Agfa-Gevaert
Annual Report
2012

Content

The words in *italic* are explained in the Glossary p.188 - 195

About 2012

Chairman of the Board Julien De Wilde and Chief Executive Officer Christian Reinaudo comment on the past year and discuss the strategy for the coming years.

How do you look back on the year 2012?

Julien De Wilde: Although it has been a tough year, we have succeeded in keeping most of our promises. Our traditional activities performed excellently following a difficult 2011. The focus points of our growth strategy – industrial *inkjet*, healthcare IT and other growth initiatives in *digital radiography* – are developing well and strengthened their market positions, in spite of the tough economic environment. In 2011, the raw material prices were still a major concern. Last year, they somewhat stabilized, albeit at a high level.

Christian Reinaudo: I'm pleased to see that our efforts to improve our operational efficiency and our film price increases are paying off. The economic crises, global or in certain regions, urged us to adapt to these tough conditions and to improve our efficiency. In 2011, we deliberately chose not to pursue an increase in market share for our film products. Instead, we decided to protect our profit margins by means of film price increases. Today, we see proof that this approach was the right one. Not only were we able to limit the erosion of our profit margins at a decent level, in 2012 we also succeeded in recovering or even strengthening our market shares. All this allowed us to improve our gross profit margin and to keep our debt level under control. We expect this positive trend to continue. Generally spoken, our 2012 performance was well in line with expectations.

Christian Reinaudo, CEO of the Agfa-Gevaert Group (l.)
and Julien De Wilde, Chairman of the Board of Directors (r.)

What were the highlights for you in 2012?
Christian Reinaudo: There were so many. If we look at the business group Agfa Graphics, naturally the *drupa* trade show springs to mind. Passing the 110 million Euro mark, Agfa Graphics clearly exceeded its sales targets. Furthermore, it is important to note that the inkjet printers accounted for more than one third of the total order intake at the four-yearly event. It shows that we can deliver a strong growth in inkjet.
For Agfa HealthCare, I'm thinking of the new contracts for *computed radiography* with the US purchasing group *Novation* and for *direct radiography* with the US *Premier* healthcare alliance. But I also would like to mention the opening of our state-of-the-art, worldwide R&D facility for clinical imaging IT solutions development in Waterloo, Canada. We have established a true worldwide center of excellence to continue to push the boundaries of imaging innovation to help further improve the delivery of patient care for healthcare facilities around the globe. In France our *Hospital Information System* ORBIS went live in the Bicêtre hospital, the second hospital of the 38 that are part of the AP-HP project in Paris.

What has been the main focus of the Board in 2012?
Julien De Wilde: The Board's main focus was the proper implementation of the strategy as it was previously defined. Special attention was given to ensure that the research & development efforts were focussed on the key domains for future growth.

How do you comment on the results of the Group and the Business Groups?
Christian Reinaudo: In spite of the difficult economic environment, our 2012 performance is well in line with expectations. We succeeded in growing our top line and – more importantly – we reversed the previously negative gross margin trend in spite of the considerable negative effect of raw material prices. Our efficiency improvement program delivered its first significant results, helping the Company to achieve a positive net result in the fourth quarter of 2012 for the first time since the second quarter of 2011. The Group's full year revenue grew 2.2% to 3,091 million Euro. Both the Agfa Graphics and the Agfa HealthCare business groups contributed to this growth. In the emerging markets, the Group achieved strong revenue growth: double digit growth for Agfa HealthCare and strong single digit growth for Agfa Graphics.

In 2011, the results were heavily impacted by the high cost of raw materials. Is there any improvement?
Christian Reinaudo: We worked hard to reduce our exposure to raw material prices. Two years ago our net result was still impacted with 12 million Euro for each dollar increase of the silver troy ounce price. Mid August 2010, silver cost 18 dollars per troy ounce, at the end of April 2011 the silver price was nearly 49 dollars. In 2012, the silver price lowered to a more acceptable level. At the end of 2012, we saw a more or less stable price of around 32 dollar. From an operational point of view, we're capable of producing film with far less silver in it than a couple of years ago. We now also take precautions to safeguard our margins in our contracts. These combined efforts make that the impact of a dollar change of the silver price in 2012 is only 7.5 million Euro. This will further go down.

