Agfa-Gevaert

Annual Report

2013

AGFA Agfa

Content

The words in *italic* are explained in the Glossary p. 183 - 189.

Letter to the Shareholders

Dear shareholders,

We are very pleased to present you the annual report of the Agfa-Gevaert Group for the year 2013.

2013 was again a year in which the Agfa-Gevaert Group faced many challenges in difficult economic circumstances. The exchange rates between the Euro and most other currencies were unfavorable and in some emerging markets, the gross domestic product growth somewhat slowed down. On the positive side: towards the end of the year, we were able to benefit from the 'normalization' of the raw material prices.

Agfa Graphics' industrial *inkjet* segment's top line was influenced by the product portfolio rationalization and the weak investment climate. In this tough economic context however, Agfa Graphics was also able to strengthen its global market position for *wide format* inkjet printers. Our inkjet business not only reached its target of crossing the break-even line during the year. For the first time ever, it even delivered a slightly positive full year recurring EBIT. For *prepress*, Agfa Graphics' digital *computer-to-plate* (CtP), digital *printing plate* volumes increased slightly. However, the business suffered from adverse price effects.

The IT and *Direct Radiography* growth engines of Agfa HealthCare performed well and in line with expectations: Direct Radiography posted a very strong revenue growth, while *hardcopy* performed well. The business group's revenue decline of 2013 is mainly attributable to the Imaging segment's traditional X-ray film business. However, it should be mentioned that for these traditional business, 2012 was marked by a strong recovery following slow sales in 2011. In the domain of enterprise IT, Agfa HealthCare confirmed its leading position with its ORBIS and HYDMedia solutions.

Agfa Specialty Products' revenue decrease is mainly due to the lower silver price in 2013. Our *printed circuit board* film business' revenue continued to grow and the Synaps Synthetic Paper and Orgacon Electronic Materials businesses grew steadily.

Last year we also succeeded in making good progress in the domains of the balance sheet and the cash flow. With specific cost saving programs, we managed to reduce the pension and healthcare obligations in a number of countries by around 70 million Euro. In 2013, we also realized a significant improvement of our operating working capital, in particular through a thorough management of our inventories. This led to a solid operational cash flow generation. Furthermore, we were able to limit the cash outflow of the restructuring costs related to the ongoing transition of our company. These last two elements enabled us to realize a healthy reduction of our net financial debt.

These achievements show that we are on the right track with our growth strategy. By focusing on the optimization of our production sites, on the rationalization of our product portfolio, on service efficiency and equipment quality, and on stimulating our R&D, we have created ourselves a solid base for future growth. In 2013, we were able to restore the gross profit margin with one percent to 29.1 percent, which – together with the lower raw material prices of silver and aluminum – contributed significantly to the improvement of our profitability. As a consequence, we are confident that we will be able to achieve our recurring EBITDA target of 10 percent of revenue in the short to medium term.

During the past couple of years – which were heavily burdened by the economic crisis – our product development teams continued to work on the next generation of our imaging and IT products. In order to continue technology leader role, Agfa spent 146 million Euro on Research & Development in 2013. Now that we see the first signs of a recovering economy, Agfa is ready to bring a wide variety of new and innovative solutions to the market. Of course, this should have a positive impact on our top line in the coming years.

In 2013, Agfa Graphics launched the Jeti TitanX and the roll-fed Anapurna M3200RTR, both versatile and productive wide format inkjet systems. In prepress, Agfa Graphics introduced the new Azura TU *chemistry-free printing plate* for high runlengths. Arkitex Eversify 2.0, a cloud-based automated production solution that comes as a Software-as-a-Service (SaaS), offers publishers a brilliant tool to deliver their newspapers to a variety of tablets and smart phones.

Agfa HealthCare's ICIS enterprise IT solution unifies patient records by integrating and linking multi-facility, multi-departmental and multi-specialty imaging data, delivering access to patient care information, including images. The system thus enables the comprehensive electronic medical record. In 2013, the business group launched its DX-D 400 suite, the newest member of our extensive imaging portfolio for digital radiography. Furthermore, Agfa HealthCare launched *IMPAX* Agility, a brand new imaging platform that unifies the functionalities provided by traditional disparate RIS, PACS, reporting, 3D, connectivity and clinical applications. Also in 2013, Agfa HealthCare launched a new CR 12-X *computed radiography* system. This affordable solution offers a cost-effective way for small clinics and private practices to benefit from the advantages of digital *radiography*.

Specialty Products continued to work on new promising products such as its Orgacon Nanosilver Inks, which are used for e.g. the production of printed antennas and sensors. Furthermore, the business group aims to attract significant film contracts such as the worldwide, long-term supply agreement for microfilm products with Eastman Park Micrographics (EPM), signed early 2013.

For 2014, we expect to make further progress in improving our EBITDA towards the 10 percent target, and in managing our cash flow efficiently. In that respect, the fourth quarter results of 2013 were very encouraging. If we are able to deliver on these domains, Agfa will be ready to focus on restoring its top line.

Not only through the organic growth of our above mentioned new products, but perhaps also through well-considered and targeted acquisitions.

As you know, Agfa-Gevaert was one of the first Belgian companies to pay great attention to correct and transparent policies that determine the governance of the Group. Most of our policies were already compliant with the Belgian Code on Corporate Governance before it was issued at the end of 2004. The Group's Corporate Governance Charter extensively describes the evaluation process of the Board of Directors and its Committees. Last year such a formal evaluation was made in collaboration with the Chairman of the Board. On the one hand, the intention was to evaluate the functioning of the Board and the Executive Management, on individual level as well as on a corporate body level. On the other hand, the cooperation and relation between both bodies was examined. 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.
Furthermore, the Board of Directors has taken initiatives to comply with the Belgian Law of July 28, 2011, regarding gender diversity on the Board level. To this aim, the Board has determined a first profile for potential female candidates and asked the Nomination and Remuneration Committee to recommend candidates, complying with this profile, to the Board.

Christian Reinaudo, CEO of the Agfa-Gevaert Group

Julien De Wilde, Chairman of the Board of Directors

Last year, we were able to further restore the financial health of our company. Both the pension liabilities and the net financial debt have decreased considerably in 2013.
In particular, our net financial debt is now only at 217 million Euro. As a consequence, none of the revolving credit facilities Agfa has with the bank syndicate were used at year end. For the near future, part of our funding facilities, more specific the retail bond and the revolving facility, expire in the course of 2015 and 2016. In the next 18 months, we will therefore investigate all possible options to replace those two facilities.

To conclude, we wish to thank our customers and our suppliers for their confidence in our company. We remain committed to continue to serve all of them with the most advanced, high-quality and reliable products and services.
We also wish to thank our employees for their strong contribution to the success of the company and for their special efforts in this tough and challenging year. To achieve the goals we have set ourselves as a company, it is vital that we all work together in close cooperation.
Furthermore, we are grateful to our shareholders for their support and their confidence in our growth strategy. For the further implementation of this strategy, we will need all existing financial resources. Therefore, the Board of Directors will propose to the Annual General Assembly of Shareholders not to pay a dividend for 2013.

Christian Reinaudo
CEO of the Agfa-Gevaert Groep

Julien De Wilde
Chairman of the Board of Directors

MILLION EURO	2013	2012	2011	2010	2009
REVENUE	**2,865**	**3,091**	**3,023**	**2,948**	**2,755**
Change vs. Previous year	(7.3)%	2.2%	2.5%	7.0%	(9.1)%
Graphics	1,491	1,652	1,596	1,565	1,341
Share of group sales	52.0%	53.5%	52.8%	53.1%	48.7%
HealthCare	1,160	1,212	1,177	1,180	1,178
Share of group sales	40.5%	39.2%	38.9%	40.0%	42.7%
Specialty Products	214	227	250	203	236
Share of group sales	7.5%	7.3%	8.3%	6.9%	8.6%
Gross profit	834	869	846	998	886
Recurring EBIT	144	139	129	266	182
Restructuring/non-recurring expenses	19	(43)	(93)	(32)	(12)
Results from operating activities	163	96	36	234	170
Net finance costs	(71)	(85) (3)	(84)	(94)	(114)
Income tax expense	(43)	(20)	(23)	(36)	(49)
Profit (loss) for the period	**49**	**(9)** (3)	**(71)**	**104**	**7**
PROFIT (LOSS) ATTRIBUTABLE TO					
Owners of the company	41	(19) (3)	(73)	105	6
Non-controlling interests	8	10	2	(1)	1
CASH FLOW					
Net cash from (used in) operating activities	107	32	(27)	235	266
Capital expenditures (1)	(40)	(44)	(60)	(60)	(41)
STATEMENT OF FINANCIAL POSITION - DECEMBER 31					
Equity	368	169 (4)	995	1,063	724
Net financial debt	217	291	267	161	445
Net working capital (2)	699	808	762	863	751
Total assets	2,568	2,830	2,949	3,086	2,852
SHARE INFORMATION (EURO)					
Earnings per share (eps)	0.25	(0.11) (3)	(0.44)	0.80	0.05
Net operating cash flow per share	0.64	0.19	(0.16)	1.80	2.13
Gross dividend	0	0	0	0	0
Book value per share	2.19	1.01 (3)	5.93	6.34	5.80
Number of ordinary shares outstanding at year-end	167,751,190	167,751,190	167,751,190	167,751,190	124,788,430
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	130,571,878	124,788,430
EMPLOYEES (AT YEAR END EXCL. TEMPORARY CONTRACTS)					
Full time equivalent permanent (active)	11,047	11,408	11,728	11,766	11,169

(1) FOR INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT.
(2) CURRENT ASSETS MINUS CURRENT LIABILITIES.
(3) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED DUE TO THE AMENDMENTS OF IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS A RESULT, OTHER FINANCE EXPENSE FOR 2012 HAS BEEN RESTATED BY 22 MILLION EURO FROM 99 MILLION EURO TO 77 MILLION EURO. THIS RESTATEMENT ALSO IMPACTED THE 2012 EPS CALCULATION FROM MINUS 0.24 EURO TO MINUS 0.11 EURO.
(4) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED. THE CHANGES FULLY RESULT FROM THE APPLICATION OF THE AMENDMENTS TO IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS SUCH, THE NET DEFINED BENEFIT LIABILITY AT JANUARY 1, 2013 HAS INCREASED BY 786 MILLION EURO, BEING 767 MILLION EURO FOR THE GROUP'S MATERIAL COUNTRIES AND 19 MILLION EURO FOR THE OTHER COUNTRIES. THIS IMPACT HAS BEEN RECORDED IN EQUITY VIA RETAINED EARNINGS TO THE EXTENT RELATED TO THE CHANGES IN THE DETERMINATION OF THE DEFINED BENEFIT COST FOR 2012 RESULTING IN AN INCREASE OF 22 MILLION EURO, THE REMAINDER I.E. MINUS 808 MILLION EURO HAS BEEN REFLECTED IN A SEPARATE LINE ITEM IN EQUITY CALLED 'POST-EMPLOYMENT BENEFITS: REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY'.
THE IMPACT OF THE CHANGES IN ACCOUNTING POLICY ARE ALSO REFLECTED IN THE RESTATED OPENING BALANCES AT JANUARY 1, 2012 AND THE CLOSING BALANCES AT DECEMBER 31, 2012 AS WELL AS IN THE RESULT OVER 2012. THE IMPACT ON THE CLOSING BALANCES AT DECEMBER 31, 2012 EQUALS THE IMPACT AT JANUARY 1, 2013. THE OPENING BALANCES AT JANUARY 1, 2012 COMPRISE REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY AMOUNTING TO 704 MILLION EURO BEING 687 MILLION EURO FOR THE GROUP'S MATERIAL COUNTRIES AND 17 MILLION EURO FOR THE OTHER COUNTRIES.

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.
Agfa's largest production and research centers are located in Belgium, the United States, Canada, Germany, France, China and Brazil.
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.

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. In addition to these activities, Agfa Graphics is developing its position in the digital printing markets with *inkjet* equipment and the related software, consumables and high-quality inks for the production of – among others applications – signs and displays, posters, banners, labels and packaging materials.

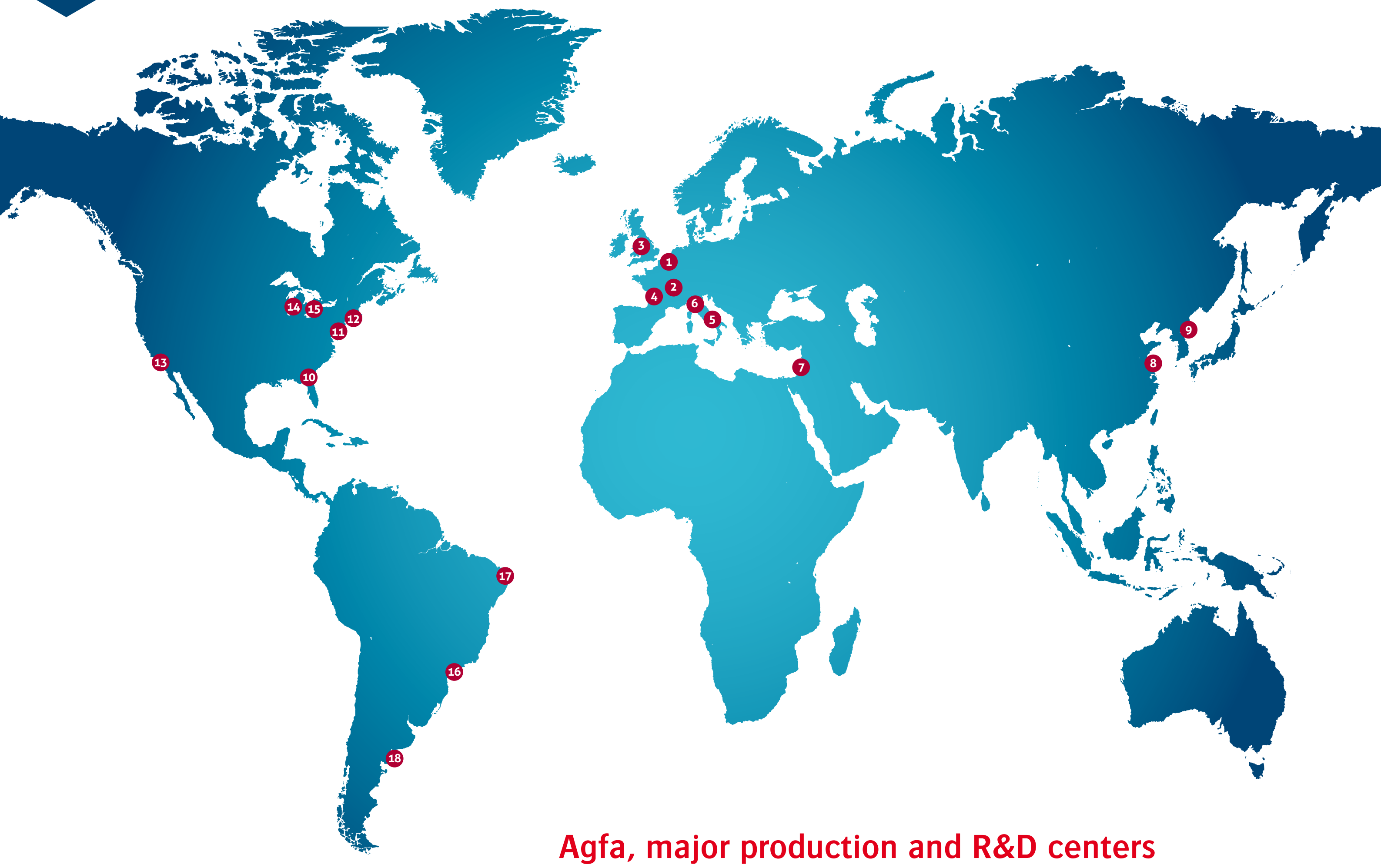
Agfa HealthCare

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 business group is also a key player on the healthcare enterprise IT market, integrating administrative, financial and clinical workflows for individual hospitals and hospital groups. Today, Agfa HealthCare offers care organizations in over 100 countries 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), Imaging 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 products to large business-to-business customers outside the graphic and healthcare markets. On the one hand, the business group produces classic film-based products, such as film for *non-destructive testing*, the motion picture industry and aerial photography, as well as microfilm and film for the production of *printed circuit boards*.
On the other hand, Agfa Specialty Products targets promising growth markets with innovative solutions. Examples are synthetic papers, conductive *polymers*, materials for high-security ID documents and *membranes* for hydrogen production.

Agfa, all over the world



Agfa, major production and R&D centers

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

Highlights 2013

January

Agfa Specialty Products and Eastman Park Micrographics sign a worldwide, long-term supply agreement for microfilm products. 1

April

The US Navy chooses Agfa HealthCare to provide its fleet with an end-to-end imaging solution, consisting of DR systems, PACS and speech recognition. 2

Agfa HealthCare announces that it will establish a new subsidiary in the Kingdom of Saudi Arabia.

June

Agfa Graphics debuts its highly versatile *wide format* printer Jeti TitanX at the FESPA 2013 tradeshow in London. Jeti TitanX offers customers both high productivity and superior print quality.

August

Agfa HealthCare receives an award from SERVICE 800's Customer Satisfaction Executive Conference for a consistent commitment to quality customer service.

November

Agfa Graphics launches Azura TU, a true *chemistry-free printing plate* for high print runs up to 150,000 copies. 3

Agfa Graphics announces the winners of the 2013 Sustainability Awards. Agfa Graphics' Sustainability Awards program recognizes and honors companies that integrate, support and promote sustainably sound practices.

Asklepios Kliniken Verwaltungsgesellschaft chooses ORBIS as the standard HIS for 43 clinics. 4

Agfa Graphics announces that Zetes Industries will use its Altamira *UV-curable inkjet* inks to print the variable data on Belgian passports. 5

December

Agfa HealthCare and Worldline sign a major regional imaging IT agreement with the Alsace e-santé organization.

Mission

“Agfa is committed to its mission: to be the partner of choice in imaging and information systems in all the markets in which it operates, be it the graphic industry, the healthcare sector or the industrial specialty markets. We do this by offering leading edge technologies, affordable solutions, innovative ways of working, based on our in-depth understanding of the businesses and individual needs of our customers. Investing in innovation and delivering top quality solutions are key in this. Operating in a responsible, sustainable and transparent way is as important. We are convinced that this is the right approach for the long-term success of our company.

Christian Reinaudo,
CEO of the Agfa-Gevaert Group

Growth

For over 100 years, Agfa-Gevaert has been one of the world leaders in the imaging industry. Since the beginning of this century, however, the industry has been undergoing radical changes. In ten years' time, its analog, film-based core technology is largely digitized. This fundamental transformation process has had a lot of implications for the organization, the business model, the innovation policy and the human resources of the company.

The transition of the analog film technology to digital solutions is an undeniable fact, although some branches of industry and regions move faster than others. In the graphic industry and the healthcare sector, the analog film markets continue to shrink, and during the past few years, the high raw material prices – silver in particular – have even accelerated this trend. Obviously, it is imperative to adapt the cost structure of our film manufacturing sites to these structural changes in the film industry.

Due to the global economic crisis, the importance of the emerging countries for the growth strategy of Agfa's digital solutions has further increased. Again, this urges Agfa to adapt its human resources, product portfolio and cost structure to these demanding markets. Despite the adverse economic conditions, Agfa-Gevaert has drawn up a targeted growth strategy which is to be realized through organic growth, and – wherever possible – through targeted and well-considered acquisitions. In the knowledge that its traditional markets are declining, Agfa strives to use its experience and expertise that it has been building over the years, to enter into and grow further in new business domains.
In this context, the company invests strongly in the industrial *inkjet* and healthcare IT growth engines.

Stay Ahead. With Agfa Graphics

Notwithstanding the increasing competition of electronic alternatives, 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 addresses the trends in the rapidly evolving graphic market with well-defined strategies.

Info printing: offset will remain dominant for years to come

The info printing market is evolving at high pace. While printers in the emerging countries continue to convert their *prepress* operations from *computer-to-film* (CtF) to *computer-to-plate* (CtP) technology, digital printing presses are beginning to find their way to commercial printers in developed countries. Meanwhile, newspapers and magazine publishers also adapt their content to meet the expectations of the users of digital media (e-readers, tablets, ...).

In spite of the increasing competition of digital printing technologies and digital media, Agfa Graphics and many other players in the industry are convinced that offset will remain the dominant technology for years to come. The volumes of printwork will continue to increase in the emerging markets, where 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. Moreover, the current industry trends towards more colors and shorter runlengths also lead to higher *printing plate* consumption. Finally, printing houses are still investing in *offset* equipment. This is due to the high costs and the limited range of applications of the current generation of digital printing alternatives and the fact that today's offset printing systems are becoming more and more efficient too.

Industrial printing: inkjet systems are gaining market share

In the sign & display industry, the traditional printing technologies are under pressure from *wide format* inkjet technology, as printing businesses are keen to install advanced digital systems, in addition to or in replacement of their traditional technologies. The new technologies help them to boost their efficiency and expand the range of services for their customers. It is commonly accepted that industrial inkjet has clearly won the battle to become the

technology of choice for the major part of the industry. Although electronic billboards are also in the ascendant, Agfa Graphics is confident that wide format inkjet technology will continue its steady growth in the years to come. For the new industrial printing applications, it is believed that the push of innovative inkjet technologies will be even stronger. After all, glasswork, furniture, flooring, curtains, packaging and labels cannot be replaced by electronic alternatives.

Agfa Graphics′ strategy: innovation, growth, cost efficiency

To be successful in the challenging graphic industry, Agfa Graphics has drawn up a clear strategy, based on three pillars: innovation, growth and cost efficiency.

Innovation

In prepress, Agfa Graphics continuously invests in efficient and powerful solutions that allow customers to improve their competitiveness, achieve profitable growth and decrease their ecological footprint. In inkjet, Agfa Graphics will continue to invest in its broad range of efficient and qualitative wide format systems and in its extensive range of *UV-curable inks*.

Growth

Agfa Graphics is convinced that the prepress market will see further consolidation waves in the years to come. As a current market leader in CtP printing plates, Agfa Graphics aims to be the driving force behind the consolidation, and to expand its market share further. Agfa Graphics also anticipates similar consolidation dynamics in the market for wide format inkjet systems and therefore strives to rapidly expand its market share in this segment. Furthermore, the business group's presence in other industrial printing applications is expected to generate substantial top line growth in the coming years.

Cost efficiency

Customers rightly demand the highest quality at competitive prices. Therefore, cost efficiency is one of Agfa Graphics' major focuses. A lot of effort goes into structural reforms in its operations, supply chain and distribution channels. The business group continually adapts its operational structure to the evolution in its markets.

Agfa HealthCare: Insight. Delivered.

Care providers continuously aim for better quality, faster service, and increased patient satisfaction. At the same time, however, multiple societal drivers pressure them to do this at a lower cost. Although the current uncertain economic conditions push certain governments to scale down their healthcare budgets and hospitals to postpone their investments, it is generally acknowledged that digitization and IT are essential to balance quality of care, patient safety and cost-efficiency.

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 9.6 billion by 2050. Furthermore, it is expected that by 2050, the percentage of people aged 60 and above could increase from ca. 23% today to ca. 32% in developed countries and from ca. 9% to ca. 19% 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 to increase productivity in order to manage the growing patient flow in a cost-efficient manner.

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.

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.

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* and *Electronic Health Records* (EPR/EHR).

Computerization has led to an increasingly informed and aware patient population. The growth of the internet as a source of public information has resulted in more emancipated patients, who actively look for the care center that best suits their needs.

Agfa HealthCare's strategy: drive the digitization, improve patient care through integration

Imaging

Agfa HealthCare strives 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. Agfa HealthCare continues to invest in the further expansion of its already broad portfolio of digital radiography solutions to cover the needs of all care providers, from independent imaging centers and small hospitals in emerging countries to leading university hospitals with multiple imaging departments.

Furthermore, Agfa HealthCare anticipates on the demand for less invasive visualization technologies with a growing range of revolutionary solutions, such as virtual *colonoscopy* software or the non-invasive imaging technology for visualizing skin morphology and measuring dimensions in the skin layers.

IT

Image and data networks

Agfa HealthCare strives to drive the introduction of imaging IT systems in emerging healthcare markets with efficient, affordable *Radiology Information Systems/Picture Archiving and Communication Systems* (RIS/PACS). Furthermore, Agfa HealthCare strives to play a major role in the further ascendance of *e-health* and integrated medical records that make crucial patient data available to all relevant care providers. Agfa HealthCare develops vendor-neutral solutions that image-enable the EPR, thus speeding up diagnosis and improving patient care.

Enterprise IT

With its ORBIS and HYDMedia solutions, Agfa HealthCare is a technology leader in the field of enterprise IT. With its innovative solutions, Agfa HealthCare supports care providers and authorities in their ambition to create EPR's and develop more efficient and cost-effective care systems.

Agfa Specialty Products: Expertise and Innovation.

For most industrial applications, classic film-based technologies are being replaced by digital alternatives. In order to tackle the challenges in its markets, Agfa Specialty Products developed a clear strategy, 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 and lean manufacturing without compromizing on quality and in close cooperation with its customers. A good example of how Agfa Specialty Products secures its classic film business is the signing of a long-term supply agreement for microfilm with Eastman Park Micrographics (EPM).

- The activities for Functional Foils and Advanced Coatings & Chemicals will gradually create a substantial and profitable flow of revenues to complement the recurring revenues 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.

Innovation

Agfa considers innovation as key to realizing its growth strategy, which is described in the previous chapter of this report. Every year, Agfa spends between five and six percent of its revenue on R&D. In recent years, the company also received loans or grants from various international and national organizations and governments to support its R&D strategy. This enabled Agfa to invest in new R&D infrastructure, to start up new projects and to attract new researchers.

Agfa Graphics

In 2013, Agfa Graphics further extended and improved its very broad portfolio of *prepress* products and solutions. The business group is a pioneer in the field of *chemistry-free computer-to-plate* technology, including equipment, as well as *thermal and violet printing plates*. This technology reduces the environmental footprint of its users, at the same time enhancing the efficiency of their prepress activities.

Agfa Graphics also strongly invests in software solutions that streamline the prepress process and enables print service providers to market their services and products more efficiently. In 2013, R&D efforts were strongly focused on the development of a completely new *workflow management software* solution for newspaper printers. The new system provides secure system and data access locally and in the cloud for all type of customers, from the smallest newspaper printer to the largest publishers and groups. Agfa Graphics also develops cloud-based automated solutions allowing publishers to deliver their newspapers to a variety of tablets and smart phones.

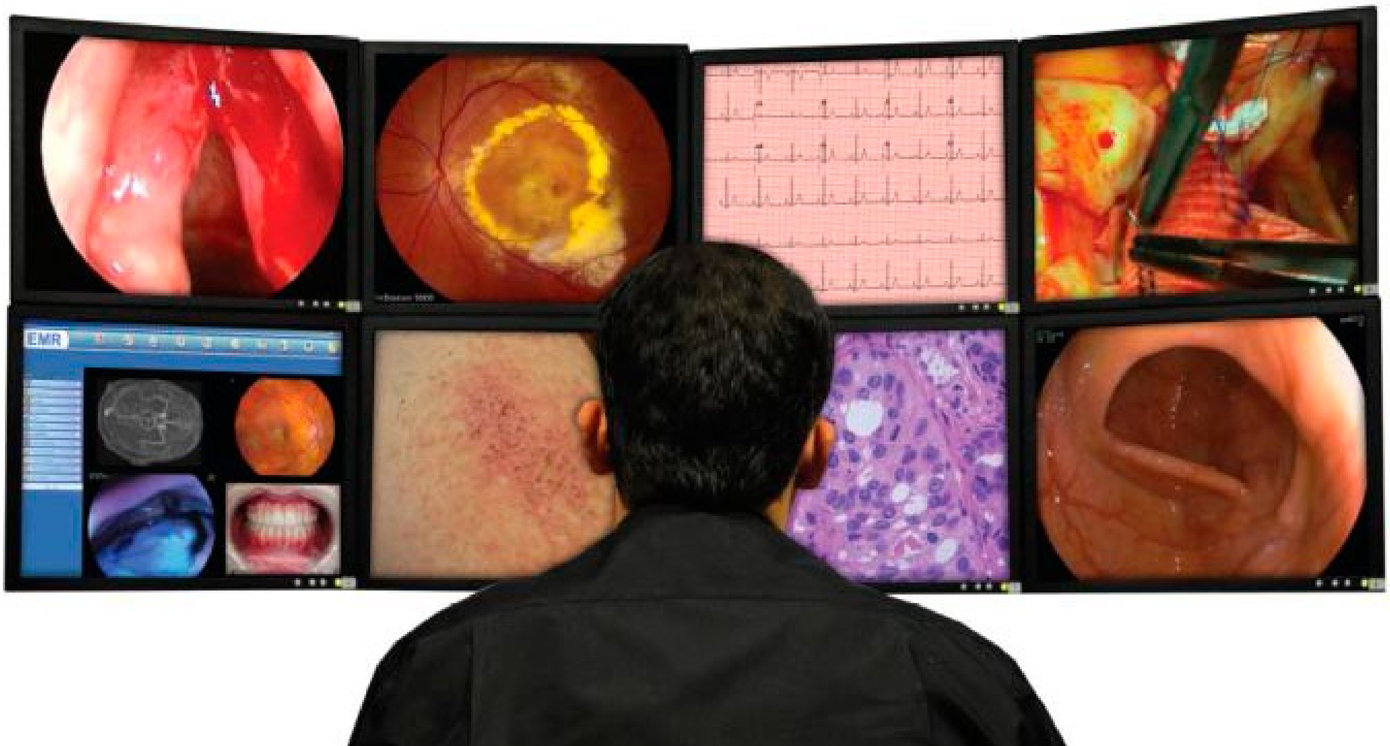
Another innovation is the new version of the Fortuna security printing software. Fortuna is designed to protect value papers, ID-cards, documents, packaging and other print applications against counterfeiting.

In the field of *inkjet*, Agfa Graphics introduced a brand new automated workflow solution for the *wide format* sign and display markets that allows wide format printers to streamline their production, and to integrate automated color consistency and quality management features in their workflow. Furthermore, Agfa Graphics expanded its portfolio of wide format printers, which are typically – but not exclusively – used to produce posters, banners and displays on all kinds of substrates. These highly flexible and versatile inkjet systems offer customers both high productivity and superior print quality. Moreover, Agfa's eco-friendly print systems allow users to print onto a wide variety of flexible materials using less ink and lower amounts of energy. Finally, Agfa Graphics also continued to extend and improve its range of *UV curable inks*, both for use in its own inkjet systems, as well as for system integrators developing digital printing solutions for many types of applications, including packaging, labels, product decoration and security printing.

Agfa HealthCare

Agfa HealthCare aims to offer integrated solutions tailored to the needs of the customer. The business group continuously invests in its innovative imaging and IT systems, in order to drive the innovation of the healthcare sector. In its pursuit for more qualitative, efficient and patient-centric care procedures, Agfa HealthCare teams up with universities, research centers, hospitals, and governments. Exemplary for Agfa HealthCare's innovation culture, is the business group's EUREKA program. Launched in 2011, the program aims to unlock the creative potential within staff by creating an environment in which people can innovate and share their ideas. The goals of the program include the instigation of both incremental innovations and disruptive innovations that will have a significant impact on healthcare. Only two years after its launch, EUREKA already yielded numerous project proposals. Several projects have already gone on to the prototyping or development phase.

For medical imaging, Agfa HealthCare offers a complete portfolio of traditional X-ray film products, *hardcopy* film and printers and *computed radiography* (CR) and *direct radiography* (DR) solutions. Today, Agfa HealthCare's film products contain less silver than the products of its competitors. The business group strives to further reduce the silver content in its film products and to make these products even more environmentally-friendly and cost efficient.



Furthermore, Agfa HealthCare invests in the development of innovative digital imaging solutions. In 2013, Agfa HealthCare introduced its DX-D 400 X-ray room that can be combined with either the latest CR or DR technology. Both compact and versatile, the DX-D 400 system is ideal for imaging centers, private practices and hospitals that are interested in replacing or adding digital X-ray technology. In recent years, Agfa HealthCare has invested in building a complete range of DR solutions, from mobile DR X-ray units for bedside use to complete multi-purpose DR X-ray rooms. All Agfa HealthCare's DR solutions are designed to deliver strong productivity and workflow improvement benefits, as well as very high image quality at reduced X-ray dose.

At *RSNA*, Agfa HealthCare also launched the next generation of its leading MUSICA *image processing software* for digital radiography. The new software offers even better image quality, as well as workflow advantages for radiographers and radiologists.

As for healthcare IT, Agfa HealthCare invests in its R&D and cooperates with academic and business partners to continually improve its *Picture Archiving and Communication Systems* (PACS)*, Radiology Information System* (RIS) and the systems for reporting on or working with examination results.
The business group launched a completely unified imaging platform that provides PACS, RIS, reporting, advanced image processing and integration of clinical information in one sophisticated and easy-to-use solution. Offering impressive gains in productivity and lower total cost of ownership, it currently mainly targets smaller hospitals, as well as care organizations in emerging markets planning to digitize their image management workflow. The reach of the solution will gradually be extended to larger and more complex care organizations. The business group further invested in a medical images and results viewer for its comprehensive ICIS (Imaging Clinical Information System) enterprise imaging solution. This system allows clinicians, specialists and other stakeholders to access all patient imaging data from any PACS, using a single viewer. The ICIS solution makes image-enabled *Electronic Patient Records* a reality, as it creates a true imaging record for every patient, containing all possible images of the patient, regardless of the hospital department and the facility that created them.

Finally, Agfa HealthCare permanently evaluates and improves its ORBIS *Hospital Information System* (HIS)*/Clinical Information System* (CIS) platform and its HYDMedia document management solution. As adapting these comprehensive core international systems to the requirements of countries' national healthcare systems demands vast R&D efforts, Agfa HealthCare only gradually introduces its enterprise IT solutions into new markets.

Agfa Specialty Products

All Agfa's materials related Research & Development activities have been centralized in the Agfa Materials Technology Center. Based on its core competencies in polyester and coating and well-defined technology platforms the center is supporting the innovation and research for all Agfa's business groups. Via the Agfa-Labs initiative, the center's know-how and research infrastructure are also made available to third parties.

Sustainability

For Agfa, sustainability is an element of business designed 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 manner and in line with the environmental and social expectations of its stakeholders.

RESPONSIBLE CARE

Agfa commits itself to:

- implement sustainable development concepts aimed at conserving natural resources for the benefit of future generations;
- operate a management system that sets, reviews and continues to develop targets for improvement in the areas of product stewardship, environmental protection, plant safety, hazard prevention, occupational safety and health;
- report to all employees and to the public on the current company status and results, and to maintain a dialog, actively responding to their opinions and requests, which will be taken into account when developing future corporate objectives.

Agfa has a long tradition of good citizenship. The company strives for profitable growth, but at the same time attaches great value to the impact that its activities have on the environment, to the health and safety of its employees and to the relations with all stakeholders. For many years, Agfa has been doing this voluntarily and in many cases the company goes beyond mere legal compliance. Agfa does so because its management and its staff firmly believe that – with the right mindset – it does not take more effort to do business in a responsible, sustainable and transparent way. At the same time, entrepreneurs who are willing to think ‘out of the box’ will see new opportunities arising.

Agfa products are designed, developed and manufactured in such a way that the environmental impact of production, storage, transport, the use of the products and the waste treatment at the end of the life is limited.

In the field of environmental sustainability, the Agfa Graphics business group is a forerunner in the graphic industry. The business group offers its customers the means to eliminate toxic chemicals, reduce waste, lower ink and water consumption and save energy. Its *chemistry-free printing plates* are the perfect example of eco-friendly products that really make a difference. Agfa Graphics is proud to be the technology and market leader for chemistry-free printing plates. Moreover, Agfa Graphics actively support its customers in their shift to greener practices. In North America, for instance, the business group created the Environmental Recognition Awards Program. With the program, Agfa Graphics recognizes and honors printers that integrate, support and promote environmentally sound practices in their activities. Since 2007, Agfa Graphics has recognized close to 200 printers in the US and Canada.

With the growing world population in mind, the Agfa HealthCare business group continuously invests in the development of imaging and IT solutions that help to keep healthcare affordable and sustainable for the generations to come. It actively supports hospitals in their efforts to adopt innovative imaging systems and information systems that connect all their medical departments and administrative departments into one virtual network. The digitization of healthcare not only brings advantages in terms of efficiency and costs. Agfa HealthCare’s innovative solutions also help to reduce the ecological footprint of the healthcare industry. For instance, they reduce the use of consumables and chemistry, and eliminate the need to transport files on film and paper from one department or site to another.

The Agfa Specialty Products business group strives to offer durable products to its industrial customers. Furthermore, the business group cooperates with various partners to develop products for eco-oriented industries.

A global approach

Wherever possible, Agfa goes beyond compliance. Around the world, the company invests in waste and recycling programs, sustainable energy production, sustainable logistics, as well as packaging and water recycling.

As a global entrepreneur Agfa recognizes the necessity to continuously improve its environmental performance, as well in its own operations as in its customers operations, through offering them eco-designed products and systems.
A combination which allows Agfa to optimize the balance between profit and social and environmental impact, thus striving for sustainable entrepreneurship.

CORPORATE SAFETY, HEALTH AND ENVIRONMENT POLICY

The general principles of Agfa's policy are:

- Comprehensive environmental protection and maximum safety are given the same priority as product quality and operational efficiency;
- Products are designed, developed and manufactured so that the production process, the transportation, the storage and the use of products, as well as the waste treatment at the end of the life cycle have minimal impact upon the environment;
- Agfa is committed to systematically developing safe and environmentally acceptable products and production processes;
- Agfa advises its customers, its employees and the relevant authorities with an evaluation of its products and manufacturing processes, in all matters pertaining to health, safety and environment;
- Agfa does not restrict its activities to merely complying with legal requirements relative to the environment but will take additional measures, on its own initiative and based on its proper sense of responsibility.

Agfa Graphics

Printing plates and equipment

Agfa Graphics puts a lot of effort in reducing the environmental impact of the use of its printing plates. Thanks to these efforts, the business group has become the global market leader for chemistry-free printing plates. Contrary to traditional printing plates, chemistry-free printing plates do not require chemical processing before going to the printing press. Agfa Graphics' *prepress* equipment is developed to offer printers maximum productivity and quality. Furthermore, Agfa Graphics' machines help them to save costs and reduce the impact of their activities on the environment.

In 2011, VITO (Flemish Institute for Technology Research) performed a life cycle analysis (LCA) study on a number of Agfa Graphics' CtP printing plates. Azura TS and Amigo TS clearly are the best performing printing plates in terms of LCA footprint.

