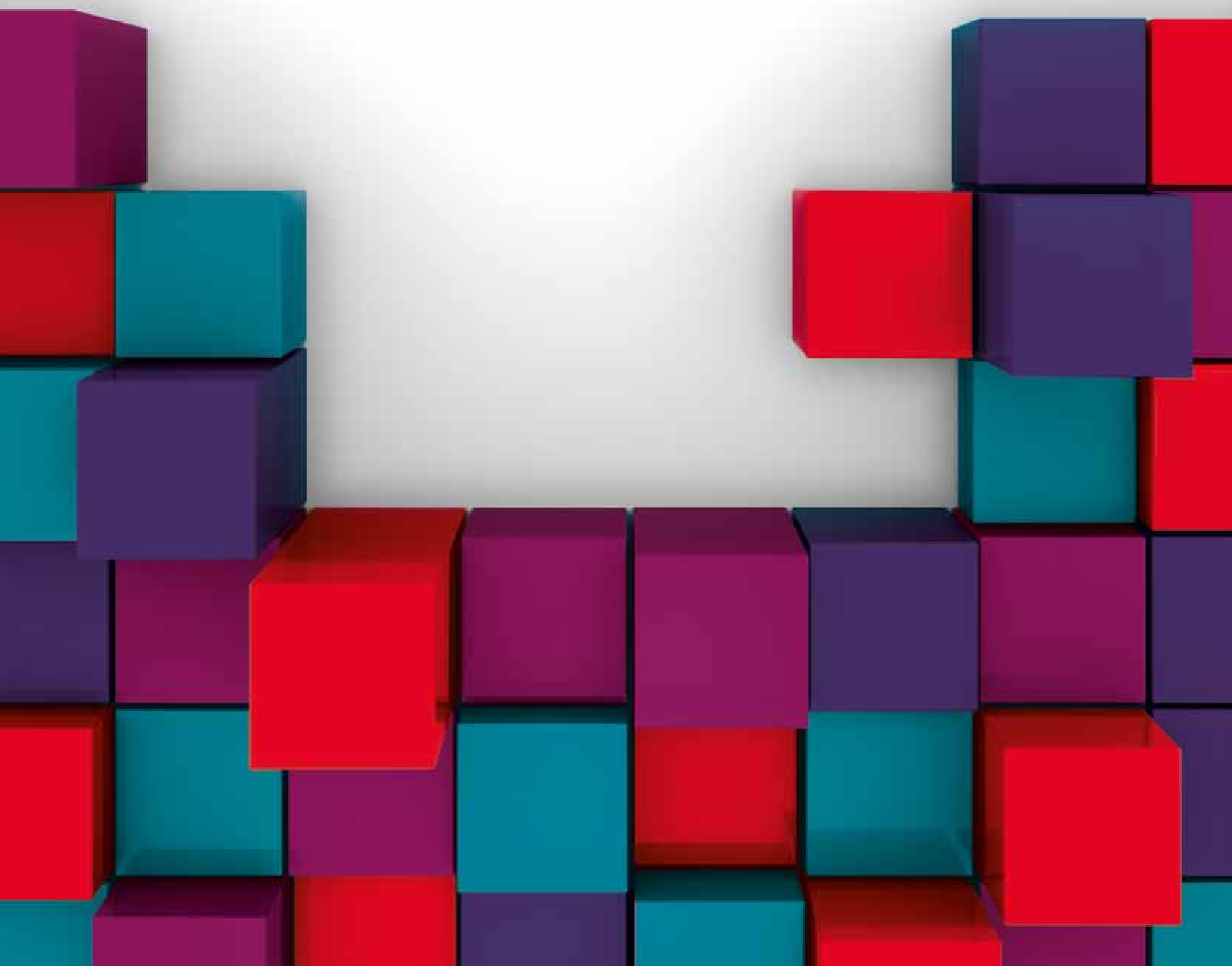
AGFA-GEVAERT

ANNUAL REPORT **2010**



MILLION EURO	2010	2009	2008	2007	2006
Revenue	**2,948**	**2,755**	**3,032**	**3,283**	**3,401**
Change vs. previous year	7.0%	(9.1)%	(7.6)%	(3.5)%	2.8%
Graphics	1,565	1,341	1,522	1,617	1,712
Share of Group sales	53.1%	48.7%	50.2%	49.3%	50.3%
HealthCare	1,180	1,178	1,223	1,392	1,452
Share of Group sales	40.0%	42.7%	40.3%	42.4%	42.7%
Specialty Products	203	236	287	274	237
Share of Group sales	6.9%	8.6%	9.5%	8.3%	7.0%
Gross profit[1-4]	998	886	961	1,158	1,299
Recurring EBIT[1-4]	266	182	135	197	256
Restructuring/non-recurring expenses	(32)	(12)	(158)	(72)	(191)
Profit/(loss) from operating activities	234	170	(23)[4]	125	65
Net finance costs	(94)	(114)	(83)[4]	(63)	(64)
Income tax expense	(36)	(49)	(60)	(19)	15
Profit/(loss) for the period	**104**	**7**	**(166)**	**43**	**16**
Profit attributable to:					
Equity holders of the Company	105	6	(167)	42	15
Non-controlling interests	(1)	1	1	1	1
Cash flow					
Net cash from/(used in) operating activities	235	266	77[5]	108	107
Capital expenditures[2]	(60)	(41)	(63)	(100)	(105)
Balance sheet - Dec. 31					
Equity	1,063	724	704	891	933
Net financial debt	161	445	673	721	704
Net working capital[3]	863	751	949	871	554
Total assets	3,086	2,852	3,160	3,559	3,832
Share information (Euro)					
Earnings per share (EPS)	0.80	0.05	(1.34)	0.34	0.12
Net operating cash flow per share	1.80	2.13	0.62[6]	0.87	0.86
Gross dividend	0	0	0	0	0.50
Book value per share	6.34	5.80	5.64	7.14	7.48
Number of ordinary shares outstanding at year-end	167,751,190	124,788,430	124,788,430	124,788,430	124,785,530
Weighted average number of ordinary shares	130,571,878	124,788,430	124,788,430	124,788,263	124,781,170
Employees (at year end)					
Full time equivalent permanent (active)	11,766	11,169	12,152	13,124	14,015

(1) Before restructuring/non-recurring items and gains/losses on divestitures and excluding the one-off income of 25 million Euro related to changes in the retiree medical plan in the Group's US affiliate booked in the fourth quarter of 2005.
(2) For intangible assets and property, plant and equipment.
(3) Current assets minus current liabilities.
(4) As reported 2008, restated. During 2009, the Group has consistently applied its accounting policies used in the previous year, except for the presentation of expenses with regard to the Group's defined benefit plans. The interest cost and the expected return on assets as well as the relative portion of the amortization of unrecognized losses (gains) that could not be attributed to active employees have been reclassified to 'Other finance income (expenses)'. For 2009, expenses amounting to 33 million Euro have been reclassified from 'Results from operating activities' to 'Net finance costs'. Comparative information for the year 2008 has been restated. For 2008, an income amounting to 3 million Euro has been reclassified from 'Results from operating activities' to 'Net finance costs'. The Group believes that this revised presentation provides information that is more relevant to users of the financial statements.
(5) As reported 2008, restated. In 2009, the 'Prefinancing by (of) AgfaPhoto related to the previous CI divestiture' is no longer presented on a separate line as considered immaterial. Comparative information for the year 2008 has been restated. For 2008 a cash outflow of 4 million Euro was reclassified to 'Other working capital'.
(6) As reported 2008, restated.

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Words in italic are explained in the Glossary (p.130)

Dear Shareholders,

The year 2010 was characterized by a modest pick-up of the economy. At the same time the world faced a raw material price increase which even accelerated towards the end of the year.

Despite the many economic uncertainties, Agfa-Gevaert was able to deliver – both in terms of top line and of EBIT – in line with the guidance the company gave in August 2010. The Agfa-Gevaert Group reported a full year revenue growth of about 200 million Euro versus 2009.

This significant revenue increase of 7.0 percent is largely attributable to Agfa Graphics. About half of this increase is due to the impact of the Pitman acquisition and the creation of the Agfa Graphics Asia joint venture with Shenzhen Brothers. Thanks to these strategic moves we were able to improve our competitive position in a number of important regions.

Agfa HealthCare's full year revenue was almost stable. The business group expects that the growth of its IT division will start to compensate for the revenue decline in the traditional business in the course of the second half of 2011.

The revenue of the smaller Agfa Specialty Products business group declined mainly because of the shift of part of the film business to Agfa Graphics and the market-driven decline for some of its Classic Film products.

In terms of EBIT, both Agfa Graphics and Agfa HealthCare met their targets in 2010. The Group's recurring EBIT improved strongly from 182 million Euro in 2009 to 266 million Euro in 2010.

In the second half of the year, Agfa-Gevaert announced the terms of a capital increase. We issued this offering in view of anticipated opportunities for growth, a further diversification of our sources of financing and a reinforcement of our balance sheet. The entire capital increase was completely subscribed for an amount of 148,221,522 Euro by existing as well as new shareholders.
The Board of Directors regards the successful subscription as a token of confidence from our investors and wishes to thank them for their trust in our company.
Due to the capital increase and our continued efforts to further reduce working capital, the company's net debt substantially improved to 161 million Euro, compared to 445 million Euro at the end of 2009.

Another token of confidence was received from the Canadian, the French, the European and the Flemish authorities, who provided different kinds of financial support for our R&D efforts. With this support, we will fund the research, development and innovation projects in our healthcare IT & imaging technology. These strategic projects aim to increase both the efficiency of healthcare and the quality of services for patients.
The Agfa Graphics business group, on the other hand, will further invest in the development of innovative systems and UV-inks for the growing industrial inkjet market and chemistry-free printing plates for the offset printing segment.
In Agfa Specialty Products, R&D remains focused on the development of new promising products, which are based on our core competencies in polyester film manufacturing and coating technologies.

We sincerely thank our shareholders for their confidence and support and we can assure them that we remain committed to create value for Agfa.
We are also grateful to our customers and our dealers for their confidence in our company and we intend to continue to serve all of them with advanced high-quality and reliable products and services.
Last but not least, we would also like to thank all of our employees for their contribution to the company in implementing the company's growth strategy and in realizing the 2010 results and for their special efforts in the past years.

This growth strategy of the company, that has been outlined and approved by the Board of Directors, remains the number one priority. To realize this strategy, we will require the use of all existing financial resources. Therefore the Board of Directors will propose to the Annual General Assembly of Shareholders not to pay a dividend.

Christian Reinaudo
President and Chief Executive Officer

Julien De Wilde
Chairman of the Board of Directors

COMPANY PROFILE

The Agfa-Gevaert Group develops, produces and distributes an extensive range of analog and digital imaging systems and IT solutions, mainly for the printing industry and the healthcare sector, as well as for specific industrial applications.

Global production and sales network

Agfa's headquarters and parent company are located in Mortsel, Belgium. The Group's operational activities are divided in three independent business groups, Agfa Graphics, Agfa HealthCare and Agfa Specialty Products. All business groups have strong market positions, well-defined strategies and full responsibilities, authority and accountability. The Company has production facilities around the world, with the largest production and research centers in Belgium, the United States, Canada, Germany, France, Italy and China. Agfa is commercially active worldwide through wholly owned sales organizations in more than 40 countries. In countries where Agfa does not have its own sales organization, the market is served by a network of agents and representatives.

Businesses

Agfa Graphics

Agfa Graphics offers integrated *prepress* solutions to the printing industry. These solutions comprise consumables, hardware, software and services for production workflow, project and color management. Agfa Graphics is a worldwide leader with its *computer-to-film*, *computer-to-plate* and digital *proofing* systems for commercial and packaging printing and the newspaper publishing markets.
Agfa Graphics is rapidly developing its position in the new segments of industrial *inkjet* with comprehensive solutions for various applications such as documents, posters, banners, signage, displays, labels and packaging materials. Its experience in both imaging and emulsion technology has provided the expertise required for developing a complete assortment of high-quality inks.

Agfa HealthCare

Agfa HealthCare is a leading provider of diagnostic imaging and healthcare IT solutions for hospitals and care centers around the world. The business group is a major player on the diagnostic imaging market, providing analog, digital and IT technologies to meet the needs of specialized clinicians worldwide. The Group is also a key player on the healthcare enterprise IT market, integrating administrative, financial and clinical workflows for entire, and even multiple, hospitals. Today Agfa HealthCare offers over 100 markets access to its leading technologies and solutions, which range from Clinical Information Systems (CIS) and Hospital Information Systems (HIS), Radiology Information Systems (RIS), *Picture Archiving and Communication Systems* (PACS), Data Centers, as well as advanced systems for reporting, cardiology, decision support, advanced clinical applications and data storage, systems for *Direct Radiography* (DR) and *Computed Radiography* (CR), classic X-ray film solutions and *contrast media*.

Agfa Specialty Products

Agfa Specialty Products supplies a wide variety of film-based products and high-tech solutions to large business-to-business customers outside the graphic and healthcare markets. Its main products are motion picture film, microfilm, film for *non-destructive testing* as well as film for the production of *printed circuit boards* (PCB's).
Agfa Specialty Products is active in growth areas with products based on its core competences: materials for smart cards, conductive *polymers* and related products, synthetic paper and *membranes* for gas separation.

Agfa´s most important production and R&D centers

1 Mortsel, Belgium
2 Ghent, Belgium
3 Wiesbaden, Germany
4 Munich, Germany
5 Bonn, Germany
6 Leeds, United Kingdom
7 Pont-à-Marcq, France
8 Bordeaux, France
9 Manerbio, Italy
10 Macerata, Italy
11 Yokneam Elit, Israel
12 Wuxi, China
13 Banwol, South Korea
14 Bushy Park, SC, USA
15 Branchburg, NJ, USA
16 Westerly, RI, USA
17 Thousand Oaks, CA, USA
18 Waterloo, Canada
19 Mississauga, Canada
20 Suzano, Brazil
21 Varela, Argentina

Milestones

1867	Founding of the Aktiengesellschaft für Anilinfabrikation (Agfa), Berlin, specialized in color dyes.
1894	Founding of L. Gevaert en Cie., Antwerp, specialized in photographic paper.
1964	Merger of Agfa and Gevaert.
1981	Agfa-Gevaert 100% owned by Bayer.
1996	Acquisition of Hoechst’s *printing plate* division (Germany).
1998	Acquisition of DuPont’s graphic film and *offset* plate activities (USA).
1999	IPO - On June 1, 1999, the Agfa shares were introduced to the stock market.
2004	Acquisitions of Dotrix (Belgium), developer of digital color print systems for industrial applications and of Symphonie On Line (France), developer of hospital information systems. Divestment of Consumer Imaging.
2005	Acquisition of GWI (Germany), developer of hospital information systems, and Heartlab (USA), developer of digital image and information networks for cardiology.
2009	Acquisition of *Insight Agents* (Germany), a European developer and producer of contrast media, and of *Gandi Innovations* (Canada), a global leader in large format inkjet systems.
2010	Agfa Graphics and *Shenzhen Brothers* create joint venture Agfa Graphics Asia to reinforce their position in the Greater China and *ASEAN* region. Acquisition of Harold M. Pitman Company, a leading US supplier of prepress, industrial inkjet, pressroom and packaging printing products and systems.

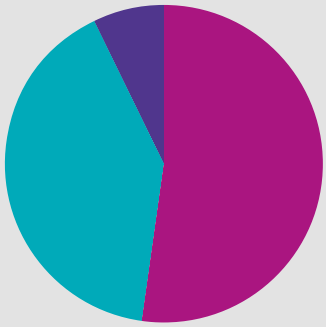
MANAGEMENT REPORT

Group Revenue

MILLION EURO

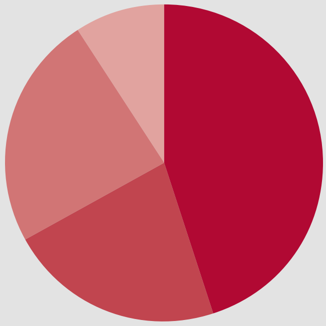
Share of Group Revenue 2010

PERCENT BY BUSINESS GROUP



Agfa Graphics	53.1%
Agfa HealthCare	40.0%
Agfa Specialty Products	6.9%

PERCENT BY REGION



Europe	45%
NAFTA	22%
Asia/Oceania/Africa	24%
Latin America	9%

Revenue

In 2010, the Agfa-Gevaert Group's revenue grew 7.0% to 2,948 million Euro (2,755 million Euro in 2009). About half of this increase was related to Agfa Graphics' joint venture in China and the acquisition of the *Harold M. Pitman Company.*
The exchange rate conditions had a beneficial impact of 3.8% on the Group's top line business performance.

The revenue of the Agfa Graphics business group increased by 16.7% (12.2% excluding currency effects) to 1,565 million Euro.
In the first half of the year, *prepress* revenue increased significantly in spite of the strong competitive pressure. The growth was due to a marked upturn in the digital *computer-to-plate* business and the business group's success in the analogue *computer-to-film* market.
In the second half of the year, prepress revenue growth was driven by the acquisition of the Harold M. Pitman Company, as well as the go-live of the Agfa Graphics Asia joint venture.

In the industrial *inkjet* segment, increasing equipment and ink volumes contributed to the strong revenue growth.
Agfa Graphics' revenue increase mainly comes from the USA and the emerging countries, whereas the recovery in most European countries was lagging behind the rest of the world.

Agfa HealthCare's full year revenue remained almost stable at 1,180 million Euro. Excluding currency effects, a decrease of 3.3% would have been posted. As expected, the growth in the IT division did not yet offset the revenue decline in the traditional business. The business group expects to see the turning point in the course of the second half of 2011.
In IT, the Imaging IT business performed according to expectations, with strong growth figures in the emerging markets and growing market shares in North America and Europe.

The Enterprise IT business performed well in the German speaking part of Europe, where Agfa HealthCare's ORBIS solution is well established. In France, Belgium and Luxembourg, the business is still in the investment phase.

In Imaging, the market for traditional film products continued to decline, whereas *Computed Radiography* and *Direct Radiography* performed well.

Agfa Specialty Products' revenue decreased by 33 million Euro, mainly due to the shift of part of its film business to Agfa Graphics and the market-driven decline for some of the Classic Film products.
The *Printed Circuit Board* film business performed well.

With 53.1% of revenue, Agfa Graphics remains the largest business group. Agfa HealthCare represents 40.0% and Agfa Specialty Products 6.9% of Group sales.

In 2010, Europe accounted for 45% of Group sales (2009: 51%), NAFTA for 22% (2009: 19%), Asia/Oceania/Africa for 24% (2009: 22%) and Latin America for 9% (2009: 8%).

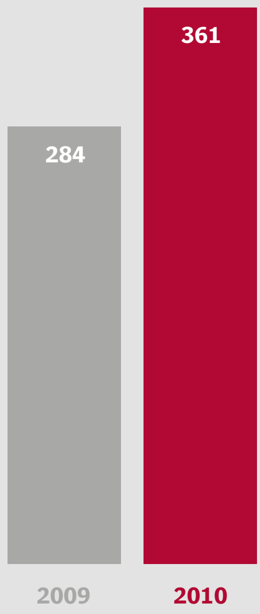
Key figures Profit & Loss

MILLION EURO

	2009	2010
Revenue	2,755	2,948
Recurring gross profit[1]	886	998
Recurring EBITDA[1]	284	361
Recurring EBIT[1]	182	266
Restructuring and non-recurring items	(12)	(32)
Profit from operating activities	170	234
Net finance costs	(114)	(94)
Profit attributable to the equity holders of the Company	6	105

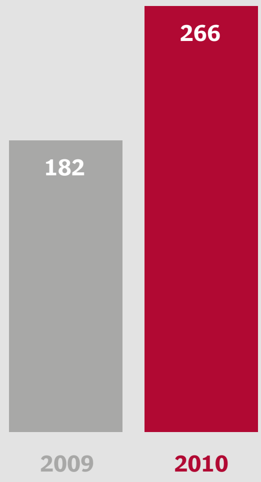
Recurring EBITDA[1]

MILLION EURO



Recurring EBIT[1]

MILLION EURO



(1) Before restructuring/non-recurring items.

Results

Recurring gross profit increased from 886 million Euro in 2009 to 998 million Euro. The Group's efficiency programs resulted in an improvement of the recurring gross profit margin from 32.2% in 2009 to 33.9%, partially offset by unfavorable raw material effects in the last quarter.

Agfa Graphics' gross profit margin improved from 28.0% in 2009 to 30.9%, as a result of the increased volumes, the efficiency programs and favorable raw materials effects.

Agfa HealthCare's gross profit margin stood at 39.7% (39.6% in 2009). The improved service efficiency in IT compensated for the unfavorable raw material conditions, which started to show their effects in the course of the second half of the year.

Agfa Specialty Products' efforts to reduce operational costs were counterbalanced by the revenue impact, the continued R&D efforts for New Business products and the impact of a specific bad debt write-down in the second half of the year.
As a percentage of revenue, the Group's Selling and General Administration expenses slightly decreased to 19.9%, versus 20.1% in the previous year.

R&D expenditure amounted to 153 million Euro, compared to 149 million Euro in 2009.

The Group's recurring EBITDA (the sum of Graphics, HealthCare, Specialty Products and the unallocated portion) increased from 284 million Euro to 361 million Euro. Recurring EBIT improved strongly from 182 million Euro (6.6% of revenue) to 266 million Euro (9.0% of revenue).

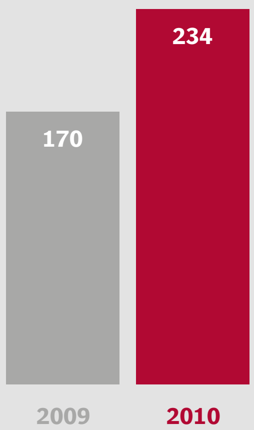
Restructuring and non-recurring items resulted in an expense of 32 million Euro, versus an expense of 12 million Euro in 2009. The 2009 figures were positively influenced by changes in the post-retirement medical plans in the USA and by changes in other defined benefit plans in the USA and Germany.

The net finance costs decreased from 114 million Euro in 2009 to 94 million Euro, mainly due to the substantial decrease of the net financial debt, lower interest rates and other non-operating results.

Income tax expense amounted to 36 million Euro, compared to 49 million Euro in 2009. Current tax expense amounted to 27 million Euro and deferred tax expense amounted to 9 million Euro.

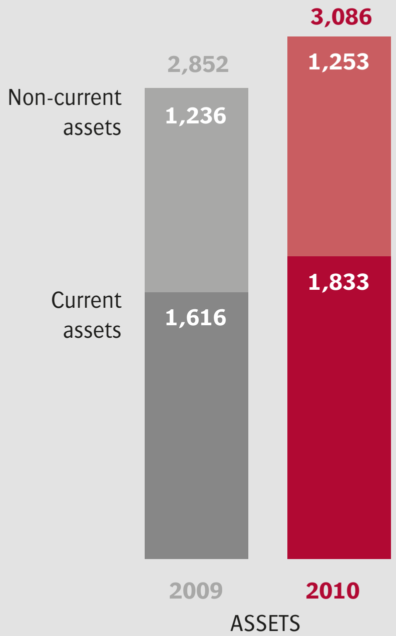
Profit from operating activities

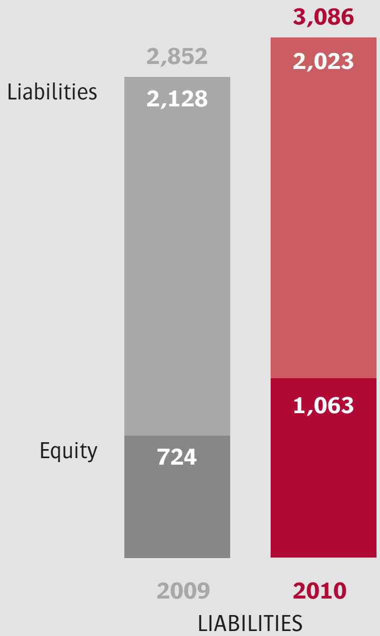
MILLION EURO



Key figures Balance Sheet

MILLION EURO





The profit from operating activities amounted to 234 million Euro, versus 170 million Euro in the previous year. Income before taxes thus reached 140 million Euro, against 56 million Euro in 2009.

A positive net result of 105 million Euro – or 0.80 Euro per share – was booked in 2010, compared to 6 million Euro – or 0.05 Euro per share – in 2009.

Balance sheet

At the end of 2010, total assets were 3,086 million Euro, compared to 2,852 million Euro at the end of 2009.

Working capital

Inventories amounted to 583 million Euro (or 108 days). Trade receivables (minus deferred revenue and advanced payments from customers) amounted to 467 million Euro, or 52 days and trade payables were 246 million Euro, or 45 days.

Financial debt

Partly because of the capital increase, net financial debt improved to 161 million Euro, versus 445 million Euro at the end of 2009.
At the end of 2010, the Group's gearing ratio amounted to 15.1%.

Equity

Equity amounted to 1,063 million Euro, against 724 million Euro at the end of 2009.

Cash flow

In 2010, net cash from operating activities, which also takes into account the changes in working capital, reached 235 million Euro. Capital expenditure totaled 60 million Euro.

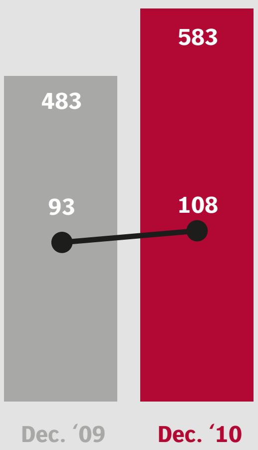
Research & Development

The Agfa-Gevaert Group's R&D expenses amounted to 153 million Euro in 2010. 26% of R&D expenditure was related to Graphics, 66% to HealthCare and 8% to Specialty Products.

In 2010, Agfa Graphics invested further in the development of UV-inks and equipment for the growing industrial inkjet market, thereby aligning innovation projects in Belgium and Canada (former Gandi Innovations). The :Jeti 1224 HDC was introduced as the first :Jeti Printer with Agfa's :Anuvia inks, which are also used in the :M-Press Tiger. The :Anapurna 2500 LED is the first industrial large format solution that enables UV curing with LED technology to save on energy and waste heat. For the :Dotrix press, low-migration inks were developed with 6 colors to extend the color gamut of applications on primary and secondary food packaging substrates.

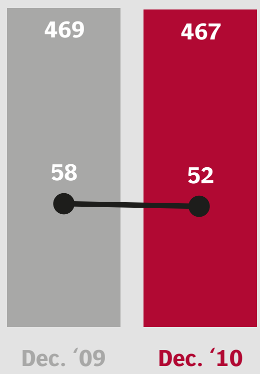
Inventories

MILLION EURO/DAYS



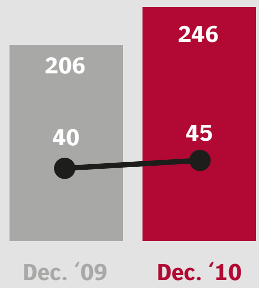
Trade Receivables[1]

MILLION EURO/DAYS



Trade Payables

MILLION EURO/DAYS



[1] Minus deferred revenue and advanced payments from customers

In the prepress segment, Graphics continued its R&D efforts to strengthen its leading position in chemistry-free printing plate systems. As a result, the :N92VCF was launched to offer stable chemistry-free violet sensitive polymer plates for newspaper applications.
The plate combines the ecological advantages of chemistry-free systems with low investment and operating costs, high reliability and speed.

Agfa Graphics' software :Apogee Suite (for commercial printers) was renewed to offer new *preflighting* and a revolutionary fully automated imposition solution. With another series of enhancements, :Apogee integrates also with digital print engines as an extension to conventional printing solutions. New applications integrate jobs creation and content submission and web-to-print features. Agfa Graphics' :Arkitex suite (for newspapers) was enhanced to integrate the interface between the newspaper production and their publishers with :Arkitex Portal.

In 2010, Agfa HealthCare focused its R&D efforts on expanding and strengthening its portfolio. The delivery of next-generation Computed Radiography solutions, the introduction of a Direct Radiography product line, the introduction of its latest IMPAX solution and associated information systems, the expansion of solutions for its Data Center technologies to meet an increasing demand for regional image management, as well as the continued upgrading of its leading HIS/CIS solution ORBIS were key focuses.

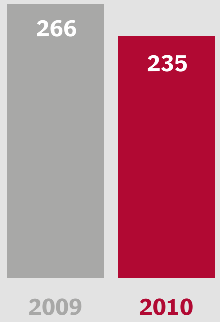
The business group successfully introduced many of these solutions in 2010. Examples are the DX-D 300 and DX-D 100 DR solutions and the portable DX-10 and DX-20 DR detectors; the DX-M CR system for mammography and general radiology; and the IMPAX 6.5 solution. In 2010, Agfa HealthCare also focused its research on new consumables, which eventually should compensate for the revenue decline caused by the decline of the market for traditional X-ray film products. Through the acquisition of Insight Agents and the development of new generic products, Agfa HealthCare entered the market of contrast media.

Agfa Specialty Products focused the R&D efforts on the development of products for growth areas based on Agfa's core competencies in *polymeric* materials, ink, film- and coating technology. In 2008, Synaps® was launched, a polyester based synthetic paper. Development efforts have been concentrated on creating a large range of applications for the printing market. In 2010, the Synaps portfolio was extended with the introduction of the self adhesive foils Synaps AP and Synaps AR. Furthermore, membranes for gas separation have been developed and are in a first phase of commercialization. For the high-end smartcard market, the new PETix® products were developed and launched.

Operating Cash Flow

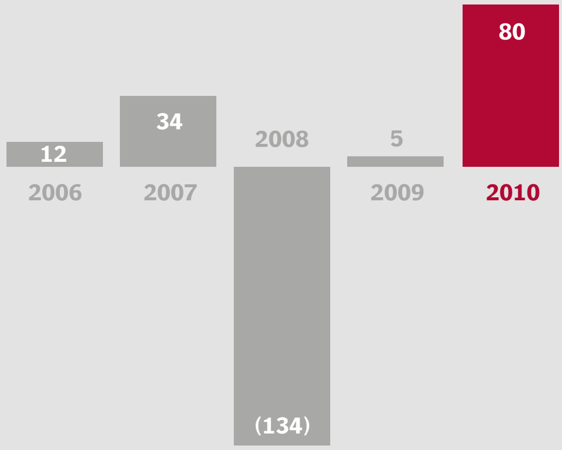
MILLION EURO

Net



Earnings per share

EUROCENT



These polyester films are compatible with all major personalization and security techniques.
The performance of conductive pastes, inks and coatings for the electronics industry, based on the Orgacon® technology, has been further enhanced. In the industrial ink segment, the R&D efforts were focused on the development of UV inks for packaging applications, and on water-based inks for the decorative market. In 2010, Agfa Specialty Products also participated in a number of pre-competitive longer term research projects.

Human Resources

At the end of 2010, Agfa employed 11,766 active full time equivalents, compared to 11,169 at the end of 2009.

Outlook

In 2010, Agfa-Gevaert only saw limited effects of the high raw material costs. The raw material related impact on the margins is expected to be more substantial as from the first quarter of 2011. The effects of price increases for Agfa's film products are expected to become more visible in the course of the second half of the year. In spite of the adverse situation on the raw material markets, the Group maintains – for the medium term – its average EBIT guidance.

AGFA GRAPHICS

Agfa Graphics' head office is located in Mortsel (Belgium). The business group has sales organizations in over 40 countries and representatives in more than 100 other countries. Its production sites are situated in Belgium, Germany, France, the United Kingdom, the United States, Brazil, China, South Korea and Canada.

MILLION EURO	2010	2009	% change
Revenue	1,565	1,341	+16.7%
Recurring EBITDA*	177.1	108.3	+63.5%
% of revenue	11.3%	8.1%	
Recurring EBIT*	134.5	62.6	+114.9%
Profit from operating activities	120.2	55.6	+53.7%

* before restructuring and non-recurring items.

Agfa Graphics' revenue increased by 16.7% (12.2% excluding currency effects) to 1,565 million Euro. In the first half of the year, prepress revenue increased significantly in spite of the strong competitive pressure.
The growth was due to a marked upturn in the digital computer-to-plate (CtP) business and the business group's success in the analogue computer-to-film (CtF) market. In the second half of the year, prepress revenue growth was driven by the acquisition of the Harold M. Pitman Company, as well as the go-live of the Agfa Graphics Asia joint venture. In the industrial inkjet segment, increasing equipment and ink volumes contributed to the strong revenue growth. Agfa Graphics' revenue increase mainly comes from the USA and the emerging countries, whereas the recovery in most European countries was lagging behind the rest of the world.

Trusted partner for professional printers

Agfa Graphics is a leading supplier of integrated *prepress* solutions and advanced industrial *inkjet* systems. All over the world, professional printers and publishers rely on the business group's experience and first-rate technology.

←
In 2010, Agfa acquired the assets of the Harold M. Pitman Company, a leading US supplier of prepress, industrial inkjet, pressroom and packaging printing products and systems. Pitman's strong distribution network and broad portfolio of products and systems, combined with Agfa's leading technology, will provide promising growth opportunities in the strategically important NAFTA region.

Prepress
The term prepress is used for the chain of processes that precede the actual printing process. Prepress activities begin after the print layout decisions are made and end when the printing process itself begins.
In these preparatory stages, text and images are combined in a layout, colors are quality-controlled, pages are correctly positioned and a number of digital *proofs* are made. When approved, these pages will be prepared for the printing process.
In case of *offset printing*, pages are exposed onto a *printing plate*, either directly, with *computer-to-plate* technology (CtP), or via an intermediate film, with *computer-to-film* technology (CtF). Following this process, the exposed plate is mounted on the printing press. In an industry in which efficiency is key, analog CtF systems are making way for digital CtP technology. By eliminating intermediate stages in the process, CtP allows the printer to complete more jobs and to increase the control of the production process without the need to expand the workforce.

Printers rely on Agfa Graphics' equipment, consumables (such as graphic film and printing plates), software and services for almost every stage in the preparatory process. The business group's software packages include *workflow management software*, technology for digital proofing and *screening*, as well as tools for managing color and quality consistency. These software systems offer printers faster processing, better quality and improved cost efficiency.

With its integrated prepress systems, Agfa Graphics mainly serves customers in the 'information printing' segment of the graphic market.
It is the habitat of newspaper printers and commercial printers, which produce magazines or brochures.
In the info printing segment, offset printing is the most commonly used technology.

In addition, Agfa Graphics also supplies prepress technology to customers in the 'industrial printing' segment. Compared to the info

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The :Avalon N8 plate setters offer excellent quality- and efficiency-driven plate production, with nine different models that produce between eight and fifty B1-format printing plates per hour. Its consistent high-quality imaging results in fewer remakes, saving time and money and increasing print buyer satisfaction.

printing segment, the industrial printing segment is more specialized and uses far more technologies to create a wide variety of printwork, such as packaging, labels, signs and displays. In this segment, Agfa Graphics mainly supplies prepress solutions to customers specializing in offset packaging and in *flexo* printing.

In prepress, Agfa Graphics is the clear market leader for CtF film. Furthermore, it supplies about one third of the industry's printing plates worldwide.

Industrial inkjet
Most people associate the term 'inkjet' with the home and office printers that they use every day. That, however, is not the market Agfa Graphics is targeting. With its industrial inkjet technology, the business group focuses on the industrial printing segment of the graphic market. Powered by the most advanced inkjet technologies, Agfa Graphics' cost effective digital printing systems are state-of-the-art alternatives for traditional printing technologies, ideally suited for high-quality printing on an extremely wide variety of substrates for various applications, such as packaging, posters and displays, promotional materials, labels and decorative materials. Agfa Graphics supplies a comprehensive range of printing presses, as well as high-quality *UV curable inks.*

Although various digital printing technologies exist, Agfa Graphics focuses on industrial inkjet, as the business group is convinced that it is the only technology that will prove to be a worthy replacement for all existing traditional print technologies. Currently, industrial inkjet systems mainly compete with *screen printing* and flexo printing machines.

Industrial inkjet has an enormous growth potential. Today, only 5% of the market targeted by Agfa Graphics' industrial inkjet systems is digitized. This number is expected to grow strongly as technology evolves.

Strategic positions in rapidly evolving markets

Agfa Graphics strongly believes in the continued need for printing. Notwithstanding the increasing competition of digital and electronic media, print will remain a powerful and essential value-adding communication tool. Agfa Graphics will therefore continue to promote the position of print in the total communication mix. Agfa Graphics is addressing the trends in the rapidly evolving graphic market with well defined strategies.

Prepress: cost efficiency, market leadership and ecology are key
Cost efficiency is one of Agfa Graphics' major concerns. Printers are constantly looking for affordable and efficient prepress solutions that improve their competitive position. Therefore, Agfa Graphics strives to be the industry's preferred

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:Apogee Portal strengthens the communication and collaboration between printers and their customers. It allows all participants throughout the graphic communications process to collaborate on projects and tasks within a 24/7 accessible web-environment. This results in higher productivity, a shorter number of steps before printing, and reduced costs of reworks and errors.

technology partner and cost leader. On the one hand, the business group continuously invests in the development of more efficient and powerful CtP solutions. On the other hand, a lot of effort goes into structural reforms in its own operations, supply chain and distribution channels. With these two pillars of its strategy, Agfa Graphics offers its customers the means to grow profitably with advanced technology and a high level service.

In most of the emerging countries, the technology shift from CtF to CtP is now starting to accelerate. These growth markets can build on the experience in North America and Western Europe, where almost all printers have already made the transition. Therefore, it is expected that the conversion to CtP will happen much faster in the emerging countries than it did in the Western world. As a consequence of this evolution, the global market for CtF consumables is declining rapidly. Some major suppliers have already ceased the supply of CtF film. Due to its successful efficiency programs, Agfa Graphics is in an excellent position to consolidate the CtF market.

Another cornerstone of Agfa Graphics' strategy is the **consolidation of its market positions**.

The business group is defending its strong position in Europe and North America. In both regions, new media are starting to impact the use of printed information. In order to improve its position in the US, to diversify its portfolio in prepress, CtP and inkjet and to strengthen its distribution power, Agfa Graphics acquired the assets of the *Harold M. Pitman Company*.

Furthermore, the business group seeks further growth in the emerging markets in general and the BRIC countries (Brazil, Russia, India, China) in particular. In these markets, offset printing is still growing strongly, as the printing industry follows the evolution of the literacy rate and the gross domestic product (GDP). In addition, companies are outsourcing non-time sensitive print jobs to low-cost countries. Through targeted actions and strategic partnerships, Agfa Graphics is anticipating on these important growth opportunities. For instance, in 2010, Agfa Graphics and its Chinese business partner *Shenzhen Brothers* established the Agfa Graphics Asia joint venture aiming at reinforcing both partners' market position in the Greater China and *ASEAN* region.

As is the case in other industries, the pressure to work **more ecologically** is increasing on the printing sector. Agfa Graphics strives to be a front runner in developing imaging technologies that reduce the ecological footprint of the printing industry. The business group's systems allow printers to eliminate toxic chemicals, reduce waste, lower ink and water consumption and save energy during the prepress and printing process.

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The chemistry-free :Azura and low-chemistry :Amigo printing plates are continuing their succesful market penetration as more and more printers are becoming convinced of their ecological benefits and cost-saving features.

Industrial inkjet: participate in the technological revolution of industrial printing

Participators in the industrial printing business are keen to replace their traditional technologies (including screen printing technology, flexo printing technology and offset technology) by advanced digital systems to boost their efficiency and expand the range of services for their customers. Of all new digital technologies, industrial inkjet has clearly won the battle to become the technology of choice for the major part of the industry.

Agfa Graphics continues to invest to become an important player in industrial inkjet with its very broad range of systems, from the entry-level :Anapurna *large format printers* – typically used to produce posters, banners and displays – to the high-end :Dotrix and :M-Press Tiger inkjet machines. :Dotrix Modular is designed for applications including packaging, plastic bags, labels and point-of-purchase advertising. The :M-Press Tiger *flatbed press* is able to replace traditional equipment for all possible screen print work.

