cable companies, using a subscriber-based income model. Revenue increased by 12% between 2004 and 2006.

Since the company has taken on the obligation in selling *access* cards to provide programming in HD until 31 December 2010, the sales revenue from *access* cards is only included in the profits on a deferred basis. As of the end of 2006, this amount was still EUR 2.9 m, and is included on the liabilities side of the balance sheet, under the heading of 'Advances received'. This amount will be included in the profits linearly distributed over the period from 1 January 2007 to 31 December 2010. The income from contracts with cable companies, using a subscriber-based income model, has been in place since 2006, and amounted to EUR 0.4 m in that year.

Operating expense

The Content Segment's main costs between 2004 and 2006 were personnel costs and the costs of acquiring *set-top boxes*. *Set-top boxes* are taken into stock as they are purchased. When sold to end users, the costs of purchasing *set-top boxes* are booked to other operating expense and the associated revenue is recognised. Primarily in 2005, many *set-top boxes* were bought and sold. Satellite transmission costs are also booked under other operating expense. In 2006, other operating expense also included the cost of acquiring program rights to the Winter Olympics in Turin and the World Cup in Germany.

An arbitration dispute brought against Euro1080 in 2005 came to judgment in 2006. The decision went against the company, which was ordered to pay the other party EUR 0.6 m. This is regarded as a non-recurring expense. It resulted in the Content Segment recording a slight loss in 2006, although there is an effective operating profit if this non-recurring loss is not taken into account.

The Group considers the Segment's initial role as a promoter of HD as complete.

Given the greater familiarity with HDTV, Euro1080 has been trying to replace the pan-European model with a multi-regional one since mid-2006. With this model, Euro1080 aims to concentrate on *content*, leaving distribution and subscription management to TV-stations and cable companies. The Group feels this is a better way of exploiting its specific technical *know-how* (see section 6.4.2 "Activities").

10.3.3. Eurocam Media Centre

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004	Change 2006-2005		Change 2005-2004	
				Amount	in %	Amount	in %
Segment revenue	1,263	546	70	717	131.3	476	680.0
Revenue from external clients	843	346	0	497	143.6	346	-
Revenue from transactions with other segments	420	200	70	220	110.0	130	185.7
Other operating income	117	0	0	117	-	0	-
Total revenue	1,380	546	70	834	152.7	476	680.0
Personnel costs	-206	-135	0	-71	52.6	-135	-
Other operating expense	-599	-421	-191	-178	42.3	-230	120.4
Operating expense (before depreciation and amortisation)	-805	-556	-191	-249	44.8	-365	191.1
EBITDA before non-recurrent income/expense	575	-10	-121	585	-5850.0	111	-91.7
As % of total revenue	42%	-2%	-173%				
Depreciation	-173	-114	-53	-59	51.8	-61	115.1
OPERATING PROFIT (LOSS) before non-recurrent income/expense	402	-124	-174	526	-424.2	50	-28.7
As % of total revenue	29%	-23%	-249%				
Non-recurrent expense	0	-263	0	263	-100	-263	-
OPERATING PROFIT (LOSS) after non-recurrent income/expense	402	-387	-174	789	-203.9	-213	122.4
Average number of staff in FTEs	3.6	2.9	0.0	0.7	24,1	2.9	-

The external revenue of the Eurocam Media Center Segment was generated after opening the Lint Eurocam Media Center in September 2005. The building was valued by a real estate expert at EUR 21 m (going concern valuation).

The segment revenue comprises rental revenue from the various media-related businesses which have found a home at the Eurocam Media Center, along with the rent from five studios and the different guest rooms which are housed there. In 2006-2007, VRT is and will be using the studios for such major studio projects as the following: "Eén jaar gratis", "Debby en Nancy", "Steracteur Sterartiest" and "De Slimste Mens". The Eurocam Media Center has signed separate contracts with VRT for these programmes: how long the contracts run depends on how long it takes to record them. The Alfacam Group believes similar contracts can also be signed with VRT in future.

External revenue amounted to EUR 0.3 m in 2005 and EUR 0.8 m in 2006. The increase in 2006 was the result of the phased opening of studios that were still under construction in 2005.

This Segment also includes inter-segment billing to the Multicamera TV Facilities and Content Segments, as these are housed in the Eurocam Media Center. This inter-segment billing amounted to EUR 0.1 m in 2004, EUR 0.2 m in 2005 and EUR 0.4 m in 2006. The increase in inter-segment billing was due to the fact that only the stores were in use in 2004, while the offices were opened in 2005 (and used throughout the year in 2006).

Costs primarily consist of catering costs for Eurocam Media Center users (which are charged on to those users) and the costs of maintaining the building complex.

When the Eurocam Media Center opened, a non-recurrent opening promotional expense of EUR 0.3 m was offset against profits.

10.3.4. Other

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004	Change 2006-2005		Change 2005-2004	
				Amount	in %	Amount	in %
Revenue	670	525	465	145	27.6	60	12.9
Total revenue	670	525	465	145	27.6	60	12.9
Other operating expense	453	374	315	79	21.1	59	18.7
Operating expense (before devaluation and amortisation)	453	374	315	79	21.1	59	18.7
EBITDA before non-recurrent income/expense	217	151	150	66	43.7	1	0.7
As % of total revenue	32%	29%	32%				
Depreciation	-56	-56	-42	0	0.0	-14	33.3
OPERATING PROFIT (LOSS)	161	95	108	66	69.5	-13	-12.0
As % of total revenue	24%	18%	23%				

Revenues comprise renting revenues from investment property that was acquired together with the building and the land on which the Eurocam Media Center is built.

Under IFRS rules, that part of the real estate which is not intended for conducting ordinary business activities must be separated from the real estate which is intended to supply goods and services in connection with the Group's normal business activities. The investment property relates to that part of the building which is leased by the former owners, and to which the Group was not allowed to make any alterations. The renting revenue from non-media-related buildings is thus regarded as revenue from investment properties. This revenue was EUR 0.5 m in 2004 and 2005 and EUR 0.7 m in 2006.

The lessee's share of the utilities (gas, electricity and water) and real estate tax is charged on to the user. The EBITDA from investment property was EUR 0.2 m in 2004, 2005 and 2006.

10.4. Combined cash flow statement

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004
Cash flow from operating activities			
Net profit (loss)	2,857	-1,411	2,578
Adjusted for:			
Income taxes	572	-913	860
Gains/losses on disposal of non-current assets	-3,406	140	-154
Other operating income from investment grants	-426	-249	-545
Depreciation of non-current assets and investment property	6,321	5,725	4,500
Amortisation on trade receivables	428	223	42
Financial expense	2,801	2,104	1,610
Financial revenue	-19	-236	-254
Cash flows from operating activities before change in working capital	9,128	5,383	8,637
Income taxes paid	-12	-6	-340
(Increase) decrease in long-term receivables	-880	-41	2
(Increase) decrease in goods for resale	-549	117	-178
(Increase) decrease in trade receivables, excluding amortisation	233	-2,650	-357
(Increase) decrease in other receivables, excluding investment grants	-155	428	-202
Increase (decrease) in advances received, excluding investment grants	4,160	1,895	268
Increase (decrease) in trade payables	-1,666	1,068	2,201
Increase (decrease) in other payables	189	-376	-75
Change in working capital	1,320	435	1,319
NET CASH FLOWS FROM OPERATING ACTIVITIES	10,448	5,818	9,956
Cash flow from investing activities			
Disposal of non-current assets	5,881	1,742	253
Acquisition of non-current assets	-3,218	-6,474	-6,403
Received investment grants	629	102	1,181
NET CASH FLOWS FROM INVESTING ACTIVITIES	3,292	-4,630	-4,969

Cash flow from financial activities			
Payment of financial leases	-9,504	-4,734	-6,459
Proceeds from long-term borrowings and other loans	2,952	6,812	3,325
Repayment of long-term borrowings and other loans	-4,252	-1,226	-477
Financial expense	-2,801	-2,104	-1,610
Financial revenue	19	236	254
Share capital increase	0	0	20
NET CASH FLOWS FROM FINANCING ACTIVITIES	-13,586	-1,016	-4,947
Net increase (decrease) in cash and cash equivalents	154	172	40

As of 31 December 2006, business cash flow before change in working capital was EUR 9.1 m, EUR 0.5 m more than in the comparable year 2004, the year of the Summer Olympics.

The change in working capital of EUR 1.3 m in 2006 reinforced the cash flow from operating activities and was mainly due to the increase in advances received on contracts yet to be performed, specifically the Pan-American Games in 2007 and the Summer Olympics in 2008, which was partially offset by a fall in trade payables.

The result was a strong net operating cash flow of EUR 10.4 m in 2006, the highest level recorded in the period under review. Allowance must also be made for the prepaid rent on a OB van sold for EUR 1.2 m. Alfacam must use the prepaid renting days by 31 August 2010.

Cash flow from investment activities is mainly determined by investments (excluding investment through financial leases) and disinvestments. Selling an OB van and associated equipment in 2006 meant that net cash flow from investment was positive at EUR 3.3 m.

The company also uses financial leases to a large extent in making its investments, where only the capital redemptions to the lessor are included under cash flow from financing activities (see section 11.2.4 "Combined Cash Flow Statement". Net payment of financial leases amounted to EUR 6.5 m, 4.7 m and 9.5 m in 2004, 2005 and 2006 respectively.

Using financial leases, investment credits and the company's own resources, a total of EUR 25.9 m, EUR 11.2 m and EUR 8.6 m was invested in non-current assets in 2004, 2005 and 2006 respectively.

10.5. Combined balance sheet

In 1,000 EUR	31.12.2006	%	31.12.2005	%	31.12.2004	%
Goodwill	258	0.5	258	0.5	258	0.5
Intangible assets	88	0.2	89	0.2	27	0.1
Property, plant and equipment	43,976	78.5	43,595	79.6	40,492	84.5
Land and buildings	10,035	17.9	9,855	18.0	5,209	10.9
Technical equipment	33,167	59.2	33,070	60.4	34,580	72.2
Other	532	0.9	558	1.0	591	1.2
Assets under construction	242	0.4	112	0.2	112	0.2
Investment property	1,359	2.4	1,416	2.6	1,472	3.1
Other assets	936	1.7	56	0.1	15	0.0
Deferred tax assets	1,709	3.0	1,643	3.0	867	1.8
Non-current assets	48,326	86.2	47,057	85.9	43,131	90.0
Goods for resale	665	1.2	117	0.2	234	0.5
Trade receivables	4,390	7.8	5,051	9.2	2,624	5.5
Other receivables	2,256	4.0	1,787	3.3	1,841	3.8
Assets held for sale	0	0.0	527	1.0	0	0.0
Cash and cash equivalents	401	0.7	247	0.5	75	0.2
Current assets	7,712	13.8	7,729	14.1	4,774	10.0
ASSETS	56,038	100.0	54,786	100.0	47,905	100.0
Share capital	176	0.3	176	0.3	176	0.4
Share premium	2,412	4.3	2,412	4.4	2,412	5.0
Reserves	6,132	10.9	3,275	6.0	4,686	9.8
Equity	8,720	15.6	5,863	10.7	7,274	15.2

Finance leases	9,625	17.2	12,233	22.3	15,287	31.9
Long-term borrowings	6,513	11.6	9,632	17.6	5,206	10.9
Advances received	5,677	10.1	2,516	4.6	1,929	4.0
Deferred tax liabilities	2,532	4.5	1,922	3.5	2,065	4.3
Other liabilities	80	0.1	80	0.1	0	0.0
Non-current liabilities	24,427	43.6	26,383	48.2	24,487	51.1
Current portion of finance leases	7,460	13.3	7,697	14.0	5,790	12.1
Current portion of long-term borrowings	5,204	9.3	765	1.4	1,182	2.5
Short term financial liabilities	1,231	2.2	3,851	7.0	2,274	4.7
Trade payables	3,633	6.5	6,586	12.0	4,336	9.1
Advances received	4,348	7.8	2,832	5.2	1,297	2.7
Tax payables	29	0.1	13	0.0	13	0.0
Other liabilities	986	1.8	796	1.5	1,252	2.6
Current liabilities	22,891	40.8	22,540	41.1	16,144	33.7
EQUITY AND LIABILITIES	56,038	100.0	54,786	100.0	47,905	100.0

Property, plant and equipment, trade receivables and other receivables were the main assets in 2006. Over the past three years, the company has invested heavily (EUR 33.0 m) in technical equipment (especially OB vans and the equipment they are fitted with, like cameras, routers, transmitters, etc.). Land and buildings are another major item. Buying and converting the old site into a modern media complex involved an investment amounting up to EUR 10.3 m by the end of 2006.

Investment property is that part of the Eurocam Media Center which is not used to conduct media related business activities and represent an acquisition value of EUR 1.5 m.

The deferred tax assets are the result of the tax-deductible losses carried forward from Alfacam Germany and the tax benefits built up mainly as a result of spreading the revenue from the sale of *access* cards by the Content Segment.

Current assets are mainly inventories, trade and other receivables, as well as cash and cash equivalents. Goods for resale consist of *set-top boxes*, *access* cards and recording tapes. Other receivables include investment grants yet to be received and VAT to be reclaimed.

On the liabilities side, equity increased from EUR 7.3 m in 2004 to EUR 8.7 m in 2006.

Financial liabilities (non-current and short-term loans and finance leases) as a proportion of total assets evolved from 61.1% in 2004 to 53.6% in 2006. Financial debt is largely related to the building (EUR 9.4 m at the end of 2006).

Short and long-term advances received totalled EUR 10.0 m in 2006, and included the advances received on the contracts for the 2008 Summer Olympics and the Pan-American Games in 2007, as well as advances on longer term renting of OB vans for 2007. This also includes investment grants and the revenue to be gained as a result of spreading the *access* cards and *partnership agreements*.

The deferred tax liabilities originate mainly from spread taxation on realised capital gains and the application of IFRS rules concerning property, plant and equipment.

10.6. Investments

10.6.1. Investments to date

Alfacam has invested considerably in recent years, mainly in expanding the OB fleet with HD technology and buying and renovating the Eurocam Media Center.

Investment in property, plant and equipment amounted to EUR 24.4 m in 2004, including EUR 4.7 m for land and buildings and EUR 19.4 m for the construction of four OB vans and assorted technical equipment.

A total of EUR 11.1 m was invested in 2005, including EUR 5.3 m on constructing and equipping the Eurocam Media Center, and around EUR 5.8 m on the construction of an OB van and related equipment.

An investment of EUR 8.6 m was made in 2006, of which EUR 7.9 m was spent on the construction of an OB van, related cameras and various items of operating equipment.

In total, Alfacam has already invested more than EUR 52 m in the expansion of its fleet.

10.6.2. Expected investments

The Group intends to expand its investment in HDTV OB vans and associated equipment (expected investment expenditure by 2007: between EUR 6 m and EUR 8 m) and wireless long-distant HD transmission (investing up to EUR 3 m in 2007). Additional investment in broadcasting and server-related activities (expected investment off EUR 3.5 m 2007) is foreseen. Only a small proportion of this will be used on finalising the Eurocam Media Center (up to EUR 2 m in 2007). The intention to expand will, however, probably mean using more of the Group's cash resources in the coming years. It cannot be excluded that the Group will need to supplement the net revenue from the Offer with additional resources for its future investment and current activities.

The work on accommodating the Karel de Grote-Hogeschool and building two auditoria has now started at the Eurocam Media Center, a project worth EUR 1.2 m. As part of the proposed investment in wireless HD transmission, the first order was placed for transmission and reception equipment worth EUR 0.6 m. Finally, two HDTV OB vans are under construction. The amount which has already been paid to the suppliers involved was EUR 1.3 m. Assembling the materials ordered for wireless HD transmission and building the OB vans will both take place at the Eurocam Media Center.

10.7. Cash and funding sources

In the past, the Group financed itself mainly through non-current borrowings and financial leases, as well as through the build-up of equity.

Long-term borrowings are mainly investment credits granted for renovations to buildings. These are long-term borrowings from banks, which mature in 2017 or sooner.

Long-term borrowings also include the loans granted by the GIMV between 2003 and 2006 totalling EUR 4.5 m (including capitalised interest of EUR 0.5 m). The fact that these loans are due to be repaid to GIMV in 2007 explains why the current portion of long-term borrowings increases in 2006.

Not considering the loans granted by GIMV (see below under chapter 11, section 11.2.6, note 22), no special terms and conditions were negotiated when the borrowings were granted.

OB vans and related equipment are normally financed through five-year leases. Acquiring land and buildings is also funded through financial leases, in this case maturing in 2017. Of current total financial leases, nearly 72% will be repaid in 2007 and 2008.

The table below shows a number of relevant ratios and their relationship to the capital structure:

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004
Equity	8,720	5,863	7,274
Net financial liabilities	29,632	33,404	29,664
Debt/equity	340%	570%	408%
Interest cover (EBIT/net financial expense)	2.23	(0.24)	3.54
Net financial liabilities/EBITDA	2.28	6.0%	3.18

For a detailed statement and description of the capital structure, please see chapter 11, section 11.2.6, notes 20, 21 and 22.

10.8. Long-term contractual liabilities

As of 31 December 2006, the Group had liabilities originating in previously concluded sales and renting contracts, in addition to liabilities stemming from operational leases (mainly for furnishings and cars).