Also in 2011, Agfa Graphics introduced its chemistry-free *violet* N94-VCF printing plate for the newspaper market. This plate does not require a pre-washing treatment, nor chemical development, which allows the printer to eliminate the use of high pH chemistry and to significantly reduce chemical waste volumes and water consumption.
In 2013, Agfa Graphics launched Azura TU, a chemistry-free plate for printers that can handle high print runs.

Software

Agfa Graphics' software solutions are powerful tools for printers aiming for efficiency, quality and sustainability. Agfa Graphics continuously introduces additions to its *workflow management* suites for commercial and newspaper printers. These additions offer commercial and newspaper printers solutions that save time, money and waste, for instance by eliminating paper job jackets, or to realize ink consumption reduction by up to 25%. They also allow printers to use less drying powder and shorten the start-up time for their presses, resulting in substantially reduced paper and ink waste volumes. Furthermore, the tools lead to more stable print-runs.

Wide format printing systems

In the *wide format* printing segment, Agfa Graphics further expanded its portfolio of *inkjet* printing machines. The business group has a broad range of machines, which typically replace *screen printing* and *flexo printing* equipment, hereby drastically reducing the environmental footprint of the prints produced.
The production of screens and flexographic printing plates involves various chemistry and energy consuming steps. The replacement of these technologies by inkjet technology eliminates these steps. Moreover less ink is used in the inkjet process and less energy is needed to dry the prints.

In addition to its inkjet equipment, Agfa Graphics also continues to develop *UV curable* inkjet inks. Contrary to solvent inks, Agfa Graphics' UV curable inks are free of solvents and VOC's. Furthermore, only a limited amount of energy is needed to dry UV solvent inks, which is an important advantage over water based inks. When selecting the reactive monomers for its UV curable inks, Agfa Graphics carefully considers the possible health & safety issues of these compounds.

Agfa HealthCare

Agfa HealthCare is committed to develop and market products and solutions that generate less waste, improved X-ray dose hygiene, and to enhance or extend the life of hospitals' existing healthcare infrastructure.

Over the years, Agfa HealthCare has evolved from a provider of X-ray film to a specialist in digital radiography and healthcare IT. Agfa HealthCare actively supports its clients in their transition from analog to digital radiography and thus from chemically processed film to dry film, combined with a substantial X-ray dose reduction.

Thanks to Agfa HealthCare's *image processing software*, radiologists have high-quality digital images at their disposal, which are suitable for on-screen diagnosis.

With its *Picture Archiving and Communication Systems* (PACS) and *Radiology Information Systems* (RIS), Agfa HealthCare offers radiology departments (and other image-intensive departments) the tools to efficiently store, manage and distribute digital medical images from various imaging *modalities*.
Care organizations can also link all their image intensive departments into one digital network, even if those departments are based at various hospital sites.

With Agfa HealthCare's data center technology, it is even possible to centrally store the data from all image intensive departments of all care organizations in entire regions. Digital radiography and advanced imaging IT solutions reduce the use of resources and energy, as the copying of files and the transportation of data on physical media are eliminated.

Agfa HealthCare also goes beyond medical imaging. With its ORBIS *Hospital Information System/Clinical Information System* and HYDMedia electronic archiving solution, the company is also active in the Enterprise IT market.
With these systems, Agfa HealthCare is able to connect medical departments and

administrative departments of hospitals in one virtual network. The Enterprise IT solutions not only allow hospitals to increase productivity, improve the delivery of care and save cost. They also help care facilities to reduce their ecological footprint by cutting back the use of paper documents and reducing the need for physical archiving space.

Sustainable medical devices

Agfa HealthCare has a broad range of medical devices, such as *computed radiography* (CR) *digitizers*, *direct radiography* (DR) systems and *hardcopy* printers.

Agfa HealthCare's imaging systems for medical diagnosis optimize the diagnostic material, improve the quality of the diagnosis, reduce the X-ray dose and increase healthcare treatment efficiency.

Agfa Speciality Products

Agfa Specialty Products offers materials for a wide range of markets and applications. When products are developed or enhanced, durability, recyclability and reusability are key focus points. Several of the business group's products are used in environment-friendly applications.

After the launch of its synthetic paper range in 2008, Agfa now commercializes its Synaps papers for a growing range of printing applications. Synaps is based on *PET* film and can be completely recycled and re-used.

For the smartcard market, Agfa launched its range of PETix materials in November 2009. Based on PET technology, the PETix materials are very reliable and robust. PETix substantially extends the lifetime of smartcards, thereby significantly reducing the ecological footprint of the cards produced.

Since 2009, Agfa Specialty Products commercializes its Zirfon Pearl separator *membranes* for hydrogen production. Modern hydrogen production facilities use the Zirfon Pearl membranes to improve their efficiency and productivity.

Relying on its key competencies in polyester substrates and chemical coatings, Agfa Specialty Products is developing building blocks for renewable energy applications, such as the production of Agfa's Arzona backsheet foils for solar modules.

Working@Agfa

For some years, Agfa has been working on a comprehensive transformation process. From a market leader in analog imaging, the company aims to develop into an international player in digital imaging and printing systems and IT solutions. The main markets it is targeting are the graphic industry and the healthcare sector. In order to make this project a success, it is essential that all colleagues in the company join forces.

In the course of this process, Agfa increasingly leaves the familiar path of film-based imaging technology and enters further into new, rapidly evolving, technological domains. At the same time the company moves from selling consumables-only to selling total solutions, often including equipment, services and consumables. It goes without saying that this has a strong impact on the required profiles of Agfa's employees. Innovation, flexibility, technical skills, market knowledge and entrepreneurship are key.

Innovation is essential to develop new products and solutions. To introduce these products and to successfully enter new markets is impossible without adequate entrepreneurial skills. On the one hand, mastering the necessary skills to succeed demands a lot of efforts. On the other hand, it also demands that people are receptive for mobility and change. In one word: flexibility.

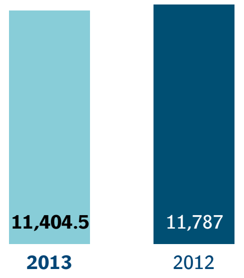
Agfa's HR policy is aimed at the development of a number of processes in the field of training, leading, internal mobility and performance management. Furthermore, a lot of attention is given to safety, communication and equal rights.

In 2012, the Internal Mobility program was launched on a global level throughout the company as a fundamental component of Agfa's Staffing Strategy, whereby Agfa aims to have the right employee in the right position at the right time and location for the right cost. In order to do so, Agfa is continuously looking for a balance between attracting competencies from the outside, developing competencies internally, and increasing overall employability by stimulating employees to move successfully from one position to another.

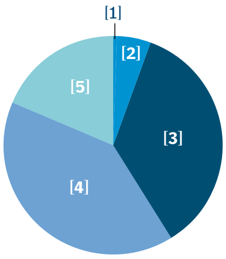
Also in 2012, the implementation of the Leading@Agfa training and development program was continued. The program is aimed at all Agfa managers. It gives them access to a range of tools for self-analysis, packages for self-training and group training sessions about the various aspects of leadership.

On the Company's intranet, the Academy Learning Platform was created and made available to all Agfa colleagues. In this online training catalog, they find product related training tools, as well as behavioral training programs in the field of communication, management and client orientation.

TOTAL EMPLOYEES
FULL TIME EQUIVALENTS

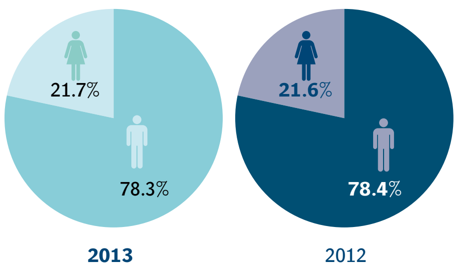


ALLOCATION OF EMPLOYEES

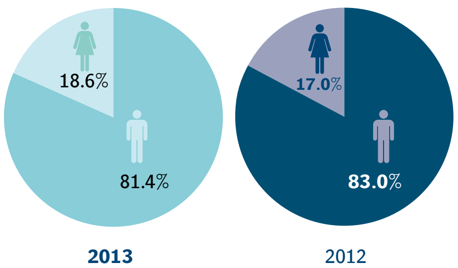


[1] CORPORATE CENTERS 0.5%
[2] GLOBAL SHARED SERVICES 5.5%
[3] AGFA GRAPHICS BUSINESS GROUP 34.6%
[4] AGFA HEALTHCARE BUSINESS GROUP 40.9%
[5] AGFA MATERIALS/AGFA SPECIALTY PRODUCTS BUSINESS GROUP 18.5%

PERCENTAGE OF
MALE/FEMALE WORKFORCE



PERCENTAGE OF
MALE/FEMALE EMPLOYEES
IN MANAGEMENT POSITIONS



Early 2012, a new Performance Management process was introduced. The motto of the process is 'It's up to you!' In the new process, the targets of each employee are better aligned to the overall targets of the company. Furthermore, the employee is more involved in the assessment process. A lot of attention also goes to the personal development plan.

In 2013, the *Boost Your Brain* program was launched, aiming to lower the threshold for all Agfa employees to continuously learn. Every month a selection of soft skills e-learning courses around a particular topic was promoted on the intranet.

HR key figures

At the end of 2013, Agfa employed 11,775 people which corresponds to 11,404.5 Full Time Equivalents.

At the end of 2012, Agfa employed 11,787 Full Time Equivalents and at the end of 2011 the number of Full Time Equivalents was 12,156. Of the total number of 11,775 employees, 205 employees have a temporary contract.

The total number of employees (dedicated) is distributed as follows:
- Corporate Centers 68 employees
- Global Shared Services (HR, ICS, Purchasing,...) 647 employees
- Agfa Graphics Business Group 4,074 employees
- Agfa HealthCare Business Group 4,812 employees
- Agfa Materials/Agfa Specialty Products Business Group 2,174 employees

All employees, except for the employees belonging to the Corporate Center and the Global Shared Services (ICS, HR and Purchasing) and the inactive employees, are dedicated to a single reporting segment.

The production unit Materials is the combination of the dedicated part of the segment Agfa Specialty Products and the manufacturing of film consumables worldwide. Operating income and expenses and operating assets and liabilities that relate to film consumables, Corporate Center and Global Shared Services are allocated to the different reportable segments using allocation keys as described in note 3.17.

The countries where Agfa has its largest presence (>500 employees) are Belgium, Germany, US, France and Canada.

The percentage of female workforce in 2013 has increased slightly to 21.7% of the total workforce, compared to 21.6% at the end of 2012. The percentage of female workers in management positions has increased from 17.0% to 18.6% in 2013.

Agfa hired or acquired 660 employees in 2013, while 1,059 employees left the company due to a combination of a) voluntary leavers (resignations); b) restructurings and individual terminations initiated by Agfa and c) retirements.

Most hirings took place in Agfa HealthCare, in the first place, and Agfa Graphics, in the second place.

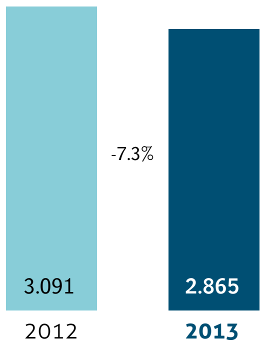
Annual Report of the Board of Directors to the Shareholders of Agfa-Gevaert NV

The Board of Directors of Agfa-Gevaert NV has the honor to present you the combined annual report for the financial year ending December 31, 2013, in accordance with articles 96 and 119 of the Belgian Code of Companies. This annual report includes a corporate governance statement and a remuneration report.

Comments on the Financial Statements

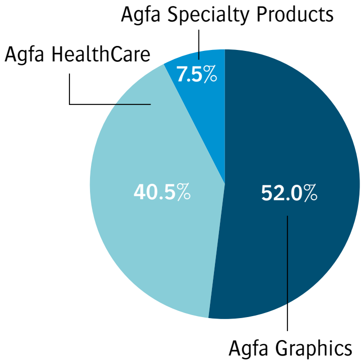
Comments on the Consolidated Financial Statements

REVENUE
(million Euro)

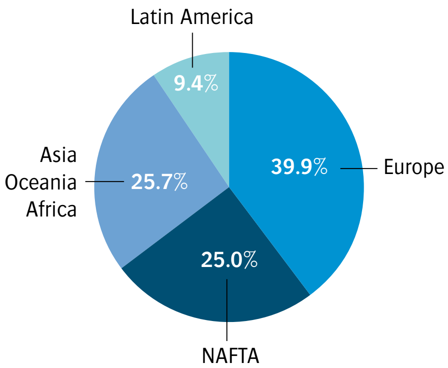


SHARE OF GROUP REVENUE 2013

by business group



by region



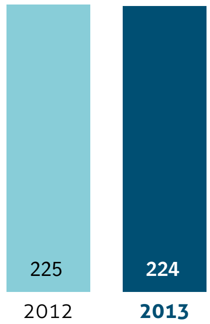
Revenue

In 2013, the Agfa-Gevaert Group's revenue declined by 7.3% to 2,865 million Euro (3,091 million Euro in 2012). This evolution is mainly due to strong currency effects, the weak investment climate, the product portfolio rationalization and the decline of the analog businesses. In 2012, the analog businesses recovered from a very slow 2011. On a currency comparable basis, the decline amounted to 4.8%.

Agfa Graphics' revenue decreased by 9.7% to 1,491 million Euro. On a currency comparable basis, the decline amounted to 7.5%. The top line evolution reflects the decline of the *prepress* segment's analog *computer-to-film* (CtF) business, the tough economic conditions and the product portfolio rationalization. In 2012, the CtF business' revenue was exceptionally strong. In digital *computer-to-plate* (CtP), digital *printing plate* volumes increased slightly. However, the business suffered from adverse price effects.
The industrial *inkjet* segment's top line was influenced by the product portfolio rationalization and the weak investment climate. In this tough economic context, Agfa Graphics was able to strengthen its global market position for *wide format* inkjet printers. Also in inkjet, the number of system integrators, OEM customers and other manufacturing specialists that use Agfa Graphics' inks for industrial printing applications grew in 2013.

Adverse currency effects had a strong impact on Agfa HealthCare's top line in 2013. Excluding these effects, revenue decline would be limited to 1.1%.
In the IT segment, both Imaging IT and Enterprise IT performed well.
The business group's revenue decline is attributable to the Imaging segment's traditional X-ray film business. It should be mentioned that in 2012, the traditional business was marked by a strong recovery following slow sales in 2011. In the Imaging segment's *digital radiography* business (consisting of *hardcopy*, *direct radiography* and *computed radiography*), the DR growth engine posted very strong revenue growth, while hardcopy performed well.
Whereas the emerging markets performed well in the first quarters, signs of stagnation became apparent towards the end of the year. In the course of 2013, business in North America began to feel the effects of the uncertainty in the US healthcare market. Europe, on the other hand, showed clear signs of recovery in the last months of the year.

RECURRING EBITDA [1]
(million Euro)

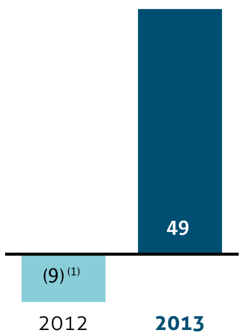


RECURRING EBIT [1]
(million Euro)

(1) BEFORE RESTRUCTURING/NON-RECURRING ITEMS.

RESULTS FROM OPERATING ACTIVITIES
(million Euro)

RESULT FOR THE PERIOD
(million Euro)



(1) RESTATED ACCORDING TO IAS 19R

Agfa Specialty Products' revenue decreased by 5.7% due to the lower silver price. The *printed circuit board* film business' revenue continued to grow. The Synaps Synthetic Paper and Orgacon Electronic Materials businesses grew steadily.

With 52.0% of revenue, Agfa Graphics remains the largest business group. Agfa HealthCare represents 40.5% and Agfa Specialty Products 7.5% of Group sales.

In 2013, Europe accounted for 39.9% of Group revenue (2012: 40.3%), NAFTA for 25.0% (2012: 24.3%), Asia/Oceania/Africa for 25.7% (2012: 25.7%) and Latin America for 9.4% (2012: 9.7%).

Results

Benefiting from efficiency programs in the business groups and positive raw material effects towards the end of the year, the Group's gross profit margin improved by one percentage point to 29.1% of revenue.

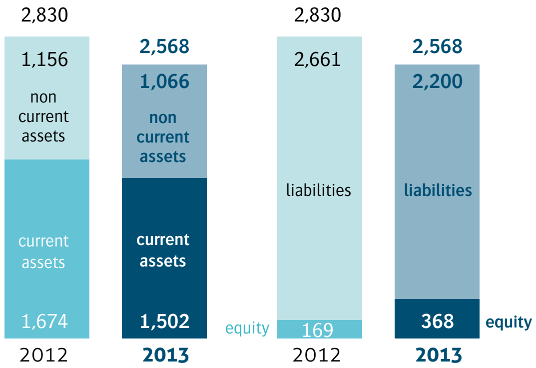
As a result of efficiency programs and product portfolio rationalization measures, Agfa Graphics' gross profit margin improved substantially from 24.7% in 2012 to 26.2%. This evolution also reflects the positive effects of the lower raw material prices. These effects started to become more visible towards the end of the year. Recurring EBITDA improved to 97.9 million Euro (6.6% of revenue) and recurring EBIT grew by 14.3% to 60.7 million Euro (4.1% of revenue). Despite the top line evolution, the industrial inkjet segment crossed the break-even line in the course of 2013 and even achieved a positive full year recurring EBIT.

Agfa HealthCare's gross profit margin reached 34.9% of revenue, versus 35.7% in 2012. The margin was impacted by currency and mix effects, as well as by investments in the further improvement of service efficiency. In the fourth quarter of the year, the gross margin showed clear signs of recovery as a result of the business group's efficiency programs and favorable raw material effects. Recurring EBITDA amounted to 116.3 million Euro (10.0% of revenue) and recurring EBIT reached 77.3 million Euro (or 6.7% of revenue).

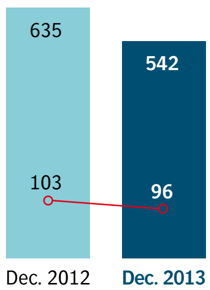
Specialty Products' recurring EBITDA and recurring EBIT improved strongly to 14.5 million Euro and 10.2 million Euro respectively.

As a percentage of revenue, Selling and General Administration expenses remained almost stable at 18.8%.

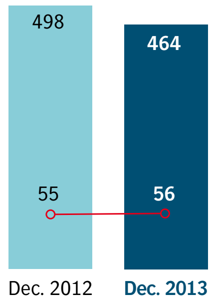
STATEMENT OF FINANCIAL POSITION
(million Euro)



INVENTORIES
(million Euro/days)

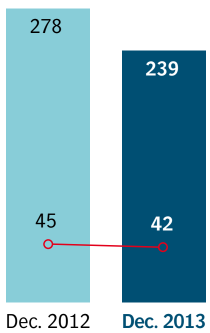


TRADE RECEIVABLES [1]
(million Euro/days)

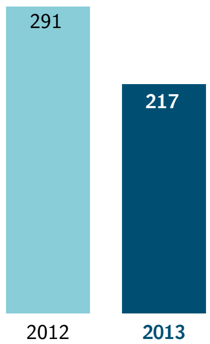


(1) MINUS DEFERRED REVENUE AND ADVANCED PAYMENTS FROM CUSTOMERS.

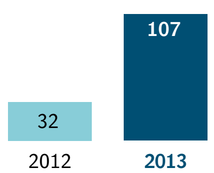
TRADE PAYABLES
(million Euro/days)



NET FINANCIAL DEBT
(million Euro)



NET CASH FROM OPERATING ACTIVITIES
(million Euro)



R&D expenses amounted to 146 million Euro, substantially lower (-10.4%) than in 2012 as a result of the Group's efforts to improve efficiency and to rationalize its product portfolio.

Recurring EBITDA (the sum of Graphics, HealthCare, Specialty Products and the unallocated portion) improved from 7.3% of revenue to 7.8%. Recurring EBIT reached 5.0% of revenue, versus 4.5% in 2012.

Restructuring and non-recurring items resulted in an income of 19 million Euro, versus an expense of 43 million Euro in 2012. The Group booked the effects of the closure of the post-retirement medical plan in the US and of other targeted pension benefit actions.

The net finance costs amounted to 71 million Euro, versus 85 million Euro in 2012.
Tax expenses amounted to 43 million Euro.

The results from operating activities improved to 163 million Euro, versus 96 million Euro in the previous year. The profit before taxes thus reached 92 million Euro in 2013, against a profit before income taxes of 11 million Euro in 2012.

The Group posted a net profit of 49 million Euro, versus a restated (according to IAS 19R) net loss of minus 9 million Euro in 2012. The result attributable to the owners of the Company improved from minus 19 million Euro in 2012 to 41 million Euro.

Statement of financial position

At the end of 2013, total assets were 2,568 million Euro, compared to 2,830 million Euro at the end of 2012.

Working capital

Inventories amounted to 542 million Euro, or 96 days. Trade receivables (minus deferred revenue and advanced payments from customers) amounted to 464 million Euro, or 56 days and trade payables were 239 million Euro, or 42 days.

Financial debt

Net financial debt amounted to 217 million Euro, versus 291 million Euro at the end of 2012. At the end of 2013, the Group's gearing ratio amounted to 59%.

Pension liabilities

In 2013, net pension liabilities were reduced by 313 million Euro, leading to a strong increase in equity.

Equity

Equity amounted to 368 million Euro, against 169 million Euro at the end of 2012.

Cash flow

In 2013, net cash from operating activities, which also takes into account the changes in working capital, reached 107 million Euro.
Capital expenditure totaled 40 million Euro.

Conclusion

Once again, the economic environment was difficult in 2013. The exchange rates between the Euro and most other currencies were unfavorable to Agfa. In some emerging markets, GDP growth somewhat slowed down. Furthermore, sales of Agfa's analog businesses declined strongly versus a very solid year 2012, when these businesses recovered from the silver crisis of 2011. In these conditions, the management chose to focus the company's efforts on improving the operational efficiency and the balance sheet. Agfa succeeded in increasing its gross profit margin throughout the year. The strong improvement in the fourth quarter shows that Agfa is on the right track to achieve one of its main goals: to restore the gross profit margin to a level in line with the recurring EBITDA target.
The IT and Direct Radiography growth engines of Agfa HealthCare performed well and in line with expectations. In Agfa Graphics, the Inkjet business not only reached its target of crossing the break-even line during the year. For the first time ever, it even delivered a slightly positive full year recurring EBIT. This result shows that rationalizing the product portfolio was the right decision. As far as the balance sheet is concerned, Agfa managed to significantly reduce its working capital and to deliver a strong operational cash flow, which resulted in a healthy reduction of the net financial debt. Due to targeted benefit reduction programs, Agfa also reduced its pension liabilities. In 2014, the company aims at making good progress towards its medium term target of delivering a double digit recurring EBITDA percentage. In this respect, the fourth quarter results are very encouraging.

Comments on the Statutory Accounts of Agfa-Gevaert NV

The Annual Accounts as will be presented to the General Meeting of Shareholders of May 13, 2014, were tested by the Board of Directors against the valuation rules, and approved in that form.

The following points, in particular, will be submitted to the General Meeting of Shareholders for approval: the Annual Accounts close with a loss for the accounting year 2013 of 22,074,890.49 Euro.

It is proposed to allocate the loss as follows: deduction of the loss of 22,074,890.49 Euro from the result carried forward. As a result hereof the result carried forward will amount to 430,539,715.18 Euro.

Based on the profit or loss account, the Board of Directors concludes that the Company has suffered a loss for two consecutive years. Article 96, 6° of the Code of Companies requires that the Board of Directors justifies the accounting principles in the assumption of going concern. In its assessment on this matter, the Board of Directors refers to the equity of the Company, and more specifically to the section Profit carried forward (430,539,715.18 Euro), which is considered – on a non-consolidated base – to be more than adequate. As the going concern assumption of a holding company, such as Agfa-Gevaert, basically depends on the group as a whole, the Board refers to the notes to the consolidated financial statements which include an overview of the management's judgements and estimates, as well as the specific company risks, which have been used and taken into consideration by the Board of Directors when preparing the consolidated financial statements in accordance with the going concern principles.

Explanation of the most significant entries of the Annual Accounts

In 2013, the Company achieved a turnover of 613.7 million Euro. This means a decrease of 16.5% compared to the turnover of 2012 (735.3 million Euro). The decrease was mainly caused by a decrease of the sales prices (-4.3%) and a decrease of volume/mix (-11.2%) and a negative currency exchange rate difference (-1.0%).

The operating profit amounts to 44.3 million Euro for 2013. This represents an improvement of 40.4 million Euro compared to 2012.The most significant elements hereof are a decrease of the item purchases and a decrease of the other running costs.

In Belgium, the company spent in 2013 an amount of 12.3 million Euro on research and development.

In 2013, the number of Agfa-Gevaert NV employees in Belgium decreased by 68, to 2,333 employees on December 31, 2013. This decrease is the result of the recruitment of 52 new employees and 120 employees leaving the company.

Agfa-Gevaert NV& Co. KG, a transparent entity whose results are included in the figures of Agfa-Gevaert NV, made a profit in 2013 of 4,292,918.29 Euro.
In 2013, the permanent establishment of the Company in UK made a loss of 613,026.11 Euro.

Agfa Graphics

Agfa Graphics aims to be the number one supplier of integrated *prepress* solutions for commercial and newspaper printing, as well as a leading supplier of digital printing solutions for sign and display and industrial printing. Its mission is to enable graphic businesses to achieve profitable growth and stay ahead of their competition. Agfa Graphics delivers integrated solutions, which are innovative and reliable, as well as sustainable and price-competitive, thus enabling its customers to cost-effectively adjust to new market demands. Agfa Graphics' offering includes consumables, hardware, software and services, combining in-house and leading manufacturers' technologies and know-how.

Agfa Graphics in 2013

MILLION EURO	2013	2012	% change
Revenue	**1,491**	1,652	-9.7%
Recurring EBITDA [1]	**97.9**	91.0	7.6%
% of revenue	**6.6%**	5.5%	
Recurring EBIT [1]	**60.7**	53.1	14.3%
Results from operating activities	**39.5**	26.2	50.8%

(1) BEFORE RESTRUCTURING AND NON-RECURRING ITEMS.

Agfa Graphics' revenue decreased by 9.7% to 1,491 million Euro. On a currency comparable basis, the decline amounted to 7.5%. The top line evolution reflects the decline of the prepress segment's analog *computer-to-film* (CtF) business, the tough economic conditions and the product portfolio rationalization. In 2012, the CtF business' revenue was exceptionally strong.
In digital *computer-to-plate* (CtP), digital *printing plate* volumes increased slightly. However, the business suffered from adverse price effects.
The industrial *inkjet* segment's top line was influenced by the product portfolio rationalization and the weak investment climate. In this tough economic context, Agfa Graphics was able to strengthen its global market position for *wide format* inkjet printers. Also in inkjet, the number of system integrators, OEM customers and other manufacturing specialists that use Agfa Graphics' inks for industrial printing applications grew in 2013.

As a result of efficiency programs and product rationalization measures, Agfa Graphics' gross profit margin improved substantially from 24.7% in 2012 to 26.2%. This evolution also reflects the positive effects of the lower raw material prices. These effects started to become more visible towards the end of the year. Recurring EBITDA improved to 97.9 million Euro (6.6% of revenue) and recurring EBIT grew by 14.3% to 60.7 million Euro (4.1% of revenue). Despite the top line evolution, the industrial inkjet segment crossed the break-even line in the course of 2013 and even achieved a positive full year recurring EBIT.

"Success is not just about a single piece of technology. It's about optimizing its efficiency and integrating it into complex workflows to simplify the process for our customers. We do more than answer their questions, we give them real-life solutions that offer long-term benefits."

Stefaan Vanhooren,
President Agfa Graphics

A trusted partner for professional printers

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

Agfa Graphics is active in both the 'info printing' business and the 'industrial printing' business. The info printing segment of the graphic industry is the habitat of the newspaper printers and commercial printers, which produce magazines, brochures and books. In this segment, *offset printing* is the most commonly used technology. The industrial printing segment is more specialized and uses a wide variety of technologies to create a broad range of print work. Agfa Graphics subdivides this segment into 'sign & display' applications and 'new industrial printing' applications, such as textile, flooring, tiles and packaging.

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 where 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 CtP technology, or via an intermediate film, with CtF technology. 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*, cloud based web-to-print solutions, technology for digital proofing and *screening*, as well as tools for managing color and quality consistency. The software solutions are a key element in the total solution offered to printers. They automate the prepress processes, guarantee better quality and improve cost efficiency.

Although Agfa Graphics' prepress solutions mainly target the info printing segment of the graphic industry, the business group also supplies prepress technology to customers specializing in offset and *flexo* printing for packaging purposes.

Over 100,000 commercial printing companies use Agfa Graphics' prepress technology and one in two newspapers in the world is produced with Agfa Graphics' technology. The business group supplies almost one third of the industry's printing plates worldwide and it is the clear market leader in the field of eco-friendly *chemistry-free* printing plates. In addition, Agfa Graphics is one of the few remaining suppliers of CtF film.

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 operating in. With its innovative inkjet technology, the business group focuses on the industrial wide format printing segment in the market of sign and display graphics as well as on the segment of industrial print applications. Industrial inkjet has a substantial growth potential. Powered by the most advanced inkjet technologies, Agfa Graphics' digital printing systems are state-of-the-art alternatives for conventional printing technologies in specific market segments with a wide spread of new applications. Agfa Graphics supplies solutions to both sign & display print houses, as well as customers producing 'new' industrial print applications. Its high-tech inkjet machines are ideally suited for high-quality printing on a wide variety of substrates next to paper, for an ever growing range of applications, such as signs, posters and displays, promotional materials, packaging, and decorative materials. Agfa Graphics supplies a comprehensive range of printing presses, as well as high-quality *UV curable inks* and media. Currently, inkjet has become the new alternative for screen printing and flexo printing technologies. For sign, display and some decorative applications, wide format inkjet technology is even able to offer solutions that can not be answered with conventional equipment.

Currently, Agfa Graphics has installed over 3,000 wide format systems at customer sites worldwide.

Commercial successes

In 2013, Agfa Graphics' innovative prepress and inkjet solutions again convinced numerous new customers all over the globe.

Prepress

In the commercial printing segment, Agfa Graphics was able to consolidate its position as technology and market leader in chemistry-free CtP technology for prepress systems. In order to improve their environmental credentials, customers often order complete prepress solutions from Agfa Graphics, consisting of equipment, software and consumables. At the center of these solutions is the Azura chemistry-free printing plate.
A good example of such a comprehensive contract is the one signed with the British DG3 Group. In addition to ordering an Avalon N8-80XT *platesetter* and two contract *proofing* systems, the company also signed a five-year agreement for services and Azura printing plates.
The growing customer base in Japan illustrates Agfa Graphics' dominance in the market for eco-friendly prepress solutions. Examples of Japanese commercial printers signing Azura contracts in 2013 are Beniya Offset, Nikkei Inc., Shasin Kagaku (part of the Dai Nippon Printing group) and Tokyo Asahi Kosoku. Korean commercial printer Sungwon Adpia also started using Azura printing plates. Sungwon Adpia is among Agfa Graphics' biggest customers in the ASPAC region and the largest web-to-print company in Korea.

Other important prepress contracts in the commercial printing segment were signed with – among other companies – St. Joseph's Printing (Canada's largest privately owned printing company), Fox Print (Australia), Amcor Cartons (Australia), Print & Display (Poland), Jean Bernard (France), Grafiche Tintoretto (Italy), Ad Core (Korea), GMA (Brazil) and IMESP (Brazil).

Furthermore, Agfa Graphics continued to expand its customer base in the field of workflow management software. At the end of the year, more than 8,000 Apogee systems were installed in the world.

Also in the newspaper segment of the industry, more and more printers are discovering the advantages of eco-friendly prepress technology which allows them not only to reduce the impact on the environment, but also to take advantage of easier processing and reduced costs. As in the commercial segment, Agfa Graphics is setting the standard. The business group's N94-VCF chemistry-free printing plate represents around 50% of its newspaper plates sold globally in 2013.

Among the major newspaper companies that signed contracts for Agfa Graphics' chemistry-free N94-VCF printing plates in 2013 are Rotary Offset (US), the United Daily News newspaper company (Taiwan), the Beijing Daily Newspaper Group (China), the Harbin Daily newspaper company (China), IPD (Korea), El Comercio newspaper group (Peru), El Mercurio (Chile), Beacon Media Group (New Zealand), and Graficas De Prensa Diare (Spain). Often, these companies combine their printing plate contracts with orders for complete CtP solutions. For instance, El Mercurio, the largest newspaper in Chile, ordered 4 Advantage platesetters and Arkitex workflow management software.

Major CtP agreements outside the area of chemistry-free technology were signed with – among other companies – News Limited (Australia) and Singapore Press Holdings. News Limited signed a new five-year contract for Agfa Graphics' newspaper offset printing plates. News Limited is one of Australia's most important media companies and publisher of a large number of national and regional newspapers. Singapore Press Holdings (SPH) signed a two-year contract for *violet* printing plates. SPH is the main newspaper publisher in Singapore and one of the largest single newspaper CtP prepress sites in the world. The company uses Agfa Graphics' equipment and software in all three of its production sites.

Worldwide, Agfa Graphics is the leading supplier of newspaper prepress workflow software to automize the production of printed publications. These workflow systems are either operated in the local prepress department or the software is offered to them as a cloud solution. Building on that automation expertise Agfa Graphics is now also offering Eversify, an automated workflow solution for the creation of digital newspapers on various mobile devices like tablets and smartphones.

Inkjet

In 2013, Agfa Graphics continued to expand its position in the wide format segment of the digital printing industry with its Anapurna and Jeti printer ranges. In the low-end segment, the installed base for the Anapurna wide format printers continued to grow steadily.

The Jeti *flatbed* printer range also continued to convince print houses all over the world of its many advantages. The showpieces of this range are the two high-production Jeti Titan solutions: Jeti 3020 Titan (introduced to the market in 2011 and available with various print head configurations) and the recently launched Jeti TitanX.

Immediately after the introduction of the Jeti TitanX, the first contract for this highly versatile and productive system was signed with the French Creaprod company.

New customers for the Jeti 3020 Titan use their system for a broad variety of wide format applications. The Brazilian Zoom Imagem company, for instance, ordered two machines for the production of urban signs and government signage. Crystal Clear Imaging (US), will use its system to create high-quality graphics and displays for leading brands and high-profile sporting events. Also in the US, Diesel Displays will employ its Jeti 3020 Titan for the production of turn-key displays and graphics for leading retail organizations. Another eye-catching contract was signed with the French Caractères Enseigne company, which ordered a Jeti 3020 Titan with 48 print heads, as well as two Anapurna M3200 printers.

Companies often cite the combination of excellent print quality and high production speeds as the main reason for their decision to invest in Agfa Graphics' Jeti solutions.

In addition to its equipment, Agfa Graphics also markets a unique range of high-performance UV-curable inks for a broad range of industrial applications. The number of system integrators, OEM customers and other manufacturing specialists that use Agfa Graphics' inks grew significantly in 2013.

In November 2013, Agfa Graphics announced that Zetes Industries will use its Altamira UV-curable inkjet inks to print the variable data on Belgian passports.

Agfa HealthCare

Agfa HealthCare is using new technologies and traditional know-how to create solutions that meet the ever evolving needs of healthcare providers.

Its medical imaging solutions open up new views to caretakers. Its IT solutions exceed individual hospital boundaries and move into regional networks. Agfa HealthCare builds on its deep knowledge of imaging technology and clinical needs to deliver affordable solutions to healthcare professionals.

By supporting them in the migration process from analog to digital and by connecting all healthcare stakeholders through seamless integration, Agfa HealthCare helps its customers to improve the quality and efficiency of their patient care.

This is how Agfa HealthCare delivers healthcare excellence.

Agfa HealthCare in 2013

MILLION EURO	2013	2012	% change
Revenue	**1,160**	1,212	-4.3%
Recurring EBITDA (1)	**116.3**	133.4	-12.8%
% of revenue	**10.0%**	11.0%	
Recurring EBIT (1)	**77.3**	90.6	-14.7%
Results from operating activities	**72.3**	76.4	-5.4%

(1) BEFORE RESTRUCTURING AND NON-RECURRING ITEMS.

Adverse currency effects had a strong impact on Agfa HealthCare's top line in 2013. Excluding these effects, revenue decline would be limited to 1.1%. In the IT segment, both Imaging IT and Enterprise IT performed well. The business group's revenue decline is attributable to the Imaging segment's traditional X-ray film business. It should be mentioned that in 2012, the traditional business was marked by a strong recovery following slow sales in 2011. In the Imaging segment's *digital radiography* business (consisting of *hardcopy*, *direct radiography* (DR) and *computed radiography* (CR), the DR growth engine posted very strong revenue growth, while hardcopy performed well.

Whereas the emerging markets performed well in the first quarters, signs of stagnation became apparent towards the end of the year. In the course of 2013, business in North America began to feel the effects of the uncertainty in the US healthcare market. Europe, on the other hand, showed clear signs of recovery in the last months of the year.

Agfa HealthCare's gross profit margin reached 34.9% of revenue, versus 35.7% in 2012. The margin was impacted by currency and mix effects, as well as by investments in the further improvement of service efficiency. In the fourth quarter of the year, the gross margin showed clear signs of recovery as a result of the business group's efficiency programs and favorable raw material effects. Recurring EBITDA amounted to 116.3 million Euro (10.0% of revenue) and recurring EBIT reached 77.3 million Euro (or 6.7% of revenue).

"Our vision: a world where all healthcare professionals can provide superior care for their patients through the synergy of imaging, information technology and clinical knowledge."

Luc Thijs,
President Agfa HealthCare

An expert in medical imaging and healthcare IT

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

Imaging

The Imaging division supplies traditional X-ray film, hardcopy film and printers, digital radiography equipment, *image processing software* and *contrast media.* Agfa HealthCare's roots are in traditional medical imaging, but in today's healthcare market, traditional analog X-ray film technology is rapidly being replaced by digital radiography. Due to the competition of softcopy diagnosis, the market for hardcopy film – on which digital images are printed – is also declining in the US and Western Europe. In the emerging countries, the market segment is still growing.

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 includes both high quality tabletop solutions and network printers for large volume needs.

In digital radiography, Agfa HealthCare is active with both CR and DR technologies. Compatible with traditional radiography equipment, CR offers image intensive departments an affordable entry to digital imaging. The systems convert analog images to digital, allowing departments to improve their efficiency and increase overall patient throughput. In recent years, Agfa HealthCare also invested in building a strong portfolio of DR equipment. DR is often the technology of choice for hospital departments demanding a higher throughput and immediate availability of high-quality digital images. Furthermore, the technology allows reducing the radiation dose without compromising image quality. Many hospitals combine both technologies to cover all their X-ray imaging needs. As a technology leader in both areas, Agfa HealthCare is in a unique position to offer tailor-made solutions to healthcare facilities planning to invest in digital imaging.