In January 2010, Agfa Graphics further extended its offering through the acquisition of most of the assets of *Gandi Innovations Holdings LLC's* North American operations and the shares of its principal foreign subsidiaries. Gandi Innovations was a leading supplier of large format inkjet printing systems. Mainly targeting the mid-range market segment, their :Jeti product offering is complementary to Agfa Graphics' range of entry-level and high-end machines. The before-mentioned Pitman acquisition will allow Agfa Graphics to grow its US industrial inkjet business through the addition of complementary product lines (such as inkjet media and inks), software and equipment.

To further improve its market position, Agfa Graphics intends to capitalize on its strong brand name, its global market access and the development of next-generation high-performance equipment and inks. Furthermore, Agfa Graphics will continue to play an important part in the further consolidation of the digital printing industry.

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Agfa's :Anapurna and :Jeti inkjet systems stand for a best-in-class 'total cost of ownership profile'. They are robustly engineered wide format industrial inkjet printers, designed to cope with heavy workload for indoor and outdoor applications.

Product development

Prepress

Agfa Graphics has a very broad portfolio of products and solutions for **commercial printers**.

A significant part of Agfa Graphics' R&D efforts are focused on the reduction of the environmental footprint of its customers' prepress activities. The business group is a pioneer in the field of *chemistry-free* CtP technology. At the Ipex 2010 tradeshow, Agfa Graphics introduced its new :Azura V chemistry-free printing plate, which works with all mainstream *violet* CtP units. The combination of :Azura V with Agfa Graphics' new :Avalon V4 *platesetter* helps small to mid-size printers to eliminate plate production errors, reduce waste and water usage, and lower maintenance requirements.

Agfa Graphics also launched the successor to its popular *thermal* :Amigo *ThermoFuse* printing plate. :Amigo TS offers improved contrast and runs up to 50% faster than the original :Amigo. The business group's range of :Avalon N8 platesetters was also updated. The new systems use less energy without compromising on performance and quality.
The platesetter is the perfect match for Agfa Graphics :Azura TS, :Amigo and :Energy Elite printing plates.

Furthermore, Agfa Graphics released :Apogee 7, the new version of its workflow management software. The package includes Agfa Graphics' newly developed *imposition* module that uses live job information rather than templates to determine imposition, saving users time and money. Other new software releases include :Apogee Portal 7 – the new version of the popular portal for file upload, *preflight* and softproofing – and :Apogee Media 6.0 – a new graphical dashboard which enables publishers to efficiently plan, create, edit and control publications.

For **newspaper printers**, Agfa Graphics again expanded its vast range of systems that help streamline the prepress process.

For instance, Agfa Graphics introduced the :Advantage N XXT platesetter. With a production speed of 300 printing plates per hour, the system is the fastest member of the :Advantage N family of platesetters. The system was designed to help high-end newspaper printers and newspaper printers who are exploring new opportunities in the hybrid

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The versatile :Dotrix Modular press, with its unique printing width of 63 cm, is the most productive UV single pass printing press of the graphic industry. :Dotrix is also the only digital press that is able to print with high production capacity on a wide variety of substrates ranging from 20 micron flexible foils, over self-adhesives, to folding carton up to 600 micron.

market to save on costs while improving image quality and productivity.

Already a frontrunner with its chemistry-free prepress systems for commercial printers, Agfa Graphics is also expanding its range of environment-friendly solutions for newspaper printers. In October, the business group launched the :VXCF, a dedicated clean-out unit for the successful chemistry-free violet printing plate :N92-VCF.

Industrial inkjet
The already broad range of :Anapurna large format printers, which are used to print indoor and outdoor signs, displays and posters up to 2.5 meters wide, was expanded with several new systems. The :Anapurna M 2050 offers printers higher productivity and the possibility to use white inks.
The :Anapurna 2500LED is equipped with LED curing technology, which brings reduced running costs and the ability to print on a wider range of materials.
The market leading high-end flatbed press :M-Press Tiger was upgraded with new greyscale technology and faster production modes, addressing market requests for even higher quality and faster throughput.
The most advanced press in its class was also equipped with variable data technology, which allows users to offer their customers a wider range of products and services without slowing down the printing process.

Combining the forces of the R&D teams of the acquired Gandi Innovations company and Agfa Graphics opened up exciting opportunities. Already in the first year following the acquisition, Agfa Graphics introduced several new systems in the :Jeti range of printers, all featuring photo-realistic quality and unrivaled production speeds. An example is the :Jeti 3020 Titan high-production flatbed printer. Its modular format allows users to extend the system's color and speed capabilities when needed.
Furthermore, Agfa Graphics expanded its range of inkjet inks. New inks for the :Anapurna M printers improve the flexibility of the systems. The new range of :Agorix LM UV inks allows printers to cost-efficiently use Agfa Graphics' high-speed inkjet press :Dotrix Modular LM for digital printing applications on food packaging substrates. The new :Agora ink family is ideally suited for the next generation of single pass inkjet heads.

Commercial successes
In 2010, Agfa Graphics was able to achieve important commercial successes. The business group's performance at various important trade shows indicated that the industry was recovering from the effects of the economic crisis. Agfa Graphics secured or improved its competitive position in its most important markets.

Prepress
In the **commercial printing segment**, the ThermoFuse-based eco-friendly CtP printing plates continue to convince the printing industry of

their many advantages. Exemplary for their evolution is the success of the chemistry-free :Azura printing plates in Japan. Just five years after its launch, over 250 Japanese printers are using the technology, which brings Agfa Graphics' share in the Japanese market for chemistry-free plates to over 90% . It is clear that the new :Azura TS plate will step in the footsteps of its predecessor. Aoba Printing (Hiroshima) was the first Japanese printer to adopt the new :Azura TS technology.

Agfa Graphics accounts for approximately 80% of the fast growing segment of chemistry-free printing plates in the world. As the productivity of the technology has improved, more and more high-end printers are following the example of their smaller competitors in converting to environment-friendly systems. In the emerging countries, a lot of printers chose to step from CtF directly to chemistry-free CtP.

The number of :Apogee workflow software installations also continues to grow steadily. Today, more than 7,000 :Apogee systems are being used in the world.

In Canada, Nustream Graphic – a leading full-service dealer – signed an agreement to distribute Agfa Graphics' prepress solutions across the country. The agreement allows Agfa Graphics to extend its presence in the competitive Canadian printing market.

Similar to the commercial segment, new contracts in the **newspaper segment** often concern complete solutions. US based Times Shamrock Communications, for instance, signed a multi-site deal for Agfa Graphics' :Advantage N-SL platesetter and :N91v printing plates. Times Shamrock owns 42 small to mid-sized print properties. Another eye-catching contract was signed with leading media company Singapore Press Holdings Ltd (SPH). SPH engaged Agfa Graphics to upgrade the complete prepress process at its Print Centre from CtF to CtP technology. This decision made SPH's Print Centre one of the largest single newspaper CtP sites in the world.

With its innovative prepress systems, Agfa Graphics met or exceeded its expectations at various trade shows. At IFRA Expo 2010 (Hamburg, Germany), for instance, major orders were booked for printing plates, software and equipment. No less than 17 platesetters were sold.

As more and more printers are convinced of the need for more eco-friendly technologies, Agfa Graphics' chemistry-free prepress systems are penetrating newspaper markets all over the world. For example, the Jiefang Daily Printing Center (Shanghai, China) and the Murray Pioneer (Riverland, Australia) became the first newspaper printers in their respective country to adopt Agfa Graphics' :N92-VCF chemistry-free plate technology. Today, already 150 newspaper printers are using Agfa Graphics' violet chemistry-free printing plates.

Industrial inkjet

All over the world, printers acknowledge the superior print quality and productivity of Agfa Graphics' industrial inkjet solutions. The business group exceeded its targets at various trade shows, such as SGIA and Sign Expo (USA), Sign Expo Shanghai (China) and ExpoPrint (Brazil). At FESPA 2010 (Germany), Agfa Graphics sold no less than 47 inkjet machines.

With the :Anapurna M 2050 and :Anapurna 2500LED systems as its new star members, the extensive range of large format printers continued to sell well. With contracts signed all over the world, Agfa Graphics was again able to expand its market position in the large format market segment. Globally, over 750 :Anapurna systems were installed at the end of 2010.

Agfa Graphics also sold several units of its highly productive full color digital press :Dotrix Modular. Among the new customers are LYFT Visual (Canada), Le Mac Australia Group and Unigraph (Brazil).

Since its launch in May 2009, the installed base of the high-end flatbed press :M-Press Tiger grew steadily. In 2010, systems were installed all over the globe. StylePrint, one of Australia's leading screen printing companies, showed its satisfaction with the showpiece among Agfa Graphics' inkjet systems by purchasing its second system only five months after the installation of its first. North America's first :M-Press Tiger was ordered by Cameron Advertising Displays Ltd., one of the most successful screen printing companies in Canada. Other new customers include The Middleton Group (Canada), Active Display Group (Australia) and ImageData Group (UK).

The :Jeti printing machines attracted a lot of attention at various trade shows, resulting in several orders. For instance, Ardent Displays & Packaging (USA) purchased Agfa Graphics' new :Jeti 3020 Titan on the SGIA Expo 2010 trade show floor.

AGFA
HEALTHCARE

Agfa HealthCare's head office is located in Mortsel (Belgium). The business group has sales organizations and representatives in over 100 countries. Its production and research sites are located in Belgium, Germany, France, Italy, Austria, the United States, Canada and China.

MILLION EURO	2010	2009	% change
Revenue	1,180	1,178	+0.2%
Recurring EBITDA*	174.3	168.0	+3.8%
% of revenue	14.8%	14.3%	
Recurring EBIT*	125.6	116.2	+8.1%
Profit from operating activities	110.5	103.5	+6.3%

* before restructuring and non-recurring items

Agfa HealthCare's full year revenue remained almost stable at 1,180 million Euro. Excluding currency effects, a decrease of 3.3% would have been posted. As expected, the growth in the IT division did not yet offset the revenue decline in the traditional business. The business group expects to see the turning point in the course of the second half of 2011. In IT, the Imaging IT business performed according to expectations, with strong growth figures in the emerging markets and growing market shares in North America and Europe. The Enterprise IT business performed well in the German speaking part of Europe, where Agfa HealthCare's ORBIS solution is well established. In France, Belgium and Luxembourg, the business is still in the investment phase. In Imaging, the market for traditional film products continued to decline, whereas Computed Radiography and Direct Radiography performed well.

An expert in medical imaging and healthcare IT

In the rapidly changing healthcare market, Agfa HealthCare is a global provider of diagnostic imaging and healthcare IT solutions. The business group supports hospitals and healthcare facilities with products and systems for capturing, managing and processing diagnostic images and data, as well as solutions for streamlining and managing the overall clinical and administrative information flow.

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The DX-D 100, a mobile and flexible DR system, offers a very short exposure time, so images are available for validation immediately. The combination of greater productivity and image quality translates into lower cost per exam and higher diagnostic efficiency.

With its vast portfolio and experience in both imaging and IT, Agfa HealthCare is in a unique position to cater to the needs of every hospital, imaging center and multi-site care organization, whether they work with film-based products, digital systems or fully fledged and integrated IT solutions. This allows care facilities to partner with a single provider of solutions.

Today, clinicians in care facilities all over the world rely on Agfa HealthCare to help meet the challenges of modern day healthcare. The business group is organized in two business units: Imaging and IT.

Imaging

Accounting for 61% of Agfa HealthCare's revenue, the Imaging division supplies traditional X-ray film, *hardcopy* film and printers, *digital radiography* equipment and *contrast media*.
It is Agfa HealthCare's strategy to leverage its favorable point of departure in radiology departments to assist existing and new customers in their transition from analog systems to digital radiography and IT systems.

In general, the diagnostic imaging market is expected to keep on growing due to the growth and the ageing of the global population.

Agfa HealthCare's roots are in traditional medical imaging and today, classic X-ray film and hardcopy film – on which digital images are printed – still account for 43% of the business group's revenue. X-ray film is rapidly losing ground to digital radiography. Due to the competition of softcopy diagnosis, the hardcopy film market continues to decline in the US and Western Europe. In the emerging countries, the market segment is still growing.

The global market for X-ray film and hardcopy film amounted to approximately 1.6 billion Euro[1].
Being the clear market leader in Europe and the runner-up in the rest of the world, Agfa HealthCare strives to be the cost leader, allowing it to further increase its share in a declining film market. With its state-of-the-art film production facilities, it is well positioned to remain active in this profitable market for the next decade.

Besides hardcopy film, Agfa HealthCare also supplies DRYSTAR hardcopy printers that enable clinicians to print digital images made by general radiography equipment, as well as images made by other *modalities*, including *CT* and *MRI*-scanners. Agfa HealthCare's range of advanced printers include both high-quality tabletop solutions and network printers for large volume needs.

In digital radiography, Agfa HealthCare is active with both *Computed Radiography* (CR) and *Direct Radiography* (DR) technologies. It is therefore in a unique position to offer tailor-made solutions to healthcare facilities planning to invest in digital imaging. Traditionally, Agfa HealthCare has a strong reputation with its extensive range of CR *digitizers*. Compatible with traditional radiography equipment, the systems convert analog images to digital, helping image intensive departments improve their efficiency and increase overall patient throughput. In order to provide an answer to hospitals with high productivity demands, Agfa HealthCare entered the DR segment in 2009. DR systems are less flexible, more fragile and more expensive than CR equipment, but deliver a higher throughput. Many hospitals combine both technologies to cover all their X-ray imaging needs.

In 2010, Agfa HealthCare began offering generic contrast media to its customers in selected markets, following the acquisition of the German company *Insight Agents GmbH*.

IT

Healthcare organizations and governments consider IT solutions to be an essential element in their efforts to keep healthcare affordable. Accounting for 39% of Agfa HealthCare's revenue, the IT division is a player in the fast growing and fragmented healthcare IT market with its image and data networks and enterprise IT solutions.

Imaging informatics

The introduction of digital radiography in the early 1990's was a first concrete step towards the development of fully integrated hospital IT systems. In order to efficiently store, manage, process and distribute digital medical images from various imaging modalities, radiology departments install *Picture Archiving and Communication Systems* (PACS). These solutions are often linked to specialized information systems, such as *Radiology Information Systems* (RIS). Agfa HealthCare was one of the first companies to introduce PACS to the global market during this time and today, the *IMPAX* trademark continues to guarantee reliability and efficiency for care providers all over the world.

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Agfa HealthCare introduced a cost-effective integrated digital X-ray room, the DX-D 400, at the RSNA 2010 trade show. This affordable and versatile solution, which complements Agfa HealthCare's range of radiology solutions, offers every hospital and private practice the opportunity to go digital at its own pace.

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Agfa HealthCare's DX-M, a CR solution for mammography and all general radiology needs, meets a market demand for high quality diagnostic images, and offers the potential for dose reduction.

Based on its experience in radiology, Agfa HealthCare has developed a number of IMPAX solutions for other hospital departments that work intensively with medical images, including cardiology and orthopedics, as well as for certain specialized medical disciplines, such as women's care.

Whereas PACS and RIS solutions were originally linked to one hospital department, care organizations now also use them to link their radiology departments with other image intensive departments and even to link departments from different hospital sites. Agfa HealthCare's most complex systems link all image intensive departments of all care organizations in entire regions. As images and linked data are instantly accessible, the systems speed up overall diagnosis, thereby enhancing patient care. Advanced PACS systems are designed to meet the increasing demand for integrated and efficient care, across departments, hospitals and regions. In addition, they offer the tools necessary to establish *teleradiology*.

Agfa HealthCare is one of the largest global suppliers of PACS and related information systems. It is a market leader in Europe, in Canada and in Latin America.

Enterprise IT

In recent years, Agfa HealthCare has become a leading player in the fast growing market for enterprise IT systems. ORBIS, Agfa HealthCare's leading Hospital Information System/Clinical Information System (HIS/CIS), connects medical departments and administrative departments of hospitals into one virtual network. It offers immediate and complete access to all relevant patient information – including medical images, and clinical and administrative data – enabling quicker diagnosis and treatment. Furthermore, it supports administration, billing, planning of appointments and examinations, as well as financial reporting. The system can serve as a base for a full-blown *Electronic Patient Record* (EPR). In short, ORBIS is designed to help care facilities increase productivity, improve the delivery of care and save cost.

Agfa HealthCare's modular approach enables care organizations to implement ORBIS at their own pace, allowing the solution's various modules to be installed separately, tailored to the needs of the customer.

With ORBIS, Agfa HealthCare made the strategic decision to concentrate on a limited number of European countries. Currently, the systems are available for customers in Germany, France, Belgium, Austria, Switzerland and Luxembourg. Successes in the selected markets will be the basis for expansion into other countries.

It is Agfa HealthCare's ambition to participate in the further consolidation of this fragmented market. Therefore, the business group closely examines all acquisition and partnership opportunities that fit in its growth strategy.

Market trends

Care providers continuously aim for better quality, faster service, and increased patient satisfaction, but at the same time multiple societal drivers pressure them to do this at a lower cost. The need to balance patient care and cost-efficiency has incited the healthcare sector to catch up with other economic sectors in the field of IT.

A key driver for the transformation of healthcare is the evolution of the **world population**. According to forecasts of the United Nations, the world population could grow to 9.1 billion in 2025. Furthermore, it is expected that by 2050, the percentage of people aged 65 and above could increase from ca. 16% today to ca. 26% in developed countries and from ca. 6% to ca. 15% in less developed countries. As the need for care is highly correlated with age, this evolution puts pressure on healthcare systems all over the globe.

Related with the ageing population and the dramatic changes in people's lifestyles is the rapid development of chronic diseases, which results in a paradigm shift from curative healthcare to **preventive healthcare** and a growing volume of medical diagnostic imaging procedures.

Evidence is mounting that, as a result of these trends, current health systems of nations around the world will become unsustainable if unchanged over the next 15 years. According to Espicom Business Intelligence, global healthcare spending is expected to represent 11% of global gross domestic product (GDP) in 2015. Without significant changes in the policies, US healthcare spending could grow to up to 31% of GDP before 2035. Conscious of the need to find solutions that combine quality with cost effectiveness, governments and local authorities are promoting the introduction of digital technologies, IT and ***e-health solutions***. This is not only the case in the Western world, but also in emerging markets with strong economic growth rates.

The introduction of IT is also accelerated by the growing awareness that medical errors are often caused by the lack of **availability of appropriate information** about the patient's medical history and needs, as well as the absence of easy access to clinical guidelines or drug databases. IT systems that bundle all relevant patient data, deliver them to the medical staff in a well-organized manner and support the medical decision processes, have become a cornerstone of today's healthcare provision. As a result, authorities and care providers are increasingly investing in Electronic Patient Records (EPR) and Electronic Health Records (EHR).

Computerization has also led to **an increasingly informed and aware patient population**. The growth of the internet as a source of public information has resulted in a more emancipated patient. Access to medical information now means that patients have increasing control over personal health matters and will actively look for the care center that best suits their needs. This is placing further pressure on healthcare providers to deliver qualitative and affordable healthcare services. Furthermore, the growing patient awareness has accelerated the development of less invasive visualization methods (such as Agfa HealthCare's virtual colonoscopy solution).

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Agfa HealthCare's SEPARIO sets, include disposable drapes and gowns for the radiology department, but also offer solutions for a wide scope of procedures in the surgery department. These consumables are distributed via Agfa's extensive global logistical network, built on the distribution of medical film.

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Agfa's hospital-wide IT solution, ORBIS, manages and monitors all patient-oriented processes: medical, nursing, administrative and business. It enhances the quality of patient care and provides fast and complete availability of patients' histories, including all images and data.

Product development

In Imaging as well as in IT, Agfa HealthCare aims to offer integrated solutions tailored to the needs of the customer. In 2010, the company introduced a number of additions to its already broad portfolio.

Imaging

In imaging, Agfa HealthCare offers a complete portfolio of traditional X-ray film products, hardcopy film and printers and CR and DR solutions. The business group strives to reduce the silver content in its film products and to make these products more environmentally-friendly and cost efficient. Furthermore, Agfa HealthCare invests in the completion of its extensive range of digital imaging solutions.

In the beginning of the year, Agfa HealthCare launched a second digitizer in its series of next generation CR systems. The DX-M solution for mammography and general radiography delivers high quality diagnostic images and high throughput. DX-G, the first digitizer in this new series, was launched in 2009. The compact system offers unprecedented flexibility for general radiography.

In June, Agfa HealthCare was named category leader for single plate CR in the 2010 Best in KLAS Medical Equipment Report, with the CR 30-X digitizer ranking No. 1 for CR products. Later in the year, the company won an Information Technology Association of Canada health award for the deployment of its CR and IMPAX solutions throughout the healthcare network of the Canadian Department of National Defense.

In November, Agfa HealthCare's CR 35-X and CR 85-X digitizers received Mammographic Type Test certification by EUREF, the European Reference Organization for Quality Assured Breast Screening and Diagnostic Services. EUREF's certifications give healthcare providers confidence that the solutions and products tested meet the quality standards for image quality, radiation dose and stability.

Agfa HealthCare is also working on the expansion of its DR portfolio. The DX-D 100 heavy-duty mobile DR unit was launched at the end of the year. The DX-D 400, which works with film, CR cassettes and Agfa HealthCare's DR detectors, was shown as a work-in-progress at various trade shows. The DX-D 10C portable detector was also introduced as a work in progress.
In 2010, the business group expanded the geographic availability of several of its existing DR systems to the United States and Canada. In Europe, a new training program for digital X-raying was launched in Germany, Switzerland and Austria.

All Agfa HealthCare's CR and DR systems are offered with the business group's MUSICA² *image enhancement software* and its leading NX workstation for image identification and quality control.

IT

Image and data networks

Agfa HealthCare strives to continually improve its IMPAX portfolio, which offers seamless integration of RIS, PACS and the systems for reporting on or working with examination results.

In the last quarter of the year, Agfa HealthCare introduced several new features for IMPAX 6.5. The features deliver extended workflow controls, improved productivity and image

→ With the acquisition of Insight Agents, Agfa HealthCare has further enriched its diagnostic imaging business with a set of products that are increasingly used for diagnostic imaging procedures. The contrast media are a logical addition to Agfa's portfolio of film, chemicals and printers.

processing, as well as smoother distribution of images and information to referring physicians.

Among the most eye-catching new releases in the IMPAX range are IMPAX Kiosk and the IMPAX Nuclear Medicine Information System (NIS). IMPAX Kiosk enables patients to register with, and check-in to hospitals without going through the traditional administration desks. The solution reduces wait times and increases patient satisfaction. IMPAX NIS fully automates the nuclear medicine department's workflow and optimizes communication between nuclear medicine specialists and other departments.

Working closely with cardiologists, Agfa HealthCare enhanced its IMPAX CardioVascular solution for cardiovascular image and information management, as well as its IMPAX HeartStation ECG Management System. New features were also added to its IMPAX for Breast Imaging solution. As a key element for improving the efficiency of radiology departments, Agfa HealthCare introduced its IMPAX business intelligence tools as a work-in-progress in November.

Furthermore, the business group continues to extend the functionalities of its IMPAX Data Center solutions, which provide large-scale multimedia storage for all types of medical images and diagnostic results for hospital groups, regional healthcare organizations and national medical archives. One of the works-in-progress is a new version of its XERO-powered IMPAX Data Center Viewer, which will allow physicians to view centrally stored medical images and information on popular mobile devices (such as the Apple iPad), without having to download additional client software or plug-ins.

Enterprise IT

Agfa HealthCare permanently evaluates and improves its ORBIS HIS/CIS platform. As adapting these comprehensive systems to the requirements of countries' national healthcare systems demands vast R&D efforts, Agfa HealthCare only gradually introduces ORBIS into additional markets. In 2010, activities were initiated in Russia and the UK.

Commercial successes

Over the years, Agfa HealthCare has built a strong reputation among its many customers. In 2010, Premier Healthcare Alliance rewarded the business group with its Supplier Performance Award, which applauds the efforts of contracted suppliers that meet and exceed operational expectations. Premier is a performance improvement alliance of more than 2,300 US hospitals and 67,000 other healthcare sites.

Imaging

Agfa HealthCare is aiming to play a major part in the consolidation of the declining market for traditional X-ray film. The hardcopy film segment is characterized by the continuing market decline in the USA and

Western Europe and the continued growth in emerging markets.
In 2010, Agfa HealthCare succeeded in further expanding its market share in this segment.

The CR segment reported several important commercial successes. For instance, Agfa HealthCare signed a new three-year multi-source contract with HealthTrust Purchasing Group to provide CR products to their more than 1,400 acute care hospitals, 120 alternate care sites and 3,600 physician practices in the US.

In Europe, Agfa HealthCare continued to expand the installed base for its DR systems, which were launched in 2009. The first North American orders for the DR systems followed immediately after their introduction in that region (mid 2010). New contracts included Sunnybrook Health Sciences Centre (Toronto, Canada) and Credit Valley Imaging Associates (Mississauga, Canada).
In total, Agfa HealthCare boasted 40 DR installations at the end of 2010. The order entry for these systems is growing according to expectations.

IT

In 2010, Agfa HealthCare signed over 200 IT agreements with new customers around the globe. These customers include a wide range of healthcare providers, from large multi-site facilities and regional care providers, to medium-sized facilities and imaging centers.

Image and data networks

In Europe, a number of important contracts were signed for IMPAX. Customers included the 600 bed Schön Klinik Hamburg Eilbek (Germany), the Centre Hospitalier Jean Monnet and the Centre Hospitalier de Montagris (France), the British Ministry of Defence, the Hospital of St John & St Elizabeth (UK), the Academic Medical Center Amsterdam (The Netherlands) and the University Hospital Brno (Czech Republic). In Spain, a multi-site agreement with the Basque Healthcare Service will extend its IMPAX to a further 15 sites, in addition to the 28 facilities it currently serves.

In the US, IMPAX solutions will be installed at the Cleveland Clinic Foundation (a 1,300-bed medical center) and at eight Department of Veterans Affairs hospitals. The latter contract confirms Agfa HealthCare's strong presence in the US military and Veterans Affairs hospitals.
In Canada, new customers include the Province of Alberta, the Collingwood General & Marine Hospital in Ontario, and the Hospital Diagnostic Imaging Repository Services in Toronto.

In other parts of the world, major new contracts were signed with the Brazilian 25-site FIDI Foundation diagnostic group in São Paulo (Brazil), and with the National Taiwan University Hospital.

At the end of 2010, Agfa HealthCare served over 2,300 care facilities in over 30 countries with its IMPAX solutions.

Enterprise IT

With a few dozen new agreements signed in 2010, Agfa HealthCare further enforced its leading European HIS/CIS position with its ORBIS platform.

In France, the progress in the prestigious ORBIS contract with the 37-hospital Assistance Publique – Hôpitaux de Paris group (signed in 2008) inspired several care organizations to rely on Agfa HealthCare for their enterprise IT needs. One of the major new customers is Montpellier CHRU, one of France's leading care organizations, counting seven facilities.

In Germany, no fewer than 39 care organizations joined Agfa HealthCare's broad HIS/CIS customer base, thus further strengthening the business group's dominant position in that market.

In Belgium, an agreement was signed with the Ziekenhuis Oost-Limburg for the installation of the ORBIS Care solution at all of its three sites.

At the end of 2010, ORBIS was successfully installed at over 900 care centers in Europe, totaling over 500,000 users including clinicians, nurses, hospital managers and administrative and technical staff.

(1) 2009 figures

AGFA SPECIALTY PRODUCTS

Agfa Specialty Products' head office is located in Mortsel (Belgium). Its production sites are situated in Belgium, the United States, China and Argentina.

MILLION EURO	2010	2009	% change
Revenue	203	236	-14.0%
Recurring EBITDA*	12.3	17.1	-28.1%
% of revenue	6.1%	7.2%	
Recurring EBIT*	8.3	12.7	-34.6%
Profit from operating activities	5.2	7.4	-42.3%

* before restructuring and non-recurring items.

Agfa Specialty Products' revenue decreased by 33 million Euro, mainly due to the shift of part of its film business to Agfa Graphics and the market-driven decline for some of the Classic Film products. The Printed Circuit Board (PCB) film business performed well.

Innovative solutions for industrial applications

Agfa Specialty Products supplies products to a variety of industrial markets. Its portfolio contains classic film as well as innovative products for new and adjacent markets.

The Agfa Specialty Products business group relies on Agfa's key chemical competencies for the production of *polymer* substrates and special coatings. In this context, it builds on the Agfa Group's longstanding expertise in (photo-) chemical film manufacturing.

Agfa Specialty Products' activities are subdivided in Classic Film, Film Manufacturing Services and New Business.

Classic Film

Agfa Specialty Products supplies traditional film-based consumables to imaging markets outside the scope of Agfa Graphics and Agfa HealthCare.
In these markets, analog systems are gradually replaced by digital alternatives. In some segments, however, film is still the standard, as it guarantees high resolution and imaging quality and is easy to use, whereas the transition to digital technology often demands substantial investments. The business group's activities in these markets are broken down into four main areas.

Motion Picture

In the movie industry, Agfa supplies both *color print film*, as well as *sound recording film* directly to motion picture film laboratories throughout the world. Partly because of the success of 3D cinema, movie theatres around the world are accelerating their investments in digital projection technology. As a result, revenue in this segment continued to decrease in 2010.

Aerial Photography

For aerial photography, Agfa Specialty Products supplies films, chemicals, photo paper and software. The decline in the traditional film market accelerates as the quality of digital alternatives is improving. Despite a substantial revenue decline in 2010, Agfa Specialty Products managed to keep its market share.

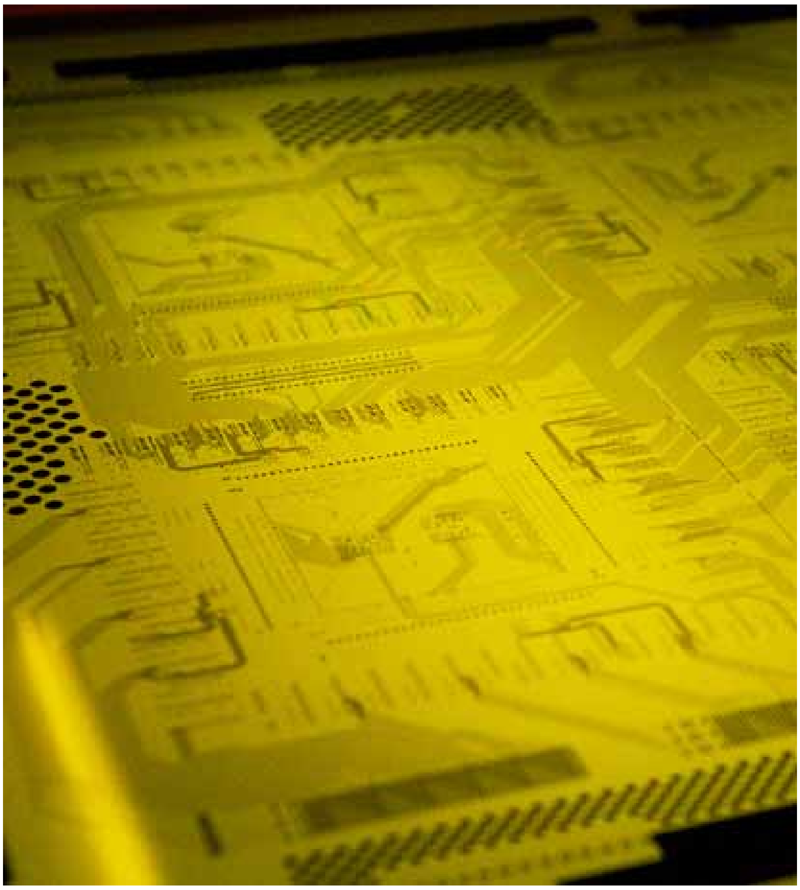
Microfilm Archiving

Agfa Specialty Products' microfilm is known for its high sensitivity and exceptional image quality. However, the traditional microfilm market continues to decline at a pace of 10 to 15% per year.

Printed Circuit Board Film

Agfa Specialty Products is an important producer of photo-tooling film for the production of *printed circuit boards* (PCB) for the electronics industry. Producers of electronics use the film to register the extremely fine conductive lines on printed circuit boards. As inkjet is identified as a promising technology for future PCB manufacturing, Agfa Specialty Products is focusing its R&D efforts on the development of PCB inkjet inks.

In line with the success of the electronics business, the worldwide PCB production has grown continuously over the last three decades. After a dip due to the economic crisis, the market sentiment in the electronics industry turned positive again mid 2009, leading to a noticeable revival in PCB production. As a result, Agfa Specialty Products' 2010 PCB revenue was markedly higher than in the previous year. The business group successfully maintains its market share in this growing segment.



←
Agfa is the world's largest producer of film for the production of printed circuit boards. Producers of electronics use the superior Idealine films to register extremely fine conductible lines on printed circuit boards.

Film Manufacturing Services
Film Manufacturing Services groups Agfa Specialty Products' activities as a manufacturer of specialty film and chemicals for industrial customers.

Non-Destructive Testing (NDT)
Agfa Specialty Products produces high-quality X-ray film for *non-destructive testing* of – among others – welds in pipelines, steel structures and fuselages. When Agfa divested its NDT business group to General Electric Company (GE) in 2003, both parties signed a long-term agreement whereby Agfa continued to supply X-ray film to GE. Agfa now acts as the exclusive manufacturer of GE's NDT X-Ray films and related chemistry. Currently, the global NDT film market is stable.

Specialty Foils & Components
Agfa supplies state-of-the-art *PET* film bases, chemical materials and high-tech (semi-)finished materials to industrial customers who mainly use them for the production of imaging products. These materials can be tailor-made according to customer specific requirements. The segment saw the effects of the termination of OEM film contracts with certain companies in the graphic industry and a shift of volumes towards Agfa Graphics. However, a number of new manufacturing contracts have been concluded in 2010.

New Business
Based on its core competencies in PET film production and in chemical formulations and coatings, Agfa Specialty Products is actively developing advanced products and materials for promising growth markets.

Synaps Synthetic Paper
Synthetic paper is an alternative to coated paper for applications with high demands on durability.
Agfa Specialty Products launched its polyester-based synthetic paper in 2008. Marketed under the Synaps brand, the paper is noted for its exceptionally fast drying time and its resistance to water, tearing and UV light, which allows it to be used in outdoor environments. Its unique ink-receiving layer gives Synaps the distinct look and feel of a luxury paper. Synaps can be printed with standard inks, on all offset printing presses, as well as UV inkjet printers. Synaps is suitable for a wide variety of applications, such as labels, indoor and outdoor displays, premium commercial printwork and certain types of packaging.

In 2010, Agfa Specialty Products added two self adhesive versions to its Synaps portfolio. Synaps AP is ideal for permanent marking/labeling, whereas the removable Synaps AR is suitable for the production of promotional displays that can be adhered to windows and other smooth surfaces. A new product line for toner printing, Synaps XM, was launched early 2011.

Security & Identification
With the increasing attention given to security and identification, authorities invest in high-tech electronic ID-documents of which the authenticity can be checked quickly and efficiently. Agfa Specialty Products responds to this growing need for fraud-proof ID-documents with a portfolio of specialty materials and consumables, targeting applications with high demands on durability and security (e.g. personal ID documents, banking/credit

←
Synaps, Agfa's synthetic paper, is noted for its exceptionally fast drying time and its resistance to water, tearing and UV light, which allows it to be used in outdoor environments. Synaps can be printed with standard inks, on all offset printing presses, as well as UV inkjet printers.

cards, …). Agfa's competence in PET manufacturing allowed it to develop reliable and long-lasting card materials (under the PETix brand name) that can be combined with state-of-the-art personalization and security techniques. In 2010, Agfa Specialty Products added two new products to its PETix portfolio.

Orgacon Electronic Materials

Agfa Specialty Products is an expert in the field of products based on conductive polymers used as an antistatic protection layer for films and components. Based on these products, Agfa has developed its Orgacon product line of printing inks, pastes and emulsions for the production of transparent electrodes used in compact and light electronic devices. Additional research is expected to lead to new applications for Orgacon materials, such as displays, solid lighting, and flexible solar cells. Orgacon is also expected to replace ITO (Indium Tin Oxide) in a growing number of applications.

Industrial Inkjet Inks

Building on the Group's intellectual property and knowledge in the field of inkjet ink technology, Agfa Specialty Products is developing and marketing inkjet inks for a number of niche applications outside the scope of Agfa Graphics. The main focus is on food and pharma packaging and on printing on wood, textile and glass.

Advanced Coatings

In 2010 Agfa Specialty Products focused part of its research and development on innovative applications based on its coating know how. In this context, among others, the Zirfon Perl separator membrane for the electrolysis of water was successfully commercialized in 2010. Research in other fields was continued.

→
Agfa offers the best on Aerial Photography. The assortment includes color recording films and copying materials in black-and-white and color, as well as chemistry.
(Photo: Slagboom en Peeters Luchtfotografie B.V.)

Strategy and organization

Agfa Specialty Products is part of the Agfa Materials organization. In addition to the Agfa Specialty Products activities, Agfa Materials also produces all film and related chemicals for the Agfa HealthCare and Agfa Graphics business groups, as well as for a number of third parties.

All Agfa's Research & Development activities related to materials have been centralized in the Agfa Materials Technology Centre. Based on core competencies and well-defined technology platforms the centre will support innovation and research for all Agfa's business groups and, where appropriate, also for third parties.

Agfa Specialty Products' strategy is focused along two axes:

- Agfa Specialty Products aims at consolidating its position in the Classic Film market segments, which account for the business group's recurring revenues. For this purpose, Agfa Specialty Products' organization is highly focused on cost-efficiency, lean manufacturing without compromising on quality and in close cooperation with its customers. Furthermore, Agfa Specialty Products aims at further developing its Film Manufacturing Services by taking advantage of the installed base and available capacity in its production plants.
- The New Business activities should gradually create a substantial and profitable flow of revenues for complementing the recurring ones from the more traditional film based consumables. In this context, the business group will continue to invest in research and development, marketing and production capabilities. Based on core competencies and well-defined technology platforms, such as PET manufacturing and coating, the Materials Technology Centre supports this innovation with materials related Research & Development.

CORPORATE GOVERNANCE

Since its listing on Euronext Brussels in June 1999, Agfa-Gevaert NV has paid a lot of attention to the transparency policies while defining the governance of the Company. A lot of our existing policies were already in line with the Belgian Corporate Governance Code as issued end 2004. In line with the directives of this Code of 2004, the Board of Directors of Agfa-Gevaert has revised the Corporate Governance Charter on January 30, 2009.
On this occasion the Board of Directors amended the Corporate Governance Charter in line with the 2009 Draft of the Belgian Corporate Governance Code (the '2009 Code'). In the meantime, the 2009 Code was published on March 12, 2010. Hence, the 2009 Code is the reference code for the financial year 2010; it can be consulted on the CBFA website www.cbfa.be.
The Corporate Governance Charter of the Company is published on the website: www.agfa.com/investorrelations.
Meanwhile the Law on Corporate Governance of April 6, 2010 was published in the Belgian State Gazette on April 23, 2010. This Corporate Governance Statement is also in line with the aforementioned law, which can be consulted on the website of the Belgian State Gazette www.staatsblad.be.

The governance structure of the Company is built up round the Board of Directors, the Chief Executive Officer (CEO) and the Executive Committee (Exco). The Board of Directors is assisted by a Nomination and Remuneration Committee, an Audit Committee and a Strategic Committee.

Board of Directors

As the ultimate management body of the Company, the Board of Directors is empowered to carry out any necessary or useful actions for the achievement of the corporate purpose, the exception being the powers reserved by law for the General Meeting of Shareholders (such as amendments to the articles of association, capital increases other than through the authorized capital, capital decreases).

The powers and operation of the Board of Directors are described extensively in the Corporate Governance Charter.

The articles of association determine that the Board of Directors meets whenever the interest of the Company so requires or following a request by two directors. In 2010, ten meetings took place; one decision was taken by unanimous written consent in accordance with the articles of incorporation.

In the course of 2010, the Board of Directors discussed and decided upon, inter alia: defining the corporate strategy and key policies, perspectives for 2010 and action plans for the years to come, recommendations from the various Committees to the Board of Directors, risk management, the approval of budgets, cost control scenarios, appointment of a new CEO, a capital increase within the frame of the authorized capital, the evolution of important litigation and the approval of the annual accounts.