The Group is, for instance, renting out OB vans to foreign broadcasters in the long term. In 2006, Alfacam has already signed similar contracts for weekly recordings of football matches in Saudi Arabia and Poland during the 2006-2007 season. Upon expiry, these contracts may possibly be extended. Alfacam has also signed long-term contracts to rent out OB vans in 2007 to parties in Ukraine, Sweden and Abu Dhabi.

The Group will also be the leading provider of multi-camera services at the 2008 Summer Olympics in Beijing. Alfacam has signed contracts for this purpose with the organisers of the 2008 Olympics and has already received an advance payment in 2006.

Euro1080 also has contractual obligations in connection with offering *content to access* card holders. These obligations expire on 31 December 2010.

Finally, long-term contracts exist with MTV Networks for the renting of studios and office space; The Group has also signed long-term real-estate rental contracts with Shetron Sobemi, Silgan and Karel de Grote-Hogeschool.

10.9. Managing financial risks

Currency risks

Because of the international nature of its business operations, the Group is exposed to possible currency risks. When the Group deems it appropriate, it will take out derivative contracts to cover currency risk. At the moment, it has no derivative contracts.

The Group seeks to denominate all purchase and sales time agreements with third parties in Euros.

Interest rate risks

Interest rate risks arise mainly from financial activities. The main sources of financing are leasing contracts and investment borrowings based on fixed rates of interest determined at the time the contract was entered into. Short-term borrowings of working capital, on the other hand, are based on variable rates of interest.

Credit risks

With the exception of Special Top Events, the Group has no significant concentration of credit risks. Credit risks for Special Top Events can rather be regarded as limited, given the credit-worthiness of the respective clients and advances received on service provision.

Liquidity risks

The liquidity risk is linked to the changes in working capital. Changes in working capital are controlled through targeted actions, including advance payments received from clients, sale and leaseback transactions, and refinancing of existing financial leases.

10.10. Recent developments

Actual developments since the balance sheet date of 31 December 2006 are as follows:

- As from April 2007, Karel de Grote-Hogeschool, Antwerp uses two auditoria at the Eurocam Media Center as part of its "Multimedia and Communication Technology" programme. Besides rental income, this also provides the Group with an opportunity to recruit talented employees.
- As of 2 April 2007, HD1 and EXQI will be included in the HD stations offered by cable operator INDI, along with VTM HD, National Geographic HD and Kinopolis TV. In theory, 800,000 people in Flanders will be able to see INDI's HD channels.

10.11. Developments in the near future

Alfacam – Multicamera TV Facilities

Management is convinced that the market for HDTV facilities will grow very strongly from 2007 onwards and that all Special Events will be recorded in HD format by 2008. The main drivers for this development are the numerous HDTV initiatives being taken by market players, improved distribution opportunities thanks to the new improved MPEG4 compression standard and growing HD awareness among the general public. Management believes the Group is extremely well-placed to maintain, and even improve, its current strong position in the multi-camera services market. Alfacam also sees opportunities in the expected increased demand for hiring OB vans, as well as for new vehicle sales. Alfacam aims to use such opportunities to reduce the cyclicity of its activities: this will also be done by signing more contracts for Special Events in uneven years.

The Group will continue to adequately expand its capacity and facilities in the field of multi-camera facilities in order to meet the large demand for projects. Alfacam will continue to modernise and to extract value from its fleet by selling off older OB vans. The Group will also continue to adapt its sales, general and administrative structures in order to keep up with growth and to be able to handle the number of projects.

In 2007, Alfacam will provide multi-camera services for the Pan-American Games in Brazil, the "Gulf Cup Football Tournament" in Abu Dhabi, the World Handball Championships in Germany and the Rugby World Cup in France. Alfacam has also signed contracts for the long-term leasing of OB vans to parties in Poland, Ukraine, Sweden and Saudi Arabia. Alfacam will also be the leading provider of multi-camera services at the 2008 Summer Olympics in Beijing, which will significantly boost the Group's operating profits for that year. The revenue from sales contracts concluded for the Multicamera TV Facilities Segment as of 31 December 2006 together total EUR 17.3 m. This revenue will be fully booked in the profit and loss account between January 2007 and September 2008.

Eurolinx – Wireless TV Facilities

In 2007, all activities in connection with wireless transmission will be developed and combined in Eurolinx. In 2007, the Group aims to win at least one contract for recording a one-day cycling race in HD format. The Group will be making major efforts to win a major cycling tour in addition to one-day races. The Group believes that, given its European scale, it is very well placed to make a strong return on the required investment.

Eurocam Media Center

The Group expects investing in the facilities will enhance the attractiveness of the Eurocam Media Center. The central location within Europe is also an additional trump. In 2007, the Eurocam Media Center will be expanded to include Studio 6, which can be combined with the two auditoria to form the largest TV studio in the Benelux area, with a total surface of 3,200 m² and 1,000 seats. Since all the studios in the Media Center will be completed in 2007, occupation levels at the Eurocam Media Center should increase significantly. The existing studios have been running virtually at full capacity in recent months. The expected occupation rate for the coming year is estimated between 50% and 60% (in other words, all studios should be used optimally from six to 7.2 months). Long-term studio leases have been signed with VRT and MTV Networks. Major VRT programmes made in 2006 include, "*De slimste mens*", "*Zo is er maar één*" and "*Debby & Nancy*". The Group will attempt to become a preferred partner for broadcasters and production companies for studio rental. The Group expects that the revenue generated from renting the studios and facilities at the Eurocam Media Center in 2007 will increase, as more studios will be completed and available for hire than was the case in 2006. This is a consequence of the leasing of the auditoria and laboratories to Karel de Grote-Hogeschool and the increasing occupation levels of the existing studios. In subsequent years, revenues are expected to remain stable or rise slightly.

Euro1080 Content

Management expects that the market for HDTV programmes will really begin to take off in 2007. With its expertise in both HDTV and programme production, the Group is superbly positioned to take a leading position in this market. The Group's strategic focus will be entirely on the multi-regional buy-out model (cf. section 6.4. "Euro1080: the Content Segment

" for more details).

The trumps the Group has in its hand here are the outstanding infrastructure of the Eurocam Media Center, the picture library with HD material (sports, music and culture) and its expertise in the field of HDTV. As well as broadcasting programmes, Euro1080 will be offering a package of server-related activities (*play-out*, image archiving, conversion of 35 mm film to digital media).

In the coming years, the Group expects to derive an increasing portion of its revenue from Content Segment activities. The timing and the size of these revenues will depend on the number of contracts signed with broadcasters and other partners, as well as the nature of such agreements.

Some of the revenues from the *access* cards already sold (EUR 2.9 m) will be included in the profits spread over the period 2007-2010. Revenue from selling new *access* cards will gradually diminish towards 2010.

11. FINANCIAL INFORMATION ON THE ALFACAM GROUP AND ALFACAM-EURO1080 CONSORTIUM

11.1. Opening IFRS financial statements of Alfacam Group NV as of 5 April 2007

11.1.1. Opening balance-sheet

Opening balance-sheet of Alfacam Group NV as of 5 April 2007:

In 1,000 EUR	5 April 2007
Cash and cash equivalents	62
ASSETS	62
Capital	62
Equity	62
EQUITY AND LIABILITIES	62

The appended notes to the opening balance sheet form an integral part of these opening financial statements.

11.1.2. Notes to the opening balance-sheet of Alfacam Group NV as of 5 April 2007

Alfacam Group is a public limited company incorporated under company registration number 888.585.821 in accordance with Belgian law on 5 April 2007, the incorporation being for an indefinite period. Alfacam Group's first financial year is a short year ending 31 December 2007. Alfacam Group's registered offices are at Fabriekstraat 38, B-2547 Lint. Alfacam Group was incorporated by way of cash contribution. At the time of incorporation, Alfacam Group had share capital of EUR 61,502, represented by 8,786 registered shares of no nominal value, each representing an identical part of Alfacam Group's share capital.

The shareholder structure of Alfacam Group when incorporated is shown in the table below.

Shareholder	Holding	%
Sigmacam NV and married couple Fehervari – Stoop	6,685	76%
GIMV NV	1,983	23%
Adviesbeheer GIMV Corporate Investments NV	118	1%
TOTAL	8,786	100%

On 23 April 2007, an extraordinary general meeting of the shareholders of Alfacam Group resolved to increase the company's share capital by way of a contribution in kind of all Alfacam and Euro1080 shares, subject to the condition precedent that the Offering Price be determined. In return for contributing each Alfacam or Euro1080 share, each Alfacam or Euro1080 shareholder respectively will receive one share of Alfacam Group (provided that a relative value for Alfacam and Euro1080 has been determined and the Alfacam and Euro1080 shares are correspondingly split with a view to a 'share for share' exchange ratio). The Alfacam and Euro1080 shares will be contributed against a global value equal to the Offering Price multiplied by 6,813,474 shares.

The Contribution in Kind of the Alfacam and Euro1080 shares to Alfacam Group must be regarded for the purpose of the IFRS consolidated accounts of the Alfacam Group as a transaction between entities under joint control, and thus falls outside the scope of IFRS 3 Business combinations. As this contribution merely amounts to a legal restructuring, the "amalgamation of interests" method has been applied in this case. The valuation rules for producing Alfacam Group's combined IFRS accounts are the same as those for the consolidated Alfacam-Euro1080 Consortium. Following this Contribution in Kind, Alfacam Group's consolidated financial position will be identical to that of the consolidated Alfacam-Euro1080 Consortium under the same circumstances, except for an additional amount of EUR 61,502 in cash and equity. Reference is made to the clarification of this point in section 11.3 "Pro forma financial information".

Deloitte Bedrijfsrevisoren, a company incorporated under Belgian law with registered offices at Louizalaan 240, B-1050 Brussels, represented by Frank Verhaegen and Gert Vanhees, both members of the Belgian institute of auditors (IBR), were appointed as Alfacam Group's auditors for a term of three years, ending immediately after the end of the annual general meeting of the shareholders to be held in 2010 to debate the annual accounts for the financial year ending 31 December 2009 and to resolve on them accordingly.

11.2. Combined accounts for the Alfacam-Euro1080 Consortium 2004-2006, including the consolidated IFRS accounts for Alfacam and Euro1080

11.2.1. Introduction

The separate accounts for the Alfacam and Euro1080 companies for the full years 2004, 2005 and 2006 were produced in accordance with legal and administrative law requirements applicable in Belgium and were audited.

For the purposes of Article 10 of the Belgian Company Code, Alfacam and Euro1080 constitute a consortium, referred to hereinafter as the "Alfacam-Euro1080 Consortium", or the "Consortium" for short. This article states in any case that a consortium exists if a company on the one hand and one or more companies under Belgian or foreign law on the other are under central management, provided that these companies are not subsidiaries of one another or subsidiaries of one and the same company. Alfacam and Euro1080 are undeniably considered to be under central management, given that the majority of their shares are held by the same persons and their executive bodies consist mostly of the same individuals.

Under the Belgian Company Code (Article 112), the Alfacam-Euro1080 Consortium was not bound to produce either consolidated annual accounts or a consolidated annual report, since together they constitute a small group as defined in Article 112 of the Company Code.

The Consortium's combined IFRS accounts contained in this Prospectus for the three years ending 31 December 2004, 2005 and 2006 comprise the combination of the consolidated financial statements of Alfacam and Euro1080 (also referred to hereinafter as the "combined accounts"). These combined accounts have been approved by the Boards of Alfacam and Euro1080. The IFRS rules for financial reporting and notes form an integral part of these combined accounts.

The Alfacam-Euro1080 Consortium's IFRS consolidated accounts for 2004-2006 comprise the:

- Combined profit and loss account (see section 11.2.2.);
- Combined balance-sheet (see section 11.2.3.);
- Combined cash flow statement (see section 11.2.4.);
- Combined statement of changes in equity (see section 11.2.5.);
- Notes to the combined accounts (see section 11.2.6.).

11.2.2. Combined profit and loss account

In 1,000 EUR	Note	31.12.2006	31.12.2005	31.12.2004
Revenue	3	24,124	22,083	22,837
Other revenue	4	3,832	249	699
Freelancers		-3,545	-4,888	-3,615
Personnel costs	5	-3,714	-3,178	-2,767
Depreciation		-6,321	-5,725	-4,500
Amortisation	6	-428	-223	-42
Other operating expense	7	-7,737	-8,774	-7,818
Operating expense		-21,745	-22,788	-18,742
OPERATING PROFIT (LOSS)		6,211	-456	4,794
Financial income	8	19	236	254
Financial expense	9	-2,801	-2,104	-1,610
PROFIT (LOSS) BEFORE TAX		3,429	-2,324	3,438
Income taxes	10	-572	913	-860
NET PROFIT (LOSS)		2,857	-1,411	2,578

11.2.3. Combined balance sheet

In 1,000 EUR	Note	31.12.2006	31.12.2005	31.12.2004
Goodwill	11	258	258	258
Intangible assets	12	88	89	27
Property, plant and equipment	13	43,976	43,595	40,492
Land and buildings		10,035	9,855	5,209
Technical equipment		33,167	33,070	34,580
Other		532	558	591
Assets under construction		242	112	112
Investment property	14	1,359	1,416	1,472
Other assets	15	936	56	15
Deferred tax assets	16	1,709	1,643	867
Non-current assets		48,326	47,057	43,131
Goods for resale	17	665	117	234
Trade receivables	18	4,390	5,051	2,624
Other receivables	18	2,256	1,787	1,841
Assets held for sale	19	0	527	0
Cash and cash equivalents	20	401	247	75
Current assets		7,712	7,729	4,774
ASSETS		56,038	54,786	47,905
Share capital	21	176	176	176
Share premium		2,412	2,412	2,412
Reserves		6,132	3,275	4,686
Equity		8,720	5,863	7,274
Finance leases	22	9,625	12,233	15,287
Long-term borrowings	22	6,513	9,632	5,206
Advances received	23	5,677	2,516	1,929
Deferred tax liabilities	16	2,532	1,922	2,065
Other liabilities		80	80	0
Non-current liabilities		24,427	26,383	24,487
Current portion of finance leases	22	7,460	7,697	5,790
Current portion of long-term borrowings	22	5,204	765	1,182
Short-term financial liabilities	22	1,231	3,851	2,274
Trade payables	24	3,633	6,586	4,336
Advances received	23	4,348	2,832	1,297
Tax payables		29	13	13
Other liabilities	24	986	796	1,252
Current liabilities		22,891	22,540	16,144
EQUITY AND LIABILITIES		56,038	54,786	47,905

11.2.4. Combined cash flow statement

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004
Cash flow from operating activities			
Net profit (loss)	2,857	-1,411	2,578
Adjustment for:			
Income taxes	572	-913	860
Gains/losses on disposals of non-current assets	-3,406	140	-154
Other operating income from investment grants	-426	-249	-545
Depreciation of non-current assets and investment property	6,321	5,725	4,500
Amortisation on trade receivables	428	223	42
Financial expense	2,801	2,104	1,610
Financial income	-19	-236	-254
Cash flow before movement in working capital	9,128	5,383	8,637
Income taxes paid	-12	-6	-340
(Increase) decrease in long-term receivables	-880	-41	2
(Increase) decrease in goods for resale	-549	117	-178
(Increase) decrease in trade receivables, excluding amortisation	233	-2,650	-357
(Increase) decrease in other receivables, excluding investment grants	-155	428	-202
(Increase) decrease in advances received, excluding investment grants	4,160	1,895	268
Increase (decrease) in operating trade payables	-1,666	1,068	2,201
Increase (decrease) in other payables	189	-376	-75
Movement in working capital	1,320	435	1,319
NET CASH FLOWS FROM OPERATING ACTIVITIES	10,448	5,818	9,956
Cash flow from investing activities			
Disposals of non-current assets	5,881	1,742	253
Acquisition of non-current assets	-3,218	-6,474	-6,403
Received investment grants	629	102	1,181
NET CASH FLOWS FROM INVESTING ACTIVITIES	3,292	-4,630	-4,969
Cash flow from financing activities			
Payment of finance leases	-9,504	-4,734	-6,459
Proceeds from long-term borrowings and other loans	2,952	6,812	3,325
Repayment of long-term borrowings and other loans	-4,252	-1,226	-477
Financial expense	-2,801	-2,104	-1,610
Financial income	19	236	254
Share capital increase	0	0	20
NET CASH FLOWS FROM FINANCING ACTIVITIES	-13,586	-1,016	-4,947
Net increase (decrease) in cash and cash equivalents	154	172	40
Cash and cash equivalents opening balance	247	75	35
Cash and cash equivalents closing balance	401	247	75
Net increase (decrease) in cash and cash equivalents	154	172	40

In accordance with IAS 7 "The cash flow statement", investments which are financed out of finance leases are not included under cash flow from investing activities. The cash flow statement only includes cash payments made to lessors by the Consortium in order to reduce outstanding liabilities included under cash flows from financing activities.

The table below shows the investment for the different financial years funded out of finance leases.