All Agfa HealthCare's CR and DR systems are offered with the business group's leading MUSICA image processing software and its NX workstation for image identification, acquisition and quality control.
In selected markets, Agfa HealthCare also supplies high-quality and cost efficient contrast media.

IT

Accounting already for over 40% of Agfa HealthCare's revenue, the IT division is a leading player in the healthcare IT market with its image and data networks and enterprise IT solutions. Agfa HealthCare offers care organizations the tools to improve the overall efficiency and quality of patient care. The ultimate goal is to connect all healthcare stakeholders through seamless integration.

Image and data networks

Marketed under the *IMPAX* trademark, Agfa HealthCare's imaging IT solutions equal reliability and efficiency for care providers around the world. After the introduction of digital radiography in the early 1990's, Agfa HealthCare became one of the first companies to supply radiology departments with IT systems to efficiently store, manage, process and distribute digital medical images from various imaging modalities. These *Picture Archiving and Communication Systems* (PACS) are often linked to specialized information systems, such as *Radiology Information Systems* (RIS).

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, orthopedics and nuclear medicine, as well as for certain specialized medical disciplines, such as women's care and digital pathology.

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. With Agfa HealthCare's IMPAX Data Centers using XERO technology, it is even possible to centrally store the imaging data from care organizations in entire regions. With the Imaging Clinical Information System (ICIS), Agfa HealthCare took health information exchange to a next level. The ICIS creates a true imaging record for every patient, containing all possible images of the patient, regardless of the department and the facility that created them. As images and linked data are instantly accessible, the solution speeds up overall diagnosis, thereby enhancing patient care.
One of the latest innovations in this area is Agfa HealthCare's IMPAX Agility solution. IMPAX Agility unifies the functionalities of RIS, PACS, reporting, 3D, connectivity and clinical applications into one single platform. The system lowers the total cost of ownership and reduces complexity.

In Radiology PACS, Agfa HealthCare has a very strong position in Europe and a growing market share in the US, Canada, Europe and Latin-America. In Regional Imaging, where data from disparate systems are consolidated on a regional level, Agfa HealthCare has a strong position worldwide.

Enterprise IT

Going beyond imaging, Agfa HealthCare has established itself as a leading player in the fast growing market for enterprise IT systems. ORBIS, Agfa HealthCare's leading *Hospital Information System* (HIS)/*Clinical Information System* (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 to increase productivity, improve the delivery of care and save cost. Agfa HealthCare's step by step 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.

The second important system in Agfa HealthCare's enterprise IT offering is the HYDMedia electronic archiving solution. HYDMedia enables hospitals and care facilities of all sizes to integrate all their paper-based and electronic documentation, creating a complete digital archive of patient records. HYDMedia reduces the need for physical archiving space, cuts down information retrieval time and reduces associated costs.

Commercial successes

In 2013, Agfa HealthCare signed numerous eye-catching imaging, imaging IT en enterprise IT contracts with hospitals and hospital groups all over the world. In May, Agfa HealthCare established a new subsidiary in the Kingdom of Saudi Arabia in order to further enhance its customer support in this important region. In the beginning of the year, the business group signed an agreement with Kunene Health Care. The medical product distribution company will supply and distribute all Agfa HealthCare products throughout South Africa.

Imaging

Agfa HealthCare continued to extend the installed base for its technology-leading CR and DR systems. At the end of 2013, over 46,000 CR and DR solutions were installed at customer sites all over the world.

In the field of CR, Agfa HealthCare won a major tender by the Ministry of Health in Kazakhstan to digitize mammography services in the nation's public hospitals. Under the contract, 63 CR 30-Xm systems will be installed in hospitals around the country. In the UK, Agfa HealthCare installed multiple CR systems in the hospitals of the East Sussex Healthcare NHS Trust.

In 2013, the installed base and order entry for direct radiography systems continued to grow strongly. Two eye-catching contracts in this field reaffirmed the strength of Agfa HealthCare's longstanding partnership with the US government, one of its largest customers worldwide. Under the first contract, Agfa HealthCare provides the US Navy fleet with an end-to-end imaging solution, consisting of DR systems, PACS and speech recognition. With the technology, 42 ships are connected to radiologists at the Walter Reed National Military Medical Center. Any new ships that enter into service in the five-year contract period will also be equipped with Agfa HealthCare's technology. The second contract includes the installation of six DX-D 100 mobile DR systems at the Department of Defence's Medical Education & Training Campus for use in the basic biomedical equipment technician training curriculum.

In the UK, Agfa HealthCare successfully installed two complete DX-D 600 DR rooms at the Royal Cornwall Hospitals NHS Trust. The project also included the installation of multiple high-volume CR solutions. The university hospital Brussels (Belgium) ordered a complete DX-D 800 DR X-ray room for its emergency department. The DX-D 800 is Agfa HealthCare's top-of-range DR solution. It offers a very broad range of applications for all types of examinations. Other important DR contracts were also signed with – among other organizations – Wrightington, Wigan and Leigh NHS Foundation Trust (UK), Trillium Health Partners (Canada), WellStar Health System (US), Zwanger-Pesiri Radiology (US), and the University Hospitals Leuven organization (Belgium).

IT

From large multi-site hospital organizations and regional care providers to medium-sized facilities and imaging centers, numerous new customers showed their confidence in Agfa HealthCare's IT solutions in 2013.

Image and data networks

At the end of 2013, Agfa HealthCare's image and data networks served over 2,700 care facilities in over 30 countries.

In the US, Agfa HealthCare announced the signing of a new three-year contract that makes its full suite of imaging IT solutions available to the customers of *Novation*, a leading healthcare supply contracting company. Included in the contract are Agfa HealthCare's IMPAX departmental and ICIS enterprise solutions. In the first quarter, Southern Regional Medical Center (Riverdale, Georgia) became the first hospital in North America to install Agfa HealthCare's next generation Cardiovascular Information System, IMPAX CV 12. Stormont-Vail HealthCare (Topeka, Kansas) became the first North American hospital to install Agfa HealthCare's IMPAX Cardiovascular Global Remote Incident Prevention (GRIP) monitoring solution. GRIP continually manages and monitors Agfa HealthCare's solutions throughout the hospital, identifying potential future conflicts and proactively notifying stakeholders of the situation.

In the UK, Agfa HealthCare signed a five-year contract with University Hospitals Birmingham NHS Foundation Trust to replace the hospital's current PACS. Also in the Benelux region, several leading hospitals decided to install Agfa HealthCare's imaging IT solutions. A major contract for PACS, RIS and NIS (Nuclear Information System) was signed with the Dutch Meander Medical Center in Amersfoort. Furthermore, Agfa HealthCare installed its IMPAX PACS and RIS at Isala Clinics, the largest non-university hospital in the Netherlands. The first ICIS solution in the Netherlands was installed at the Radboud hospital in Nijmegen. The Ghent University Hospital in Belgium decided to implement Agfa HealthCare's IMPAX for Nuclear Medicine solution.

Agfa HealthCare's commitment to expanding its presence in the Kingdom of Saudi Arabia was supported by a number of major agreements. For instance, the business group was awarded a contract for upgrading the existing PACS/RIS systems in seven hospitals of the Ministry of Health in Gassim. Furthermore, Agfa HealthCare implemented a complete IMPAX PACS/RIS solution at the new National Guard Health Affairs hospital in Al Madinah. The solution also includes IMPAX Business Intelligence and two DX-D 600 DR units.

The Chinese Harbin Medical Hospital #4 decided to install an IMPAX Data Center and to refresh the hardware of its current IMPAX PACS/RIS solution.

In the third quarter, Agfa HealthCare started the roll-out of its innovative IMPAX Agility imaging platform at multiple hospital sites in the US and Latin America.

At the end of the year, the Agfa HealthCare and Worldline consortium signed a major regional imaging agreement with the French Alsace e-santé organization. The consortium was selected to provide a bundle of shared medical imaging services for the entire region of Alsace. Overall, 53 healthcare enterprises and radiology practices will subscribe to the service bundle. For Agfa HealthCare, it is the first regional imaging project in France with such a large scope.

Enterprise IT

In 2013, Agfa HealthCare further strengthened its leading position in the European market for Hospital Information Systems (HIS)/Clinical Information Systems (CIS) and hospital document management solutions.

Agfa HealthCare's ORBIS clearly is the dominant HIS/CIS solution in the German speaking countries of Europe. In 2013, Agfa HealthCare confirmed this leading position with a significant number of major agreements. Asklepios Kliniken Verwaltungsgesellschaft (AKV), for instance, chose ORBIS as the standard HIS for 43 clinics. AKV represent more than 50% of the turnover of the Asklepios Group, the largest private hospital group in Germany. Also in Germany, multi-site ORBIS contracts were also signed with – among other organizations – Diakonische Dienste Hannover and DRK hospital group Thüringen-Brandenburg.

In the French CHU Toulouse hospital group, over 8,000 staff members are currently using ORBIS. In 2013, the group confirmed its decision to roll-out additional Medication and Biology processes throughout the entire organization. Agfa HealthCare also booked further progress in the implementation of the major contract with the Assistance Publique – Hôpitaux de Paris (AP-HP) group.

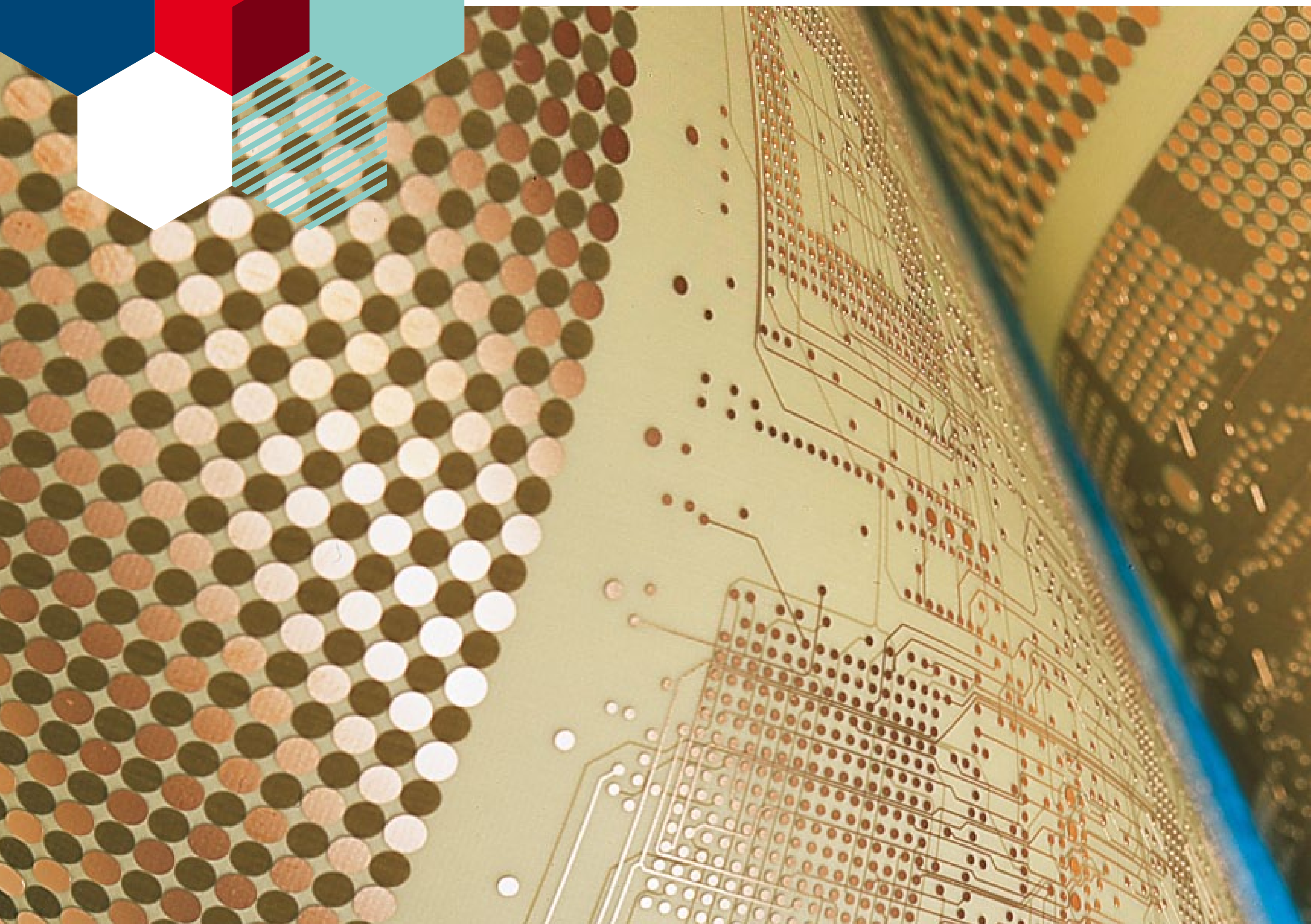
At the end of 2013, ORBIS was installed at over 1,300 care facilities across Europe.

The installed base for the HYDMedia archiving solution also continued to grow. Among the leading care organizations that started to use the solution in 2013 are the CH Jean Rougier in Cahors, CH d'Alès and CH Saint Lô in France.

Agfa Specialty Products

The Agfa Specialty Products business group supplies customers in a variety of industrial markets with a broad range of both classic film and innovative products.

For the production of *polymer* substrates and chemical coatings, Agfa Specialty Products builds on the Agfa-Gevaert Group's longstanding expertise in film manufacturing.



Agfa Specialty Products in 2013

MILLION EURO	2013	2012	% change
Revenue	**214**	227	-5.7%
Recurring EBITDA (1)	**14.5**	5.2	178.8%
% of revenue	**6.8%**	2.3%	
Recurring EBIT (1)	**10.2**	(0.3)	n.r.
Results from operating activities	**8.4**	(3.2)	n.r.

(1) BEFORE RESTRUCTURING AND NON-RECURRING ITEMS.

In 2013, Agfa Specialty Products' revenue decreased by 5.7% due to the lower silver price. The *printed circuit board* film business revenue continued its growth. The Synaps and Orgacon businesses grew steadily.

Recurring EBITDA en recurring EBIT improved strongly to 14.5 million Euro and 10.2 million Euro respectively.

"With over a century of expertise in the fields of polyester chemistry and coating technology, we are the partner by excellence to support the innovation needs of the Group and external parties."

Luc Delagaye,
President Agfa Materials

Innovative solutions for industrial applications

Agfa Specialty Products' activities are grouped in Classic Films, Functional Foils and Advanced Coatings & Chemicals. In addition, the Agfa-Labs division acts as an open innovation center, offering third parties services in the field of materials and coating research.

Classic Films

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. 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 the following main areas:

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 the General Electric Company (GE) in 2003, both parties signed a long-term agreement under which 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. In 2013, demand in this segment was stable.

Motion Picture: In the movie industry, Agfa is one of the few remaining suppliers of *color print film* and *sound recording film*. Most of the movie theatres around the world have already installed digital projection technologies and in 2013, the digitization of the industry continued. As a result, revenue in this segment continued to decrease.

Aerial Photography: For the aerial photography industry, Agfa Specialty Products supplies films, chemicals, photo paper and software. In 2013, Agfa Specialty Products managed to keep its market share in this declining market.

Microfilm: Agfa Specialty Products' microfilm is known for its high sensitivity and exceptional image quality. Due to the increasing digitization, the traditional microfilm market continues to decline. January 2013, the business group announced the signing of a long-term exclusive supply agreement for microfilm with Eastman Park Micrographics (EPM). Under the agreement, Agfa manufactures microfilm and related photochemicals for EPM, who distributes these products worldwide under its own brand name. The first effects of this agreement became visible in the second quarter of 2013, resulting in a substantial full year revenue increase for the microfilm business.

Functional Foils

Functional Foils groups Agfa Specialty Products' activities as a manufacturer of specialty films for applications in Security, Print and other industries.

Security: The ever increasing attention for security and identification incites authorities to invest in high-tech electronic ID documents of which the authenticity can be checked quickly and efficiently. Agfa Specialty Products responds to this need for fraud-proof ID documents with a portfolio of specialty films, targeting applications with high demands on durability and security (e.g. personal ID documents, banking/credit cards, ...). These reliable and robust card materials are on the market under the PETix brand name. All PETix materials can be combined with state-of-the-art personalization and security techniques. 2013 showed increased project sales. However, revenue declined due to mix effects.

Print: Agfa Specialty Products developed a synthetic paper as an alternative to coated paper for applications with high demands on durability. Marketed under the Synaps brand, the paper is noted for its exceptionally fast drying time and its resistance to water, tearing and UV light. Synaps can be printed with standard inks, on all *offset printing* presses, as well as dry toner printers. It is suitable for a wide variety of applications, such as labels, indoor and outdoor displays, premium commercial printwork and certain types of packaging. With a continued focus on the high-end paper types for xerographic printing, the segment reported a strong revenue growth in 2013.

PET films for solar panels: In 2013, Agfa Specialty Products supplied a range of *PET* films to manufacturers of backsheets for photovoltaic solar panels. These films are marketed under the Arzona brand name.

Industrial Foils: Agfa Specialty Products supplies state-of-the-art PET film bases, chemical materials and high-tech (semi-)finished materials to industrial customers. These materials can be tailor-made according to customer specific requirements, for instance for the production of imaging products.

Advanced Coatings & Chemicals

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

Orgacon Electronic Materials: Agfa Specialty Products is an expert in the field of conductive *polymers* for use in an antistatic protection layer for films and components. Based on these products, Agfa has further developed its conductive Orgacon product line of printing inks, pastes and formulations for use in electronic devices and in – among other applications – *capacitive sensors, RFID antennas*, and *membrane switches*.
Despite the adverse currency effect (Euro versus Yen) the Orgacon product line reported a strong revenue growth in 2013 and strengthened its position in the antistatic applications.

Phototooling: Agfa Specialty Products is an important producer of phototooling film for the production of printed circuit boards (PCB) for the electronics industry. Producers of electronics use the film to register the extremely thin 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 2013, Agfa Specialty Products was able to keep its business and market share stable.

Membranes: In cooperation with VITO (the Flemish institute for technological research), Agfa Specialty Products developed flat sheet *membranes* for hydrogen production. Zirfon Perl is a high quality, very durable separator membrane for use in alkaline water electrolysis systems.

Financial Statements

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.

The accompanying notes are an integral part of these consolidated financial statements.

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF PROFIT OR LOSS

MILLION EURO	NOTE	2013	2012 RESTATED [1]
Revenue	**5**	**2,865**	**3,091**
Cost of sales		(2,031)	(2,222)
Gross profit		**834**	**869**
Selling expenses		(361)	(388)
Research and development expenses		(146)	(163)
Administrative expenses		(177)	(192)
Other operating income	9	163	131
Other operating expenses	10	(150)	(161)
Results from operating activities	**5**	**163**	**96**
Interest income (expense) – net		**(17)**	**(15)**
Interest income	11	2	3
Interest expense	11	(19)	(18)
Other finance income (expense) – net		**(54)**	**(70)** [1]
Other finance income	11	5	7
Other finance expense	11	(59)	(77) [1]
Net finance costs		**(71)**	**(85)** [1]
Profit (loss) before income taxes		**92**	**11** [1]
Income tax expense	12	(43)	(20)
Profit (loss) for the year		**49**	**(9)** [1]
Profit (loss) attributable to			
Owners of the Company		41	(19) [1]
Non-controlling interests		8	10
Earnings per share (Euro)			
Basic earnings per share (Euro)	28	0.25	(0.11) [1]
Diluted earnings per share (Euro)	28	0.25	(0.11) [1]

(1) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED DUE TO THE AMENDMENTS OF IAS 19 AS STATED IN IAS 19 (REVISED 2011).
AS A RESULT, 'OTHER FINANCE EXPENSE' FOR 2012 HAS BEEN RESTATED BY 22 MILLION EURO FROM MINUS 99 MILLION EURO TO MINUS 77 MILLION EURO. THIS RESTATEMENT ALSO IMPACTED THE 2012 EPS CALCULATION FROM MINUS 0.24 EURO TO MINUS 0.11 EURO.

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MILLION EURO	2013	2012 RESTATED [1]
Profit (loss) for the year	**49**	**(9)** [1]
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Exchange differences	**(35)**	**(5)**
Exchange differences on translation of foreign operations	(38)	(6)
Exchange differences on net investment hedge	4	2
Income tax on exchange differences on net investment hedge	(1)	(1)
Cash flow hedge	**(8)**	**5**
Effective portion of changes in fair value of cash flow hedges	(19)	(3)
Change in fair value of cash flow hedges reclassified to profit or loss	12	11
Income taxes	(1)	(3)
Available-for-sale financial assets	**2**	**-**
Changes in the fair value of available-for-sale financial assets	2	-
Income taxes	-	-
Items that will not be reclassified subsequently to profit or loss	**191**	**(104)** [1]
Remeasurements of the net defined benefit liability	191	(104) [1]
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX	**150**	**(104)** [1]
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO	**199**	**(113)** [1]
Owners of the Company	192	(123) [1]
Non-controlling interests	7	10

(1) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED. THE CHANGES FULLY RESULT FROM THE APPLICATION OF THE AMENDMENTS TO IAS 19 AS STATED IN IAS 19 (REVISED 2011). COMPARATIVE INFORMATION OVER 2012 HAS BEEN RESTATED. THE IMPACT RELATED TO THE CHANGES IN THE DETERMINATION OF THE DEFINED BENEFIT COST FOR 2012, HAS BEEN RECORDED IN THE PROFIT (LOSS) FOR THE PERIOD 2012 RESULTING IN AN INCREASE OF 22 MILLION EURO. THE REMEASUREMENTS OF THE NET DEFINED LIABILITY OVER THE PERIOD 2012 HAVE BEEN REFLECTED IN A SEPARATE LINE ITEM IN 'OTHER COMPREHENSIVE INCOME' CALLED 'REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY' (2012 : MINUS 104 MILLION EURO).

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MILLION EURO	NOTE	December 31, 2013	December 31, 2012 RESTATED (1)	January 1, 2012 RESTATED (1)
ASSETS				
Non-current assets		**1,066**	**1,156**	**1,221**
Intangible assets	13	618	654	681
Property, plant and equipment	14	242	277	301
Investments	15	11	10	15
Deferred tax assets	12	195	215	224
Current assets		**1,502**	**1,674**	**1,728**
Inventories	16	542	635	639
Trade receivables	17	585	636	672
Current tax assets		95	97	82
Other receivables and other assets	17	126	149	214
Deferred charges		25	27	20
Derivative financial instruments	7.5	3	3	1
Cash and cash equivalents	18	126	127	100
TOTAL ASSETS		**2,568**	**2,830**	**2,949**
EQUITY AND LIABILITIES				
Equity	19	**368**	**169** (1)	**291** (1)
Equity attributable to owners of the Company		**325**	**133** (1)	**256** (1)
Share capital		187	187	187
Share premium		210	210	210
Retained earnings		664	623 (1)	642
Reserves		(91)	(85)	(90)
Translation reserve		(28)	6	11
Post-employment benefits: remeasurements of the net defined benefit liability		(617)	(808) (1)	(704) (1)
Non-controlling interests		**43**	**36**	**35**
Non-current liabilities		**1,397**	**1,795** (1)	**1,692** (1)
Liabilities for post-employment and long-term termination benefit plans	20	1,002	1,315 (1)	1,246 (1)
Other employee benefits		11	12	13
Loans and borrowings	21	319	410	352
Provisions	22	11	15	25
Deferred income		1	1	4
Deferred tax liabilities	12	53	42	52
Current liabilities		**803**	**866**	**966**
Loans and borrowings	21	24	8	15
Provisions	22	160	173	223
Trade payables	23	239	278	275
Deferred revenue & advance payments	24	121	138	145
Current tax liabilities		54	56	47
Other payables	23	95	109	149
Employee benefits		97	99	94
Deferred income		3	3	4
Derivative financial instruments	7.5	10	2	14
TOTAL EQUITY AND LIABILITIES		**2,568**	**2,830**	**2,949**

(1) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS, WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED. THE CHANGES FULLY RESULT FROM THE APPLICATION OF THE AMENDMENTS TO IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS SUCH, THE NET DEFINED BENEFIT LIABILITY AT JANUARY 1, 2013 HAS INCREASED BY 786 MILLION EURO, BEING 767 MILLION EURO FOR THE GROUP'S MATERIAL COUNTRIES AND 19 MILLION EURO FOR THE OTHER COUNTRIES. THIS IMPACT HAS BEEN RECORDED IN EQUITY VIA RETAINED EARNINGS TO THE EXTENT RELATED TO THE CHANGES IN THE DETERMINATION OF THE DEFINED BENEFIT COST FOR 2012 RESULTING IN AN INCREASE OF 22 MILLION EURO, THE REMAINDER I.E. MINUS 808 MILLION EURO HAS BEEN REFLECTED IN A SEPARATE LINE ITEM IN EQUITY CALLED 'POST-EMPLOYMENT BENEFITS: REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY'. THE IMPACT OF THE CHANGES IN ACCOUNTING POLICY ARE ALSO REFLECTED IN THE RESTATED OPENING BALANCES AT JANUARY 1, 2012 AND THE CLOSING BALANCES AT DECEMBER 31, 2012. THE IMPACT ON THE CLOSING BALANCES AT DECEMBER 31, 2012 EQUALS THE IMPACT AT JANUARY 1, 2013.
THE OPENING BALANCES AT JANUARY 1, 2012 COMPRISE REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY AMOUNTING TO 704 MILLION EURO BEING 687 MILLION EURO FOR THE GROUP'S MATERIAL COUNTRIES AND 17 MILLION EURO FOR OTHER COUNTRIES.

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MILLION EURO	NOTE	ATTRIBUTABLE TO OWNERS OF THE COMPANY										Non-controlled interests	TOTAL EQUITY
		Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Share-based payment reserve	Hedging reserve	Remeasurement of the net defined benefit liability	Translation reserve	TOTAL		
Balance at January 1, 2012, as previously reported		187	210	642	(82)	(1)	-	(7)	-	11	**960**	35	**995**
Impact of change in accounting policy		-	-	-	-	-	-	-	(704)[1]	-	**(704)[1]**	-	**(704)[1]**
Restated balance at January 1, 2012		**187**	**210**	**642**	**(82)**	**(1)**	**-**	**(7)**	**(704)[1]**	**11**	**256[1]**	**35**	**291[1]**
Comprehensive income for the year													
Profit (loss) for the year as restated		-	-	(19)[1]	-	-	-	-	-	-	**(19)[1]**	10	**(9)[1]**
Other comprehensive income net of tax, as restated	19.8	-	-	-	-	-	-	5	(104)[1]	(5)	**(104)[1]**	-	**(104)[1]**
Total comprehensive income for the year		**-**	**-**	**(19)[1]**	**-**	**-**	**-**	**5**	**(104)[1]**	**(5)**	**(123)[1]**	**10**	**(113)[1]**
Transactions with owners, recorded directly in equity													
Dividends	19.7	-	-	-	-	-	-	-	-	-	**-**	(9)	**(9)**
Total transactions with owners, recorded directly in equity		-	-	-	-	-	-	-	-	-	**-**	**(9)**	**(9)**
Restated balance at December 31, 2012		**187**	**210**	**623[1]**	**(82)**	**(1)**	**-**	**(2)**	**(808)[1]**	**6**	**(133)[1]**	**36**	**(169)[1]**
Balance at December 31, 2012, as previously reported		187	210	601	(82)	(1)	-	(2)	-	6	**919**	36	**955**
Impact of change in accounting policy		-	-	22[1]	-	-	-	-	(808)[1]	-	**(786)[1]**	-	**(786)[1]**
Restated balance at January 1, 2013		**187**	**210**	**623[1]**	**(82)**	**(1)**	**-**	**(2)**	**(808)[1]**	**6**	**133[1]**	**36**	**169[1]**
Comprehensive income for the year													
Profit (loss) for the year		-	-	41	-	-	-	-	-	-	**41**	8	**49**
Other comprehensive income net of tax	19.8	-	-	-	-	2	-	(8)	191	(34)	**151**	(1)	**150**
Total comprehensive income for the year		**-**	**-**	**41**	**-**	**2**	**-**	**(8)**	**191**	**(34)**	**192**	**7**	**199**
Balance at December 31, 2013		**187**	**210**	**664**	**(82)**	**1**	**-**	**(10)**	**(617)**	**(28)**	**325**	**43**	**368**

(1) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED. THE CHANGES FULLY RESULT FROM THE APPLICATION OF THE AMENDMENTS TO IAS 19 AS STATED IN IAS 19 (REVISED 2011). COMPARATIVE INFORMATION OVER 2012 HAS BEEN RESTATED. THE IMPACT RELATED TO THE CHANGES IN THE DETERMINATION OF THE DEFINED BENEFIT COST FOR 2012, HAS BEEN RECORDED IN THE PROFIT (LOSS) FOR THE PERIOD 2012 RESULTING IN AN INCREASE OF 22 MILLION EURO. THE REMEASUREMENTS OF THE NET DEFINED LIABILITY OVER THE PERIOD 2012 HAVE BEEN REFLECTED IN A SEPARATE LINE ITEM IN 'OTHER COMPREHENSIVE INCOME' CALLED 'REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY' (2012 : MINUS 104 MILLION EURO).

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF CASH FLOWS

MILLION EURO	NOTE	2013	2012 RESTATED [1]
Profit (loss) for the period		49	(9) [1]
Adjustments for:			
Depreciation, amortization and impairment losses	13/14	86	87
Changes in fair value of derivative financial instruments		(1)	-
Granted subventions		(10)	(11)
(Gains) Losses on sale of non-current assets	9/10	(1)	-
Net finance costs	11	71	85 [1]
Income tax expense	12	43	20
		237	**172**
Changes in:			
Inventories		73	(7)
Trade receivables		26	29
Trade payables		(36)	4
Deferred revenue and advance payments		(11)	(7)
Other working capital		1	(12)
Non-current provisions		(158)	(103)
Current provisions		(10)	(31)
Cash generated from operating activities		**122**	**45**
Income taxes paid		(15)	(13)
Net cash from (used in) operating activities		**107**	**32**
Interest received		2	3
Dividends received		-	-
Proceeds from sale of intangible assets	13	2	3
Proceeds from sale of property, plant and equipment	14	4	3
Acquisitions of intangible assets	13	(2)	(3)
Acquisitions of property, plant and equipment	14	(38)	(41)
Changes in lease portfolio		11	12
Acquisitions of subsidiary, net of cash acquired	6	-	-
Changes in other investing activities		-	3
Net cash from (used in) investing activities		**(21)**	**(20)**
Interest paid		(19)	(29)
Dividends paid		-	-
Proceeds from borrowings	21.2.1	-	60
Repayment of borrowings		(70)	(8)
Other financial flows		11	(9)
Net cash from (used in) financing activities		**(78)**	**14**
Net increase (decrease) in cash and cash equivalents		**8**	**26**
Cash and cash equivalents at January 1		**125**	**98**
Effect of exchange rate fluctuations		**(8)**	**1**
Cash and cash equivalents at December 31	18	**125**	**125**

(1) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED DUE TO THE AMENDMENTS OF IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS A RESULT, 'NET FINANCE COSTS' FOR 2012 HAS BEEN RESTATED BY 22 MILLION EURO FROM MINUS 107 MILLION EURO TO MINUS 85 MILLION EURO.

1. REPORTING ENTITY

Agfa-Gevaert NV ('the Company') is a company domiciled in Belgium. The address of the Company's registered office is Septestraat 27, 2640 Mortsel.

The 2013 Consolidated Financial Statements of the Group include the Company and 98 consolidated subsidiaries (2012: 100 consolidated subsidiaries) controlled by the Company. Investments in subsidiaries and associates are listed in note 29.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union up to December 31, 2013.

The consolidated statements of the Group as disclosed in this annual report take into account the impact of the following new or revised IFRSs, which are effective for the first time for annual periods beginning on January 1, 2013:
• *Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)*
• *IFRS 13 Fair Value Measurement*
• *Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)*
• *IAS 19 Employee Benefits (2011)*

With the exception of the amendment to IAS 19, above listed new or revised IFRSs didn't have a significant impact on the Company's consolidated financial statements.

In June 2011, the IASB published amendments to IAS 19 Employee Benefits effective for annual periods beginning on or after January 1, 2013. Due to the requirement to provide comparative information, the Company transitioned to IAS 19 (revised 2011) on January 1, 2013. The resulting change in equity on that date amounts to minus 786 million Euro.
The opening balances at January 1, 2012 and the closing balances at December 31, 2012 as well as profit (loss) for the period and other comprehensive income over 2012 have been restated in order to reflect the change in accounting policy. The impact of the first time application of IAS 19 (revised 2011) is explained in more detail under 20.1. 'Liabilities for post-employment and long-term termination benefit plans'.

The Group has not early adopted any new IFRS requirements that were not yet effective in 2013 except for the amendment to IAS 36 *Impairment of Assets - Recoverable amount disclosures for non-financial assets*. It requires the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated to be disclosed only when an impairment loss has been recognized or reversed.

Further information is provided in note 4 'New standards and interpretations not yet adopted'.

The consolidated financial statements were authorized for issue by the Board of Directors on March 27, 2014.

2.2 BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value; and
- Plan assets attributable to the Company's defined benefit retirement plans and other post-employment benefit plans are measured at fair value.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest million, except when otherwise indicated.

2.4 USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make certain judgments, 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 judgment 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 judgments, assumptions and accounting estimates	Explanatory notes
The discounted cash flows used for impairment testing	Note 13 'Intangible assets'
The useful lives of intangible assets with finite useful lives	Note 13 'Intangible assets'
The assessment of the adequacy of provisions for pending or expected income tax audits over previous years	Note 12 'Income taxes'
The recoverability of deferred tax assets	Note 12 'Income taxes'
The actuarial assumptions used for the measurement of defined benefit obligations	Note 20 'Employee benefits'
Revenue recognition with regard to multiple-element arrangements	Note 24 'Deferred revenue and advance payments'

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF CONSOLIDATION

3.1.1 Business combinations

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. With respect to associates, the carrying amount of goodwill is included in the carrying amount of the investment.

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.

3.1.2 Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3.1.3 Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of a subsidiary are included in the consolidated financial statements from the acquisition date until the date when the parent ceases to control the subsidiary.

3.1.3.1 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 (i.e. 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.

3.1.4 Loss of control

On 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.

3.1.5 Investments in associates

An associate is an entity in which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. An investment in an associate is accounted for using the equity method

from the date on which it becomes an associate and is recognized initially at cost. The cost of the investment includes transaction costs. On acquisition of the investment, any difference between the cost of the investment and the Company's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as follows:
- Goodwill relating to an associate is included in the carrying amount of the investment.
- Any excess of the Company's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Company's share of the associate's profit or loss in the period in which the investment is acquired.

If there is an indication that an investment in an associate may be impaired, the accounting policy with respect to impairment is applied.

3.1.5.1 Elimination of unrealized profits and losses on transactions with associates
Profits and losses resulting from upstream and downstream transactions between the Company – included its consolidated subsidiaries – and an associate must be eliminated to the extent of the Company's interest in the associate.
Upstream transactions are, for example, sales of assets from an associate to the Company. Downstream transactions are, for example, sales of assets from the Company to an associate.

3.1.5.2 When an investment ceases to be an associate
From the date when the Company ceases to have significant influence over an associate, it accounts for related investment in accordance with IAS 39 from that date. On the loss of significant influence, the Company measures at fair value any investment the Company retains in the former associate.

The Company recognizes in profit or loss any difference between:
- the fair value of any retained investment and any proceeds from disposing of the (partial) interest in the associate; and
- the carrying amount of the investment at the date when significant influence is lost.

3.1.6 Jointly controlled entities and jointly controlled operations

3.1.6.1 Jointly controlled entity
A jointly controlled entity is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.
Investments in jointly controlled entities are accounted for using the equity method and are recognized at cost. The cost of the investment includes transaction costs.

3.1.6.2 Jointly controlled operation
A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

3.1.7 Transactions eliminated on consolidation

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 FOREIGN CURRENCY

Items included in the financial statements of each of the Company'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.

3.2.1 Foreign currency transactions

All transactions in currencies other than the functional currency are foreign currency transactions. 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 profit or loss. Non-monetary assets and liabilities measured at historical cost that are denominated in foreign currencies are translated using the exchange rate at the date of the transaction.

3.2.2 Foreign operations

A foreign operation is an entity that is a subsidiary, associate, joint venture or branch of the Company, the activities of which are based or conducted in a currency other than the Euro.
The financial statements of foreign operations are translated for the purpose of the consolidation as follows:

- assets and liabilities are translated at the closing rate;
- income and expenses are translated at average exchange rates; and
- equity components are translated at historical rates, excluding current year movements, which are translated at actual rates.

All resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity. The amount attributable to any non-controlling interests is allocated to and recognized as part of non-controlling interests.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. When the disposal of a foreign operation relates to a subsidiary, the cumulative amount of the exchange differences that have been attributed to non-controlling interests are derecognized and reclassified to retained earnings.

On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to non-controlling interests in that foreign operation. Any other partial disposal of a foreign operation – related to an associate, joint venture or branch of the Company – results in a reclassification to profit or loss of the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income.

A partial disposal of an entity's interest in a foreign operation is any reduction in an entity's ownership interest in a foreign operation, except for those reductions resulting in:

- the loss of control of a subsidiary;
- the loss of significant influence over an associate;
- the loss of joint control over a jointly controlled entity.

These reductions are accounted for as disposals resulting in a reclassification from other comprehensive income to profit or loss of the cumulative amount of the exchange differences relating to that foreign operation.

3.2.3 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 other comprehensive income.

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 other comprehensive income, while the ineffective portion is reported in profit or loss.

3.3 FINANCIAL INSTRUMENTS

Financial instruments include a broad range of financial assets and liabilities. They include both primary financial instruments such as cash, receivables, debt and shares in another entity and derivative financial instruments.

3.3.1 Non-derivative financial assets

The Group initially recognizes loans and receivables on the date that they are originated. All other non-derivative financial assets are recognized on the trade date when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. In a transaction where an entity neither transfers nor retains substantially all of the risks and rewards of ownership of a financial asset, the related asset is derecognized in case the entity lost control of the asset. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
The Group has the following categories of non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

3.3.1.1 Financial assets at fair value through profit or loss

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 profit or loss.
Non-derivative financial assets at fair value through profit or loss comprise investments in mutual funds.