Directors likely to have conflicting interests with regard to any item on the agenda must disclose the conflict before any deliberation and abstain from deliberating and voting on that item. More particularly, the directors must not put themselves in conflict situations as described in the Corporate Governance Charter of the Company. Should such an event occur against their will, they must disclose it before any deliberation relating to the conflicting item and must abstain from deliberating and voting on that item. In 2010, there were no occurrences where a director had directly or indirectly conflicting interests with a decision made by the Board of Directors.

Composition of the Board of Directors

The articles of association of the Company provide that the Board of Directors has at least six members, who do not need to be shareholders and who are appointed for a renewable maximum term of three-years. At least half of the members are to be non-executive directors, including a minimum of three independent directors.

The mandate of Mercodi BVBA, with permanent representative Mr Jo Cornu, as director of the Company, expired immediately following the General Meeting of Shareholders of April 27, 2010. During the General Meeting of Shareholders of April 27, 2010, the shareholders reappointed Mercodi BVBA as director for a new three-year term.

Also at the above General Meeting of Shareholders, CRBA Management BVBA, with permanent representative Mr Christian Reinaudo, was elected as a director of the Company for a three-year term.

Hence, as from April 27, 2010, the Board of Directors consists of the following eight members:

- De Wilde J Management BVBA[1], with permanent representative Julien De Wilde, Chairman, member since 2006, Director of companies
- CRBA Management BVBA, with permanent representative Christian Reinaudo, CEO, member since 2010, Director of companies
- Pamica NV[1], with permanent representative Michel Akkermans, member since 2008, Director of companies
- Mercodi BVBA, with permanent representative Jozef Cornu, member since 2002, Director of companies
- Willy Duron[1], member since 2008, Director of companie
- Value Consult Management- und Unternehmensberatungs-gesellschaft mbH[1], with permanent representative Horst Heidsieck, member since 2008, Director of companies
- Roland Junck[1], member since 2008, Director of Companies
- Christian Leysen[1], member since 2003, Director of Companies

(1) Independent director in accordance with article 526ter of the Belgian Code of Companies.

The mandates as a director of Messrs Willy Duron and Roland Junck, Pamica NV, with permanent representative Mr Michel Akkermans and Value Consult Management- und Unternehmensberatungsgesellschaft mbH, with permanent representative Mr Horst Heidsieck, expire immediately following the General Meeting of Shareholders of April 26, 2011.

They all seek re-election. During the General Meeting of Shareholders of April 26, 2011, the shareholders will be proposed to reappoint Messrs Willy Duron and Roland Junck, Pamica NV, with permanent representative Mr Michel Akkermans and Value Consult Management- und Unternehmensberatungsgesellschaft mbH, with permanent representative Mr Horst Heidsieck, as independent directors for a new three-year term.

CV´S of the members of the Board of Directors

Julien De Wilde (°1944 - Belgian) obtained an engineering degree from the Catholic University of Louvain (Belgium). From 1969 onwards he held various managerial positions at Texaco. In 1986 he was appointed member of the European Management Board of Texaco in New York. In 1988 he became head of the research and business development department of Recticel. A year later he became a member of the Executive Board of Alcatell Bell, where he was responsible for strategy and general services. From 1995 to 1998 Julien De Wilde was CEO of Alcatel Bell and from 1999 to 2002 he was Executive Vice-President and member of the Executive Board of Alcatel in Paris, responsible for Europe, the Middle East, Latin America, India and Africa. From July 1, 2002 to May 2006, he was CEO of the Bekaert Group.

Julien De Wilde Wilde joined Agfa-Gevaert's Board of Directors in 2006. In April 2008, he became Chairman of the Board of Directors.

Current mandates

- Chairman Board of Directors Nyrstar NV.
- Director J & L Partners NV, KBC Bank NV, Arseus NV and Telenet NV.
- Honorary Chairman Agoria.

Christian Reinaudo (°1954 - French) is a graduate from the 'Ecole de Physique et de Chimie Industrielles de Paris' and holds a doctorate from the 'University of Paris' (France). He started his career with Alcatel (formerly named 'Compagnie Générale d'Electricité') in 1978 in the Research and Development Centre of Marcoussis (France). During his Alcatel period he managed several multi billion Euro businesses and international sales and services organizations. From 1984 to 1996, he held several positions in the Cable Group of Alcatel (now Nexans), from research and development, to manufacturing, procurement, sales support and services.
He took the position of President of the Submarine Networks Division in early 1997. Appointed President of the whole Optics Group in 1999, he enters the Executive Committee of Alcatel early 2000 as Executive Vice President. In 2003, he was appointed President of Alcatel Asia Pacific and moved to Shanghai (China) where he stayed until 2006. During this period he was also the Vice-Chairman of the Board of Directors of Alcatel Shanghai Bell, the Chinese joint venture of Alcatel with the Chinese government. In 2006, he came back to Paris to manage the integration and the transition process associated with the merger of Alcatel and Lucent Technologies. He also became Director in the Board of Directors of Draka Comteq (The Netherlands).
In 2007, he was appointed President Northern and Eastern Europe of Alcatel-Lucent and he joined the Board of Directors of Alcatel-Lucent Bell (Belgium). Early 2008, he joined Agfa-Gevaert to be President of Agfa HealthCare.

Christian Reinaudo joined the Agfa-Gevaert Board of Directors in 2010.
As from May 1, 2010 he is CEO of Agfa-Gevaert.

Michel Akkermans (°1960 - Belgian) holds a master of sciences in electronic Engineering and computer sciences and a degree in economics and finance from the Catholic University of Louvain (Belgium). He held management positions in a series of international banks and consulting companies before founding FICS, a leading software provider in the field of online banking and regulatory financial reporting, in 1989.
In 1999, FICS, together with Edify and Vertical One, merged with Security First Technologies, creating S1 Corporation, the market leader in internet banking, with Michel Akkermans as its Chairman. In 2002, Michel Akkermans became Chairman and CEO of Clear2Pay, an innovative e-finance company focused on delivering globally applicable solutions for secure electronic payments.

Michel Akkermans joined the Agfa-Gevaert Board of Directors in 2008.

Current mandates

- Chairman and CEO Clear2Pay NV. Chairman of Enqio and RealDolmen
- Director Quest for Growth NV, Citymesh NV and Approach NV.

Jo Cornu (°1944 - Belgian) graduated as an engineer specializing in electrotechnology and mechanics from the Catholic University of Louvain (Belgium) and later obtained a PhD in electronics from the Carlton University in Ottawa (Canada). Jo Cornu was CEO of Mietec from 1982 to 1984 and later General Manager for Bell Telephone until 1987. From 1988 to 1995 he was member of the Executive Board of Alcatel NV and from 1995 to 1999 he was COO for Alcatel Telecom. Later he became an advisor to the Chairman of the Board of Directors of Alcatel. From 2005 to 2007, Jo Cornu was Chairman of the ISTAG Group (Information Society Technologies Advisory Group) of the European Commission. From the beginning of March 2007 to the end of January 2008, he was Chairman of Medea +, the Eureka Cluster for micro electronics research in Europe.

Jo Cornu joined the Agfa-Gevaert Board of Directors in 2002. At the end of November 2007, Jo Cornu was appointed CEO of Agfa-Gevaert. He resigned as CEO as from May 1, 2010.
On April 27, 2010, he was reappointed a director.

Current mandates

- Director KBC Group NV, Electrawinds and Belgacom NV of public law.

Willy Duron (°1945 - Belgian) has a master of mathematics from Ghent University (Belgium) and a master of actuarial science from the Catholic University of Louvain (Belgium). He began his career in 1970 as an actuary for ABB Insurance (Assurantie van de Belgische Boerenbond), where he became Director Life and Reinsurance in 1984 and later Vice Director-General. He became Chairman of the Executive Board of KBC Insurance in 2000 and President of the Executive Board of KBC Bank and Insurance Holding Company in 2003. From early 2005 to late 2006, he was CEO of KBC Group NV.

Willy Duron joined the Agfa-Gevaert Board of Directors in 2008.

Current mandates

- Director of Tigenix, Ravago Plastics NV, Van Breda Risk & Benefits, Amonis, K.U.Leuven, Universitair Centrum St.-Jozef, Universitaire Ziekenhuizen Leuven en Hogeschool W&K.
- Member of of the Supervisory Board of Van Lanschot Bankiers.

Horst Heidsieck (°1947 - German) holds a PhD in physics. During his studies at the University of Bonn (Germany) and the Technical University of Aachen (Germany), he focused on solid state physics, solid state electronics as well as metal science. From 1980 to 1991, he held various managerial positions – including a position in the Executive Board – within the Degussa Group. In 1990, he became CEO of the Leybold technology group and from 1995 to 1998 he successfully integrated the former competitors Leybold and Balzers into the newly established Balzers und Leybold Group. In the following years, Horst Heidsieck was a member of the Advisory Board and later CEO of Heraeus Holding, a highly diversified technology group. From 2003 to the end of 2006, he was CEO of Demag Holding, a portfolio of seven companies which had been acquired from Siemens by Kohlberg Kravis Roberts in 2002. As from January 2007, he is a managing shareholder of the newly founded consulting company Value Consult, acting as a member of advisory boards, helping senior management to materialize improvement potentials in their companies.

Horst Heidsieck joined the Agfa-Gevaert Board of Directors in 2008.

Current mandates

- President Mauser Holding GmbH and Coperion GmbH.
- Member of the Supervisory Board of Homag Group AG.

Roland Junck (°1955 - Luxemburger) graduated from the Federal Polytechnic Institute in Zurich (Switzerland) and earned an MBA from Sacred Heart University of Luxembourg. He started his career with Arbed. At TrefilARBED Bissen he was named General Manager in 1993 and Managing Director in 1996. After having held various other managerial positions at Arbed, he became Senior Vice President of Aceralia (Spain) in 1998. He was a member of the Arbed Group Management Board from 1999 to 2002. In 2002 he was appointed Senior Executive Vice President of the newly created Arcelor after the merger of Aceralia, Arbed and Usinor. In August 2006, he became CEO of Arcelor Mittal and a member of the Group's Management Board. Following the reorganization of the company's senior management structure in November 2006, he became an advisor to the CEO while he remained a member of the Board until July 2007. In February 2009, he was appointed CEO of Nyrstar NV.

Roland Junck joined the Agfa-Gevaert Board of Directors in 2008.

Current mandates

- CEO Nyrstar NV
- Director Interseroh AG, SAMWHA Steel SA. and Talvivaara Mining Company Plc.

Christian Leysen (°1954 - Belgian) obtained a degree of commercial engineering and a masters degree in law at the Vrije Universiteit Brussel (Belgium). In 1984 he founded Xylos, a service provider in information and communication technology. In 1989 he became responsible for the day-to-day management of the maritime and logistics company Ahlers, where he has been CEO since 1994. From 2000 to 2002, he was a member of the Antwerp city council and Chairman of the Board of Directors of Antwerpse Waterwerken. In 2004, he became Chairman of the Board of Directors of the University of Antwerp Management School.

Christian Leysen joined the Agfa-Gevaert Board of Directors in 2003.

Current mandates

- Chairman Ahlers NV, Xylos NV, Axe Investments NV, University of Antwerp Management School and Designcenter De Winkelhaak NV.
- Director De Post NV of public law (bpost), Astra Immo, Astros Immo, Astros Logistic Center, BIM NV, ALC International and ADM CVBA.

Committees established by the Board of Directors

Audit Committee (AC)

The Audit Committee will complete the tasks as described in article 526bis§4 of the Belgian Code of Companies and assists the Board of Directors in achieving its mission of control in the broadest sense. Its powers and the way it functions are described extensively in chapter 5.1 of the Corporate Governance Charter.

As from May 1, 2010, date on which Mr Jo Cornu joined the Audit Committee , the Audit Committee consists of the following four non-executive directors, – three of them independent ones – Messrs W. Duron, Chairman, H. Heidsieck, R. Junck and J. Cornu. They all meet the requirements described in article 526bis§2 of the Belgian Code of Companies, with respect to the expertise in the field of accounting and audit.
The Committee held five meetings in 2010.

Amongst other items the following topics were discussed in 2010: the verification of the annual accounts 2009, the quarterly results of 2010 and the reports of the internal audit department, the follow-up of important legal issues such as the AgfaPhoto file and the evaluation of risk management in the Group.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee has been entrusted by the Board of Directors with responsibilities concerning the nomination for appointment, reappointment or dismissal of Directors and members of the Executive Management, the remunerations policies and the individual remuneration of the Directors and the members of the Executive management.
Operation and functions of the NRC are described extensively in chapter 5.2 of the Corporate Governance Charter. The Nomination and Remuneration Committee consists exclusively of non-executive directors.

Since May 1, 2010, date on which Mr Jo Cornu joined the Nomination and Remuneration Committee, it consists of four members, i.e. Mr C. Leysen, Chairman, and Messrs J. De Wilde, M. Akkermans and J. Cornu. The Committee had five meetings in 2010 and the following items, amongst others, were discussed in the course of 2010: composition of the Board of Directors and the Committees, (self) evaluation of the Board of Directors and the evaluation of the interaction between the Board of Directors and the Executive Management, the compensation and benefits philosophy, the expatriation policy, performance and remuneration of the Executive Management and Senior Executives, pension obligations and drafting of the Remuneration Report.

Strategic Committee (SC)

The powers and the way the Strategic Committee functions are described extensively in the Corporate Governance Charter.
The Strategic Committee advises the Board of Directors about the strategic policy options and, in particular, about strategic developments in the areas where the Company operates.
The Strategic Committee also advises the Board about the five-year plan which the Executive Management submits every year, concerning strategic matters such as acquisitions, disinvestments, strategic partnerships, and the execution and follow-up of such issues.
The Committee was established through a decision of the Board of Directors on December 12, 2007.
The Chairman is Mr Julien De Wilde and the members are the Chairmen of the other Committees.
Mr Jo Cornu joined the Strategic Committee as from May 1, 2010.
There were three meetings in 2010.

Presence at the meetings of the Board of Directors and the Committees

Name	Board	AC	NRC	SC
Mr Julien De Wilde	10/10		5/5	3/3
Mr Christian Reinaudo[1]	8/10			
Mr Michel Akkermans	9/10		4/5	
Mr Jo Cornu[2]	10/10	3/5	2/5	2/3
Mr Willy Duron	10/10	5/5		2/3
Mr Horst Heidsieck	9/10	4/5		
Mr Roland Junck	6/10	2/5		
Mr Christian Leysen	7/10		5/5	3/3

(1) Director as from April 27, 2010.
(2) Member of the Audit Committee, the Nomination and Remuneration Committee and the Strategic Committee since May 1, 2010.

Management of the Company

CEO and Executive Committee (Exco)
The executive management is at present entrusted to a managing director/CEO (as from May 1, 2010 CRBA Management BVBA, with permanent representative Mr Christian Reinaudo) assisted by an Exco. Together they form the Executive Management. The CEO is responsible for the implementation of the Company's policy and strategy laid down by the Board of Directors. Consequently, he has the most extensive powers regarding day-to-day management as well as a number of specific special powers. These powers are described extensively in the Corporate Governance Charter.

In order to allow the Board of Directors to exercise its control, the CEO regularly reports about his activities and about the development of the subsidiaries and affiliated companies.

Mercodi BVBA, with permanent representative Mr Jo Cornu, informed the Board of Directors on February 9, 2010 that he would resign as Managing Director/CEO on May 1, 2010.

In its meeting of April 27, 2010, the Board of Directors decided to appoint CRBA Management BVBA, with permanent representative Mr Christian Reinaudo, as managing director/CEO of the Company as from May 1, 2010.

Hence, since May 1, 2010, the Exco is composed as follows:

- **Mr Albert Follens**
  Vice-President Agfa-Gevaert
- **Mr Kris Hoornaert**
  Chief Financial Officer
- **Mr Stefaan Vanhooren**
  President Agfa Graphics
- **Mr Luc Delagaye**
  President Agfa Materials

Internal control and risk management systems in relation to financial reporting

Agfa's Executive Management is responsible for the Group's internal control and risk system including those over financial reporting as approved by the Board of Directors. Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. The Audit Committee reviews the effectiveness of the internal control and risk management systems.

Control environment
Agfa's control environment comprises of central finance functions such as consolidation and reporting, tax, treasury, investor relations on the one hand and finance functions at the level of the three business groups on the other hand. All finance functions report (in) directly to the Chief Financial Officer. All Group entities follow uniform central accounting policies and reporting requirements which are described in Agfa's Corporate Controlling and Accounting Manual.

Risk management
Based on monthly review meetings with the central functions and business group management, the Executive Management has a process in place to identify, asses and follow-up on risks including those with regards to the financial reporting process on a regular basis and reports on those risks to the Audit Committee. These risks are being reviewed by the Audit Committee who might define further actions to the Executive Management.

Control activities
Each business group is responsible for the monitoring of the financial performance and forecasting and reports to the Executive Management on a monthly basis. The consolidation process, based on a more extensive reporting, is performed on a quarterly basis and reviewed by the Executive Management and the Audit Committee who might define

actions to the business groups and the central functions.

Information and communication
All entities use uniform central reporting tools and report in accordance with the instructions and reporting guidelines set out by the central reporting department. Financial information (including key performance indicators) are prepared on a consistent basis for each business group and at consolidated level and reviewed by the appropriate responsible. The Executive Management reports to the Audit Committee on all key risk factors on a regular basis.

Monitoring
One of the responsibilities of the Corporate Controlling and Accounting department is to improve the procedures used to prepare and process financial information. Regular reviews are conducted on the key control procedures in the preparation of financial information in the subsidiaries and at Group level in order to ensure proper application of instructions and guidelines with regards to financial reporting.

Internal Audit performs reviews on the monitoring of internal policies, guidelines and controls both relating to financial reporting and operational matters such as sales, production and R&D. Internal Audit reports to the Audit Committee which monitors the effectiveness.

The Company Secretary has been appointed as Compliance Officer to monitor the Director's and other designated persons' compliance with the Group's policy with regards to insider dealing and market manipulation.

Evaluation of the Board of Directors and its Committees

The major features of the evaluation process for the Board of Directors and its Committees include assessing how the Board of Directors and its Comitees operate, checking that the important issues are suitably prepared and discussed, evaluating the actual contribution of each Director's work and their involvement in discussions and decision-making. The complete evaluation process is extensively dealt with in the chapters 3, 4 and 5 of the aforementioned Corporate Governance Charter.

In 2010, an internal evaluation process has taken place on the initiative of the Chairman of the Board and in collaboration with the Chairman of the Nomination and Remuneration Committee, involving contacts with the members of the Board of Directors and of the Executive Management in order to evaluate the functioning of the Board and the Executive Management (on individual level as well as on a board level) on the one hand and the cooperation and relation between both bodies on the other hand.

The criteria taken into consideration for the evaluation concerned the size, composition and performance of the Board of Directors and the Committees as well as the quality of the interaction between the Board of Directors and the Executive Management.
The results were based on answers given to a questionnaire (containing about seventy questions divided into ten chapters) on the one hand and the feedback provided during individual interviews on the other hand.

Policy regarding the appropriation of the result

The Board of Directors' proposals to the General Meeting of Shareholders with regard to the allocation and distribution of the result take into consideration several factors, such as the Company's financial situation, the operating results, the current and expected cash flows and the plans for expansion.

Policy regarding the dealing in shares of the company
(insider trading)

Consistent with its principles and values, Agfa-Gevaert formulated a Code of Dealing immediately after the IPO in 1999. The Code contains rules with which directors and members of senior management have to comply in case they wish to deal in financial instruments of the Company. The Code forbids these persons, inter alia, to deal during well-defined periods preceding the announcement of its financial results and the announcement of other price sensitive information. Taking into account the Law of August 2, 2002, and the Royal Decree of March 5, 2006, concerning market abuse, Agfa-Gevaert has changed this Code to make it compliant with the current legal regulations.

The adapted version of the Code is available on the Company's website as part of the Corporate Governance Charter.

Auditor

Agfa-Gevaert NV's auditor is KPMG represented by Messrs Filip De Bock and Erik Clinck. The auditor was reappointed at the General Meeting of Shareholders of April 27, 2010, for another three-year term. Hence, the mandate will expire immediately following the General Meeting of Shareholders of April 30, 2013.

World-wide fees in relation to services provided by KPMG amounted to 3,340,819 Euro in 2010. This sum comprises fees of 1,883,408 Euro for the audit of the annual financial statements, 542,417 Euro for other audit services, 146,347 Euro for tax services and 768,647 Euro for other non-audit related services.

Extraordinary General Meeting of shareholders of May 21, 2010 – capital increase November 12, 2010

During the Extraordinary General Meeting of Shareholders of May 21, 2010, the Board of Directors was granted the right to increase the share capital of the Company in one or more times. In its meeting of October 18, 2010, the Board resolved to make use of this right. The assessment on the realization of the capital increase within the frame of the authorized capital occurred on November 12, 2010. All of the 42,962,760 new shares were subscribed at an issue price of 3.45 Euro, for a total amount of 148,221,522 Euro. Hence, as a result of this capital increase, the share capital of the Company currently amounts to 186,794,611 Euro, represented by 171,851,042 shares.

Information in accordance with article 96§4 of the Belgian Code of Companies

According to the information available to the Company by virtue of the transparency declarations received in accordance with the relevant legal and statutory stipulations, the main shareholders currently are the following:

- Classic Fund Management AG with between 5% and 10% of the outstanding stock as from September 1, 2008,
- JP Morgan Securities Ltd. with between 3% and 5% of the outstanding stock as from January 19, 2009.
- UBS AG with between 3% and 5% of the outstanding stock as from October 12, 2010
- Blackrock Group with between 3% and 5% of the outstanding stock as from July 28, 2010

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 72.61% and 83.61%.

- No special rights are attached to the issued shares of the Company.
- There are no statutory restrictions with respect to the transfer of securities of the Company or the exercise of voting rights.
- The procedure for the appointment and replacement of Members of the Board and the amendment of the Articles of Association of the Company are extensively described in the Articles of Association and the Corporate Governance Charter of the Company, both of which can be consulted on the Investor Relations page of the website www.agfa.com.
- The powers of the Board of Directors regarding issuing and purchasing stock are extensively described in article 7 and 14 of the Articles of Association of the Company.

General information about the company

Agfa-Gevaert NV (Company number 0404.021.727, Register of Legal Entities Antwerp) is a public limited liability company under Belgian law, incorporated on June 10, 1964. The registered office of the Company is located at Septestraat 27, in 2640 Mortsel, Belgium.

The full and annotated financial data and statements are available via the website of the Company, www.agfa.com, or at the registered office of the Company itself.

Information with respect to environmental matters can be found in the sustainability report of the Company which is published every two years and of which an annual update is published on the Company's website. A short summary of the sustainability report is also published in the annual report.

Availability of information

The Company's articles of association are available at the clerk's office of the commercial court of Antwerp (Belgium) and at the registered office of the Company. They can also be found on the website of the Company, www.agfa.com. The Corporate Governance Charter and the Code of Dealing can be found on the Investor Relations page of the website, www.agfa.com.

The annual accounts are filed with the National Bank of Belgium. The annual accounts, together with the related reports, are communicated every year to the holders of registered shares and upon request to any interested party.

The annual reports, containing the individual and consolidated annual accounts, including the report of the statutory auditor, can be found on the website www.agfa.com and at the registered office.

The convocation to the General Meeting of Shareholders is published in the financial press and can also be found on the website. As regards financial information, the financial results and the other compulsory matters are published on the website of the Company, in compliance with the guidelines of the Banking, Finance and Insurance Commission (CBFA).

The decisions with respect to the nomination and dismissal of members of the Board of Directors are published in the Annexes to the Belgian State Gazette.

Any interested party can register free of charge on www.agfa.com to receive the press releases and statutory financial information by e-mail.

The annual report is available on the website, www.agfa.com, in Dutch and English.

Remuneration report

The NRC meets at least three times a year to, among others, draw up proposals for the Board of Directors regarding the remuneration policy and remuneration levels for the Directors and the members of the Executive Management.

The remuneration criteria aim to recruit, retain and motivate Directors and Executive Management members complying with the profile determined by the Board of Directors.

The remuneration of the non executive Directors takes into account their general role as Board Member and their specific roles as Chairman of the Board, Chairman or Member of a Committee, as well as their responsibilities and time needs resulting from these functions.

The NRC determines the level and structure of the remuneration of the Executive Management members in function of the recruitment, retaining and motivation of qualified and competent professionals, taking into account the nature and extension of their individual responsibilities.

The current remuneration policy is described extensively in the Corporate Governance Charter (under items 3.8 and 4.7).

Remunerations

Board of Directors

There is no automatic adjustment of the remuneration levels, but they are being reviewed on a regular basis in order to verify whether they are still in line with the policy. The latest adjustment for the members of the Board of Directors was done on the occasion of the Annual Meeting of 2006. The remuneration of the Chairman was defined at the time of his appointment in 2008. A fix, annual standard remuneration is foreseen, which is different for the Board meetings on the one hand and the Committee meetings on the other hand. There is also a distinction between the remuneration of the Chairman and that of the members. The remuneration covers a predetermined number of meetings. When this number is exceeded on an individual basis, an additional fee per additional meeting is foreseen.

The following standard remunerations are provided:

Board of Directors (for a maximum of 7 meetings per calendar year)	
Chairman[1]	180,000 Euro
Members	50,000 Euro
AC (for a maximum of 5 meetings per calendar year)	
Chairman	25,000 Euro
Members	12,500 Euro
NRC (for a maximum of 3 meetings per calendar year)	
Chairman	15,000 Euro
Members	7,500 Euro
SC	
Chairman	no remuneration provided
Members	no remuneration provided
Variable remuneration	
- of 2,500 Euro for every meeting exceeding the set maximum of 7, 5 or 3 meetings per calendar year, for respectively the fixed remuneration for the Board, AC or NRC;	
- as the objectives, related to the financial result of 2010 were achieved, the members of the Board of Directors, as well as the members of the Executive Management, exceptionally qualify for the Long Term Incentive Plan (LTI).	

(1) This remuneration is comprehensive, meaning that it includes the remuneration related to the mandate in the NRC and the SC as well as the possible variable remunerations provided for the number of meetings exceeding the set maximum.

The annual individual remuneration for the members (executives as well as non-executives) of the Board of Directors for the exercise of their mandate for 2010 is as follows:

EURO	Board of Directors	Committees	LTI	TOTAL
Mr Michel Akkermans[1]	55,000.00	10,000.00	40,838.00	**105,838.00**
Mr Christian Reinaudo[2]	35,833.33	0.00	0.00	**35,833.33**
Mr Jo Cornu[3]	57,500.00	20,000.00	33,275.00	**110,775.00**
Mr Julien De Wilde[4]	180,000.00	0.00	108,900.00	**288,900.00**
Mr Willy Duron	57,500.00	25,000.00	49,913.00	**132,413.00**
Mr Horst Heidsieck[5]	55,000.00	12,500.00	39,325.00	**106,825.00**
Mr Roland Junck	50,000.00	12,500.00	42,350.00	**104,850.00**
Mr Christian Leysen	50,000.00	20,000.00	45,375.00	**115,375.00**
TOTAL	**540,833.33**	**100,000.00**	**359,976.00**	**1,000,809.33**

(1) Permanent representative of Pamica NV
(2) Permanent representative of CRBA Management BVBA
(3) Executive director and permanent representative of Mercodi BVBA
(4) Permanent representative of De Wilde J Management BVBA
(5) Permanent representative of Value Consult Management-und Unternehmensberatungsgesellschaft mBH

CEO
After the Annual Meeting General Meeting of April 27, 2010, the Board of Directors appointed CRBA Management BVBA, represented by Mr Christian Reinaudo, as Managing Director/CEO, in succession of Mercodi BVBA, represented by Mr Jo Cornu.
The agreement with Mercodi BVBA nor the agreement with CRBA Management BVBA provides for an automatic adjustment. The remuneration is reviewed on a regular basis in order to verify whether it is still in line with the policy.

The remuneration of the CEO, Mercodi BVBA, represented by Mr Jo Cornu, was adjusted in 2010.
The fix annual remuneration is 1,387,500 Euro.
A variable remuneration 'on target' of 462,500 Euro has also been provided for.
The fix annual remuneration of the CEO, CRBA Management BVBA, represented by Mr Christian Reinaudo, was set at 1,136,800 Euro. This remuneration also comprises the remunerations of Mr Reinaudo as a Director in certain Agfa subsidiaries.
A variable remuneration 'on target' of 435,500 Euro has also been provided for.

In relation to their remuneration as CEO, both Mercodi BVBA, represented by Mr Jo Cornu, and CRBA Management BVBA, represented by Mr Christian Reinaudo, contributed to the special plan on Part Time Working. Like other employees who continued to work on a full-time basis, the CEO contributed 5% of his fix and variable remuneration during a four month period, eight month period respectively.

The variable remuneration of Mercodi BVBA depended on individual objectives.

The variable remuneration of CRBA Management BVBA depends on the following parameters:
- for 20%: individual targets,
- for 80%: financial targets.

As CEO, Mercodi BVBA, represented by Mr Jo Cornu, qualifies for a non-recurrent variable fee as part of the Long Term Incentive Plan (LTI).

For 2010 (January - April), Mercodi BVBA's remuneration as CEO was:
- Fix remuneration: 439,375.00 Euro;
- Variable remuneration: 146,458.34 Euro;
- LTI: 262,570.00 Euro;
- Benefits in kind: 530.67 Euro.

For 2010 (May - December), CRBA Management BVBA's remuneration as CEO was:
- Fix remuneration: 728,866.67 Euro[6];
- Variable remuneration: 296,778.73 Euro;
- Benefits in kind: 20,510.91 Euro.

(6) incl. the remunerations of Mr Reinaudo as a Director in certain Agfa subsidiaries.

EXCO
There is no automatic adjustment of the remuneration levels, but they are being reviewed on a regular basis in order to verify whether they are still in line with the policy.

In this regard, the remuneration of the Presidents of Agfa Graphics and Agfa Materials was adjusted in 2010.

The overall gross fix remuneration for the Exco (incl. Mr Christian Reinaudo for the period January - April) in 2010 amounted to 1,736,196.42 Euro (excluding employers' social contributions).
The total annual 'on target' variable remuneration amounts to 888,409.33 Euro, which generally represents 50% of the gross fix remuneration and – as a consequence – about 25% of the global annual remuneration.
Like other employees that continued to work on a full-time basis, the members of the Exco contributed 5% of their fix and variable remuneration.

The payment of this variable fee is depending on the following parameters:

- for 20%: individual targets,
- for 80%: financial targets.

For 2010, the global variable compensation amounts to 907,831.18 Euro (excluding employers' social security contributions). For some members of the Exco, depending on their personal situation, part of this compensation is converted into a pension allowance.
The pension contributions paid for these members amounted to 350,675.56 Euro and 55,005.73 Euro as benefits in kind.
The members of the Exco also qualify for a non-recurrent variable remuneration as part of the Long Term Incentive Plan (LTI).
This amounted to 566,118.76 Euro for all Exco-members (incl. Mr Christian Reinaudo).

The benefits in kind, which may vary from member to member, include a home PC, a company car, the provision of housing (apartment), a representation allowance and various insurances (directors' liability, travel and medical insurance, private accidents).
In 2010, no severance payments were made to the Executive Management.

The change of control provision that was included in Mr Christian Reinaudo's employment contract with Agfa HealthCare NV, was ended.

Shares and Options

Nor the CEO, nor the members of the Exco were granted shares as part of their remuneration. As in previous years, the Board of Directors decided not to grant options to the Executive Management for 2010.
At the end of 2010, the number of share options or other rights to acquire shares that have been granted to the members of the Exco is as follows:

	2002	2003	2004	2005	2006	TOTAL
STRIKE PRICE (EURO)	18.00	18.27	19.95	22.57	18.60	
Mr Albert Follens	19,000	16,350	20,000	22,000	24,000	**101,350**
Mr Stefaan Vanhooren	6,300	8,650	8,500	22,000	30,000	**75,450**
TOTAL	**25,300**	**25,000**	**28,500**	**44,000**	**54,000**	**176,800**

In 2010, no other 'Long Term Incentive Plan' was granted to the Executive Management.

RISK FACTORS

Market, technology and competition risks

As with any company, Agfa is continually confronted with market and competition risks. Its traditional imaging business in Graphics as well as in HealthCare is faced with rapid changes in technology and has in the past been characterized by price erosion.
The economic crisis has an impact on the demand for our products, as well as for the products of our competitors. This is primarily the case for investment goods, but for Agfa Graphics and Agfa Specialty Products, the crisis also negatively affects the demand for consumables.
Agfa is also introducing many new technologies, such as industrial inkjet for Graphics and, for HealthCare, computed and direct radiography as well as information systems. The digital imaging and information marketplace, in which Agfa is increasingly operating, is highly competitive and subject to rapid change.

Cost of raw materials

Agfa relies on other companies to supply certain key raw materials. The most important of these are aluminum and silver. Fluctuating raw material prices and any failure to obtain the needed raw materials on a timely basis could adversely affect Agfa's business, operational result and financial status. Furthermore, Agfa may choose to hedge a portion or the totality of its raw materials exposure, as it deems appropriate.

Product liability

The activities of the Group may expose Agfa to product liability claims. Particularly with respect to its HealthCare activities, Agfa complies completely with regulatory systems in many different countries. To mitigate product liability risks, Agfa has implemented a strict quality policy and control and has concluded a general insurance policy. Agfa has never suffered significant losses with respect to product liability, but there can be no assurance that this will not occur in the future.

Environmental matters

Agfa is subject to many environmental requirements in the various countries in which it operates, including air and wastewater emissions, hazardous materials and spill prevention and clean up. Significant operating and capital expenditures are required to comply with applicable standards. Provision is also made for current and reasonably foreseeable compliance and remediation costs.

Proprietary technology

Agfa owns, has applications pending for and is licensed under many patents relating to a variety of products as well as software. The company relies on a combination of patent, copyright, trademark and trade secret legislation, trade secrets, confidentiality procedures, contractual provisions and license arrangements to establish and to protect its proprietary rights.
On the other hand, the Group has a policy of strictly respecting third parties intellectual property rights. Agfa is not aware that any of its products are infringing upon the intellectual property rights of others. However, there can be no assurance that third parties will not claim such infringements in the future.

Litigation

Agfa is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency, which are commented in detail under footnote 16 p. 100, footnote 24 p. 116 and footnote 26 p. 118 of the financial statements.

Miscellanea

Furthermore, certain risks should be taken into account which could have a negative impact on the company and its activities. Examples are risks concerning the continuity of production, extraordinary impairment of assets, pension obligations, changes in currency exchange rates and acquisitions. More information about these risks is to be found in the prospectus that was published within the framework of the issue of new shares at the end of 2010. This prospectus can be consulted in the Capital Increase section of the Investor Relations pages of the Group's website.

OPINION ON THE FAIR PRESENTATION IN ACCORDANCE WITH THE ROYAL DECREE OF NOVEMBER 14, 2007

The Board of Directors and the Executive Management of Agfa-Gevaert NV, represented by Mr. Julien De Wilde, Chairman of the Board of Directors, Mr. Christian Reinaudo, President and Chief Executive Officer, and Mr. Kris Hoornaert, Chief Financial Officer hereby declare that, to the best of their knowledge,

- the consolidated financial statements give a true and fair view of the group's net worth and financial position and of its results in accordance with international Financial Reporting Standards;
- the annual report gives a true and fair view of the developments and results of the company and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the group is facing.

INFORMATION RELATED TO THE IMPLEMENTATION OF THE EU TAKEOVER DIRECTIVE

The Board of Directors of Agfa-Gevaert NV hereby declares that the Annual Report 2010 has been prepared in accordance with article 34 of the Royal Decree of November 14, 2007. The Board hereby explains that:

- a comprehensive overview of the prevailing capital structure, dated March 31, 2011, can be found in the Corporate Governance chapter (p.43) and in the Shareholder Information;
- no special rights are attached to the issued shares of the Company;
- the Company has entered into certain financial agreements which would either become effective, be amended and/or terminated due to any change of control over the Company as a result of a public takeover bid;
- there are no statutory restrictions with respect to the transfer of securities of the exercise of voting rights;
- the Company isn't aware of the existence of shareholder agreements resulting in restrictions on the transfer of securities and/or on the voting rights;
- the agreements with the members of the Executive Management no longer contain a 'change of control' clause, whereby they would receive compensation if their agreement with the Company would terminate as a result of a change of control over the Company.

SUSTAINABILITY REPORT

Corporate Sustainability is a business approach to create long-term value for all stakeholders. It is Agfa's mission to be the partner of choice in imaging and information systems by offering leading edge technology and new ways of working. An important criterion for the successful implementation of this mission is the ability to conduct the Company's business in a profitable way and in line with the environmental and social expectations of its stakeholders.

The Company publishes the information on its sustainability activities in a concise biennial report, completed with an update every other year. The report provides an overview of Agfa's strategies, activities and progress in the field of sustainability, and is published on Agfa's website: www.agfa.com.

Environment

Agfa is committed to conserving natural resources, operating its facilities safely and restricting the environmental impact of its activities to a minimum. This is proven by the decreasing specific water consumption, emissions to the air and hazardous waste volumes.

Agfa continues to invest in projects to diminish its environmental impact including investments in biological water treatment with water reuse, in energy production with a Combined Heat and Power Plant (CHPP) and renewal of installations to lower emissions to water or air.

Summary of Environmental Achievements

The total production volume increased with 3.7% compared to 2009 due to an increase of the plate production in the business group Agfa Graphics. The production of photographic film and related chemicals for all three business groups decreased with about 1%.

Agfa performed well in achieving its corporate environmental objectives. The company performed better for most of its specific environmental indicators.

The total water consumption decreased with nearly 2% despite the increased production volume, resulting in lower specific water consumption. Process water consumption dropped in Vallese (Italy) due to the increase of production efficiency. Especially cooling water consumption dropped remarkably due to the relocation of the Wuxi site (China).

The specific wastewater load increased compared to 2009, due to the increasing Chemical Oxygen Demand (COD) caused by the increase in the recycling Drystar film. Emissions of aluminum salts in wastewater show an increasing trend. Investments in 2011 in new equipment should result in lower emissions.

Specific CO_2-emissions increased with 1.6% due to a shift in product mix in the Belgian sites and an increasing energy demand for heating caused by a significantly longer winter period.

Specific emissions to air, CO_2-emissions excluded, remained at the same level as 2009.

VOC-emissions (Volatile Organic Compounds) in Belgium increased because of a change in the product mix: the share of digital products became more important. As a result, more solvents are used.

On the other hand, the decrease in VOC-emissions in Suzano (Italy) coming from the improved efficiency of their regenerative thermal oxidizers (RTO), offsetted the raise in Belgium. This results in a specific VOC-emission that is lower then in 2009. Since 2005 these specific emissions have been constantly decreasing. This proves Agfa's efforts to reduce the ecological impact of its activities.

←
Agfa continues to invest in projects to diminish its environmental impact including investments in biological water treatment with water re-use and in energy production. In 2011, Agfa will take a second state-of-the-art Combined Heat and Power Plant into operation.

Total waste volumes increased more than proportionally to the production volumes.
As a result the specific waste volume increased. This is entirely due to a sharp increase in landfill from aluminum sludge. Aluminum sludge is recycled as much as possible into useful applications. The volatility in demand in these markets accounts for frequently changing landfill quantities.

Coming down from one third of the total waste volume, hazardous waste represents less then one quarter of that volume in 2010. The specific hazardous waste volume shows a continuously decreasing trend since 2005.

Energy consumption increased with 3.5%, which is slightly lower than what was expected based on the production volumes. The specific energy consumption therefore remains nearly constant.

Only Mortsel reported environmental incidents. They mainly concerned effluents. No fines were reported. Complaints from neighbors were reported only by Mortsel. They mainly concerned noise. A number of smaller investments and measures were introduced to avoid these inconveniences.

Corporate citizenship & Community participation

Agfa invests time, money and effort in forging strong and sustainable relationships with the communities in which it operates. In many of the countries where Agfa is active, the Company is confronted with social, economic and environmental challenges, which are outside the normal scope of its business activities.

By taking a dedicated and active interest in resolving issues, by improving the quality of life in local communities, and by taking a proactive stance with stakeholder groups, Agfa aims to make a tangible difference to people's lives.

