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Mortsel, March 24, 2011

Report of the Board of Directors of Agfa-Gevaert NV

ANNUAL REPORT 2010

Report by the Board of Directors giving account of policy, in compliance with the stipulations laid down in Article 96 of the Companies Code.

1 <u>The following valuation rules were applied for the establishment of the Annual Accounts</u>

Durable Means of Production are included in the balance sheet at acquisition value or cost price. The normal depreciation percentages are: 25 % for rolling stock and IT appliances, 5 or 10 % for buildings, 20 % for machines, tangible and intangible and fixed assets, 33 1/3 % for investments in research (both tangible investments and intangible investments) and investments in continuous production departments. The fixed assets under construction were also written off at these percentages. The tangible investments were degressively written off as long as this coincided with the relevant fiscal legislation, according to which as a principle the normal depreciation percentage was doubled.

Financial Assets are included in the balance sheet at acquisition price. Where necessary, reductions in value are recorded. Participations, which are also held by other companies of the group, are valued at group level.

Stocks were valued as follows:

- Raw materials, consumables and auxiliary materials at the lowest acquisition value of the most recent quarter. (For raw materials subject to currency and price fluctuations a value adjustment may be applied.)
- Goods in process and finished product based on the variable and fixed cost price elements.
- Goods at acquisition value.

Receivables and Debts are valued at their nominal value; where necessary depreciations in value are entered.

Provisions for Risks and Costs are examined item-by-item and adapted to the real situation.

Exchange Rates used for the valuations of the balance elements, expressed in foreign currency, are the official rates on the closing date.

Off-balance-sheet transactions (futures, currency options and swaps) were entered into, to hedge the inherent risks of foreign currencies and interest.
The valuation of the derivative products concluded for covering foreign currency risks follows the rules applied for the valuation of the underlying assets or liabilities (Symmetry Rule).

The interest for loans taken on in order to hedge interest risk, and also that of the underlying financial debts of receivables, is processed on an 'accrual basis'.

2 Comments on the Annual Accounts

- The Annual Accounts as will be presented to the General Meeting of Shareholders of 26 April 2011, were tested by the Board of Directors against the aforementioned 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 profit for the accounting year 2010 of EUR 115,535,415.46
  - After transfer of EUR 4,669,865.40 to the legal reserve, it is proposed to allocate the balance of the profit as follows:
    Increase of the result carried forward with EUR 110,865,550;06; as a result hereof the result carried forward will amount to EUR 684,132,564.52

- Derivative Financial Instruments

  In order to minimise 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.

- Shareholder Structure of the Company

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

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

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

- Explanation of the most significant entries of the Annual Accounts:

  On November 12, 2010 the share capital of the company has been increased from EUR 140,095,957 to EUR 186,794,611 by issuing 42,962,760 new shares. Within the scope of this capital increase the entry Share Premium has been increased from EUR 109,060,196.46 to EUR 210,583,064.46

  In 2010, the Company achieved a turnover of EUR 689,1 M. This means an increase of 2,1% compared to 2009 The increase in turnover was mainly caused by an increase of the salesprices.

  The price of silver in 2010 was on average 488 EUR per kg, a 45 % increase compared to 2009. In 2010 the average monthly price of silver experienced a volatile course with a low value of 372 EUR per kg in February 2010 and a peak value of 713 EUR per kg in December 2010.

In Belgium, EUR 12.7 M was spent on research and development in 2010.

In 2010, the number of Agfa-Gevaert NV employees in Belgium increased by 82 employees to 2.511 employees on 31.12.2010.
This increase is the result of the recruitment of 183 new employees and 101 employees leaving the company. The recruitement of the employees is mainly the result of an intragroup transfer of 112 ICS employees of Agfa Graphics NV and Agfa HealthCare NV to Agfa-Gevaert NV.

Agfa-Gevaert NV&Co.KG contributed in 2010 EUR 13,013,327.32 to the result of the company.In 2010 the permanent establishment of the company in UK made losses of EUR – 13,613.05.

Agfa-Gevaert NV has, as in the past, taken the necessary steps for satisfying the requirements relating to environmental legislation.

Where necessary, the subjects concerning the Agfa Group are dealt with in more detail in the consolidated annual report.

3 Major events, which took place after the end of the accounting year 2010, and information concerning the circumstances, which may significantly influence the company's development

No such events occurred.

4 Outlook for 2011

Agfa's first priority for 2011 is the operational improvement of the businesses.

5 Information in accordance with article 96§2 of the code of companies.

The complete information in accordance with article 96§2 of the Code of Companies, that has to be included in this annual report, and in particular the description of internal control and risk management systems, corporate governance statement and the requirements of article 34 of the Royal Decree of November 14, 2007, is inserted in the consolidated annual report of Agfa-Gevaert in the chapter 'Corporate Governance Statement' on pages [35] to [48], and by reference hereto considered to be included in the current annual report. The consolidated annual report is available on the website of the Company.

C.Reinaudo
CEO

J. De Wilde
Chairman of the Board of Directors