3.3.1.2 Held-to-maturity financial assets

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 (see note 3.7). Held-to-maturity financial assets comprise debt securities with a short term maturity and consequently presented under 'Cash and cash equivalents' as well as debt securities with a longer maturity date that are presented under 'Investments'.

3.3.1.3 Loans and receivables

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

using the effective interest rate method, less any impairment losses (see note 3.7). Loans and receivables comprise trade receivables, lease and other receivables, cash on hand, demand deposits and checks as well as loans and receivables included in investments. Cash and cash equivalents categorized under loans and receivables comprise cash balances, demand deposits and checks with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Group in the management of its short-term commitments.

3.3.1.4 Available-for-sale financial assets

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 plus any directly attributable transaction costs, except for unquoted equity instruments whose fair value cannot be estimated reliably. These investments are carried at cost. A gain or loss arising from a change in fair value of an investment classified as available-for-sale is recognized in other comprehensive income except for foreign exchange gains and losses on available-for-sale monetary items and impairment losses on all available-for-sale financial assets, which are recognized in profit or loss. 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 gains or losses previously accumulated in other comprehensive income are reclassified to profit or loss.

3.3.2 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.

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 profit or loss over the expected life of the instrument on an effective interest rate basis.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Non-derivative financial liabilities comprise debentures, uncommitted bank facilities, revolving and other credit facilities, trade and other payables.

3.3.3 Share capital

3.3.3.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from retained earnings.

3.3.3.2 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 under the caption 'Reserve for own shares'. Cancelled treasury shares are transferred from 'Reserve for own shares' to 'Retained earnings'.

3.3.4 Derivative financial instruments

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 other comprehensive income or in profit or loss.

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 December 31, 2013, being the present value of the quoted forward price.

3.3.4.1 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 profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss.

3.3.4.2 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 other comprehensive income. When the forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, the cumulative gain or loss is reclassified from other comprehensive income to profit or loss as a reclassification adjustment in the same period during which the asset acquired or liability assumed affects profit or loss (in the periods that depreciation expense or cost of sales is recognized). When the hedge relates to financial assets or liabilities, the cumulative gain or loss on the hedging instrument is reclassified from other comprehensive income to profit or loss in the same period during which the hedged forecasted cash flow 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 profit or loss.

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 other comprehensive income 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 other comprehensive income is recognized in profit or loss immediately.

3.4 PROPERTY, PLANT AND EQUIPMENT

3.4.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period;
- Capitalized borrowing costs.

For self-constructed assets, directly attributable costs are 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 and capitalized borrowing costs.

3.4.2 Subsequent costs

Expenses for the repair of property, plant and equipment are usually expensed as incurred. They are, however, capitalized when they increase the future economic benefits embodied in the item of property, plant and equipment.

3.4.3 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.

3.4.4 Depreciation

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 from the date they are available for use. For leased assets, the depreciation period is the estimated useful life of the asset, or the lease term if shorter.

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

Owned assets	
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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5 INTANGIBLE ASSETS AND GOODWILL

3.5.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.1 Business combinations.

3.5.1.1 Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

3.5.2 Research and development

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.

3.5.3 Other intangible assets

Intangible assets with indefinite useful lives, such as trademarks, are stated at cost less accumulated impairment losses. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses.

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.

3.5.4 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.
All other expenditure is recognized in profit or loss as incurred.

3.5.5 Amortization

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, such as acquired technology and customer relationships are amortized on a straight-line basis over their estimated useful lives, generally for periods ranging from three to 20 years.
Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 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.

3.7 IMPAIRMENT

3.7.1 Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. When indication for impairment exists, the asset's recoverable amount is estimated.

3.7.1.1. Financial assets measured at amortized cost

The recoverable amount of the Group's loans and receivables and held-to-maturity financial assets is the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. When the carrying amount of a financial asset is higher than its recoverable amount, an impairment loss is recognized in profit or loss and the carrying amount of related asset is reduced through use of an allowance account.

An impairment loss recognized in prior periods on financial assets measured at amortized cost 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.

For trade accounts receivable, the Company assesses at least on a quarterly basis the biggest outstanding accounts receivable (totaling +/- 70% of total accounts receivable) individually for collectibility.

Adjustments to the allowance account are made based on professional judgment and taking into account following general principles:
- All receivables of which the collection is handled by the legal department are fully impaired;
- The remaining outstanding receivables – receivables not individually assessed or handled by the legal department – are impaired based on the number of days overdue;
- Doubtful accounts receivable that are credit insured are only impaired based on the risk that is contractually retained by the Group;
- Outstanding amounts covered by a letter of credit are not impaired.

To cover the credit risk of the lease receivables, the Company assesses at least on a quarterly basis all lease receivables individually for collectibility.
Adjustments to the allowance account are generally made based on the number of days overdue. Deviations however remain possible based on supporting evidence from the Credit and Collections department. In assessing the recoverability of the lease receivables, management considers remarketing values, credit insurance and the existence of a letter of credit.

3.7.1.2 Available-for-sale financial assets

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

Impairment losses on available-for-sale financial assets that are measured at fair value are recognized by reclassifying the losses accumulated in 'Revaluation reserve' in other comprehensive income to profit or loss.

The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and

amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.
However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

3.7.2 Non-financial assets

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), based on a debt-equity ratio of an average market participant. An additional risk premium was added to the cost of equity.
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 profit or loss.

Consideration is given at each reporting date to determine whether there is any indication of impairment of the carrying amounts of the Group's property, plant and equipment and intangible assets with finite useful lives.
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 profit or loss and the carrying amount of related asset is reduced through use of an allowance account.

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.

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.

3.8 ASSETS HELD FOR SALE OR DISTRIBUTION

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.

3.9 EMPLOYEE BENEFITS

3.9.1 Defined contribution plans

Contributions to defined contribution pension plans are recognized as an expense in profit or loss as incurred.

3.9.2 Defined benefit plans

For defined benefit plans, the amount recognized in the statement of financial position is determined as the present value of the defined benefit obligation less the fair value of any plan assets. Where the calculation results in a net surplus, the recognized asset does not exceed 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 present value of the defined benefit obligations (DBO) and the service costs are calculated by a qualified actuary using the projected unit credit method. Under this method projected benefits that are payable each future year are discounted to the reporting date at the assumed interest rate. The resulting total benefit obligation is then allocated to past service, presenting the DBO and year-in-service, presenting the service cost. The assumed interest rate is the discount rate based on yields at reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. In determining the net present value of the future benefit entitlement for service already rendered (DBO), the Group considers future compensation and benefit increases. The DBO also comprises the present value from the effects of taxes payable by the plan on contributions or benefits relating to services already rendered.

The amount charged to profit or loss consists of current service cost, past service cost, gain or loss on settlement, net interest cost and administrative expenses and taxes. Current service costs as well as administrative expenses and taxes, which are borne by the employer(s) participating to the plan, are allocated among functional costs: cost of sales, research and development expenses, selling and general administrative expenses, following the functional area of the corresponding profit and cost centers.
Past service cost and settlement gains (losses) are recognized immediately in profit or loss under 'Sundry other operating income' or 'Sundry other operating expense' when the plan amendment, curtailment or settlement occurs. Administrative expenses which are related to the management of plan assets and taxes directly linked to the return on plan assets – borne by the plan itself – are included in the return on plan assets and are recognized in 'Other comprehensive income, net of income taxes (OCI)'.

Net interest cost is recognized in profit or loss under 'Other finance expense'. It is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability. The net interest cost is broken down into interest income on plan assets and interest cost on the defined benefit obligation. The difference between the return on plan assets and the intrest income on plan assets is included in line item 'Post-employment benefits: remeasurements of the net defined benefit liability' and recognized in 'Other comprehensive income, net of income taxes'.

Next to the difference between the actual return and the intrest income on plan assets, the line item 'Post-employment benefits: remeasurements of the net defined benefit liability' also comprises actuarial gains and losses resulting for example from an adjustment of the discount rate. These changes are all presented in 'Other comprehensive income, net of income taxes'.

Pre-retirement pensions are treated as termination benefits.

3.9.3 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 reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

3.9.4 Termination benefits

Termination benefits are recognized as a liability and an expense when a Group company is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- 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 reporting date, they are discounted using a discount rate which is the yield at reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

3.9.5 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid within twelve months if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.9.6 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 reporting 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 profit or loss, and a corresponding adjustment to other comprehensive income over the remaining vesting period. When the options are exercised, other comprehensive income is increased by the amount of the proceeds received.

3.10 PROVISIONS

Provisions are recognized in the statement of financial position when a Group company has a present obligation (legal or constructive) as a result of a past event and when 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 reporting 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.

3.10.1 Warranties
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.

3.10.2 Restructuring
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.

3.10.3 Site restoration
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.

3.10.4 Onerous contracts
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.

3.11 REVENUE

Revenues are recorded net of sales taxes, customer discounts, rebates and similar charges.

The Group recognizes revenue in profit or loss 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.

3.11.1 Sale of goods
For product sales including the sale of consumables, chemicals, spare parts, stand-alone equipment 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.

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

3.11.3 Royalties
Fees and royalties paid for the use of the Company's assets are recognized on an accrual basis in accordance with the terms and substance of the relevant agreement. In some cases, whether or not a licence fee or royalty will be received is contingent on the occurrence of a future event. In such cases, revenue is recognized only when it is probable that the fee or royalty will be received, which is generally when the event has occurred.

3.11.4 Multiple-element arrangements
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:
- they have value to the customer on a stand-alone basis;
- there is objective and reliable evidence of the fair value of the undelivered element(s) and;
- 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 Agfa 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 Agfa 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 Agfa HealthCare solutions which have not met the three major milestones as defined in the 'Solution Launch Process' 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.

3.12 INCOME FROM LEASE ARRANGEMENTS

3.12.1 Finance leases

Receivables from finance leases in which the Company as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognized at an amount equal to the discounted future minimum lease payments. Finance lease income – reported under 'Sundry operating income' – is subsequently recognized based on a pattern reflecting constant periodic rate of return on the net investment using the effective interest method. On manufacturing leases, a selling profit component is recognized on the basis of the policy for sale of goods. This means that the Company recognizes revenue and related profit margin at the moment a manufacturing organization or any related company invoices Agfa Finance at commencement of the lease contract with the external customer. The major portion of the finance lease agreements in which the customer is to be regarded as the economic owner, are concluded by Agfa Finance (i.e. Agfa Finance NV, its subsidiaries and Agfa Finance Corp.).
Multiple-element arrangements that are subject to a finance lease arrangement follow the same revenue recognition policy as if no financing agreement has been included.

3.12.2 Bundle deals

A bundle deal is a commercial contract whereby a certain piece of equipment is financed by means of a medium or long-term agreement under which the customer commits to purchase a certain level of consumables at a mark-up price. Finance lease payments made under bundle deal contracts are apportioned between the reduction of the outstanding receivable and consideration from consumables sold on the basis of their relative fair values.

3.12.3 Operating leases

Operating lease income for rental of business accommodation and equipment – reported under 'Sundry other operating income' – is recognized on a straight-line basis over the lease term. An arrangement that is not in the legal form of a lease is accounted for as a lease if it is dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

3.12.4 Sale and leaseback transactions

Profit from sale and leaseback transactions is recognized immediately if significant risks and rewards of ownership have passed to the buyer, the leaseback results in a operating lease and the transaction is established at fair value.

3.13 GOVERNMENT GRANTS

Government grants are recognized on profit or loss when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. Grants that compensate the Group for expenses incurred are recognized in profit or loss under the same functional reporting line item as the corresponding expenses. They are recognized as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Grants awarded for the purchase or production of assets (Intangibles or Property, plant and equipment) are recognized initially as deferred income and then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.
Government grants for future expenses are recorded as deferred income.

3.14 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 loans and borrowings 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 such as the net interest cost of defined benefit plans and the interest component of long-term termination benefits;
- 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; and
- Other finance income (expense).

Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset. Dividend income is recognized in profit or loss 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 profit or loss using the effective interest rate method.

The net interest cost of defined benefit plans is determined by multiplying the net defined benefit liability by the discount rate that is used to measure the defined benefit obligation, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.
The interest component of long-term termination benefits comprises the impact of unwinding the liability as well as the impact of the changed discount rate.

3.15 INCOME TAX

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

3.15.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

3.15.2 Deferred tax

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 reporting 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.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

3.16 DISCONTINUED OPERATIONS

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see note 3.8), if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

3.17 SEGMENT REPORTING

The Group's management identified three operating segments: Agfa Graphics, Agfa HealthCare and Agfa 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 Center and the Global Shared Services (ICS, HR and Purchasing) 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 Agfa Specialty Products and the manufacturing of film consumables worldwide.

Operating income and expenses and operating assets and liabilities that relate to film consumables, Corporate Center and Global Shared Services are 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 balances in connection with the sale of the Group's former Consumer Imaging business to the AgfaPhoto Group of companies in 2004.

4. 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, 2013 and have not been applied in preparing the consolidated financial statements. The Group will not adopt these standards early. It relates to:

• IFRS 9 *Financial Instruments*
In November 2009, the IASB issued IFRS 9 *Financial Instruments*, amending the classification and measurement of financial assets. In November 2013, an amendment was passed removing the effective implementation date of January 1, 2015. The IASB will determine an effective date once the classification, measurement and impairment phases of IFRS 9 are finalized.

According to IFRS 9 *Classification and measurement of financial assets*, 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 or 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 or loss when the financial asset is derecognized, impaired or reclassified.

In October 2010, the IASB reissued IFRS 9, to incorporate new requirements for the classification and measurement of financial liabilities and to incorporate existing derecognition requirements.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model and to introduce new requirements for the accounting and presentation of an entity's own debt when measured at fair value. With the introduction of the new hedge accounting model, an amendment to IFRS 7 *Financial Instruments: Disclosures*, was issued requiring additional hedge accounting disclosures. This amendment is effective when IFRS 9 is first applied.

The implementation of IFRS 9 is not expected to have a material impact on the consolidated financial statements.

• IFRS 10 *Consolidated Financial Statements*
In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements* effective for annual periods beginning on or after January 1, 2014 with retrospective application. This standard establishes principles for the presentation and preparation of consolidated financial statements. The inclusion of a company's participating interests in the consolidated statements is based on a principle of control as defined in the standard. This standard supersedes the previous version of IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – special purpose entities*. The implementation of this standard will not have an impact on the consolidated financial statements.

In June 2012, the IASB issued a Transition Guidance that clarifies and facilitates the first-time application of this standard.

• IFRS 11 *Joint Arrangements*
In May 2011, the IASB issued IFRS 11 *Joint Arrangements* effective for annual periods beginning on or after January 1, 2014 with retrospective application. The standard defines the accounting for joint arrangements whereby control is shared with a third party. The accounting treatment is determined by the rights and obligations from the

joint arrangement rather than by its legal form. Joint arrangements are classified as either joint operations or joint ventures. Interests in joint ventures should be accounted for using the equity method. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities*. The implementation of this standard will not have an impact on the consolidated financial statements.

In June 2012, the IASB issued a Transition Guidance that clarifies and facilitates the first-time application of this standard.

• IFRS 12 *Disclosure of Interests in Other Entities*
In May 2011, the IASB issued IFRS 12 *Disclosure of Interests in Other Entities* effective for annual periods beginning on or after January 1, 2014 with retrospective application. IFRS 12 addresses the information to be disclosed on interests in subsidiaries, associates, joint arrangements and non-consolidated entities. The objective of these disclosures is to enable users of the financial statements to understand the nature of the interests in other entities, risks associated with them and the effects on the consolidated financial statements. The Group will disclose all information required in accordance with this revised standard.

In June 2012, the IASB issued a Transition Guidance to clarify and facilitate the first-time application of this standard.

• Amendments to IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*
In May 2011, in the light of the new standards IFRS 10 and IFRS 12, the IASB reissued IAS 27 and IAS 28 effective for annual periods beginning on or after January 1, 2014 with retrospective application. The new standard IAS 27 focuses entirely on accounting for investments in subsidiaries, jointly controlled entities and associates in separate financial statements when the entity elects or is required by local regulations, to present separate (non-consolidated) financial statements. The revised standard 28 prescribes the accounting for investments in associates and joint ventures and sets out the requirements for the use of the equity method. It stipulates that IFRS 5 applies to an investment in an associate that meets the criteria to be classified as held-for-sale. On cessation of significant influence, the entity does not remeasure the retained interest. The application of these amendments will not have a material impact on the consolidated financial statements.

• *Offsetting Financial Assets and Financial Liabilities* (amendments to IAS 32)
In December 2011, the IASB issued an amendment to IAS 32 effective for annual periods beginning on or after January 1, 2014 with retrospective application. The amendments clarify rights to set-off financial assets and liabilities and rights for a simultaneous settlement. Gross and net offsetting amounts should be disclosed in the notes to the consolidated financial statements. This amendment will not have a material impact on the consolidated financial statements.

• *Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle*
In December 2013, the IASB issued a next set of *Annual Improvements to IFRSs* effective for annual periods beginning on or after July 1, 2014. They mainly consist of editorial changes to existing standards to clarify guidance and wording. These amendments address the definition of vesting and other conditions (IFRS 2); clarify the accounting for contingent consideration in business combinations (IFRS 3) and define scope exceptions for joint ventures; clarify the requirement to disclose the judgments used in applying the aggregation criteria to operating segments and clarify when reconciliations of segment assets are required (IFRS 8); clarify the fair value measurement of short-term receivables and payables (IFRS 13); clarify the revaluation method for property, plant and equipment and intangible assets; clarify that an entity providing key management personnel services is a related party to the reporting entity (IAS 24) and

clarify the interrelationship between *Business Combinations* and *Investment Property*. These amendments will not have an impact on the consolidated financial statements.

• *IFRIC 21 Levies*
In May 2013, the IASB published IFRIC 21 *Levies*, to be applied for annual periods beginning or after January 1, 2014. IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The IFRIC is not applicable to income taxes. It is expected not to have a material impact on the Group's consolidated financial statements.

• *Amendments to IAS 39 Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting*
In June 2013, the IASB issued a limited exception to IAS 39, to introduce new rules for continuing an existing hedging relationship using a novated derivative. A novation occurs when the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. The new rules enable a derivative to remain a hedging instrument in a continuing hedge accounting relationship despite its novation if certain criteria are met. The amendment is to be applied for annual periods beginning on or after January 1, 2014. It is expected not to have a material impact on the Group's consolidated financial statements.

• *Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions*
In November 2013, the IASB issued a narrow-scope amendment to IAS 19 *Defined benefit plans – employee contributions*, applicable for annual periods beginning on or after July 1, 2014. These amendments address the accounting for contributions from employees or third parties to defined benefit pension plans that are independent of the number of years of service rendered, for example where the contributions are a fixed percentage of salary throughout the period of employment. Such contributions may be accounted for as a reduction in current service cost in the period in which the related service was rendered instead of attributing them to the periods of service.
The changes are not expected to have a material impact on the Group's consolidated financial statements.

5. REPORTABLE SEGMENTS

The Group distinguishes three reportable segments: Agfa Graphics, Agfa HealthCare and Agfa 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 Agfa Graphics, Agfa HealthCare and Agfa Specialty Products comprise the following activities:

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 major player in the commercial, packaging printing and the newspaper publishing markets with its *computer-to-film*, *computer-to-plate* and digital *proofing* systems. In addition to these activities, Agfa Graphics is developing its position in the digital printing markets with inkjet equipment and the related software, consumables and high-quality inks for various applications such as signs and displays, posters, banners, labels and packaging materials.

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 business group is also a key player on the healthcare enterprise IT market, integrating administrative, financial and clinical workflows for individual hospitals and hospital groups.

Agfa Specialty Products supplies a wide variety of products to large business-to business customers outside the graphic and healthcare markets. On the one hand, the business group produces classic film-based products, such as film for *non-destructive testing*, the motion picture industry and aerial photography, as well as microfilm and film for the production of *printed circuit boards*. On the other hand, Agfa Specialty Products targets promising growth markets with innovative solutions. Examples are synthetic papers, conductive *polymers*, materials for high-security ID documents and *membranes* for hydrogen production.

The accounting policies of the reportable segments are the same as described in note 3.

Operating results, assets and liabilities and cash flows not allocated to a reportable segment relate mainly to inactive employees.

Key data for the reportable segments are based on the internal management reports and have been calculated as follows:
- Recurring EBIT is the result from operating activities before restructuring and non-recurring items;
- % of revenue is the ratio of recurring EBIT to revenue;
- Segment result is the profit from operating activities;
- 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) reportable segments is the excess of cash receipts over cash disbursements from activities that result from a reportable segment. The financial flows, the interest received and cash flows from other investing activities are not attributed to a reportable segment;
- 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 inventory, past service costs (credits) and gains and losses on settlements of defined benefit liabilities, granted subventions and additions and reversals of provisions, excluding provisions for income tax, to the extent reflected in results from operating activities.

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 revenue.

KEY DATA BY BUSINESS

Reportable Segment	Agfa Graphics		Agfa HealthCare		Agfa Specialty Products		TOTAL	
MILLION EURO	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	**1,491**	1,652	**1,160**	1,212	**214**	227	**2,865**	3,091
Change	**(9.7)%**	3.5%	**(4.3)%**	3.0%	**(5.7)%**	(9.2)%	**(7.3)%**	2.2%
Recurring EBIT	**61**	53	**77**	91	**10**	-	**148**	144
% of revenue	**4.1%**	3.2%	**6.6%**	7.5%	**4.7%**	-	**5.2%**	4.7%
Segment result	**39**	26	**72**	76	**8**	(3)	**119**	99
Segment assets	**750**	872	**1,221**	1,314	**123**	140	**2,094**	2,326
Segment liabilities	**373**	436 (1) (2)	**447**	508 (1)	**47**	58 (1)	**867**	1,002 (1) (2)
Net cash from (used in) reportable segments	**74**	17	**75**	81	**21**	21	**170**	119
Capital expenditures	**20**	22	**18**	18	**2**	4	**40**	44
Amortization and depreciation	**37**	38	**39**	43	**4**	5	**80**	86
Impairment losses recognized on fixed assets	**6**	-	**-**	-	**-**	1	**6**	1
Other non-cash items	**89**	95	**92**	97	**14**	17	**195**	209
Research and development expenses	**40**	49	**97**	105	**9**	9	**146**	163
Average number of employees (Full time equivalents)	**4,848**	5,067	**5,816**	5,727	**621**	718	**11,285**	11,512

(1) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS, WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED. THE CHANGES FULLY RESULT FROM THE APPLICATION OF THE AMENDMENTS TO IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS SUCH, THE NET DEFINED BENEFIT LIABILITY AT JANUARY 1, 2013 HAS INCREASED BY 786 MILLION EURO OF WHICH 269 MILLION EURO COULD BE ATTRIBUTED TO THE REPORTABLE SEGMENTS.
AS SUCH, THE 2012 SEGMENT LIABILITIES HAVE BEEN RESTATED FROM 282 MILLION EURO TO 435 MILLION EURO FOR AGFA GRAPHICS, FROM 420 MILLION EURO TO 508 MILLION EURO FOR AGFA HEALTHCARE, FROM 30 MILLION EURO TO 58 MILLION EURO FOR AGFA SPECIALTY PRODUCTS AND FROM 732 MILLION EURO TO 1,001 MILLION EURO FOR THE TOTAL SEGMENT LIABILITIES.

(2) THE RESTATED 2012 SEGMENT LIABILITIES FOR AGFA GRAPHICS MOREOVER COMPRISE THE FAIR VALUE OF METAL SWAP AGREEMENTS AMOUNTING TO 1 MILLION EURO. THE TOTAL RESTATED SEGMENT LIABILITIES FOR 2012 THEREFORE AMOUNTED TO 1,002 MILLION EURO OF WHICH 436 MILLION EURO FOR AGFA GRAPHICS.

RECONCILIATION OF REVENUE, RECURRING EBIT, PROFIT OR LOSS, ASSETS, LIABILITIES, CASH FLOWS AND OTHER MATERIAL ITEMS

MILLION EURO	2013	2012
Revenue		
Revenue for reportable segments	2,865	3,091
Consolidated revenue	**2,865**	**3,091**
Recurring EBIT		
Recurring EBIT for reportable segments	148	144
Recurring EBIT not allocated to a reportable segment	(4)	(5)
Consolidated recurring EBIT	**144**	**139**
Profit or loss		
Segment result	119	99
Profit (loss) from operating activities not allocated to a reportable segment	44	(3)
Results from operating activities	163	96
Other unallocated amounts:		
Interest income (expense) - net	(17)	(15)
Other finance income (expense) - net	**(54)**	**(70)** (1)
Consolidated profit (loss) before income taxes	**92**	**11** (1)
Assets		
Total assets for reportable segments	2,094	2,326
Operating assets not allocated to a reportable segment	2	2
Investments	11	10
Deferred tax assets	195	215
Receivables under finance leases	84	96
Derivative financial instruments	3	3
Cash and cash equivalents	126	127
Other unallocated receivables	53	51
Consolidated total assets	**2,568**	**2,830**
Liabilities		
Total liabilities for reportable segments	867	1,002 (2)
Operating liabilities not allocated to a reportable segment	856	1,114 (2)
Loans and borrowings	343	418
Deferred tax liabilities	53	42
Derivative financial instruments	1	1
Other unallocated liabilities	80	84
Consolidated total liabilities	**2,200**	**2,661**
Cash flows		
Net cash from (used in) reportable segments	170	119
Operating cash flows not allocated to a reportable segment	(86)	(113)
Net interest paid	(17)	(26)
Net proceeds from borrowings	(70)	52
Other financial flows	11	(9)
Change in other investing activities	-	3
Consolidated net increase (decrease) in cash and cash equivalents	**8**	**26**

(1) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED DUE TO THE AMENDMENTS OF IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS A RESULT, OTHER NET FINANCE INCOME (EXPENSE) FOR 2012 HAS BEEN RESTATED BY 22 MILLION EURO FROM MINUS 92 MILLION EURO TO MINUS 70 MILLION EURO.

(2) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS, WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED. THE CHANGES FULLY RESULT FROM THE APPLICATION OF THE AMENDMENTS TO IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS SUCH, THE NET DEFINED BENEFIT LIABILITY AT JANUARY 1, 2013 HAS INCREASED BY 786 MILLION EURO, OF WHICH 269 MILLION EURO COULD BE ATTRIBUTED TO THE REPORTABLE SEGMENTS AND THE REMAINDER OF 517 MILLION EURO WAS NOT ALLOCATED TO A REPORTABLE SEGMENT. THE RESTATED 2012 LIABILITIES FOR REPORTABLE SEGMENTS MOREOVER COMPRISE A RECLASSIFICATION OF 1 MILLION EURO FROM 'OPERATING LIABILITIES NOT ALLOCATED TO A REPORTABLE SEGMENT', RELATING TO METAL SWAP AGREEMENTS.

Other material items 2013

MILLION EURO	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures – cash outflows	40	-	40
Amortization and depreciation	80	-	80
Impairment losses recognized on fixed assets	6	-	6
Other non-cash items	195	(46) (1)	149
Research and development expenses	146	-	146

(1) THIS NON CASH INCOME RELATES TO PAST-SERVICE CREDITS AND SETTLEMENT GAINS ON DEFERRED BENEFIT PLANS.
THE TOTAL IMPACT AMOUNTS TO 65 MILLION EURO OF WHICH 46 MILLION EURO COULD NOT BE ATTRIBUTED TO A REPORTABLE SEGMENT.
THE 65 MILLION EURO IS REPORTED UNDER OTHER OPERATING INCOME (SEE NOTE 9) AND EXPLAINED IN MORE DETAIL IN NOTE 20.1 EMPLOYEE BENEFITS.

Other material items 2012

MILLION EURO	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures – cash outflows	44	-	44
Amortization and depreciation	86	-	86
Impairment losses recognized on fixed assets	1	-	1
Other non-cash items	209	(1)	208
Research and development expenses	163	-	163

Geographical information 2013

MILLION EURO	Revenue by market (2)	Non-current assets (3)
Europe (1)	1,144	513
NAFTA	716	295
Latin America	270	30
Asia/Oceania/Africa	735	33
TOTAL	2,865	871
(1) WHICH INCLUDES THE COUNTRY OF DOMICILE BELGIUM.	41	141

(2) LOCATION OF CUSTOMERS.
(3) EXCLUDING DEFERRED TAX ASSETS.

Geographical information 2012

MILLION EURO	Revenue by market (2)	Non-current assets (3)
Europe (1)	1,246	544
NAFTA	752	318
Latin America	300	37
Asia/Oceania/Africa	793	42
TOTAL	3,091	941
(1) WHICH INCLUDES THE COUNTRY OF DOMICILE BELGIUM.	44	149

(2) LOCATION OF CUSTOMERS.
(3) EXCLUDING DEFERRED TAX ASSETS.

6. ACQUISITIONS AND DIVESTITURES

During 2012 and 2013 there were no acquisitions nor divestitures.

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 the Group's Treasury Committee. Derivatives used are over-the-counter instruments, particularly forward exchange contracts. Since a few years, the Group also concludes metal swaps.

7.1 MARKET RISK

7.1.1 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, accounts payable and other monetary items 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 statement of financial position or profit or loss.

7.1.2 Foreign currency transaction risk in the statement of financial position

The currencies that primarily impact the net foreign currency exposure on the statement of financial position are the US Dollar, Pound Sterling, Canadian Dollar and Australian Dollar.
With regard to these currencies, the Group was exposed as of December 31, 2013 to the following foreign currency risk:

MILLION FOREIGN CURRENCY	Net exposure of receivables and payables	Hedging		Net position
		Cash, cash equivalents loans & deposits	Derivative Financial Instruments	
December 31, 2013				
USD	139.6	(197.4)	78.7	20.9
GBP	6.6	(33.7)	24.8	(2.3)
CAD	(10.5)	(1)	-	(11.5)
AUD	11.1	(9.3)	-	1.8
December 31, 2012				
USD	127.6	(152.7)	37.1	12
GBP	6.9	(30.4)	23.9	0.4
CAD	(9.9)	6.8	-	(3.1)
AUD	13.2	(8.9)	-	4.3

The aim of Group's management regarding transaction exposure in the statement of financial position is to minimize, over the short term, the revaluation results – both realized and unrealized – of items in the statement of financial position 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 items in the statement of financial position in foreign currency using derivative financial instruments such as forward exchange contracts. As of December 31, 2013, the outstanding derivative financial instruments are mainly 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 profit or loss.

7.1.3 Foreign currency translation risk in the statement of financial position

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 other comprehensive income ('Translation reserve') unless any hedging mechanism exists.

All subsidiaries and associates have as functional currency the currency of the country in which they operate. The currencies giving rise to the Group's translation risk in the statement of financial position are primarily the US Dollar, Canadian Dollar, Pound Sterling and Chinese Renminbi.

MILLION FOREIGN CURRENCY	Net investment in a foreign entity	
	December 31, 2013	December 31, 2012
USD	298	390
CAD	209	297
RMB	632	563
GBP	12	98

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

The foreign currency exposure of the Group's net investment in one of its subsidiaries in the United States (Agfa Corporation) is hedged using forward exchange contracts (120 million US Dollar). As of December 31, 2013, the hedge of the net investment in Agfa Corporation (US) has been determined to be effective and as a result the effective portion of the gain on the hedging instruments has been recognized directly in 'Other comprehensive income' (Translation reserve: 31 million Euro, net of tax).

7.1.4 Foreign currency risk in profit or loss

Foreign currency risk in profit or loss 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 profit (loss) for the year 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 in profit or loss 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 exposure in profit or loss 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 2013, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in Pound Sterling and US Dollar related to highly probable forecasted revenue 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 'Other comprehensive income' (December 31, 2013: 0 million Euro). During 2013, gains amounting to 1 million Euro have been recognized in 'Other comprehensive income'. An amount of 1 million Euro gains has been reclassified from 'Other comprehensive income' and included in 'Revenue'.

In the course of 2012, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in Pound Sterling related to highly probable forecasted revenue 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 'Other comprehensive income' (December 31, 2012: 0 million Euro). During 2012, losses amounting to 1 million Euro have been recognized in 'Other comprehensive income'. An amount of 1 million Euro losses has been reclassified from other comprehensive income and included in revenue.

7.1.5 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 budgeted net exposure for the year 2013, net of the use of cash flow hedges.

	Profit or loss			
	2013		2012	
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	(5.7)	5.7	2.4	(2.4)
CAD	1.0	(1.0)	3.5	(3.5)
GBP	(2.0)	2.0	(1.9)	1.9
AUD	(3.4)	3.4	(4.3)	4.3

7.1.6 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 primarily relates to the Group's net financial debt position, including the FX-swaps and its interest component that economically hedge intercompany loans and deposits. For the most important currencies the following interest rate profile exists at the reporting date:

	Outstanding amount			
	2013		2012	
MILLION EURO	At floating rate	At fixed rate	At floating rate	At fixed rate
EUR	(13)	319	44	319
USD	21	-	43	-
GBP	(32)	-	(29)	-
RMB	(20)	-	(23)	-
CAD	(8)	-	(53)	-
AUD	(4)	-	(7)	-
JPY	3	-	4	-

7.1.7 Sensitivity analysis

A change of 100 basis points in interest rates at December 31, 2013 would have increased (decreased) profit or loss 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 for 2012.

	Profit or loss	
	100 bp increase	100 bp decrease
December 31, 2013		
Net impact	1.0	(1.0)
December 31, 2012		
Net impact	0.3	(0.3)

7.1.8 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.

In order to prevent negative effects from potential future price rises or price volatility of aluminum, the Group applies for aluminum a strategy of purchasing at spot rates combined with a system of 'Rolling layered forward buying'.

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 Chief Executive Officer takes the final decision.

This 'Rolling layered forward buying' is partly 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 and by means of metal swap agreements. These metal swap agreements are concluded with investment banks and are designated as 'cash flow hedges', hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum. These commodity contracts are 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 'Other comprehensive income' (December 31, 2013: minus 10 million Euro; December 31, 2012: minus 2 million Euro). During 2013, losses amounting to 21 million Euro have been recognized in 'Other comprehensive income'. An amount of 13 million Euro has been reclassified from 'Other comprehensive income' to 'Cost of sales'.

It should also 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.

7.2 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 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 and deposits 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.

7.2.1 Exposure to credit risk

As a result of the Group's broad customer portfolio, there were no significant concentrations of credit risk at December 31, 2013. Credit risk related to PIIGS countries, i.e. Portugal, Italy, Ireland, Greece and Spain is monitored closely on an ongoing basis by the Credit Committees of the Group and managed centrally. The maximum exposure is kept within predefined limits.

The carrying amounts of the financial assets, including derivative financial instruments, in the statement of financial position 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	2013	2012
Available-for-sale financial assets			
Included in investments	15	7	5
Included in cash & cash equivalents	18	-	3
Held-to maturity investments			
Included in investments	15	-	-
Included in cash & cash equivalents	18	-	-
Financial assets at fair value through profit or loss			
Derivatives designated as hedge of a net investment - assets	7.5	-	2
Derivatives designated as cash flow hedges - assets	7.5	1	-
Derivatives not part of a hedging relationship - assets	7.5	2	1
Included in investments	15	2	2
Loans and receivables			
Trade receivables	17	585	636
Receivables under finance leases	17	84	96
Other financial receivables	17	24	36
Loans and receivables included in investments	15	1	1
Cash on hand, demand deposits and checks	18	126	124

7.2.2 Impairment losses

The Group assesses at least on a quarterly basis 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 and receivables under finance lease at the reporting date was:

	2013			2012		
MILLION EURO	Gross value	Impairment loss	Net	Gross value	Impairment loss	Net
Trade receivables						
Not past due	501	(2)	**499**	540	(4)	**536**
Past due 0 – 30 days	30	(1)	**29**	38	(1)	**37**
Past due 31 – 90 days	19	(1)	**18**	36	(2)	**34**
Past due more than 90 days	100	(61)	**39**	97	(68)	**29**
Total trade receivables	**650**	**(65)**	**585**	**711**	**(75)**	**636**
Receivables under finance leases						
Not past due	85	(1)	**84**	93	(1)	**92**
Past due 0 – 30 days	-	-	**-**	-	-	**-**
Past due 31 – 90 days	-	-	**-**	4	-	**4**
Past due more than 90 days	-	-	**-**	1	(1)	**-**
Total receivables under finance leases	**85**	**(1)**	**84**	**98**	**(2)**	**96**
Loans receivable						
Not past due	-	-	**-**	-	-	**-**
Past due 0 – 30 days	-	-	**-**	-	-	**-**
Past due 31 – 90 days	-	-	**-**	-	-	**-**
Past due more than 90 days	1	-	**1**	1	-	**1**
Total loans receivable	**1**	**-**	**1**	**1**	**-**	**1**

Past due amounts are not impaired when collection is still considered likely or sufficient collaterals have been obtained. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk.

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

MILLION EURO	2013	2012
Balance at January 1	**77**	**84**
Additions/reversals charged to profit or loss	3	9
Deductions from allowance [1]	(13)	(16)
Exchange differences	(1)	-
Balance at December 31	**66**	**77**

(1) WRITE-OFFS FOR WHICH AN ALLOWANCE WAS PREVIOUSLY RECORDED.

In 2012, an impairment loss of 4 million Euro in respect of held-to-maturity investments was recognized based on financial difficulties being experienced by the issuer of these securities.

7.3 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. Risk concentrations are monitored on an ongoing basis by the Treasury Committee.

In managing its liquidity risk the Group has a revolving credit facility it can access to meet its liquidity needs. In the course of 2011, the Company renewed the revolving credit facility in the amount of 445 million Euro with maturity date May 31, 2016. Drawdowns 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 following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments based on conditions existing at the reporting date, i.e. exchange rates and interest rates. With regard to derivatives, the maturity analysis comprises liabilities arising from derivatives and all gross settled forward exchange contracts. The contractual cash flows for forward exchange contracts are determined using forward rates.

2013 MILLION EURO	**Carrying amount**	**TOTAL**	**Contractual cash flows**			
			3 months or less	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Debenture	189	**205**	-	8	197	-
Revolving credit facility [1]	(2)	**-**	-	-	-	-
EIB loan	130	**147**	10	16	115	6
Other loans	26	**27**	9	15	3	
Trade payables	239	**239**	239		-	-
Other financial liabilities	59	**59**	58		1	-
Derivative financial liabilities						
Forward exchange contracts designated as hedge of a net investment						
Outflow	-	**(87)**	(87)	-	-	-
Inflow	-	**87**	87	-	-	-
Forward exchange contracts designated as cash flow hedges						
Outflow	-	**(29)**	(29)	-	-	-
Inflow	1	**30**	30	-	-	-
Other forward exchange contracts						
Outflow	(1)	**(157)**	(157)	-	-	-
Inflow	1	**157**	157	-	-	-
Swap contracts designated as cash flow hedges:	(9)	**(9)**	(2)	(7)	-	-

(1) TRANSACTION COSTS ARE INCLUDED IN THE INITIAL MEASUREMENT OF THE FINANCIAL LIABILITY (2 MILLION EURO). AT DECEMBER 31, 2013 NO DRAWDOWNS UNDER THIS FACILITY.