The Group also supports Agfa Aid, an organization of Agfa volunteers. The mission of Agfa Aid is to support small-scale projects, mainly focused on children. Agfa colleagues are directly involved in these projects. Agfa Aid raises funds through benefit concerts and the collection of donations.

↑
Thanks to its new wastewater treatment plant, Agfa will be able to re-use no less than 40% of the water used in its production process.

Agfa Aid has projects all over the world:

- **Centro Andino** (South America): material and financial support for hospitals and schools.
- **SOS Brazil** (Brazil): a horticultural school, community house and workshop project.
- **Hogar Para Todos** (Ecuador): scholarships and support to schools and orphanages.
- **Gammol** (Gambia): water supply projects.
- **Bayti** (Morocco): literacy project and day center for street children.
- **Moeders voor Moeders** (Belgium): food and material support to underprivileged families in Antwerp.
- **De Markgrave** (Belgium): activity center for the blind and partially sighted.
- **Fepts** (India): support for an orphanage and a school.
- **Talmid** (Rumania): educational support for Roma gipsies.
- **Azia** (Nigeria): support for the construction of a school.
- **Kiemma** (Belgium): organizational support for activities for the children of homeless and needy families in Antwerp.
- **Haiti**: financial support on the occasion of the earthquake at the end of 2009.

Human Resources

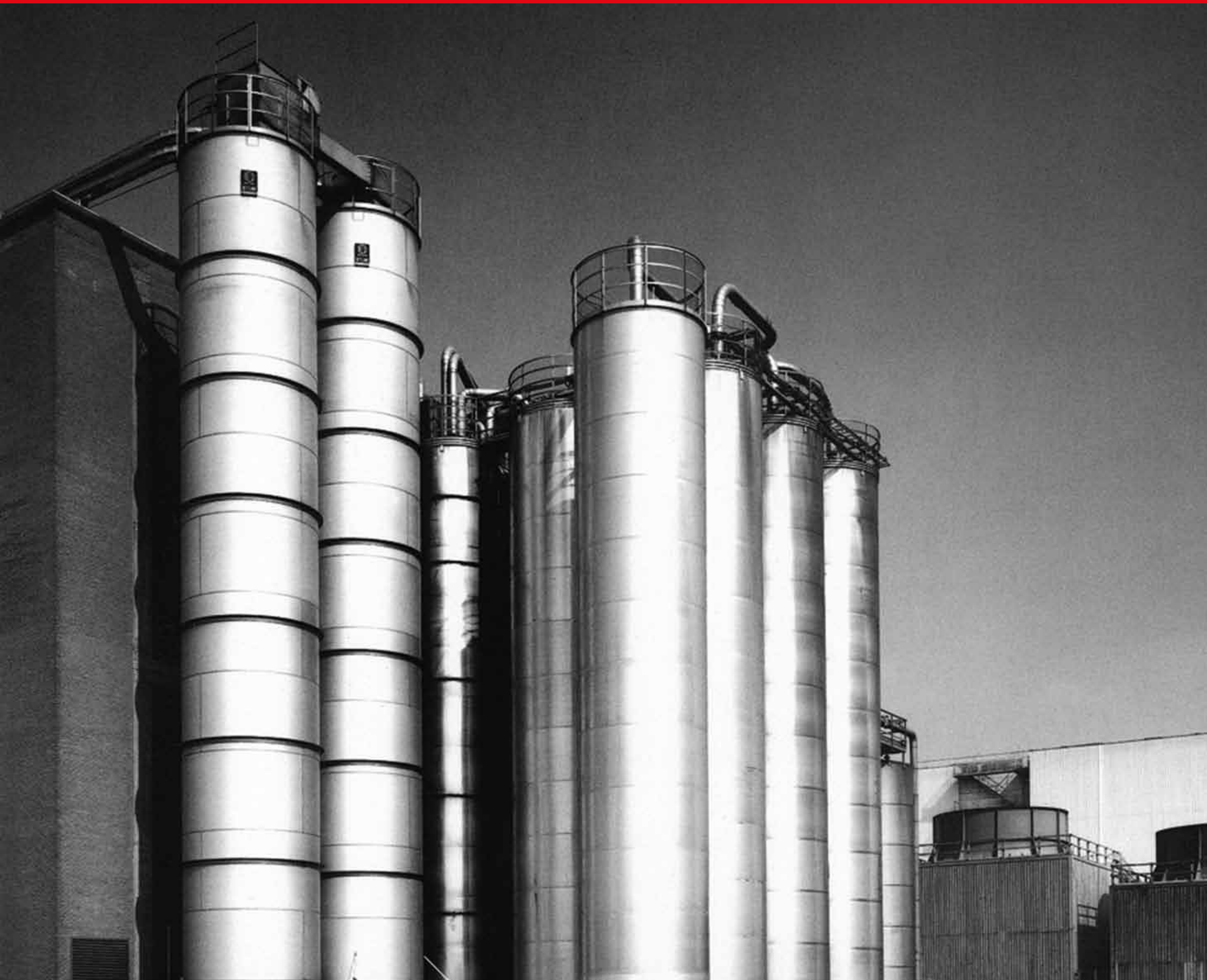
In the present rapidly changing business environment, the ability to learn and to quickly acquire new competencies is a key competitive advantage for future growth. All employees should therefore be able to continuously develop and learn new competencies.

To this aim, Agfa has implemented a wide set of policies, programs and actions.

Employability, from a company as well as from an individual perspective, is a key objective for Agfa's management in this period of intensive transformation of Agfa's industry and its company activities.

Agfa aims to be an employer with clearly defined and applied health and safety standards, respecting all legal requirements and adhering to the overall principles of the international declaration of human rights.

FINANCIAL
STATEMENTS



Comments on the consolidated financial statements

In 2010, the Agfa-Gevaert Group's revenue grew 7.0% to 2,948 million Euro (2,755 million Euro in 2009). About half of this increase was related to Agfa Graphics' joint venture in China and the acquisition of the *Harold M. Pitman Company*.
The exchange rate conditions had a beneficial impact of 3.8% on the Group's top line business performance.

The revenue of the Agfa Graphics business group increased by 16.7% (12.2% excluding currency effects) to 1,565 million Euro.
In the first half of the year, *prepress* revenue increased significantly in spite of the strong competitive pressure. The growth was due to a marked upturn in the digital *computer-to-plate* business and the business group's success in the analogue *computer-to-film* market. In the second half of the year, prepress revenue growth was driven by the acquisition of the Harold M. Pitman Company, as well as the go-live of the Agfa Graphics Asia joint venture. In the industrial *inkjet* segment, increasing equipment and ink volumes contributed to the strong revenue growth. Agfa Graphics' revenue increase mainly comes from the USA and the emerging countries, whereas the recovery in most European countries was lagging behind the rest of the world.

Agfa HealthCare's full year revenue remained almost stable at 1,180 million Euro. Excluding currency effects, a decrease of 3.3% would have been posted. As expected, the growth in the IT division did not yet offset the revenue decline in the traditional business. The business group expects to see the turning point in the course of the second half of 2011. In IT, the Imaging IT business performed according to expectations, with strong growth figures in the emerging markets and growing market shares in North America and Europe.
The Enterprise IT business performed well in the German speaking part of Europe, where Agfa HealthCare's ORBIS solution is well established. In France, Belgium and Luxembourg, the business is still in the investment phase. In Imaging, the market for traditional film products continued to decline, whereas *Computed Radiography* and *Direct Radiography* performed well.

Agfa Specialty Products' revenue decreased by 33 million Euro, mainly due to the shift of part of its film business to Agfa Graphics and the market-driven decline for some of the Classic Film products. The Printed Circuit Board film business performed well.

The net finance costs decreased from 114 million Euro in 2009 to 94 million Euro, mainly due to the substantial decrease of the net financial debt, lower interest rates and other non-operating results.

Income tax expense amounted to 36 million Euro, compared to 49 million Euro in 2009. Current tax expense amounted to 27 million Euro and deferred tax expense amounted to 9 million Euro.

The result from operating activities amounted to 234 million Euro, versus 170 million Euro in the previous year. Income before taxes thus reached 140 million Euro, against 56 million Euro in 2009.

A positive net result of 105 million Euro – or 0.80 Euro per share – was booked in 2010, compared to 6 million Euro – or 0.05 Euro per share – in 2009.

Information on the Research & Development activities

The Agfa-Gevaert Group's R&D expenses amounted to 153 million Euro in 2010. 26% of R&D expenditure was related to Graphics, 66% to HealthCare and 8% to Specialty Products.

In 2010, Agfa Graphics invested further in the development of UV-inks and equipment for the growing industrial inkjet market, thereby aligning innovation projects in Belgium and Canada (former Gandi Innovations). The :Jeti 1224 HDC was introduced as the first :Jeti Printer with Agfa's :Anuvia inks, which are also used in the :M-Press. The :Anapurna 2500 LED is the first industrial *large format* solution that enables UV curing with LED technology to save on energy and waste heat. For the :Dotrix press, low-migration inks were developed with 6 colors to extend the color gamut of applications on primary and secondary food packaging substrates,
In the prepress segment, Graphics continued its R&D efforts to strengthen its leading position in *chemistry-free printing plate* systems. As a result, the :N92VCF was launched to offer stable chemistry-free *violet* sensitive polymer plates for newspaper applications. The plate combines the ecological advantages of chemistry-free systems with low investment and operating costs, high reliability and speed. Agfa Graphics' software :Apogee Suite (for commercial printers) was renewed to offer new *preflighting* and a revolutionary fully automated

imposition solution. With another series of enhancements, :Apogee integrates also with digital print engines as an extension to conventional printing solutions. New applications integrate jobs creation and content submission and web-to-print features. Agfa Graphics' :Arkitex suite (for newspapers) was enhanced to integrate the interface between the newspaper production and their publishers with :Arkitex Portal.

In 2010, Agfa HealthCare focused its R&D efforts on expanding and strengthening its portfolio. The delivery of next-generation *Computed Radiography* solutions, the introduction of a *Direct Radiography* product line, the introduction of its latest *IMPAX* solution and associated information systems, the expansion of solutions for its Data Center technologies to meet an increasing demand for regional image management, as well as the continued upgrading of its leading HIS/CIS solution ORBIS were key focuses. The business group successfully introduced many of these solutions in 2010. Examples are the DX-D 300 and DX-D 100 DR solutions and the portable DX-10 and DX-20 DR detectors; the DX-M CR system for mammography and general radiology; and the IMPAX 6.5 solution. In 2010, Agfa HealthCare also focused its research on new consumables, which eventually should compensate for the revenue decline caused by the decline of the market for traditional X-ray film products. Through the acquisition of *Insight Agents* and the development of new generic products, Agfa HealthCare entered the market of contrast media.

Agfa Specialty Products focused the R&D efforts on the development of products for growth areas based on Agfa's core competencies in polymeric materials, ink, film- and coating technology. In 2008, Synaps® was launched, a polyester based synthetic paper. Development efforts have been concentrated on creating a large range of applications for the printing market. In 2010, the Synaps portfolio was extended with the introduction of the self adhesive foils Synaps AP and Synaps AR. Furthermore, membranes for gas separation have been developed and are in a first phase of commercialization. For the high-end smartcard market, the new PETix® products were developed and launched. These polyester films are compatible with all major personalization and security techniques. The performance of conductive pastes, inks and coatings for the electronics industry, based on the Orgacon® technology, has been further enhanced. In the industrial ink segment, the R&D efforts were focused on the development of UV inks for packaging applications, and on water-based inks for the decorative market. In 2010, Agfa Specialty Products also participated in a number of pre-competitive longer term research projects.

The use of derivative financial instruments

In order to minimize the risk of fluctuations in exchange rates and interest rates, the appropriate hedge contracts were implemented. These mainly include short-term transactions in foreign currencies, option contracts and interest swaps. Their implementation occurs according to uniform guidelines, is subject to internal audits, and is limited to cover for the operational activities, and related money investments and financial transactions.

Major events, which took place after the end of the accounting year

No such events occurred.

Other information

The complete information that, in accordance with article 119 of the Code of Companies, should be included in this annual report, and in particular the corporate governance statement, the requirements of article 34 of the Royal Decree of November 14, 2007, and the major risk facors, is inserted in the consolidated annual report of Agfa-Gevaert under chapter 'Corporate Governance Statement' listed on pages 35 to 46, under chapter 'Risk factors' listed on page 47, and respectively by reference hereto considered to be included in this annual report. The consolidated annual report is available on the website of the company.

AGFA-GEVAERT GROUP CONSOLIDATED INCOME STATEMENT

MILLION EURO	Note	2010	2009
Revenue	4	**2,948**	**2,755**
Cost of sales		(1,950)	(1,869)
Gross profit		**998**	**886**
Selling expenses		(394)	(372)
Research and development expenses		(153)	(149)
Administrative expenses		(214)	(198)
Other operating income	8	336	309
Other operating expenses	9	(339)	(306)
Profit from operating activities		**234**	**170**
Interest income/(expense) – net		***(11)***	***(17)***
Interest income		3	3
Interest expense		(14)	(20)
Other finance income/(expense) – net		***(83)***	***(97)***
Other finance income		316	146
Other finance expense		(399)	(243)
Net finance costs	10	**(94)**	**(114)**
Profit before income taxes		**140**	**56**
Income tax expense	11	(36)	(49)
Profit for the period		**104**	**7**
Profit attributable to:			
Equity holders of the Company		105	6
Non-controlling interests		(1)	1
Earnings per share (Euro)			
Basic earnings per share (Euro)	28	0.80	0.05
Diluted earnings per share (Euro)	28	0.80	0.05

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MILLION EURO	2010	2009
Profit for the period	**104**	**7**
Other comprehensive income for the period recognized directly in equity, net of tax		
Exchange differences on translation of foreign operations	68	24
Impairment loss recognized on available-for-sale financial assets: reclassification adjustment for losses included in profit and loss	-	1
Cash flow hedges:		
Gains (losses) arising during the year recognized in equity	-	5
Reclassification adjustment for gains included in profit and loss	-	(12)
Roll-over of commodity contracts:		
Gains (losses) arising during the year recognized in equity	-	(2)
Reclassification adjustment for gains included in profit and loss	-	(1)
Total other comprehensive income	**68**	**15**
Total comprehensive income attributable to:	**172**	**22**
Equity holders of the Company	172	21
Non-controlling interests	-	1

AGFA-GEVAERT GROUP CONSOLIDATED BALANCE SHEET

MILLION EURO	Note	December 31, 2010	December 31, 2009
ASSETS			
Non-current assets		**1,253**	**1,236**
Intangible assets	*12*	680	648
Property, plant and equipment	*13*	313	326
Investments	*14*	14	9
Deferred tax assets	*11*	246	253
Current assets		**1,833**	**1,616**
Inventories	*15*	583	483
Trade receivables	*16*	619	592
Current tax assets		68	76
Other receivables and other assets	*16*	295	319
Assets classified as held for sale	*17*	-	1
Cash and cash equivalents	*18*	239	119
Deferred charges		19	18
Derivative financial instruments	*7*	10	8
TOTAL ASSETS		**3,086**	**2,852**
EQUITY AND LIABILITIES			
Equity	*19*	**1,063**	**724**
Equity attributable to equity holders of the Company		**1,033**	**721**
Share capital		187	140
Share premium		210	109
Retained earnings		703	820
Reserves		(68)	(282)
Translation differences		1	(66)
Equity attributable to non-controlling interests		**30**	**3**
Non-current liabilities		**1,053**	**1,263**
Liabilities for post-employment and long-term termination benefit plans	*20*	559	570
Liabilities for personnel commitments		14	14
Loans and borrowings	*21*	379	553
Provisions	*24*	24	44
Deferred income		6	9
Deferred tax liabilities	*11*	71	73
Current liabilities		**970**	**865**
Loans and borrowings	*21*	21	11
Trade payables	*22*	246	206
Deferred revenue & advance payments	*23*	152	123
Current tax liabilities		50	44
Other payables	*22*	182	156
Liabilities for personnel commitments		114	86
Provisions	*24*	200	234
Deferred income		4	3
Derivative financial instruments	*7*	1	2
TOTAL EQUITY AND LIABILITIES		**3,086**	**2,852**

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY										
MILLION EURO	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Share-based payment reserve	Hedging reserve	Translation differences	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2009	**140**	**109**	**814**	**(296)**	**(1)**	**12**	**12**	**(90)**	**700**	**4**	**704**
Comprehensive income for the period											
Profit for the period	-	-	6	-	-	-	-	-	**6**	1	**7**
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	-	-	-	24	**24**	-	**24**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(7)	-	**(7)**	-	**(7)**
Impairment loss recognized on available-for-sale financial assets	-	-	-	-	1	-	-	-	**1**	-	**1**
Other	-	-	-	-	-	-	(3)	-	**(3)**	-	**(3)**
Total comprehensive income and other comprehensive income for the period	**-**	**-**	**6**	**-**	**1**	**-**	**(10)**	**24**	**21**	**1**	**22**
Transactions with equity holders, recorded directly in equity											
Change in ownership interests in subsidiaries - change to equity method	-	-	-	-	-	-	-	-	**-**	(2)	**(2)**
Total of transactions with equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**(2)**
Balance at December 31, 2009	**140**	**109**	**820**	**(296)**	**-**	**12**	**2**	**(66)**	**721**	**3**	**724**
Balance at January 1, 2010	**140**	**109**	**820**	**(296)**	**-**	**12**	**2**	**(66)**	**721**	**3**	**724**
Comprehensive income for the period											
Profit for the period	-	-	105	-	-	-	-	-	**105**	(1)	**104**
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	-	-	-	67	**67**	1	**68**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	-	**-**	-	**-**
Total comprehensive income and other comprehensive income for the period	**-**	**-**	**105**	**-**	**-**	**-**	**-**	**67**	**172**	**-**	**172**
Transactions with equity holders, recorded directly in equity											
Change in ownership interest that do not result in a loss of control											
Change in ownership interests in subsidiaries	-	-	(5)	-	-	-	-	-	**(5)**	28	**23**
Contributions by and distributions to equity holders											
Capital increase	47	101	(3)	-	-	-	-	-	**145**	-	**145**
Dividends	-	-	-	-	-	-	-	-	**-**	(1)	**(1)**
Prior period cancellation of own shares	-	-	(214)	214	-	-	-	-	**-**	-	**-**
Total of transactions with equity holders	**47**	**101**	**(222)**	**214**	**-**	**-**	**-**	**-**	**140**	**27**	**167**
Balance at December 31, 2010	**187**	**210**	**703**	**(82)**	**-**	**12**	**2**	**1**	**1,033**	**30**	**1,063**

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENT OF CASH FLOW

MILLION EURO	Note	2010	2009
Results from operating activities		234	170
Depreciation, amortization and impairment losses		96	103
Changes in fair value of derivative financial instruments		-	4
Adjustment for other non-cash income		(2)	-
(Gains)/Losses on retirement of non-current assets	*8/9*	(7)	(2)
Gain from bargain purchase	*6*	(4)	-
Change in non-current provisions		(107)	(116)
Change in current provisions		(1)	(23)
Income taxes paid		(25)	(18)
Change in inventories		(34)	91
Change in trade receivables including cash inflows from securitization		74	88
Change in trade payables		(6)	(21)
Change in deferred revenue and advance payments		20	1
Change in other working capital		(3)	(11)
Net cash from/(used in) operating activities		**235**	**266**
Cash outflows for additions to intangible assets	*12*	(12)	(7)
Cash outflows for additions to property, plant and equipment	*13*	(48)	(34)
Cash inflows from disposals of intangible assets	*12*	3	4
Cash inflows from disposals of property, plant and equipment	*13*	6	7
Cash inflows from assets held for sale	*17*	5	-
Cash inflows from lease portfolio		32	33
Cash outflows for acquisitions	*6*	(71)	(7)
Interest and dividends received		3	2
Cash inflows from other investing activities		6	-
Net cash from/(used in) investing activities		**(76)**	**(2)**
Net issuances of debt		(176)	(255)
Interest and dividends paid		(15)	(22)
Capital contributions from third parties		145	-
Other financial flows		(3)	(16)
Net cash from/(used in) financing activities		**(49)**	**(293)**
Change in cash and cash equivalents due to business activities		**110**	**(29)**
Change in cash due to change in consolidation scope	*6*	**-**	**(7)**
Change in cash and cash equivalents due to exchange rate fluctuations		**10**	**5**
Change in cash and cash equivalents		**120**	**(31)**
Cash and cash equivalents at January 1		**118**	**149**
Cash and cash equivalents at December 31	*18*	**238**	**118**

1. SIGNIFICANT ACCOUNTING POLICIES

(A) STATEMENT OF COMPLIANCE

Agfa-Gevaert NV ('the Company') is a company domiciled in Belgium. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associated companies. The consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2011.
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), effective and adopted by the European Union as at the reporting date.

The Group has not early adopted any new IFRS requirements that were not yet effective in 2010. Further information is provided in note 1(X) 'New standards and interpretations not yet adopted'.

(B) BASIS OF PREPARATION

The consolidated financial statements are presented in Euro, rounded to the nearest million. Depending on the applicable IFRS requirements, the measurement basis used in preparing the consolidated financial statements is cost, net realizable value, fair value or recoverable amount. Whenever IFRS provides an option between cost and another measurement basis, the cost approach is applied.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are listed in note 2.

The accounting policies have been consistently applied by Group companies. Starting as of January 1, 2010 upon adoption of a number of new IFRS standards, the Group has changed its basis of preparation in the following areas:

- Business combinations (IFRS 3 revised);
- Consolidated and separate financial statements (IAS 27).

The Group applies the revised standard on business combinations to all acquisitions as from January 1, 2010.
All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. All acquisition-related costs are expensed. The application of this standard did not affect earnings per share.

As from January 1, 2010, the Group has applied the revised standard IAS 27, relating to accounting for transactions which do not result in a change of control as well as to those leading to a loss of control. The revised standard requires that the effect of all transactions with non-controlling interests should be recorded in equity separately from equity of the owners of the parent. Changes in a parent's ownership in a subsidiary that do not result in the loss of control should be accounted for as equity transactions outside profit and loss. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or a loss is recognized in the income statement. The application of this standard did not affect earnings per share.

Other standards and interpretations issued by the IASB effective for annual periods beginning on January 1, 2010, have been applied and did not have an impact on the consolidated statements of the Group nor on earnings per share.

(C) PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Changes in a parent´s ownership interest in a subsidiary that do not result in a loss of control
Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie. transactions with owners in their capacity as owners).
In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized in equity and attributed to the owners of the parent.

Associated companies
Associated companies are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associated companies on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group's share of losses exceeds the carrying amount of the associated company, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associated companies.

Transactions eliminated on consolidation
All intra-group balances and transactions, and any unrealized gains arising on intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associated companies are eliminated to the extent of the Group's interest in the entity. Unrealized gains arising from transactions with associated companies are eliminated against the investment in the associated company. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

(D) FOREIGN CURRENCY
Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

Transactions and balances in foreign currency
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities measured in historical cost that are denominated in foreign currencies are translated using the exchange rate at the date of the transaction.

Financial statements of foreign group companies
The results and financial position of all the Group entities (none of which has a functional currency that is the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average exchange rates; and
(c) all resulting exchange differences are recognized as a separate component of equity.

On the disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation is recognized in the income statement when the gain or loss on disposal is recognized.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

(E) FINANCIAL INSTRUMENTS

Non-derivative financial assets

The Group initially recognizes financial assets on the trade date when the Group becomes a party to the contractual provisions of the instrument. Loans and receivables are recognized on the date that they are originated.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

The Group has the following categories of non-derivative financial assets: financial assets at fair value through profit and loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or if it is designated as such upon initial recognition. These assets are measured at fair value with changes in fair value recognized in the income statement.

If the Group has a positive intent to hold debt securities with fixed or determinable payments and fixed maturity till maturity date, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are carried at amortized cost less impairment losses.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and not classified in any of the previous categories. Available-for-sale financial assets are stated at fair value. A gain or loss arising from a change in fair value of an investment classified as available-for-sale that is not part of a hedging relationship is recognized directly in equity. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. When the investment is sold, collected, or otherwise disposed of, or when the carrying amount of the investment is impaired, the cumulative gain or loss previously recognized in equity is transferred to the income statement.

Non-derivative financial liabilities

Financial liabilities are recognized initially at fair value on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments and hedging

The Group uses derivative financial instruments primarily to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not currently hold or issue derivatives for trading purposes. Derivative financial instruments that are economic hedges but that do not meet the strict IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting criteria, however, are accounted for as financial assets or liabilities at fair value through profit or loss.

Derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into (trade date) and are subsequently re-measured at their fair value. Depending on whether cash flow or net investment hedge accounting is applied or not, any gain or loss is either recognized directly in equity or in the income statement.

Cash flow, fair value or net investment hedge accounting is applied to all hedges that qualify for hedge accounting when required documentation of the hedging relationship is in place and when the hedge is determined to be effective.

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

Fair value hedges
When a derivative financial instrument hedges the changes in fair value of a recognized asset or liability or an unrecognized firm commitment, any resulting gain or loss on the hedging instrument is recognized in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the income statement.

Cash flow hedges
When a derivative financial instrument hedges the variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction, the effective portion of any resulting gain or loss on the hedging instrument is recognized directly in equity. When the forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the cost of the asset or liability. When the hedge relates to financial assets or liabilities, the cumulative gain or loss on the hedging instrument is reclassified from equity to the income statement in the same period during which the hedged item affects profit or loss (for instance when the forecasted transaction takes place or when the variable interest expense is recognized). The gain or loss relating to any ineffective portion is recognized immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting but the hedged transaction is still expected to occur, the cumulative gain or loss (at that point) remains in equity and is reclassified in accordance with the above policy when the hedged transaction occurs.
If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is recognized in the income statement immediately.

Hedge of a net investment in a foreign operation
Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on the translation of the liability to the functional currency are recognized directly in equity.

Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity, while the ineffective portion is reported in the income statement.

(F) SEGMENT REPORTING
The Group's management identified three operating segments: Graphics, HealthCare and Specialty Products.
The decisive factor in the identification of the Group's operating segments is the level at which the Group's CEO and the Executive Committee review the business and make decisions about the allocation of resources and other operating matters. The Group's reportable segments equal its operating segments.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets and liabilities do not include income tax items.

The allocation of assets and liabilities that are commonly used by more than one reportable segment can be summarized as follows:

In general, each item of the operating assets is assigned in full to one of the reportable segments, i.e. a single asset such as an office building is assigned to a single segment. If a related asset is employed by more than one reportable segment, one segment owns the asset and the other segment(s) rents it (by means of cross charging via a Service Agreement). The same applies for operating liabilities such as employee related liabilities. As all employees, except for the employees belonging to the Corporate Centre and the inactive employees (see below), are dedicated to a single reporting segment, related liabilities and provisions are assigned to the segment to which the employee belongs.

The main exception to the above principle relates to the film and chemicals manufacturing part of the production unit Materials that produces goods for all the reportable segments. The production unit Materials is the combination of the dedicated part of the segment Specialty Products and the manufacturing of film consumables worldwide. Operating income and expenses and operating assets and liabilities that relate to film consumables remain allocated to the different reportable segments using allocation keys.

The results, assets and liabilities related to inactive employees cannot be allocated on a reasonable basis to one or more reportable segments. The data are included in the reconciling items between the total reportable segment information and the total entity information. Inactive employees are defined as permanently retired employees, former employees with vested rights, and other employees who are not expected to return to active status e.g. early retirement. Employees who are in principle only temporarily inactive e.g. long-term disability or illness, maternity leave, military service, etc. are treated as active employees and are consequently assigned to one of the reportable segments. The reconciling items also comprise the outstanding balances resulting from distribution, supply and service agreements concluded between the Group and AgfaPhoto together with liabilities related to the former Consumer Imaging segment that remained with the Group.

(G) BUSINESS COMBINATIONS AND RELATED GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Goodwill is not amortized but tested for impairment on an annual basis and whenever there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. The impairment testing process is described in the appropriate section of these policies.

Goodwill is stated at cost less accumulated impairment losses.

In respect to associated companies, the carrying amount of goodwill is included in the carrying amount of the investment of the associated company.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Any contingent consideration payable is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Costs related to the acquisition are expensed as incurred.

Acquisitions prior to January 1, 2010

For acquisitions prior to January 1, 2010, goodwill represents the excess of the cost on the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalized as part of the cost of the acquisition.

(H) INTANGIBLE ASSETS

Intangible assets with indefinite useful lives, such as trademarks, are stated at cost less accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized. Instead, they are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.
Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses. Intangible assets with finite useful lives, such as acquired technology and customer relationships are amortized on a straight-line basis over their estimated useful lives, generally for periods ranging from 3 to 20 years.
In accordance with IFRS 3 *Business Combinations*, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the entity.

Research and development costs are expensed as they are incurred, except for certain development costs, which are capitalized when it is probable that a development project will be a success, and certain criteria, including technological and commercial feasibility, have been met. Capitalized development costs are amortized on a systematic basis over their expected useful lives.

(I) PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at purchase price or production cost less accumulated depreciation and impairment losses.

The production cost of self-constructed assets includes the direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used in construction. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to construction.
Expenses for the repair of property, plant and equipment are usually charged against income when incurred. They are, however, capitalized when they increase the future economic benefits embodied in the item of property, plant and equipment.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the item, except where the declining-balance basis is more appropriate in light of the actual utilization pattern.
Land is not depreciated.

The estimated useful lives of the respective asset categories are as follows:

Buildings	20 to 50 years
Outdoor infrastructure	10 to 20 years
Plant installations	6 to 20 years
Machinery and equipment	6 to 12 years
Laboratory and research facilities	3 to 5 years
Vehicles	4 to 8 years
Computer equipment	3 to 5 years
Furniture and fixtures	4 to 10 years

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.
The depreciation period is the estimated useful life of the asset, or the lease term if shorter.

(J) INVESTMENTS IN EQUITY SECURITIES AND OTHER INVESTMENTS
Investments classified as non-current assets comprise participations in companies in which the Group has no control. Where the Group holds, directly or indirectly, more than 20% of the voting power and/or exercises significant influence over the financial and operating policies, the investments are referred to as associated companies. Investments in associated companies are accounted for using the equity method. If there is an indication that an investment in an associated company may be impaired, the accounting policy with respect to impairment is applied.

Other investments in equity securities are classified as available-for-sale financial assets and are stated at fair value, except for those equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Those equity instruments that are excluded from fair valuation are stated at cost.
A gain or loss arising from a change in fair value of an investment classified as available-for-sale that is not part of a hedging relationship is recognized directly in equity. When the investment is sold, collected, or otherwise disposed of, or when the carrying amount of the investment is impaired, the cumulative gain or loss previously recognized in equity is transferred to the income statement.

The fair value of investments available-for-sale is their quoted bid price at the balance sheet date.

(K) TRADE RECEIVABLES AND OTHER RECEIVABLES
Trade receivables and other receivables are financial assets, classified in the category 'loans and receivables' and are carried at amortized cost less impairment losses. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at the balance sheet date. An impairment loss is recognized in the income statement for the difference between the carrying amount of the receivables and the present value of the estimated future cash flows.

(L) IMPAIRMENT
Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually and upon the occurrence of an indication of impairment.
The impairment tests are performed annually at the same time each year and at the cash-generating unit level.
The Group defines its cash-generating units based on the way that it monitors its goodwill and will derive economic benefit from the acquired goodwill and intangibles. The impairment tests are performed by comparing the carrying value of the assets of these cash-generating units with their recoverable amount, based on their future projected cash flows discounted at an appropriate pre-tax rate of return.
The discount rate used in calculating the present value of the estimated future cash flows is based on a weighted average cost of equity and debt capital (WACC), considering a targeted debt/equity ratio for the Group given its specific financing structure. The cost of debt is based on conditions on which comparable companies can obtain long-term financing. The forecasting risk related to silver and aluminum is reflected in the cash flow projections.
An impairment loss is recognized whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amounts of the Group's property, plant and equipment, intangible assets with finite useful lives and financial assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.
The recoverable amount of the Group's property, plant and equipment and intangible assets with finite useful lives is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount of the Group's loans and receivables is the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.
An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

(M) INVENTORIES

Raw materials, supplies and goods purchased for resale are valued at purchase cost. Work in progress and finished goods are valued at the cost of production. The cost of production comprises the direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used for production. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to production. Administrative costs are included where they are attributable to production.

Inventories are valued using the weighted-average cost method.

If the purchase or production cost is higher than the net realizable value, inventories are written down to net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and distribution expenses.

(N) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits.

(O) DISCONTINUED OPERATIONS AND ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

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

The Group classifies an asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the Group measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRS. Then, on initial classification as held for sale, assets and disposal groups are recognized at the lower of their carrying amounts and fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. Assets classified as held for sale are no longer amortized or depreciated.

(P) SHARE CAPITAL

Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Cancelled treasury shares are presented as a deduction from retained earnings.

Dividends

Dividends are recognized as liabilities in the period in which they are declared.

(Q) INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between the initial amount and the maturity amount being recognized in the income statement over the expected life of the instrument on an effective interest rate basis.

(R) INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss), and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on

the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.
A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.
Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

(S) EMPLOYEE BENEFITS

Post-employment benefits

Post-employment benefits comprise pensions, post-employment life insurance and medical care.

The majority of the Group's employees are eligible for retirement benefits under defined contribution and defined benefit plans provided through separate funds, insurance plans or unfunded arrangements.

Defined contribution plans

Contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

Defined benefit plans

For defined benefit plans, the amount recognized in the balance sheet is determined as the present value of the defined benefit obligation adjusted for the unrecognized actuarial gains and losses and less any past service costs not yet recognized and the fair value of any plan assets. Where the calculation results in a net surplus, the recognized asset does not exceed the total of any cumulative unrecognized net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.
The recognition of actuarial gains and losses is determined separately for each defined benefit plan. To the extent that the net cumulative unrecognized gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that excess is recognized in the income statement over the expected average remaining working lives of the employees participating in that plan. Otherwise, the actuarial gain or loss is not recognized.

Past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested following the introduction of, or changes to, a defined benefit plan, past service costs are recognized as an expense immediately.

The Group recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognized.

The present value of the defined benefit obligations and the related service costs are calculated by a qualified actuary using the projected unit credit method. The discount rate used is the yield at balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The amount charged to the income statement consists of current service cost, interest cost, the expected return on any plan assets, actuarial gains and losses and the impact of any curtailment or settlement.

Pre-retirement pensions are treated as termination benefits.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans, post-employment life insurance and medical care, is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate used is the yield at balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Termination benefits

Termination benefits are recognized as a liability and an expense when a Group company is demonstrably committed to either: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.
Where termination benefits fall due more than twelve months after the balance sheet date, they are discounted using a discount rate which is the yield at balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Share-based payment transactions

The Group has equity-settled share-based payment transactions. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. When the options are exercised, equity is increased by the amount of the proceeds received.

(T) PROVISIONS

Provisions are recognized in the balance sheet when a Group company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.
If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.
A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. Future operating costs are not provided for.
In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognized when the land is contaminated.
A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(U) TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortized cost.

(V) REVENUE

The Group recognizes revenue in the income statement when significant risks and rewards of ownership have been transferred to the buyer, when the amount of revenue can be measured reliably and there are no significant uncertainties regarding recovery of the consideration due, the associated costs or the possible return of goods.

For product sales including the sale of consumables, chemicals, spare parts, stand-alone equipment sales and software licenses, these criteria are generally met at the time the product is shipped and delivered to the customer and, depending on delivery conditions, title and risk have passed to the customer and acceptance of the product has been obtained.

Revenue related to services, including maintenance is recognized on a straight-line basis over the period during which the services are performed.

The Group also enters into arrangements combining multiple deliverables such as software, hardware/equipment and services, including training, maintenance and post-contract customer support. Such arrangements are assessed to determine whether the deliverables represent separate units of accounting. The delivered elements are subject to separate recognition only if (a) they have value to the customer on a stand-alone basis, (b) there is objective and reliable evidence of the fair value of the undelivered element(s) and (c), in case a general right of return exists relative to the delivered element(s), delivery or performance of the undelivered element(s) is considered probable and in the control of the company.

To the extent that the multiple-element arrangements do not involve significant modification or customization of the software element, the total arrangement fee is allocated to each deliverable of the arrangement based upon its relative fair value as determined by 'vendor specific objective evidence'. Vendor specific objective evidence of fair value for the elements of an arrangement is based upon established list prices for each element, when sold separately on the market.

Revenue allocated to each deliverable within a multiple-element arrangement, not requiring significant modification of the software, is recognized on an element-by-element basis when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured.

When the fair value of one or more delivered elements in the arrangement cannot be determined objectively, but objective evidence of fair value exists for all undelivered elements, the Group defers revenue for the undelivered elements and recognizes the residual amount of the arrangement fee related to the delivered elements when the above mentioned recognition criteria are met.

Within the HealthCare business segment, the vast majority of the multiple-element arrangements do not require significant modification or customization of the software element. Revenue related to the hardware component of the arrangement is generally recognized when the product is delivered to the customer and creates value on a stand-alone basis. Revenue related to the software component of the arrangement is recognized after successful installation at the client's premises. Any related services are recognized as rendered.

For equipment sales that require substantive installation activities within the Graphics business segment, revenue is recognized when the installation of the equipment has been finalized in accordance with the contractually agreed specifications and the system is ready to be used by the customer.

Revenue related to multiple-element arrangements that require significant customization or modification of the software, is recognized following the percentage of completion method. This method applies to HealthCare solutions which have not met the three major milestones as defined in the 'Solution Launch Process', so-called pilot projects. The contract stage of completion is calculated as the ratio of total contract costs incurred compared to the estimated total contract costs for completing the project. If no sufficient basis to measure progress to completion is available, revenue is recognized upon final acceptance of the customer.

Revenues are recorded net of sales taxes, customer discounts, rebates and similar charges. A provision for product warranty is made at the time of revenue recognition and reflects the estimated cost of replacement that will be incurred by the Group.

(W) EXPENSES

Finance income and finance costs

Interest income/(expense) comprises of interest payable on borrowings from banks and interest receivable on funds invested with banks. Interest income/(expense) comprises interests received/paid in relation to items of the net financial debt position. Net financial debt is defined as current and non-current financial liabilities less cash and cash equivalents.

Other finance income/(expense) comprises interest received/paid on other assets and liabilities not part of the net financial debt position, exchange results on non-operating activities, changes in the fair value of derivative instruments hedging non-operating activities, impairment losses recognized on available-for-sale financial assets, results on the sale of marketable securities, the portion of the net periodic pension cost that can not be attributed to 'Profit from operating activities' and other finance income/(expense).

Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognized in the income statement on the date that the dividend is declared.
All interest and other costs incurred in connection with borrowings are expensed as incurred. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

Operating lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.
Lease incentives received are recognized in the income statement as an integral part of the total lease expense.

(X) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new IFRS standards, amendments to IFRS standards and interpretations issued, were not yet effective for the year ended on December 31, 2010 and have not been applied in preparing the consolidated financial statements. It relates to:

- IFRS 9 *Financial Instruments*
  In November 2009, the IASB issued IFRS 9 *Financial Instruments* effective for annual periods beginning on or after January 1, 2013. IFRS 9 amends the classification and measurement for financial assets, including some hybrid contracts. It uses a single approach to determine whether a financial asset is measured at amortized cost or at fair value, replacing the stipulations of IAS 39. This IFRS is applicable to all assets within the scope of IAS 39 *Financial Instruments: Recognition and measurement*.

  According to IFRS 9, an entity shall subsequent to initial recognition, measure financial assets at either amortized cost or at fair value on the basis of an entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Gains or losses on financial assets measured at fair value and not part of a hedging relationship are recognized in profit and loss unless the financial asset is an investment in an equity instrument. Gains and losses on financial assets measured at amortized cost and not part of a hedging relationship shall be recognized in profit and loss when the financial asset is derecognized, impaired or reclassified. The impact of IFRS 9 on the consolidated financial statements has not yet been determined.

- IAS 24 *Related Party Disclosures* (revised)
  In November 2009, the IASB issued IAS 24 *Related Party Disclosures* effective for annual periods beginning on or after January 1, 2011. This revised standard simplifies the definition of a related party and provides a partial exemption from disclosure requirements for government-related entities. The standard ensures that the entity's financial statements contain disclosures on all related party transactions. The Group will disclose all related party transactions in accordance with this revised standard.