In 1,000 EUR	31.12.2006	31.12.2005	31.12.2004
Investments in non-current assets by way of finance leases	6,659	3,587	19,736

11.2.5. Combined statement of changes in equity

In 1,000 EUR	Capital	Share premium	Reserves	Attributable to Alfacam-Euro1080 Consortium shareholders
Balance as of 1 January 2004	156	2,412	2,108	4,676
Net profit in 2004	0	0	2,578	2,578
Share capital increase	20	0	0	20
Balance as of 31 December 2004	176	2,412	4,686	7,274
Balance as of 1 January 2005	176	2,412	4,686	7,274
Net loss in 2005	0	0	-1,411	-1,411
Balance as of 31 December 2005	176	2,412	3,275	5,863
Balance as of 1 January 2006	176	2,412	3,275	5,863
Net profit in 2006	0	0	2,857	2,857
Balance as of 31 December 2006	176	2,412	6,132	8,720

11.2.6. Notes to the combined accounts

1. Summary of main reporting and valuation rules
2. Segment information
3. Revenue
4. Other operating income
5. Personnel costs
6. Amortisation
7. Other operating expense
8. Financial income
9. Financial expense
10. Income taxes
11. Goodwill
12. Intangible assets
13. Property, plant and equipment
14. Investment property
15. Other assets
16. Deferred tax assets and liabilities
17. Goods for resale
18. Trade and other receivables
19. Assets held for sale
20. Cash and cash equivalents
21. Share capital
22. Finance leases, long-term borrowings and short-term financial liabilities
23. Advances received
24. Trade and other payables
25. Transactions with associated parties
26. Subsidiaries
27. Obligations
28. Events since balance sheet date
29. First application of IFRS

1. Summary of significant accounting policies and valuation rules

The significant accounting policies and valuation rules in preparing these combined accounts are explained below.

1.1. Statement of compliance

These are the Consortium's first combined accounts produced in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Consortium has never had to prepare combined accounts before.

1.2 Principles used in preparing the accounts

The combined accounts are presented in euros, rounded off to the nearest thousand. They have been prepared on the historical cost basis, except for certain items that IFRS requires to be valued differently. These differences from historical acquisition values are explained in the summary of the main reporting principles.

The accounting principles below have been applied consistently to all periods included in these accounts.

1.3 Adoption of new and revised International Financial Reporting Standards

At the date of approval of these combined financial statements, the following standards and interpretations were in issue but not yet applicable:

- IFRS 7 Financial Instruments: disclosure (applicable to financial years starting on or after 1 January 2007);
- IAS 1 Presentation of financial statements – amendment – disclosing information on Capital (applicable to financial years starting on or after 1 January 2007).
- IFRS 8 Operational segments (applicable to financial years from 1 January 2009 onward);
- IFRIC 7 Application of the adjustment approach in IAS 29 Financial reporting in economies with hyperinflation (applicable to financial years from 1 March 2006 onward);
- IFRIC 8 Applicability of IFRS 2 (applicable to financial years from 1 May 2006 onward);
- IFRIC 9 Reassessment of embedded derivatives (applicable to financial years from 1 June 2006 onward);
- IFRIC 10 Interim financial reporting and impairment (applicable to financial years from 1 November 2006 onward);
- IFRIC 11 IFRS 2 Group and share transactions (applicable to financial years from 1 March 2007 onward);
- IFRIC 12 Service concession contracts (applicable to financial years from 1 January 2008 onward).

The Board anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the combined accounts in the periods in which they first apply.

1.4 Basis of consolidation

Consortium

The consolidation principles were applied to the consortium structure in which Alfacam and Euro1080 operated as of the close of financial years 2006, 2005 and 2004. In a Consortium, there is no elimination of equity in combined subsidiaries with respect to the carrying amount or the investment in the parent company, unless through direct affiliation. The equity items of the companies included in the combination (Alfacam and Euro1080) were combined and maintain their own character (share capital, share premium, reserves and transferred profits). Within this specific structure, there is no umbrella holding company but only two sister companies that together form the Consortium. This means that profit per share cannot be calculated.

For the purposes of this Prospectus, however, the pro forma profit per share is provided, whereby the total number of shares is the number that will be issued by Alfacam Group upon settlement of the Contribution in Kind of all Alfacam and Euro1080 shares to the Alfacam Group.

Subsidiaries

Subsidiaries are those entities controlled by the Consortium. Control is achieved where the Consortium, either directly or indirectly, has the power to govern the financial and operating policies. The annual accounts of the subsidiaries are recorded in the combined accounts from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Transactions eliminated in consolidation

Revenue, costs, receivables and payables, and unrealised profits and losses from intercompany transactions within the Consortium are eliminated. These are transactions among the companies Alfacam, Euro1080, Eurolinx, Alfacam France and Alfacam Deutschland.

1.5 Converting foreign currencies

The individual annual accounts of each member of the group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the combined accounts, the results and financial position of each entity are expressed in euros, which is the functional currency of the parent company and the presentation currency for the combined accounts.

Transactions in foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1.6 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Consortium's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Should the Consortium interest in the net asset value of the identifiable assets, liabilities and contingent liabilities exceed the cost price of the business combination, any remaining surplus after reassessment will be immediately taken into the profit and loss account.

1.7 Intangible assets

Intangible assets acquired from third parties are valued at their cost price less accrued depreciation and impairment losses. Costs for internally generated goodwill and brands will be recorded in the profit and loss account at the time when they are incurred.

Depreciation is charged to the profit and loss account using the linear method over the expected useful life of the intangible assets. Intangible assets are depreciated from the date that they are available for service. Their estimated useful life is 3 to 5 years.

1.8 Property, plant and equipment

Measurement

Property, plant and equipment are stated at its costs less accumulated depreciation and subsequent accumulated impairment losses. The costs comprises initial purchase price plus other direct acquisition costs. The cost price of self-constructed non-current assets includes the cost price of materials, direct wage expenses and a proportional amount of production overheads.

When property, plant and equipment comprise components with different useful lives, these are recorded as separate items under property, plant and equipment.

Subsequent costs

In the carrying amount of property, plant and equipment, the Consortium includes the cost price of a replacement part at the time that the cost is incurred if it is probable that the future economic benefits of the property, plant or equipment will accrue to the Consortium, and the cost price of the asset can be reliably determined. All other costs are recorded as charges in the profit and loss account when incurred.

Depreciation

Depreciation is charged to the profit and loss account using the linear method taking into account the expected useful life of the property, plant or equipment.

Land is not depreciated. The Consortium has determined the estimated useful life for various classes of property, plant and equipment as follows:

- Buildings: 33 years
- Technical equipment
 - o OB vans and their related equipment: 6 years for investments starting on or after 1 January 2000. An investment programme in HD equipment was begun in the year 2000.
 - o Recording vehicles and their related equipment: 5 years for investments prior to 1 January 2000
 - o Various technical equipment: 5 years - 10 years
- Other
 - o Interior finishing of buildings (offices, studios, storage, etc.): 5 years
 - o Cars: 5 years
 - o Furniture and office equipment: 5 years - 10 years

The depreciable amount of an asset is determined after deducting its residual value. A residual value is applied at a rate of 30% of the initial acquisition value to OB vans and their related equipment in which the Consortium invested on or after 1 January 2000. In financial year 2000 the consortium started with the first investment in HD equipment. This residual value of 30% was determined on the basis of historical information and the Consortium's experience with similar assets. The Consortium also follows an active asset management policy with respect to the disposal of assets after their estimated useful life. An asset's useful life can be less than its economic life.

A residual value is also applied to the buildings that are part of the Eurocam Media Centre at the rate of 55% of their initial acquisition value. The residual value of the buildings was determined on the basis of a valuation report compiled by an independent external valuation expert in which the value of the building

was calculated after deduction of expected disposal costs as if the asset had already reached its expected age and would be in the state expected at the end of its 33 year useful life.

The residual value, useful life and calculation method for the assets are reviewed and adjusted as needed at least at the closing of each financial year.

1.9 Investment property

Investment property, which is property (land, building, part of a building, or both) held to earn rentals and/or capital appreciation, and is not intended for the delivery of services in the normal course of the Consortium's business operations.

Investment property is initially valued at its cost price, including all transaction costs. Carrying amount includes the cost of replacing a portion of the extant investment property when these costs are incurred and if the criteria for recording these costs are met. Carrying amount does not include an investment property's daily maintenance. The initial cost price of an investment property held under a lease agreement and classified as investment property is initially recorded at the lowest value of its fair value and the present value of the minimum lease payments.

After its first recording, investment property is recorded at its historical cost price, less accumulated depreciation and any impairment losses. Depreciation is charged to the profit and loss account under the linear method based on its estimated useful life. The Consortium depreciates buildings recognised as investment property over a period of 20 years, whereby no residual value is allocated.

Rental income from investment property is recorded in the profit and loss account in proportion to time based on the term of the lease agreement.

When an investment property is acquired for regular use, it is transferred to property, plant and equipment. The fair value of the investment property is stated in the Notes to the Accounts. Its fair value is based on market value, being the estimated amount for which property could be traded on its valuation date between a well informed, independent buyer and seller who are prepared to make a transaction into which the parties enter with due caution and without coercion.

1.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Alfacam-Euro1080 Consortium as lessee

Finance leases

At the start of the lease period, Finance Leases are included as assets and liabilities in the balance sheet at the fair value at the inception of the leaseor, if lower, at the present value of the minimum lease payments. The minimum lease payments are recorded partly as financing costs and partly as repayment of the outstanding liability so as to achieve a constant rate of interest on the remaining balance of the outstanding liability. Financial charges are charged directly to the profit and loss account. Contingent lease payments are charged to the periods in which they are executed.

The amount of the leased asset to be depreciated is allocated systematically to each reporting period over the time of its expected use, on the basis that is consistent with the depreciation method that the lessee applies to the depreciation of the assets that the lessee owns. If it is reasonably certain that the lessee will obtain ownership at the end of the term of the lease, the period of expected use is the asset's useful life. In the contrary case, the asset is depreciated over the term of the lease or the useful life, which ever is shorter.

Operating leases

Lease payments made for operating leases are recorded as a charge in proportion to time based on the term of the lease agreement unless some other systematic manner of calculation is more representative for the time pattern of the benefits enjoyed by the user. The benefits stimulating the entering of an operating lease are also recorded in proportion to time based on the term of the lease agreement.

The Alfacam-Euro1080 Consortium as lessor

Assets leased by the Consortium under operating lease agreements, are recorded in the combined balance sheet (1) under investment property (buildings) and (2) under property, plant and equipment (technical equipment). They are recorded at cost price less accrued depreciation and impairment. Lease income, after deduction of any benefits given to Lessees, is recorded in proportion to time based on the term of the lease agreement. The Consortium's initial direct costs are added to the carrying amount of the leased asset and booked under charges over the lease period on the same basis as its lease income.

1.11 Prepaid operating lease and long-term receivables

Advance operating lease payments include prepaid lease days for an OB van. These are applied to the profit and loss account as the days are used and in accordance with any contractual conditions.

Upon first use, non-current liabilities are recognised at cost less any applicable transaction expenses. They are then valued against their amortised cost price, in which any variance between cost price and the amount of payment based on the effective interest method of amortisation is booked in the profit and loss account over the term of the loan.

1.12 Impairment of intangible assets and property, plant and equipment

In accordance with IAS 36, an assessment is made of the Consortium's intangible and property, plant and equipment on each balance sheet date to determine if there are signs of an asset being subject to impairment. Should there be such indications, the realisable value of the asset must be estimated. The realisable value of an asset or a cash flow generating entity is the highest value of its fair value after deducting cost of sales and its operational value.

To determine its operational value, the estimated future cash flows are reduced to their present value by applying a pre-tax discount factor that reflects the current market opinion of the cash value of money and the specific risks associated with the asset.

An impairment is applied if the carrying amount of an asset or a cash flow generating entity to which the asset belongs is greater than its realisable value. An impairment is directly included in the profit and loss account.

Should an impairment be later reversed, the carrying amount of the asset is increased to the revised estimate of its realisable value, but in such a way that the increased carrying amount is not greater than the carrying amount that would have been established if in prior years no impairment had been applied to the asset. The reversal of an impairment is directly recorded in profit and loss.

1.13 Goods for resale

Goods for resale include recording tapes, *access cards* and MPEG2/MPEG4 *set-top boxes*. These are valued at the lower of cost (purchase price or conversion costs) under the FIFO method (first-in, first-out) and their net realisable value.

Net realisable value represents the estimated selling price for inventories in the normal course of operations less all estimated costs of completion and costs necessary to make the sale.

Amortisation is recorded on a systematic basis on old and slowly rotating goods when their estimated realisable value is lower than its cost price.

1.14 Assets held for sale

Non-current assets and group assets that are disposed of are classified as “held for sale” if their carrying amount will be realised mainly in a sales transaction and not through their continued use. This condition is met only when the sale is highly likely and the asset (or group of assets to be disposed of) is available for immediate sale in its present condition. Management must have committed itself to a plan for the sale of the asset (or the assets being disposed of), for which the record of a completed sale is to be made within one year of such classification.

A non-current asset (or group of assets to be disposed of) classified as held for sale is booked at the lesser of its carrying amount and fair value less costs of sale.

Non-current assets are not depreciated while classified as held for sale.

1.15 Financial instruments

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Consortium are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Consortium after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Consortium’s accounting policy for borrowing costs.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Issue costs for equity instruments

The issue costs associated with a transaction involving equity are subtracted from equity, which means that the capital increase is recognised at the amount actually received after deducting issue costs. When shares are repurchased, this amount, including directly attributable costs, is deducted from the shareholder equity.

1.16 Government grants

Government grants are recognised at their nominal value when there is reasonable assurance that the Consortium will comply with the conditions attaching to them and the grants will be received.

Government grants are systematically recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Consortium with no future related costs are recognised as income in the period in which they become receivable.

Investment grants are presented as deferred income in the balance sheet and transferred to the profit and loss account on a systematic and rational basis over the useful lives of the related assets.

All government grants, with the exception of interest grants, are included in the profit and loss account as other operating income. Interest grants are included under financial income.

1.17 Borrowing costs

Borrowing costs are recognised as an expense at the moment that they are incurred, as specified in IAS 23 Borrowing Costs.

1.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.19 Long-term employee benefit liabilities

There are no approved pension plans within the Consortium (neither defined benefit plans nor defined contribution plans) or any other long-term employee benefit liabilities.

1.20 Revenue

The following recording criteria related to the sale of goods and the rendering of services are typically applied to each transaction separately. For some transactions it is necessary, however, to apply these criteria to the separately identifiable components of the transaction in order to reflect economic reality.

In other cases, the recording criteria are jointly applied to two or more transactions if they are so related that the commercial consequences cannot be grasped without reference to the series of transactions as a whole.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the significant risks and rewards of ownership have been transferred;
- the Consortium retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Consortium;
- the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Rendering of services

If the results of a transaction in which services are provided can be estimated reliably, the proceeds from the services are applied to the profit and loss account in proportion to the services already provided as of

the date of the balance sheet. The results of a transaction are considered to be estimated reliably when the following conditions are met:

- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the degree to which the services have been performed as of the balance sheet date can be estimated reliably; and
- the costs incurred or to be incurred with respect to the transaction can be reliably measured.

When the outcome of a transaction in which services are rendered cannot be estimated reliably, the revenues are recorded only up to the amount of the expenses that the Consortium expects to recover.

As far as the services provided in conjunction with the sale of *access cards* are concerned, the general conditions covering the acquisition and use of the card state that programming from Euro1080's channel HD1 is guaranteed to be available under normal circumstances to the cardholder until 31 December 2010. The revenues from these sales, after taking account of the direct cost of sales for the card, are spread on a linear basis from the moment of sale to 31 December 2010.

Revenue from partnership agreements is recognised as revenue on a linear basis while taking into account the duration of the partnership agreement.

Barter transactions

With respect to multicamera projects, the Consortium regularly enters into barter transactions in which, in addition to specific cash compensation in exchange for TV services provided, broadcast rights are also acquired. The broadcast rights acquired by the Multicamera TV Facilities segment nearly always occur in the form of a discount on Multicamera TV Facilities. Taking account the specific nature of the broadcast rights and the services provided, there is often no objective measurement available to determine the fair value of the broadcast rights. Consequently these barter agreements are neither reflected in revenue nor in the Consortium's operating expense. At the same time, no revenue between segments is calculated on the provision of broadcast rights by the Multicamera TV Facilities Segment to the Content Segment.

Barter transactions are recorded in revenue if the fair value of the goods or services received in exchange can be reliably determined.

1.21 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Income taxes are recorded in the profit and loss account, except when they relate to items included directly in equity, in which case the tax is applied to equity.

The tax owed and deductible for the financial year is the tax expected to be paid on taxable profits for the financial year, calculated at the tax rates as of the balance sheet date (or tax rates for which the legislative process has been completed) and corrections to tax owed for prior years.

Deferred tax is recognised using the "liability method" for all temporary differences between the taxable and carrying amount for financial reporting purposes, and this for both assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The amount of a deferred tax receivable will be reduced if it is no longer probable that the related tax benefit will be realised.

1.22 Segment information

A segment is a clearly distinguishable part of the Consortium that delivers goods or services (business segment) or that delivers such goods or services in a particular economic location (geographical segment), and that furthermore has a risk and return profile different from other segments.