2012 MILLION EURO	Carrying amount	TOTAL	Contractual cash flows			
			3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	189	**214**	-	8	206	-
Revolving credit facility [(1)]	87	**90**	90	-	-	-
EIB loan	130	**153**	3	3	114	33
Other loans	12	**13**	1	7	5	-
Trade payables	278	**278**	278		-	-
Other financial liabilities	68	**68**	66		2	-
Derivative financial liabilities						
Forward exchange contracts designated as hedge of a net investment						
Outflow	-	**(93)**	(93)	-	-	-
Inflow	2	**95**	95	-	-	-
Forward exchange contracts designated as cash flow hedges						
Outflow	-	**(12)**	(12)	-	-	-
Inflow	-	**12**	12	-	-	-
Other forward exchange contracts						
Outflow	(1)	**(154)**	(145)	(9)	-	-
Inflow	1	**154**	145	9	-	-
Swap contracts designated as cash flow hedges	(1)	**(1)**	(1)	-	-	-

(1) TRANSACTION COSTS ARE INCLUDED IN THE INITIAL MEASUREMENT OF THE FINANCIAL LIABILITY (3 MILLION EURO)

The following table indicates the periods in which the cash flows associated with cash flow hedges and hedge of a net investment are expected to occur and impact the profit or loss with the fair value of the related hedging instruments.

2013 MILLION EURO	Expected cash flows					
	Fair value	TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Derivative financial instruments designated as cash flow hedges and hedge of a net investment						
Forward exchange contracts						
Inflows	1	**117**	117	-	-	-
Outflows	-	**(116)**	(116)	-	-	-
Swap contracts						
Inflows	-	**-**	-	-	-	-
Outflows	(9)	**(9)**	(2)	(7)	-	-

2012 MILLION EURO	Expected cash flows					
	Fair value	TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Derivative financial instruments designated as cash flow hedges and hedge of a net investment						
Forward exchange contracts						
Inflows	2	**107**	107	-	-	-
Outflows	-	**(105)**	(105)	-	-	-
Swap contracts						
Inflows	-	**-**	-	-	-	-
Outflows	(1)	**(1)**	(1)	-	-	-

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

7.4 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 loans and borrowings 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.

7.5 ACCOUNTING CLASSIFICATION AND FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. All derivative financial instruments are recognized at fair value in the statement of financial position.

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

2013 MILLION EURO	NOTE	Measured at fair value			Measured at amortized cost			Total carrying amount	Fair value
		Held for trading	Designated at fair value through profit or loss	Available-for-sale	Held-to-maturity	Loans and receivables	Available-for-sale		
ASSETS									
Financial assets included in investments	15	-	2	7	-	1	-	**10**	10
Trade receivables	17	-	-	-	-	585	-	**585**	585
Receivables under finance leases	17	-	-	-	-	84	-	**84**	84
Other financial receivables	17	-	-	-	-	24	-	**24**	24
Derivative financial instruments									
Forward exchange contracts used for hedging		1	-	-	-	-	-	**1**	1
Other forward exchange contracts		1	-	-	-	-	-	**1**	1
Others swap contracts		1	-	-	-	-	-	**1**	1
Cash and cash equivalents	18	-	-	-	-	126	-	**126**	126
TOTAL		**3**	**2**	**7**	**-**	**820**	**-**	**832**	**832**
LIABILITIES									
Loans and borrowings	21								
Non-current bank liabilities		-	-	-	-	130	-	**130**	132
Current bank and other credit liabilities		-	-	-	-	24	-	**24**	24
Debenture		-	-	-	-	189	-	**189**	191
Trade payables	23	-	-	-	-	239	-	**239**	239
Other financial payables	23	-	-	-	-	59	-	**59**	59
Derivative financial instruments									
Swap contracts used for hedging		9	-	-	-	-	-	**9**	9
Other forward exchange contracts		1	-	-	-	-	-	**1**	1
TOTAL		**10**	**-**	**-**	**-**	**641**	**-**	**651**	**655**

2012 MILLION EURO	NOTE	Measured at fair value			Measured at amortized cost			Total carrying amount	Fair value
		Held for trading	Designated at fair value through profit or loss	Available-for-sale	Held-to-maturity	Loans and receivables	Available-for-sale		
ASSETS									
Financial assets included in investments	15	-	2	5	-	1	-	**8**	8
Trade receivables	17	-	-	-	-	636	-	**636**	636
Receivables under finance leases	17	-	-	-	-	96	-	**96**	96
Other financial receivables	17	-	-	-	-	36	-	**36**	36
Derivative financial instruments									
Forward exchange contracts used for hedging		2	-	-	-	-	-	**2**	2
Other forward exchange contracts		1	-	-	-	-	-	**1**	1
Cash and cash equivalents	18	-	-	3	-	124	-	**127**	127
TOTAL		**3**	**2**	**8**	**-**	**893**	**-**	**906**	**906**
LIABILITIES									
Loans and borrowings	21								
Non-current bank liabilities		-	-	-	-	221	-	**221**	224
Current bank and other credit liabilities		-	-	-	-	8	-	**8**	8
Debenture		-	-	-	-	189	-	**189**	186
Trade payables	23	-	-	-	-	278	-	**278**	278
Other financial payables	23	-	-	-	-	68	-	**68**	68
Derivative financial instruments									
Swap contracts used for hedging		1	-	-	-	-	-	**1**	1
Other forward exchange contracts		1	-	-	-	-	-	**1**	1
TOTAL		**2**	**-**	**-**	**-**	**764**	**-**	**766**	**766**

7.5.1 Basis for determining fair values

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

7.5.1.1 Available-for-sale financial assets

Investments in equity securities, other than associates, 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 reporting date.

7.5.1.2 Financial assets and liabilities at fair value through profit or loss

The fair value of forward exchange contracts is their quoted market price at the reporting date. 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.

7.5.1.3 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.

7.5.1.4 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, and the loan from the European Investment Bank (EIB), all carrying amounts of financial liabilities approximate fair value as drawdowns are made for short periods. The fair value of the debenture is the quoted market price at the reporting date. The fair value for the EIB loan as presented in the fair value table is the nominal amount of the loan. There is no active market for the EIB loan, but management is of the opinion that the nominal value approximates the fair value. The fair value of the non-current bank liabilities, as presented in the fair value table, is the nominal amount of the liabilities, excluding transaction costs of 2 million Euro. For finance leases the market rate of interest is determined by reference to similar lease contracts.

7.5.1.5 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).

The table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

MILLION EURO	December 31, 2013			December 31, 2012		
	Fair value hierarchy			Fair value hierarchy		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Available-for-sale financial assets						
Carried at fair value (incl. marketable securities)	7	-	-	8	-	-
Financial assets/liabilities carried at fair value						
Classified as held for trading						
Forward exchange contracts designated as hedge of a net investment						
Assets	-	-	-	-	2	-
Liabilities	-	-	-	-	-	-
Swap contracts designated as cash flow hedges						
Assets	-	-	-	-	-	-
Liabilities	-	(9)	-	-	(1)	-
Forward exchange contracts designated as cash flow hedges						
Assets	-	1	-	-	-	-
Liabilities	-	-	-	-	-	-
Derivatives not part of a designated hedging relationship						
Assets	-	2	-	-	1	
Liabilities	-	(1)	-	-	(1)	
Designated at fair value through profit or loss	2	-	-	2	-	-

7.6 ITEMS OF INCOME, EXPENSE, GAINS AND LOSSES ON FINANCIAL INSTRUMENTS RECOGNIZED IN PROFIT OR LOSS

MILLION EURO	2013					
	Loans and receivables	Held-to-maturity invest-ments	Available-for-sale financial assets	Held for trading (derivates only)	Financial liabilities carried at amortized cost	TOTAL
Interest income	2	-	-	-	-	**2**
Interest expense	-	-	-	-	(19)	**(19)**
Finance lease income	8	-	-	-	-	**8**
Impairment charges	(9)	-	-	-	-	**(9)**
Income from reversal of impairment losses	6	-	-	-	-	**6**
Change in fair value of financial instruments not part of a hedging relationship	-	-	-	1	-	**1**
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	-	-	-	-	**-**
Changes in fair value of cash flow hedges reclassified from other comprehensive income to profit or loss	-	-	-	(12)	-	**(12)**

MILLION EURO	2012					
	Loans and receivables	Held-to-maturity invest-ments	Available-for-sale financial assets	Held for trading (derivates only)	Financial liabilities carried at amortized cost	TOTAL
Interest income	5	-	-	-	-	**5**
Interest expense	-	-	-	-	(18)	**(18)**
Finance lease income	12	-	-	-	-	**12**
Impairment charges	(17)	(4)	-	-	-	**(21)**
Income from reversal of impairment losses	8	-	-	-	-	**8**
Change in fair value of financial instruments not part of a hedging relationship	-	-	-	-	-	**-**
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	-	-	-	-	**-**
Changes in fair value of cash flow hedges reclassified from other comprehensive income to profit or loss	-	-	-	(11)	-	**(11)**

8. INFORMATION ON THE NATURE OF EXPENSES

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

MILLION EURO	NOTE	2013	2012
Cost of raw materials, goods purchased for resale and production related costs		1,275	1,540
Cost of services purchased		86	93
Personnel expenses		928	949
Amortization & depreciation	13/14	80	86
Impairment losses on intangible assets & property, plant and equipment		6	1
Write-down on inventories	16	25	27
Impairment losses on loans and receivables	10	9	17

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) to the extent reflected in the cost of sales as comprised in profit or loss for the year.

Cost of services purchased cover the external preliminary work for the processing or manufacturing of products and projects on behalf of the company to the extent reflected in the cost of sales as comprised in profit or loss for the year.

Personnel expenses in 2013 amounted to 928 million Euro compared to 949 million Euro in 2012. The decrease of 21 million Euro is mainly explained by the evolution in wages and salaries (decrease of 29 million Euro), partly compensated by personnel related restructuring expenses (increase of 13 million Euro).

The breakdown of personnel expenses is as follows:

MILLION EURO	2013	2012
Wages and salaries	716	745
Social security contributions	140	142
Expenses for post-employment	34	31
Personnel related restructuring expenses	38	25
Other personnel expenses	-	6
TOTAL	**928**	**949**

Expenses for post-employment (2013: 34 million Euro, 2012: 31 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 2013 amounted to 11,285 (2012: 11,512). Classified per corporate function, this average can be presented as follows:

	2013	2012
Manufacturing/Engineering	3,444	3,546
Research & Development	1,525	1,594
Sales & Marketing/Service	4,362	4,371
Administration	1,954	2,001
TOTAL	**11,285**	**11,512**

9. OTHER OPERATING INCOME

MILLION EURO	2013	2012
Exchange gains on operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	45	48
Recharge to customer	14	14
Reversal of unutilized provisions recognized in previous years	9	10
Reversal of impairment losses on loans and receivables	6	8
Finance lease income	8	12
Past service credits and settlement gains	65	1
Gains on the sale of property, plant & equipment	1	0
Other income	15	38
TOTAL	**163**	**131**

Past service credits and gains on settlement of post-employment benefit plans are explained in more detail in note 20.1 Liabilities for post-employment and long-term termination benefit plans, defined benefit costs for 2013 and previous year.

Income from recharge to customers mainly reflects the recharge of freight and research and development expenses.

Finance lease income mainly comprises interest income and income from the sale of receivables under finance lease.

10. OTHER OPERATING EXPENSES

In 2013, the Group has recorded restructuring expenses of 45 million Euro (2012: 29 million Euro) of which 38 million Euro (2012: 25 million Euro) relates to employee termination costs and 6 million Euro relates to impairment losses on property, plant and equipment (see note 14).

MILLION EURO	2013	2012
Exchange losses on operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	61	57
Restructuring expenses	45	29
Impairment losses on loans and receivables	9	17
Provisions	7	13
Bank charges	3	4
Impairment losses on goodwill - Identis	0	1
Operating and finance lease expenses	2	3
Other expenses	23	37
TOTAL	**150**	**161**

11. NET FINANCE COSTS

MILLION EURO	2013	2012
Interest income		
on bank deposits	2	3
TOTAL INTEREST INCOME	**2**	**3**
Interest expense on financial liabilities measured at amortized cost		
on bank loans	(11)	(10)
on debentures	(8)	(8)
TOTAL INTEREST EXPENSE	**(19)**	**(18)**
Other finance income		
Exchange gains on non-operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	4	4
Loans and receivables		
Interest income on trade and other receivables	-	2
Other finance income	1	1
TOTAL OTHER FINANCE INCOME	**5**	**7**
Other finance expense		
Defined benefit cost treated as other finance income (expense) and interest portion on other interest-bearing provisions (1)	(43)	(61) (3)
Exchange losses on non-operating activities net of change in fair value of derivative financial instruments not part of a hedging relationship	(8)	(5)
Liabilities at amortized cost		
Interest expense on other liabilities	-	-
Available-for-sale financial assets		
Losses on the disposal of available-for-sale financial assets	(1)	-
Held-to-maturity investments		
Impairment loss recognized	-	(4)
Other finance expense	(7)	(7)
TOTAL OTHER FINANCE EXPENSE	**(59)**	**(77)** (3)
Net finance costs	**(71)** (2)	**(85)** (2)(3)

(1) THE INTEREST PORTION OF OTHER INTEREST-BEARING PROVISIONS PRIMARILY COMPRISES THE ALLOCATION OF INTEREST ON PROVISIONS FOR PRE-RETIREMENT.

(2) THE NET FINANCE COSTS INCLUDE THE FOLLOWING INTEREST INCOME AND EXPENSE IN RESPECT OF ASSETS (LIABILITIES) NOT AT FAIR VALUE THROUGH PROFIT OR LOSS.

TOTAL INTEREST INCOME ON FINANCIAL ASSETS	2	5
TOTAL INTEREST EXPENSE ON FINANCIAL LIABILITIES	(19)	(18)

(3) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED DUE TO THE AMENDMENTS OF IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS A RESULT, THE 2012 DEFINED BENEFIT COST HAS BEEN RESTATED BY 22 MILLION EURO FROM 83 MILLION EURO TO 61 MILLION EURO.

12. INCOME TAXES

12.1 RECOGNIZED IN THE STATEMENT OF PROFIT OR LOSS

MILLION EURO	2013	2012
Current tax expense	17	26
Current tax related to this year	17	24
Current tax related to prior years	-	2
Deferred tax expense (income)	26	(6)
Income tax expense	**43**	**20**

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.

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 carry forwards 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 Agfa Graphics and Agfa 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.

12.2 RELATIONSHIP BETWEEN INCOME TAX EXPENSE AND PROFIT (LOSS) BEFORE INCOME TAXES

12.2.1 Summary 2013

MILLION EURO	
Profit (loss) before income taxes	92
Income tax expense	43
Tax rate	**46.74%**

12.2.2 Reconciliation of effective tax rate

MILLION EURO	
Profit (loss) before income taxes	92
Theoretical income tax expense (income)	30
Theoretical tax rate [1]	**32.61%**
Disallowed items	5
Tax free income	(6)
Tax losses for which no deferred tax asset has been recorded	36
Reversal of deductible temporary differences for which no deferred tax asset had been recognized	(19)
Other	(3)
Income tax expense	**43**
Effective tax rate	**46.74%**

12.2.3 Summary 2012

MILLION EURO	
Profit (loss) before income taxes	11 [2]
Income tax expense	20
Tax rate	**181.82%** [2]

12.2.4 Reconciliation of effective tax rate

MILLION EURO	
Profit (loss) before income taxes	11 [2]
Theoretical income tax expense (income)	4 [2]
Theoretical tax rate [1]	**36.36%** [2]
Disallowed items	5
Tax free income	(2)
Tax expense (income) due to tax provisions	1
Impact of utilization of tax losses carried forward	(1)
Tax losses for which no deferred tax asset has been recorded	36
Reversal of deductible temporary differences for which no deferred tax asset had been recognized	(25)
Net reversal of deferred tax balances recorded previous years: primarily related to tax losses	5
Other	(3) [2]
Income tax expense	**20**
Effective tax rate	**181.82%** [2]

(1) THE THEORETICAL TAX RATE IS THE WEIGHTED AVERAGE TAX RATE OF THE COMPANY AND ALL SUBSIDIARIES INCLUDED IN THE CONSOLIDATION..

(2) DURING 2013 THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE DEFINED BENEFIT LIABILITY HAS CHANGED DUE TO THE AMENDMENTS OF IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS A RESULT, 'PROFIT (LOSS) BEFORE INCOME TAXES' HAS BEEN RESTATED BY 22 MILLION EURO FROM MINUS 11 MILLION EURO TO 11 MILLION EURO. THIS RESTATEMENT ALSO IMPACTED THE 'THEORETICAL INCOME TAX EXPENSE (INCOME)' FROM MINUS 3 MILLION EURO TO 4 MILLION EURO AND 'OTHER' FROM 4 MILLION EURO TO MINUS 3 MILLION EURO.

12.3 DEFERRED TAX ASSETS AND LIABILITIES

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

	December 31, 2013			December 31, 2012		
MILLION EURO	Assets	Liabilities	Net	Assets	Liabilities	Net
Intangible assets	97	32	65	106	36	70
Property, plant and equipment	9	20	(11)	9	24	(15)
Investments	2	-	2	8	-	8
Inventories	19	11	8	19	16	3
Receivables	3	4	(1)	4	6	(2)
Provisions and liabilities for post-employment benefits	27	61	(34)	35	51	(16)
Other current assets & other liabilities	6	2	4	10	1	9
Deferred tax assets and liabilities related to temporary differences	**163**	**130**	**33**	**191**	**134**	**57**
Tax loss carry-forwards	105	-	105	111	-	111
Excess tax credits	4	-	4	5	-	5
Deferred tax assets/liabilities	**272**	**130**	**142**	**307**	**134**	**173**
Set off of tax	(77)	(77)	-	(92)	(92)	-
Net deferred tax assets/liabilities	**195**	**53**	**142**	**215**	**42**	**173**

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

12.4 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: 278 million Euro (2012: 229 million Euro);
- Tax credits: 38 million Euro (2012: 42 million Euro);
- Temporary differences: 259 million Euro (2012: 94 million Euro).

The adoption of IAS 19 (revised 2011) has had a significant effect on the unrecognized deferred tax assets in respect of temporary differences. The impact of the related change is situated in entities of the Group for which the Group's management estimated that it is not sufficient probable that the related tax benefit would be realized.

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				
2014	-	1	-	**1**
2015	-	-	-	**-**
2016	-	2	-	**2**
2017	-	2	1	**3**
2018	-	-	13	**13**
after	-	3	2	**5**
No expiry	259	270	22	**551**
TOTAL	**259**	**278**	**38**	**575**

12.5 MOVEMENT IN TEMPORARY DIFFERENCES DURING 2012-2013

MILLION EURO	December 31, 2011	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	December 31, 2012	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	December 31, 2013
Intangible assets	69	-	1	-	-	70	-	(5)	-	-	65
Property, plant and equipment	(18)	-	3	-	-	(15)	-	2	-	2	(11)
Investments	8	-	-	-	-	8	-	(7)	-	1	2
Inventories	7	-	(4)	-	-	3	-	6	-	(1)	8
Receivables	(5)	-	3	-	-	(2)	-	2	-	(1)	(1)
Provisions and liabilities for post-employment benefits	(14)	-	(1)	-	(1)	(16)	-	(19)	-	1	(34)
Other current assets & other liabilities	17	-	(3)	(5)	-	9	-	(2)	-	(3)	4
Deferred tax assets and liabilities related to temporary differences	**64**	**-**	**(1)**	**(5)**	**(1)**	**57**	**-**	**(23)**	**-**	**(1)**	**33**
Tax loss carry-forwards	96	-	14	1	-	111	-	(2)	(2)	(2)	105
Excess tax credits	12	-	(7)	-	-	5	-	(1)	-	-	4
Deferred tax assets/liabilities	**172**	**-**	**6**	**(4)**	**(1)**	**173**	**-**	**(26)**	**(2)**	**(3)**	**142**

13. INTANGIBLE ASSETS

MILLION EURO	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives							TOTAL
	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	
Cost at December 31, 2011	**615**	**17**	**42**	**216**	**107**	**13**	**103**	**67**	**1**	**1,181**
Exchange differences	(3)	-	-	-	(1)	-	(1)	1	-	**(4)**
Change in consolidation scope	-	-	-	-	-	-	-	-	-	**-**
Capital expenditures	-	-	-	-	-	-	1	5	-	**6**
Retirements	-	-	-	-	-	-	-	(6)	-	**(6)**
Transfers	-	-	-	-	-	-	4	2	-	**6**
Cost at December 31, 2012	**612**	**17**	**42**	**216**	**106**	**13**	**107**	**69**	**1**	**1,183**
Exchange differences	(21)	-	-	(3)	(1)	-	(2)	-	-	**(27)**
Change in consolidation scope	-	-	-	-	-	-	-	-	-	**-**
Capital expenditures	-	-	-	-	-	-	1	5	-	**6**
Retirements	-	-	-	-	-	-	-	(3)	-	**(3)**
Transfers	-	-	-	-	-	-	3	1	(1)	**3**
Cost at December 31, 2013	**591**	**17**	**42**	**213**	**105**	**13**	**109**	**72**	**-**	**1,162**
Accumulated amortization and impairment losses December 31, 2011	**91**	**4**	**32**	**142**	**68**	**6**	**99**	**58**	**-**	**500**
Exchange differences	-	-	-	(1)	1	-	(1)	-	-	**(1)**
Change in consolidation scope	-	-	-	-	-	-	-	-	-	**-**
Amortization during the year	-	-	3	14	4	1	3	5	-	**30**
Impairment loss during the year	1	-	-	-	-	-	-	-	-	**1**
Retirements	-	-	-	-	-	-	-	(1)	-	**(1)**
Transfers	-	-	-	-	-	-	-	-	-	**-**
Accumulated amortization and impairment losses December 31, 2012	**92**	**4**	**35**	**155**	**73**	**7**	**101**	**62**	**-**	**529**
Exchange differences	(4)	-	1	(3)	(1)	-	(1)	-	-	**(8)**
Change in consolidation scope	-	-	-	-	-	-	-	-	-	**-**
Amortization during the year	-	-	3	10	4	1	3	4	-	**25**
Impairment loss during the year	-	-	-	-	-	-	-	-	-	**-**
Retirements	-	-	-	-	-	-	-	(2)	-	**(2)**
Transfers	-	-	-	-	-	-	-	-	-	**-**
Accumulated amortization and impairment losses December 31, 2013	88	4	39	162	76	8	103	64	-	**544**
Carrying amount December 31, 2011	**524**	**13**	**10**	**74**	**39**	**7**	**4**	**9**	**1**	**681**
Carrying amount December 31, 2012	**520**	**13**	**7**	**61**	**33**	**6**	**6**	**7**	**1**	**654**
Carrying amount December 31, 2013	**503**	**13**	**3**	**51**	**29**	**5**	**6**	**8**	**-**	**618**

In 2013, the capital expenditures for intangible assets amount to 6 million Euro (2012: 6 million Euro). Cash outflows for additions to intangible assets amount to 2 million Euro (2012: 3 million Euro) in the consolidated statement of cash flows. The difference of 4 million Euro (2012: 3 million Euro) relates to attributed Combined Heat and Power (CHP) certificates and emission rights which did not result in a cash outflow.

At year-end 2013 and 2012, the Group has tested its goodwill and intangible assets with indefinite useful lives, being trademarks fully attributed to the operating segment Agfa HealthCare, for impairment. In addition, the Group assessed whether there was an indication of impairment for intangible assets with finite useful lives. These tests did not result in the recording of any impairment loss.

The Group's management has reviewed the appropriateness of the useful lives of its major intangible assets at year-end 2013. This review has not resulted in revised amortization periods. More information on the underlying assumptions of the useful lives is provided in section 13.2 of this note.

13.1 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. Agfa Graphics, Agfa HealthCare and Agfa 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 an average market participant's weighted average cost of equity and debt capital (WACC). The WACC considers a debt/equity ratio for an average market's participant increased with an additional risk premium to the cost of equity. The cost of debt is based on the conditions on which comparable companies can obtain long-term financing.

The discount rate is calculated for each cash-generating unit independently, considering the debt/equity ratio of each peer group. The pre-tax discount rates are derived from the WACC by means of iteration.
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.

13.1.1 CGU Agfa Graphics

At December 31, 2013, the carrying amount of the CGU Agfa Graphics comprises goodwill of 33 million Euro.

At year-end 2013, the Group tested its goodwill of the CGU Agfa 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 Agfa 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 the business plan period a terminal value is computed using a growth rate of 0.0% for the prepress business, 2.0% for the *inkjet* business and 0.0% 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: 6.72% (2012: 6.56%).
- Pre-tax discount rate: 8.35% (2012: 8.19%).
- Terminal growth rate (after five years): 0.0% (2012: 0.0%) for the prepress business, 2.0% (2012: 2.0%) for the inkjet business and 0.0% (2012: 2.0%) for the packaging business.
- Aluminum: range between 1,538-1,654 Euro/Ton (2012: 1,720-1,840 Euro/Ton).
- Silver: range between 18-22.5 USD/Troz. (2012: 22-33 USD/Troz.).
- Exchange rate US dollar/Euro: 1.30 (2012: 1.25).
- Net working capital: the estimated future cash flows take into account continuing efforts to improve working capital. Within the Agfa Graphics business segment, over a five-year period, the target for the days of inventories on hand (DIOH) is a reduction of up to a maximum of five days. This will be mainly triggered by the rationalization of the Agfa Graphics product portfolio.
- Revenue and gross margin: revenue and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

A sensitivity analysis on the WACC has been performed. The analysis on WACC changes was based on a 100 basis points increase. Based upon this sensitivity analysis, management is of the opinion that a reasonable, possible change in this assumption would not trigger an impairment loss to occur.

13.1.2 CGU Agfa HealthCare

At December 31, 2013, the carrying amount of the CGU Agfa HealthCare comprises goodwill of 470 million Euro.

At year-end 2013, the Group tested its goodwill of the CGU Agfa 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 Agfa 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 2.06% and a negative growth rate in the division Imaging Systems of 2.28%. 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: 9.43% (2012: 9.30%).
- Pre-tax discount rate: 11.91% (2012: 13.24%).

- Terminal growth rate (after five years): 2.06% for IT Solutions (2012: 2.07%) and -2.28% for Imaging Systems (2012: -2.25%).
- Silver: range between 18-22.5 USD/Troz. (2012: range between 22-33 USD/Troz.). Sensitivity analyses have been performed (see infra)
- Exchange rate US dollar/Euro: 1.30 (2012: 1.25).
- Net working capital: the estimated future cash flows in the five-year plan take into account efforts in improving working capital. Within the Agfa HealthCare business segment, the focus is set at further reducing the days of sales outstanding (DSO-receivables). 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 solutions a particular focus on offering more standard solutions.
- Revenue and gross margin: revenue 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 (+ 5 USD/Troz. over the long term horizon) and an increase of the WACC by 100 basis points have been performed. Based upon these sensitivity analyses, management is of the opinion that a reasonable, possible change in one of these key assumptions would not trigger an impairment loss to occur.

13.1.3 CGU Agfa Specialty Products

At December 31, 2013, the carrying amount of the CGU Agfa Specialty Products comprises no goodwill.

13.2 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, 2013, the net carrying amount of the Group's acquired technology amounted to 51 million Euro (2012: 61 million Euro). The Group's acquired technology has an estimated weighted average remaining useful life of approximately ten 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, 2013, the net carrying amount of the Group's acquired contractual customer relationships amounted to 29 million Euro (2012: 33 million Euro).
The Group's acquired contractual customer relationships have an estimated weighted average remaining useful life of approximately ten 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.

14. 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, 2011	**372**	**1,524**	**226**	**17**	**2,139**
Exchange differences	(2)	(8)	(1)	-	**(11)**
Change in consolidation scope	-	-	-	-	**-**
Capital expenditures	2	12	12	18	**44**
Retirements	(13)	(11)	(10)	(2)	**(36)**
Transfers	-	9	2	(17)	**(6)**
Cost at December 31, 2012	**359**	**1,526**	**229**	**16**	**2,130**
Exchange differences	(6)	(15)	(6)	(1)	**(28)**
Change in consolidation scope	-	-	-	-	**-**
Capital expenditures	2	11	10	16	**39**
Retirements	(2)	(20)	(8)	(1)	**(31)**
Transfers	-	13	-	(17)	**(4)**
Cost at December 31, 2013	**353**	**1,515**	**225**	**13**	**2,106**
Accumulated depreciation and impairment losses December 31, 2011	**262**	**1,371**	**205**	**-**	**1,838**
Exchange differences	(1)	(6)	(1)	-	**(8)**
Change in consolidation scope	-	-	-	-	**-**
Amortization during the year	9	36	11	-	**56**
Impairment loss during the year	-	-	-	-	**-**
Retirements	(13)	(10)	(10)	-	**(33)**
Transfers	-	-	-	-	**-**
Accumulated depreciation and impairment losses December 31, 2012	**257**	**1,391**	**205**	**-**	**1,853**
Exchange differences	(4)	(13)	(5)	-	**(22)**
Change in consolidation scope	-	-	-	-	**-**
Amortization during the year	8	36	11	-	**55**
Impairment loss during the year	6	-	-	-	**6**
Retirements	(2)	(18)	(8)	-	**(28)**
Transfers	-	-	-	-	**-**
Accumulated depreciation and impairment losses December 31, 2013	**265**	**1,396**	**203**	**-**	**1,864**
Carrying amount December 31, 2011	**110**	**153**	**21**	**17**	**301**
Carrying amount December 31, 2012	**102**	**135**	**24**	**16**	**277**
Carrying amount December 31, 2013	**88**	**119**	**22**	**13**	**242**

In 2013, capital expenditure for property, plant and equipment amount to 39 million Euro (2012: 44 million Euro), of which 16 million Euro (2012: 18 million Euro) relates to construction in progress mainly for ecological and production efficiency projects in Belgium, Germany, France and Brazil.

Cash outflows for addition to property, plant and equipment amount to 38 million Euro in the consolidated statement of cash flows. The difference of 1 million Euro relates to assets transferred from inventory which did not result in a cash outflow.

The impairment loss on land, buildings and infrastructure of 6 million Euro relates to the announced closure of the Agfa Graphics *printing plate* factory in Italy.

The Group, as lessor, included assets subject to operating leases in its statement of financial position under the caption 'Other Equipment'. At the end of December 2013, the assets subject to operating leases have a total net carrying amount of 1 million Euro (2012: 2 million Euro). The future minimum lease income under non-cancellable operating leases is presented in note 25.

15. INVESTMENTS

MILLION EURO	2013	2012
Held-to-maturity investments	-	-
Financial assets designated at fair value through profit or loss	2	2
Available-for-sale financial assets	7	5
Loans and receivables	1	1
Investments in associates and other investments	1	2
TOTAL	**11**	**10**

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.
At December 31, 2013, available-for-sale financial assets comprise investments in quoted companies and are carried at fair value.

Financial assets designated at fair value through profit or 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 or loss.

16. INVENTORIES

MILLION EURO	2013	2012
Raw materials and auxiliaries	86	93
Work in progress & semi-finished goods	107	136
Finished goods	52	60
Goods purchased for resale including spare parts	230	272
Inventory in transit & other inventory	67	74
TOTAL	**542**	**635**

In 2013, inventories are written down to net realizable value for an amount of 25 million Euro (2012: 27 million Euro). These write-downs are included in cost of sales in the consolidated statement of profit or loss.
As of December 2013, the Group has no inventory carried at fair value less cost to sell.

17. TRADE AND OTHER RECEIVABLES AND OTHER ASSETS

MILLION EURO	2013	2012
Trade receivables	**585**	**636**
Other receivables and other assets	**126**	**149**
Receivables under finance leases	84	96
Other financial receivables	24	36
Other assets	18	17

Other receivables and other assets, as presented in the statement of financial position, amounted to 126 million Euro (2012: 149 million Euro) and comprise: receivables under finance leases 84 million Euro (2012: 96 million Euro), other financial receivables 24 million Euro (2012: 36 million Euro) and other assets for 18 million Euro (2012: 17 million Euro).

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 2013 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.

17.1 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 85 million Euro as of December 31, 2013 (2012: 98 million Euro) and will bear interest income until their maturity dates of 10 million Euro (2012: 12 million Euro). As of December 31, 2013, the impairment losses on the receivables under finance leases amounted to 1 million Euro (2012: 2 million Euro).

The receivables under finance leases are as follows:

	2013			2012		
MILLION EURO	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
Not later than one year	37	4	33	43	5	38
Between one and five years	56	5	51	64	7	57
Later than five years	1	-	1	3	-	3
TOTAL	**94**	**9**	**85**	**110**	**12**	**98**

The Group leases out its commercial equipment under finance leases mainly via Agfa Finance (i.e. Agfa Finance NV, its subsidiaries, Agfa Finance Corp. and Agfa Finance Inc.) 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 that generally lies between 2% and 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 Canada, France, Italy and Poland and its branches in Europe (Spain, Switzerland, Benelux, Germany, UK and the Nordic countries) and Japan, via Agfa Finance Corp. in the US and Agfa Finance Inc. in Canada. As of December 31, 2013, the present value of the total future lease payments for Agfa Finance amounted to 82 million Euro (2012: 96 million Euro).

Agfa sales organizations in Brazil, Argentina and Colombia offer customer financing of graphical equipment with an average remaining term of 12 months. As of December 31, 2013, the present value of the total future lease payments amounted to 2 million Euro (2012: 2 million Euro).

During 2013, the Group has sold receivables under finance lease amounting to 8 million Euro (2012: 20 million Euro).

18. CASH AND CASH EQUIVALENTS

The reconciliation of cash and cash equivalents with its corresponding items in the statement of financial position can be presented as follows:

MILLION EURO	2013	2012
Marketable securities and other instruments	-	3
Cash on hand, demand deposits and checks	126	124
Cash collateral derivative financial instruments (metal swaps)	13	5
Other cash on hand, demand deposits and checks	113	119
TOTAL CASH AND CASH EQUIVALENTS AS REPORTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**126**	**127**
Accounts receivable under cash management agreements (reported under other receivables)	-	-
Liabilities under cash management agreements (reported under other payables)	(1)	(2)
TOTAL CASH AND CASH EQUIVALENTS AS REPORTED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS	**125**	**125**

19. EQUITY

The various components of Equity and the changes therein from January 1, 2012 to December 31, 2013 are presented in the Consolidated Statements of Changes in Equity.

19.1 SHARE CAPITAL AND SHARE PREMIUM

At December 31, 2013 the issued capital of the Company amounts to 187 million Euro, represented by 171,851,042 fully paid ordinary shares.

19.2 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, 2013 the Group held 4,099,852 (2012: 4,099,852) of the Company's shares.
No stock options were exercised during 2013 and 2012.

19.3 REVALUATION RESERVE

The revaluation reserve comprises the revaluation of the Group's investment in Digital Illustrate Inc. classified as available-for-sale financial asset.

19.4 HEDGING RESERVE

As of December 31, 2013, the hedging reserve comprises the effective portion of the cumulative net change in fair value of metal swap agreements and foreign exchange contracts designated as cash flow hedges.

During 2013 and 2012, 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 other comprehensive income (December 31, 2013: minus 10 million Euro; December 31, 2012: minus 2 million Euro).

In the course of 2013 and 2012, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in US Dollar and Pound Sterling related to highly probable forecasted revenue 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 other comprehensive income (December 31, 2013: nil; December 31, 2012: nil).

19.5 TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial instruments that hedge the Company's net investment in a foreign subsidiary. The Group utilized forward exchange contracts to hedge the foreign currency exposure of the Group's net investment in one of its subsidiaries in the United States (note 7.1.3).

19.6 DIVIDENDS

In 2012, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on April 24, 2012.
In 2013, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 14, 2013.
For 2014, no dividend has been recommended by the Board of Directors.

19.7 NON-CONTROLLING INTERESTS

Effective September 1, 2010, Agfa Graphics NV and its business partner Shenzhen Brother 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.

During 2012 and 2013, the increase in non-controlling interest is explained by the profit of the period and the part of foreign currency differences attributable to non-controlling interests. In the course of 2012, as contractually agreed, dividends due to Shenzhen Brother (9 million Euro) have been set off against an outstanding receivable from this business partner.

19.8 OTHER COMPREHENSIVE INCOME, NET OF TAX

2013 MILLION EURO	Attributed to owners of the Company						Non-controlling Interests	TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	Retained earnings	TOTAL		
Exchange differences on translation of foreign operations	(37)	-	-	-	-	**(37)**	(1)	**(38)**
Net gain (loss) on hedge of net investment in foreign operation, net of tax	3	-	-	-	-	**3**	-	**3**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(20)	-	-	-	**(20)**	-	**(20)**
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	12	-	-	-	**12**	-	**12**
Net change in fair value of available-for-sale financial assets	-	-	2	-	-	**2**	-	**2**
Remeasurement of the net defined benefit liability	-	-	-	191	-	**191**	-	**191**
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**(34)**	**(8)**	**2**	**191**	**-**	**151**	**(1)**	**150**

2012 MILLION EURO	Attributed to owners of the Company						Non-controlling Interests	TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	Retained earnings	TOTAL		
Exchange differences on translation of foreign operations	(6)	-	-	-	-	**(6)**	-	**(6)**
Net gain (loss) on hedge of net investment in foreign operation, net of tax	1	-	-	-	-	**1**	-	**1**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(3)	-	-	-	**(3)**	-	**(3)**
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	8	-	-	-	**8**	-	**8**
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	**-**	-	**-**
Remeasurement of the net defined benefit liability	-	-	-	(104) (1)		**(104)**	-	**(104)**
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**(5)**	**5**	**-**	**(104) (1)**	**-**	**(104)**	**-**	**(104)**

(1) AS RESTATED FOR THE IMPLEMENTATION OF IAS 19 (REVISED 2011).
DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED. THE CHANGES FULLY RESULT FROM THE APPLICATION OF THE AMENDMENTS TO IAS 19 AS STATED IN IAS 19 (REVISED 2011). COMPARATIVE INFORMATION OVER 2012 HAS BEEN RESTATED. THE REMEASUREMENTS OF THE NET DEFINED LIABILITY OVER THE PERIOD 2012 HAVE BEEN REFLECTED IN A SEPARATE LINE ITEM IN EQUITY CALLED 'POST-EMPLOYMENT BENEFITS: REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY' (2012: MINUS 104 MILLION EURO).