- IAS 32 *Classification of Rights Issues*: Amendments
  In October 2009, the IASB issued an amendment to IAS 32 *Classification of Rights Issues* effective for annual periods beginning on or after February 1, 2010. The amendment proposes to classify certain rights issues as equity instruments in the financial statements of the issuer. The rights commonly described as 'rights issues' include options, warrants and similar rights. This amendment will not have an impact on the consolidated financial statements.

- *Improvements to IFRSs* 2010
  In May 2010, the IASB issued *Improvements to IFRSs* setting out non-urgent but necessary amendments to IFRS standards and the related Bases for Conclusions and guidance made in the IASB's annual improvements project. They consist mainly of editorial changes to existing standards. Some of the amendments are to be applied for annual periods beginning on or after January 1, 2011 and others for annual periods beginning on or after July 1, 2011. It is expected that these changes will not have a material impact on the presentation of the Group's financial position.

- IFRS 7 *Financial Instruments*: Disclosures
  In October 2010, the IASB issued an amendment to IFRS 7 *Financial Instruments* effective for annual periods beginning on or after July 1, 2011. This amendment requires additional disclosures on transactions that transfer financial assets (for example securitization) in order to provide insight into the possible effects of any risks that would remain with the entity that transferred the assets. Additional disclosures are required if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The Group will disclose transfer transactions when these would occur in accordance with this revised standard.

- IAS 12 *Income Taxes* – Limited scope amendment (recovery of underlying assets)
  In December 2010, the IASB issued an amendment to IAS 12 *Income Taxes* effective retrospectively for annual periods beginning on or after January 1, 2012. This amendment requires an entity to measure the deferred tax relating to an asset on whether the entity expects to recover the carrying amount of the asset through use or through sale. This amendment will not have a major impact on the consolidated financial statements.

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*
  In November 2009, the IASB issued IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*, effective for annual periods beginning on or after July 1, 2010.
  This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated with the result that the entity extinguished the liability by issuing equity instruments to the creditor. The difference between the carrying amount of the financial liability extinguished and the consideration paid shall be recognized in profit and loss. The equity instruments issued shall be measured at the date the financial liability is extinguished. This IFRIC will not have an impact on the consolidated financial statements.

- IFRIC 14 *Prepayments of a minimum funding requirement*: Amendments
  In November 2009, the IASB issued amendments to IFRIC 14 effective for annual periods beginning on after January 1, 2011. The amendments apply to entities that are subject to minimum funding requirements and make early payments of contributions to cover those requirements. The amendments permit such entities to treat the benefit of such an early payment as an asset. The amendment will not have a material impact on the consolidated financial statements.

2. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make certain judgements, assumptions and accounting estimates that may substantially impact the presentation of the Group's financial position and/or results of operations.

Accounting estimates and underlying assumptions are continually reviewed but may vary from the actual values.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are listed below with reference to the respective note(s) where more information is disclosed:

Area of judgements, assumptions and accounting estimates	Explanatory notes
The discounted cash flows used for impairment testing and purchase price allocations	Note 6 'Acquisitions and divestitures' Note 12 'Intangible assets'
The useful lives of intangible assets with finite useful lives	Note 12 'Intangible assets'
The determination of the Group's income tax expense/(income) in general and more in particular the recoverability of deferred tax assets	Note 24 'Provisions' Note 11 'Income taxes'
The actuarial assumptions used for the measurement of defined benefit obligations	Note 20 'Employee benefits'
The measurement of provisions and contingencies with respect to the insolvency of AgfaPhoto GmbH	Note 24 'Provisions' Note 26 'Commitments and contingencies'
Revenue recognition with regard to multiple-element arrangements	Note 23 'Deferred revenue & advance payments'

3. COMPANIES CONSOLIDATED

The 2010 Consolidated Financial Statements of the Group include the Company and 114 consolidated subsidiaries (2009: 111 consolidated subsidiaries) controlled by the Company.
Investments in subsidiaries and associated companies are listed in note 29.

The principal changes within the Group structure relate to the acquisitions of Gandi Innovations and Harold M. Pitman Company and Agfa Graphics NV' s partnership with its business partner Shenzhen Brothers.

Further information on the acquisitions is provided in note 6.

Effective September 1, 2010, Agfa Graphics NV and its business partner Shenzhen Brothers combined their activities aiming at reinforcing both partners' market position in Greater China and the ASEAN region. The Group contributes the intellectual property portfolio and its technological know-how in the field of prepress, inkjet and printing; Shenzhen Brothers delivers the sales and distribution channels. This partnership is not a joint venture as meant by IAS 31 *Interest in Joint Ventures* but resides under the application of IAS 27 *Consolidated and Separate Financial Statements*. The Group, through its subsidiary Agfa Graphics NV, has retained control through a 51% stake in Agfa Hong Kong Limited (previously 100% owned by the Group), the holding company of the combined operations of both parties and through the various governance structures put in place. In the framework of this transaction, Agfa Imaging (Shenzhen) Co Ltd was founded and the Group's investments in Malaysia, Singapore, Taiwan and Shanghai have been transferred within the Group towards Agfa Hong Kong Limited, resulting in a reduced effective interest percentage of 51 in the related entities.

4. REPORTABLE SEGMENTS

The Group distinguishes three reportable segments: Graphics, HealthCare and Specialty Products. The reportable segments reflect the level at which the Group's CEO and the Executive Committee review the business and make decisions about the allocation of resources and other operating matters. The Group's reportable segments equal its operating segments.

The reportable segments Graphics, HealthCare and Specialty Products comprise the following activities:

Graphics offers integrated prepress solutions as well as advanced industrial inkjet printing solutions. The prepress solutions include consumables, hardware, software and services for production workflow, project and color management. As a player in the industrial inkjet market, Graphics is offering comprehensive solutions for various applications such as documents, posters, banners, signage, displays, labels, and packaging materials.

HealthCare offers diagnostic imaging and healthcare IT solutions. As a player in the diagnostic imaging market, HealthCare provides analogue, digital and IT technologies to meet the needs of specialized clinicians worldwide. HealthCare is also active on the healthcare enterprise IT market, integrating administrative, financial and clinical workflows for entire, and even multi-site, hospitals.

Specialty Products offers a wide range of film-based products and high-tech solutions to large business-to-business customers outside of the graphic and healthcare markets. Its main products are motion picture film, microfilm, film for non-destructive testing as well as film for the production of printed circuit boards. Based on its core competences, Specialty Products is additionally active in the development of advanced products and materials for promising growth markets: materials for smart cards, conductive polymers, synthetic paper and membranes for gas separation.

The accounting policies of the reportable segments are the same as described in note 1.

Key data for the reportable segments are based on the internal management reports and have been calculated as follows:

- Margin on sales is the ratio of results from operating activities to revenue.
- Recurring EBIT is the result from operating activities before restructuring and non-recurring items.
- Segment assets are those operating assets that are employed by a reportable segment in its operating activities.
- Segment liabilities are those operating liabilities that result from the operating activities of a reportable segment.
- Net cash from/(used in) operating activities is the excess of cash receipts over cash disbursements from operating activities before investing and financing activities.
- Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.
- Other non-cash items include impairment losses and reversal of impairment losses of receivables and additions and reversals of provisions, excluding provisions for income tax.
- Non-current assets exclude deferred taxes.

Internal management reports include geographical information by region. The Group distinguishes four geographical regions: Europe, NAFTA, Latin America and Asia/Oceania/Africa. The Group's country of domicile is Belgium.

No single customer of the Group accounted for more than 10% of the consolidated net sales.

KEY DATA BY BUSINESS

Reportable Segment	Graphics		HealthCare		Specialty Products		TOTAL	
MILLION EURO	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Revenue	**1,565**	1,341	**1,180**	1,178	**203**	236	**2,948**	**2,755**
Change	**16.7**%	(11.9)%	**0.2**%	(3.7)%	**(14.0)**%	(17.8)%	**7.0**%	**(9.1)**%
Recurring EBIT	**134**	63	**126**	116	**8**	13	**268**	**192**
Profit from operating activities	**120**	56	**111**	104	**5**	7	**236**	**167**
Margin on sales	**7.7**%	4.2%	**9.4**%	8.8%	**2.5**%	3.0%	**8.0**%	**6.1**%
Segment assets	**935**	787	**1,289**	1,282	**158**	153	**2,382**	**2,222**
Segment liabilities	**366**	303	**427**	393	**37**	38	**830**	**734**
Net cash from/(used in) operating activities	**157**	121	**178**	208	**7**	26	**342**	**355**
Capital expenditures	**34**	21	**20**	25	**6**	6	**60**	**52**
Amortization and depreciation	**43**	46	**48**	52	**4**	4	**95**	**102**
Impairment losses recognized	**-**	-	**-**	-	**1**	1	**1**	**1**
Other non-cash items	**118**	97	**99**	108	**21**	13	**238**	**218**
R&D expenses	**40**	38	**101**	103	**12**	8	**153**	**149**
Number of employees at year end (Full heads)	**5,587**	5,043	**5,983**	6,002	**626**	708	**12,196**	**11,753**
Number of employees at year end (Full time equivalents)							**11,766**	**11,169**

RECONCILIATION OF SEGMENT ASSETS AND LIABILITIES WITH BALANCE SHEET TOTALS AND RECONCILIATION OF SEGMENT RESULT WITH THE PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

MILLION EURO	**2010**	**2009**
Revenue		
Revenue for reportable segments	2,948	2,755
Revenue not allocated to a reportable segment	-	-
Total revenue	**2,948**	**2,755**
Profit from operating activities		
Profit from operating activities for reportable segments	236	167
Profit/(loss) from operating activities not allocated to a reportable segment	(2)	3
Total profit from operating activities	**234**	**170**
Other unallocated amounts:		
Interest income/(expense) - net	(11)	(17)
Other finance income/(expense) - net	(83)	(97)
Profit before income taxes	**140**	**56**
Assets		
Total assets for reportable segments	2,382	2,222
Operating assets not allocated to a reportable segment	39	41
Investments	14	9
Receivables under finance leases	112	144
Cash and cash equivalents	239	119
Deferred tax assets	246	253
Derivative financial instruments	10	8
Other unallocated receivables	44	56
Total assets	**3,086**	**2,852**
Equity and liabilities		
Total liabilities for reportable segments	830	734
Operating liabilities not allocated to a reportable segment	634	658
Loans and borrowings	400	564
Deferred tax liabilities	71	73
Equity	1,063	724
Derivative financial instruments	1	2
Other unallocated liabilities	87	97
Total equity and liabilities	**3,086**	**2,852**

OTHER MATERIAL ITEMS 2010

MILLION EURO	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures	60	-	60
Amortization and depreciation	95	-	95
Impairment losses recognized	1	-	1
Other non-cash items	238	66	304
R&D expenses	153	-	153
Net cash from/(used in) operating activities	342	(107)	235

OTHER MATERIAL ITEMS 2009

MILLION EURO	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures	52	-	52
Amortization and depreciation	102	-	102
Impairment losses recognized	1	-	1
Other non-cash items	218	50	268
R&D expenses	149	-	149
Net cash from/(used in) operating activities	355	(89)	266

GEOGRAPHICAL INFORMATION 2010

MILLION EURO	Revenue by market	Non-current assets[2]
Europe[1]	1,324	614
NAFTA	650	323
Latin America	253	22
Asia/Oceania/Africa	721	49
TOTAL	**2,948**	**1,008**
(1) Which includes the country of domicile Belgium	50	155
(2) Excluding deferred tax assets		

GEOGRAPHICAL INFORMATION 2009

MILLION EURO	Revenues by market	Non-current assets[2]
Europe[1]	1,417	639
NAFTA	522	284
Latin America	219	14
Asia/Oceania/Africa	597	46
TOTAL	**2,755**	**983**
(1) Which includes the country of domicile Belgium	63	156
(2) Excluding deferred tax assets		

5. INFORMATION ON THE NATURE OF EXPENSES

The following table gives an overview of the major expenses classified by nature:

MILLION EURO	Note	2010	2009
Cost of raw materials, goods purchased for resale and production related costs		1,258	1,079
Cost of services purchased		142	118
Personnel expenses		881	843
Amortization & depreciation	*12/13*	95	102
Impairment losses on intangible assets & property, plant and equipment		1	1
Write-down on inventories	*15*	26	29
Impairment losses on loans and receivables	*9*	30	31

Cost of raw materials, goods purchased for resale and production related costs cover the total amount on third party supplies (including purchases of electricity and other utilities), regardless of whether they were actually used or sold during the accounting period.

Cost of services purchased cover the external preliminary work for the processing or manufacturing of products in the broadest sense.

Personnel expenses in 2010 amounted to 881 million Euro compared to 843 million Euro in 2009.

The breakdown of personnel expenses is as follows:

MILLION EURO	2010	2009
Wages and salaries	676	623
Social security contributions	139	139
Expenses for post-employment	37	35
Personnel related restructuring expenses	23	32
Other personnel expenses	6	14
TOTAL	**881**	**843**

Expenses for post-employment (2010: 37 million Euro, 2009: 35 million Euro) comprise expenses for defined benefit plans only to the extent related to active employees and expenses for defined contribution plans.

The average number of employees in equivalent heads for 2010 amounted to 11,706 (2009: 11,508). Classified per corporate function, this average can be presented as follows:

MILLION EURO	2010	2009
Manufacturing/Engineering	3,799	3,896
R&D	1,409	1,377
Sales & Marketing/Service	4,507	4,392
Administration	1,991	1,843
TOTAL	**11,706**	**11,508**

6. ACQUISITIONS AND DIVESTITURES

(A) ACQUISITIONS 2010

On January 15, 2010, Agfa Graphics acquired most of the assets and liabilities of Gandi Innovations Holdings LLC's North American operations and 100% of the shares of its principal foreign subsidiaries. Gandi Innovations is a player in the wide format inkjet printing market. It delivers complete mid range systems to the industry.
The purchase price amounted to 29 million Euro.

Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.
The Gandi acquisition had the following effect on the Group's assets and liabilities:

MILLION EURO	Note	Gandi Innovations
Property, plant and equipment	*13*	1
Inventories		15
Trade receivables		20
Other receivables		1
Cash and cash equivalents		2
Personnel commitments		(2)
Trade payables		(1)
Provisions	*24*	(2)
Deferred revenue and advanced payments		(1)
Gain from bargain purchase	*8*	(4)
Consideration		**29**
Consideration to be paid in future periods		(9)
Consideration paid		**20**
Cash acquired		(2)
Net cash outflow		**18**

The consideration to be paid in future periods amounts to 9 million Euro. This contingent consideration will be paid upon collection of the trade receivables acquired. The collection period ends on January 15, 2012.
The fair value of the acquired trade and other receivables comprise gross contractual amounts of 35 million Euro, of which 14 million Euro, related to trade receivables, was expected to be uncollectable at acquisition date.
Due to the fact that Gandi Innovations was operating under CCAA protection in Canada and Chapter 15 in the USA since May 2009, the Group was able to acquire the assets at a price lower than the fair value of the net assets acquired.
The gain from the bargain purchase amounted to 4 million Euro. Before having recognized aforementioned gain, the Group has reassessed whether it has correctly identified all of the assets acquired and all of the liabilities assumed, in compliance with the requirements of IFRS 3§36.

On August 10, 2010, the Group purchased selected assets and liabilities of Harold M. Pitman Company, a US supplier of prepress, industrial inkjet, pressroom & packaging products and systems. The acquisition will enable the Group to significantly strengthen its position in the US printing industry. Pitman's customer base and industry knowledge will offer growth opportunities for the Group's industrial inkjet and prepress solutions. The purchase price amounted to 57 million Euro.

Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. The Pitman acquisition had the following effect on the Group's assets and liabilities:

MILLION EURO	Note	Harold M. Pitman Company
Goodwill on acquisition	*12*	5
Intangible assets with finite useful lives:		
Trademarks	*12*	8
Customer related intangible assets	*12*	7
Property, plant and equipment	*13*	1
Inventories		31
Trade receivables		43
Other receivables		5
Deferred charges		1
Cash and cash equivalents		4
Personnel commitments		(1)
Trade payables		(42)
Provisions	*24*	(3)
Deferred revenue and advanced payments		(1)
Deferred tax liabilities		(1)
Consideration paid		**57**
Cash acquired		(4)
Net cash outflow		**53**

The fair value of the acquired trade and other receivables comprise gross contractual amounts of 54 million Euro, of which 6 million Euro, related to trade receivables, was expected to be uncollectable at acquisition date.

The goodwill on acquisition mainly relates to operating synergies and assembled workforce. The total amount of goodwill that is expected to be deductible for tax purposes amounts to 5 million Euro.

Intangible assets with finite useful life acquired from this business combination are amortized over a period of ten years.

In May 2010, the Group reacquired the remaining 50% of the shares of PlanOrg Medica GmbH, hereby increasing its ownership interest to 100%. Consequently as from June 2010 onwards, the investment has been reclassified out of 'investments in associated companies' and the subsidiary is fully consolidated. As per September 2010, the company merged with Agfa HealthCare GmbH.

Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. The acquisition had the following effect on the Group's assets and liabilities:

MILLION EURO	Note	PlanOrg Medica GmbH
Goodwill on acquisition	*12*	4
Inventories		1
Trade receivables		1
Other receivables		1
Cash and cash equivalents		5
Other liabilities		(4)
Deferred revenue and advanced payments		(2)
Net assets acquired		**6**
Retirement investment in associated companies		(1)
Consideration paid		**5**
Cash acquired		(5)
Net cash outflow		**0**

At acquisition date, it is expected that all cash flows related to gross contractual amounts receivable will be collected.

The goodwill on acquisition mainly relates to operating synergies and amounts to 4 million Euro. The goodwill is not deductible for tax purposes.

The impact of the acquisitions on the Group's revenue and EBIT/net income is not disclosed separately as considered impracticable. The acquired business was either immediately integrated in the organization structure of the Group's graphics and healthcare business or assumed to be interrelated with Agfa's operations given the existing relationship between the contracting parties at the time of the acquisition.

(B) ACQUISITIONS 2009

In December 2009, the Group acquired all of the shares of Insight Agents GmbH, a European developer and producer of contrast media, with business activities mainly in Germany. Contrast media are primarily used during medical imaging examinations with X-rays, CT scans and Magnetic Resonance Imaging (MRI), to highlight specific anatomical structures or to perform functional imaging.

The purchase price consists of an up-front payment of 7 million Euro and a payment in kind of 3 million Euro. This payment in kind will be settled by deliveries of consumables over a time frame of five years.

The acquisition had the following effect on the Group's assets and liabilities:

MILLION EURO	Note	Insight Agents GmbH and affiliates
Goodwill on acquisition	*12*	6
Intangibles with finite useful lives: technology	*12*	7
Provisions and other liabilities	*24*	(1)
Deferred tax liabilities		(2)
Consideration		**10**
Consideration in kind to be paid in future periods (discounted value)		(3)
Net cash outflow		**7**

The goodwill on acquisition mainly related to operating synergies.
Acquired technology is amortized over a period of five years.

(C) DIVESTITURES 2009

In December 2009, the Group sold 1% of its investment in PlanOrg Medica GmbH, hereby decreasing its ownership interest from 51% to 50%. The investment retained in PlanOrg Medica GmbH was reclassified in 2009 to 'Investments in associated companies' and is measured at the fair value of the net assets at the date when control was lost.

Assets and liabilities over which control was lost, can be summarized as follows:

MILLION EURO	Note	PlanOrg Medica GmbH
Inventories		(1)
Trade receivables		(2)
Cash and cash equivalents		(7)
Non-controlling interests	*19*	2
Provisions	*24*	2
Trade payables		2
Deferred revenue and advanced payments		2
Net assets divested		**(2)**
Cash inflow		**0**
Gains/loss on disposal		0
Fair value of investment retained classified as investments in associated companies	***14***	**2**

7. FINANCIAL RISK MANAGEMENT

In the normal course of its business, the Group is exposed to a number of financial risks such as currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk that could affect its financial position and its result of operations. The Group's objectives, policies and processes in managing the financial risks are described further in this note.

In managing these risks the Group may use derivative financial instruments. The use of derivative financial instruments is subject to internal controls and uniform guidelines set up by a central Treasury Committee, having a delegating authority over all third party banking and financing operations in the Group. Derivatives used are over-the-counter instruments, particularly forward exchange contracts. During 2009 and 2010, the Group also concluded a number of metal swaps.

(A) MARKET RISK

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The foreign currency risk management distinguishes between three types of foreign currency risk: foreign currency transaction risk, foreign currency translation risk and foreign currency economic risk.

The Group incurs foreign currency transaction risk on accounts receivable and accounts payable that are denominated in a currency other than the company's functional currency. Foreign currency transaction risk in the Group's operations also arises from the variability of cash flows in respect of forecasted transactions.
Foreign operations which do not have the Euro as their functional currency give rise to a translation risk. The foreign currency economic risk is the risk that future cash flows and earnings generated by foreign operations may vary. Foreign currency economic risk is highly connected with other factors such as the foreign operations' competitive position within an industry, its relationship with customers and suppliers.

In monitoring the foreign currency risk exposures, the central treasury department focuses on the transaction and translation risk exposures whereas business management seeks to manage the foreign economic risk through natural hedges.

Each of the above types of foreign currency risk exposure impacts the financial statements differently.
The central treasury department monitors and manages foreign currency exposure from the view of its impact on either the balance sheet or the income statement.

Foreign currency balance sheet transaction risk

The currencies that primarily impact the net foreign currency exposure on the balance sheet are the US Dollar, Pound Sterling, Canadian Dollar and Australian Dollar.

With regard to these currencies, the Group was exposed as of December 31, 2010 to the following foreign currency risk:

MILLION FOREIGN CURRENCY	Net exposure of receivables and payables	Hedging		Net position
		Cash, cash equivalents loans & deposit	Derivatives	
December 31, 2010				
USD	183.7	(194.6)	96.5	85.6
GBP	15	0.6	(15.8)	(0.2)
CAD	(18.6)	(46.3)	52	(12.9)
AUD	14.4	(36.7)	27.9	5.6
December 31, 2009				
USD	139.9	(200.0)	120.1	60.0
GBP	2.9	41.4	(38.0)	6.3
CAD	5.5	(59.0)	75.2	21.7
AUD	9.6	(18.7)	12.8	3.7

The aim of Group's management regarding balance sheet transaction exposure is to minimize, over the short term, the revaluation results – both realized and unrealized – of balance sheet items that are denominated in a currency other than the company's functional currency.
In order to keep the exposures within predefined risk adjusted limits, the central treasury department economically hedges the net outstanding monetary balance sheet items in foreign currency using derivative financial instruments such as forward exchange contracts. As of December 31, 2010, the outstanding derivative financial instruments are all forward exchange contracts with maturities of generally less than one year.

Where derivative financial instruments are used to economically hedge the foreign exchange exposure of recognized monetary assets or liabilities, no hedge accounting is applied. Changes in the fair value of these derivative financial instruments are recognized in the income statement.

Foreign currency balance sheet translation risk

When the functional currency of the entity that holds the investment is different from the functional currency of the related subsidiary, the currency fluctuations on the net investment directly affect the shareholders' equity ('Translation differences') unless any hedging mechanism exists.

The currencies giving rise to the Group's balance sheet translation risk are primarily US Dollar and Canadian Dollar.

MILLION FOREIGN CURRENCY	Net investment in a foreign entity	
	December 31, 2010	December 31, 2009
USD	617	408
CAD	299	363

The central treasury department monitors the balance sheet translation exposure of the Group at least on a quarterly basis. The Treasury Committee proposes corrective actions if needed to the Executive Management.

The Group utilizes US Dollar denominated bank loans (117 million Euro) in order to hedge the foreign currency exposure of the Group's net investment in its subsidiary in the United States (Agfa Corporation).
At December 31, 2010, the hedge of the net investment in Agfa Corporation (USA) has been determined to be still effective and as a result the effective portion of the result on the hedging instruments has been recognized directly in equity (Translation differences: 27 million Euro).

Foreign currency income statement risk
Foreign currency income statement risk includes both the risk of the variability of cash flows in respect of forecasted transactions as a result of changes in exchange rates and the risk that the net income generated by foreign operations may vary in amount when translated into the presentation currency (Euro). The central treasury department monitors and manages both risks simultaneously.

The currencies that primarily impact the net foreign currency exposure on the income statement are US Dollar, currencies highly correlated to the US Dollar – i.e. Hong Kong Dollar and Chinese Renminbi – Canadian Dollar, Pound Sterling and Australian Dollar.

The Executive Management decides on the hedging policy of aforementioned currency exposures considering the market situation and upon proposal of the Treasury Committee. The objective of the Group's management of income statement exposure is mainly to increase the predictability of results but also to protect the business within a defined time horizon in which the business cannot react to the changing environment (e.g. by adapting prices or shifting production).

In the course of 2010, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in US Dollar related to highly probable forecasted sales over the following 12 months. The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in equity (December 31, 2010: 1 million Euro).

Sensitivity analysis
A strengthening/weakening of the Euro by 10% against the currencies listed hereafter with all other variables held constant, would have increased (decreased) profit or loss by the amounts shown below. The analysis has been carried out on the net exposure, net of the use of derivative financial instruments.

For the US Dollar and Canadian Dollar, the sensitivity analysis also includes the impact on the Group's equity ('Translation differences') of a 10% change calculated based on the closing rates existing at year-end. The analysis has been carried out on the net exposure to translation risk, i.e. net of the US Dollar denominated bank loans that are used to hedge the foreign currency exposure of the Group's net investment in its subsidiary 'Agfa Corporation'.
The sensitivity analysis has been performed on the same basis as in 2009.

	Profit & loss			
	2010		2009	
MILLION EURO	Strengthening of the Euro by 10%	Weakening of the Euro by 10%	Strengthening of the Euro by 10%	Weakening of the Euro by 10%
USD and currencies highly related to the USD - HKD - RMB	(5.0)	5.0	(28.1)	28.1
CAD	0.9	(0.9)	(3.0)	3,0
GBP	(6.8)	6.8	(7.6)	7.6
AUD	(4.7)	4.7	(4.5)	4.5

	Translation differences			
	2010		2009	
MILLION EURO	Strengthening of the Euro by 10%	Weakening of the Euro by 10%	Strengthening of the Euro by 10%	Weakening of the Euro by 10%
USD	(29.6)	29.6	(16.6)	16.6
CAD	(22.4)	22.4	(24.0)	24.0

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates relates to the Group's net financial debt position, including the FX-swaps that economically hedge intercompany loans and deposits.
For the most important currencies the following interest rate profile exists at the reporting date:

	2010			2009		
	Outstanding amount		Notional amount derivative financial instruments	Outstanding amount		Notional amount derivative financial instruments
MILLION EURO	At floating rate	At fixed rate		At floating rate	At fixed rate	
EUR	(31)	195	-	326	195	-
USD	77	-	-	(18)	-	-
GBP	18	-	-	35	-	-
RMB	11	-	-	3	-	-
JPY	15	-	-	19	-	-

Sensitivity analysis

A change of 100 basis points in interest rates at December 31, 2010 would have increased (decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in 2009.

	Profit and loss		Equity hedge reserve	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
December 31, 2010				
Net impact	0.3	(0.3)	-	-
December 31, 2009				
Net impact	(2.5)	2.5	-	-

Commodity price risk

The Group's most important raw material exposures relate to silver and aluminum. The Group's commodity price risk – i.e. the risk that its future cash flows and earnings may vary because of changed material prices – is highly connected with other factors such as the Group's competitive position within an industry, its relationship with customers and suppliers. The Group has concluded silver and aluminum clauses with some large customers, which cover only partly its exposure to price fluctuations.

In order to prevent negative effects from potential future price rises or price volatility of silver and aluminum, the Group applies a strategy of partly purchasing at spot rates combined with a system of 'Rolling layered forward buying'. This 'Rolling layered forward buying' is generally achieved by means of forward contracts that are entered into with commodity suppliers for the delivery of commodities in accordance with the Group's expected usage requirements.

This 'Rolling layered forward buying' model has been set up mainly for increasing the predictability with respect to raw material prices. According to this model, the Group purchases a predefined % of the planned yearly consumption. The Commodities Steering Committee periodically reviews the commodity purchasing and hedging strategy. Deviations from the predefined 'Rolling layered forward buying' model are possible in which case the Corporate Executive Committee takes the final decision. The aforementioned model also considers the monitoring of the currency exposure related to the purchase of commodities.

Exceptionally, the Group makes use of derivative instruments such as metal swap agreements that are concluded with investment banks, hedging the Group's exposure to commodity price volatility related to highly probable forecasted purchases of commodities.

During 2009 and 2010, the Group concluded a number of metal swap agreements with an investment bank. These swap agreements have been designated as 'cash flow hedges' hedging the Group's exposure to commodity price volatility related to highly probable forecasted purchases of commodities. It relates to commodity contracts that were entered into and continue to be held for the purpose of the receipt of commodities in accordance with the Group's expected usage requirements. The portion of the gain or loss on the swap contracts that is determined to be an effective hedge is recognized directly in equity (December 31, 2010: 1 million Euro; December 31, 2009: 2 million Euro).

(B) CREDIT RISK

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation and cause the Group to incur a financial loss. The Group manages exposure to credit risk by working with upfront agreed counterparty credit limits and through diversification of counterparties. Credit risk arises mainly from the Group's receivables from customers, investments and foreign currency forward contracts.

The exposure to credit risk from customer receivables is monitored on an ongoing basis by the Credit Committee. Credit limits are set for each customer based on its creditworthiness and are reviewed periodically by the Credit Committee. In monitoring the credit risk, customers are grouped in risk categories according to their financial characteristics. It is the Group's policy to cover a portion of the receivables portfolio through credit insurance to cover default risk.

Goods sold are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. In normal circumstances, the Group does not require collateral in respect of trade or other receivables.

Transactions involving derivative financial instruments are only allowed with counterparties that have good credit ratings. To minimize the concentration of counterparty risk, the Group enters into derivative transactions with a number of financial institutions. Investments are only allowed in liquid assets.

Exposure to credit risk

As a result of the Group's broad customer portfolio, there were no significant concentrations of credit risk at the balance sheet date. The carrying amounts of the financial assets, including derivative financial instruments, in the balance sheet reflect the maximum exposure to credit risk.

The maximum exposure to credit risk at the reporting date per class of financial asset is as follows:

MILLION EURO	Note	2010	2009
Available-for-sale financial assets			
Included in investments	*14*	3	1
Included in cash & cash equivalents	*18*	-	1
Held-to maturity investments	*14*	-	-
Financial assets at fair value through profit and loss			
Derivative financial instruments designated as cash flow hedges – assets	*7E*	4	5
Derivative financial instruments not part of a hedging relationship – assets	*7E*	6	3
Other financial assets designated at fair value through profit and loss - included in investments	*14*	3	2
Loans and receivables			
Trade receivables		619	592
Receivables under finance leases	*16*	112	144
Other receivables	*16*	141	143
Loans and receivables included in investments	*14*	2	2
Cash on hand, demand deposits and checks[1]	*18*	**239**	**118**

(1) Marketable securities have been classified as available-for-sale (2010: 0 million Euro; 2009: 1 million Euro).

Impairment losses

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables, being the difference between the carrying amount and the present value of the estimated future cash flows. Specific loss allowances are established for individually significant exposures after consultation with the Credit Committee. Groups of similar assets which are of minor importance are subject to a collective loss allowance.

The ageing of trade receivables, receivables under finance lease and loans receivable at the reporting date was:

	2010			2009		
MILLION EURO	Gross value	Impairment loss	Net	Gross value	Impairment loss	Net
Trade receivables						
Not past due	495	(5)	**490**	481	(4)	**477**
Past due 0 – 30 days	39	(1)	**38**	37	(2)	**35**
Past due 31 – 90 days	29	(1)	**28**	27	(4)	**23**
Past due more than 90 days	149	(86)	**63**	112	(55)	**57**
Total trade receivables	**712**	**(93)**	**619**	**657**	**(65)**	**592**
Receivables under finance leases						
Not past due	112	(2)	**110**	141	(3)	**138**
Past due 0 – 30 days	1	-	**1**	2	(1)	**1**
Past due 31 – 90 days	1	-	**1**	4	-	**4**
Past due more than 90 days	3	(3)	**0**	4	(3)	**1**
Total receivables under finance leases	**117**	**(5)**	**112**	**151**	**(7)**	**144**
Loans receivable						
Not past due	2	-	**2**	2	-	**2**
Past due 0 – 30 days	-	-	**-**	-	-	**-**
Past due 31 – 90 days	-	-	**-**	-	-	**-**
Past due more than 90 days	-	-	**-**	-	-	**-**
Total loans receivable	**2**	**-**	**2**	**2**	**-**	**2**

Past due amounts are not impaired when collection is still considered likely or sufficient collaterals have been obtained.

The movement in the allowance for impairment in respect of loans and receivables during the year was:

MILLION EURO	2010	2009
Balance at January 1	**72**	**71**
Acquisitions 2010	20	-
Additions/reversals charged to profit and loss	19	21
Deductions from allowance [1]	(14)	(20)
Exchange differences	1	-
Balance at December 31	**98**	**72**

(1) Write-offs for which an allowance was previously recorded.

(C) LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulties in meeting commitments related to financial liabilities when they fall due.

The Group ensures that it has sufficient liquidity to meet its liabilities. Liquidity risk is managed by maintaining a sufficient degree of diversification of funding sources.

The Group has a policy in place to limit concentrations related to liquidity risk. The total share of gross drawn term debt and all undrawn committed facilities provided by one bank or bank group should not exceed predetermined limits. No loan exposures are allowed with banks or financial groups rated below the A level. Risk concentrations are monitored on an ongoing basis by the Treasury Committee.

In managing its liquidity risk the Group has a revolving multi-currency committed credit facility it can access to meet its liquidity needs. The revolving multi-currency committed credit facilities have been negotiated for a period until June 2012. Draw downs under these lines are made for shorter periods but the Group has the discretion to roll-over the liability under the existing committed loan agreement.

In the liquidity analysis, repayments of the committed facilities are included in the earliest time band the Group could be required to repay its liabilities. The earliest time band of the revolving multi-currency credit facilities is determined by the six-monthly evaluations of covenants, which are mainly based on EBITDA ratios. Under the current business plans used for impairment testing computations, there is no indication of obstacles for a roll-over of the revolving credit lines until their contractual due dates. Contractual maturity dates and notional amounts of the committed credit facilities are disclosed in note 21 Loans and Borrowings.

Remaining contractual maturities of financial liabilities, including principal and interest payments are as follows:

2010 MILLION EURO	Carrying amount	Contractual undiscounted cash flows[1]	Remaining contractual maturities: 3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	195	237	-	8	229	-
Revolving multi-currency credit facilities - drawn portion	180	180	180	-	-	-
Uncommitted bank facilities and bank overdrafts	24	25	7	14	1	3
Trade payables	246	246	246		-	-
Derivative financial instruments						
Forward exchange contracts designated as cash flow hedges:						
Outflow	-	(52)	(52)	-	-	-
Inflow	1	53	53	-	-	-
Other forward exchange contracts:						
Outflow	-	(227)	(227)	-	-	-
Inflow	4	231	231	-	-	-
Cross currency interest rate swap:						
Outflow	-	(59)	-	(59)	-	-
Inflow	1	60	-	60	-	-

2009 MILLION EURO	Carrying amount	Contractual undiscounted cash flows[1]	Remaining contractual maturities: 3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	195	246	-	9	34	203
Revolving multi-currency credit facilities - drawn portion	357	357	357	-	-	-
Uncommitted bank facilities and bank overdrafts	11	11	5	6	-	-
Trade payables	206	206	206		-	-
Derivative financial instruments						
Forward exchange contracts designated as cash flow hedges:						
Outflow	-	-	-	-	-	-
Inflow	-	-	-	-	-	-
Other forward exchange contracts:						
Outflow	-	(285)	(285)	-	-	-
Inflow	1	286	286	-	-	-

(1) The amount of contractual undiscounted cash flows related to non-derivative financial liabilities is determined based on conditions existing on the balance sheet date, i.e. exchange rates and interest rates. The amount of interest payments is based on outstanding amounts at the balance sheet date. The contractual undiscounted cash flows for forward exchange contracts are determined using currency forward rates.

Maturities of future lease payments from finance lease liabilities are provided in note 21 Loans and Borrowings.

(D) CAPITAL MANAGEMENT

The Executive Management seeks to maintain a balance between the components of the shareholders' equity and the net financial debt at an agreed level. Net financial debt is defined as current and non-current financial liabilities less cash and cash equivalents. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements, with the exception of the statutory minimum equity funding requirements that apply to its subsidiaries in the different countries.

In previous years, the Group purchased its own shares in the market. These shares are intended to be used for issuing shares under the Group's different option plans. The Group does not have a defined share buy-back plan.

(E) FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an at arm's length transaction. All derivative financial instruments are recognized at fair value in the balance sheet.

The fair values of financial assets and liabilities by class, together with the carrying amounts shown in the balance sheet, are presented in the table below. The Group aggregates its financial instruments into classes based on their nature and characteristics.

		December 31, 2010		December 31, 2009	
MILLION EURO	Note	Carrying amount	Fair value	Carrying amount	Fair value
Available-for-sale financial assets					
included in investments - carried at fair value	*14*	1	1	1	1
included in investments - carried at cost	*14*	2	-	-	-
included in cash and cash equivalents - carried at fair value	*18*	-	-	1	1
Financial assets and liabilities at fair value through profit and loss					
Classified as held for trading					
Forward exchange contracts designated as cash flow hedges:					
Assets		1	1	-	-
Liabilities		-	-	-	-
Swap contracts designated as cash flow hedges:					
Assets		3	3	5	5
Liabilities		-	-	-	-
Forward Exchange contracts not part of a designated hedging relationship:					
Assets		5	5	3	3
Liabilities		(1)	(1)	(2)	(2)
Cross currency interest rate swap not part of a designated hedging relationship:					
Assets		1	1	-	-
Liabilities		-	-	-	-
Designated at fair value through profit and loss	*14*	*3*	*3*	*2*	*2*
Loans and receivables carried at amortized cost					
Long term loans receivable	*14*	2	2	2	2
Trade receivables		619	619	592	592
Other receivables	*16*	253	253	287	287
Cash	*18*	239	239	118	118
Non-derivative financial liabilities carried at amortized cost					
Liabilities to banks	*21*	24	24	11	11
Multi-currency credit facilities	*21*	180	180	357	357
Debentures	*21*	195	189	195	146
Finance lease liabilities	*21*	1	1	1	1
Trade payables		246	246	206	206
Other liabilities - AgfaPhoto	*22*	33	33	33	33
Other liabilities - accrued interest on liabilities, contingent consideration Gandi acquisitition and other payables	*22*	103	103	84	84

Basis for determining fair values

Significant methods and assumptions used in estimated the fair values of financial instruments are as follows:

Available-for-sale financial assets

Investments in equity securities, other than associated companies, are classified as available-for-sale and are stated at fair value, except for unquoted equity instruments whose fair value cannot be estimated reliably. The fair value of available-for-sale financial assets is determined by reference to their quoted market price at the balance sheet date.

Financial assets and liabilities at fair value through profit and loss

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

The fair value of financial assets designated at fair value through profit and loss is their quoted market price.

Loans and receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value of lease receivables is based on the present value of future minimum lease receivables discounted at a market rate of interest for similar assets.

Financial liabilities at amortized cost

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at market rates of interest at the reporting date. With the exception of the debenture, all carrying amounts of financial liabilities approximate fair value as drawdown are made for short periods. The fair value of the debenture is the quoted market price at the balance sheet date. For finance leases the market rate of interest is determined by reference to similar lease contracts.

Fair value hierarchy table

Fair value measurements related to financial instruments carried at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has following levels:

- Level 1 - quoted prices (unadjusted) in active markets;
- Level 2 - inputs other than quoted prices but that are observable for the related asset or liability; either directly (as prices) or indirectly (derived from prices);
- Level 3 - inputs not based on observable market data (unobservable inputs).