Segment information is provided for the Consortium's business and geographic segments. Based on its management and reporting structure, the Consortium considers its business segments as its primary segment basis and the geographic divisions as a secondary segment basis. Its business activities are broken down into the following segments:

- **Multicamera TV Facilities**
The Multicamera TV Facilities business segment comprises primarily high and standard definition multicamera services for events in the fields of sports, culture, etc. It also includes the rental of technical equipment, ranging from the ad hoc rental of pieces of equipment to long-term rental of fully equipped OB vans.
- **Content**
The Consortium's HD channels constitute the Content segment. At present these include HD1, HD2, HD5 and the Exqi Culture channel. Revenue from HD channels can be subdivided as follows:
 - *Partnership agreements* consisting of structured third-party agreements to promote HD in general and the Consortium's HD channels in particular.
 - *Buy-out agreements* comprising third-party agreements to provide *content* and the technical transmission infrastructure.
 - The sale of *access cards* and associated *set-top boxes* enabling the reception of the HD channels.
 - Agreements with cable companies for cable distribution of the HD channels in various countries.
 - HD5's live distribution of events to cinemas, etc.

This business segment also includes the server-related activities undertaken at the Eurocam Media Centre. These activities include the management of HDTV image archives, *play out* services and the conversion of analogue to digital formats.

- **Eurocam Media Centre**
This Segment's activities are centred on the Eurocam Media Centre located at Fabriekstraat 38, 2547 Lint, Belgium. At present, these activities include:
 - the rental of studios and related services, such as catering, reception, etc.;
 - the rental of space for events;
 - the rental of storage space for OB vans and technical equipment;
 - the rental of offices.

A segment's results, assets and liabilities include items that can be allocated either directly or on a reasonable basis to the segment. Non-allocated items comprise primarily items that must be allocated at

the consortium level. A segment's investments refer to the total of all expenses incurred in the reporting period for the acquisition of assets for the segment that are expected to be used longer than one reporting period.

Intersegment sales, primarily the leasing of offices and storage space, are charged at amounts equal to competitive prices for external sales of similar goods.

Financial risks

Foreign exchange risk

Because of the international nature of its business operations, the Consortium is exposed to possible foreign exchange risks. When the Consortium considers it opportune, it will conclude derivative contracts to cover foreign exchange risk. At this moment, no derivative contracts were concluded.

The Consortium tries to conclude all purchase and sales forward agreements with third parties in Euros.

Interests rate risk

Interest rate risk arise mainly from financial activities. The main sources of finance are leasing contracts and investment borrowings based on fixed rates of interest determined at the time the contract was concluded. Short-term borrowings of working capital, on the other hand, are floating rate contracts.

Credit risk

With the exception of Special Top-Events, the Consortium has no significant concentration of credit risks. Credit risks for Special Top-Events can be regarded as limited, given the credit-worthiness of the respective clients and advances received.

Liquidity risk

The liquidity risk is linked to the changes to operating capital. Changes to operating capital are controlled through targeted actions, including advance payments received from clients, sale and leaseback transactions, and refinancing of existing financial leases.

1.23 Significant accounting estimates and assessments

In the application of the Consortium's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities, and of revenue and costs. The estimates and associated assumptions are based on historical experience and other factors that, given the circumstances, are considered to be relevant. Their outcome forms the basis for the opinion about the carrying amount of assets and liabilities that cannot easily be determined from other sources. The actual outcome can differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2. Segment information

Primary segment information

Financial year closed on 31 December 2006

Operating Profit

In 1,000 EUR	Multicamera TV Facilities	Conten t	Eurocam Media Centre	Not assigned to a segment	Elimination s between segments	Consolidatio n
Segment revenue	18,907	3,704	1,263	670	-420	24,124
Revenue from external clients	18,907	3,704	843	670	0	24,124
Revenue from transactions with other segments	0	0	420	0	-420	0
Other operating income from the segment	3,684	31	117	0	0	3,832
Freelancers	-3,373	-172	0	0	0	-3,545
Personnel costs (1)	-2,853	-655	-206	0	0	-3,714
Depreciation	-5,887	-205	-173	-56	0	-6,321
Amortisation	-422	-6	0	0	0	-428
Other operating expense	-4,324	-2,781	-599	-453	420	-7,737
Segment operating expense	-16,859	-3,819	-978	-509	420	-21,745
Operating profit (loss) for the segment	5,732	-84	402	161	0	6,211
Average number of staff in FTEs (1)	53.6	12.2	3.6			69.4

(1) See Note 5 for an explanation of the relationship between personnel costs and the average number of staff employed.

Assets and liabilities

In 1,000 EUR	Multicamera TV Facilities	Conten t	Eurocam Media Centre	Not assigned to a segment	Elimination s between segments	Consolidatio n
Goodwill	258	0	0	0	0	258
Intangible assets	79	9	0	0	0	88
Property, plant and equipment	32,431	1,215	10,330	0	0	43,976
Land and buildings	0	0	10,035	0	0	10,035
Technical equipment	32,044	1,123	0	0	0	33,167
Other	349	92	91	0	0	532
Assets under construction	38	0	204	0	0	242
Investment property	0	0	0	1,359	0	1,359
Other assets	936	0	0	0	0	936
Deferred tax assets	0	0	0	1,709	0	1,709
Non-current assets	33,704	1,224	10,330	3,068	0	48,326
<i>Investments in intangible assets and property, plant and equipment</i>	<i>7,857</i>	<i>200</i>	<i>535</i>	<i>0</i>	<i>0</i>	<i>8,592</i>
Current assets	4,314	1,842	500	1,056	0	7,712
ASSETS	38,018	3,066	10,830	4,124	0	56,038
Financial liabilities and other liabilities	0	0	0	16,218	0	16,218
Advances received and other liabilities	3,215	2,010	452	0	0	5,677
Deferred tax liabilities	0	0	0	2,532	0	2,532
NON-CURRENT LIABILITIES	3,215	2,010	452	18,750	0	24,427
CURRENT LIABILITIES	6,169	1,722	119	14,881	0	22,891

Financial year closed on 31 December 2005

Operating Profit

In 1,000 EUR	Multicamera TV Facilities	Conten t	Eurocam Media Centre	Not assigned to a segment	Elimination s between segments	Consolidatio n
Revenue from segment	17,689	3,523	546	525	-200	22,083
Revenue from external clients	17,689	3,523	346	525	0	22,083
Revenue from transactions with other segments	0	0	200	0	-200	0
Other operating income from the segment	249	0	0	0	0	249
Freelancers	-4,774	-114	0	0	0	-4,888
Personnel costs (1)	-2,450	-593	-135	0	0	-3,178
Depreciation	-5,414	-141	-114	-56	0	-5,725
Amortisation	-223	0	0	0	0	-223
Other operating expense	-5,706	-2,210	-684	-374	200	-8,774
Segment operating expense	-18,567	-3,058	-933	-430	200	-22,788
Operating profit (loss) for the segment	-629	465	-387	95	0	-456
Average number of staff in FTEs (1)	50.7	9.6	2.9			63.2

(1) See Note 5 for an explanation of the relationship between personnel costs and the average number of staff employed

Assets and liabilities

In 1,000 EUR	Multicamera TV Facilities	Conten t	Eurocam Media Centre	Not assigned to a segment	Elimination s between segments	Consolidatio n
Goodwill	258	0	0	0	0	258
Intangible assets	75	14	0	0	0	89
Property, plant and equipment	32,431	1,221	9,943	0	0	43,595
Land and buildings	0	0	9,855	0	0	9,855
Technical equipment	31,950	1,120	0	0	0	33,070
Other	369	101	88	0	0	558
Assets under construction	112	0	0	0	0	112
Investment property	0	0	0	1,416	0	1,416
Other assets	56	0	0	0	0	56
Deferred tax assets	0	0	0	1,643	0	1,643
Non-current assets	32,820	1,235	9,943	3,059	0	47,057
<i>Investments in intangible assets and property, plant and equipment</i>	<i>5,197</i>	<i>757</i>	<i>5,288</i>	<i>0</i>	<i>0</i>	<i>11,242</i>
Current assets	5,111	951	239	1,428	0	7,729
ASSETS	37,931	2,186	10,182	4,487	0	54,786
Financial liabilities and other liabilities	0	0	0	21,945	0	21,945
Advances received and other liabilities	693	1,535	288	0	0	2,516
Deferred tax liabilities	0	0	0	1,922	0	1,922
NON-CURRENT LIABILITIES	693	1,535	288	23,867	0	26,383
CURRENT LIABILITIES	6,542	2,758	74	13,166	0	22,540

Financial year closed on 31 December 2004

Operating Profit

In 1,000 EUR	Multicamera TV Facilities	Content	Eurocam Media Centre	Not assigned to a segment	Elimination s between segments	Consolidation
Segment revenue	19,023	3,349	70	465	-70	22,837
Revenue from external clients	19,023	3,349	0	465	0	22,837
Revenue from transactions with other segments	0	0	70	0	-70	0
Other operating income from the segment	699	0	0	0	0	699
Freelancers	-3,571	-44	0	0	0	-3,615
Personnel costs (1)	-2,099	-668	0	0	0	-2,767
Depreciation	-4,353	-52	-53	-42	0	-4,500
Amortisation	-42	0	0	0	0	-42
Other operating expense	-6,155	-1,227	-191	-315	70	-7,818
Segment operating expense	-16,220	-1,991	-244	-357	70	-18,742
Operating profit (loss) for the segment	3,502	1,358	-174	108	0	4,794
Average number of staff in FTEs (1)	44.3	9.6	0.0			53.9

(1) See Note 5 for an explanation of the relationship between personnel costs and the average number of staff employed

Assets and liabilities

In 1,000 EUR	Multicamera TV Facilities	Content	Eurocam Media Centre	Not assigned to a segment	Elimination s between segments	Consolidation
Goodwill	258	0	0	0	0	258
Intangible assets	13	14	0	0	0	27
Property, plant and equipment	34,583	612	5,297	0	0	40,492
Land and buildings	0	0	5,209	0	0	5,209
Technical equipment	34,070	510	0	0	0	34,580
Other	401	102	88	0	0	591
Assets under construction	112	0	0	0	0	112
Investment property	0	0	0	1,472	0	1,472
Other assets	15	0	0	0	0	15
Deferred tax assets	0	0	0	867	0	867
Non-current assets	34,869	626	5,297	2,339	0	43,131
<i>Investments in intangible assets and property, plant and equipment</i>	<i>19,041</i>	<i>605</i>	<i>4,737</i>	<i>0</i>	<i>0</i>	<i>24,383</i>
Current assets	2,544	763	138	1,329	0	4,774
ASSETS	37,413	1,389	5,435	3,668	0	47,905
Financial liabilities and other liabilities	0	0	0	20,493	0	20,493
Advances received and other liabilities	1,097	584	248	0	0	1,929
Deferred tax liabilities	0	0	0	2,065	0	2,065
NON-CURRENT LIABILITIES	1,097	584	248	22,558	0	24,487
CURRENT LIABILITIES	3,765	1,865	16	10,498	0	16,144

Secondary segment information

The Consortium regards the geographical division of its business operations as its secondary basis for segmentation.

Revenue from the Multicamera TV Facilities, Content and Eurocam Media Centre business segments is allocated geographically to various continents under the secondary segment information. This breakdown is based on the geographical location where the business activity was performed.

Within the total revenue realised in Europe, the portion of revenue earned in Belgium, the company's home country, is dealt with separately. Within the Content business segment, all revenues for financial years 2004 through 2006 are allocated to Europe as a whole because of the pan-European nature of the HD channels.

In the geographical breakdown of the Consortium's assets/investments, all assets/investments for the Content and Eurocam Media Centre business segments are allocated to Belgium (see primary segment information). The OB vans and related equipment of the Multi-camera TV Facilities business segment are used worldwide. Given the transportable nature of these assets, there could therefore be significant differences in geographical location among comparative periods. The geographical classification of revenue clarifies the locations where assets were used in the years 2004, 2005 and 2006.

Financial year closed on 31 December 2006

In 1,000 EUR	Multi-camera TV Facilities	%	Content	Eurocam Media Centre	Not assigned to a segment	Subtotal	Eliminations between segments	Consolidation	%
External									
Europe	16,076	85.0	3,704	843	670	21,293	0	21,293	88.3
of which in Belgium	2,710	14.3	-	843	670	4,223	0	4,223	17.5
Africa	180	1.0	0	0	0	180	0	180	0.7
Asia	2,340	12.4	0	0	0	2,340	0	2,340	9.7
North America	311	1.6	0	0	0	311	0	311	1.3
Subtotal external	18,907	100.0	3,704	843	670	24,124	0	24,124	100.0
Intersegment									
Belgium	0		0	420	0	420	-420	0	
Subtotal intersegment	0		0	420	0	420	-420	0	
Revenue	18,907		3,704	1,263	670	24,544	-420	24,124	

Financial year closed on 31 December 2005

In 1,000 EUR	Multi-camera TV Facilities	%	Content	Eurocam Media Centre	Not assigned to a segment	Subtotal	Eliminations between segments	Consolidation	%
External									
Europe	16,160	91.4	3,523	346	525	20,554	0	20,554	93.1
of which in Belgium	2,836	16.0	-	346	525	3,707	0	3,707	16.8
Africa	470	2.7	0	0	0	470	0	470	2.1
Asia	703	4.0	0	0	0	703	0	703	3.2
North America	356	2.0	0	0	0	356	0	356	1.6
Subtotal external	17,689	100.0	3,523	346	525	22,083	0	22,083	100.0
Intersegment									
Belgium	0		0	200	0	200	-200	0	
Subtotal intersegment	0		0	200	0	200	-200	0	
Revenue	17,689		3,523	546	525	22,283	-200	22,083	

Financial year closed on 31 December 2004

In 1,000 EUR	Multi-camera TV Facilities	%	Content	Eurocam Media Centre	Not assigned to a segment	Subtotal	Eliminations between segments	Consolidation	%
External									
Europe	17,449	91.7	3,349	0	465	21,263	0	21,263	93.1
of which in Belgium	1,821	9.6	-	0	465	2,286	0	2,286	10.0
Africa	446	2.3	0	0	0	446	0	446	2.0
Asia	508	2.7	0	0	0	508	0	508	2.2
North America	620	3.3	0	0	0	620	0	620	2.7
Subtotal external	19,023	100.0	3,349	0	465	22,837	0	22,837	100.0
Intersegment									
Belgium	0		0	70	0	70	-70	0	
Subtotal intersegment	0		0	70	0	70	-70	0	
Revenue	19,023		3,349	70	465	22,907	-70	22,837	

3. Revenue

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Outside broadcast orders	17,089	17,324	19,023
Operating lease payments from long-term leasing of recording equipment	1,818	365	0
<i>Partnership agreements</i> HD channels	1,153	2,385	2,950
Revenue from <i>access</i> cards and <i>set-top boxes</i>	1,359	1,074	104
HDTV distribution cable companies	664	0	0
HDTV distribution live events (cinemas, etc.)	433	0	159
Studio rental & catering Eurocam Media Centre	843	346	0
Rental income (including costs recharged) from investment property	670	525	465
Other	95	64	136
Total	24,124	22,083	22,837

Revenue for 2006 includes income from barter transactions in the amount of EUR 0.4 million (EUR 0.8 million for financial year 2005 and EUR 0.4 million for financial year 2004). These agreements relate to receipts of equipment and goods for resale in exchange for third-party *Partnerships* for the HD channels and the sale of *access cards*.

4. Other operating income

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Gains realised from the sale of non-current assets	3,406	0	154
Income from government grants	426	249	545
Total	3,832	249	699

Other operating income consists of realised gains from the sale of non-current assets and income from government grants. Income from government grants consists of portfolios related to growth premiums and investment grants. In addition to investments to be made by the Consortium, there are other conditions attached to the growth premiums, such as ISO 14001 certification and growth in employment.

5. Personnel costs

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Gross wages and salaries	2,432	2,392	2,041
Social security contributions	635	573	486
Other personnel costs	82	56	84
Subtotal	3,149	3,021	2,611
Personnel costs recorded under non-current assets	-22	-557	-273
Management fees	587	714	429
Total	3,714	3,178	2,767

The personnel costs recorded under non-current assets relate to the work performed by personnel in the construction of OB vans and the Eurocam Media Centre. These expenses are directly recorded under non-current assets. Payment to management includes management at the headquarters in Belgium as well as local management of the subsidiaries Alfacam France and Alfacam Deutschland.

The average number of staff employed and the number employed at the end of the financial year are stated in the Table below in terms of full-time equivalents (FTEs).

	31/12/2006	31/12/2005	31/12/2004
Employment as FTEs			
Average number of employees	69.4	63.2	53.9
Number of staff at end of financial year	86.6	68.0	54.9

6. Amortisation

In 1,000 EUR			
Amortisation of trade receivables	428	223	42
Total	428	223	42

Amortisation applied over the last three financial years relates only to the amortisation of trade receivables.