20. EMPLOYEE BENEFITS

20.1 LIABILITIES FOR POST-EMPLOYMENT AND LONG-TERM TERMINATION BENEFIT PLANS

Agfa-Gevaert Group companies provide retirement benefits in most countries in which the Group operates. Retirement benefits are organized through defined contribution plans as well as defined benefit plans.

At December 31, 2013, the Group's total net liability for post-employment and long-term termination benefit plans amounted to 1,002 million Euro (1,315 million Euro at December 31, 2012 (Restated)), comprising the following:

MILLION EURO	December 31, 2013	December 31, 2012 RESTATED
Net liability for material countries	883	1,169
Net liability for termination benefits	80	95
Net liability for non-material countries	39	51
Total net liability	**1,002**	**1,315**

The Group's material countries are: Belgium, Germany, UK and US.
The principle for determining the Group's material countries is based on the level of IAS 19 pension expense. The material countries represent more than 90% of the Group's total IAS 19 pension expense.

20.1.1 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 2013, the defined contribution plan expense for the Group's material countries amounted to 7 million Euro (10 million Euro in 2012).

According to Belgium law (the law on supplementary pensions (WAP)), the employer has to guarantee a fixed minimum return on contributions made by employer and employee. This guaranteed minimum return generally exceeds the return that is commonly promised by the insurer. Therefore the Group's management has evaluated at year end 2013 for all its Belgian post-employment benefit plans for which defined contribution accounting is applied, whether mathematical reserves, i.e. the reserves calculated by capitalizing all premiums paid at the interest rate guaranteed by the insurer – also taking account of profit sharing – exceed the minimum reserves calculated in accordance with art. 24 of the WAP. This evaluation also considers any balance of financing funds that could be attributed to related plans. This evaluation did not reveal a shortfall and therefore all related post-employment benefit plans remain accounted for as defined contribution plans.

20.1.2 Defined benefit plans

The Group's post-employment defined benefit plans include retirement benefits and other post-employment benefits. Other post-employment benefit plans primarily relate to German employees. The Group also provided post-retirement medical benefits in the US. In 2013 Agfa has taken the decision to terminate this plan, which resulted in the recognition of a past service credit of 50 million Euro.

The Group Pension Committee, created as a subcommittee of the Executive Committee (Exco) of the Group assists the Exco in the oversight and supervision of the different pension plans and other post-employment arrangements that exist within the Group. The committee advises the Exco on benefit plan design matters such as amendment to or termination – in whole or in part – of the benefit plans and their respective funding arrangements. Next to providing advice to the Exco, the Group Pension Committee is also responsible for controlling local management, i.e. local management of the pension funds as well as local management of the sponsoring employers of the benefit plans – in fulfilling their responsibilities in relation to pension matters.

The Group Pension Committee has set a strategic asset allocation for its major plans that are financed through a separate pension fund. The committee reviews the asset allocation targets regularly to ensure that they remain appropriate to the pension fund liability profiles. In this respect, the duration of the defined benefit obligation (DBO) of the Group's major plans should be mentioned: it varies between 11 and 20 years. The weighted average duration of the DBO for the Group's defined benefit plans for the material countries was around 13 years as of December 31, 2013.

For the management of the plan assets, the Group Pension Committee is assisted by the Group Pension Investment Committee. The Group Pension Investment Committee has issued a Group Investment Guideline which was approved by the Group Pension Committee. The Group Pension Committee monitors the proper application of this guideline.

The Group, through its Group Pension Committee, investigates liability reduction solutions and seeks to de-risk the Group's post-employment benefit liabilities. Investment risk and longevity risk are two risks that are specifically examined. Terminating the post-retirement medical benefit plan in the US is one of the measures taken in 2013 to reduce the Group's post-employment liability and the risks associated to it. Furthermore, in the course of 2013 non-active participants with deferred vested rights in the Agfa Corporation Pension Plan were offered lump sum payments. In line with the market and considering legal requirements and restrictions, the Group continues applying its policy of shifting its benefit plans from defined benefit to defined contribution. In 2013, Agfa-Gevaert BV (Netherlands) entered in an insurance contract that provides post-employment benefits under a defined contribution plan. Related plan, effective as from 2014 eliminated all further legal or constructive obligation for all of the benefits provided under the existing defined benefit plan. The resulting settlement gain recognized in 'Sundry other operating income' amounts to 10 million Euro.

The Group's major defined benefit plans generally cover all employees and generally provide benefits that are related to an employee's remuneration and years of service. Its characteristics and associated risks are explained in more detail hereafter.

Belgium

In Belgium, more than 95% of the defined benefit obligation is related to a basic plan called 'Fabriekspensioen' that is financed through contributions paid to an external Organization for Financing Pensions (OFP). This fund has the duty to foresee the payments of the pensions promised by its participating employers, being Agfa-Gevaert NV, Agfa Graphics NV and Agfa HealthCare NV to the beneficiaries of the plan. The 'Fabriekspensioen' covers the majority of employees of aforementioned employers. New entrants of Agfa Europe NV whose business has been transferred to either its legal successor Agfa Healthcare NV or Agfa Graphics NV, accrue as from January 2000 benefits under a defined contribution plan. The same defined contribution plan applies to new entrants of Agfa Healthcare NV.

For the 'Fabriekspensioen', the plan participants are eligible for a benefit based on a last yearly income formula. As this funded pension plan is still open to new entrants and the accrual of new benefits, the plan exposes the Company to a salary increase risk, next to an interest rate risk, an investment risk and a longevity risk. Although this plan has been set up as an annuity-plan, more than 95% of the members choose for the option of a lump sum pension payment at the retirement age.

The legal and regulatory framework for the 'Fabriekspensioen' is based on the applicable Belgian law, i.e. the law of October 27, 2006 on the supervision of institutions for occupational retirement provision and the law on supplementary pensions (*WAP)*, applicable as from January 1, 2004. Based on this legislation a funding valuation is prepared annually. The valuation method, used to determine the contributions to the Belgian OFP, is the 'aggregate cost method'. The contribution is expressed as an annual fixed percentage of payroll in order to finance the total service liability. The funding level at December 31, 2013 of the 'Fabriekspensioen' is satisfactory and therefore no recovery plan is required.

The Board of Directors of the 'Pensioenfonds Agfa-Gevaert OFP' bears the ultimate responsibility for the management of the assets and liabilities of the 'Fabriekspensioen'-plan. They have delegated investment oversight of the plan's assets to the Local Investment Committee who in turn operates within the framework set by the Group Pension Committee. The Statement of Investments Principles (SIP), prepared by the Local Investment Committee in accordance with the Group Investment Guidelines, has been formally ratified at the Extraordinary General Meeting of the 'Pensioenfonds Agfa-Gevaert OFP' on February 7, 2014. Deviations are subject to prior permission of the Group Pension Committee. The Local Investment Committee needs to ensure that plan assets are invested effectively and prudently, in full compliance with all applicable laws, and for the benefit of plan participants and beneficiaries.

Germany
In Germany, no legal or regulatory minimum funding requirements apply, and as such the Group's German defined benefit retirement plans are all unfunded plans.

The German pension plans include a basic plan related to pension relevant salary up to the Social Security Ceiling (SSC) and a supplementary plan covering benefits attributed on pension relevant salary above the Social Security Ceiling.
In Germany we distinguish the 'old pension plan' (which was closed as from 2010) – for employees with entry date prior to 2005 – and the 'new pension plan' – applicable to employees joining as from 2005 and for benefits accrued as of 2010 by the existing population (prior to 2005). Both plans comprise a basic and supplementary plan. Additionally, Agfa is obliged to provide pension plans according to the Collective Labour Agreement (CLA) regulation of the Chemical Sector.

Under the 'old pension plan', the basic plan is financed via the Bayer Pensionskasse (Penka). The Bayer Pensionskasse is a multi-employer plan accounted for as if it were a defined contribution plan (IAS 19.34 (a)). The plan is a defined benefit plan under control of the Group's former parent company Bayer AG. It is accounted for as a defined contribution plan as the Group has no right to obtain the necessary data for defined benefit plan accounting. In case of a deficit, this plan may expose the Group to investment and actuarial risk. The Group however considers these risks as insignificant. From 2004 onward, Agfa has been responsible to adjust the pension payments according Sec. 16, 1 and 2 of the German Pension Act (BetrAVG – Betriebsrentengesetz). The base pension including the adjustments processed according to the aforementioned legal regulations up to the year 2003 are paid by the Penka directly. Consequently, the liability in the books of Agfa resulting from this basic plan solely relate to the responsibility of Agfa to adjust the pension payments.
The benefits accrued under the supplementary plan are accounted for as a defined benefit plan. They are based on 'contributions' [1] calculated as a fixed percentage of pension relevant salary above the SSC. Then, an age independent factor is used for converting those 'contributions' into individual pension entitlements.
The pension entitlements based on the 'old pension plan' are frozen as of December 31, 2009.

(1) 'CONTRIBUTION' IN THIS CONTEXT MEANS A CALCULATION BASE WHICH IS USED TO FINALLY DETERMINE THE PENSION ENTITLEMENTS.

The old pension plan is only applicable for employees with entry date prior to 2005. They have stopped accruing additional benefits in the Bayer Pensionskasse at the end of 2009. As of 2010, these employees started participating in the new pension plan (Rheinische Pensionskasse).

The 'new pension plan' also includes a basic pension plan, i.e. benefits entitlements on the pension relevant salary up to the SSC, and a supplementary pension plan accruing benefits on pension relevant salary above the SSC. The basic plan is funded through contributions paid to the Rheinische Pensionskasse. Once the contributions have been paid to the Rheinische Pensionskasse, in principle the group companies have no further payment obligation. This plan is consequently accounted for as a defined contribution plan. The new supplementary plan, which is also accounted for on the balance sheet as a direct benefit promise, foresees no upper ceiling for pension relevant salary.
The benefits accrued under the supplementary plan are based on 'contributions' (1) calculated as a fixed percentage of pension relevant salary above the SSC. Contrary to the old pension plan, 'contributions' (1) are then converted into pension entitlements based on age-dependent pension factors and considering a pre-determined annual increase of those entitlements. The employees partly contribute to this supplementary pension plan by deferred compensation.
As of 2012, the plan foresees an option to pay out lump sums instead of monthly pension payments.

The pension plan according to the CLA of the Chemical Sector is based on 'contributions' (1) that are converted into individual pension entitlements using age-dependent pension factors. The employees also partly contribute to this plan by deferred compensation.

In Germany, Agfa provides to a minor extent also benefits that are related to plans which result from former acquisitions. The related plans are all frozen.

The defined benefit liability in Germany also includes pension plans that are fully based on deferred compensation models. The benefits accrued under these plans are based on the annually deferred compensation amount of each beneficiary converted into pension entitlements and in some cases additionally considering a pre-determined annual increase of those entitlements.

For a part of the workforce, i.e. HealthCare IT employees, there are pension plans managed by different external funds (Pensionskassen). These plans are mainly financed by deferred compensation models and are accounted for as defined contribution plans.

The different frozen defined retirement benefit plans as well as the plans that remain open expose the Company to actuarial risks such as interest rate risk, pension indexation risk and longevity risk.

UK
In the UK, the defined benefit retirement plan called Agfa UK Pension Plan was closed to new entrants with effect from June 30, 2002. On January 1, 2010 the decision was taken to close the defined benefit pension scheme to further accruals. As from 2010, members are able to accrue benefits under a defined contribution retirement plan.

The closed Agfa UK Pension Plan is financed through contributions paid by its participating employers, being at year-end 2013: Agfa-Gevaert NV, Agfa HealthCare UK Ltd and Agfa Graphics Ltd. The plan members are eligible for a benefit based on a final average pay formula. At retirement age, benefits accrued under this plan can be paid partly in cash with the remainder paid in monthly payments.

Deferred plan members are entitled to an inflation increase, based on CPI (Consumer Price Index), of their accrued benefits until retirement payments are taken. Pension

(1) 'CONTRIBUTION' IN THIS CONTEXT MEANS A CALCULATION BASE WHICH IS USED TO FINALLY DETERMINE THE PENSION ENTITLEMENTS.

payment increases are in line with RPI (Retail Price Index) with a minimum increase of 3% and a maximum increase of 5%. Next to inflation risk, the frozen defined benefit plan exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

The defined benefit plan is governed by a benefit trust whose decision making body is a Board of Trustees. They have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust rules and UK law. The required funding is determined by a funding valuation carried out every three years based on legal requirements and funding valuation assumptions that meet the UK regulatory bodies current requirements and are also agreed between the Company and the Trustees. Following the latest funding valuation which took place in 2013, Agfa entered into an agreement with the trustees to contribute an annual fixed payment for the next 13 years, beginning in 2014.

US

In the US, Agfa Corporation sponsors one major defined benefit plan, the Agfa Corporation Pension Plan, which is frozen to new entrants and the accrual of new benefits (with the exception of one small group of union employees). Agfa HealthCare Corporation and Agfa Materials Corporation are participating employers in said pension plan. The plan participants are eligible for a benefit based on a final average pay formula. This frozen defined benefit plan exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

The defined benefit plan assets are held in a trust. The Board of Directors of Agfa Corporation, the plan sponsor, delegates investment decisions and oversight of the plan's assets to a local investment committee, the Benefits Plan Investment Committee (BPIC). The BPIC members have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust agreement and US law. The legal and regulatory framework for the plan is based on the applicable US legislation Employee Retirement Income Security Act (ERISA). Based on this legislation a funding valuation is prepared annually. Participant-beneficiaries do not contribute to the plan. The plan sponsor and participating employers contribute such amounts as are deemed necessary on an actuarial basis to provide sufficient funds to meet the benefits to be paid to plan members. Minimum contributions are based on the requirements prescribed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and the Pension Protection Act of 2006 (PPA). Pursuant to the PPA, each year the actuary is required to certify the Plan's funded percentage. The plan received its most recent certification for the 2012 plan year using actuarial assumptions mandated by the Internal Revenue Service (IRS), and the actuary determined that the funded percentage was 85%.

In order to mitigate the risks related to the Agfa Corporation Pension Plan, non-active participants with deferred vested rights in this plan were offered in 2013 lump sums. The outcome of the offer to pay lump sums combined with the Group's decision in May 2013 to terminate its US post-retirement medical plan as of January 1, 2014 have resulted in a decrease of the defined benefit obligation (DBO) by 127 million Euro and the risks associated to it.

Impact amendments to IAS 19

The Group has adopted International Accounting Standard 19 (Revised 2011) on January 1, 2013. Due to the requirement to provide comparative information, the Group transitioned to IAS 19 (revised 2011) on January 1, 2013. A transition adjustment on equity was made on that date to bring the existing IAS 19 balances in line with the requirements of IAS 19 (revised 2011). Related adjustment amounts to minus 786 million Euro and comprises of a positive impact on retained earnings of 22 million Euro and a negative impact of 808 million Euro that is presented in equity under 'Post-employment benefits: Remeasurements of the net defined benefit liability'.

The impact of related change in accounting policy is also reflected in the restated opening balances at January 1, 2012 and the closing balances at December 31, 2012 as well as in the 'Consolidated Statement of Comprehensive Income' over 2012. The restatements on the closing balances at December 31, 2012 equal the impact of the change in accounting policy at January 1, 2013.

In this Annual Report, the post-employment liabilities reported as at year end 2013 as well as the forecasted 2014 defined benefit cost are reported compliant with IAS 19 (revised 2011). The 2012 defined benefit cost and its components as well as the post-employment liabilities at December 31, 2012 are also shown under IAS 19 (revised 2011) for comparative purposes.

As indicated above, the amendment to IAS 19 has had a significant impact on the Company's Consolidated Financial Statements, in particular on Total equity and Total comprehensive income.
The elimination of the 'corridor' approach, a method that allowed to defer the recognition of actuarial gains and losses in profit or loss over multiple accounting periods, does effect the Company significantly. IAS 19 (Revised 2011) states that the net liability of defined benefit plans must be recognized in full. Changes in the liability from actuarial gains and losses are to be recognized in the 'Consolidated Statement of Comprehensive Income'.
IAS 19 (revised 2011) replaces interest cost and expected return on assets with a net interest amount that is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability. Net interest on the net defined benefit liability comprises interest income on plan assets and interest cost on the defined benefit obligation. The difference between the interest income on plan assets and the return on plan assets is included in line item 'Post-employment benefits: remeasurements of the net defined benefit liability' and recognized in the 'Consolidated Statement of Comprehensive Income'.

The following tables present the effects of aforementioned change in accounting policy. Effects on the opening balances at January 1, 2013 (restated closing balances at December 31, 2012) as well as effects on the opening balances at January 1, 2012 and the reporting period 2012 are:

Consolidated Statement of Financial Position	December 31, 2012			January 1, 2012		
MILLION EURO	Annual Report 2012	Restatements	Restated	Annual Report 2011	Restatements	Restated
Equity	**955**	**(786)**	**169**	**995**	**(704)**	**291**
Equity attributable to owners of the Company	919	(786)	133	960	(704)	256
thereof Retained earnings	601	22	623	642	-	642
Restatement for material countries		25	25			
Restatement for non-material countries		(3)	(3)			
thereof Post-employment benefits: remeasurements of the net defined benefit liability	-	(808)	(808)	-	(704)	(704)
Material countries		(792)	(792)		(687)	(687)
Non-material countries		(16)	(16)		(17)	(17)
Non-controlling interests	36	-	36	35	-	35
			-		-	
Liabilities for post-employment and long-term termination benefit plans	**529**	**786**	**1,315**	**542**	**704**	**1,246**
thereof Post-employment benefits	434	786	1,220	441	704	1,145
Material countries	402	767	1,169	404	687	1,091
Non-material countries	32	19	51	37	17	54
thereof Long-term termination benefits	95	-	95	101	-	101

Consolidated Statement of Profit or Loss MILLION EURO	2012		
	Annual Report 2012	Restatements	Restated
Results from operating activities	**96**	**-**	**96**
thereof the defined benefit cost for the material countries as to the extent reflected in results from operating activities	(16)	-	(16)
Service cost	(15)	(2)	(17)
Amortization of actuarial losses	(2)	2	-
Past service cost (credit)	1	-	1
Net finance costs	**(107)**	**22**	**(85)**
Other finance expense	(99)	22	(77)
thereof the defined benefit cost for the material countries as to the extent reflected in net finance costs	(76)	25	(51)
Net interest cost	(27)	(24)	(51)
Interest cost	(92)	-	(92)
Interest income	65	(24)	41
Amortization of actuarial losses	(49)	49	-
thereof the defined benefit cost for the non-material countries as to the extent reflected in net finance costs	0	(3)	(3)

Consolidated Statements of Comprehensive Income MILLION EURO	2012		
	Annual Report 2012	Restatements	Restated
Profit or loss for the period	**(31)**	**22**	**(9)**
Items that may be reclassified subsequently to profit or loss	**-**	**-**	**-**
thereof Exchange differences	(5)	-	(5)
Items that will not be reclassified subsequently to profit or loss	**-**	**(104)**	**(104)**
thereof Remeasurements of the net defined benefit liability	-	(104)	(104)
Material countries		(105)	(105)
Non-material countries		1	1
Total other Comprehensive Income for the period, net of tax	**-**	**(104)**	**(104)**
Total Comprehensive Income for the period attributable to	**(31)**	**(82)**	**(113)**
Owners of the Company	(41)	(82)	(123)
Non-controlling interests	10	-	10

Evolution net liability during 2013 and previous year
The change in net liability recognized during the years 2013 and 2012 is set out in the table below.

MILLION EURO	2013			2012 RESTATED		
	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	**1,106**	**63**	**1,169**	**1,025**	**66**	**1,091**
Defined benefit cost included in profit or loss	55	(49)	**6**	66	1	**67**
Total remeasurements included in OCI	(191)	-	**(191)**	104	1	**105**
Cash flows						
Employer contributions	(42)	-	**(42)**	(42)	-	**(42)**
Benefits paid directly by the Company	(44)	(6)	**(50)**	(45)	(5)	**(50)**
Currency effects: charge (or credit)	(9)	-	**(9)**	(2)	-	**(2)**
Net liability at December 31	**875**	**8**	**883**	**1,106**	**63**	**1,169**

Defined benefit costs for 2013 and previous year
The total defined benefit cost for 2013 for the Group's material countries amounted to an income of 185 million Euro (2012: 172 million Euro expense). Of this amount, 6 million Euro expense is reflected in the Group's Consolidated Statement of Profit or Loss over 2013 (2012: 67 million Euro expense). The balance, being 191 million credit for 2013 (105 million cost for 2012) is reflected in 'Other Comprehensive Income' under 'Remeasurements of the net defined benefit liability'. These remeasurements originate from changes in demographic and financial assumptions as well as from experience adjustments on both the defined benefit obligation and the fair value of assets. Details are provided below.

In 2013, the defined benefit cost in profit or loss for the Group's material countries includes the following gains due to special events:
- A settlement gain amounting to 4 million Euro, resulting from the deferred vested cash out in the Agfa Corporation Pension Plan;
- A past service credit, amounting to 50 million Euro, net of tax 30 million Euro, mainly related to Agfa's decision in May 2013 to terminate its post-retirement medical benefit plan in the US as of January 1, 2014.

MILLION EURO	2013			2012 RESTATED		
	Retirement plans	Other post-employment and long-term benefit plans	TOTAL	Retirement plans	Other post-employment and long-term benefit plans	TOTAL
Service cost						
Service cost, exclusive of employee contributions	20	-	**20**	17	-	**17**
Past service cost (credit)	-	(50)	**(50)**	-	(1)	**(1)**
(Gain)/loss on settlements	(4)	-	**(4)**	-	-	**-**
Total service cost	**16**	**(50)**	**(34)**	**17**	**(1)**	**16**
Net interest cost						
Interest expense on DBO	77	1	**78**	90	2	**92**
Interest (income) on plan assets	(39)	-	**(39)**	(41)	-	**(41)**
Total net interest cost	**38**	**1**	**39**	**49**	**2**	**51**
Remeasurements of other long term benefits	-	-	**-**	-	-	**-**
Administrative expenses and taxes	1	-	**1**	-	-	**-**
DEFINED BENEFIT COST INCLUDED IN PROFIT OR LOSS	**55**	**(49)**	**6**	**66**	**1**	**67**
Total remeasurements included in OCI	(191)	-	**(191)**	104	1	**105**
TOTAL DEFINED BENEFIT COST RECOGNIZED IN PROFIT OR LOSS AND OCI	**(136)**	**(49)**	**(185)**	**170**	**2**	**172**

MILLION EURO	2013		2012 RESTATED
Actuarial losses (gains) resulting from	**(128)**		**191**
Experience losses (gains) on plan liabilities	(9)		3
Demographic assumptions	(20)		-
Financial assumptions	(99)		188
Return on plan assets excl. interest income	**(63)**		**(86)**
TOTAL REMEASUREMENTS INCLUDED IN OCI	**(191)**		**105**

Expected defined benefit costs and cashflows for 2014

The Group expects for the defined benefit plans of its material countries for 2014 a total defined benefit cost in profit or loss of 50 million Euro comprising of 20 million Euro service and administrative expenses and taxes and 30 million Euro net interest costs. Disregarding the past service credit and gain on settlement recorded in 2013, the defined benefit cost in profit or loss would be reduced by 10 million Euro, mainly explained by the change in the net interest cost, resulting from a decrease of the interest expense on the defined benefit obligation combined with an increase of interest income on the plan assets.

During the next fiscal year 2014, the Group expects to contribute 93 million Euro for its material retirement and other post-employment plans. This is in line with the Company's cash out for 2013 which amounted to 92 million Euro, i.e. employer contributions amounting to 42 million Euro and 50 million Euro benefit payments that were paid directly by the Company.

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

December 31, 2013, the total defined benefit obligation for the Group amounted to 1,889 million Euro (2,192 million Euro at December 31, 2012).
Of this amount, 1,224 million Euro (1,429 million Euro at December 31, 2012) related to wholly or partly funded plans and 665 million Euro (763 million Euro at December 31, 2012) related to unfunded plans.

	2013			2012 RESTATED		
MILLION EURO	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	**2,129**	**63**	**2,192**	**1,961**	**66**	**2,027**
Service Cost						
Current service cost, exclusive of employee contributions	20	-	**20**	17	-	**17**
Past service cost	-	(50)	**(50)**	-	(1)	**(1)**
(Gain)/loss on settlements	(4)	-	**(4)**	-	-	**-**
Interest expense	77	1	**78**	90	2	**92**
Cash flows						
Benefit payments	(182)	(6)	**(188)**	(125)	(5)	**(130)**
Employee contributions	-	-	**-**	-	-	**-**
Premiums paid	(2)	-	**(2)**	(2)	-	**(2)**
Remeasurements						
Effect of changes in demographic assumptions	(20)	-	**(20)**	-	-	**-**
Effect of changes in financial assumptions	(99)	-	**(99)**	186	2	**188**
Effect of experience adjustments	(9)	-	**(9)**	3	-	**3**
Currency effects: charge (or credit)	(29)	-	**(29)**	(1)	(1)	**(2)**
Defined benefit obligation at December 31	**1,881**	**8**	**1,889**	**2,129**	**63**	**2,192**
Change in plan assets						
Fair value of assets at January 1	**1,023**	**-**	**1,023**	**936**	**-**	**936**
Interest income	39	-	**39**	41	-	**41**
Employer contributions	86	6	**92**	87	5	**92**
Employee contributions	-	-	**-**	-	-	**-**
Benefit payments	(182)	(6)	**(188)**	(125)	(5)	**(130)**
Administrative expenses and taxes	(1)	-	**(1)**	-	-	**-**
Premiums paid	(2)	-	**(2)**	(2)	-	**(2)**
Return on plan assets (excluding interest income)	63	-	**63**	86	-	**86**
Currency effects: (charge) or credit	(20)	-	**(20)**	-	-	**-**
Fair value of assets at December 31	**1,006**	**-**	**1,006**	**1,023**	**-**	**1,023**
Funded status at December 31						
Funded status	875	8	**883**	1,106	63	**1,169**
Effect of asset ceiling/onerous liability	-	-	**-**	-	-	**-**
Net liability (asset) at December 31	**875**	**8**	**883**	**1,106**	**63**	**1,169**

Principal actuarial assumptions at the reporting date
The liabilities and defined benefits cost of the Group's retirement plans are determined using actuarial valuations that involve several actuarial assumptions. At the end of the reporting periods 2013 and 2012, the following principal actuarial assumptions (weighted averages) have been used:

	December 31, 2013	December 31, 2012
Discount rate	4.0%	3.7%
Future salary increases	2.1%	2.7%

The above stated average discount rate and salary increases have been determined based on the actuarial assumptions applied in the different defined benefit plans of the Group's material countries weighted by the defined benefit obligation of the respective plans.

The discount rates used are determined by reference to the rates available on high-quality corporate bonds, that have a credit rating of at least AA from a main rating agency, that have maturity dates approximating the terms of the Group's obligations.

Under IAS 19 (Revised 2011) the expected return on plan assets assumption is equal to the discount rate assumption.

Sensitivity analysis
The following information illustrates the sensitivity to a change as at December 31, 2013 in certain assumptions for the retirement plans of the Group's material countries:

MILLION EURO	Effect on 2014 pre-tax expected defined benefit cost	Effect on December 31, 2013 defined benefit obligation
One percentage point decrease in discount rate	3	265
One percentage point increase in discount rate	(5)	(217)
Improvement in mortality table, assuming employees live one year longer	3	66

History of asset values, defined benefit obligation and deficit for 2013 and previous four annual periods

MILLION EURO	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Fair value of plan assets	1,006	1,023	936	929	822
Present value of defined benefit obligation	1,889	2,192	2,027	1,878	1,782
Surplus/(Deficit) in the plan	**(883)**	**(1,169)**	**(1,091)**	**(949)**	**(960)**

Fair value of assets, split by major asset class

MILLION EURO	December 31, 2013	December 31, 2012
Cash, cash equivalents and other	13	6
Equity instruments	444	480
Debt instruments	549	537
TOTAL	**1,006**	**1,023**

At year-end 2013 and 2012, the fair value of assets does not comprise equity or debt instruments of the Company or its subsidiaries.

20.2 SHARE-BASED PAYMENT TRANSACTIONS

20.2.1. 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

Management) 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 one-year period. The options granted under the Long Term Incentive Plan tranche no. 5 vested in July 2006, after a three-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, 2013:

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 forfeited during 2011	6,300
Options forfeited during 2013	533,424
Options outstanding at December 31, 2013	**0**

20.2.2. 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 Management 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 one-year period. The options vest over three 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, 2013:

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 forfeited during 2011	16,920
Options forfeited during 2012	4,860
Options forfeited during 2013	620,720
Options outstanding at December 31, 2013	**0**

21. LOANS AND BORROWINGS

MILLION EURO	2013	2012
Non-current liabilities	**319**	**410**
Revolving credit facility	(2)	87
Liabilities to banks	132	134
Debentures	189	189
Liabilities under finance lease agreements	-	-
Current liabilities	**24**	**8**
Liabilities to banks	24	8
Other credit liabilities	-	-
Liabilities under finance lease agreements	-	-

21.1 REVOLVING CREDIT FACILITY

In the course of 2011, the Company renegotiated the revolving credit facility in the amount of 445 million Euro with maturity date May 2016. In general, drawdowns under these lines are made for short periods, but the Group has the discretion to roll-over the liability under the existing committed loan agreement. These loan facilities are unsecured. At December 31, 2013 no drawdowns have been made under this facility. Transaction costs of 2 million Euro have been included in the initial measurement of the financial liability.

The split over the relevant periods is as follows:

MILLION EURO	Notional amount		Outstanding amount		Currency	Interest rate	
Maturity date	**2013**	**2012**	**2013**	**2012**		**2013**	**2012**
2016	445	445	(2)	87	EUR	-	1.81%
TOTAL	**445**	**445**	**(2)**	**87**			

21.2 LIABILITIES TO BANKS

21.2.1 Long-term facilities

Maturities of long-term unsecured facilities were as follows:

MILLION EURO	2013		2012	
Maturing in	**Outstanding amount**	**Interest rate**	**Outstanding amount**	**Interest rate**
< 5 years	2	7%	4	6.5%
	124	4.33% - 4.36%	98	4.33% - 4.36%
> 5 years	6	4.33% - 4.36%	32	4.33% - 4.36%
TOTAL	**132**		**134**	

Long-term facilities mainly comprise the loan agreement with the European Investment Bank (EIB) that the Group concluded in the fourth quarter of 2010. The EIB is lending 130 million Euro to finance research, development and innovation (RDI) projects in HealthCare IT and imaging technology of the Group, undertaken from 2010 up to 2013. The amount of the loan shall not exceed 50% of the total costs of the projects.
A first amount of 70 million Euro has been withdrawn in 2011, maturing until August 2018. A second amount of 60 million Euro has been withdrawn in 2012, maturing until February 2019.

21.2.2 Short-term facilities

Short-term liabilities to banks are mainly unsecured. The weighted average interest rate of these facilities is 9.33% (2012: 9.26%).

21.3 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 previous years an amount of 11 million Euro was redeemed by the Company.

21.4 LIABILITIES UNDER FINANCE LEASE AGREEMENTS

Lease agreements in which the Group is a lessee, give rise to financial liabilities in the statement of financial position, 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. As of December 31, 2013, there were no liabilities under finance lease agreements (December 31, 2012: nil million Euro).

22. PROVISIONS

22.1 NON-CURRENT

As of December 31, 2013, non-current provisions amounted to 11 million Euro (2012: 15 million Euro).

MILLION EURO	Environmental	Restructuring	Other	TOTAL
Provisions at December 31, 2012	**3**	**2**	**10**	**15**
Provisions made during the year	-	-	1	**1**
Provisions used during the year	-	(1)	-	**(1)**
Provisions reversed during the year	(1)	-	-	**(1)**
Exchange differences	-	-	-	**-**
Transfers		-	(3)	**(3)**
Provisions at December 31, 2013	**2**	**1**	**8**	**11**

Other non-current provisions comprise a provision for onerous rent, a provision for a commercial litigation, 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 that is payable after one year.

22.2 CURRENT

As of December 31, 2013, current provisions amounted to 160 million Euro (2012: 173 million Euro).

MILLION EURO	Environmental	Trade-related	Taxes	Restructuring	Other	TOTAL
Provisions at December 31, 2012	**6**	**52**	**76**	**12**	**27**	**173**
Provisions made during the year	1	55	26	32	10	**124**
Provisions used during the year	-	(62)	(22)	(14)	(18)	**(116)**
Provisions reversed during the year	-	(7)	(7)	(5)	(3)	**(22)**
Exchange differences	-	(1)	(1)	(1)	-	**(3)**
Transfers	-	-	(1)	1	4	**4**
Provisions at December 31, 2013	**7**	**37**	**71**	**25**	**20**	**160**

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, warranty provisions, commercial litigations and onerous contracts.

Provisions for taxes relate to both income tax and other tax, such as VAT and other indirect taxes.

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 adjustments to the provisions of previous years.

Provisions for restructuring mainly comprise employee termination costs.

Other current provisions mainly comprise the current portion of commitments resulting from the sale of logistics operations to the group H. Essers. Furthermore, they comprise provisions for onerous rent, legal claims from former staff and a legal claim regarding import duties. Other current provisions also relate to litigations resulting from the divestment of the Consumer Imaging (CI) business in 2004. These provisions primarily relate to commercial litigations and litigations with former CI-employees that transferred to AgfaPhoto.

22.3 MEASUREMENT OF PROVISIONS WITH RESPECT TO THE INSOLVENCY OF AGFAPHOTO GMBH - FORMER CONSUMER IMAGING ACTIVITIES

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.

Besides having been involved in arbitration proceedings in connection with disputes over the outstanding balances resulting from distribution, supply and service agreements that have been settled in 2012, the Group also became confronted with a number of lawsuits filed by its former Consumer Imaging employees who transferred to AgfaPhoto. In Germany, the Federal Labor Court (*Bundesarbeitsgericht*), the third-instance labor jurisdiction, rendered a total of 57 final judgments in AgfaPhoto cases. At the end of 2013, only a few employment-related lawsuits were still pending before German courts.

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 for AgfaPhoto related claims, such as employee-related claims and commercial litigations.

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.

23. TRADE AND OTHER PAYABLES

Trade and other liabilities can be presented as follows:

MILLION EURO	2013	2012
Trade payables	**239**	**278**
Other payables	**95**	**109**
Other financial liabilities	59	68
Accrued interest on liabilities	8	7
Other payables	51	61
Other liabilities	36	41
Liabilities for social expenses	27	30
Payroll liabilities	9	11

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

Liabilities for social expenses include, in particular, social insurance contributions that have not been paid at December 31, 2013.

Other payables mainly relate to invoices to receive and liabilities under cash management.

24. DEFERRED REVENUE AND ADVANCE PAYMENTS

Deferred revenue comprises amounts invoiced 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, 2013, deferred revenue and advance payments amounted to 121 million Euro (2012: 138 million Euro) and primarily 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.

25. OPERATING LEASES

25.1 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	2013	2012
Not later than one year	46	49
Between one and five years	97	92
Later than five years	25	22
TOTAL	**168**	**163**

25.2 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	2013	2012
Not later than one year	1	4
Between one and five years	4	5
Later than five years	-	-
TOTAL	**5**	**9**

26. COMMITMENTS AND CONTINGENCIES

26.1 CONTINGENT LIABILITIES

Contingent liabilities resulted entirely from commitments given to third parties and comprise:

MILLION EURO	2013	2012
Bank guarantees	47	49
Other	1	2
TOTAL	**48**	**51**

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, 2013 (2012: 1 million Euro).

26.2 LEGAL RISKS/CONTINGENCIES

The Group is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency.

26.2.1 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 labour 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 defences 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 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 defences with respect to these claims and is defending itself vigorously.

The main remaining disputes are between certain Agfa Group companies and the receiver of AgfaPhoto GmbH, primarily 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

27.1 TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE MANAGEMENT (KEY MANAGEMENT PERSONNEL)

Key management personnel compensation (excluding employer's social contribution) included in profit or loss can be detailed as follows:

	2013		2012	
MILLION EURO	Directors	Executive Management	Directors	Executive Management
Short-term employee benefits	0.6	4.0	0.6	4.0
Post-employment benefits	-	0.3	-	0.3
Share-based payment	-	-	-	-
TOTAL	**0.6**	**4.3**	**0.6**	**4.3**

As of December 31, 2013 there were no loans outstanding neither 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 16 million Euro, are reflected in the statement of financial position of the Group at December 31, 2013.

27.2 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.

The Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd. combined as of 2010 their activities aiming at reinforcing bot partner's market position in Greater China and *ASEAN* region.
Shenzhen Brother Gao Deng Investment Group Co., Ltd. has a 49% stake in Hong Kong

Limited, the holding company of the combined operations of both parties.
See also chapter 19.7 Non-controlling Interests.
The following table summarizes the transaction values and the outstanding balances between the Group and Shenzhen Brother Gao Deng Investment Group Co.:

	Transaction values for the year ended December 31		Balance outstanding at December 31	
MILLION EURO	2013	2012	2013	2012
Sales to Shenzhen Brother	54	69	6	-
Purchase from Shenzhen Brother	87	60	2	1
Dividend	-	9	-	-

In the course of 2012 Shenzhen Brother Gao Deng Investment Group Co. received a contractually agreed dividend of 9 million Euro (49%).

28. EARNINGS PER SHARE

28.1 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at December 31, 2013 was based on the profit (loss) attributable to owners of the Company of 41 million Euro (2012: minus 19 million Euro (restated)) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2013 of 167,751,190 (2012: 167,751,190).

The weighted average number of ordinary shares is calculated as follows:

Number of ordinary shares at January 1, 2013	167,751,190
Effect of options excercised during 2013	-
Weighted average number of ordinary shares at December 31, 2013	167,751,190

EURO	2013	2012
Basic earnings per share	**0.25**	**(0.11)**

28.2 DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at December 31, 2013 was based on the profit (loss) attributable to owners of the Company of 41 million Euro (2012: minus 19 million Euro (restated)) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2013 of 167,751,190 (2012: 167,751,190). It should be noted that there are no options outstanding at December 31, 2013, and that the different stock option plans (Long Term Incentive Plan - tranche no. 5 and 8) have been anti-dilutive, in 2012.

The weighted average number of ordinary shares (diluted) is calculated as follows:

Number of ordinary shares at January 1, 2013	167,751,190
Effect of stock options on issue	-
Weighted average number of ordinary shares at December 31, 2013	167,751,190

The average fair value of one ordinary share during 2013 was 1.54 Euro.