	December 31, 2010			December 31, 2009		
	Fair value hierarchy			Fair value hierarchy		
MILLION EURO	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Available-for-sale financial assets						
Carried at fair value (incl. marketable securities)	1	-	-	2	-	-
Financial assets/liabilities carried at fair value						
Classified as held for trading						
Forward exchange contracts designated as cash flow hedges:						
Assets	-	1	-	-	-	-
Liabilities	-	-	-	-	-	-
Swap contracts designated as cash flow hedges:		-				
Assets	-	3	-	-	5	-
Liabilities	-	-	-	-	-	-
Forward Exchange contracts not part of a designated hedging relationship:						
Assets	-	5	-	-	3	-
Liabilities	-	(1)	-	-	(2)	-
Cross currency interest rate swap not part of a designated hedging relationship						
Assets	-	1	-	-	-	-
Liabilities	-	-	-	-	-	-
Designated at fair value through profit and loss	*3*	-	-	*2*	-	-

(F) ITEMS OF INCOME, EXPENSE, GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

	2010					
MILLION EURO	Loans and receivables	Held-to-maturity investments	Available-for-sale financial assets	Held for trading (derivatives only)	Liabilities carried at amortized cost	TOTAL
Interest income	5	-	-	-	-	**5**
Interest expense	-	-	-	-	(15)	**(15)**
Finance lease income	13	-	-	-	-	**13**
Change in fair value	-	-	1	3	-	**4**
Impairment charges	(31)	-	-	-	-	**(31)**
Income from reversal of impairment losses	11	-	2	-	-	**13**
Gains/losses from retirements	-	-	-	-	-	**-**

	2009					
MILLION EURO	Loans and receivables	Held-to-maturity investments	Available-for-sale financial assets	Held for trading (derivatives only)	Liabilities carried at amortized cost	TOTAL
Interest income	4	-	-	-	-	**4**
Interest expense	-	-	-	-	(25)	**(25)**
Finance lease income	13	-	-	-	-	**13**
Change in fair value	-	-	-	(1)	-	**(1)**
Impairment charges	(31)	-	(6)	-	-	**(37)**
Income from reversal of impairment losses	10	-	-	-	-	**10**
Gains/losses from retirements	(1)	-	(7)	-	2	**(6)**

8. OTHER OPERATING INCOME

MILLION EURO	2010	2009
Exchange gains	240	173
Changes in fair value of financial instruments	5	27
Gains related to changes in 2009 to pension and similar plans	-	17
Reversal of unutilized provisions recognized in previous years	24	24
Finance lease income	13	13
Reversal of impairment losses on loans and receivables	11	10
Gains on the retirement of property, plant & equipment and assets classified as held for sale	8	1
Gain from bargain purchase (Gandi)	4	-
Recharge to customer	11	8
Other income	20	36
TOTAL	**336**	**309**

Changes in the fair value of financial instruments relate to revaluation gains on derivatives, not designated as hedging instruments (2010: 1 million Euro; 2009: 26 million Euro) and gains from ineffectiveness of hedging instruments designated as cash flow hedges (2010: 4 million Euro; 2009: 1 million Euro).

Income from recharge to customers mainly reflects the recharge of freight and R&D costs.

9. OTHER OPERATING EXPENSES

MILLION EURO	2010	2009
Exchange losses	230	168
Restructuring expenses	26	36
Changes in fair value of financial instruments	5	31
Impairment losses on loans and receivables	30	31
Losses on retirement of fixed assets	1	1
Impairment losses on intangible assets & property, plant and equipment	1	1
Provisions	4	-
Operational and financial leasing expenses	1	1
Bank charges	3	3
Other expenses	38	34
TOTAL	**339**	**306**

Changes in the fair value of financial instruments relate to revaluation losses on derivatives not designated as hedging instruments (2010: 1 million Euro; 2009: 31 million Euro) and losses from ineffectiveness of hedging instruments designated as cash flow hedges (2010: 4 million Euro; 2009: 0 million Euro).

Restructuring charges

In 2010, the Group has recorded restructuring charges of 26 million Euro (2009: 36 million Euro) of which 16 million Euro (2009: 32 million Euro) relate to employee termination costs.

10. NET FINANCE COSTS

MILLION EURO	2010	2009
Interest income		
On bank deposits	3	3
Total interest income	**3**	**3**
Interest expense on financial liabilities measured at amortized cost		
On bank loans	(5)	(11)
On debentures	(9)	(9)
Total interest expense on financial liabilities measured at amortized cost	**(14)**	**(20)**
Other finance income		
Exchange gains on non-operating activities	241	134
Financial assets at fair value through profit and loss:		
Net change in fair value of derivative financial instruments not part of a hedging relationship	71	9
Loans and receivables:		
Interest income on trade and other receivables	2	1
Financial liabilities at amortized cost:		
Income on partial redemption of the bond	0	2
Available-for-sale financial assets:		
Impairment loss reversed on available-for-sale financial assets	2	0
Total other finance income	**316**	**146**
Other finance expense		
Net periodic pension cost treated as other finance income/(expense) and interest portion of other interest-bearing provisions[1]	(73)	(74)
Exchange losses on non-operating activities	(244)	(139)
Loans and receivables:		
Impairment loss recognized on loans receivable	(1)	
Liabilities at amortized cost:		
Interest expense on financial liabilities not part of the net financial debt position	(1)	(5)
Interest expense on other liabilities	(3)	
Financial assets at fair value through profit and loss:		
Net change in fair value of derivative financial instruments not part of a hedging relationship	(68)	(6)
Available-for-sale financial assets:		
Losses on the disposal of marketable securities	-	(7)
Impairment loss recognized on available-for-sale financial assets	-	(6)
Other finance expenses	(9)	(6)
Total other finance expense	**(399)**	**(243)**
Net finance costs	**(94)[2]**	**(114)[2]**

(1) The interest portion of other interest-bearing provisions primarily comprises the allocation of interest on provisions for pre-reitirement.

(2) The above finance income and finance costs include the following interest income and expense in respect of financial assets and liabilities not at fair value through profit and loss.

Total interest income on financial assets	5	4
Total interest expense on financial liabilities	(15)	(25)

11. INCOME TAXES

(A) RECOGNIZED IN THE INCOME STATEMENT

MILLION EURO	2010	2009
Current tax expense	27	14
Deferred tax expense/(income)	9	35
Income tax expense	**36**	**49**

(B) RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

Summary 2010

MILLION EURO	Basis for tax computation	Tax expense/ (tax income)	Tax rate
Accounting profit before tax and before consolidation entries	341	42	12.32%
Consolidation entries (mainly related to intercompany dividends and transfers of investments within the Group)	(201)	(6)	
Accounting profit (loss) before tax	**140**	**36**	**25.71%**

Reconciliation of effective tax rate

MILLION EURO	Before consolidation entries	Consolidation entries	After consolidation entries
Accounting profit before tax	341	(201)	140
Theoretical income tax expense/(income)	109	(63)	46
Theoretical tax rate[1]	**31.96%**		**32.86%**
Disallowed items	7		7
Impact of tax credits & other deduction from tax basis	(26)		(26)
Tax free income (dividends and capital gains)	(57)	57	-
Tax expense due to tax audits	3		3
Tax losses of the year for which no deferred tax asset has been recorded	8		8
Tax losses used in 2010 for which no deferred tax asset had been recorded	(3)		(3)
Reversal of deferred tax balances recorded previous years: primarily related to tax losses	10		10
Tax income recorded on losses from previous years	(10)		(10)
Tax expense due to witholding tax on dividends	2		2
Other	(1)		(1)
Actual income tax expense/(income)	**42**	**(6)**	**36**
Effective tax rate			**25.71%**

(1) The theoretical tax rate is the weighted average tax rate of the Company and all subsidiaries included in the consolidation.

Summary 2009

MILLION EURO	Basis for tax computation	Tax expense/ (tax income)	Tax rate
Accounting profit before tax and before consolidation entries	87	47	54.02%
Consolidation entries (mainly related to intercompany dividends)	(31)	2	
Accounting profit/(loss) before tax	**56**	**49**	**87.50%**

Reconciliation of effective tax rate

MILLION EURO	Before consolidation entries	Consolidation entries	After consolidation entries
Accounting profit before tax	87	(31)	56
Theoretical income tax expense/(income)	26	(10)	16
Theoretical tax rate[1]	**29.89%**		**28.57%**
Disallowed items	7		7
Tax free income (dividends)	(12)	12	-
Tax impact on losses treasury bonds	2		2
Tax losses of the year for which no deferred tax asset has been recorded	45		45
Tax losses used in 2009 for which no deferred tax asset has been recorded	(5)		(5)
Reversal of deferred tax balances recorded previous years: primarily related to tax losses	2		2
Tax income recorded on losses from previous years	(2)		(2)
Impact of tax losses carried back	(12)		(12)
Other	(4)		(4)
Actual income tax expense/(income)	**47**	**2**	**49**
Effective tax rate			**87.50%**

(1) The theoretical tax rate is the weighted average tax rate of the Company and all subsidiaries included in the consolidation.

(C) DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following items:

	December 31, 2010			December 31, 2009		
MILLION EURO	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Intangible assets	136	46	90	157	50	107
Property, plant and equipment	10	29	(19)	11	27	(16)
Investments	8	-	8	8	-	8
Inventories	21	1	20	14	2	12
Receivables	9	8	1	7	9	(2)
Provisions and liabilities for post-employment benefits	41	41	-	41	35	6
Other current assets & other liabilities	12	10	2	9	15	(6)
Deferred tax assets and liabilities related to temporary differences	**237**	**135**	**102**	**247**	**138**	**109**
Tax loss carry-forwards	65	-	65	66	-	66
Excess tax credits	8	-	8	5	-	5
Deferred tax assets/liabilities	**310**	**135**	**175**	**318**	**138**	**180**
Set off of tax	(64)	(64)	-	(65)	(65)	-
Net deferred tax assets/liabilities	**246**	**71**	**175**	**253**	**73**	**180**

Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority.

Deferred tax assets are recognized where it is sufficiently probable that taxable income will be available in the future to enable the deductible temporary differences, tax loss carryforwards and tax credits to be utilized. The Group's management regularly assesses the recoverability of its deferred tax assets, mainly based on the long-term business plans for the operating segments Graphics and HealthCare and considering historical profitability and projected future taxable income of the individual consolidated entities that are involved. Other parameters such as the expected timing of the reversals of existing temporary differences and tax planning strategies are considered as well in this assessment.

Material changes to business plans and/or business (goods and services) flows impacting the taxable profit or loss of certain entities of the Group may influence the realization of deferred tax assets. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate reversing certain deferred tax assets resulting in an increase of the Group's effective tax rate.

(D) UNRECOGNIZED DEFERRED TAX ASSETS

Deferred tax assets have not been recognized in respect of 'tax loss carry-forwards', 'tax credits' and 'temporary differences' for the amounts stated hereafter because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from:

- Tax loss carry-forwards: 183 million Euro (2009: 191 million Euro);
- Tax credits: 54 million Euro (2009: 61 million Euro);
- Temporary differences: 57 million Euro (2009: 57 million Euro).

The deferred tax asset impact on unused temporary differences, tax credits and tax losses expires as follows:

MILLION EURO	Temporary differences	Tax losses	Tax credits	TOTAL
Expiry in:				
2011	-	-	-	**-**
2012	-	-	-	**-**
2013	-	-	2	**2**
2014	-	1	-	**1**
2015	-	1	3	**4**
after	-	6	22	**28**
No expiry	57	175	27	**259**
TOTAL	**57**	**183**	**54**	**294**

(E) MOVEMENT IN TEMPORARY DIFFERENCES DURING 2009-2010

MILLION EURO	December 31, 2008	Change in consolidation scope	Recognized in income	Recognized in equity	Translation differences	December 31, 2009	Change in consolidation scope	Recognized in income	Recognized in equity	Translation differences	December 31, 2010
Intangible assets	134	(2)	(25)	-	-	107	(3)	(15)	-	1	90
Property, plant and equipment	(17)	-	-	-	1	(16)	1	(3)	-	(1)	(19)
Investments	9	-	-	-	(1)	8	-	-	-	-	8
Inventories	13	-	(1)	-	-	12	(1)	8	-	1	20
Receivables	2	-	(5)	-	1	(2)	2	-	-	1	1
Provisions and liabilities for post-employment benefits	18	-	(10)	-	(2)	6	-	(8)	-	2	-
Other current assets & other liabilities	(14)	-	9	(1)	-	(6)	-	8	-	-	2
Deferred tax assets and liabilities related to temporary differences	**145**	**(2)**	**(32)**	**(1)**	**(1)**	**109**	**(1)**	**(10)**	**-**	**4**	**102**
Tax loss carry-forwards	69	-	(3)	-	-	66	-	(2)	-	1	65
Excess tax credits	5	-	-	-	-	5	-	3	-	-	8
Deferred tax assets/liabilities	**219**	**(2)**	**(35)**	**(1)**	**(1)**	**180**	**(1)**	**(9)**	**-**	**5**	**175**

12. INTANGIBLE ASSETS

MILLION EURO	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives							
	Goodwill	Trademarks	Capitalized development costs	Technology	Contractual customer relationships	Trademarks	Management information systems	Industrial property rights and other licences	Advance payments to acquire intangible assets	TOTAL
Cost at December 31, 2008	**535**	**17**	**33**	**202**	**90**	**5**	**93**	**88**	**-**	**1,063**
Exchange differences	13	-	1	2	1	-	(1)	(1)	-	**15**
Change in consolidation scope	6	-	-	7	-	-	-	-	-	**13**
Capital expenditures	-	-	2	-	-	-	1	15	-	**18**
Retirements	(1)	-	-	-	(1)	-	-	(30)	-	**(32)**
Transfers	-	-	-	-	-	-	-	1	-	**1**
Cost at December 31, 2009	**553**	**17**	**36**	**211**	**90**	**5**	**93**	**73**	**-**	**1,078**
Exchange differences	31	-	(1)	3	1	-	3	(2)	-	**35**
Change in consolidation scope	9	-	-	-	7	8	-	-	-	**24**
Capital expenditures	-	-	4	-	4	-	1	3	-	**12**
Retirements	-	-	-	-	-	-	-	(6)	-	**(6)**
Transfers	-	-	-	-	-	-	4	1	-	**5**
Cost at December 31, 2010	**593**	**17**	**39**	**214**	**102**	**13**	**101**	**69**	**-**	**1,149**
Accumulated amortization and impairment losses December 31, 2008	**83**	**4**	**14**	**98**	**57**	**4**	**83**	**73**	**-**	**416**
Exchange differences	2	-	-	2	-	-	(1)	(1)	-	**2**
Change in consolidation scope	-	-	-	-	-	-	-	-	-	**-**
Amortization during the year	-	-	7	13	3	1	4	5	-	**33**
Impairment loss during the year	-	-	-	-	-	-	-	1	-	**1**
Retirements	-	-	-	-	-	-	-	(22)	-	**(22)**
Transfers	-	-	-	-	-	-	-	-	-	**-**
Accumulated amortization and impairment losses December 31, 2009	**85**	**4**	**21**	**113**	**60**	**5**	**86**	**56**	**-**	**430**
Exchange differences	5	-	-	2	-	-	3	(1)	-	**9**
Change in consolidation scope	-	-	-	-	-	-	-	-	-	**-**
Amortization during the year	-	-	6	13	3	-	5	4	-	**31**
Impairment loss during the year	-	-	-	-	-	-	-	-	-	**-**
Retirements	-	-	-	-	-	-	-	(1)	-	**(1)**
Transfers	-	-	(1)	-	-	-	-	1	-	**-**
Accumulated amortization and impairment losses December 31, 2010	**90**	**4**	**26**	**128**	**63**	**5**	**94**	**59**	**-**	**469**
Carrying amount December 31, 2008	**452**	**13**	**19**	**104**	**33**	**1**	**10**	**15**	**-**	**647**
Carrying amount December 31, 2009	**468**	**13**	**15**	**98**	**30**	**0**	**7**	**17**	**-**	**648**
Carrying amount December 31, 2010	**503**	**13**	**13**	**86**	**39**	**8**	**7**	**10**	**-**	**680**

Capital expenditures for intangible assets amount to 12 million Euro and include the acquisition of the contractual customer relationships that Agfa Graphics NV acquired from its business partner Shenzhen Brothers for the amount of 4 million Euro.

The intangible assets also increased with 24 million Euro due to acquisitions, of which 20 million Euro relates to the acquisition of Harold M. Pitman Company. The remaining 4 million Euro relates to goodwill on 50% of the shares of PlanOrg Medica GmbH acquired in June 2010. Further information is provided in note 6.

At year-end 2010, the Group has tested its goodwill and intangible assets with indefinite useful lives, being trademarks fully attributed to the operating segment HealthCare, for possible impairment. These tests did not result in the recording of any impairment loss. In addition, the Group assessed whether there was any indication of impairment at December 31, 2010 for the intangible assets with finite useful lives and concluded that there were no indications for impairment.

The Group's Management has also reviewed the appropriateness of the useful lives of its major intangible assets at year-end 2010. This review has not resulted in revised amortization periods. Section (B) of this note provides more information on the underlying assumptions of the useful lives.

(A) IMPAIRMENT TESTS FOR GOODWILL

For the financial statements of the Group, goodwill is tested for impairment annually and whenever there is an indication of impairment. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit. In line with the definition of cash-generating units, the management of the Group has identified the reportable segments as the cash-generating units, i.e. Graphics, HealthCare and Specialty Products. The operating segment is the lowest level within the Group at which the goodwill is monitored for internal management purposes. The impairment test for goodwill is performed by comparing the carrying amount of each cash-generating unit (CGU) to its recoverable amount. The recoverable amount of the CGU has been determined based upon a value in use calculation.

The value in use is determined as the present value of estimated future cash flows that are derived from the current long-term planning of the Group. The discount rate used in calculating the present value of the estimated future cash flows, is based on a weighted average cost of equity and debt capital (WACC) considering a targeted debt/equity ratio for the Group, i.e. 60/40, given the specific financing structure of the Group. The cost of debt is based on the conditions on which comparable companies can obtain long-term financing.

The pre-tax discount rates are derived from the WACC by means of iteration.

The forecasting risk related to silver and aluminum has been reflected in the cash flow projections.

CGU Graphics

At December 31, 2010, the carrying amount of the CGU Graphics comprises goodwill of 34 million Euro.

At year-end 2010, the Group tested its goodwill of the CGU Graphics for impairment. Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU Graphics has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors. After five years a terminal value is computed using a growth rate of 0.0% for the prepress business, 3.0% for the inkjet business and 2.0% for the packaging business. These growth rates are derived from respective market information.

The main assumptions used in the annual impairment test are determined by the reportable segment's key management and are based on past performance and management's expectations for the market development.

Key assumptions are:

- After-tax WACC: 7.4% (2009: 9.0%).
- Pre-tax discount rate: 9.2% (2009: 11.7%).
- Terminal growth rate (after 5 years): 0.0% (2009: 0.0%) for the prepress business, 3.0% (2009:5.0%) for the inkjet business and 2.0% for the packaging business.
- Aluminum: range between 1,700-1,900 Euro/Ton (2009: 1,500-1,950 Euro/Ton).
- Silver: range between 20-30 USD/Troz (2009: 16.8 USD/Troz). Sensitivity analyses have been performed (see infra).
- Exchange rate US dollar/Euro: 1.30 (2009: 1.40).
- Net working capital: the estimated future cash flows take into account strong efforts to improve working capital. Within the Graphics business segment, the focus is set at further reducing the days of inventories on hand (DIOH). Over a 5-year period a reduction of up to a maximum of 11 days is foreseen in the plan. This will be mainly triggered by the rationalisation of the Graphics product portfolio.

- Sales and gross margin: sales and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

Sensitivity analyses on changes in key assumptions, i.e. substantially increased silver prices and WACC changes, have been performed. The sensitivity analysis was based on a substantially increased silver price (+5 USD/Troz over the long term horizon) and a 100 basis points increase in the weighted average cost of capital. These combined increased parameters have not revealed any risk for impairment loss. Based upon these sensitivity analyses on the key assumptions specified above, management is of the opinion that a reasonable, possible change in a key assumption would not trigger an impairment loss to occur. It should be noted that the Group's management will react on increased raw material prices by mitigating this impact through sales price adaptations and cost efficiency measures amongst other measures, depending on the size of the price increases of the raw materials and considering currency evolutions and the general market circumstances.

CGU HealthCare

At December 31, 2010, the carrying amount of the CGU HealthCare comprises goodwill of 468 million Euro.

At year-end 2010, the Group tested its goodwill of the CGU HealthCare for impairment. Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU HealthCare has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors. After five years a terminal value is computed using a growth rate in the division Information Technologies (IT solutions) of 2.3% and a negative growth rate in the division Imaging Systems of 1.3%. These growth rates are derived from respective market information.

The main assumptions used in the annual impairment test are determined by the reportable segment's key management and are based on past performance and management's expectations for the market development.

Key assumptions are:

- After-tax WACC: 7.4% (2009: 9.0%).
- Pre-tax discount rate: 10.1% (2009: 14.8%).
- Terminal growth rate (after 5 years): 2.3% for IT Systems (2009: 2.3%) and -1.3% for Imaging Systems (2009: -5.1%).
- Silver: range between 20-30 USD/Troz. (2009: 16.8 USD/Troz). Sensitivity analyses have been performed (see infra).
- Exchange rate US dollar/Euro: 1.30 (2009: US dollar/Euro: 1.40).
- Net working capital: the estimated future cash flows in the five-year plan take into account strong efforts in improving working capital. Within the HealthCare business segment, the focus is set at further reducing the days of sales outstanding (DSO). Over a 5-year period a reduction of up to a maximum of 12 days is foreseen in the plan. It is expected that this reduction will be mainly achieved by means of continuous collection improvement, a reduction of payment terms and especially within IT systems a particular focus on offering more standard solutions.
- Sales and gross margin: sales and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

Sensitivity analyses on changes in key assumptions, i.e. substantially increased silver prices and WACC changes, have been performed. The sensitivity analysis was based on a substantially increased silver price (+5 USD/Troz over the long term horizon) and a 100 basis points increase in the weighted average cost of capital. These combined increased parameters have not revealed any risk for impairment loss. Based upon these sensitivity analyses on the key assumptions specified above, management is of the opinion that a reasonable, possible change in a key assumption would not trigger an impairment loss to occur. It should be noted that the Group's management will react on increased raw material prices by mitigating this impact through sales price adaptations and cost efficiency measures amongst other measures, depending on the size of the price increases of the raw materials and considering currency evolutions and the general market circumstances.

CGU Specialty Products

At December 31, 2010, the carrying amount of the CGU Specialty Products comprises goodwill of 1 million Euro.

For the CGU Specialty Products, the calculated value in use is higher than its carrying amount. The value in use of the CGU Specialty Products has been determined based on cash flow projections covering the next five years. The cash flow projections are based upon the strategic business plan formally approved by the Board of Directors which foresees a growth in new businesses, based on Agfa's core competences (materials for smart cards, conductive polymers and related products, synthetic paper and membranes for gas separation), that should largely compensate for the expected decrease in the classic film business. Management consequently expects an improvement of the gross margin.

(B) USEFUL LIVES OF INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Group. Acquired technology and customer relationships are the most crucial recognized intangible assets with finite useful lives for the Group.

For acquired technology, the estimation of the remaining useful life is based on the analysis of factors such as typical product life cycles in the industry and technological and commercial obsolescence arising mainly from expected actions by competitors or potential competitors.
At December 31, 2010, the net carrying amount of the Group's acquired technology amounted to 86 million Euro (2009: 98 million Euro). The Group's acquired technology has an estimated weighted average remaining useful life of approximately 10 years. The useful lives are periodically reviewed and revised if necessary.

For acquired contractual customer relationships, the estimated remaining useful life is assessed by reference to customer attrition rates. For the estimation of appropriate customer attrition rates, the Group assesses the probability that existing contracts will be renegotiated. For the assessment of the probability that existing contracts can be renegotiated, demand as well as competition and other factors such as technological lock-in and related sunk costs are of importance.
At December 31, 2010, the net carrying amount of the Group's acquired contractual customer relationships amounted to 39 million Euro (2009: 30 million Euro). The Group's acquired contractual customer relationships have an estimated weighted average remaining useful life of approximately 12 years. The useful lives are periodically reviewed and revised if necessary.

While the Group believes that the assumptions (such as attrition rates and product life cycles) used for the determination of the useful lives of aforementioned intangibles are appropriate, significant differences in actual experience would affect the Group's future amortization expense.

13. PROPERTY, PLANT AND EQUIPMENT

MILLION EURO	Land, buildings and infrastructure	Machinery and technical equipment	Furniture, fixtures and other equipment	Construction in progress and advance payments to vendors and contractors	TOTAL
Cost at December 31, 2008	**362**	**1,466**	**256**	**24**	**2,108**
Exchange differences	-	(6)	-	-	**(6)**
Change in consolidation scope	-	-	-	-	**-**
Capital expenditures	1	9	8	16	**34**
Retirements	(3)	(17)	(23)	-	**(43)**
Transfers	-	15	5	(22)	**(2)**
Cost at December 31, 2009	**360**	**1,467**	**246**	**18**	**2,091**
Exchange differences	6	22	7	-	**35**
Change in consolidation scope	1	1	2	-	**4**
Capital expenditures	3	14	9	22	**48**
Retirements	(9)	(21)	(15)	-	**(45)**
Transfers	1	4	0	(11)	**(6)**
Cost at December 31, 2010	**362**	**1,487**	**249**	**29**	**2,127**
Accumulated depreciation and impairment losses December 31, 2008	**246**	**1,274**	**219**	**-**	**1,739**
Exchange differences	(1)	(5)	1	-	**(5)**
Change in consolidation scope	-	-	-	-	**-**
Depreciation during the year	7	44	18	-	**69**
Impairment loss during the year	-	-	-	-	**-**
Retirements	(1)	(16)	(20)	-	**(37)**
Transfers	-	(4)	3	-	**(1)**
Accumulated depreciation and impairment losses December 31, 2009	**251**	**1,293**	**221**	**-**	**1,765**
Exchange differences	4	16	5	-	**25**
Change in consolidation scope	-	1	1	-	**2**
Depreciation during the year	8	42	14	-	**64**
Impairment loss during the year	-	1	-	-	**1**
Retirements	(8)	(21)	(13)	-	**(42)**
Transfers	-	-	(1)	-	**(1)**
Accumulated depreciation and impairment losses December 31, 2010	**255**	**1,332**	**227**	**-**	**1,814**
Carrying amount December 31, 2008	**116**	**192**	**37**	**24**	**369**
Carrying amount December 31, 2009	**109**	**174**	**25**	**18**	**326**
Carrying amount December 31, 2010	**107**	**155**	**22**	**29**	**313**

The Group, as lessee, leases mainly production equipment under a number of finance lease agreements. At the end of the lease term, the Group has the option to purchase the leased asset at a beneficial price. As of December 31, 2010 the carrying amount of fixed assets held under finance leases amounted to 1 million Euro (2009: 1 million Euro). The leased assets secure lease obligations (note 21). Lease payments do not include contingent rent.

The Group, as lessor, included assets subject to operating leases in its balance sheet under the caption 'Other Equipment'. The depreciation of these assets is consistent with the Group's normal depreciation policy. At the end of December 2010, the assets subject to operating leases have a total carrying amount of 3 million Euro (2009: 5 million Euro). The future minimum lease income under non-cancelable operating leases is presented in note 25.

14. INVESTMENTS

MILLION EURO	2010	2009
Held-to-maturity investments	-	-
Financial assets designated at fair value through profit and loss	3	2
Available-for-sale financial assets	3	1
Investments in associated companies and other investments	6	4
Loans and receivables	2	2
TOTAL	**14**	**9**

Available-for-sale financial assets comprise investments in equity securities, other than associated companies, and are stated at fair value, except for unquoted equity instruments whose fair value cannot be estimated reliably. Available-for-sale financial assets mainly comprise investments carried at cost.

Financial assets designated at fair value through profit and loss comprise an investment in a mutual fund designated as such upon initial recognition. Changes in the fair value of both the financial asset and the corresponding liability are recognized in profit and loss.

15. INVENTORIES

MILLION EURO	2010	2009
Raw materials and auxiliaries	72	59
Work in progress & semi-finished goods	143	129
Finished goods	45	33
Goods purchased for resale including spare parts	260	206
Inventory in transit & other inventory	63	56
TOTAL	**583**	**483**

In 2010, inventories are written down to net realizable value for an amount of 26 million Euro (2009: 29 million Euro).
These write-downs are included in cost of sales in the consolidated income statement.

16. TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER ASSETS

MILLION EURO	2010	2009
Trade receivables	**619**	**592**
Financial assets classified as loans & receivables	**253**	**287**
Receivables under finance leases	112	144
Deferred purchase price related to securitization programs	62	71
Receivables against AgfaPhoto Group companies	31	33
Accrued interest on loans receivable	1	1
Subsidies to receive	4	4
Other financial assets	43	34
Other assets	**42**	**32**
TOTAL	**914**	**911**

The Group's exposure to currency risk related to trade receivables is disclosed in note 7.

Given the Group's broad customer portfolio, there were in 2010 no significant concentrations of credit risk.
More information on the Group's maximum exposure to credit risk by class of financial asset is provided in note 7.

(A) RECEIVABLES UNDER FINANCE LEASES

Lease agreements in which the other party, as lessee, is to be regarded as the economic owner of the leased assets give rise to accounts receivable in the amount of the discounted future lease payments. These receivables amounted to 117 million Euro as of December 31, 2010, (2009: 151 million Euro) and will bear interest income until their maturity dates of 13 million Euro (2009: 17 million Euro). As of December 31, 2010, the impairment losses on the receivables under finance leases amounted to 5 million Euro (2009: 7 million Euro).

The receivables under finance leases are as follows:

	2010			2009		
MILLION EURO	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
Not later than one year	55	6	49	72	8	64
Between one and five years	74	7	67	95	9	86
Later than five years	1	-	1	1	-	1
TOTAL	**130**	**13**	**117**	**168**	**17**	**151**

The Group leases out its commercial equipment under finance leases mainly via Agfa Finance (i.e. Agfa Finance NV and its subsidiaries) and via Agfa sales organizations in Latin America.

At the inception of the lease, the present value of the minimum lease payments generally amounts to at least 90% of the fair value of the leased assets.

The major part of the leases concluded with Agfa Finance typically run for a non-cancellable period of four years. The contracts generally include an option to purchase the leased equipment after that period at a price which is generally in a range of 2% to 5% of the gross investment at the inception of the lease. Sometimes, the fair value of the leased asset is paid back by means of a purchase obligation for consumables at a value higher than its market value, in such a way that this mark-up is sufficient to cover the amount initially invested by the lessor. In these types of contracts the mark-up and/or the lease term can be subject to change.

Agfa Finance offers its products via its subsidiaries in the USA, Canada, France, Italy and Poland and its branches in Europe (Spain, Switzerland, Benelux, Germany, UK and the Nordic countries) and Japan. As of December 31, 2010, the present value of the total future lease payments for Agfa Finance amounted to 115 million Euro (2009: 151 million Euro).

Agfa sales organizations in Brazil, Mexico, Argentina and Colombia offer customer financing of graphical equipment with an average remaining term of twelve months. As of December 31, 2010, the present value of the total future lease payments amounted to 2 million Euro.

During 2010, the Group has sold receivables under finance lease amounting to 23 million Euro.

(B) DEFERRED PURCHASE PRICE RELATED TO SECURITIZATION PROGRAMS

In the course of 2009 the Group has entered into two securitization programs of accounts receivable: one for the Graphics business and another for the HealthCare business. As part of these programs, the Group has entered into various agreements with a consortium of three banks. Under the securitization programs, the Group disposes of maximum funding capacity of 160 million Euro, negotiated until June 2011. At December 31, 2010, 38 million Euro of this funding capacity has been used.

The various agreements concluded in the framework of the securitization programs comprise a 'Receivables Purchase Agreement' which constitutes a true sale of receivables. The transfer of risks and rewards under the structure of this agreement has been evaluated based on the Group's exposure, before and after the transfer of receivables, to the variability in amount and timing of the net cash flows. This evaluation revealed that the Group retains only a minor portion of the credit risk and the late payment risk.

The aforementioned agreement foresees in periodic settlements which comprise an Initial Purchase Price, determined and fixed upon each sale transaction and a deferred price mechanism primarily considering the dilution risk.

As of December 31, 2010 the receivable amounts to 62 million Euro, which results from the deferred purchase price mechanism and the time gap between the selling date and the settlement date of the accounts receivables sold.

(C) RECEIVABLES AGAINST AGFAPHOTO GROUP COMPANIES

In connection with the sale of its Consumer Imaging business to the AgfaPhoto group of companies in 2004, the Group had agreed to act – for a limited period of time – as a service provider and distributor for AgfaPhoto group companies.

Since the insolvency of AgfaPhoto GmbH, settlements with respect to the outstanding balances resulting from distribution, supply and service agreements were achieved in various countries, while the receiver of AgfaPhoto GmbH initiated in December 2007 arbitration proceedings before the ICC International Court of Arbitration in Paris, France, in connection with a dispute over such outstanding balances.

In 2008, the receiver of AgfaPhoto Austria Ges.m.b.H. also initiated ICC arbitration proceedings in connection with a dispute over the outstanding balances resulting from the distribution, supply and service agreements in Austria.

Both aforementioned ICC arbitration proceedings are still ongoing.

The Group has adequately constituted provisions and write-downs on outstanding balances for probable losses related to the different distribution, supply and service agreements.

17. ASSETS CLASSIFIED AS HELD FOR SALE

MILLION EURO	2010	2009
Land and buildings	-	1

The disposal of land, classified at year end 2009 as held for sale, generated cash inflows of 5 million Euro in the fourth quarter of 2010. The gain recognized on this sale amounted to 4 million Euro and has been presented in the consolidated income statement under the caption 'Other operating income' (note 8).

18. CASH AND CASH EQUIVALENTS

The reconciliation of cash and cash equivalents with its corresponding balance sheet items can be presented as follows:

MILLION EURO	2010	2009
Marketable securities and other instruments	-	1
Cash on hand, demand deposits and checks	239	118
Total cash and cash equivalents as reported in the consolidated balance sheet	**239**	**119**
Accounts receivable under cash management agreements (reported in the balance sheet as Other receivables)	-	1
Liabilities under cash management agreements (reported in the balance sheet as Other liabilities)	(1)	(2)
Total cash and cash equivalents as reported in the consolidated statement of cash flows	**238**	**118**

19. EQUITY

The various components of Equity and the changes therein from January 1, 2009 to December 31, 2010 are presented in the Consolidated Statement of Changes in Equity.

(A) CAPITAL STOCK AND SHARE PREMIUM

The issued capital of the Company as of December 31, 2009 amounts to 140 million Euro, represented by 128,888,282 fully paid ordinary shares without par value.

On October 18, 2010 the Board of Directors decided on the issuance of 42,962,760 shares without nominal value with VVPR strips at an exercise price of 3.45 Euro per share. All issued shares are fully paid. The issuance of the shares has been allocated to share capital (47 million Euro) and to share premium (101 million Euro). Transaction costs related to the public offering have been recognized as a deduction from retained earnings (4 million Euro).

At December 31, 2010 the issued capital of the Company amounts to 187 million Euro, represented by 171,851,042 fully paid ordinary shares.

(B) RESERVE FOR OWN SHARES

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group.
At December 31, 2010, the Group held 4,099,852 (2009: 4,099,852) of the Company's shares. Following the public offering, the existing shareholders of the Company were offered one preferential subscription right per existing share held. These preferential rights have not been exercised but sold by the Company. The net proceeds related to the sale of the preferential rights (VVPR strips) amounting to 1 million Euro has been recognized in retained earnings.

During 2010, no stock options were exercised.

During 2010, a reclassification was made out of the caption 'Reserve for own shares' to the caption 'Retained Earnings'. This reclassification amounting to 214 million Euro relates to previously cancelled own shares.

(C) REVALUATION RESERVE

The revaluation reserve mainly comprises the revaluation of the Group's investment in Medivision Medical Imaging Ltd., classified as available-for-sale.

(D) SHARE-BASED PAYMENT RESERVE

The share-based payment reserve comprises the calculated fair value of share-based payment transactions – the Long Term Incentive Plan tranche no. 5, tranche no. 6, tranche no. 6a, tranche no. 7 and tranche no. 8. This calculated fair value has been expensed over the vesting period with a corresponding increase in equity in previous periods.

(E) HEDGING RESERVE

During 2010, the Group concluded a number of metal swap agreements with an investment bank. These swap agreements have been designated as 'cash flow hedges', hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of commodities. It relates to commodity contracts that were entered into and continue to be held for the purpose of the receipt of commodities in accordance with the Group's expected usage requirements. The portion of the gain or loss on the swap contracts that is determined to be an effective hedge is recognized directly in equity (December 31, 2010: 1 million Euro; December 31, 2009: 2 million Euro).

In the course of 2010, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in US Dollar related to highly probable forecasted sales over the following 12 months. The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in equity (December 31, 2010: 1 million Euro).

(F) TRANSLATION DIFFERENCES

Translation differences comprise all foreign exchange differences arising from the translation of the financial statements of foreign group companies, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

(G) DIVIDENDS

In 2009, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on April 28, 2009.
In 2010, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on April 27, 2010.
For 2011, no dividend has been recommended by the Board of Directors.

(H) NON-CONTROLLING INTERESTS

In December 2009, the Group sold 1% of its investment in PlanOrg Medica GmbH, hereby decreasing its ownership interest from 51% to 50%. As a result of the loss of control in December 2009, the investment in PlanOrg Medica GmbH has been reclassified to 'Investments in associated companies' and consolidated following the equity method. The carrying amount of the non-controlling interests has been decreased accordingly (2 million Euro). In June 2010, the Group reacquired 50% of the shares in PlanOrg Medica GmbH and consequently fully consolidates this subsidiary.

Effective September 1, 2010, Agfa Graphics NV and its business partner Shenzhen Brothers combined their activities aiming at reinforcing both partner's market position in Greater China and ASEAN region. The Group, through its subsidiary Agfa Graphics NV, retains control through a 51% stake in Agfa Hong Kong Limited (previously 100% owned by the Group), the holding company of the combined operations of both parties, and through the various governance structures put in place. The change in ownership interest resulted in an increase of the non-controlling interests of 28 million Euro.

During 2010, a subsidiary in which the Group held 60% ownership interest has paid out a local dividend hereby decreasing the non-controlling interests with 1 million Euro.

20. EMPLOYEE BENEFITS

(A) LIABILITIES FOR POST-EMPLOYMENT AND LONG-TERM TERMINATION BENEFIT PLANS

Agfa-Gevaert Group companies maintain retirement benefits in most countries in which the Group operates. These plans generally cover all employees and generally provide benefits that are related to an employee's remuneration and years of service. The Group also provides post-retirement medical benefits in the US and long-term benefit plans in Germany. These benefits are accounted for under IAS 19 and are treated as post-employment and long-term benefit plans.

At December 31, 2010, the Group's total net liability for post-employment and long-term termination benefit plans amounted to 559 million Euro (570 million Euro at December 31, 2009), comprising of the following:

MILLION EURO	December 31, 2010	December 31, 2009
Net liability for material countries	430	436
Net liability for termination benefits	91	100
Net liability for non-material countries	38	34
Total net liability	**559**	**570**

The principle for determining the Group's material countries is based on the level of IAS 19 pension expense. Material countries represent more than 90% of the Group's total IAS 19 pension expense.

Defined contribution plans

In the case of defined contribution plans, Agfa-Gevaert Group companies pay contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the Group companies have no further payment obligation. The regular contributions constitute an expense for the year in which they are due. In 2010, the defined contribution plan expense for the Group's material countries amounted to 10 million Euro (9 million Euro in 2009).

In Germany, all employees of Agfa-Gevaert HealthCare GmbH, Agfa-Gevaert Graphic Systems GmbH, and of Agfa Deutschland Vertriebsgesellschaft mbH & Cie stopped participating in the Bayer Pensionskasse at the end of 2009. As of 2010, these employees are participating in the Rheinische Pensionskasse. Once the contributions have been paid, the Group companies have no further payment obligation towards the Rheinische Pensionskasse. Therefore, the Group accounts for this plan as a defined contribution plan.