7. Other operating expense

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Set-top boxes and access cards	550	1,209	221
Operating leases	127	81	67
Ad hoc rental of equipment and other direct production costs	669	2,334	2,595
Maintenance of equipment and buildings	758	733	601
Transport, travel, and removal costs	1,464	1,529	1,958
Insurance	345	280	254
Tapes	173	276	276
Buildings (electricity, gas and water costs and prepaid property tax)	734	595	426
Professional fees	533	468	517
Judgment in arbitration	630	0	0
Satellite costs	472	84	67
Broadcast rights	443	0	0
Catering	119	107	47
Promotion and publicity	54	310	90
Communications	96	107	106
Other	570	661	593
Total	7,737	8,774	7,818

8. Financial income

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Interest grants	0	105	193
Other financial income	19	131	61
Total	19	236	254

9. Financial expense

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Interest on obligations under finance leases	1,326	1,409	1,021
Interest on investment borrowings from banks	171	108	135
Interest on other long-term borrowings	434	149	85
Interest on straight loans and bank overdrafts	285	140	170
Other interest	271	89	29
Interest expense	2,487	1,895	1,440
Costs of bank guarantees	96	0	0
Exchange results	39	56	19
Other financial expense	179	153	151
Other financial expense	314	209	170
Total	2,801	2,104	1,610

10. Income taxes

Income taxes include:

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Income tax for the current financial year	28	6	353
Deferred tax	544	-919	507
Total	572	-913	860

The Table below shows a reconciliation between the effective tax rate and the outcome of the theoretical calculation of group profits before taxation multiplied by the corporate tax rate applicable to Alfacam and Euro1080 for the years 2004, 2005 and 2006. The theoretical applied corporate tax rate is 33.99%, and relates to the Belgian corporation tax rate, which remained unchanged for fiscal years 2004 through 2006.

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Profit before tax	3,429	-2,324	3,438
Tax calculated at tax rate of 33.99%	1,166	-790	1,169
Adjustment for:			
Non-tax-deductible expenditure	37	30	60
Belgian system of the notional interest deduction	-44	0	0
Distributed interest deductions	-242	-206	-168
Flat-rate foreign tax	12	0	-440
Different tax rates for foreign activities	-63	-2	0
Unrecognised deferred tax assets	0	55	239
Previously unrecognised and unused tax losses now recognised	-294	0	0
Total Income taxes	572	-913	860
Effective tax rate	16.7%	39.3%	25.0%

11. Goodwill

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Goodwill Alfacam Deutschland	258	258	258
Total	258	258	258

This section includes the excess of the cost of acquisition due to the first consolidation of Alfacam Deutschland as of 31 December 2003.

Goodwill was tested for impairment test at the level of the multicamera TV facilities that the Consortium realised in Germany and Austria. This test, based primarily on management business plans, gave no indication for recording an impairment loss on goodwill. Consequently, goodwill has remained unchanged for the three preceding financial years.

12. Intangible assets

In 1,000 EUR	Total
Costs	
Balance sheet as of 1 January 2004	105
Additions	16
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2004	121
Balance sheet as of 1 January 2005	121
Additions	75
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2005	196
Balance sheet as of 1 January 2006	196
Additions	34
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2006	230
Depreciation	
Balance sheet as of 1 January 2004	83
Depreciation for current financial year	11
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2004	94
Balance sheet as of 1 January 2005	94
Depreciation for current financial year	13
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2005	107
Balance sheet as of 1 January 2006	107
Depreciation for current financial year	35
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2006	142
Net Carrying amount	
As of 1 January 2004	22
As of 31 December 2004	27
As of 31 December 2005	89
As of 31 December 2006	88

Intangible assets mainly include software used for planning, invoicing and bookkeeping of business operations.

13. Property, plant and equipment

In 1,000 EUR	Land and buildings	Technical equipment	Other	Assets under construction	Total
Costs					
Balance sheet as of 1 January 2004	856	27,527	601	731	29,715
Additions	4,679	19,402	286	0	24,367
Sales and disposals	-4	-375	0	0	-379
Transfers to or from other categories	0	619	0	-619	0
Balance sheet as of 31 December 2004	5,531	47,173	887	112	53,703
Balance sheet as of 1 January 2005	5,531	47,173	887	112	53,703
Additions	5,267	5,773	127	0	11,167
Sales and disposals	0	-2,324	0	0	-2,324
Transfers to or from other categories	-830	0	0	0	-830
Balance sheet as of 31 December 2005	9,968	50,622	1,014	112	61,716
Balance sheet as of 1 January 2006	9,968	50,622	1,014	112	61,716
Additions	301	7,848	167	242	8,558
Sales and disposals	0	-4,123	0	0	-4,123
Transfers to or from other categories	0	112	0	-112	0
Balance sheet as of 31 December 2006	10,269	54,459	1,181	242	66,151
Depreciation					
Balance sheet as of 1 January 2004	285	8,591	162	0	9,038
Depreciation for current financial year	37	4,276	134	0	4,447
Sales and disposals	0	-274	0	0	-274
Transfers to or from other categories	0	0	0	0	0
Balance sheet as of 31 December 2004	322	12,593	296	0	13,211
Balance sheet as of 1 January 2005	322	12,593	296	0	13,211
Depreciation for current financial year	95	5,401	160	0	5,656
Sales and disposals	0	-442	0	0	-442
Transfers to or from other categories	-304	0	0	0	-304
Balance sheet as of 31 December 2005	113	17,552	456	0	18,121
Balance sheet as of 1 January 2006	113	17,552	456	0	18,121
Depreciation for current financial year	121	5,915	193	0	6,229
Sales and disposals	0	-2,175	0	0	-2,175
Transfers to or from other categories	0	0	0	0	0
Balance sheet as of 31 December 2006	234	21,292	649	0	22,175
Net Carrying amount					
As of 1 January 2004	571	18,936	439	731	20,677
As of 31 December 2004	5,209	34,580	591	112	40,492
As of 31 December 2005	9,855	33,070	558	112	43,595
As of 31 December 2006	10,035	33,167	532	242	43,976

Additions

The additions made to land and buildings comprise exclusively the purchase and construction of the Eurocam Media Centre located at Fabriekstraat 38, 2547 Lint, Belgium. As of 31 December 2006 the total investment amounted to EUR 10.3 million.

The OB vans and association broadcast equipment represent the Consortium's most important assets and were recorded under the section of technical equipment. Investments in technical equipment over the last three financial years amounted to EUR 7.8 million (2006), EUR 5.8 million (2005) and EUR 19.4 million (2004).

Assets that were not ready for use as at the balance sheet date were classified as "Assets under construction". Over the period January 2004 through December 2005, this section only included OB vans under construction. As of 31 December 2006, this section included, in addition to investments made for the construction of new OB vans, investments for the restaurant located in the Eurocam Media Centre.

Sale and disposals

The sale of technical equipment included, in addition to the sale of miscellaneous equipment, the sale of a fully equipped OB van.

Transfers to or from other categories

The transfer of EUR 0.8 million in financial year 2005 represents the transfer of the land and buildings located at Mechelsesteenweg 185 in 2540 Hove, Belgium to the section, "Assets held for sale".

The other transfers made in financial years 2004 and 2006 related to the constructed ready for use OB vans.

Buildings, technical equipment and other assets under financial lease

The Consortium primarily concluded financial leases for investments in buildings and technical equipment. The financial leases are guaranteed by the leased assets. The Consortium has an option to purchase the assets at the end of each lease for an advantageous price.

As of 31 December 2006, the carrying amount of the assets under financial lease amounted to EUR 27.3 million, compared to EUR 26.9 million as of 31 December 2005 and EUR 27.3 million as of 31 December 2004. These assets under lease are mainly related to technical equipment with the exception of the property leases, of which the net carrying amount at end 2006 was EUR 2.7 million (EUR 2.7 million as of 31 December 2005 and EUR 2.8 million as of 31 December 2004).

14. Investment property

In 1,000 EUR	Total
Costs	
Balance sheet as of 1 January 2004	0
Additions	1,514
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2004	1,514
Balance sheet as of 1 January 2005	1,514
Additions	0
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2005	1,514
Balance sheet as of 1 January 2006	1,514
Additions	0
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2006	1,514
Depreciation	
Balance sheet as of 1 January 2004	0
Depreciation for current financial year	42
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2004	42
Balance sheet as of 1 January 2005	42
Depreciation for current financial year	56
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2005	98
Balance sheet as of 1 January 2006	98
Depreciation for current financial year	57
Sales and disposals	0
Transfers to or from other categories	0
Balance sheet as of 31 December 2006	155
Net Carrying amount	
As of 1 January 2004	0
As of 31 December 2004	1,472
As of 31 December 2005	1,416
As of 31 December 2006	1,359

The Consortium's investment property includes part of the property located at Fabriekstraat 38, B-2547 Lint to which no improvements have been made in order to make it part of the Eurocam Media Centre. This part of the property was retained in order to realise long-term rental income, an increase in value, or both, and is not intended for the delivery of services in the context of the Consortium's normal business operations. The stated carrying amounts at the end of financial years 2004, 2005 and 2006 does not significantly differ from its fair value.

The revenue and operating expense concerning the investment property were, respectively EUR 0.7 and -0.5 million in 2006 and EUR 0.5 and -0.4 million in 2005 and in 2004.

15. Other assets

Other non-current assets as of 31 December 2006 include EUR 0.9 million in prepaid expenses for the temporary leaseback of an OB van sold in 2006. Another EUR 0.3 million was recorded under current assets. Under the terms of the contract, these rentals days must be taken up by 31 August 2010.

16. Deferred tax assets and liabilities

For those Consortium companies with transferred tax losses, the probability was investigated that taxable income would be available in the future by which any carry forward tax losses and tax credits could be recovered.

On 31 December 2004 and 31 December 2005 the Consortium had EUR 0.9 million in carry forward tax losses from Alfacam Deutschland for which no deferred tax asset was recorded in the statutory annual accounts. As a result of the restructuring of Alfacam Deutschland's operations completed in the course of 2006, the Consortium considered it probable on 31 December 2006 that future taxable profits would become available and a deferred tax asset was recognised in the amount of EUR 0.3 million. As a result, the Consortium did not have any available carry forward tax losses as of 31 December 2006 for which no deferred tax asset was recognised.

Changes to deferred tax assets and liabilities were incorporated into the profit and loss accounts for financial years 2006, 2005 and 2004. The Table below depicts these changes over the past three years.

In 1,000 EUR	Net carrying amount receivables			Net carrying amount liabilities			Net		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
As of 1 January	1,643	867	636	-1,922	-2,065	-1,327	-279	-1,198	-691
Increase/(-decrease) via results	66	776	231	-610	143	-738	-544	919	-507
As of 31 December	1,709	1,643	867	-2,532	-1,922	-2,065	-823	-279	-1,198

The deferred tax assets and liabilities included in the balance sheet are classified by type as follows for the financial years ended on 31 December 2004, 2005 and 2006.

31 December 2006

In 1,000 EUR	Assets	Liabilities	Net
Intangible assets and property, plant and equipment	663	-2,845	-2,178
Reserves - spread taxation realised gains	0	-1,332	-1,332
Advances received	817	-49	768
Total deferred tax on temporary differences	1,480	-4,230	-2,746
Tax-recoverable losses	1,579	0	1,579
Transferred distributed investment deductions	300	0	300
Transferred notional interest deduction	44	0	44
Offsetting deferred tax assets and liabilities	-1,694	1,694	0
Net deferred tax assets and liabilities	1,709	-2,536	-823

31 December 2005

In 1,000 EUR	Assets	Liabilities	Net
Intangible Assets and property, plant and equipment	876	-2,616	-1,740
Reserves - spread taxation realised gains	0	-172	-172
Advances received	1,002	0	1,002
Total deferred tax on temporary differences	1,878	-2,788	-910
Tax-recoverable losses	401	0	401
Distributed investment deductions transferred	230	0	230
Offsetting deferred tax assets and liabilities	-866	866	0
Net deferred tax assets and liabilities	1,643	-1,922	-279

31 December 2004

In 1,000 EUR	Assets	Liabilities	Net
Intangible Assets and property, plant and equipment	462	-1,899	-1,437
Reserves - spread taxation realised gains	0	-223	-223
Advances received	462	0	462
Total deferred tax on temporary differences	924	-2,122	-1,198
Offsetting deferred tax assets and liabilities	-57	57	0
Net deferred tax assets and liabilities	867	-2,065	-1,198

With the exception of the deferred tax assets from the Belgian system of notional interest deduction, the recorded deferred tax assets can be carry forward for an unlimited period of time. The deferred tax assets recorded as of 31 December 2006 with respect to notional interest deduction can be transferred until fiscal year 2013.

17. Goods for resale

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Set-top boxes and <i>access cards</i>	587	78	123
Recording tapes	78	39	111
Total	665	117	234

18. Trade and other receivables

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Total trade receivables	4,390	5,051	2,624
Government grants to be received	1,200	886	512
VAT to be received	676	607	653
Prepaid tax	118	31	9
Receivables from Sigmacam NV and related parties	0	124	317
Miscellaneous deferred costs	251	89	297
Other	11	50	53
Total other receivables	2,256	1,787	1,841

The credit risk with respect to trade receivables can be considered limited because, for large projects undertaken with credit-worthy international clients, every effort is made to receive prepayments before the projects are begun. In this regard, we refer your to Note 23 on Advances received. The remaining credit risk for trade receivables is spread over a large number of smaller clients.

Trade receivables are recognised after deduction of an amortisation for doubtful debtors of EUR 0.9 million as of 31 December 2006, EUR 0.5 million as of 31 December 2005 and EUR 0.2 million as of 31 December 2004.

The carrying amount of trade and other receivables is equal to their fair value.

19. Assets held for sale

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Net carrying amount	0	527	0

Assets held for sale as of 31 December 2005 include former office buildings in Hove (Belgium). During the first semester of 2006 a gain was realised on the sale of assets held for sale amounting to EUR 0.1 million. This gain was included under other operating income.

20. Cash and cash equivalents

The Consortium's cash and cash equivalents comprise primarily cash deposits held at a number of Belgian banks. The carrying amount of the cash and cash equivalents and investments is equal to their fair value, given that these financial instruments may be withdrawn on demand.

21. Share capital

The Alfacam-Euro1080 Consortium share capital is the sum of the statutory share capital for each of its companies, Alfacam and Euro1080.

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Alfacam			
- Shares with no nominal value - Class A	54,999	54,999	54,999
- Shares with no nominal value - Class B	17,284	17,284	17,284
- Shares with no nominal value - Class C	3,804	3,804	3,804
Total number of shares	76,087	76,087	76,087
Share capital in EUR 1,000	94	94	94
Fractional value in EUR per share	1,24	1,24	1,24
Euro1080			
- Shares with no nominal value - Class A	1,000	1,000	1,000
- Shares with no nominal value - Class B	314	314	314
Total number of shares	1,314	1,314	1,314
Share capital in EUR 1,000	82	82	82
Fractional value in EUR per share	62.00	62.00	62.00
Total share capital of the Alfacam-Euro1080 Consortium	176	176	176

All shares in Alfacam and Euro1080 are fully paid. The listed classes of shares represent the various groups of shareholders as of the close of financial years 2006, 2005 and 2004. Different rights with respect to management and transfer of shares are associated with these classes of shares.

For the period from 1 January 2004 to 31 December 2006 there was one share capital transaction. This was the capital increase in Euro1080 through the cash contribution of EUR 19,468.00, increasing capital from EUR 62,000.00 to EUR 81,468.00.

On 19 December 2003, 5,308 warrants for B shares in Alfacam were issued against a strike price of EUR 282.60 per share. The warrants were granted to GIMV NV (4,512 warrants) and Adviesbeheer GIMV Corporate Investments Belgium NV (796 warrants). During financial year 2005 a total of 3,538 additional warrants for Alfacam shares were issued to GIMV NV and Adviesbeheer GIMV Corporate Investments Belgium NV.

During the course of discussions concerning GIMV's exit, agreement was reached between GIMV and the married couple Fehervari-Stoop to cancel all warrants. As a result, there were no longer any warrants for Alfacam shares as of 31 December 2006, nor for the shares of other companies forming part of the Alfacam-Euro1080 Consortium.

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Alfacam			
- Warrants and rights to warrants on shares with no nominal value Class B	0	8,846	5,308

The table below depicts the pro forma profit (loss) per share, in which the number of shares is the total number of shares that Alfacam Group will issue once the contribution in kind of all shares in Alfacam and Euro1080 to the Alfacam Group is determined.

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Net profit (loss)	2,857	-1,411	2,578
Number of issued shares after contribution in kind	6,813,474	6,813,474	6,813,474
Pro forma profit (loss) per share in EUR	0.42	-0.21	0.37

22. Finance leases, long-term borrowings and short-term financial liabilities

Long-term financial liabilities can be detailed as follows:

31 December 2006

In 1,000 EUR	Interest rate	Maturity date	2007	2008	2009	2010	2011	+2012
Finance leases	5.86%	2018	7,460	4,813	1,939	844	569	1,460
Investment borrowings banks	6.25%	2018	752	712	457	488	521	4,335
Borrowings GIMV	10.00%	2007	4,452	0	0	0	0	0
Long-term borrowings			5,204	712	457	488	521	4,335
Total long-term liabilities			12,664	5,525	2,396	1,332	1,090	5,795

31 December 2005

In 1,000 EUR	Interest rate	Maturity date	2006	2007	2008	2009	2010	+2011
Finance leases	5.66%	2018	7,697	5,976	3,497	953	185	1,622
Investment borrowings banks	6.02%	2018	765	735	693	396	423	4,141
Borrowings GIMV	7.00%	2007	0	3,141	0	0	0	0
Other borrowings	6.00%	2006	0	103	0	0	0	0
Long-term borrowings			765	3,979	693	396	423	4,141
Total long-term liabilities			8,462	9,955	4,190	1,349	608	5,763

31 December 2004

In 1,000 EUR	Interest rate	Maturity date	2005	2006	2007	2008	2009	+2010
Finance leases	5.69%	2018	5,790	5,080	4,823	2,953	655	1,776
Investment borrowings banks	5.56%	2018	1,182	500	522	470	162	1,832
Borrowings GIMV	5.00%	2007	0	0	1,579	0	0	0
Other borrowings	6.00%	2006	0	141	0	0	0	0
Long-term borrowings			1,182	641	2,101	470	162	1,832
Total long-term liabilities			6,972	5,721	6,924	3,423	817	3,608

From January 2006, all long-term liabilities are at fixed interest rate. Borrowings from GIMV include a clause stating that, should the loan not be repaid by a certain date, its interest rate will rise automatically to a maximum level of 10%. In this way, the rise in the interest rate was linked solely to an extension in the term of the loan agreement. The short-term financial liabilities include advances received, straight loans and bank overdrafts characterised by a variable interest rate.