EURO	2013	2012 RESTATED
Diluted earnings per share	**0.25**	**(0.11)**

29. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES AGFA-GEVAERT GROUP

The ultimate parent of the Group is Agfa-Gevaert NV (BE 0404 021 727), Mortsel (Belgium). The Company is the parent company for the following significant subsidiaries:

Consolidated companies, December 31, 2013		
Name of the company	**Location**	**Effective 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	100
Agfa ASEAN Sdn. Bhd.	Petaling Jaya/Malaysia	51
Agfa Corporation	Elmwood Park/United States	100
Agfa de Mexico S.A. de C.V.	Mexico D.F./Mexico	100
Agfa Finance Corp.	Wilmington/United States	100
Agfa Finance Inc.	Toronto/Canada	100
Agfa Finance Italy S.p.A.	Milano/Italy	100
Agfa Finance NV - BE 0436 501 879	Mortsel/Belgium	100
Agfa Finance Polska Sp. z.o.o.	Warsaw/Poland	100
Agfa Finco NV - BE 0810 156 470	Mortsel/Belgium	100
Agfa Graphics Argentina S.A.	Buenos Aires/Argentina	100
Agfa Graphics Asia Ltd.	Hong Kong/PR China	51
Agfa Graphics Ecuador CIA. LTDA	Quito/Ecuador	100
Agfa Graphics Ireland Ltd.	Dublin/Ireland	100
Agfa Graphics Ltd.	Leeds/United Kingdom	100
Agfa Graphics Middle East Fzco	Dubai/United Arab Emirates	100
Agfa Graphics NV - BE 0456 366 588	Mortsel/Belgium	100
Agfa Graphics S.r.l.	Milano/Italy	100
Agfa Graphics Switzerland AG	Dübendorf/Switzerland	100
Agfa HealthCare - Knightsbridge GmbH	Vienna/Austria	60
Agfa HealthCare AG	Dübendorf/Switzerland	100
Agfa HealthCare Argentina S.A.	Buenos Aires/Argentina	100
Agfa HealthCare Australia Limited	Scoresby/Australia	100
Agfa HealthCare Brasil 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	Copenhagen/Denmark	100
Agfa HealthCare France 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 Ltd.	Hong Kong, PR China	100
Agfa HealthCare Hungary Kft.	Budapest/Hungaria	100
Agfa HealthCare Imaging Agents GmbH	Cologne/Germany	100
Agfa HealthCare Inc.	Toronto/Canada	100
Agfa HealthCare India Private Ltd.	Thane/India	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.	Mexico D.F./Mexico	100
Agfa HealthCare Norway AS	Oslo/Norway	100
Agfa HealthCare NV - BE 0403 003 524	Mortsel/Belgium	100
Agfa Healthcare Saudi Arabia Company Limited LLC	Riyadh/Saudi Arabia	100
Agfa HealthCare Shanghai Ltd.	Shanghai/PR China	100
Agfa HealthCare Singapore Pte. Ltd.	Singapore	100
Agfa HealthCare Solutions LLC	Dubai/United Arab Emirates	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 Imaging (Shenzhen) Co. Ltd.	Shenzhen/China	51
Agfa Inc.	Missisauga/Canada	100
Agfa Industries Korea Ltd.	Kyunggi-do/South Korea	100
Agfa Limited	Dublin/Ireland	100
Agfa Materials Corporation	Wilmington/United States	100
Agfa Materials Japan Ltd.	Tokyo/Japan	100
Agfa Materials Ltd.	Brentford/United Kingdom	100
Agfa Materials Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa Scots Ltd.	Edinburgh/United Kingdom	100
Agfa Singapore Pte. Ltd.	Singapore	51
Agfa Solutions SAS	Rueil-Malmaison/France	100
Agfa Sp. z.o.o.	Warsaw/Poland	100
Agfa Taiwan Co. Ltd.	Taipei/Taiwan	51
Agfa-Gevaert A.E.B.E.	Athens/Greece	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 Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited	Scoresby/Australia	100
Agfa-Gevaert Limited	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.p.A.	Milan/Italy	100
Insight Agents France S.r.l.	Marcq en Baroeul/France	100
Lastra Attrezzature S.r.l.	Manerbio/Italy	60
Litho Supplies (UK) Ltd.	Derby/United Kingdom	100
Luithagen NV - BE 0425 745 668	Mortsel/Belgium	100
New ProImage America Inc.	Princeton/United States	100
New ProImage Ltd.	Netanya/Israel	100
OOO Agfa Graphics	Moscow/Russian Federation	100
OOO Agfa Health IT	Moscow/Russian Federation	100
OOO Agfa	Moscow/Russian Federation	100
Plurimetal do Brasil Ltda.	Rio de Janeiro/Brasil	100
Shanghai Agfa Imaging Products Co., Ltd.	Shanghai/PR China	51

Associated companies, December 31, 2013		
Name of the company	**Location**	**Effective interest %**
PlanOrg Informatik GmbH	Jena/Germany	24.50

30. EVENTS SUBSEQUENT TO DECEMBER 31, 2013

There are no subsequent events.

31. INFORMATION ON THE AUDITOR'S ASSIGNMENTS AND RELATED FEES

The following fees for the services of KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises were recognized as an expense:

EURO	2013	2012
Fees of the independent auditor with respect to the statutory audit mandate for the Company and the Group (Belgium)	**538,544**	**558,200**
Fees for non-audit services rendered by the independent auditor to the Company and the Group		
Other attestation	24,118	16,000
Tax	6,850	9,115
Other non-audit	-	11,000
SUBTOTAL	**569,512**	**594,315**

EURO	2013	2012
Fees of independent auditor's network with respect to a statutory audit mandate at the level of the Group (foreign operations)	**1,059,373**	**1,226,350**
Fees for non-audit services rendered by the independent auditor's network to the Group (foreign operations)		
Other attestation	18,681	56,231
Tax	30,631	47,508
Other non-audit	188,820	49,732
SUBTOTAL	**1,297,505**	**1,379,821**
TOTAL	**1,867,017**	**1,974,136**

The fees for the auditing of financial statements comprise those for the audits of the consolidated financial statements of the Agfa-Gevaert Group and the financial statements of its subsidiaries in Belgium and abroad.
Other non-audit fees mainly relate to advice and due diligence assistance.

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF AGFA-GEVAERT NV FOR THE YEAR ENDED DECEMBER 31, 2013

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our report on the consolidated financial statements as of and for the year ended December 31, 2013, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements - unqualified opinion

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 as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of profit or loss and other 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 statement of financial position amounts to 2,568 million Euro and the consolidated statement of profit or loss shows a profit for the year of 49 million Euro.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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.

Statutory 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the statutory auditor's 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, the statutory auditor considers 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 accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at December 31, 2013 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Kontich, April 4, 2014

KPMG Bedrijfsrevisoren
Statutory Auditor
represented by

Erik Clinck	Filip De Bock
Bedrijfsrevisor	*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, 2013 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)		2013	2012
I. Operating income			
A.	Turnover	614	735
B.	Stocks of finished goods, work and contracts in progress (increase +,decrease -)	(17)	(21)
C.	Own work capitalised	21	23
D.	Other operating income	134	130
Total operating income		**752**	**867**
II. Operating charges			
A.	Raw materials, consumables		
	1. Purchases	354	489
	2. Stocks (increase -, decrease +)	3	5
B.	Services and other goods	113	121
C.	Remuneration, social security costs and pensions	214	216
D.	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	27	28
E.	Amounts written off stocks, contracts in progress and trade debtors (appropriations +, write-backs -)	(5)	(2)
F.	Provisions for liabilities and charges (appropriations +, uses and write-backs -)	(19)	(5)
G.	Other operating charges	21	11
Total operating charges		**708**	**863**
III.	**Operating profit/Loss**	**44**	**4**
IV.	**Financial income**	**82**	**96**
V.	**Financial charges**	**(150)**	**(138)**
VI.	**Gain/ Loss on ordinary activities before taxes**	**(24)**	**(38)**
VII.	**Extraordinary income**	**0**	**0**
VIII.	**Extraordinary charges**	**(1)**	**(111)**
IX.	**Gain/ Loss for the period before taxes**	**(25)**	**(149)**
IXbis.	**Transfer from deferred taxes**	**0**	**0**
X.	**Income taxes**	**3**	**7**
XI.	**Gain/ Loss of the period**	**(22)**	**(142)**
XII.	**Transfer to untaxed reserves**	**0**	**0**
XIII.	**Gain/ Loss of the period available for appropriation**	**(22)**	**(142)**
Appropriation account			
A.	Profit to be appropriated	431	453
	1. Gain/Loss of the period available for appropriation	(22)	(142)
	2. Profit/Loss brought forward	453	595
B.	Withdrawels from capital and reserves	0	0
C.	Transfers to capital and reserves	0	0
D.	Profit to be carried forward	431	453
F.	Profit to be distributed	0	0

SUMMARY VERSION OF STATUTORY ACCOUNTS OF AGFA-GEVAERT NV - BALANCE SHEET

(MILLION EURO)		December 31, 2013	December 31, 2012
Assets			
I.	Formation expenses	2	3
II.	Intangible fixed assets	35	30
III.	Tangible fixed assets	20	23
IV.	Financial fixed assets	3,483	3,465
V.	Amounts receivable after more than 1 year	0	0
VI.	Stocks and contracts in progress	98	119
VII.	Amounts receivable within one year	363	358
VIII.	Current investments	9	5
IX.	Cash at bank and in hand	17	5
X.	Deferred charges and accrued income	1	1
		4,028	**4,009**

(MILLION EURO)		December 31, 2013	December 31, 2012
Liabilities			
I.	Capital	187	187
II.	Share premium account	211	211
IV.	Reserves	417	417
V.	Accumulated profits	431	453
VI.	Investment grants	0	0
		1,246	**1,268**
VII.	Provisions and deferred taxes	79	98
VIII.	Amounts payable after more than one year	189	189
IX.	Amounts payable within one year	2.492	2.429
X.	Accrued charges and deferred income	22	25
		4,028	**4,009**

Corporate Governance Statement

The Company has decided to apply the Belgian Corporate Governance Code 2009 as reference code. The Code can be consulted on the website www.corporategovernancecommittee.be.

Unless otherwise stated in the relevant sections of this Statement, the Company is completely in line with the Belgian Corporate Governance Code 2009. The complete Corporate Governance Charter of the Company is published on the website: www.agfa.com/investorrelations.

This Corporate Governance Statement is also in line with the Law on Corporate Governance of April 6, 2010, as published in the Belgian State Gazette on April 23, 2010. The Law on Corporate Governance can be consulted on the website of the Belgian State Gazette www.staatsblad.be. The Remuneration Report is part of this Corporate Governance Statement.

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 and an Audit Committee. In 2013, the Board of Directors decided to discuss strategic topics at the Board level. As a consequence, there was no longer a need to maintain a separate 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 2013, eight effective meetings took place, as well as a couple of short dicussions per conference call.

In the course of 2013, the Board of Directors discussed and decided upon, inter alia: defining the corporate strategy and key policies, the perspectives for 2014 and the 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, the evolution of important litigations 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 must 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 2013, 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 four years. At least half of the members are to be non-executive directors, including a minimum of three independent directors.

The mandates as a director of CRBA Management BVBA, with permanent representative Christian Reinaudo, and of Mercodi BVBA, with permanent representative Jo Cornu, were to expire immediately following the General Meeting of Shareholders of May 14, 2013.

During the General Meeting of Shareholders of May 14, 2013, the shareholders reappointed CRBA Management BVBA, with permanent representative Christian Reinaudo, and Mercodi BVBA, with permanent representative Jo Cornu, respectively as executive and as non-executive director for a new four-year term.

Hence, as from May 14, 2013, the Board of Directors consists of the following seven 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 Jo Cornu, member since 2002, Director of companies
- Willy Duron [(1)], member since 2008, Director of companies
- Roland Junck [(1)], member since 2008, Director of companies
- Christian Leysen, member since 2003, Director of companies

The mandates as an independent director of Pamica NV [(1)], with permanent representative Michel Akkermans, of Willy Duron [(1)] and of Roland Junck[1] expire immediately following the General Meeting of Shareholders of May 13, 2014. They all seek re-election.

During the General Meeting of Shareholders of May 13, 2014, the shareholders will be asked to reappoint Pamica NV [(1)], with permanent representative Michel Akkermans, Willy Duron [(1)] and Roland Junck [(1)] as independent directors for a new four-year term.

(1) INDEPENDENT DIRECTOR IN ACCORDANCE WITH ARTICLE 526TER OF THE BELGIAN CODE OF COMPANIES.

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

Current mandates
• Chairman of the Board of Directors Nyrstar NV.
• Director 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 (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.
- Director Quest for Growth NV, Capricorn ICT Arkiv NV, Citymesh NV and Approach NV.

Jo Cornu (°1944 - Belgian) graduated as an engineer specializing in electro-technology 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. From December 2012 until November 2013, he was chairman of the Board of Directors of Electrawinds SE. In November 2013, he was appointed CEO of the NMBS, the National Belgian Railway Company.

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.

Current mandates
- CEO NMBS.
- Director KBC Group NV 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, 'Universitair Centrum St.-Jozef', the 'Universitaire Ziekenhuizen Leuven' and Windvision.
- Member of the Supervisory Board of 'Van Lanschot Bankiers'.

Roland Junck (°1955 - Luxemburger), was appointed Chief Executive Officer of Nyrstar in February 2009 after 16 months as a non-executive director on the Company's board of directors. He is also director of several European companies including Agfa-Gevaert NV. He was the former Chief Executive Officer of ArcelorMittal. Prior to this role he was a member of the group management board of Arcelor, Aceralia and Arbed. He graduated from the Federal Polytechnic Institute in Zurich and has a Master of Business Administration from Sacred Heart University of Luxemburg.

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

Current mandates
- CEO Nyrstar.
- Director SAM HWA STEEL SA and Nyrstar.

Christian Leysen (°1954 - Belgian) obtained a degree of business engineering and a master's 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.

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

Current mandates
- Executive Chairman Ahlers NV, Chairman Xylos NV, Axe Investments NV, Antwerp

Management School and 'Designcenter De Winkelhaak NV'.
- Director Egemin NV, Astra Immo, Astros Logistic Center, BIM NV, and ALC International

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 April 24, 2012, the Audit Committee consists of the following three non-executive Directors, Messrs. W. Duron, Chairman, R. Junck and J. Cornu.
Two of them are independent directors. 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 2013. Amongst other items the following topics were discussed: the verification of the annual accounts 2012, the quarterly results of 2013 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 8, 2012, date on which Mr. W. Duron was appointed to this committee, the Nomination and Remuneration Committee consists of five members, i.e. Mr. C. Leysen, Chairman, and Messrs. J. De Wilde, M. Akkermans, J. Cornu and W. Duron. Three of them are independent Directors.
The Committee had three meetings in 2013 and the following items, amongst others, were discussed: composition of the Board of Directors and the Committees, the compensation and benefits philosophy, performance and remuneration of the Executive Management and Senior Executives, pension obligations and drafting of the Remuneration Report.

Strategic Committee (SC)

As mentioned above, the Strategic Committee has been dissolved in the course of 2013. There was still one meeting in 2013.

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

NAME	Board	AC	BRC	SC
Mr. Julien De Wilde	8/8		3/3	1/1
Mr. Christian Reinaudo	8/8			
Mr. Michel Akkermans	5/8		3/3	
Mr. Jo Cornu	8/8	5/5	3/3	1/1
Mr. Willy Duron	8/8	5/5	3/3	1/1
Mr. Roland Junck	5/8	1/5		
Mr. Christian Leysen	6/8		3/3	1/1

Management of the Company

CEO and Executive Committee (Exco)

The Executive Management is at present entrusted to a Managing Director/CEO, 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.

Since February 29, 2012, the Exco is composed as follows:
- Mr. Kris Hoornaert, Chief Financial Officer
- Mr. Stefaan Vanhooren, President Agfa Graphics
- Mr. Luc Delagaye, President Agfa Materials
- Mr. Luc Thijs, President Agfa HealthCare

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 Group Consolidation 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, assess 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 regard to insider dealing and market manipulation.

Risk factors description

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 needs to comply 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 *waste water* 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 note 22.2 and 22.3 on p. 136 and 137, and under note 26 on p. 139 and 140 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.

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 Committees 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.

The last formal evaluation occurred in 2013, in which 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 corporate body 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.

In the years where no formal evaluation is scheduled, the Chairman of the Board will informally inquire the Members of the Board and of the Executive Management at regular intervals regarding the functioning of the various corporate bodies.

Policy regarding gender diversity

The Board of Directors has taken note of the Belgian Law of July 28, 2011, regarding gender diversity on Board level. The Board of Directors established a first profile for potential candidates and asked the Nomination and Remuneration Committee to recommend candidates, fitting this profile, to the Board.

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

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.

Information related to major events subsequent to December 31, 2013 and information on circumstances that could significantly impact the development of the Group

No such events occurred.

Information on the R&D actvities

See chapter Innovation p. 20 through 22.

Information related tot the existence of branches of the Company

Agfa-Gevaert NV has a branch office in the United Kingdom (Agfa Materials UK).

Information related to 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.
Further detail hereon is provided in the 'Notes to the Consolidated Financial Statements'.

Auditor

Agfa-Gevaert NV's Statutory Auditor is KPMG Bedrijfsrevisoren, represented by Messrs. Filip De Bock and Erik Clinck. The Statutory Auditor was reappointed at the General Meeting of Shareholders of May 14, 2013, for another three-year term. Hence, the mandate will expire immediately following the General Meeting of Shareholders of 2016.

World-wide fees in relation to services provided by KPMG Bedrijfsrevisoren amounted to 1,867,017 Euro in 2013. This amount comprises fees of 1,597,917 Euro for the audit of the annual financial statements, 42,799 Euro for other audit services, 37,481 Euro for tax services and 188,820 Euro for other non-audit related services.

Information with regard to important participations

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 on date of this Annual Report 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;
- Dimensional Fund Advisors LP with between 3% and 5% of the outstanding stock as from September 5, 2011.

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 77.61% and 86.61%.

Information related to the implementation of the EU takeover directive

The Board of Directors hereby states that the Annual Report has been drafted in accordance with article 34 of the Royal Decree of November 14, 2007. In this respect the Board of Directors explains that:

- A complete overview of the capital structure dated March 15, 2014, is included in the Annual Financial Report;
- There are no statutory restrictions with respect to the transfer of securities of the Company nor the exercise of voting rights;
- There are no special rights 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;
- The Company is not aware of the existence of shareholder agreements resulting in restrictions on the transfer of securities and/or on the 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;
- All important agreements entered into as from the date of the Royal Decree mentioned above, to which the Company is a party and which contain a 'change-of-control' clause, have been submitted for approval to the respective annual meetings;
- The agreements with the members of the Executive Management no longer contain a 'change of control' clause, following which they would receive compensation if their agreement with the Company would terminate as a result of a change of the control over 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 who did a public call for savings, 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 integrated in this Annual Financial 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 Report, containing the Annual Report, the statutory and consolidated annual accounts, and including the report of the 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 required information are published on the website of the Company, in compliance with the guidelines of the Financial Services and Markets Authority (FSMA).

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 required financial information by e-mail.

The Annual Report is available on the website www.agfa.com, in Dutch and English.

Remuneration Report

The Nomination and Remuneration Committee (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). There are no plans to introduce important changes to this policy in the next two years. In this regard, it will be submitted to the Shareholders' Meeting, conform to the Corporate Governance Statement of Agfa-Gevaert NV and with the aim to strive for transparency, to activate, provided certain conditions are met, the ninth tranche of the Long Term Incentive Plan, a system allowing to remunerate inter alia the Executive Managers in shares, share options or other rights to acquire shares.

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 seven meetings per calendar year)	
Chairman [1]	180,000 Euro
Members	50,000 Euro
AC (for a maximum of five meetings per calendar year)	
Chairman	25,000 Euro
Members	12,500 Euro
NRC (for a maximum of three meetings per calendar year)	
Chairman	15,000 Euro
Members	7,500 Euro
SC	
Chairman	No remuneration provided
Members	No remuneration provided

(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.

Additional fix remuneration

of 2,500 Euro for every meeting exceeding the set maximum of seven, five or three meetings per calendar year, for respectively the fixed remuneration for the Board, AC or NRC.

Performance related remuneration

Non-executive directors do not receive any performance related remuneration.

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 2013 is as follows:

EURO	Board of Directors	Committees	TOTAL
Mr. Michel Akkermans (1)	50,000.00	7,500.00	57,500.00
Mr. Jo Cornu (2)	52,500.00	20,000.00	72,500.00
Mr. Julien De Wilde (3)	180,000.00	-	180,000.00
Mr. Willy Duron	52,500.00	32,500.00	85,000.00
Mr. Roland Junck	50,000.00	12,500.00	62,500.00
Mr. Christian Leysen	50,000.00	15,000.00	65,000.00
Mr. Christian Reinaudo (4)	52,500.00	-	52,500.00
TOTAL	**487,500.00**	**87,500.00**	**575,000.00**

(1) PERMANENT REPRESENTATIVE OF PAMICA NV.
(2) PERMANENT REPRESENTATIVE OF MERCODI BVBA.
(3) PERMANENT REPRESENTATIVE OF DE WILDE J MANAGEMENT BVBA.
(4) EXECUTIVE DIRECTOR AND PERMANENT REPRESENTATIVE OF CRBA MANAGEMENT BVBA.

CEO

After the Annual General Meeting of April 27, 2010, the Board of Directors appointed CRBA Management BVBA, represented by Mr. Christian Reinaudo, as Managing Director/CEO. The agreement with CRBA Management BVBA does not provide 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 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.

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

For 2013, the remuneration for the CEO was:
- Fix remuneration: 1,136,800.00 Euro (1);
- Variable remuneration: 410,241.00 Euro;
- Compensation for transport, rent and various insurances: 76,015.63 Euro.

(1) INCL. THE REMUNERATIONS OF MR REINAUDO AS A DIRECTOR IN CERTAIN AGFA SUBSIDIARIES.

No pension or group insurance contributions were paid for the CEO.
The cash component of the variable remuneration was earned to the full in the short term (max. one year). As a consequence there was no performance related remuneration earned in the long term.

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.

The overall gross fix remuneration for the Exco in 2013 amounted to 1,610,037.00 Euro (excluding employers' social contributions). The total annual 'on target' variable remuneration amounts to 805,000.00 Euro, which generally represents 50% of the gross fix remuneration and – as a consequence – close to 25% of the global annual remuneration.

The payment of this variable fee is depending on the following parameters:
- for 20%: individual targets;
- for 80%: financial targets.

For 2013, the global variable compensation amounts to 726,285.00 Euro (excluding employers' social security contributions). For the 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 323,968.52 Euro and 59,383.21 Euro as benefits in kind.

The cash component of the variable remuneration was earned to the full in the short term (max. one year). As a consequence there was no performance related remuneration earned in the long term.
The benefits in kind, which may vary from member to member, include a home PC, a company car, a representation allowance and various insurances (directors' liability, travel and medical insurance, private accidents).
In 2013, no severance payments were made to the Executive Management. In the agreements with the Executive Management members, there is no contractual recovery right for a variable remuneration granted on the basis of incorrect financial data.

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 2013.

There are no longer share options or other rights to acquire shares that have been granted to the members of the Executive Management.

In 2013, no other 'Long Term Incentive Plan' was granted to the Exco.

Severance

The stipulations with regards to severance in the contracts with the different members of the Executive Management, can be summarized as follows:

The Board of Directors can withdraw the appointment of CRBA Management BVBA, represented by Mr. Christian Reinaudo, with immediate effect. In such case, CRBA Management BVBA will be entitled to an indemnity equal to nine months of remuneration, to be calculated on the fixed income that CRBA Management BVBA and Mr. Christian Reinaudo earn yearly from the Agfa-Group worldwide, with the exception of any director's fee paid by Agfa-Gevaert NV to CRBA Management BVBA or to Mr. Reinaudo. In case of withdrawal of the appointment for an Event of Serious Fault (being established and confirmed after compliance with a certain internal Board procedure), no indemnity will be due.

In case of termination by the Company (and except for an Event of Serious Fault), Messrs. Hoornaert and Thijs will be entitled to a notice period calculated in conformity with the minimum of art. 82§5 of the Law of July 3, 1978 (three months per five years of seniority, with a minimum of 12 months for Mr. Hoornaert). Mr. Vanhooren has no explicit contractual severance clause and falls under the application of general Belgian law.

In case of termination by the Company (and except for an Event of Serious Fault), Mr. Delagaye will be entitled to a notice period calculated in conformity with a certain schedule. This schedule foresees a minimum notice period of six months and a maximum of 15 months upon retirement.
Furthermore, in those cases where they are to comply with the contractual non-compete arrangement, Messrs. Hoornaert, Vanhooren, Delagaye and Thijs will be entitled to an additional indemnity equal to 75% of their gross remuneration for the 12 months of the non-compete.

Environment

Environmental, safety and energy management systems

In line with its commitment to the conservation of natural resources, to the safe operation of its facilities and to minimizing the environmental impact of its activities and products, Agfa installed quality, environmental and safety management systems according to the international standards ISO 9001, ISO 13485, ISO 14001, ISO 50001 and *OHSAS 18001*.
The following table gives an overview of the certificates that are obtained by the different Agfa sites:

Site	Country	ISO 9001 Quality	ISO 13485 Q Medical	ISO 14001 Environment	OHSAS 18001 Safety	ISO 50001 (DIN 16001) Energy
Banwol	South Korea	Yes	N.A.	Yes	Yes	Planned
Branchburg	US	Yes	N.A.	Yes	Yes	Planned
Bushy Park	US	Yes	Yes	No	No	No
Leeds	UK	Yes	N.A.	Yes	Yes	Yes
Manerbio (Agfa Graphics)	Italy	Yes	N.A.	No	Yes	No
Manerbio (Lastra)	Italy	Yes	N.A.	No	No	No
Mississauga	Canada	Yes	N.A.	No	No	No
Mortsel	Belgium	Yes	Yes	Yes	No	No
Munich	Germany	Yes	Yes	No	No	No
Peissenberg	Germany	Yes	Yes	No	No	Yes
Peiting	Germany	Yes	Yes	No	No	No
Pont-à-Marcq	France	Yes	N.A.	Yes	Yes	Yes
Schrobenhausen	Germany	Yes	Yes	No	No	No
Suzano	Brazil	Yes	N.A.	Yes	Yes	Yes
Teterboro	US	Yes	N.A.	No	No	No
Vallese di Opeano	Italy	Yes	N.A.	Planned	Yes	Planned
Varela	Argentina	Yes	N.A.	No	No	No
Wiesbaden	Germany	Yes	N.A.	Yes	Yes	Yes
Wuxi (Imaging)	China	Yes	Yes	Yes	No	No
Wuxi (Printing)	China	Yes	N.A.	Yes	Yes	Planned

N.A.: NOT APPLICABLE

Production-related environmental protection

Overview of the sites involved

In the course of 2013, the Agfa Graphics sites in Teterboro, US, and Manerbio, Italy, have been closed.
Mortsel includes the sites in the Belgian towns of Mortsel, Wilrijk, Edegem and Westerlo (Heultje).
All data refer to the full year 2013 for all sites.

Country	Site	Activity and/or type of products
Argentina	Varela	Conversion of film, chemicals
Belgium	Mortsel	Film, chemicals
Brazil	Suzano	*Printing plates*, chemicals
Canada	Mississauga	Equipment
China	Wuxi (Imaging)	Conversion of film
	Wuxi (Printing)	Printing plates
France	Pont-à-Marcq	Printing plates, chemicals and conversion
Germany	Munich	Equipment
	Peissenberg	Equipment
	Peiting	Equipment, accessories
	Schrobenhausen	Imaging plates and cassettes
	Wiesbaden	Printing plates
Italy	Manerbio (Agfa Graphics)	Printing plates
	Manerbio (Lastra)	Equipment
	Vallese di Oppeano	Printing plates
South Korea	Banwol	Printing plates, chemicals
UK	Leeds	Printing plates
US	Branchburg	Printing plates
	Bushy Park	Conversion of film
	Teterboro	Chemicals

Type of operations

All sites are involved in one or more of the following operations:
- production of film and synthetic paper,
- production of printing and imaging plates,
- production of processing chemicals and inks,
- production of equipment.

Production of film and synthetic paper

Only the Mortsel site produces polyester film base. Other polymer bases are purchased from external suppliers. Film base is coated with emulsion layers. The production of emulsion itself is a separate production process. Some of the chemical components of the emulsion layers are also produced at some of the other sites. The final step in film production comprises converting (cutting-to-size) and packaging.

Production of printing and imaging plates

The base for most printing plates is aluminum sheet which is purchased from external suppliers and further pretreated and coated at the plate manufacturing sites. Most coatings do not contain silver, but there are some exceptions. The final steps in the production of printing and imaging plates are, as for film, converting and packaging.

Production of processing chemicals and inks

After the exposure of films or printing plates to a light source by the customer, they need to be chemically developed in order to obtain a visible image. Alternatively more and more plates are now *chemistry-free* and some types of film can be developed using heat. For its high-end industrial *inkjet* presses, Agfa produces a dedicated range of inks. The production of processing chemicals and inks mostly comprises the mixing of ingredients, bottling and packaging.

Production of equipment

Production of equipment includes mechanics, electronics, optics and software.

Environmental impact

The environmental impact of production operations mainly consists of emissions to air and water, use of resources and consumption of energy.
Equally important are the safety aspects of the operations and the efforts to avoid environmental incidents and complaints.

Environmental indicators

In line with above considerations, Agfa has selected the following indicators to evaluate its environmental performance:

Water consumption	m^3/year
Specific water consumption	m^3/tonne of product
Water consumption excluding cooling water	m^3/year
Specific water consumption excluding cooling water	m^3/tonne of product
Waste water loads	tonnes/year
Specific waste water loads	tonnes/tonne of product
CO_2 emissions to air	tonnes/year
Specific CO_2 emissions to air	tonnes/tonne of product
NO_x, SO_2, VOC, VIC emissions to air	tonnes/year
Specific NO_x, SO_2, VOC, VIC emissions to air	tonnes/tonne of product
Specific VOC emissions to air	tonnes/tonne of product
Waste volumes	tonnes/year
Specific waste volumes	tonnes/tonne of product
Specific hazardous waste volumes	tonnes/tonne of product
Energy consumption	*TeraJoule*/year
Specific energy consumption	GigaJoule/tonne of product
Environmental incidents and complaints	number

Summary of environmental achievements

In 2013, the production volumes of Agfa's film and printing plate factories decreased by 8.7%. This evolution resulted from the structural decline of the market for classic film products and from the global economic downturn.

During the year, Agfa made further progress in the fields of specific water consumption, specific waste water load, specific waste volume and waste treatment.

In 2013, specific water consumption decreased by 5.3%. Excluding cooling water, specific water consumption decreased by 2.5%. The fact that the site in Mortsel was able to re-use about 50% of the waste water was a decisive factor.

The specific waste water volume decreased by 3.8%. Excluding the aluminum load, the specific waste water load further decreased by 4.1%, thanks to the investment in a biological waste water treatment facility in Mortsel. The aluminum load of the waste water in the Branchburg site (US) increased.

Specific energy consumption of the Agfa-Gevaert Group increased by 2%. Thanks to a far-reaching sustainable energy recuperation program, the Agfa Graphics sites were able to reduce their energy consumption in 2012. As a result, specific energy consumption of these sites remained stable compared to 2012.

The specific energy consumption in the Agfa HealthCare sites decreased by 5.3%. The Peissenberg site was honored with an 'Ökoprofit award' for its efficient energy usage. Energy consumption in the film factories decreased by 4%. The specific energy consumption, however increased by 5%. In the Mortsel site, the share of the conditioning of administrative buildings increased versus the share of the film production process, as film production volumes decreased.

Specific emissions to air excluding CO_2 increased due to an increase in SO_2 emissions in the film factories. A maintenance check of the gas turbines of the combined heat and power plant (CHPP) in the Mortsel site should result in a reduction of these emissions.

Although total VOC emissions decreased, specific VOC emissions increased to 0.75 kg/tonne of manufactured product. This is explained by a change in the product/mix of Agfa Graphics towards more environmental-friendly printing plates. The share of these solvent based printing plates in the overall printing plate production increased. In addition, the company almost completely stopped using halogenated solvents in the production of its chemical base products.

Thanks to continued efforts, the specific waste volume and the specific hazardous waste volume dropped by 11.8% and 5.7% respectively. For the first time ever, useful waste usage (recycling, energy recovery, physico-chemical treatment and *valorization*) passed the 90% mark.

Environmental performance of the Agfa-Gevaert Group since 2000

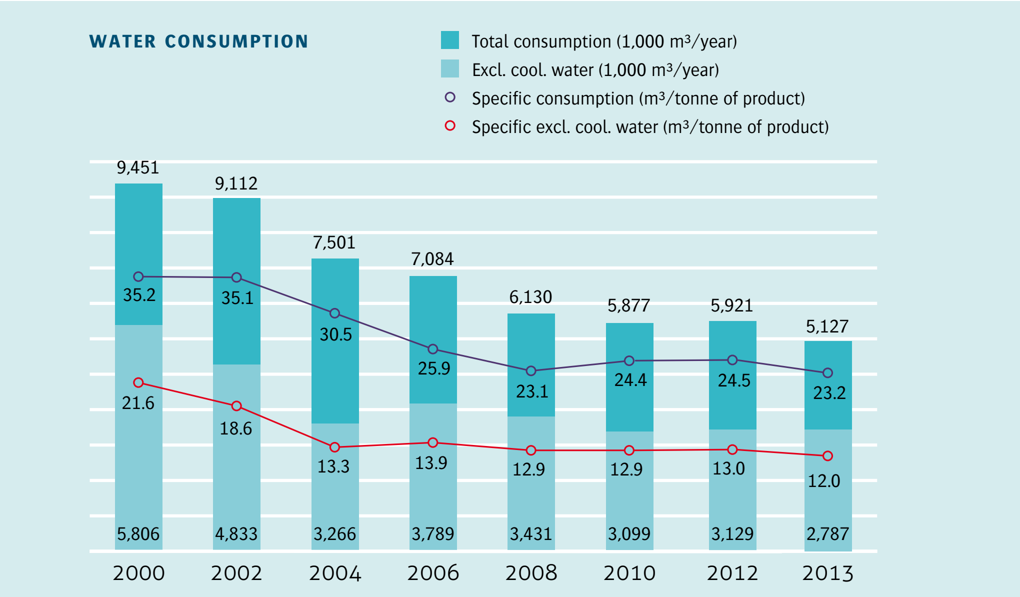
In the comments below, the environmental performance in 2013 is compared with the performance in 2012. The graphs and tables illustrate the general trends since 2000.

Production volumes

The table below gives an overview of the Group's production volumes since 2000.

Year	2000	2002	2004	2006	2008	2010	2012	2013
Tonnes/year	268,425	259,740	245,691	273,124	265,002	241,047	241,574	220,739

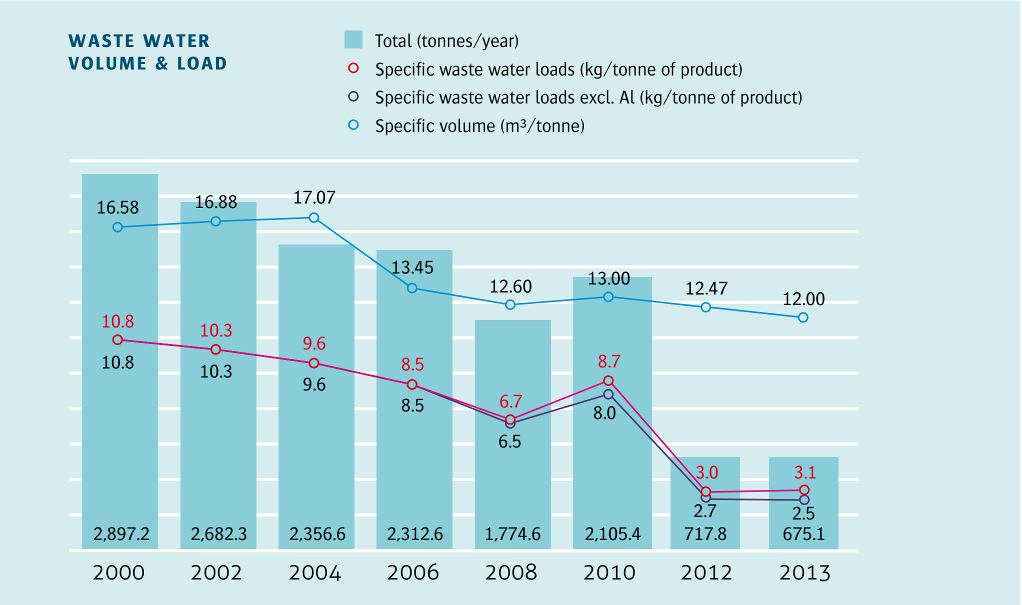
Water consumption



In 2013, total water consumption decreased by about 13.4% compared to 2012. As a result, specific water consumption decreased by 5.3%.
Excluding cooling water, water consumption decreased by about 11%, resulting in a specific water consumption excluding cooling water of 12.6 m^3/tonne of manufactured product. That equals a reduction of 2.5% compared to 2012.
In 2013, the biological waste water treatment plant in Mortsel became fully operational, meaning that the Reverse Osmosis installation started working continuously. As a result up to 50% of the waste water could be re-used as process water. This led to a reduction of the use of tap water as process water by over 16%.