Defined benefit plans

In the UK and the US, the defined benefit retirement plans are closed to new entrants and employees do not accrue future service benefits anymore (for the US as from 2009; for the UK as from 2010). The past service benefits of related defined benefit retirement plans are no longer linked to future salary increases.

In 2009, management changed the eligibility conditions for the post-retirement medical plan in the US. Following this plan change, employees can only become eligible for post-retirement medical benefits if they meet the age of 50 with 10 years of service as of April 1, 2009.

In Germany, changes were made to the supplemental retirement plan in line with the changes to the defined contribution plan and a new top-up plan is provided as of 2010. The top-up plan is a direct pension promise that depends on the age of the employee. Both plans are classified as defined benefit plans.

For the defined benefit plans, the total expense for 2010 for the Group's material countries amounted to 82 million Euro (71 million Euro for 2009).

MILLION EURO	2010			2009		
	Retirement plans	Other post-employment and long-term benefit plans	TOTAL	Retirement plans	Other post-employment and long-term benefit plans	TOTAL
Service cost, exclusive of employee contributions	12	1	**13**	13	1	**14**
Interest cost	91	3	**94**	94	4	**98**
Expected return on assets	(58)	0	**(58)**	(50)	0	**(50)**
Recognized past service cost	0	0	**0**	(7)	1	**(6)**
Amortization of unrecognized (Gain)/Losses	31	2	**33**	25	0	**25**
(Gain)/Losses on settlements or curtailments	0	0	**0**	(8)	(2)	**(10)**
Net periodic pension cost	**76**	**6**	**82**	**67**	**4**	**71**

Actual results that differ from the Group's actuarial assumptions or changes in actuarial assumptions are recorded as unrecognized gains and losses. To the extent that the net cumulative unrecognized gain or loss exceeds 10% of the greater of the defined benefit obligation and the fair value of plan assets (determined separately for each defined benefit plan), that excess is recognized in the income statement over the expected average remaining working lives of the employees participating in that plan. The net cumulative unrecognized loss recognized in the consolidated income statement of 2010 amounted to 33 million Euro (2009: 25 million Euro).
For 2009, the past service cost of (7 million Euro) and gain on curtailments of (10 million Euro) mainly relate to the plan changes in the US and Germany.

The change in net liability recognized during the years 2010 and 2009 is set out in the table below.

MILLION EURO	2010			2009		
	Retirement plans	Other post-employment and long-term benefit plans	TOTAL	Retirement plans	Other post-employment and long-term benefit plans	TOTAL
Net liability at January 1	389	47	**436**	406	50	**456**
Net periodic pension cost	76	6	**82**	67	4	**71**
Employer contributions	(86)	(6)	**(92)**	(82)	(6)	**(88)**
Exchange differences	0	4	**4**	(2)	(1)	**(3)**
Net liability at December 31	**379**	**51**	**430**	**389**	**47**	**436**

During the next fiscal year 2011, the Group expects to contribute 95 million Euro for its material retirement and other post-employment plans.

The defined benefit obligation, plan assets and funded status for the Group's material countries are shown below.

At December 31, 2010, the total defined benefit obligation for the Group amounted to 1,878 million Euro (1,782 million Euro at December 31, 2009). Of this amount, 1,164 million Euro (1,067 million Euro at December 31, 2009) related to wholly or partly funded plans and 714 million Euro (715 million Euro at December 31, 2009) related to unfunded plans.

MILLION EURO	2010			2009		
	Retirement plans	Other post-employment and long-term benefit plans	TOTAL	Retirement plans	Other post-employment and long-term benefit plans	TOTAL
Change in defined benefit obligation						
Defined benefit obligation at January 1	1,716	66	**1,782**	1,525	65	**1,590**
Service cost, exclusive of employee contributions	12	1	**13**	13	1	**14**
Employee contributions	0	0	**0**	1	0	**1**
Interest cost	91	3	**94**	94	4	**98**
Benefit payments	(110)	(6)	**(116)**	(107)	(6)	**(113)**
Past service cost	0	0	**0**	(7)	0	**(7)**
Settlement or curtailment	0	0	**0**	(10)	(3)	**(13)**
Actuarial (gains)/losses	59	1	**60**	204	7	**211**
Exchange differences	40	5	**45**	3	(2)	**1**
Defined benefit obligation at December 31	**1,808**	**70**	**1,878**	**1,716**	**66**	**1,782**
Change in Plan assets						
Fair value of assets at January 1	822	0	**822**	731	0	**731**
Employer contributions	86	6	**92**	82	6	**88**
Employee contributions	0	0	**0**	1	0	**1**
Actual return on assets	104	0	**104**	111	0	**111**
Benefit payments	(110)	(6)	**(116)**	(107)	(6)	**(113)**
Exchange differences	27	0	**27**	4	0	**4**
Fair value of assets at December 31	**929**	**0**	**929**	**822**	**0**	**822**
Funded status at December 31						
Funded status	(879)	(70)	**(949)**	(894)	(66)	**(960)**
Unrecognized net (gain) or loss	500	19	**519**	505	19	**524**
Unrecognized past service cost	0	0	**0**	0	0	**0**
Net (liability) at December 31	**(379)**	**(51)**	**(430)**	**(389)**	**(47)**	**(436)**

Principal actuarial assumptions at balance sheet date

The liabilities and net periodic pension cost of the Group's retirement plans are determined using actuarial valuations that involve several actuarial assumptions. At the end of the reporting periods 2010 and 2009, the following principal actuarial assumptions (weighted averages) have been used:

	December 31, 2010	December 31, 2009
Discount rate	5.0%	5.3%
Expected return on plan assets	7.0%	6.9%
Future salary increases	2.8%	2.8%

Discount rate and salary increases have been weighted by the defined benefit obligations; expected return on plan assets has been weighted by the fair value of the plan assets. The weighted averages comprise the Group's actuarial assumptions of its material countries: Belgium, Germany, US and UK.

The discount rate assumptions reflect the rates available on high-quality corporate bonds of appropriate duration at the balance sheet date.

The expected return on plan assets assumptions are determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns.

The following information illustrates the sensitivity to a change as at December 31, 2010 in certain assumptions for the retirement plans of the Group's material countries:

MILLION EURO	Effect on 2011 pre-tax expected net periodic pension cost	Effect on December 31, 2010 Defined benefit obligation
One percentage point decrease in discount rate	14	239
One percentage point increase in discount rate	(15)	(212)
One percentage point decrease in expected return on assets	9	-
One percentage point increase in expected return on assets	(9)	-
Improvement in mortality table, assuming employees live one year longer	7	50

A 1% increase or decrease in the assumed medical cost trend rate would not have a significant impact on the accumulated post-employment benefit obligation or the aggregate of the service cost and interest cost. Under the post-retirement medical plan, eligible members are entitled to an account that can be used to pay for medical cost at retirement. The size of this account is independent of the actual medical cost or future increases in medical cost.

History of asset values, DBO, surplus/deficit in scheme and experience gains and losses for 2010 and previous four annual periods.

MILLION EURO	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Fair value of plan assets	929	822	731	985	1,045
Present value of defined benefit obligation	1,878	1,782	1,590	1,698	1,901
Surplus/(deficit) in the plan	(949)	(960)	(859)	(713)	(856)

MILLION EURO	2010	2009	2008	2007	2006
Experience gains/(losses) on plan assets	46	61	(248)	(36)	14
Experience gains/(losses) on plan liabilities	0	(2)	(35)	3	37
Gain/(loss) on plan liabilities due to change in assumptions	(60)	(209)	91	127	76

Fair value of assets, split by major asset class

MILLION EURO	December 31, 2010	December 31, 2009
Equity instruments	437	426
Debt instruments	447	388
Other	45	8
TOTAL	**929**	**822**

At year-end 2009 and 2010, the fair value of assets does not comprise equity or debt instruments of the Company or its subsidiaries.

(B) SHARE-BASED PAYMENT TRANSACTIONS

Long Term Incentive Plan (tranche no. 1)

The stock warrant plan (the Long Term Incentive Plan – tranche no. 1) that was established on November 10, 1999 for the members of the Board of Management (today: Executive Committee) of the Company and of the 'Vorstand' of Agfa-Gevaert AG and certain key managers expired on November 10, 2008.

Long Term Incentive Plan (tranche no. 2)

On April 25, 2000, the Group established a stock option plan (the Long Term Incentive Plan – tranche no. 2) for the members of the Board of Management (today: Executive Committee) of the Company and executives employed at levels VII, VIII and IX of the Company or at equivalent levels within the Group, designated thereto by the Board of Management (today: Executive Committee) of the Company. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 416,950 options were issued and allocated to the beneficiaries of the plan. The options were offered free of charge. In accordance with the program, the options are only exercisable as from January 1, 2004 until June 5, 2009, after which date they become null and void. The exercise price of the options is equal to 22 Euro.

The following table summarizes information about the stock options outstanding at December 31, 2010:

Options granted	416,950
Options forfeited during 2001	15,000
Options forfeited during 2003	17,100
Options forfeited during 2004	193,300
Options exercised during 2004	4,200
Options exercised during 2005	86,778
Options forfeited during 2006	6,300
Options forfeited during 2007	10,500
Options forfeited during 2008	28,950
Options forfeited during 2009	54,822
Options outstanding at December 31, 2010	**0**

Long Term Incentive Plan (tranche no. 3)

On June 18, 2001, the Group established a stock option plan (the Long Term Incentive Plan – tranche no. 3) for the members of the Board of Management (today: Executive Committee) of the Company and executives employed at levels A, B and C of the Company or at equivalent levels within the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 522,940 options were issued and allocated to the beneficiaries of the plan. The options were offered free of charge. In accordance with the program, the options are only exercisable as from July 6, 2004 until July 6, 2010, after which date they become null and void. The exercise price of the options is equal to 20 Euro.

The following table summarizes information about the stock options outstanding at December 31, 2010:

Options granted	522,940
Options forfeited during 2001	19,000
Options forfeited during 2003	19,000
Options forfeited during 2004	6,200
Options exercised during 2004	50,480
Options exercised during 2005	164,230
Options forfeited during 2006	3,100
Options forfeited during 2007	3,100
Options forfeited during 2010	257,830
Options outstanding at December 31, 2010	**0**

Long Term Incentive Plan (tranche no. 4)

On June 17, 2002, the Group established a stock option plan (the Long Term Incentive Plan – tranche no. 4) for the members of the Board of Management (today: Executive Committee) of the Company and executives employed at levels A, B and C of the Company or at equivalent levels within the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 600,300 options were issued and allocated to the beneficiaries of the plan. The options were offered free of charge. In accordance with the program, the options are only exercisable as from August 26, 2005 until August 27, 2011, after which date they become null and void. The exercise price of the options is equal to 18 Euro.

The following table summarizes information about the stock options outstanding at December 31, 2010:

Options granted	600,300
Options forfeited during 2002	6,300
Options forfeited during 2003	31,500
Options exercised during 2005	7,800
Options exercised during 2006	2,460
Options forfeited during 2006	5,800
Options exercised during 2007	2,900
Options forfeited during 2007	2,900
Options forfeited during 2009	5,800
Options outstanding at December 31, 2010	**534,840**

Long Term Incentive Plan (tranche no. 5)

On April 29, 2003, the Group established a stock option plan (the Long Term Incentive Plan – tranche no. 5) for the members of the Board of Management (today: Executive Committee) of the Company and executives employed at levels A, B and C of the Company or at equivalent levels within the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 567,974 options were issued and allocated to the beneficiaries of the plan. The options were offered free of charge. In accordance with the program, the options are only exercisable as from July 28, 2006 until July 27, 2013, after which date they become null and void. The exercise price of the options is equal to 18.27 Euro.

The fair value of the Long Term Incentive Plan tranche no. 5 at grant date has been calculated using a Trinomial Lattice model for Bermudian options with discrete dividend parameters.

Following key parameters were used in the valuation model:

Fair value of option granted	6.60
Share price	18.63
Exercise price	18.27
Grant date	September 26, 2003
Expected volatility	32.40%
Expected dividends/year	0.60
Risk-free interest rate curve	2.09%-4.34%

Expected volatility is calculated based on historical volatility of the share price over a 1-year period. The options granted under the Long Term Incentive Plan tranche no. 5 vested in July 2006, after a 3-year period from grant date. The calculated fair value was expensed over the vesting period according to the modified grant date method, by reference to the number of options that ultimately vested.

The following table summarizes information about the stock options outstanding at December 31, 2010:

Options granted	567,974
Options forfeited during 2004	2,800
Options exercised during 2006	2,800
Options forfeited during 2006	5,600
Options forfeited during 2007	11,450
Options forfeited during 2009	5,600
Options outstanding at December 31, 2010	**539,724**

Long Term Incentive Plan (tranche no. 6 and no. 6a)

On June 22, 2004, the Group established a stock option plan (the Long Term Incentive Plan – tranche no. 6 and no. 6a) for the members of the Board of Management (today: Executive Committee) of the Company and executives employed at levels A, B and C of the Company or at equivalent levels within the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 488,880 options were granted to the beneficiaries of the plan. The options were offered free of charge. In accordance with the program, the options under tranche no. 6 are only exercisable as from August 10, 2007 until August 10, 2011, after which date they become null and void. The exercise price of the options is equal to 19.95 Euro.

The options offered under tranche no. 6a are only exercisable as from December 15, 2007 until December 14, 2011, after which date they become null and void. The exercise price of the options is equal to 24.02 Euro.

The fair value of the Long Term Incentive Plan tranche no. 6 and no. 6a at grant date has been calculated using a Trinomial Lattice model for Bermudian options with discrete dividend parameters.

Following key parameters were used in the valuation model:

	Tranche no. 6	Tranche no. 6a
Fair value of option granted	6.84	8.00
Share price	23.27	26.59
Exercise price	19.95	24.02
Grant date	October 10, 2004	February 13, 2005
Expected volatility	24.61%	27.83%
Expected dividends/year	0.60	0.56
Risk-free interest rate	3.67%	3.00%

Expected volatility is calculated based on historical volatility of the share price over a 1-year period. The options granted under the Long Term Incentive Plan tranche no. 6 and no. 6a respectively vested in August and December 2007, after a 3-year vesting period from grant date. The calculated fair value was expensed over the vesting period according to the modified grant date method, by reference to the number of options that ultimately vested.

The following table summarizes information about the stock options outstanding at December 31, 2010:

	Tranche no. 6	Tranche no. 6a
Options granted	471,380	17,500
Options forfeited during 2005	3,080	-
Options forfeited during 2006	5,600	-
Options forfeited during 2007	11,300	-
Options forfeited during 2008	-	12,500
Options forfeited during 2009	5,600	-
Options outstanding at December 31, 2010	**445,800**	**5,000**

Long Term Incentive Plan (tranche no. 7)

On June 22, 2005, the Group established a stock option plan (the Long Term Incentive Plan – tranche no. 7) for the members of the Executive Committee of the Company and executives employed at levels I and II of the Company and for specifically appointed personnel members of the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 589,650 options were granted to the beneficiaries of the plan. The options were offered free of charge. In accordance with the program, the options under tranche no. 7 are only exercisable as from July 15, 2008 until July 15, 2012, after which date they become null and void. The exercise price of the options is equal to 22.57 Euro.

The fair value of the Long Term Incentive Plan tranche no. 7 at grant date has been calculated using a Trinomial Lattice model for Bermudian options with discrete dividend parameters.

Following key parameters were used in the valuation model:

Fair value of option granted	6.23
Share price	22.85
Exercise price	22.57
Grant date	September 14, 2005
Expected volatility	28%
Expected dividends/year	0.56
Risk-free interest rate	3%

Expected volatility is calculated based on historical volatility of the share price over a 1-year period. The options vest over 3 years from grant date onwards. The calculated fair value is expensed over the vesting period according to the modified grant date method. The calculated fair value was expensed over the vesting period according to the modified grant date method, by reference to the number of options that ultimately vested.

The following table summarizes information about the stock options outstanding at December 31, 2010:

Options granted	589,650
Options forfeited during 2006	33,200
Options forfeited during 2007	72,160
Options forfeited during 2008	45,190
Options forfeited during 2009	2,900
Options forfeited during 2010	2,200
Options outstanding at December 31, 2010	**434,000**

Long Term Incentive Plan (tranche no. 8)

On June 21, 2006, the Group established a stock option plan (the Long Term Incentive Plan – tranche no. 8) for the members of the Executive Committee of the Company and executives employed at levels I and II of the Company and for specifically appointed personnel members of the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 733,570 options were granted to the beneficiaries of the plan. The options were offered free of charge. In accordance with the program, the options under tranche no. 8 are only exercisable as from July 17, 2009 until July 17, 2013, after which date they become null and void. The exercise price of the options is equal to 18.60 Euro.

The fair value of the Long Term Incentive Plan tranche no. 8 at grant date has been calculated using a Trinomial Lattice model for Bermudian options with discrete dividend parameters.

Following key parameters were used in the valuation model:

Fair value of option granted	4.17
Share price	18.12
Exercise price	18.60
Grant date	September 15, 2006
Expected volatility	28.50%
Expected dividends/year	0.56
Risk-free interest rate	4.18%

Expected volatility is calculated based on historical volatility of the share price over a 1-year period. The options vest over 3 years from grant date onwards. The calculated fair value is expensed over the vesting period according to the modified grant date method, by reference to the number of shares that ultimately vested.

The following table summarizes information about the stock options outstanding at December 31, 2010:

Options granted	733,570
Options forfeited during 2007	48,810
Options forfeited during 2008	29,060
Options forfeited during 2009	8,400
Options forfeited during 2010	4,800
Options outstanding at December 31, 2010	**642,500**

The shares subject to the aforementioned stock option plans are covered by shares held in treasury.

21. LOANS AND BORROWINGS

MILLION EURO	2010	2009
Non-current liabilities	**379**	**553**
Revolving multi-currency credit facility	180	357
Liabilities to banks	3	-
Debentures	195	195
Liabilities under finance lease agreements	1	1
Current liabilities	**21**	**11**
Liabilities to banks	21	11
Liabilities under finance lease agreements	-	-

(A) REVOLVING MULTI-CURRENCY COMMITTED UNSECURED CREDIT FACILITIES

The Company disposes of a revolving multi-currency committed credit facilities for a total notional amount of 690 million Euro. In general, draw downs under these lines are made for periods from 1 month up to 1 year but the Group has the discretion to roll-over the liability under the existing committed loan agreement. These loan facilities are unsecured.

The split over the relevant periods is as follows:

MILLION EURO	Notional amount		Outstanding amount		Currency	Interest rate	
Maturity date	**2010**	**2009**	**2010**	**2009**		**2010**	**2009**
2012	690	690	150	84	USD	0.54%-0.74%	1.09%
	-	-	30	273	EUR	1.09%	0.92%-0.94%
TOTAL	**690**	**690**	**180**	**357**			

(B) LIABILITIES TO BANKS

Long-term facilities

Maturities of long-term unsecured facilities were as follows:

MILLION EURO	2010		2009	
Maturing in	**Outstanding amount**	**Weighted average interest rate**	**Outstanding amount**	**Weighted average interest rate**
< 5 years	-	-	-	-
> 5 years	3	7.71%	-	-
TOTAL	**3**		**-**	

Long-term facilities relate to local facilities maturing in 2016.

In the fourth quarter of 2010, the Group has concluded an agreement with the European Investment Bank (EIB), whereby the EIB is lending 130 million Euro to finance the research, development and innovation (RDI) projects in HealthCare IT and imaging technology of the Group. The facility has been granted within the framework of the Risk Sharing Finance Facility (RSFF), designed by the European Investment Bank and the European Commission. The projects financed include RDI activities in the period 2010 up to 2013. The amount of the loan shall not exceed 50% of the total costs of the projects. Subject to the fulfillment of certain conditions, a first amount of up to 70 million Euro will be made available for disbursement as of 2011 and an amount of up to 60 million Euro for disbursement as of 2012 up to the final availability date being December 31, 2012. At December 31, 2010, no draw downs have been made under this loan facility.

Short-term facilities

Short-term liabilities to banks are mainly unsecured. The weighted average interest rate of these facilities is 5.39% (2009: 3.79%).

(C) DEBENTURES

In May 2005, the Company issued a bond with nominal value of 200 million Euro. The bond carries a 4.375% coupon and matures in June 2015. Interests are payable annually in arrear. The issue price was 101.956 %. The bond is carried at amortized cost. During 2009, part of the bond (5 million Euro) was redeemed by the Company.

(D) LIABILITIES UNDER FINANCE LEASE AGREEMENTS

Lease agreements in which the Group is a lessee, give rise to financial liabilities in the balance sheet, equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. These liabilities amounted to 1 million Euro as of December 31, 2010.

The financial liabilities are payable as follows:

	2010			2009		
MILLION EURO	Total future payments	Unexpired interest expense	Present value	Total future payments	Unexpired interest expense	Present value
Not later than one year	-	-	-	-	-	-
Between one and five years	1	-	1	1	-	1
Later than five years	-	-	-	-	-	-
TOTAL	**1**	**-**	**1**	**1**	**-**	**1**

22. TRADE AND OTHER PAYABLES

Trade and other liabilities can be presented as follows:

MILLION EURO	2010	2009
Trade Payables	246	206
Liabilities against AgfaPhoto Group companies	33	33
Liabilities for social expenses	34	28
Payroll liabilities	12	11
Accrued interest on liabilities	5	6
Gandi: consideration to be paid (note 6)	9	-
Other payables	89	78
TOTAL	**428**	**362**

The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 7.

Liabilities against AgfaPhoto group companies result from agreements with the AgfaPhoto group companies or its receivers with regard to certain distribution, invoicing and collection activities. Further information is provided in note 16.

Liabilities for social expenses include, in particular, social insurance contributions that have not been paid at the balance sheet date.

Other payables comprise of numerous individual items such as guarantees, commissions to customers, liabilities under cash management, etc.

23. DEFERRED REVENUE AND ADVANCE PAYMENTS

Deferred revenue comprises amounts invoiced as well as invoices to prepare, both in accordance with contractually agreed terms but unearned whereas advance payments reflect the amounts paid by customers who have not yet received an invoice and to whom the Company still has to fulfill its commitment, i.e. delivery of goods and/or services.

As of December 31, 2010, deferred revenue and advance payments amounted to 152 million Euro (2009: 123 million Euro) and primary result from milestone billing in arrangements combining multiple deliverables such as software, hardware, services, … (multiple-element arrangements) and from the advance billing of service and maintenance contracts.

The application of the Group's accounting policy on recognition of revenue with regard to multiple-element arrangements requires management to judge whether or not an arrangement comprises multiple elements, and if so, whether reliable vendor-specific objective evidence of fair value exists for those elements. Allocating the total arrangement fee, including any discounts, to each deliverable based on vendor specific objective evidence of fair value involves the use of significant estimates and assumptions. Changes to the elements in a multiple-element arrangement and the respective fair value of the related elements could materially impact the amount of earned and unearned revenue.

24. PROVISIONS

(A) NON-CURRENT

As of December 31, 2010, non-current provisions amounted to 24 million Euro (2009: 44 million Euro).

MILLION EURO	Environmental	Restructuring	Other	TOTAL
Provisions at December 31, 2009	**2**	**9**	**33**	**44**
Provisions made during the year	-	-	5	**5**
Provisions used during the year	-	(2)	(12)	**(14)**
Provisions reversed during the year	-	(3)	(5)	**(8)**
Exchange differences	-	-	-	**-**
Transfers	1	-	(4)	**(3)**
Provisions at December 31, 2010	**3**	**4**	**17**	**24**

Other non-current provisions comprise a provision for onerous rent, a provision for demolition costs as well as a provision related to former personnel resulting from the sale of the logistics operations to the group H. Essers, and a provision for pension insurance covering contributions to the "Pensionssicherungsverein" in Germany that are payable after 1 year.

In the course of 2010, an agreement has been reached with Bayer to settle a claim about demolition costs with respect to buildings in Germany. This settlement did not result in additional expenses.

(B) CURRENT

As of December 31, 2010, current provisions amounted to 200 million Euro (2009: 234 million Euro).

MILLION EURO	Notes	Environmental	Trade-related	Taxes	Restructuring	Other	TOTAL
Provisions at December 31, 2009		**9**	**43**	**93**	**13**	**76**	**234**
Change in consolidation scope	*6*	-	5	-	-	-	**5**
Provisions made during the year		2	110	30	10	27	**179**
Provisions used during the year		(4)	(102)	(46)	(13)	(31)	**(196)**
Provisions reversed during the year		-	(9)	(6)	(3)	(10)	**(28)**
Exchange differences		-	-	2	1	-	**3**
Transfers		-	-	-		3	**3**
Provisions at December 31, 2010		**7**	**47**	**73**	**8**	**65**	**200**

Provisions for environmental protection relate to future re-landscaping, landfill modernization and the remediation of land contaminated by past industrial operations.

Provisions for trade-related commitments primarily include provisions for bonuses and rebates related to goods and services purchased by customers in the accounting period, commissions to agents and warranty provisions.

Provisions for taxes relate to both income tax and other tax.

Provisions for income tax are established for income tax calculated but not yet prepaid as well as for liabilities for pending or expected income tax audits over previous years. Furthermore, they comprise provision to return true-ups over previous years. The Group is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretations of complex tax regulations in the respective countries. The Group establishes provisions for anticipated tax audit issues based on reasonable estimates of whether additional taxes will be due, considering various factors such as experience with previous tax audits and differing legal interpretations by the taxable entity and the responsible tax authority. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods.

Provisions for other tax mainly relate to VAT and other indirect taxes.

Provisions for restructuring mainly comprise employee termination costs.

Other current provisions are established for commercial litigations, claims and the negative outcome of commitments. Furthermore, they comprise the current portion of commitments resulting from the sale of logistics operations to the group H. Essers. Other current provisions also relate to litigations resulting from the divestment of the Consumer Imaging (CI) business in 2004. As from December 31, 2010, these provisions primarily relate to probable losses from the distribution agreement, litigations with former CI-employees that transferred to AgfaPhoto and commercial litigations.

(C) MEASUREMENT OF PROVISIONS WITH RESPECT TO THE INSOLVENCY OF AGFAPHOTO GMBH

On November 1, 2004, the Group sold all of its Consumer Imaging activities, including the production, sales and services related to photographic film, finishing products and lab equipment to AgfaPhoto Holding GmbH. The AgfaPhoto group of companies fully operated the Consumer Imaging business from that moment on until the end of May 2005, when AgfaPhoto GmbH filed for insolvency in Germany, followed by insolvency filings of some of the AgfaPhoto sales organizations.

In October 2005, the receiver of AgfaPhoto GmbH decided to liquidate the company. Although AgfaPhoto GmbH and its subsidiaries operated completely independently from the Group, the insolvency and liquidation of AgfaPhoto GmbH and some of its subsidiaries has affected the Group in several ways.

The receiver of AgfaPhoto GmbH initiated arbitration proceedings in December 2007 before the ICC International Court of Arbitration in Paris, France, in connection with a dispute over the outstanding balances resulting from distribution, supply and service agreements.

The receiver of AgfaPhoto Austria Ges.m.b.H. initiated ICC arbitration proceedings in September 2008 in connection with a dispute over the outstanding balances resulting from the distribution, supply and service agreements in Austria only.

Both aforementioned ICC arbitration proceedings are still ongoing.

The Group also became confronted with a number of lawsuits filed by its former Consumer Imaging employees that transferred to AgfaPhoto. In Germany, the Federal Labor Court (Bundesarbeitsgericht) rendered, in the course of 2010, final judgements in 16 more cases (in addition to the 30 cases already decided in 2008 and 2009). The Court's decisions on, and further clarification of, many disputed labor law issues led to an accelerated resolution of a number of pending labor cases in Germany, in conformity with the Group's risk assessments and provisions.

The ICC arbitration proceeding initiated by the receiver of AgfaPhoto GmbH in connection with demolition costs for buildings that had been built under leasehold rights in Leverkusen, Germany, has been dismissed by the Tribunal, and Agfa-Gevaert was awarded fees and expenses. Agfa-Gevaert had agreed with the owner of the real estate to assume certain demolition costs.

Agfa Finance is still involved in lawsuits, both as plaintiff and as defendant, in cases relating to leasing contracts for minilabs. While some cases could be settled or are in the process of being settled, the currently still pending cases are in conformity with the Group's risk assessments and provisions.

The Group has adequately constituted provisions and write-downs on outstanding balances for probable losses related to the distribution, supply and service agreements as well as for other claims and costs, such as employee-related claims.

The Group recognizes provisions for estimated loss contingencies when it assesses that a loss is probable and the amount of the loss can be reasonably estimated. Provisions for contingent losses are based upon assumptions and estimates, and advice of legal counsel regarding the probable outcomes of the matter. As new developments occur or more information becomes available, it is possible that the assumptions and estimates in these matters will change.

Further information is provided in note 26.

25. OPERATING LEASES

(A) LEASES AS LESSEE

The Group leases mainly buildings and infrastructure under a number of operating lease agreements. The future lease payments under these non-cancelable operating leases are due as follows:

MILLION EURO	2010	2009
Not later than one year	43	47
Between one and five years	93	91
Later than five years	23	11
TOTAL	**159**	**149**

(B) LEASES AS LESSOR

The Group leases out business accommodation and other equipment under operating leases. Non-cancelable operating lease rentals are as follows:

MILLION EURO	2010	2009
Not later than one year	2	4
Between one and five years	1	4
Later than five years	-	-
TOTAL	**3**	**8**

26. COMMITMENTS AND CONTINGENCIES

(A) CONTINGENT LIABILITIES

Contingent liabilities resulted entirely from commitments given to third parties and comprise:

MILLION EURO	2010	2009
Bank guarantees	69	63
Other	2	2
TOTAL	**71**	**65**

Total purchase commitments in connection with major capital expenditure projects for which the respective contracts have already been awarded or orders placed amounted to 1 million Euro as of December 31, 2010
(2009: 1 million Euro).

(B) LEGAL RISKS/CONTINGENCIES

The Group is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency.

AgfaPhoto

In connection with the divestment of the Consumer Imaging business of Agfa-Gevaert AG and certain of its subsidiaries, the Group entered into various contractual relationships with AgfaPhoto Holding GmbH, AgfaPhoto GmbH and their subsidiaries in various countries (the 'AgfaPhoto Group'), providing for the transfer of its Consumer Imaging business, including assets, liabilities, contracts and employees, to AgfaPhoto Group companies.

Subsequent to the divestment, insolvency proceedings have been opened with respect to AgfaPhoto GmbH and a number of its subsidiaries in both Germany and other countries. The Group has been named as a defendant in lawsuits or other actions in various countries in connection with a number of disputes including labor law disputes in Germany, seeking a variety of damages and other relief relative to the insolvency proceedings and subsequent liquidation of the AgfaPhoto Group companies. The Group believes that it has meritorious defenses in these lawsuits and other actions and is defending itself vigorously.

With respect to this divestment, the receiver of AgfaPhoto GmbH initiated arbitration proceedings before the ICC International Court of Arbitration in Paris, France, and claims alleged damages suffered as a result of inter alia, undercapitalization of AgfaPhoto GmbH and causation of the insolvency of AgfaPhoto GmbH. The Group has rejected all of the claims as unsubstantiated and without merit. The Group believes that it has meritorious defenses with respect to these claims and is defending itself vigorously.

Finally, AgfaPhoto Holding GmbH initiated arbitration proceedings before the ICC International Court of Arbitration in Paris in December 2008 in connection with demolition costs with respect to buildings in Leverkusen, Germany. The plaintiff has withdrawn the case after a similar arbitration initiated by the insolvency receiver of AgfaPhoto GmbH had been dismissed by the Tribunal and Agfa-Gevaert had agreed with the owner of the real estate to assume certain demolition costs.

As highlighted above, the main remaining disputes are between certain Agfa group companies and the receiver of AgfaPhoto GmbH, most of them being currently subject to arbitration proceedings. Some amounts claimed are so claimed in duplicate either on different legal grounds or against different constellations of Agfa defendants.
Due to what we believe to be a highly speculative nature of the claims and counterclaims asserted by the receiver of AgfaPhoto GmbH, we deem it impossible to arrive at a reliable estimate of the financial implications of several of these arbitration proceedings.

27. RELATED PARTY TRANSACTIONS

(A) TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE MANAGEMENT (KEY MANAGEMENT PERSONNEL)

Key management personnel compensation included in the income statement can be detailed as follows:

	2010		2009	
MILLION EURO	Directors	Executive Management	Directors	Executive Management
Short-term employee benefits	1	5.1	0.5	4.5
Post-employment benefits	-	0.3	-	0.3
Share-based payment	-	0.1	-	0.1
TOTAL	**1**	**5.5**	**0.5**	**4.9**

As of December 31, 2010, there were no loans outstanding to members of the Executive Management nor to members of the Board of Directors.
Pension provisions for members and retired members of the Executive Management, amounting to 15 million Euro, are reflected in the balance sheet of the Group at December 31, 2010.

(B) OTHER RELATED PARTY TRANSACTIONS

Transactions with related companies are mainly trade transactions and are priced at arm's length. The revenue and expenses related to these transactions are immaterial to the consolidated financial statements as a whole.

28. EARNINGS PER SHARE

(A) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at December 31, 2010 was based on the net profit attributable to ordinary shareholders of 105 million Euro (2009: 6 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2010 of 130,571,878 (2009: 124,788,430).

The weighted average number of ordinary shares is calculated as follows:

Number of ordinary shares at January 1, 2010	124,788,430
Effect of capital increase	5,783,448
Weighted average number of ordinary shares at December 31, 2010	130,571,878

EURO	2010	2009
Basic earnings per share	0.80	0.05

(B) DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at December 31, 2010 was based on the net profit attributable to ordinary shareholders of 105 million Euro (2009: 6 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2010 of 130,571,878 (2009: 124,788,430). It should be noted that the different stock option plans (Long Term Incentive Plan – tranche no. 2-8) have been anti-dilutive, in 2009 as well as in 2010.

The weighted average number of ordinary shares (diluted) is calculated as follows:

Weighted average number of ordinary shares at December 31, 2010	130,571,878
Effect of stock options on issue (note 20)	-
Weighted average number of ordinary shares (diluted) at December 31, 2010	130,571,878

The average fair value of one ordinary share during 2010 was 4.74 Euro.

EURO	2010	2009
Diluted earnings per share	0.80	0.05

29. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES AGFA-GEVAERT GROUP

The ultimate parent of the Group is Agfa-Gevaert NV, Mortsel (Belgium). The Company is the parent company for the following significant subsidiaries:

Consolidated companies, December 31, 2010		
Name of the company	**Location**	**Ownership interest %**
Agfa (Pty.) Ltd.	Isando/Rep. of South Africa	100
Agfa (Wuxi) Imaging Co., Ltd.	Wuxi/PR China	99.16
Agfa (Wuxi) Printing Plate Co. Ltd.	Wuxi/PR China	51
Agfa ASEAN Sdn. Bhd.	Petaling Jaya/Malaysia	51
Agfa Corporation	Ridgefield Park/United States	100
Agfa de Mexico S.A. de C.V.	Del. Benito Juarez/Mexico	100
Agfa Dotrix NV	Ghent/Belgium	100
Agfa Finance Corp.	Wilmington/United States	100
Agfa Finance Inc.	Toronto/Canada	100
Agfa Finance Italy S.p.A.	Milan/Italy	100
Agfa Finance NV	Mortsel/Belgium	100
Agfa Finance Poland Sp.o.o.	Warsaw/Poland	100
Agfa Finance Pty. Ltd.	Burwood/Australia	100
Agfa Graphics Argentina S.A.	Buenos Aires/Argentina	100
Agfa Graphics Asia Ltd.	Hong Kong/PR China	51
Agfa Graphics Austria GmbH	Vienna/Austria	100
Agfa Graphics Czech Republic S.r.o.	Prague/Czech Republic	100
Agfa Graphics Germany GmbH & Co. KG	Cologne/Germany	100
Agfa Graphics Ireland Ltd.	Kildare/Ireland	100
Agfa Graphics Ltd.	Leeds/United Kingdom	100
Agfa Graphics Netherlands B.V.	Amstelveen/Netherlands	100
Agfa Graphics Norway AS	Oslo/Norway	100
Agfa Graphics NV	Mortsel/Belgium	100
Agfa Graphics Portugal, Unipessoal Lda.	Fregesia de Pago d'Arcos/Portugal	100
Agfa Graphics S.r.l.	Milano/Italy	100
Agfa Graphics Sp.o.o.	Warsaw/Poland	100
Agfa Graphics Switzerland AG	Dübendorf/Switzerland	100
Agfa HealthCare AG	Dübendorf/Switzerland	100
Agfa HealthCare AG	Trier/Germany	100
Agfa HealthCare Argentina S.A.	Buenos Aires/Argentina	100
Agfa HealthCare Australia Limited	Victoria/Australia	100
Agfa HealthCare Brazil Importacao e Servicos Ltda.	Sao Paulo/Brazil	100
Agfa HealthCare Chile Ltda.	Santiago de Chile/Chile	100
Agfa HealthCare Colombia Ltda.	Bogota/Colombia	100
Agfa HealthCare Corporation	Greenville/United States	100
Agfa HealthCare Czech s.r.o.	Prague/Czech Republic	100
Agfa HealthCare Denmark A/S	Holte/Denmark	100
Agfa HealthCare Enterprise Solutions S.A.	Artigues près Bordeaux/France	100
Agfa Healthcare Equipments Portugal Lda.	Oeiras/Portugal	100
Agfa HealthCare Finland Oy AB	Espoo/Finland	100
Agfa HealthCare Germany GmbH	Bonn/Germany	100
Agfa HealthCare Ges.mbH	Vienna/Austria	100
Agfa HealthCare GmbH	Bonn/Germany	100
Agfa HealthCare Hellas A.E.B.E.	Peristeri/Greece	100
Agfa HealthCare Hong Kong	Hong Kong, PR China	100
Agfa HealthCare Hungary Kft.	Budapest/Hungary	100
Agfa HealthCare Inc.	Waterloo/Canada	100
Agfa HealthCare India Private Ltd.	Thane/India	100
Agfa HealthCare International NV	Mortsel/Belgium	100

Agfa HealthCare Korea Ltd.	Seoul/South Korea	100
Agfa HealthCare Luxembourg S.A.	Bertrange/Luxemburg	100
Agfa HealthCare Malaysia Sdn. Bhd.	Kuala Lumpur/Malaysia	100
Agfa Healthcare Mexico S.A. de C.V.	Del. Benito Juarez/Mexico	100
Agfa HealthCare Norway AS	Oslo/Norway	100
Agfa HealthCare NV	Mortsel/Belgium	100
Agfa HealthCare Shanghai Ltd.	Shanghai/PR China	100
Agfa HealthCare Singapore Pte. Ltd.	Singapore	100
Agfa HealthCare South Africa Pty. Ltd.	Isando/Rep. of South Africa	100
Agfa HealthCare Spain S.A.U.	Barcelona/Spain	100
Agfa HealthCare Sweden AB	Kista/Sweden	100
Agfa HealthCare Systems Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa HealthCare UK Limited	Brentford/United Kingdom	100
Agfa Inc.	Toronto/Canada	100
Agfa India Private Ltd.	Thane/India	100
Agfa Industries Korea Ltd.	Kyunggi-do/South Korea	100
Agfa Korea Ltd.	Seoul/South Korea	100
Agfa Limited	Dublin/Ireland	100
Agfa Materials Corporation	Wilmington/United States	100
Agfa Materials GmbH	Düsseldorf/Germany	100
Agfa Materials Hong Kong Ltd.	Hong Kong/PR China	100
Agfa Materials Japan Ltd.	Tokyo/Japan	100
Agfa Materials Ltd.	Pinewood/United Kingdom	100
Agfa Materials Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa Singapore Pte. Ltd.	Singapore	51
Agfa Solutions SAS	Rueil-Malmaison/France	100
Agfa Sp.o.o.	Warsaw/Poland	100
Agfa Taiwan Co. Ltd.	Taipei/Taiwan	51
Agfa-Gevaert A.E.B.E.	Athens/Greece	100
Agfa-Gevaert A/S	Birkerod/Denmark	100
Agfa-Gevaert AB	Kista/Sweden	100
Agfa-Gevaert Aktiengesellschaft für Altersversorgung	Cologne/Germany	100
Agfa-Gevaert Argentina S.A.	Buenos Aires/Argentina	100
Agfa-Gevaert B.V.	Rijswijk/Netherlands	100
Agfa-Gevaert Colombia Ltda.	Bogota/Colombia	100
Agfa-Gevaert de Venezuela S.A.	Caracas/Venezuela	100
Agfa-Gevaert do Brasil Ltda.	Sao Paulo/Brazil	100
Agfa-Gevaert Graphic Systems GmbH	Cologne/Germany	100
Agfa-Gevaert HealthCare GmbH	Cologne/Germany	100
Agfa-Gevaert International NV	Mortsel/Belgium	100
Agfa-Gevaert Investment Fund NV	Mortsel/Belgium	100
Agfa-Gevaert Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited	Victoria/Australia	100
Agfa-Gevaert Limited (England)	Brentford/United Kingdom	100
Agfa-Gevaert Ltda.	Santiago De Chile/Chile	100
Agfa-Gevaert NV & Co. KG	Cologne/Germany	100
Agfa-Gevaert NZ Ltd.	Auckland/New Zealand	100
Agfa-Gevaert S.A.	Rueil-Malmaison/France	99.99
Agfa-Gevaert S.A.U.	Barcelona/Spain	100
Agfa-Gevaert S.p.A.	Milan/Italy	100
Agfa Imaging (Shenzhen) Co Ltd.	Shenzhen/China	51
Agfa II Acquisition Corp. (Pitman)	Ridgefield Park/United States	100
Gandi Innovations BVBA	Mechelen/Belgium	100
Gandi Innovations Fzco	Dubai/United Arab Emirates	100
Insight Agents France S.r.l.	Marcq en Baroeul/France	100

Insight Agents GmbH	Heidelberg/Germany	100
Koller AG	Thalwil/Switserland	100
Lastra Attrezzature S.r.l.	Manerbio/Italy	60
Luithagen NV	Mortsel/Belgium	100
New ProImage America Inc.	Ridgefield Park/United States	100
New ProImage Ltd.	Tel Aviv/Israel	100
OOO Agfa Ltd.	Moscow/Russian Federation	100
OY Agfa-Gevaert AB	Espoo/Finland	100
Plurimetal do Brasil Ltda.	Rio de Janeiro/Brasil	100
Shanghai Agfa Imaging Products Co., Ltd.	Shanghai/PR China	51

Associated companies, December 31, 2010		
Name of the company	**Location**	**Ownership interest %**
PlanOrg Informatik GmbH	Jena/Germany	24.50
DILLI (Digital Illustrate Inc.)	Gyeonggi-do/South Korea	20

30. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There are no subsequent events.