The amounts for long-term borrowings and leases recorded on the balance sheet show no significant differences with respect to their fair value. The amount of finance leases is equal at the start of the lease to the fair value of the leased property, or, if less, to the present value of the minimum lease payments.

Assets under lease serve as guarantees for the finance lease financing. The collateral provided by the Consortium for the lease of the building and for the investment borrowings for the construction of the

Eurocam Media Centre include chiefly mortgage property mandates. The table below summarises the guarantees provided:

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Mortgages registered on property (principle + additions)	3,300	1,650	1,650
Mortgage property mandates	10,789	0	0
Pledges and mandates for assets pledged	5,579	5,579	5,579
Total	19,668	7,229	7,229

The notional amounts that must be paid under the terms of leases are fixed. Lease payments include no contingent rent. The future payments on finance leases as of 31 December 2006, 2005 and 2004 are stated in the following table:

31 December 2006

In 1,000 EUR	Present value	Interest	Payments
Up to 1 year	7,460	768	8,228
More than 1 and less than 5 years	8,165	953	9,118
5 years +	1,460	234	1,694
Total	17,085	1,955	19,040

31 December 2005

In 1,000 EUR	Present value	Interest	Payments
Up to 1 year	7,697	880	8,577
More than 1 and less than 5 years	10,611	1,063	11,674
5 years +	1,622	315	1,937
Total	19,930	2,258	22,188

31 December 2004

In 1,000 EUR	Present value	Interest	Payments
Up to 1 year	5,790	1,080	6,870
More than 1 and less than 5 years	13,511	1,580	15,091
5 years +	1,776	406	2,182
Total	21,077	3,065	24,142

23. Advances received

31 December 2006

In 1,000 EUR	< 1 yr	> 1 yr	Total
Advances received on multicamera TV facilities contracts	2,143	2,126	4,269
Advances received on the rent for technical equipment	965	0	965
Deferred income from access cards and partnership agreements	988	1,876	2,864
Investment grants	183	1,675	1,858
Other	69	0	69
Total	4,348	5,677	10,025

31 December 2005

In 1,000 EUR	< 1 yr	> 1 yr	Total
Advances received on multicamera TV facilities contracts	1,056	0	1,056
Deferred income from access cards and partnership agreements	1,501	1,450	2,951
Investment grants	275	1,066	1,341
Total	2,832	2,516	5,348

31 December 2004

In 1,000 EUR	< 1 yr	> 1 yr	Total
Advances received on multicamera TV facilities contracts	0	500	500
Deferred income from access cards and partnership agreements	1,101	510	1,611
Investment grants	196	919	1,115
Total	1,297	1,929	3,226

24. Trade payables and other liabilities

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Total trade payables	3,633	6,586	4,336
Taxes, remuneration and social security	520	415	375
Liability to former shareholders of Alfacam Germany	0	125	574
Liabilities to Sigmacam NV and related parties	411	120	120
Other	55	136	183
Total other liabilities	986	796	1,252

Liabilities with respect to taxes, remuneration and social security mainly include accruals for vacation pay allowances.

25. Related party transactions

In 1,000 EUR	31/12/2006	31/12/2005	31/12/2004
Receivables from Sigmacam NV and related parties	0	124	317
Debt to Sigmacam NV and related parties	411	120	120
Interest expense in connection with Sigmacam NV and related parties	48	0	20
Interest income in connection with Sigmacam NV and related parties	13	38	17
Management fees Sigmacam NV	450	348	318
Financial liabilities - borrowings GIMV (*)	4,452	3,141	1,579
Interest burden - borrowings GIMV (*)	434	149	85
Management fees GIMV	12	12	6

(*) Includes financial debt with respect to GIMV NV and Adviesbeheer GIMV Corporate Investments Belgium NV

The unpaid financial debts on 31 December 2006 with respect to GIMV, as well as outstanding interest, are payable in full on the earliest of the following dates: (1) the initial public offering of the company, and (2) 30 September 2007. The borrowings bear an interest rate of 10% starting 1 January 2006, payable on the maturity date of the borrowings. Should payment not be made on the maturity date, interest in the amount of 16% will be applicable. Should payment not be made on 1 November 2007 an additional *restructuring fee* of 20% will be due.

The outstanding debt to Sigmacam NV and related parties as of 31 December 2006 is chiefly the result of management fees still owed. Interests on current accounts interest were calculated at 8%.

Transactions with managers in key positions include only management fees to Sigmacam NV.

26. Subsidiaries

Within the Alfacam-Euro1080 Consortium, only the limited liability company Alfacam has subsidiaries. The subsidiaries and the percentage of ownership at the end of the financial year are stated in the table below:

Name of subsidiary	Where incorporated	31/12/2006	31/12/2005	31/12/2004	Primary activity
Eurolinx NV Fabriekstraat 38, 2547 Lint Belgium	Belgium	100%	100%	100%	Until August 2005 real estate company. From 1 January 2007 Wireless Multicamera TV Facilities.
Alfacam Deutschland GmbH Freisinger Strasse 108, 85737 Ismaning Germany	Germany	100%	100%	100%	Multicamera TV Facilities.
Alfacam France SAS 28 Avenue de Rome-Les Estroublans, 13127 Vitrolles France	France	100%	100%	-	Multicamera TV Facilities.

27. Commitments

Operational leasing

Commitments were entered into with respect to operating leases – in which one company of the Consortium is either the lessor or the lessee. The minimum future lease payments in the framework of non-cancellable operating leases are:

31 December 2006

In 1,000 EUR	< 1 yr	> 1yr and < 5yr	> 5yr
Lessor			
- Technical equipment Multicamera TV Facilities	2,055	137	0
Lessee			
- Various equipment	66	555	8

31 December 2005

In 1,000 EUR	< 1 yr	> 1yr and < 5yr	> 5yr
Lessor			
- Technical equipment Multicamera TV Facilities	350	857	0
Lessee			
- Various equipment	45	117	0

31 December 2004

In 1,000 EUR	< 1 yr	> 1yr and < 5yr	> 5yr
Lessee			
- Various equipment	22	104	0

As stated in Note 7 of the other operating expenses, the lease payments (*renting*) recorded in the profit and loss accounts are roughly EUR 0.1 million annually for the past three financial years. Operating leases were concluded for cars, office furniture and office equipment.

The ad hoc and short-term rentals of technical equipment are not considered to be operating leases. At the same time, the operational leaseback of the sold OB van for EUR 1.2 million is not included in the table above, since no additional future lease payments are associated with it.

Other commitments

In the context of its operations, the Consortium entered into a number of large sales agreements on 31 December 2006 amounting in total to EUR 20.6 million. These will be fully recognised in the profit and loss accounts by 31 December 2010. The largest part will be recognised in the profit and loss

accounts for the next two years, taking into account the Pan American Games in Brazil and the Olympic Summer Games in Peking. The amount can be broken down into percentage allocations for each business segment as follows:

- Multicamera TV Facilities: 84%
- Content: 14%
- Eurocam Media Centre: 2%

This amount includes the advances received from clients that are included under long-term and short-term liabilities as of 31 December 2006, with the exception of investment grants. The lease income from the leasing of offices in the Eurocam Media Centre and the investment property are not included due to cancelling clauses.

A forward purchase contract concluded in the course of 2005 for the purchase of technical equipment was recorded under property, plant and equipment. These commitments were fully met in financial years 2005 and 2006. As of 31 December 2006, the Consortium had purchase commitments for technical equipment in the amount of EUR 1.3 million.

28. Subsequent events

Up to the date of their approval by the Board of Directors, the figures in the accounts were modified to reflect events that influenced the circumstances as they existed at the balance sheet date. Events influencing such circumstances arising after the balance sheet date are explained if they are of a material nature.

In early 2007, the Board of Directors of Alfacam NV and Euro1080 NV decided upon an IPO (Initial Public Offering). For this purpose, the shareholders of Alfacam and Euro1080 incorporated a new holding company on 5 April 2007 through the cash contribution of EUR 61,502.00 and they will also hold all shares in Alfacam and Euro1080 after the adoption of the contribution in kind. This new limited liability corporation is called Alfacam Group and was incorporated under Belgian law.

The net proceeds from the issue of new shares will first be used by Alfacam Group to repay the outstanding debt to GIMV in the amount of EUR 4 million, plus any interest due. The remaining net proceeds from new shares will be used for investments in Euro1inx (wireless operations) in the amount of approximately EUR 5 million and to server-related services in the amount of some EUR 5 million. Moreover, a part of the net proceeds can be used for minor improvements to the Eurocam Media Centre or for possible investments in OB equipment.

29. First-time adoption of IFRSs

IFRS 1 – The first-time adoption of the International Financial Reporting Standards requires the application with retroactive effect of each IFRS standard effective as of the reporting date of the first IFRS accounts. A limited number of exceptions are permitted to this principle. The Alfacam-Euro1080 Consortium has elected to apply the following exception:

- o Business combinations made prior to the date of transition to IFRS (1 January 2004).
IFRS 3 – Business combinations were not applied retroactively for acquisitions made prior to the date of transition to IFRS. This affects the business combination with Alfacam Deutschland that Alfacam acquired at the end of 2003. Taking into account the current processing of this business combination under Belgian accountancy law, the management is of the opinion that application of IFRS 3 would not lead to significantly different results.

The accounting policies as set forth in Note 1 were applied to the preparation of accounts for the year ended on 31 December 2006, the comparative information for the years ended on 31 December 2005 and 31 December 2004, and in the preparation of the opening balance sheet in conformity with IFRS per 1 January 2004 (the transition date of the Alfacam-Euro1080 Consortium).

The Consortium did previously not prepare combined accounts.

11.2.7. Audit report for the IFRS combined financial information for the years ended on 31 December 2004, 31 December 2005 and 31 December 2006 for the Alfacam-Euro1080 Consortium

We have audited the combined financial statements of the Alfacam NV and Euro1080 NV Consortium and its subsidiaries (jointly "the Consortium"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those combined financial statements comprise the combined balance sheet as at 31 December 2006, 31 December 2005 and 31 December 2004, the combined profit and loss account, the combined cash flow statement and the combined statement of changes in equity, as well as the summary of significant accounting policies and other explanatory notes. The combined balance sheet shows total assets of 56,038(000) EUR as of 31 December 2006, 54,786(000) as of 31 December 2005 and 47,905(000) as of 31 December 2004. The combined net profit (loss) for the financial year amounted to 2,857(000) EUR as of 31 December 2006, -1,411(000) EUR as of 31 December 2005 and 2,578(000) as of 31 December 2004.

Unqualified audit opinion on the combined financial statements

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

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the combined financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. We have assessed the basis of the accounting methods used, the consolidation policies, the reasonableness of accounting estimates made by the Company and the presentation of the combined financial statements, taken as a whole. Finally, the board of directors and responsible officers of the Company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the combined financial statements give a true and fair view of the Group's financial position as of 31 December, 2006, 2005 and 2004 and of its results and its cash flows for the years then ended, in accordance with International Financial Reporting Standards as adopted by the EU.

Antwerp, 24 April 2007

The Statutory Auditor

DELOITTE Bedrijfsrevisoren
BV o.v.v.e. CVBA
Represented by Frank Verhaegen

11.3. Pro forma financial information

11.3.1. Introduction

This pro forma financial information has been prepared to clarify the manner in which the profit and loss account prepared on 31 December 2006 and the balance sheet of the Alfacam-Euro1080 Consortium would be affected under the assumptions that on 1 January 2006:

- the umbrella holding Alfacam Group was established by a contribution in cash of 61,502 EUR;
- the holding's expenses and income for 2006 are insignificant; and
- the contribution in kind of all Alfacam and Euro1080 shares in Alfacam Group would already have been completed.

The pro forma financial information was prepared for illustrative purposes only and is based on a hypothetical situation. As a result, this presentation does not present Alfacam Group's actual financial position and results.

11.3.2. Pro forma consolidated profit and loss account and balance sheet

Pro forma consolidated profit and loss account

In 1,000 EUR	Audited profit and loss account 31/12/2006	Pro forma adjustments	Pro forma 31/12/2006
Revenue	24,124	0	24,124
Other operating income	3,832	0	3,832
Freelancers	-3,545	0	-3,545
Personnel costs	-3,714	0	-3,714
Depreciation	-6,321	0	-6,321
Amortisation	-428	0	-428
Other operating expense	-7,737	0	-7,737
Operating expense	-21,745	0	-21,745
OPERATING PROFIT (LOSS)	6,211	0	6,211
Financial income	19	0	19
Financial expense	-2,801	0	-2,801
PROFIT (LOSS) BEFORE TAXES	3,429	0	3,429
Income taxes	-572	0	-572
NET PROFIT (LOSS)	2,857	0	2,857

Pro forma consolidated balance sheet

In 1,000 EUR	Audited balance sheet 31/12/2006	Pro forma adjustments	Pro forma balance sheet 31/12/2006
Goodwill	258	0	258
Intangible assets	88	0	88
Property, plant and equipment	43,976	0	43,976
Land and buildings	10,035	0	10,035
Technical equipment	33,167	0	33,167
Other	532	0	532
Assets under construction	242	0	242
Investment property	1,359	0	1,359
Other assets	936	0	936
Deferred tax assets	1,709	0	1,709
Non-current assets	48,326	0	48,326
Goods for resale	665	0	665
Trade receivables	4,390	0	4,390
Other receivables	2,256	0	2,256
Assets held for sale	0	0	0
Cash and cash equivalents	401	62	463
Current assets	7,712	62	7,774
ASSETS	56,038	62	56,100
Share capital	176	62	238
Share premium	2,412	0	2,412
Reserves	6,132	0	6,132
Equity	8,720	62	8,782
Finance leases	9,625	0	9,625
Long-term borrowings	6,513	0	6,513
Advances received	5,677	0	5,677
Deferred tax liabilities	2,532	0	2,532
Other liabilities	80	0	80
Long-term liabilities	24,427	0	24,427
Current portion of finance leases	7,460	0	7,460
Current portion of long-term borrowings	5,204	0	5,204
Short-term financial liabilities	1,231	0	1,231
Trade payables	3,633	0	3,633
Advances received	4,348	0	4,348
Tax payables	29	0	29
Other liabilities	986	0	986
Current liabilities	22,891	0	22,891
EQUITY and LIABILITIES	56,038	62	56,100

Notes to the pro forma consolidated profit and loss account and balance sheet

The pro forma financial information was prepared using the following assumptions:

- the umbrella holding Alfacam Group was founded by a contribution in cash of 61,502 EUR;
- the holding's expenses and income for 2006 are insignificant; and
- the contribution in kind of all Alfacam and Euro1080 shares in Alfacam Group was already completed on 1 January 2006.

The columns "Audited profit and loss account" and "Audited balance sheet" contain the figures taken from section 11.2 "Combined accounts for the Alfacam-Euro1080 Consortium 2004-2006, including the consolidated IFRS accounts for Alfacam and Euro1080".

The valuation rules for the preparation of the Alfacam Group's pro forma financial information are the same as used for that of the combined Alfacam-Euro1080 Consortium. We refer you to section 11.2.6. "Notes to the Combined accounts".

The Contribution in Kind of the Alfacam and Euro1080 shares in Alfacam Group must in the IFRS consolidated accounts of the Alfacam Group be considered as a transaction between entities under common control and therefore fall outside the scope of IFRS 3 Business combinations. Since this contribution reflects only a legal restructuring, the "pooling of interests" method has been applied in this case. The share capital created by the Contribution in Kind, increased by any share premium amounts, is eliminated in the IFRS consolidation with respect to holdings in associated entities, in particular the holdings in Alfacam and Euro1080. Thus, the Contribution in Kind has no impact on the Group's financial position or its results.

Taking the assumptions into account, the pro forma adjustments relate only to the cash contribution resulting from the incorporation of Alfacam Group. This increased cash and cash equivalents, and share capital by EUR 61,502. No formal adjustment was made to the profit and loss account since the holding company's expenses and income are insignificant.

11.3.3. Report of the independent accountant concerning the pro forma financial information

We report on the pro forma consolidated profit and loss account and the pro forma consolidated balance sheet (the "Pro forma financial information") as presented in section 11.3.2. "Pro forma consolidated profit and loss account and balance sheet" of the Prospectus dated 24 April 2007. The pro forma financial information is compiled purely for illustrative purposes on the basis of the notes included in section 11.3.2. "Pro forma consolidated profit and loss account and balance sheet". Their purpose is to clarify the way in which the consolidated profit and loss account and balance sheet of the Alfacam-Euro1080 Consortium would be affected if the incorporation of Alfacam Group NV had already been completed on 1 January 2006 through the contribution in cash and the Contribution in Kind of all shares of Alfacam NV and Euro1080 NV. This report is required under Annex II Item 7 of Commission Regulation (EC) no. 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The compilation of Pro forma financial information in accordance with Annex I Item 20.2 and Annex II Items 1 through 6 of the Prospectus Directive Regulation is the responsibility of the board of directors of Alfacam Group (the "Issuing Entity"). Our responsibility is to form an opinion as to the proper compilation of the Pro forma financial information in accordance with the principles applied.