Waste water volume and loads

Year	2000	2002	2004	2006	2008	2010	2012	2013
Specific volume (m^3/tonne of product)	**16.58**	**16.88**	**17.07**	**13.45**	**12.60**	**13.00**	**12.47**	**12.00**
COD	2,705.1	2,497.2	2,095.5	2,015.4	1,486.5	1,727.1	524.1	473.1
N	177.8	170.4	244.1	122.4	97.8	90.8	17.8	20.4
P	11.1	10.1	14.9	172.3	127.8	118.7	97.0	66.5
AOX	2.0	3.7	1.4	1.5	1.3	0.8	0.9	0.5
Heavy metals exl. Al	1.1	0.9	0.7	0.9	0.5	0.5	0.5	0.5
Aluminum	0.0	0.0	0.0	0.1	60.7	167.5	77.5	114.2
TOTAL (TONNES/YEAR)	**2,897.2**	**2,682.3**	**2,356.6**	**2,312.6**	**1,774.6**	**2,105.3**	**717.8**	**675.1**



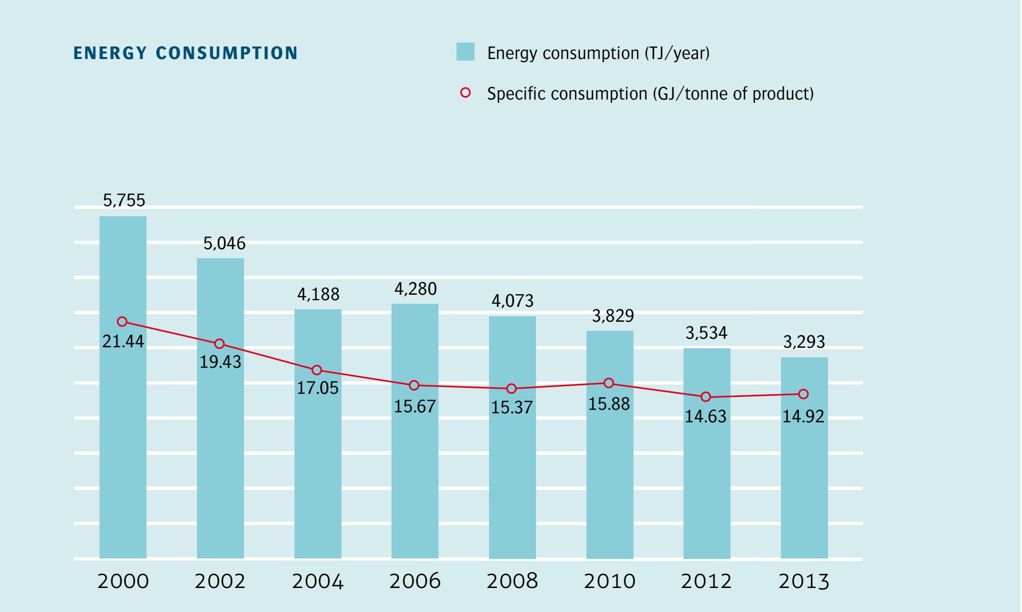
Waste water volume decreased globally by 12% which resulted in a decrease in the specific waste water volume of 3.8% compared to 2012.

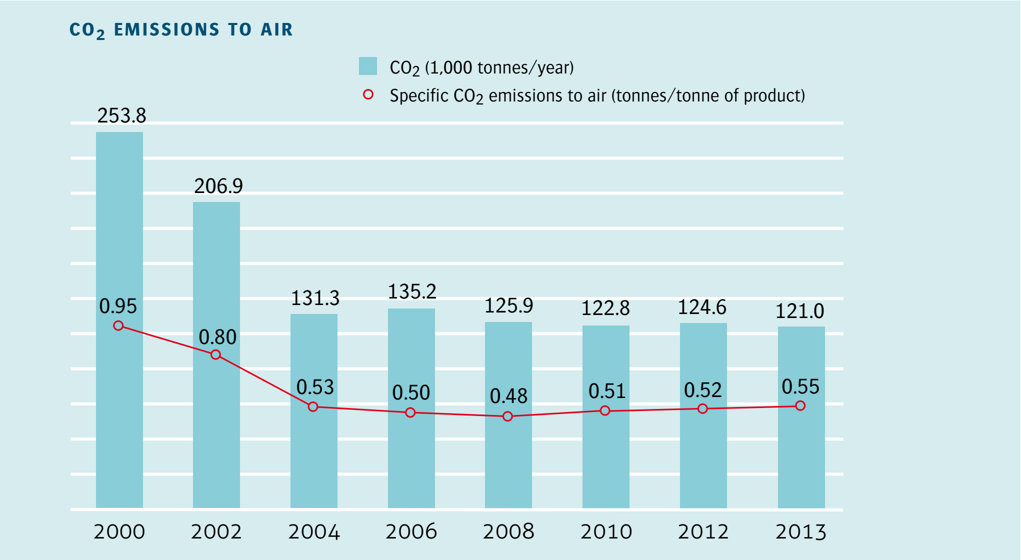
The waste water flows from most of the manufacturing plants are processed by external biological treatment plants. In order to adapt the composition of the waste water to meet the requirements of external treatment plants, the waste water is pre-treated at the Agfa sites to remove non-biodegradable substances.

In 2011, Agfa invested in a biological waste water treatment plant for its film production site in Mortsel. In 2012, this resulted in a spectacular 45% drop in the global specific waste water load. In 2013, the trend continued as the specific waste water load excluding aluminum decreased by another 4.1%.

However, in 2013 the total specific waste water load increased slightly by 2.9% to 3.1 kg/tonne of manufactured product. This was caused by an increase of the aluminum load in the waste water of the printing plate factory in Branchburg.

Energy consumption and CO_2 emissions





Total energy consumption decreased by 6.8%. As this is less than the decrease in production volumes, specific energy consumption increased by 2%. CO_2 emissions followed the same trend.

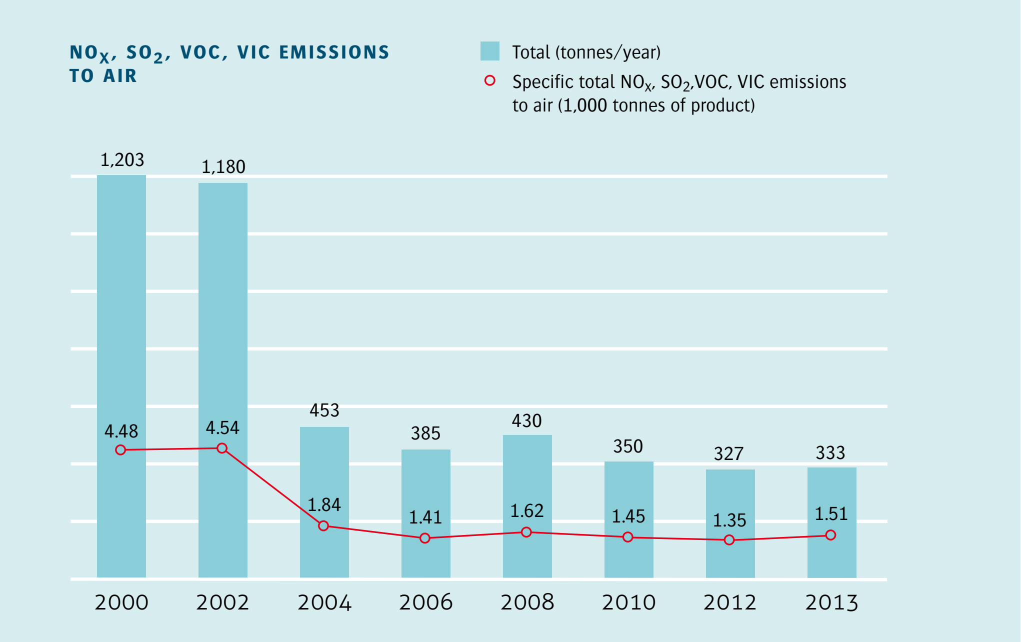
Energy consumption in the film factories decreased by 4%. On the other hand, specific energy consumption increased by 5%. The decisive factor are the Belgian sites, as they account for 64% of total energy consumption. In Mortsel, a large part of the energy is used for the conditioning of the administrative buildings. The decrease in personnel and thus the decrease in building occupancy is lower than the decrease in production volumes. Therefore, the decrease in energy consumption does not follow the decrease in production volumes.

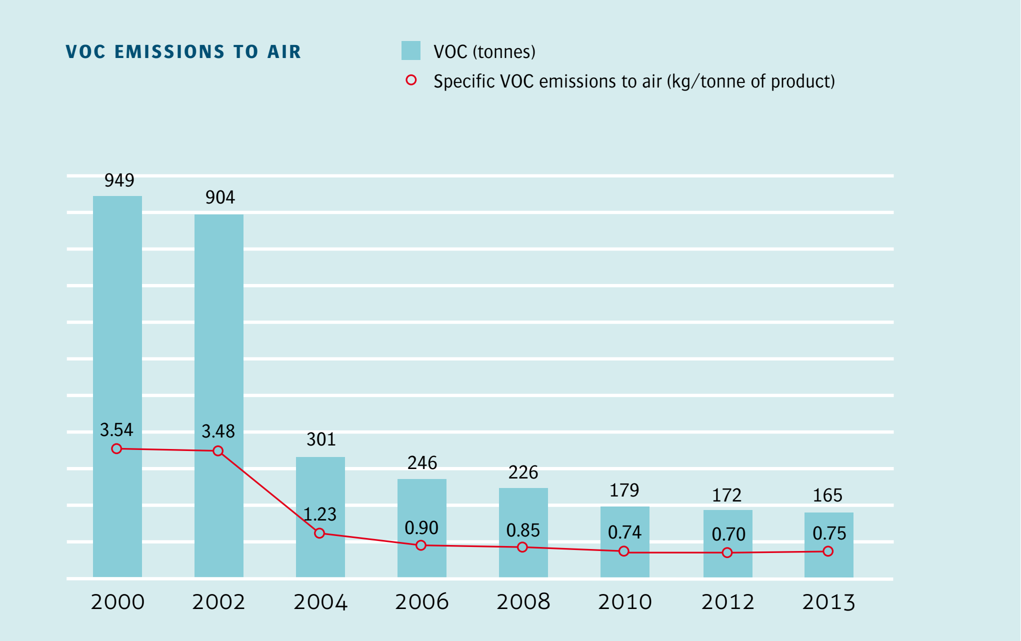
Agfa HealthCare's energy consumption decreased by 6.6%. Its specific energy consumption also decreased by 5.3%, resulting from a more efficient energy usage in the sites in Munich, Peiting and Peissenberg. In 2013, the Peissenberg site received an 'Ökoprofit award' in 2013.

In the Agfa Graphics sites, energy consumption decreased by 10.5%. As this is in line with the decrease in production volumes, the specific energy consumption remained almost stable versus 2012. In 2011-2012 the Sustainable Energy Reduction Program (SERP) resulted in strong energy savings. In 2013, this progress was perpetuated. In 2013, efforts were also made to visualize and model the energy consumption of the sites in order to create an efficient and real-time monitoring model.
Further significant energy savings require major investments, of which the economical viability still needs to be investigated.

NO_x, SO_2, VOC, VIC emissions to air

Emissions (tonnes/year)	2000	2002	2004	2006	2008	2010	2012	2013
NO_x	199	184	136	127	172	161	142	142
SO_2	43	82	3	7	28	6	10	23
VOC	949	904	301	246	226	179	172	165
VIC	13	10	12	5	4	4	4	3
TOTAL (TONNES/YEAR)	**1,203**	**1,180**	**453**	**385**	**430**	**350**	**327**	**333**





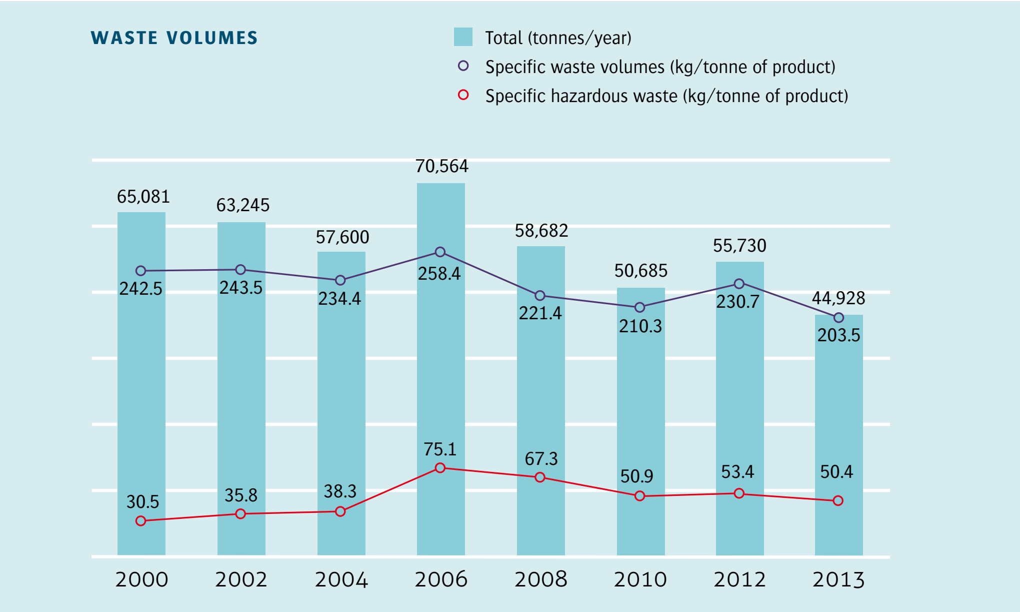
In 2013, emissions to air, CO_2 emissions excluded, increased by 2.2%. The specific emissions to air, CO_2 emissions excluded, increased by 12%.
This increase is completely due to an increase in SO_2 emissions in the film factories. Compared to 2012, NO_x emissions remained stable at 142 tonnes.

VOC emissions decreased by 2.7%, while specific VOC emissions increased to 0.75 kg/tonne of manufactured product.
In the Agfa Graphics sites a decrease in VOC emissions of 5.6% was recorded. Specific VOC emissions increased slightly due to the relative larger share of solvent based products in the product/mix.

Globally, VOC emissions in the film factories decreased by 2.5%. VOC emissions mainly result from the production of chemicals in the Belgian Westerlo (Heultje) site. The site almost completely stopped using halogenated solvents, thus almost completely eliminating halogenated VOC emissions.

Waste

Year	2000	2002	2004	2006	2008	2010	2012	2013
Landfill	15,789	12,276	7,940	2,868	1,715	5,691	6,373	4,059
Incineration	229	560	403	247	203	274	296	230
Recycling	37,920	40,819	40,698	60,608	51,604	39,720	44,690	36,665
Energy recovery	4,374	3,132	2,267	1,997	1,674	1,358	1,308	1,267
Physico-chemical treatment	1,988	1,138	1,450	1,009	534	716	632	446
Valorization	4,781	5,321	4,842	3,835	2,952	2,925	2,431	2,260
TOTAL (TONNES/YEAR)	**65,081**	**63,245**	**57,600**	**70,564**	**58,682**	**50,685**	**55,730**	**44,928**
Non-hazardous	87%	85%	84%	71%	70%	76%	77%	75%
Hazardous	13%	15%	16%	29%	30%	24%	23%	25%



The total waste volume decreased by 19.4% versus 2012. The specific waste volume and the specific hazardous waste volume decreased by 11.8% and 5.7% respectively.

For the first time ever, useful waste usage (recycling, energy recovery, physico-chemical treatment and valorization) exceeded the 90% mark. Recycling accounts for 82% of useful waste usage. Less than 10% of the waste volume is evacuated to landfill.

Environmental incidents, complaints and fines

- **Incidents**
  In 2013, the Mortsel site reported three environmental incidents to the Belgian authorities. The Leeds site reported two incidents to the local authorities. They mainly concerned minor violations of the waste water permit. No other production site had to report environmental incidents to the authorities.
- **Complaints**
  As in the previous years, only Mortsel reported external complaints from neighbours in 2013. These complaints mainly concerned odour and noise pollution.
- **Fines**
  No fines were reported.

Occupational health & safety

Each Agfa site has health & safety standards in place to protect the employees and all other people on site in accordance with all the specific legal requirements.

Health & safety information is presented in the monthly management team meetings. During the quarterly review meetings of the Corporate Safety, Health and Environment (SHE) department, this information is discussed and measures are taken. Each year, the SHE Management Committee reviews the SHE Policy, the organization, the management systems and the objectives.

Each reported near miss, incident and accident is investigated to the root cause in order to implement the most appropriated measures. Important issues are communicated instantaneously over all the sites as SHE alerts.
Analysis of the root causes are made to implement specific actions targeted at SHE performance improvement.

The frequency rate of the reportable accidents slightly decreased from 3.37 in 2012 to 3.10, representing a total amount of 29 cases.
The frequency rate of accidents leading to more than one lost working day decreased from 6.43 in 2012 to 5.56 in 2013, representing an amount of 52 cases.
The severity rate of the accidents with more than one lost working day decreased from 0.21 in 2012 to 0.14 in 2013 representing 1,303 lost calendar days.

Human Resources

Organization

At the end of 2010, the HR departments of the three business groups merged into a single HR Global Shared Service. The merger brought a number of benefits to our organization and our people:

- Increased efficiency and the opportunity to leverage HR best practices across the Agfa-Gevaert Group;
- Better leverage of the financial investments in HR tools, as one technical solution often suits the needs of the different business groups;
- Improved job mobility opportunities for the Agfa employees across all business groups.

The HR organization consists of three Centers of Excellence and an HR Process Office. The Centers of Excellence cover three main activities:

- Compensation & Benefits;
- Learning & Development including Performance Management;
- Staffing.

They are responsible for the launch of new rules or policies which can be used worldwide in Agfa's different organizations. This approach brings a lot of benefits in the field of cost efficiency, transparency and uniformity.

The HR Process Office manages the HR operational tools and processes.

Programs and policies

Performance Management

Performance Management is a recurring and ongoing business process of goal setting, development and evaluation focused on realizing the strategy of the Company through the performance of the employees.

Agfa's performance management processes ensure that employees are evaluated and receive formal and informal feed-back on their achievements against a number of agreed targets.

Financial rewards to employees are to some extent based on the outcome of the performance management process. The evaluation focuses on both the evaluation of the achieved results (What) and the behaviors shown to achieve those results (How).

Competency Management
Competency Management is a program that facilitates managers and employees to create personal development plans that are in line with the business objectives and the employee's professional aspirations.

Generic competencies, and an increasing number of job specific competencies, have been defined and are measured against a predefined proficiency level. Any skills gaps are prioritized and addressed through development targets.
The Academy Learning Platform is accessible to all employees and offers a wide variety of technical and non-technical training options to employees.

Talent Management
At least once a year all senior managers participate in HR boards to proactively identify key talents in the organization, organize mobility or job rotations and to deal with retention of key employees.

A Global Leadership Program has been implemented to increase the visibility, coaching and development of global talent. On top of this, various regions have also put local talent programs in place.

Reward policy and practices
The employment of people is a long term investment. Today, global organizations face more and more competitive pressure in attracting and retaining staff. Therefore, Agfa offers competitive Compensation & Benefits packages to all employees. Most management employees have a variable share in their total salary package. Payout of this variable bonus depends on the performance of the Agfa-Gevaert Group, the respective business group or region and the individual performance (Global Bonus Plan).

In order to ensure that compensation is in line with the market, Agfa uses a formal job evaluation system and participates in salary surveys to continuously benchmark its pay (Total Target Cash).

Agfa targets to have Total Target Cash on average at the 67th percentile of the general market. The package of individual employees is differentiated based on performance and the level of expertise of the employee.

Agfa aims to offer competitive but cost effective short term and long term benefits. The most important benefits are: a pension plan, life insurance, disability insurance and medical coverage. The benefits that are offered may vary significantly across countries depending on local regulations and practices.

Labor practices

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.

Diversity
To Agfa diversity is an important concern and the Company has implemented policies and procedures in this respect. They are described in the Company's Code of Conduct and in the non-discrimination policy as described in the Ethical Business Policy Statement.

Freedom of association
By adhering to the overall principles of the International Declaration of Human Rights, Agfa supports and respects the employees' right to associate with unions or other organizations legally representing employees in their relation to Agfa as employer.

In every country where it is present, Agfa participates in the dialogue with representatives of the employees. Typically in most European countries, Works Councils will take the role of employee representation bodies. At a European level a European Works Council is in place. For Health & Safety issues local committees, consisting of representatives of employees and employer, are often in place as well as required by local legislation.

Employee assistance programs

Besides the rigorous implementation of the Code of Conduct the large majority of Agfa's subsidiaries have a formal system in place to assist employees who wish to report problems such as harassment, discrimination or specific conflicts of interest cases. Complaints are handled in a systematic and confidential manner and dedicated and autonomous contact persons are in place. Local HR contacts are also available for every site so that employees can address individual concerns – if needed – in a confidential manner.

Internal communication

In order to ensure proper one-voice internal communication, Agfa has set up specific communication channels to inform its personnel in a professional and objective manner on all company related matters.

To this aim, the Agfa's intranet is used as an important internal medium that regroups all corporate or departmental related information, on a local or global basis. The information is frequently updated and covers all the levels of the Agfa organization and its industries. In 2012, the Agfa intranet underwent a comprehensive make-over in order to respond to today's communication needs. Colleagues, who don't have access to the intranet at their workplace, are being informed via alternative media such as printed newsletters.

Secondly, all employees receive an update on the quarterly results and any other important business topics, through the quarterly Infotour presentations that are organized at every site. During these meetings, the Company's as well as the business groups' performance and results are commented in detail. Participants are invited to discuss these and related topics with their management at these occasions. Finally, local communication initiatives, such as staff magazines, newsletters, staff meetings,… complement the above communications.

Glossary

AOX
Sum of organic halogen compounds in water that can be adsorbed by activated carbon under standardized conditions.

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.

biodegradable
Property that makes chemical compounds degradable by biological treatment.

biological waste water treatment
Micro-organisms are capable of breaking down substances in water: waste water treatment plants make selective use of this natural process.

capacitive sensor
A capacitive sensor detects anything that is conductive or has a dielectric different from that of air. Capacitive sensors replace mechanical buttons.

chemistry-free printing plate
A *printing plate* that does not require chemical processing after imaging.

Clinical Information System (CIS)
These comprehensive, integrated IT solutions are designed for collecting, storing, manipulating and making available clinical information important to the healthcare delivery process. Clinical Information Systems may be limited in extent to a single area (e.g. laboratory systems, ECG management systems) or they may be more widespread and include virtually all aspects of clinical information (e.g. electronic medical records).

CO_2
Carbon dioxide, generated by combustion of fuel.

COD
Chemical oxygen demand, the amount of oxygen needed for chemical oxidation of constituents of water.

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 *image processing software* (such as Agfa HealthCare's MUSICA) 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 *Picture Archiving and Communication 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
Can be administered to the patient before a medical imaging examination with X-ray, *CT* and *MRI*, to highlight specific anatomical structures (mostly vessels).

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 *Picture Archiving and Communication Systems* (PACS) 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.

CtF
see *computer-to-film*

CtP
see *computer-to-plate*

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*.

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 *Picture Archiving and Communication 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 communication 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 (printer)
With flatbed printers, 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 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.

hardcopy
A hardcopy is the printed version of a digital image. Agfa HealthCare's hardcopy printers are used for printing medical images from various sources: *CT* scans, *MRI* scans, *computed radiography* (CR), *direct radiography* (DR) 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.

Hospital Information System (HIS)
These comprehensive, integrated IT solutions manage the medical, administrative, financial and legal aspects of a healthcare organization.

image processing 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 MUSICA 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* (PACS) and *Radiology Information Systems* (RIS).

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.

membrane
Thin, flexible layer or material designed to separate components of a solution.

membrane switch
A membrane switch is an electrical switch for turning a circuit on and off. Membrane switches are user-equipment interface uitilities which can be as simple as a tactile switch for controlling lightning, or as complex as membrane keyboards and switch panels for computers.

modalities
In this report this term is used for the various imaging systems, including radiography equipment, *MRI* scanners and *CT* scanners. These systems can all be connected to an Agfa HealthCare *Picture Archiving and Communication System* (PACS).

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 *Picture Archiving and Communication Systems* (PACS) 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.

N
Nitrogen.

non-destructive testing
To check the structure and tolerance of materials without damaging or deforming them.

Novation
Leading healthcare supply contracting company offering an extensive range of contracting services to over 65,000 members and affiliates in the US healthcare sector.

NO_x
Nitrogen oxide, generated for example as a result of combustion with air.

offset printing
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.

OHSAS 18001
International standard for health and safety management systems (OHSAS stands for Occupational Health and Safety Assessment System).

P
Phosphor.

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 MUSICA 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 *printing 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 manmade (e.g. plastics and nylon). Conductive polymers conduct electricity.
Orgacon™ is the trade name for Agfa Specialty Products' conductive polymer product line.

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 photo*polymer*) 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 (proofing)

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 the *Picture Archiving and Communication System* (PACS) (for the images contained in the examinations).

RFID antenna
RFID stands for radio-frequency identification. It is the use of radio signals to transfer data from a tag attached to an object or embedded in an ID card, for the purposes of automatic identification. The system does not require physical contact between the tag and the identification device as the data are transmitted via an antenna, which is also embedded in e.g. the ID card.

RSNA
Radiological Society of North America. The RSNA's mission is to promote and develop the highest standards of radiology and related sciences through education and research. RSNA hosts the world's largest annual radiology meeting.

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.

SO_2
Sulfur dioxide, released as a by-product in the combustion of sulfurcontaining fuels.

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).

TeraJoule (TJ)
Joule is the unit of labor, energy and heat; Tera = 10^{12}.

thermal (printing plate)
Technology where the *platesetter* uses thermal energy to expose the *printing plates*.

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.

valorization
Re-use of waste for useful applications outside the production process.

VIC
Volatile Inorganic Compounds.

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.

virtual colonoscopy
Examination using *CT* scans to detect polyps and cancerous tumors in the colon. Agfa HealthCare's software combines the CT images into a 3D reproduction of the interior of the colon. The radiologist has the possibility to virtually navigate through the colon to detect irregularities in the wall of the intestine. In contrast to conventional colonoscopy, this technology does not require the insertion of a tube into the patient's colon.

VOC
Volatile Organic Compounds.

WAP
"Wet op de Aanvullende Pensioenen"
(Law of April 28, 2003, executed by KB of November 14, 2003)

waste water load
Emissions of chemical and physical substances from processes in water.

wide format (printer)
A wide format printer – sometimes also referred to as a large format printer – is a digital printer that prints on sheets or rolls 24-inches/60 cm wide or more.

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 STATEMENT OF PROFIT OR LOSS 2009-2013

MILLION EURO	2013	2012	2011	2010	2009
Revenue	**2,865**	**3,091**	**3,023**	**2,948**	**2,755**
Cost of sales	(2,031)	(2,222)	(2,181)	(1,950)	(1,869)
Gross profit	**834**	**869**	**842**	**998**	**886**
Selling expenses	(361)	(388)	(388)	(394)	(372)
Research and development expenses	(146)	(163)	(162)	(153)	(149)
Administrative expenses	(177)	(192)	(197)	(214)	(198)
Other operating income	163	131	136 (1)	336	309
Other operating expenses	(150)	(161)	(195) (1)	(339)	(306)
Results from operating activities	**163**	**96**	**36**	**234**	**170**
Interest income (expense) - net	(17)	(15)	(12)	(11)	(17)
Other finance income (expense) - net	(54)	**(70)** (2)	(72)	(83)	(97)
Net finance costs	**(71)**	**(85)** (2)	**(84)**	**(94)**	**(114)**
Profit (loss) before income taxes	**92**	**11** (2)	**(48)**	**140**	**56**
Income tax expense	**(43)**	**(20)**	**(23)**	**(36)**	**(49)**
Profit (loss) for the year	**49**	**(9)** (2)	**(71)**	**104**	**7**
Profit (loss) attributable to	**49**	**(9)** (2)	**(71)**	**104**	**7**
Owners of the company	41	(19) (2)	(73)	105	6
Non-controlling interests	8	10	2	(1)	1
Earnings per share					
Basic earnings per share (Euro)	0.25	(0.11) (2)	(0.44)	0.80	0.05
Diluted earnings per share (Euro)	0.25	(0.11) (2)	(0.44)	0.80	0.05

(1) DURING 2012, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN PREVIOUS YEARS, EXCEPT FOR THE PRESENTATION OF EXCHANGE RESULTS. THE GROUP HAS NETTED ITS EXCHANGE GAINS AND LOSSES PER CURRENCY TO BETTER ALIGN WITH THE GROUP'S TREASURY AND HEDGING POLICY. FOR THE FULL YEAR 2012 THE RESULTING NETTING IN OPERATING AND NON-OPERATING EXCHANGE GAINS AND LOSSES AMOUNTS TO 150 MILLION EURO RESPECTIVELY 74 MILLION EURO. COMPARATIVE INFORMATION FOR 2011 HAS BEEN RESTATED. FOR THE FULL YEAR 2011, THE NETTING IN OPERATING EXCHANGE GAINS AND LOSSES AMOUNTS TO 130 MILLION EURO WHEREAS THE NETTING OF EXCHANGE RESULTS IN THE NET FINANCE COSTS AMOUNTS TO 145 MILLION EURO. THE GROUP BELIEVES THAT THIS REVISED PRESENTATION BETTER MATCHES WITH THE GROUP'S TREASURY POLICY AND THEREFORE PROVIDES INFORMATION THAT IS MORE RELEVANT TO USERS OF THE FINANĐCIAL STATEMENTS.

(2) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED DUE TO THE AMENDMENTS OF IAS19 AS STATED IN IAS19 (REVISED 2011). AS A RESULT, OTHER FINANCE EXPENSE FOR 2012 HAS BEEN RESTATED BY 22 MILLION EURO FROM MINUS 99 MILLION EURO TO MINUS 77 MILLION EURO. THIS RESTATEMENT ALSO IMPACTED THE 2012 EPS CALCULATION FROM MINUS 0.24 EURO TO MINUS 0.11 EURO.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 2009-2013

MILLION EURO	Dec. 31 2013	Dec. 31 2012	Dec. 31 2011	Dec. 31 2010	Dec. 31 2009
ASSETS					
Non-current assets	**1,066**	**1,156**	**1,221**	**1,253**	**1,236**
Intangible assets	618	654	681	680	648
Property, plant and equipment	242	277	301	313	326
Investments	11	10	15	14	9
Deferred tax assets	195	215	224	246	253 (1)
Current assets	**1,502**	**1,674**	**1,728**	**1,833**	**1,616**
Inventories	542	635	639	583	483
Trade receivables	585	636	672	619	592
Current tax assets	95	97	82	68	76 (2)
Other receivables and other assets	126	149	214	295	319 (2)
Deferred charges	25	27	20	19	18
Derivative financial instruments	3	3	1	10	8
Cash and cash equivalents	126	127	100	239	119
Assets classified as held for sale	-	-	-	-	1
TOTAL ASSETS	**2,568**	**2,830**	**2,949**	**3,086**	**2,852**
EQUITY AND LIABILITIES					
Equity	**368**	**169** (3)	**995**	**1,063**	**724**
Equity attributable to owners of the company	**325**	**133** (3)	**960**	**1,033**	**721**
Share capital	187	187	187	187	140
Share premium	210	210	210	210	109
Retained earnings	664	623 (3)	642	703	820
Reserves	(91)	(85)	(90)	(68)	(282)
Translation reserve	(28)	6	11	1	(66)
Post-employment benefits: remeasurements of the net defined benefit liability	(617)	(808) (3)	-	-	-
Non-controlling interests	**43**	**36**	**35**	**30**	**3**
Non-current liabilities	**1,397**	**1,795** (3)	**988**	**1,053**	**1,263**
Liabilities for post-employment and long-term termination benefit plans	1.002	1,315 (3)	542	559	570
Other employee benefits	11	12	13	14	14
Loans and borrowings	319	410	352	379	553
Provisions	11	15	25	24	44
Deferred income	1	1	4	6	9
Deferred tax liabilities	53	42	52	71	73
Current liabilities	**803**	**866**	**966**	**970**	**865**
Loans and borrowings	24	8	15	21	11
Provisions	160	173	223	200	234
Trade payables	239	278	275	246	206
Deferred revenue and advance payments	121	138	145	152	123
Current tax liabilities	54	56	47	50	44
Other payables	95	109	149	182	156
Employee benefits	97	99	94	114	86
Deferred income	3	3	4	4	3
Derivative financial instruments	10	2	14	1	2
TOTAL EQUITY AND LIABILITIES	**2,568**	**2,830**	**2,949**	**3,086**	**2,852**

(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 STATEMENT OF FINANCIAL POSITION. '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.

(3) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED. THE CHANGES FULLY RESULT FROM THE APPLICATION OF THE AMENDMENTS TO IAS19 AS STATED IN IAS19 (REVISED 2011). AS SUCH, THE NET DEFINED BENEFIT LIABILITY AT JANUARY 1, 2013 HAS INCREASED BY 786 MILLION EURO, BEING 767 MILLION EURO FOR THE GROUP'S MATERIAL COUNTRIES AND 19 MILLION EURO FOR THE OTHER COUNTRIES. THIS IMPACT HAS BEEN RECORDED IN EQUITY VIA RETAINED EARNINGS TO THE EXTENT RELATED TO THE CHANGES IN THE DETERMINATION OF THE DEFINED BENEFIT COST FOR 2012 RESULTING IN AN INCREASE OF 22 MILLION EURO, THE REMAINDER I.E. MINUS 808 MILLION EURO HAS BEEN REFLECTED IN A SEPARATE LINE ITEM IN EQUITY CALLED 'POST-EMPLOYMENT BENEFITS: REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY'.
THE IMPACT OF THE CHANGES IN ACCOUNTING POLICY ARE ALSO REFLECTED IN THE RESTATED OPENING BALANCES AT JANUARY 1, 2012 AND THE CLOSING BALANCES AT DECEMBER 31, 2012 AS WELL AS IN THE RESULT OVER 2012. THE IMPACT ON THE CLOSING BALANCES AT DECEMBER 31, 2012 EQUALS THE IMPACT AT JANUARY 1, 2013. THE OPENING BALANCES AT JANUARY 1, 2012 COMPRISE REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY AMOUNTING TO 704 MILLION EURO BEING 687 MILLION EURO FOR THE GROUP'S MATERIAL COUNTRIES AND 17 MILLION EURO FOR THE OTHER COUNTRIES.

CONSOLIDATED STATEMENT OF CASH FLOWS 2009-2013

MILLION EURO	2013	2012	2011	2010	2009
Profit (loss) for the period	**49**	**(9)** [(1)]	**(71)**	**104**	**7**
Adjustments for:					
- Depreciation, amortization and impairment losses	86	87	94	96	103
- Changes in fair value of derivative financial instruments	(1)	-	1	-	4
- Granted subventions	(10)	(11)	(7)	(2)	-
- (Gains) losses on sale of non-currrent assets	(1)	-	(1)	(7)	(2)
- Gain from bargain purchase	-	-	-	(4)	-
- Net finance costs	71	85 [(1)]	84	94	114
- Income tax expense	43	20	23	36	49
	237	**172**	**123**	**317**	**275**
Changes in:					
- Inventories	73	(7)	(38)	(34)	91
- Trade receivables including cash inflows from securitization	26	29	6	74	88
- Trade payables	(36)	4	30	(6)	(21)
- Deferred revenue and advance payments	(11)	(7)	(16)	20	1
- Other working capital	1	(12)	(37)	(3)	(11)
- Non-current provisions	(158)	(103)	(74)	(107)	(116)
- Current provisions	(10)	(31)	(2)	(1)	(23)
Cash generated from operating activities	**122**	**45**	**(8)**	**260**	**284**
Income taxes paid	(15)	(13)	(19)	(25)	(18)
Net cash from (used in) operating activities	**107**	**32**	**(27)**	**235**	**266**
Interest received	2	3	3	3	2
Proceeds from sale of intangible assets	2	3	4	3	4
Proceeds from sale of property, plant and equipment	4	3	5	6	7
Proceeds from assets held for sale	-	-	-	5	-
Acquisition of intangible assets	(2)	(3)	(5)	(12)	(7)
Acquisition of property, plant and equipment	(38)	(41)	(55)	(48)	(34)
Changes in lease portfolio	11	12	4	32	33
Acquisition of subsidiary, net of cash acquired	-	-	(28)	(71)	(7)
Change in other investing activities	-	3	1	6	0
Net cash from (used in) investing activities	**(21)**	**(20)**	**(71)**	**(76)**	**(2)**
Interest paid	(19)	(29)	(14)	(15)	(22)
Dividends paid	-	-	-	-	-
Capital increase	-	-	-	145	-
Loans and borrowings	(70)	52	(23)	(176)	(255)
Other financial flows	11	(9)	(8)	(3)	(16)
Net cash from (used in) financing activities	**(78)**	**14**	**(45)**	**(49)**	**(293)**
Net increase (decrease) in cash and cash equivalent	**8**	**26**	**(143)**	**110**	**(29)**
Cash and cash equivalents at january 1	**125**	**98**	**238**	**118**	**149**
Effect of exchange rate fluctuations	**(8)**	**1**	**3**	**10**	**5**
Effect of change in consolidation scope	**-**	**-**	**-**	**-**	**(7)**
Cash and cash equivalents at december 31	**125**	**125**	**98**	**238**	**118**

(1) DURING 2013 THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED DUE TO THE AMENDMENTS OF IAS19 AS STATED IN IAS19 (REV. 2011). AS A RESULT, NET FINANCE COSTS FOR 2012 HAS BEEN RESTATED BY 22 MILLION EURO FROM 107 MILLION EURO TO 85 MILLION EURO.

SHAREHOLDER INFORMATION

Shareholder structure (March 15, 2014)

Listing	BRUSSELS STOCK EXCHANGE
Reuters Ticker	AGFAt.BR
Bloomberg Ticker	AGFB: BB/AGE GR
Datastream	B:AGF

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;
- Dimensional Fund Advisors LP with between 3% and 5% of the outstanding stock as from September 5, 2011.

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 77.61% and 86.61%.

Share Information	
First day of listing	June 1, 1999
Number of shares outstanding on Dec.31, 2013	167,751,190
Market capitalization on Dec.31, 2013	295 million Euro

EURO	2013	2012	2011	2010	2009
Earnings per share	0.25	(0.11) (1)	(0.44)	0.80	0.05
Net operating cash flow per share	0,64	0,19	(0,16)	1.80	2.13
Gross dividend	-	-	-	-	-
Year end price	1.76	1.33	1.23	3.2	4.53
Year's high	1.76	1.75	3.57	6.60	4.55
Year's low	1.28	1.18	1.03	2.99	1.25
Average volume of shares traded/day	279,601	283,723	599,290	865,221	725,279
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	130,571,878	124,788,430

(1) DURING 2013, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR ITS POST-EMPLOYMENT BENEFIT PLANS WHERE THE MEASUREMENT OF THE DEFINED BENEFIT COST AND THE NET DEFINED BENEFIT LIABILITY HAS CHANGED DUE TO THE AMENDMENTS OF IAS 19 AS STATED IN IAS 19 (REVISED 2011). AS A RESULT, OTHER FINANCE EXPENSE FOR 2012 HAS BEEN RESTATED BY 22 MILLION EURO (Q4: 3 MILLION EURO) FROM 99 MILLION EURO TO 77 MILLION EURO. THIS RESTATEMENT ALSO IMPACTED THE 2012 EPS CALCULATION FROM MINUS 0.24 EURO TO MINUS 0.11 EURO

Shareholder queries

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Financial calendar 2014	
Annual General Meeting	May 13, 2014
First quarter 2014 results	May 13, 2014
Second quarter 2014 results	August 27, 2014
Third quarter 2014 results	November 14, 2014

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