31. INFORMATION ON THE AUDITOR´S ASSIGNMENTS AND RELATED FEES

The worldwide audit and other fees in respect of services provided by KPMG Bedrijfsrevisoren and its network can be detailed as follows:

EURO	2010	2009
Fees of the independent auditor with respect to the statutory audit mandate for the Company and the Group	**544,352**	**795,317**
Fees for non-audit services rendered by the independent auditor to the Company and the Group		
Other attestation	441,430	18,000
Tax	98,975	159,222
Other non-audit	23,650	140,921
Subtotal	**1,108,407**	**1,113,460**

EURO	2010	2009
Fees of the independent auditor´s network with respect to a statutory audit mandate at the level of the Group	**1,339,056**	**1,885,136**
Fees for non-audit services rendered by the independent auditor´s network to the Group		
Other attestation	100,987	137,880
Tax	47,372	34,620
Other non-audit	744,997	185,067
Subtotal	**2,232,412**	**2,242,703**
TOTAL	**3,340,819**	**3,356,163**

STATUTORY AUDITOR´S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS

Statutory auditor´s report to the general meeting of shareholders of Agfa-Gevaert NV on the consolidated financial statements for the year ended December 31, 2010

In accordance with legal and statutory requirements, we report to you on the performance of our audit mandate. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements of Agfa-Gevaert NV ('the Company') and its subsidiaries (jointly 'the Group'), prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as at December 31, 2010, the consolidated income statement and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.
The total of the consolidated balance sheet amounts to 3,086 million Euro and the consolidated income statement shows a profit for the period of 104 million Euro.

Board of Directors´ responsibility for the consolidated financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor´s responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as the overall presentation of the consolidated financial statements.
Finally, we have obtained from management and responsible officers of the company the explanations and information necessary for our audit.

We believe that the audit evidence we have obtained provides a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's net worth and consolidated financial position as at December 31, 2010 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation of the report of the Board of Directors on the consolidated financial statements and its content are the responsibility of the Board of Directors.

Our responsibility is to supplement our report with the following additional comment, which does not modify our audit opinion on the financial statements:

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

Kontich, March 31, 2011

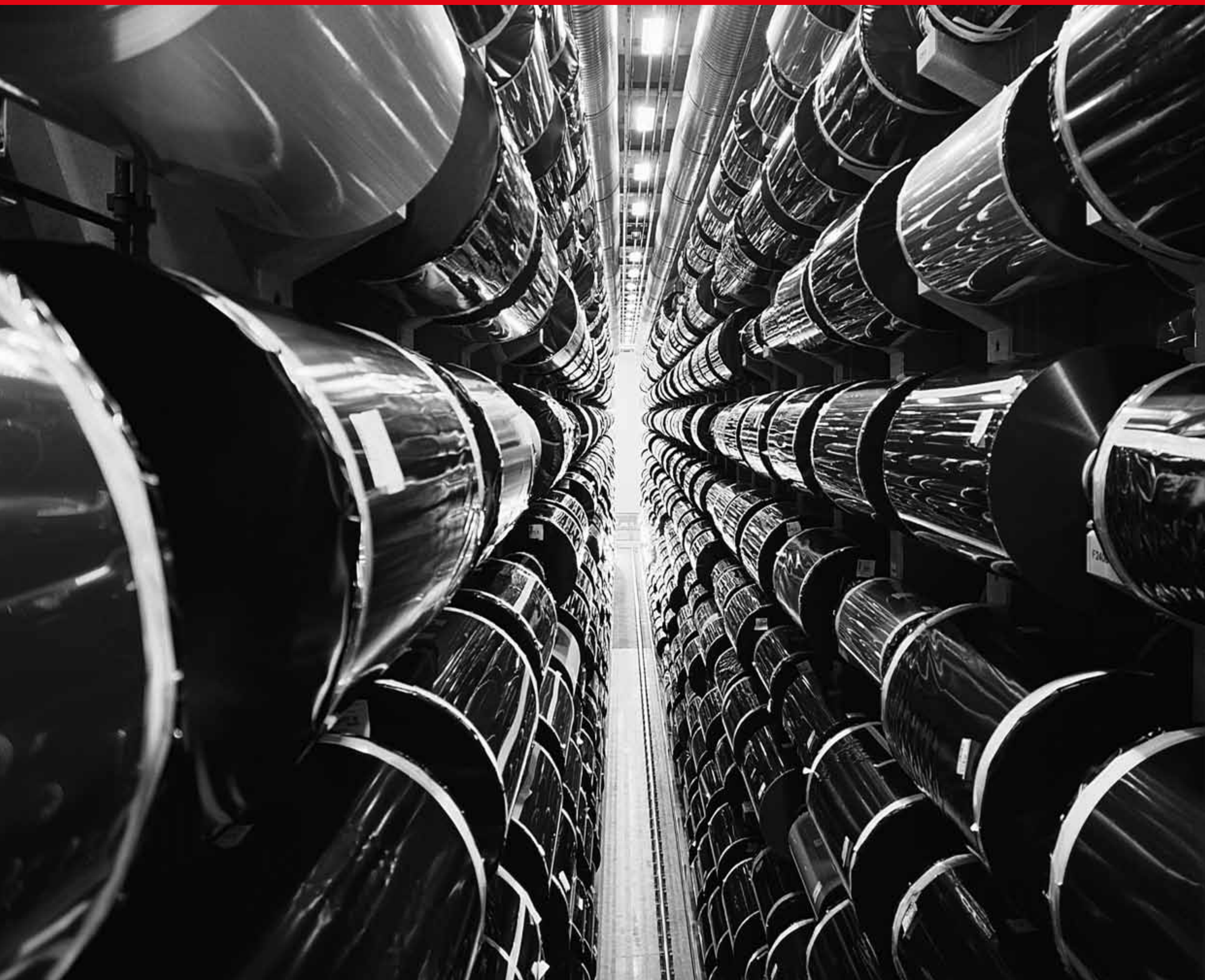
KPMG Bedrijfsrevisoren
Statutory auditor
represented by

Erik Clinck
Bedrijfsrevisor

Filip De Bock
Bedrijfsrevisor

STATUTORY ACCOUNTS

The following pages are extracts of the statutory annual accounts of Agfa-Gevaert NV prepared under Belgian accounting policies. The management report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Agfa-Gevaert NV as well as the Auditor's report, will be filed with the National Bank of Belgium within the statutory stipulated periods. These documents are available on request from Agfa's Investor Relations department and at www.agfa.com/investorrelations.
Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Agfa-Gevaert Group. The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Agfa-Gevaert NV for the year ending December 31, 2010 give a true and fair view of the financial position and results of the company in accordance with all legal and regulatory dispositions.



SUMMARY VERSION OF STATUTORY ACCOUNTS OF AGFA-GEVAERT NV

INCOME STATEMENTS

		MILLION EURO	2010	2009
I.	**Operating income**			
	A.	Turnover	689	675
	B.	Stocks of finished goods, work and contracts in progress (increase +, decrease -)	12	(13)
	C.	Own work capitalized	20	13
	D.	Other operating income	104	73
Total operating income			**825**	**748**
II.	**Operating charges**			
	A.	Raw materials, consumables		
		1. Purchases	420	379
		2. Stocks (increase -, decrease +)	(3)	11
	B.	Services and other goods	144	111
	C.	Remuneration, social security costs and pensions	210	192
	D.	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	21	37
	E.	Amounts written off stocks, contracts in progress and trade debtors (appropriations +, write-backs -)	5	1
	F.	Provisions for liabilities and charges (appropriations +, uses and write-backs -)	(29)	(27)
	G.	Other operating charges	9	12
Total operating charges			**777**	**716**
III.	**Operating profit/(loss)**		**48**	**32**
IV.	**Financial income**		**374**	**96**
V.	**Financial charges**		**(340)**	**(105)**
VI.	**Gain/(Loss) on ordinary activities before taxes**		**82**	**23**
VII.	**Extraordinary income**		**35**	**155**
VIII.	**Extraordinary charges**		**(4)**	**(6)**
IX.	**Gain/(Loss) for the period before taxes**		**113**	**172**
IX bis	**Transfer from deferred taxes**		**0**	**0**
X.	**Income taxes**		**3**	**0**
XI.	**Gain/(Loss) of the period**		**116**	**172**
XII.	**Transfer to untaxed reserves**		**0**	**0**
XIII.	**Gain/(Loss) of the period available for appropriation**		**116**	**172**
Appropriation account				
	A.	Profit to be appropriated	689	573
		1. Gain/(Loss) of the period available for appropriation	116	172
		2. Profit/(Loss) brought forward	573	401
	B.	Withdrawals from capital and reserves	0	0
	C.	Transfers to capital and reserves	5	0
	D.	Profit to be carried forward	684	573
	F.	Profit to be distributed	0	0

SUMMARY VERSION OF STATUTORY ACCOUNTS OF AGFA-GEVAERT NV

BALANCE SHEET

	MILLION EURO	Dec. 31 2010	Dec. 31 2009
Assets			
II.	Intangible fixed assets	30	30
III.	Tangible fixed assets	18	16
IV.	Financial fixed assets	3,162	2,093
V.	Amounts receivable after more than 1 year	0	12
VI.	Stocks and contracts in progress	128	112
VII.	Amounts receivable within 1 year	492	1,664
VIII.	Current investments	103	19
IX.	Cash at bank and in hand	22	2
X.	Deferred charges and accrued income	1	2
TOTAL		**3,956**	**3,950**

Liabilities			
I.	Capital	187	140
II.	Share premium account	211	109
IV.	Reserves	417	412
V.	Accumulated profits	684	573
VI.	Investment grants	4	8
TOTAL		**1,503**	**1,242**
VII.	Provisions and deferred taxes	96	125
VIII.	Amounts payable after more than 1 year	315	315
IX.	Amounts payable within 1 year	2,021	2,249
X.	Accrued charges and deferred income	21	19
TOTAL		**3,956**	**3,950**

SUMMARY VERSION OF STATUTORY ACCOUNTS OF AGFA-GEVAERT NV

STATUTORY REPORT

Mortsel, March 24, 2011

Comments on the annual accounts

The annual accounts, which will be presented to the General Meeting of Shareholders of April 26, 2010, were approved by the Board of Directors.

The following points, in particular, will be submitted to the General Meeting of Shareholders for approval:

- The Annual Accounts close with a profit for the accounting year 2010 of 115,535,415.46 Euro.

- After transfer of 4,669,865.40 Euro to the legal reserve, it is proposed to allocate the balance of the profit as follows: Increase of the result carried forward with 110,865,550.06 Euro; as a result hereof the result carried forward will amount to 684,132,564.52 Euro.

ASEAN
The Association of Southeast Asian Nations consists of Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. The organization aims to support the cooperation between its member states.

chemistry-free (printing plate)
A *printing plate* that does not require chemical processing after imaging.

color print film
Film on which copies of the master version of a motion picture film are printed. These copies are distributed to the cinemas.

computed radiography (CR)
The technology of making X-ray images with conventional X-ray equipment but whereby the images are captured on reusable image plates, instead of X-ray film. The information on the plates is read by a digitizer and provides a digital image. Dedicated imaging software (such as Agfa's MUSICA²) can be used to automatically maximize the quality of the images for diagnostic purposes. The digital images can also be completed with manual inputs (annotations, measurements, etc.) and are ready for archiving on a *PACS* system.
see also direct radiography

computer-to-film (CtF)
A process whereby the pages or artwork of printed matter - e.g. the pages of newspapers or magazines - are digitally imaged onto (transparent) film directly from computer files. The films are then chemically processed and used to produce *printing plates*.
see also computer-to-plate

computer-to-plate (CtP)
A process whereby the pages or artwork of printed matter – e.g. the pages of newspapers or magazines – are digitally imaged onto *printing plates* directly from computer files without the intermediate step of film.
see also computer-to-film

contrast media
Contrast media can be administered to the patient before a medical imaging examination with X-ray, *CT* and *MRI* technology, either to highlight specific anatomical structures (mostly vessels).

digital radiography
A form of X-ray imaging, where digital technology is used instead of traditional photographic X-ray film. The most commonly used digital radiography technologies are *computed radiography* and *direct radiography*.

CT (computed tomography)
A CT scanner uses a series of X-rays to create image 'slices' of the body. Agfa's product portfolio does not include CT scanners, but its *PACS* systems are used for the management and the (3D) visualization of the digital images. Agfa's *hardcopy* printers are used to produce high quality prints of the images.

digitizer
see computed radiography

direct radiography (DR)
Radiographic technology that converts X-ray energy into digital data without the use of intermediate image capturing plates or films. These digital data generate a diagnostic image on a PC. As the data are digital, a wide range of possibilities is available for image optimization or completion as well as for archiving the images on *PACS* systems.
DR systems are mostly used in centralized radiology environments.
see also computed radiography

e-health
Term used to describe the application of information and communications technologies in the health sector.

Electronic Health Record (EHR)
An EHR is created when a person's *Electronic Patient Record* is linked to his/her non-medical electronic files from organizations such as governments and insurance companies.

Electronic Patient Record (EPR)
The electronic alternative to a patient's paper file. The EPR contains all patient data, such as demographics, examination orders & results, laboratory reports, radiological images and reports, treatment plans, catering needs etc., and can be easily accessed throughout the hospital and, if required, from other sources.

flatbed press
With Agfa Graphics' :M-Press flatbed press, the paper (or other material) is put on a flat surface, while the printing heads move over it to print the image.

flexo(graphic) printing
Method of printing similar to traditional letterpress printing using flexible, rubber or synthetic *printing plates* attached to rollers. The inked image is transferred from the plate directly to the paper, or other substrate.

Gandi Innovations Holdings LLC
Gandi Innovations - a world leader in *large format inkjet printers* - was founded in 2001 and has its headquarters and its production facilities in Mississauga (Canada). Agfa Graphics acquired most of the assets of Gandi Innovations Holdings LLC's

North American operations and the shares of its principal foreign subsidiaries in the beginning of 2010.

hardcopy
A hardcopy is the printed version of a digital image. Agfa's hardcopy printers are used for printing medical images from various sources: *Computed Tomography (CT)* scans, *Magnetic Resonance Imaging (MRI)* scans, *Computed Radiography*, *Direct Radiography* etc. Agfa produces both the so-called 'wet' and 'dry' printers. Wet laser technology implies the use of aqueous chemical solutions to develop the image. The environmentally friendly dry technology prints the image directly from the computer onto a special film by thermal effect.

Harold M. Pitman Company
Founded in 1906, this leading US supplier of prepress, industrial *inkjet*, pressroom and packaging printing products and systems is based in Totowa, New Jersey. Agfa Graphics acquired the assets of the Harold M. Pitman Company in August 2011.

image enhancement software
These software applications analyze medical digital images and automatically apply image enhancement techniques to better visualize all details. They improve the workflow in the radiography department and allow the radiologist to work faster and more accurately. Agfa HealthCare's MUSICA² software is generally accepted as a standard in the market.

IMPAX
IMPAX is Agfa HealthCare's brand name for its range of *Picture Archiving and Communication Systems* and *Radiology Information Systems*. The IMPAX 6.5 operating software is the heart of Agfa HealthCare's IMPAX Suites. Based on the latest PACS and RIS solutions, each suite is designed to support the activities of a specific type of customer. They range from comprehensive solutions that link all image-intensive departments of multi-site healthcare organizations, over solutions for single hospitals and imaging centers, to specialized radiology, mammography, cardiovascular, and orthopaedic systems.

imposition
Imposition is an essential step in the *prepress* process. In consists in the optimal arrangement of the printed product's pages on the sheet. By filling the printed sheet as fully as possible, imposition optimizes the printing and binding processes and reduces the amount of paper waste.

inkjet system
Any printer that transfers extremely small droplets of ink onto paper to create an image, from small models for office use over medium models – e.g. for poster printing – to larger equipment for industrial applications.

Insight Agents GmbH
Based in Heidelberg, Germany, Insight Agents develops, produces and distributes *contrast media*. In 2009, Agfa HealthCare bought all the shares of Insight Agents from Curagita Holding AG.

large format printer
A large format printer sometimes referred to as a wide format printer is a digital printer that prints on sheets or rolls 24-inches/60cm wide or more.

LASER
Abbreviation for Light Amplification by Stimulated Emission of Radiation: a device that amplifies a single frequency of light within the spectrum to create a directional, intense beam. That beam of light can be used to write data on a *printing plate* or film. There are thermal lasers and visible-light lasers. The first are used with materials sensitive to heat; the latter image materials sensitive to light and can be divided into green, violet and red laser beams. Red is rarely chosen nowadays, while violet lasers' popularity has increased substantially because of their easy operation, high reliability and low cost.

membrane
Thin, flexible layer or material designed to separate components of a solution.

modalities
In this report this term is used for the various imaging systems, including radiology equipment, *Positron Emission Tomography* scanners, *MRI* scanners and *CT* scanners. These systems can all be connected to an Agfa HealthCare *PACS* system.

MRI (Magnetic Resonance Imaging)
The MRI scanner uses very strong magnetic fields and creates images by pulsing radio waves that are directed at the parts of the body to be examined. Agfa's product portfolio does not include MRI scanners but its *PACS* systems are used for the management and visualization of the digital images. Agfa's *hardcopy* printers are used to produce high quality prints of the images.

non-destructive testing
To check the structure and tolerance of materials without damaging or deforming them.

offset
Printing technique where thin aluminum *printing plates* are wrapped and fixed round a cylinder on a (litho) printing press. While rotating, the printing plates obtain ink and water . The ink adheres to the image whilst the water prevents ink adhering to the non-printing areas. The inked image is transferred onto a rubber blanket attached to a second cylinder and then transferred from the blanket to the paper or other medium.

PET (polyethylene terephthalate or polyester)
Polyethylene terephthalate or polyester is a chemical prepared with a base of ethylene glycol and terephtalic acid. It is the basic raw material for the substrate of photographic film; it is coated with different types of purpose specific chemical layers, such as for medical and graphic purposes.

Picture Archiving and Communication System (PACS)

Agfa's PACS solutions are marketed under the name *IMPAX*. PACS was originally developed to efficiently manage the distribution and archiving of diagnostic images produced by radiology departments. Due to specific software developments IMPAX is also suitable for use by other departments in the hospital, such as cardiology, orthopedics and women's care. Extensive PACS systems are also used to connect all hospital departments that intensively use clinical images on one network. Agfa's MUSICA² software is used to process and optimize the images on the PACS system.

platesetter

A platesetter digitally images the pages or artwork of printed matter from the computer onto p*rinting plates*, which are then processed and mounted on a printing press. There are flatbed platesetters and drum based systems. In the first the printing plates remain flat during the imaging process, whereas in the latter the printing plates are wrapped around or inside a drum.

polymer

A polymer is a large molecule composed of many smaller units (monomers) joined together. Polymers can be natural (e.g. proteins and rubber) or man-made (e.g. plastics and nylon). Conductive polymers conduct electricity. Orgacon™ is the trade name for Agfa Materials' conductive polymer product line. They are used in different applications such as EL-lamps, touch pads, touch screens, displays, dashboard panels.

Positron Emission Tomography (PET)

A radioactive substance is administered to the patient before he/she is examined with the PET scanner. The substance accumulates in the organs. If the organs are affected by malignant tumors, the substance will concentrate in the affected areas. The PET scanner records the energy from the substance, thus mapping tumors and occasional secondary tumors. Agfa's product portfolio does not include PET scanners, but its *PACS* systems are used to manage and to visualize the digital images.

preflight

In order to avoid delays in the print job production process, a preflight process is embedded in *prepress*. Preflight is the process of confirming that the digital files required for printing are all present, valid, correctly formatted, and of the desired type. The term originates from the preflight checklist procedure used by pilots.

prepress

The preparation and processing of content and document files for final output to *printing plates*, including high-resolution scanning of images, color separation, different types of proofs, etc.

printed circuit board (PCB)

A thin plate on which chips and other electronic components are placed. Computers consist, principally, of one or more boards.

printing plate

- for computer-to-film technology

Printing plates consist of a high-quality aluminum substrate with a coating designed to respond to relatively high levels of ultraviolet (UV) light energy. An exposed film is vacuum contacted with a plate. The UV light source copies the artwork from the film onto the plate, whereby the art or page elements are opaque parts of the film and the rest is transparent. The UV light hits the plate only where the film is transparent.
A chemical developing process etches the exposed elements, and leaves unchanged the non-exposed parts. The ink adheres to the exposed - or chemically treated - parts during the printing process.

- for computer-to-plate technology

Printing plate consisting of a high-quality grained and anodized aluminum substrate and a (silver or photopolymer) coating several thousand times more sensitive than that of analog plates. The *lasers* used to expose these plates typically operate on thermal energy or visible light. The coatings respond to the laser energy creating chemical/physical changes to the plate surface. Just as with CtF-plates, the CtP-plates are chemically processed to create a press-ready plate, though some CtP-plate technologies are effectively process-free.

proof

Based on the proof - which represents the way the colors will be reproduced on press - the customer (print buyer) decides whether the job is ready to go to the printing press. This 'representation' of the final result is made possible by Agfa's high-tech color management software systems.

Radiology Information System (RIS)

Agfa's RIS solutions are marketed under the name *IMPAX*. A RIS is a computer-based solution for the planning, follow-up and communication of all data relating to patients and their examinations in the radiology department, i.e. starting from the moment that an examination is requested up to the radiologist's report. The RIS is strongly linked with *PACS* – the *Picture Archiving and Communication System* (for the images contained in the examinations).

screening

The creation of a pattern of dots of different sizes used to reproduce color or greyscale continuous-tone images. There are various types of screening.

screen printing

The printing procedure, during which a viscous ink is applied through a metal or nylon gauze onto the paper. The gauze is made impermeable – by use of stencils – in the non-printing parts.

Shenzhen Brothers
Shenzhen Brothers started finishing and distribution activities of Agfa Graphics master roll graphic films in 2000. Over the years, Shenzhen Brothers has built up through this partnership, a leading and successful distribution network in the Chinese printing industry.

sound recording film
This type of polyester based film is especially designed for recording and printing all current types of soundtracks, such as analog, Dolby, Digital, DTS (Digital Theater Systems) and SDDS (Sony Dynamic Digital Sound).

teleradiology
Through an advanced *PACS* and a secured internet connection, hospitals and imaging centers can submit their digital medical images to radiologists and diagnostic centers located elsewhere in the world. This process is called teleradiology. It can compensate for the shortage of radiologists; physicians use it to submit images to colleagues for fast second opinion reporting.

thermal (printing plate)
Technology where the *platesetter* uses thermal energy to expose the *printing plates*.

ThermoFuse
Agfa's ThermoFuse technology physically bonds images to the *printing plate* without any chemical processing. The result is highly stable and predictable thermal imaging that effectively eliminates variables and compromises on press.

UV curable ink
UV curable inks consist mainly of acrylic monomers. After printing, the ink is transformed into a hard polymerized film by a high dose of UV light. The advantage of UV curable inks is that they dry instantly, can print on a wide range of uncoated substrates and make a very robust image. The ink does not contain hazardous components such as Volatile Organic Compounds (VOC) or solvents and does not evaporate.

violet (printing plate)
Violet (*laser*) technologies expose or image *printing plates* using the violet band of the visible-light spectrum, allowing fast output, convenient plate handling and high reliability.

workflow management software
Software that allows operators to control the *prepress* process with a software interface. It also streamlines the flow of work by automating individual steps in the process – thus saving time and reducing costs.

CONSOLIDATED INCOME STATEMENT 2006-2010

MILLION EURO	2010	2009	2008	2007	2006
Revenue	**2,948**	**2,755**	**3,032**	**3,283**	**3,401**
Cost of sales	(1,950)	(1,869)	(2,069)[2]	(2,136)	(2,102)
Gross profit	**998**	**886**	**963[2]**	**1,147**	**1,299**
Selling expenses	(394)	(372)	(439)[2]	(523)	(564)
Research and development expenses	(153)	(149)	(174)[2]	(191)	(193)
Administrative expenses	(214)	(198)	(225)[2]	(262)	(281)
Other operating income	336	309	451	333	312
Other operating expenses	(339)	(306)	(599)[2]	(379)	(508)
Profit/(loss) from operating activities	**234**	**170**	**(23)[2]**	**125**	**65**
Interest income (expense) - net	(11)	(17)	(38)	(40)[1]	(32)
Other finance income (expense) - net	(83)	(97)	(45)[2]	(23)[1]	(32)
Net finance costs	**(94)**	**(114)**	**(83)[2]**	**(63)**	**(64)**
Profit/(loss) before income taxes	**140**	**56**	**(106)**	**62**	**1**
Income tax expense	**(36)**	**(49)**	**(60)**	**(19)**	**15**
Profit/(loss) for the period	**104**	**7**	**(166)**	**43**	**16**
Profit/(loss) attributable to:					
Equity holders of the Company	105	6	(167)	42	15
Non-controlling interests	(1)	1	1	1	1
	104	7	(166)	43	16
Earnings per share					
Basic earnings per share (Euro)	0.80	0.05	(1.34)	0.34	0.12
Diluted earnings per share (Euro)	0.80	0.05	(1.34)	0.34	0.12

(1) As reported 2007, restated. In the course of 2008, the definition of 'Interest income (expense)' in the consolidated statements of income has been narrowed and comprises only interests paid/received on the items of the net financial debt position. Interests received/paid on other assets and liabilities have been reclassified to 'Other non-operating income (expense)' in the consolidated statements of income. Comparative information for the year 2007 has been restated. For the year 2007, net interest income that has been reclassified to 'Other non-operating income (expense)' amounts to 5 million Euro. The Group believes that this revised presentation provides information that is more relevant to users of the financial statements.

(2) During 2009, the Group has consistently applied its accounting policies used in the previous year, except for the presentation of expenses with regard to the Group's defined benefit plans. The interest cost and the expected return on assets as well as the relative portion of the amortization of unrecognized losses (gains) that could not be attributed to active employees have been reclassified to 'Other finance income (expenses)'. For 2009, expenses amounting to 33 million Euro have been reclassified from 'Results from operating activities' to 'Net finance costs'. Comparative information for the year 2008 has been restated. For 2008, an income amounting to 3 million Euro has been reclassified from 'Results from operating activities' to 'Net finance costs'. The Group believes that this revised presentation provides information that is more relevant to users of the financial statements.

CONSOLIDATED BALANCE SHEET 2006-2010

MILLION EURO	Dec. 31 2010	Dec. 31 2009	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006
ASSETS					
Non-current assets	**1,253**	**1,236**	**1,311**	**1,573**	**1,758**
Intangible assets	680	648	647	816	856
Property, plant and equipment	313	326	369	407	455
Investments	14	9	13	20	29
Deferred tax assets	246	253[1]	282[1]	330	351
Long-term loans receivable	-	-	-	-	65
Derivative financial instruments	-	-	-	-	2
Current assets	**1,833**	**1,616**	**1,849**	**1,986**	**2,074**
Inventories	583	483	575	578	624
Trade receivables	619	592	750	861	885
Current tax assets	68	76[2]	61[2]	60	121
Other receivables and other assets	295	319[2]	268[2]	303	335
Assets classified as held for sale	-	1	-	-	3
Cash and cash equivalents	239	119	150	152	85
Deferred charges	19	18	19	21	19
Derivative financial instruments	10	8	26	11	2
TOTAL ASSETS	**3,086**	**2,852**	**3,160**	**3,559**	**3,832**
EQUITY AND LIABILITIES					
Equity	**1,063**	**724**	**704**	**891**	**933**
Share capital	187	140	140	140	140
Share premium	210	109	109	109	109
Retained earnings	703	820	814	981	1,002
Reserves	(68)	(282)	(273)	(288)	(289)
Translation differences	1	(66)	(90)	(54)	(32)
Non-controlling interests	30	3	4	3	3
Non-current liabilities	**1,053**	**1,263**	**1,556**	**1,553**	**1,382**
Liabilities for post-employment and long-term termination benefit plans	559	570	601	654	721
Liabilities for personnel commitments	14	14	18	24	30
Loans and borrowings	379	553	809	740	445
Provisions	24	44	64	69	72
Deferred income	6	9	1	1	1
Deferred tax liabilities	71	73	63[1]	65	113
Current liabilities	**970**	**865**	**900**	**1,115**	**1,517**
Loans and borrowing	21	11	14	133	344
Trade payables	246	206	226	275	313
Deferred revenue and advance payments	152	123	112	96	87
Current tax liabilities	50	44	43[2]	62	111
Other liabilities	182	156	162[2]	175	230
Liabilities for personnel commitments	114	86	71	89	93
Provisions	200	234	255	275	319
Deferred income	4	3	5	7	13
Derivative financial instruments	1	2	12	3	7
TOTAL EQUITY AND LIABILITIES	**3,086**	**2,852**	**3,160**	**3,559**	**3,832**

(1) In 2009, 'Deferred tax assets/liabilities' have been reclassified to 'Non-current assets/non-current liabilities'. Comparative information for the year 2008 has been restated.

(2) In 2009, 'Current tax assets and current tax liabilities' have been presented separately on the face of the balance sheet. 'Current tax assets and current tax liabilities' have been reclassified from 'Other receivables and other assets' and from 'Other liabilities' respectively. Comparative information for the year 2008 has been restated.

CONSOLIDATED CASH FLOW STATEMENT 2006-2010

MILLION EURO	2010	2009	2008
Profit/(loss) from operating activities	**234**	**170**	**(23)[1]**
Depreciation, amortization and impairment losses	96	103	235
Changes in fair value of derivative financial instruments	-	4	(4)
Adjustment for other non-cash income	(2)	-	(1)
(Gains)/losses on retirement of non-currrent assets	(7)	(2)	(23)
Gain from bargain purchase	(4)	-	-
Change in non-current provisions	(107)	(116)	(100)[1]
Change in current provisions	(1)	(23)	(45)[2]
Income taxes paid	(25)	(18)	(18)[2]
Change in inventories	(34)	91	(2)
Change in trade receivables including cash inflows from securitization	74	88	107
Change in trade payables	(6)	(21)	(47)
Change in deferred revenue and advance payments	20	1	14
Change in other working capital	(3)	(11)	(16)[2-4]
Net cash from/(used in) operating activities	**235**	**266**	**77[4]**
Cash outflows for additions to intangible assets	(12)	(7)	(14)
Cash outflows for additions to property, plant and equipment	(48)	(34)	(49)
Cash inflows from disposals of intangible assets	3	4	2
Cash inflows from disposals of property, plant and equipment	6	7	34
Cash inflows from assets held for sale	5	-	-
Cash inflows from lease portfolio	32	33	37[3]
Cash outflows for acquisitions	(71)	(7)	-
Interest and dividends received	3	2	3
Cash inflows from other investing activities	6	-	4[3]
Net cash from/(used in) investing activities	**(76)**	**(2)**	**17**
Net issuances of debt	(176)	(255)	(56)
Interest and dividends paid	(15)	(22)	(41)
Capital contributions from 3rd parties	145	-	-
Other financial flows	(3)	(16)	3
Net cash from/(used in) financing activities	**(49)**	**(293)**	**(94)[4]**
Change in cash and cash equivalents due to business activities	**110**	**(29)**	**0**
Change in cash and cash equivalents due to exchange rate fluctuations	10	5	(2)
Change in cash due to change in consolidation scope	-	(7)	-
Change in cash and cash equivalents	**120**	**(31)**	**(2)**
Cash and cash equivalents at January 1	118	149	151
Cash and cash equivalents at December 31	238	118	149

(1) As reported 2008, restated. During the first quarter of 2009, the Group has changed the presentation of expenses with regard to the Group's defined benefit plans. The interest cost and the expected return on assets as well as the relative portion of the amortization of unrecognized losses (gains) that could not be attributed to active employees have been reclassified to 'Other finance income (expense)'. Comparative information for the year 2008 has been restated. The lines result from operating activities and change in non-current provisions in the consolidated statement of cash flow have been impacted by this change.

(2) As reported 2008, restated. In the course of the fourth quarter of 2009 'Income taxes paid' are being presented on a seperate line cfr IAS 7. 'Income taxes paid' have been reclassified from change in current provision, change in other working capital and current tax income (expense). Comparative information for the year 2008 has been restated.

(3) As reported 2008, restated. In the course of the fourth quarter of 2009 'Cash inflows from lease portfolio' have been separated from 'Cash inflows from equity and debt instruments'. The latter was renamed 'Cash outflows for other investing activities'.

(4) As reported 2008, restated. In 2009 the 'Prefinancing by (of) AgfaPhoto related to the previous CI divestiture' is no longer presented on a separate line as considered immaterial. Comparative information for the year 2008 has been restated. For 2008 a cash outflow of 4 million Euro was reclassified to 'Other working capital'.

MILLION EURO	2007	2006
Profit from operating activities	**125**	**65**
Current tax expense	(53)	(54)
Depreciation, amortization and impairment losses	148	159
Changes in fair value of derivative financial instruments	(2)	(3)
Adjustment for other non-cash income	(2)	(1)
(Gains)/losses on retirement of non-current assets	(17)	(21)
Change in long-term provisions	(106)	9
Loss (Gains) on divestiture	1	4
Gross cash provided by operating activities	**94**	**140**
of which discontinued operations	*(35)*	*(51)*
Movement in short-term provisions	(14)	37
Decrease/(Increase) in inventories	26	(58)
Decrease/(Increase) in trade receivables	1	(57)
Increase/(Decrease) in trade payables and deferred revenue	(17)	38
Change in other working capital	18	7
Net cash provided by operating activities	**108**	**107**
of which discontinued operations	*(13)*	*(25)*
Cash outflows for additions to intangible assets	(29)	(28)
Cash outflows for additions to property, plant and equipment	(71)	(77)
Cash inflows from disposals of intangible assets	2	-
Cash inflows from disposals of property, plant and equipment	37	27
Cash inflows from disposals of assets held for sale	19	4
Cash inflows (outflows) from equity and debt instruments	67	62
Cash outflows for taxes paid on previous disposals	-	-
Cash outflows for previous acquisitions	(38)	(53)
Cash inflows from divestiture	2	13
Interests and dividends received	3[5]	6
Net cash provided by/(used in) investing activities	**(8)[5]**	**(46)**
of which discontinued operations	*34*[5]	*37*
Net issuances of debt	106	(39)
Interest paid	(43)[5]	(38)
Other financial flows	(9)[5]	14
Dividend payments to stockholders	(63)	(63)
Repurchase of own shares	-	-
Capital contributions	-	-
Prefinancing by/(of) AgfaPhoto related to previous Consumer Imaging divestiture	(17)	(4)
Net cash provided by/(used in) financing activities	**(26)[5]**	**(130)**
of which discontinued operations	*(13)*[5]	*(4)*
Change in cash and cash equivalents due to business activities	74	(69)
Change in cash and cash equivalents due to exchange rate fluctuations	(6)	(16)
Change in cash and cash equivalents	**68**	**(85)**
Cash and cash equivalents at beginning of year	83	168
Cash and cash equivalents at end of year	151	83

(5) As reported 2007, restated. In the course of 2008, the definition of 'Interest income (expense)' in the consolidated statements of income has been narrowed and comprises only interests paid/received on the items of the net financial debt position. Interests received/paid on other assets and liabilities have been reclassified to 'Other finance income (expense)' in the consolidated income statement and consequently to 'Other financial flows' in the consolidated statements of cash flow. Comparative information for the year 2007 has been restated.

SHAREHOLDER INFORMATION

Listing	Brussels Stock Exchange
Reuters ticker	AGFAt.BR
Bloomberg ticker	AGFA BB/AGE GR
Datastream	B:AGF

Shareholder structure (March 31, 2011)
According to the information available to the Company by virtue of the transparency declarations received in accordance with the relevant legal and statutory stipulations, the main shareholders currently are the following:

- Classic Fund Management AG with between 5% and 10% of the outstanding stock as from September 1, 2008,
- JP Morgan Securities Ltd. with between 3% and 5% of the outstanding stock as from January 19, 2009.
- UBS AG with between 3% and 5% of the outstanding stock as from October 12, 2010
- Blackrock Group with between 3% and 5% of the outstanding stock as from July 28, 2010

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 72.61% and 83.61%.

Share information

First day of listing	June 1, 1999
Number of shares outstanding on Dec.31, 2010	167,751,190
Market capitalization on Dec.31, 2010	537 million Euro

IN EURO	2010	2009	2008	2007	2006
Earnings per share	0.80	0.05	(1.34)	0.34	0.12
Net operating cash flow per share	1.80	2.13	0.62[1]	0.87	0.86
Gross dividend	0	0	0	0	0.50
Year end price	3.2	4.53	1.86	10.49	19.36
Year's high	6.60	4.55	10.65	20.20	21.35
Year's low	2.99	1.25	1.77	6.63	13.95
Average volume of shares traded/day	865,221	725,279	1,099,793	1,020,110	851,367
Weighted average number of ordinary shares	130,571,878	124,788,430	124,788,430	124,788,263	124,781,170

(1) As reported 2008, restated

Shareholder queries

Investor Relations department
Septestraat 27, B-2640 Mortsel, Belgium
www.agfa.com/investorrelations

PHONE +32-(0)3-444 7124
FAX +32-(0)3-444 4485
investor.relations@agfa.com

Financial calendar 2011

Annual General Meeting	April 26, 2011
First quarter 2011 results	May 11, 2011
Second quarter 2011 results	August 24, 2011
Third quarter 2011 results	November 16, 2011

Published by Agfa-Gevaert NV
Corporate Communication
Septestraat 27
B-2640 Mortsel
Belgium
PHONE +32 3 444 7124
FAX +32 3 444 4485
www.agfa.com

Design, production & co-ordination: Magelaan, Ghent

Photography: Agfa Publishing Library (unless mentioned otherwise)