In providing this opinion we are not updating or refreshing any reports previously made by us on any financial information used in the compilation of the Pro forma financial information.

Basis for opinion

We conducted our audit in accordance with the general audit standards applicable in Belgium, as issued by the Institute of Company Auditors (IBR). Applying these audit standards, we performed an audit to obtain audit evidence about the amounts reported in the Pro forma financial information and notes. The procedures consisted primarily of comparing the unadjusted financial information with the combined IFRS accounts of the Alfacam-Euro1080 Consortium, considering the evidence supporting the adjustments, and discussing of the pro forma financial information with the board of directors and management of the Issuing Entity.

Opinion

In our opinion:

- a) the pro forma financial information was properly compiled on the basis stated; and
- b) that basis is consistent with the accounting policies of the Issuer.

Antwerp, 24 April 2007

DELOITTE Bedrijfsrevisoren

BV o.v.v.e. CVBA

Represented by Frank Verhaegen and Gert Vanhees

12. GLOSSARY

Analogue	A transmission method in which the original signal (picture or speech) is converted and is transferred as an electrical signal. Signals are transmitted by the continuous modulation of, for instance, the frequency, the amplitude or the phase of the transmission. Analogue signals require more capacity for the transmission of larger volumes of data and are more susceptible to decay than when use is made of digital transmission .
ARPU	Average monthly revenue per user. ARPU can refer to an individual service or to the total revenue from an individual customer.
Content	Programs that are broadcasted through a TV-channel.
Digital	The television information is converted by a coding device into a signal using bits & bites. The signal becomes a data package that is distributed.
Digital receiver	Decoder, or set-top box, is a device that is placed by the receiver of a signal, and which decodes the signal into an analogue RGB (Red Green Blue) signal that will be converted into a picture
Distributor	The company that disseminates the TV channels to the living rooms, cinemas or theatres. A distributor operates via the cable, satellite, digitally, terrestrially or via DSL network.
Wireless TV Services	TV services where the transfer of data from the recording location to the receiver happens in a wireless manner, either through satellite or digitally terrestrial.
EPG	Electronic Programme Guide, is the menu structure set up by a distributor. The viewer can use the 4 coloured buttons on the remote control to operate the PVR.
Eurocam Media Center	The Alfacam Group's media centre that houses recording studio's, office space, production rooms, a tavern and a number of guest rooms.
Full HD	Separate set-top box/decoder is required.
HD	High Definition for which a specific TV set is required
HD Ready	TV set with built-in decoder that is capable of showing HD-quality images.
HDTV	High Definition television that provides an exceptionally sharp picture quality thanks to many more pixels (picture points) and lines. To be able to watch HDTV, the TV viewer must possess a "Full HD" or "HD Ready" television set with adapted decoder that is compatible with the TV set.
HDTV Digital 1080i50 signal	A television format with a picture resolution of 1080 pixels horizontally and 1920 pixels vertically, which is usually composed of 50 half-fields per second to avoid apparent vibrating of the picture. The composition with 50 half-pictures that make up a single frame is called "interlaced". When the picture is formed by 25 complete screens, the format is called "progressive ". This technique is mainly used in cinemas.

Cable	Underground fibre optic cable used for distributing signals to the viewers' houses. In the past cables were used for analogue frequencies which could be tuned to by TV sets with built-in receiver devices.
KDG College	Karel de Grote College, Van Schoonbekestraat 143, 2018 Antwerp, a college of the Antwerp University with a specific campus for audio-visual and visual arts.
Sound vans	HDTV pictures have 5.1 digital sound by default.
MPEG2 - MPEG4	The coding and compression technology of a picture from the distribution point and the decoding (decryption) and expansion of the picture at the receiver. It is comparable with formats such as JPEG, TIFF or PDF. MPEG2 has existed for about 10 years and was improved in 2005-2006 to MPEG4. MPEG4-chips have been available on the market since mid-2006. The electronic picture stream can be reduced to 9MB/sec.
Multicamera TV Services	The activities of Alfacam NV, Alfacam France and Alfacam Germany.
Native Digital HDTV	The digital signal of 1.5GB/sec data stream. The signal can be compressed with MPEG2 and MPEG4 coding technology down to 19MB and 9MB per second respectively.
OB van	Outside Broadcast vans are mobile control rooms for processing sound and pictures and transmitting them to the studio or end-user. Signals from cameras and microphones are received in the OB van and processed there to be stored or broadcast, or both.
On Demand	Television programmes that can be requested and chosen by the viewers at the time they want to see them. They pay a reimbursement for this customised on demand service.
Playout	Playout shows the transmission of radio or TV channels from the Media Center to the networks that transport the signals to the public. This transmission can be via terrestrial transmission equipment, cable networks, or satellites.
Push on Demand	The distributor sends programmes to specific receivers/viewers. These programmes are stored on the hard disc of the recipient's personal video recorder and remain available there for a period stipulated in advance by the distributor.
PVR	Personal video recorder in a digital network on which pictures can be recorded and stored. Some PVRs can be managed by the subscriber, others are managed and controlled by the distributor.
RGB	In the camera a picture is composed by a chip that converts the incoming light signals into Red Green and Blue (RGB) values. These values are digitalised and transported to a screen. At the receiver, the digital values are converted back again into RGB values for each pixel, thus creating a colour picture.

SNG vans	Satellite vans, vans with a satellite dish on the roof that can make a connection with the majority of satellites. The Alfacam SNG vans are all equipped for HDTV.
Special Event	Events for which 3 or more OB vans are used and often require calling in of freelancers, local or otherwise.
Special Top Event	Large Special Events with global character, like Olympic Games and European or World Championships football.
Standard Event	Events for which a limited number of OB vans are used and for which the technicians are often hired in by the client.
5.1 Surround	An audio coding technique in which the sound is produced from 5 directions (left, middle, right, left half-way and right half-way), and a 6 th channel for the effects of the powerful low frequency that is more 'felt' than heard, such as that in cinemas.
Terrestrial	In the TV sector, terrestrial means conventional wireless TV transmission to distinguish this from satellite or cable transmission.

ANNEX - Reports of the Board of Directors and of the Statutory Auditor relating to the Contribution in Kind in accordance with article 602 of the Code of Companies

SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 602 OF THE CODE OF COMPANIES

1. Preamble

We have the honour to report to the shareholders of the Company in accordance with article 602 of the Code of Companies, which states that whenever a company wishes to increase its share capital by way of a contribution in kind, the board of directors must draw up a special report discussing the benefits to the company of the contribution, as well as the proposed capital increase, and, as the case may be, the reasons why there is a divergence from the conclusions of the report of the company's statutory auditor enclosed herewith.

2. Transaction

The purpose of this report is to provide the shareholders of the Company with information about the proposed capital increase through a contribution in kind.

The capital increase shall be conducted by way of issuance of 6,813,474 new shares in the Company to:

- (i) the current shareholders of Alfacam NV, a limited liability company with registered office at Fabriekstraat 38, 2547 Lint, with enterprise number 0431.780.652 ("**Alfacam**"), being GIMV NV, Adviesbeheer GIMV Corporate Investments Belgium NV and Gabriel Fehervari (the "**Alfacam Contributors**"), in consideration for the total contribution of 4,565,220 shares in Alfacam, representing 100% of the shares issued by Alfacam (the "**Alfacam Shares To Be Contributed**"); and
- (ii) the current shareholders of Euro1080 NV, a limited liability company with registered office at Fabriekstraat 38, 2547 Lint, with enterprise number 0859.635.774 ("**Euro 1080**"), being GIMV NV, Adviesbeheer GIMV Corporate Investments Belgium NV and Sigmacam NV (the "**Euro 1080 Contributors**"), in consideration for the total contribution of 2,248,254 shares in Euro 1080, representing 100% of the shares issued by Euro 1080 (the "**Euro 1080 Shares To Be Contributed**").

The Alfacam Shares To Be Contributed and the Euro 1080 Shares To Be Contributed shall hereinafter be jointly referred to as the "**Assets To Be Contributed**".

The Alfacam Contributors and the Euro 1080 Contributors shall hereinafter be jointly referred to as the "**Contributors**".

The capital increase as described above through the contribution of the Assets To Be Contributed is subject to the condition precedent of (i) the determination of the final offering price by the board of directors and the selling shareholder in agreement with the joint lead managers, immediately following the *bookbuilding* procedure (the "**Bookbuilding Procedure**"), which shall take place within the scope of a planned IPO by the Company and (ii) the execution of the underwriting agreement.

The issue price of the new shares to be issued (and therefore: the amount of the capital increase through a contribution of the Assets To Be Contributed) shall be conventionally determined on the basis of the final offering price, which will be determined by the board of directors of the

Company and the selling shareholder in agreement with the joint lead managers following the Bookbuilding Procedure.

As a consequence of the capital increase through the contribution of the Assets To Be Contributed, the Company shall become the new holding company of the group of companies composed of Alfacam, Euro 1080, and the subsidiaries of Alfacam, being:

- (i) Eurolinx NV, with registered office at Fabriekstraat 38, 2547 Lint, with enterprise number 0446.955.808;
- (ii) the company organised and existing under French law, Alfacam France S.A.S., with registered office at 28 Avenue de Rome-Les Estroublans, 13127 Vitrolles, with enterprise number 481 783 694; and
- (iii) the company organised and existing under German law, Alfacam Deutschland GmbH, with registered office at 108 Fresinger Strasse, 85737 Ismanig-Fischerhäuser, with enterprise number 134 995 (jointly referred to as the “**Group**”).

The capital increase through the contribution in cash within the context of the IPO on the Eurolist by Euronext Brussels shall be resolved upon by the same extraordinary meeting of shareholders that resolves on the capital increase through a contribution in kind.

The capital increase and the contribution in kind of the Assets To Be Contributed shall be realised as follows:

Capital increase: the share capital of the Company shall be increased with an amount equal to the price per share (*i.e.*, the final offering price as determined by the Company’s board of directors and the selling shareholder in agreement with the joint lead managers following the Bookbuilding Procedure), to be multiplied with 6,813,474 new shares that will be issued by the Company in consideration for the contribution in kind of the Assets To Be Contributed in the manner as described above.

Issue price of the new shares: the new shares shall be issued at a conventional price per share that will be equal to the final offering price as determined by the board of directors of the Company and the selling shareholder in agreement with the joint lead managers immediately following the Bookbuilding Procedure that will take place for the shares offered in the light of a planned IPO and as will be elaborated on in greater detail in section 5 *infra* and in the prospectus that is to be drawn up for that purpose. The final offering price cannot be below the fractional value of the existing shares (being 7 EUR).

Contribution in kind and consideration for the contribution: in consideration for the contribution in kind of the Alfacam Shares To Be Contributed and of the Euro 1080 Shares To Be Contributed, the Contributors shall receive a total of 6,813,474 new shares.

Rights attached to the new shares: The new shares shall be of the same kind as the existing shares in the Company and shall be granted the same rights and benefits as the then existing shares in the Company.

Form of the new shares: the new shares shall be registered shares or bearer shares in book-entry form.

3. Description of the Assets To Be Contributed

The Contributors shall contribute the following assets to the Company:

- (i) Gabriel Fehervari: 3,473,580 Class A shares in Alfacam;
- (ii) Sigmacam NV: 1,711,000 Class A shares in Euro1080;
- (iii) GIMV NV:
1,030,380 Class B shares in Alfacam;
506,456 Class B shares in Euro1080

- (iv) Adviesbeheer GIMV Corporate Investments Belgium NV:
 - 61,260 Class B shares in Alfacam;
 - 30,798 Class B shares in Euro1080.

4. Consideration for the contribution in kind

In order to determine the consideration for the Alfacam Shares To Be Contributed and the Euro 1080 Shares To Be Contributed, a calculation was made of the relative value of, respectively, the Alfacam Shares To Be Contributed and the Euro 1080 Shares To Be Contributed vis-à-vis the total of the Assets To Be Contributed.

As a result thereof, it was established by mutual agreement between the shareholders of Alfacam and Euro1080 that:

- (i) the value of the Alfacam Shares To Be Contributed amounts to 67 % of the value of the Assets To Be Contributed; and
- (ii) the value of the Euro 1080 Shares To Be Contributed amounts to 33 % of the value of the Assets To Be Contributed.

For the purpose of:

- (i) reflecting this value-ratio in the number of shares in the Company that are to be issued in consideration for, respectively, the Alfacam Shares To Be Contributed and the Euro 1080 Shares To Be Contributed; and
- (ii) in order to issue, in consideration for the contribution of each Alfacam Share To Be Contributed and for the contribution of each Euro 1080 Share To Be Contributed, 1 share in the Company;

a split was carried out, prior to the capital increase, of the shares of Alfacam and Euro 1080 with a factor of 60, respectively 1,711, so that the number of shares in Alfacam was brought from 76,087 to 4,565,220 and the number of shares in Euro1080 was brought from 1,314 to 2,248,254.

On that basis, the Company shall, in consideration for the contribution in kind of the Assets To Be Contributed, issue 6,813,474 new shares, constituting a consideration of

- (i) 4,565,220 new shares in the Company for 4,565,220 Alfacam Shares To Be Contributed; and
- (ii) 2,248,254 new shares in the Company for 2.248.254 Euro 1080 Shares To Be Contributed.

Since the proposed capital increase shall be carried out through a contribution in kind, the pre-emptive right of the existing shareholders of the Company will not be applicable.

The Contributors shall receive the following newly to be issued shares in the Company in consideration for their respective contribution:

- (i) Gabriel Fehervari: 3,473,580 shares in the Company;
- (ii) Sigmacam NV: 1,711,000 shares in de Company;
- (iii) GIMV NV: 1,536,836 shares in the Company;
- (iv) Adviesbeheer GIMV Corporate Investments Belgium NV: 92,058 shares in the Company.

Total: 6,813,474 shares in the Company

5. Valuation method

The Company's Statutory Auditor, Deloitte Bedrijfsrevisoren CVBA, represented by Mr. Frank Verhaegen and Mr. Gert Vanhees, has drawn up a report regarding the capital increase through the contribution in kind of the Assets To Be Contributed in accordance with article 602 of the Code of Companies.

The board of directors agrees with the conclusion in the report of the Statutory Auditor. Both the report of the Statutory Auditor and the present report of the board of directors will, in accordance with article 75 of the Code of Companies, be deposited with the clerk's office of the Commercial Court of Antwerp.

The Assets To Be Contributed will be valued at the price that investors are prepared to pay for one share of Alfacam Group on the capital markets. The price per share will be equal to the final offering price as it will be determined for the offered shares within the context of the planned public offering.

The final offering price will be determined on the basis of the Bookbuilding Procedure to which only institutional investors will be allowed to participate and that is expected to take place between 7 May 2007 and 23 May 2007. The final offering price shall be fixed somewhere within a price range that will be published in the financial press in Belgium on or about 4 May 2007.

The Company's board of directors and the selling shareholder will, in agreement with the joint lead managers, KBC Securities and ING België, determine the final offering price on the basis of the result of the Bookbuilding Procedure, taking into account the diverse qualitative and quantitative elements such as the number of requested shares, the volume of the requested shares, the quality of the subscribers, the prices at which the requests are being submitted, and the market conditions prevailing during the Bookbuilding Procedure.

In consequence of this price-fixing mechanism, the capital increase through the contribution in kind of the Assets To Be Contributed (as described supra) shall be subject to the condition precedent of the determination of the final offering price by the board of directors and the selling shareholder in agreement with the joint lead managers. The capital increase through contribution in kind of the Assets To Be Contributed is also subject to the condition precedent of the execution of the underwriting agreement.

6. Interest of the Company

The board of directors is of the opinion that the contribution in kind of the Assets To Be Contributed and the capital increase are in the interest of the Company.

The Company envisages raising funds on the capital markets and plans an initial public offering (IPO) and a listing of its shares on the Eurolist by Euronext Brussels.

In order to make the IPO possible, a holding company is to be incorporated and placed at the head of the Group. Within the context of this action, the Company was incorporated. The capital increase through the contribution in kind of the Assets To Be Contributed constitutes an essential element of this reorganisation and the conversion of the Company into the holding company of the Group.

The net proceeds realised by the issuance of new shares within the context of the planned IPO shall, in the first place, be used to repay the outstanding indebtedness to GIMV in the amount of 4 million EUR, to be increased with the interests due in the amount of 0.5 million EUR. In addition, the net proceeds of the new shares shall be used for investment purposes during the period 2007-2008 in Eurolinx NV for an amount of approximately 5 million EUR and also in server-related activities for an amount of approximately 5 million EUR. In addition, a portion of the net proceeds may be used for the completion of minor final construction works to the Eurocam Media Center or for possible investments in recording equipment for the Segment Multicamera TV-Services. If and when opportunities present themselves in the market, the possibility exists that the Company may contemplate a selective acquisition.

7. Financial consequences for the shareholders

Prior to the proposed capital increase through the contribution in kind of the Assets To Be Contributed, the Company's share capital amounts to 61,502 EUR, represented by 8,786 shares with a fractional value of 7 EUR per share.

Subscription to the capital increase through the contribution in kind shall be conducted by the existing shareholders of the Company, and this in the same proportion as their existing participation in the Company. The contribution in kind of the Assets To Be Contributed therefore shall, subject to some rounding-off differences, not have any influence on the current shareholding ratio in the Company.

8. Conclusion

In accordance with article 602 of the Code of Companies, the board of directors is of the opinion that the proposed capital increase through a contribution in kind of the Assets To Be Contributed, as described supra, and for the reasons referred to in the relevant above-mentioned paragraphs, is undertaken for the purpose of serving the best interests of the Company.

Furthermore, the board of directors notes that the Statutory Auditor is of the opinion that the valuation method used to determine the contribution in kind is reasonable and not arbitrary. In consequence, the report as composed and issued by the board of directors does not diverge from the Statutory Auditor's conclusion.

The board of directors invites the shareholders of the Company to resolve in favour of the capital increase through the contribution in kind of the Assets To Be Contributed.

Drawn up in Lint, on 20 April 2007

On behalf of the board of directors:

Sigmacam NV
Permanently represented by
Gabriel Fehervari

Alain Keppens

REPORT OF THE STATUTORY AUDITOR REGARDING THE CONTRIBUTION IN KIND WITH REFERENCE TO THE PLANNED CAPITAL INCREASE IN PURSUANCE OF ARTICLE 602 OF THE CODE OF COMPANIES

1. Preamble
2. Identification of the proposed transaction
3. Description of the contribution and the applied method of valuation
 - 3.1 Description of the Contribution in Kind
 - 3.2 Valuation method applied
4. The compensation granted in consideration
5. Performed audit procedures
6. Conclusion

1. Preamble

Pursuant to article 602 of the Belgian Code of Companies, the civil cooperative partnership Deloitte Bedrijfsrevisoren, Company Auditors, represented by Mr. Frank Verhaegen, Lange Lozanastraat 270, 2018 Antwerp, and by Mr. Gert Vanhees, Berkenlaan 6b, 1831 Diegem, was appointed to draw up the report with reference to the proposed Contribution in Kind as prescribed by law.

The assignment with respect to this report reads as follows, in accordance of the said article 602:

“In the event a capital increase entails a Contribution in Kind, the statutory auditor or, for companies in which a statutory auditor has not been appointed, an auditor designated by the Board of Directors , shall draw up a report in advance thereof.

This report shall have particular reference to the description of each Contribution in Kind and the applied methods of valuation. The report should indicate whether the valuations resulting from these methods do, as a minimum requirement, correspond to the number of the nominal value or, in case of the absence of a nominal value, the fractional value and, case pertaining, to the share premium of the shares issued in consideration of the contribution. The report shall indicate the real consideration issued in consideration of the contribution.(...)”

Consequently, the aim of our report is to provide the shareholders of the company with information regarding the application of the valuation methods used by the directors in fixing the value of the contribution and to determine, under the given circumstances, whether or not these methods are reasonable and not arbitrary. We thus have refrained from conducting a valuation of the contribution and the compensation allotted as a consideration and we do not express an opinion with regards to the legitimacy and the fairness of the transaction in casu.

2. Identification of the proposed transaction

The NV Alfacam Group, the receiving company of the contribution (referred to hereinafter as “the Company”), was incorporated by deed executed before Mr. Frank Liesse, notary-public in Antwerp on 5 April 2007 and registered under the enterprise number 0888.585.821.

The current share capital of the NV Alfacam Group (before the planned capital increase by contribution in kind) amounts to 61,502.00 EUR, represented by 8,786 shares without nominal value, each of which represents an equal portion of the capital in the amount of 1/8,786 of the capital, namely 7.00 EUR per share.

The shareholder structure of Alfacam Group NV (before the planned capital increase by the Contribution in Kind) may be summarised as follows, this on the basis of the shareholders’ register:

Shareholder	Number of shares in Alfacam Group NV	Participation in the Alfacam Group NV
Gabriel Fehervari	4,479 shares	51 %
Sigmacam NV	2,206 shares	25 %
GIMV NV	1,983 shares	23 %
Adviesbeheer GIMV Corporate Investments Belgium NV	118 shares	1 %
Total	8,786 shares	100 %

The capital increase of the Company Alfacam Group NV through the Contribution in Kind is made up of all of the at that moment existing shares of Alfacam NV and of all of the at that moment existing shares of Euro 1080 NV.

The limited companies Alfacam and Euro 1080 shall, for the determination of the Contribution in Kind and in pursuance of article 10 of the Code of Companies, form a consortium. In effect, the said article does indeed make reference to the existence of a consortium when a company, on the one hand, and one or more other companies under Belgian or foreign law, on the other, that are not subsidiaries of each other nor are subsidiaries of the selfsame company, are operating under one and the same central management. Alfacam NV and Euro 1080 NV are indisputably considered to operate under the said central management, since the majority of their shares are in an indirect manner held by the same individuals and their management bodies are mostly made up by the same persons.

The capital increase through the Contribution in Kind will create an umbrella holding company that will hold participations in the operating companies Alfacam NV and Euro 1080 NV. Alfacam Group NV is considering raising funds on the capital markets and is planning an initial public offering (IPO) and a listing of its shares on the Eurolist of Euronext Brussels. The net proceeds from the issuance of new shares in the context of the IPO shall, conjointly with other purposes, be applied by Alfacam Group NV to finance the future investments and the operating capital of its subsidiary companies.

The capital increase through the Contribution in Kind is conditional on the determination by the joint lead managers in agreement with the Board of Directors and the selling shareholder of the final Offering Price for the shares of Alfacam Group NV that will be offered within the context of the planned IPO of the Company's shares and the signing of the underwriting agreement.

The chronological sequence of the planned transactions can be summarized as follows :

- book-building procedure in the context of the planned IPO of the Company's shares;
- determination of the final Offering Price for the offered shares during the planned IPO and signing of the underwriting agreement;
- contribution in kind of all shares of Alfacam NV and all shares of Euro 1080 NV;
- contribution in cash at time of IPO.

The contribution of the shares of Alfacam and the shares of Euro 1080 shall be compensated by 6,0813,474 shares of Alfacam Group NV to be issued. The capital of the company shall be increased by an amount that is equal to the final Offering Price per share, which shall be determined by the Joint Lead Managers in agreement with the Board of Directors of the Company and the selling shareholder immediately following the book-building procedure, to be multiplied by 6,813,474 new shares of the Company to be issued in consideration for the Contribution in Kind. Nonetheless, the Board of Directors shall ensure that the final Offering Price will not be lower than the fractional value of the existing shares, this being 7.00 EUR per share.

3. Description of the contribution and the applied method of valuation

3.1. Description of the Contribution in Kind

Shares Alfacam NV

The Contribution in Kind encompasses all existing (4.565.220) shares of the limited company Alfacam, having its registered offices in Belgium, at Fabriekstraat 38, in 2547 Lint at the moment of the Contribution in Kind.

The shares to be contributed are integrally and in full title the ownership of the following contributors:

Shareholder	Number of Shares in Alfacam NV	Class	Participation in Alfacam NV
Gabriel Fehervari	3,473,580 shares	Class A	76 %
GIMV NV	1,030,380 shares	Class B	23 %
Adviesbeheer GIMV Corporate Investments Belgium NV	61,260 shares	Class B	1 %
Total	4,565,220 shares		100 %

Shares Euro 1080 NV

The Contribution in Kind encompasses all existing (2.248.254) shares of the company with limited liability Euro 1080, having its registered offices in Belgium, on Fabriekstraat 38, in 2547 Lint at the moment of the Contribution in Kind.

The shares to be contributed are integrally and in full title the ownership of the following contributors:

Shareholder	Number of shares in Euro 1080 NV	Class	Participation in Euro 1080 NV
Sigmacam NV	1,711,000 shares	Class A	76 %
GIMV NV	506,456 shares	Class B	23 %
Adviesbeheer GIMV Corporate Investments Belgium NV	30,798 shares	Class B	1 %
Total	2,248,254 shares		100 %

3.2. Valuation method applied

One share of Alfacam NV shall be compensated by one share of Alfacam Group NV. One share of Euro 1080 NV shall likewise be compensated by one share of Alfacam Group NV. The number of outstanding shares of Alfacam NV amounts to 4,456,220 shares vis-à-vis 2,248,254 outstanding shares of Euro 1080 NV. It follows then that the value of the Alfacam NV shares represents 67% of the integral Contribution in Kind vis-à-vis 33% for the value of the shares of Euro 1080 NV. The distribution of the value between the shares of Alfacam NV and the shares of Euro 1080 NV has been established by mutual agreement amongst the shareholders of Alfacam NV and the shareholders of Euro 1080 NV.

The contributed shares shall be valued at the price that investors are willing to pay for one share of Alfacam Group on the capital markets. The price shall be equated with the final Offering Price that will be determined for the offered shares within the context of the planned IPO.

The Joint Lead Managers, KBC Securities and ING Belgium, shall, in agreement with the board of directors of the Company and the selling shareholder, determine the final Offering Price on the basis of a book-building procedure whereby solely institutional investors will be allowed to indicate the number of shares they wish to acquire and at what price/prices within a pre-defined price range. The determination of the Offering Price shall take place following analysis of the order book and taking into account the qualitative and quantitative elements, including, but not limited to, the number of shares requested, the size of the orders, the capacity of the investors that have placed these orders, and the prices at which the orders are placed, as well as the market conditions at that particular moment.

The Offering Price shall under no circumstance exceed the upper limit of the price range. At the same time, the Board of Directors shall ensure that the final Offering Price will not be lower than the fractional value of the existing shares, being 7 EUR per share. There will be only one single Offering Price, in euro currency, which will be valid vis-à-vis the retail investors as well as the institutional investors. It is expected that the the price range will be fixed on 3 May 2007.

The book-building procedure is expected to take place between 7 May 2007 and 23 May 2007. Since in this procedure the final Offering Price will be based on orders from independent institutional investors, we are of the opinion that the valuation method applied by the parties with regards to the Contribution in Kind is reasonable and not arbitrary.

4. The compensation granted in consideration

The shareholders of Alfacam Group NV are agreed :

- to compensate the contributors of the 4,565,220 shares of Alfacam NV by means of the issue of 4.565.220 new shares in Alfacam Group, being a compensation that is composed of 1 share of Alfacam NV for 1 share of Alfacam Group NV. The newly to be issued shares will be of the same type and will have the same rights and benefits as is the case for the existing shares of Alfacam Group NV.

Shareholder	Number of shares in Alfacam NV	Class	Participation in Alfacam NV	Consideration number of shares in Alfacam Group NV
Gabriel Fehervari	3,473,580 shares	Class A	76 %	3.473.580 aandelen
GIMV NV	1,030,380 shares	Class B	23 %	1.030.380 aandelen
Adviesbeheer GIMV Corporate Investments	61,260 shares	Class B	1 %	61.260 aandelen
Total	4,565,220 shares		100 %	4.565.220 aandelen

- to compensate the contributors of the 2,248,254 shares of Euro 1080 NV by means of the issue of 2.248.254 new shares in Alfacam Group, being a consideration that is composed of 1 share of Euro 1080 NV for 1 share of Alfacam Group NV. The newly to be issued shares will be of the same type and will have the same rights and benefits as is the case for the existing shares of Alfacam Group NV.

Shareholder	Number of shares in Euro 1080 NV	Class	Participation in Euro 1080 NV	Consideration number of shares in Alfacam Group NV
Sigmacam NV	1,711,000 shares	Class A	76 %	1,711,000 shares
GIMV NV	506,456 shares	Class B	23 %	506,456 shares
Adviesbeheer GIMV Corporate Investments Belgium NV	30,798 shares	Class B	1 %	30,798 shares
Total	2,248,254 shares		100 %	2,248,254 shares

The following table summarizes the shareholder structure of Alfacam Group NV before and after the Contribution in Kind. We note herewith that the shareholder structure has not been subject to any changes in percentage proportions.

Shareholder	Existing shares Alfacam Group NV (before Contribution in Kind)	Participation in Alfacam Group NV	New shares Alfacam Group NV (through Contribution in Kind)	Shares Alfacam Group NV (following Contribution in Kind)	Participation in Alfacam Group NV
Gabriel Fehervari	4,479 shares	51 %	3,473,580 shares	3,478,059 shares	51 %
Sigmacam NV	2,206 shares	25 %	1,711,000 shares	1,713,206 shares	25 %
GIMV NV	1,983 shares	23 %	1,536,836 shares	1,538,819 shares	23 %
Adviesbeheer GIMV Corporate Investments Belgium NV	118 shares	1 %	92,058 shares	92,176 shares	1%
Total	8,786 shares	100 %	6,813,474 shares	6,822,260 shares	100 %

5. Performed audit procedures

Our mission, conducted in accordance with the standards of the Institute of Chartered Accountants and Company Auditors in Belgium, includes sampling and audit procedures that were deemed necessary under the given circumstances, including therein a general examination of the administrative and accounting procedures and the system of internal controls used by the company, which we have judged to be satisfactory and adequate to justify our issuing this report.

The performed audit procedures were particularly directed to the existence, the description, and the applied valuation methodologies pertaining to the diverse elements of the Contribution in Kind.

Our performed audit procedures did, amongst others, encompass:

- the audit of the evidence related to the title of ownership of the contributed shares;
- the examination of the declarations drawn up by the contributors stating that the contributed shares are free and unencumbered;
- the examination of the most recently available annual accounts (financial year closed as per 31 December 2006) of the companies Alfacam NV and Euro 1080 NV;
- obtain an understanding of the applied valuation method;
- questioning the company's management personnel.

6. Conclusion

The capital increase of the company Alfacam Group NV, to be conducted through the Contribution in Kind, consists of all (4,565,220) shares of Alfacam NV existing at that moment and all (2,248,254) shares of Euro 1080 NV existing at that moment.

The transaction was audited in accordance with the standards of the Institute of Chartered Accountants and Company Auditors in Belgium with reference to Contributions in Kind. The Management body of the Company assumes responsibility for the valuation of the contributed elements and for the

determination of the number of shares to be issued by the Company as compensation for the Contribution in Kind.

At the completion of our audit procedures we are of the opinion that:

- the description of the Contribution in Kind is in accordance with the standard requirements of accuracy and transparency;
- the valuation method for the Contribution in Kind as applied by the parties is deemed to be reasonable and not arbitrary. The contributed shares of Alfacam NV and the contributed shares of Euro 1080 NV shall be valued at the final Offering Price following the book-building procedure at which the share of Alfacam Group NV shall be introduced on the Eurolist of the Euronext Brussels in May if the public offering can be carried out successfully

The value of the shares of Alfacam NV hereby represents 67% of the total of the Contribution in Kind vis-à-vis 33% for the value of the shares of Euro 1080 NV. This relative proportion has been determined in mutual agreement between the shareholders of Alfacam NV and the shareholders of Euro 1080 NV.

The final Offering Price shall be determined on the basis of a book-building procedure whereby only institutional investors will be allowed to indicate the number of shares they wish to acquire within a pre-determined price range and at what price. The Joint Lead Managers, KBC Securities and ING Belgium, shall, in agreement with the Board of Directors of Alfacam Group NV and the selling shareholder, determine the final Offering Price following an analysis of the order book and taking into account the qualitative and quantitative elements, including therein, but not limited to, the number of requested shares, the size of the orders, the capacity of the investors that have placed these orders, and the price/prices at which the orders are placed, as well as the market conditions prevailing at that moment. There will be only one single Offering Price, in euro currency, which shall be used both vis-à-vis the retail investors and the institutional investors.

Since at the moment of this report, the final Offering Price is not yet known, the capital increase by means of the Contribution in Kind is subject to the condition precedent of the determination of the final Offering Price by the Board of Directors of Alfacam Group NV. Consequently, at the time of this report, it is not possible to ascertain if the value determination as will result from the valuation method mathematically at least corresponds to the number and the fractional value of the shares to be issued in return for the Contribution.

Notwithstanding, the Board of Directors shall ensure that the final Offering Price will not be lower than the fractional value of the existing shares. As a result, in practice, the value determination shall mathematically at least correspond to the number and the fractional value and, case pertaining, to the premium of the shares to be issued in return for the Contribution.

In addition the capital increase through contribution in kind is subject to the condition precedent of the signing of the underwriting agreement.

The compensation in return for the Contribution in Kind of all shares of Alfacam NV consists of 4,565,220 shares of the Company Alfacam Group NV, without mention of nominal value. The compensation in return for the Contribution in Kind of all shares of Euro 1080 NV consists of 2,248,254 shares of the Company Alfacam Group NV, without mention of nominal value.

In conclusion, we wish to draw attention to the fact that in accordance with the auditing standards issued by the Institute of Chartered Accountants and Company Auditors, our mission does not include an opinion regarding the legitimacy and the fairness of the transaction in question, the value of the contribution, or the compensation allotted in consideration thereof.

The present report has been drawn up for the use of the Shareholders of the Company within the context of the capital increase as described supra and may therefore not serve any other purpose.

19 April 2007

The Auditor

Deloitte Bedrijfsrevisoren

Represented by Frank Verhaegen and Gert Vanhees