At the beginning of 2013 you informed the financial markets on the consequences of the new IAS 19R standard on the company's balance sheet. Could you elaborate on the effects of this adaptation?
Christian Reinaudo: The accounting impact of IAS 19R is negative for the equity due to an immediate recognition of all previously deferred actuarial

gains and losses. In the future, it can either have a positive or negative impact in equity due to periodic recognition of future actuarial gains and losses. As far as the income statement is concerned, we see a positive effect from a decrease in pension cost mainly driven by the removal of amortization of deferred actuarial gains and losses. Having mentioned these main accounting changes, it is important to underline that these changes will have no impact on the pension cash outflows, or on the business flows, or on the existing bank covenants.

How are you dealing with the pension liabilities?
Julien De Wilde: High pension costs are a worry that concerns not only our Company. Governments are challenged to keep their pension budgets within limits. Increasing populations and longer life expectations are making this a difficult task. Increasing the age of retirement is one lever to tackle the problem but it will not be enough. Entrepreneurs are dealing with the same problem. How will we – now and in the future – be able to meet our liabilities for post-employment? In Belgium, the number of Agfa pensioners and early retirees exceeds largely the number of active employees. Most of them opt for a single capital allowance at the end of their career. More and more employers see pension contributions as a large expense avoidable by disbanding the defined benefit plan and instead offering a defined contribution plan. We at Agfa are no exception and have been transforming our pension system from a defined benefit plan to a defined contribution plan where possible.

What will be your priorities for the following years?
Christian Reinaudo: We see 2012 as the first year in a three year cycle. In 2011, we successfully extended the conditions under which the banks lend money to our company. However, in June 2015 the current bonds will have to be paid back and the revolving facility matures in June 2016. Therefore, it is of crucial importance to perform well in the intermediate years. The financial markets will use the results we achieve in these years as a benchmark to decide if and under which conditions they will continue to finance our activities. The fact that we succeeded in realizing most of our targets for 2012 is encouraging. It should inspire us to further follow the path we have chosen. In a difficult economic environment, 2012 was a reasonable start to reach our target of restoring our REBITDA to 10% of revenue. If we succeed in doing this, it will mean that the financial debt/REBITDA ratio will be healthy for a company such as Agfa.

What does this mean from an operational point of view?
Christian Reinaudo: Although our classic film activities are doing rather well, we all know that our digital solutions are the future. Therefore, our strategy remains unchanged. We will continue to strengthen the focus on these activities. As we are focussing on our digital solutions, we will give much attention to the following four elements.

First of all we will work further on the improvement of our gross margin. We will do this by improving our purchasing activities, the quality of our products as well as the efficiency of our manufacturing sites and services. We will also put great effort in the streamlining of our portfolio and the reduction of our product costs.

Secondly, we will continue to realize top line growth. For Agfa Graphics, this will come from inkjet and software solutions. For Agfa HealthCare we will take growth initiatives in the fields of IT and digital radiography.

Customer satisfaction is a very important third focus point. Quality first is the watchword for all our activities. This also implies a lot of innovative skills to design products that are adapted to the needs of our customers and that are timely ready-to-market. We must be able to adapt instantly to the fast changing environment, characterized by a shift in technology as to new emerging markets.

Finally, we attach great value to the sustainability of our products and solutions which should be in line with the environmental and social expectations of our stakeholders. We put a lot of effort in reducing the environmental impact of the use of our graphic *printing plates* as well as in the reduction of the required X-ray dose in medical imaging. New materials have been developed for the production of green energy. Sustainability is not only an environmental issue. It is also a matter of social responsibility. Improving our healthcare software solutions has been contributing to a better patient care at an affordable price.

This is an ambitious plan.
Julien De Wilde: It is indeed a challenge for all involved and above all for the members of the Agfa staff who have been very resilient in constantly adapting to the changing environment under difficult economic circumstances. They again gave their best to help us realizing the transformation process of this company.
I would also like to thank our shareholders who gave us their confidence and who are supporting our growth strategy. For the 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 2012.

We have ambitious plans for the future of this company. But at the same time we are conducting a very cautious management of our cash.
In the rather unpredictable economic environment we are experiencing in recent years, it goes without saying that margin improvement and organic growth will be our absolute priorities.

MILLION EURO	2012	2011	2010	2009	2008
REVENUE	**3,091**	**3,023**	**2,948**	**2,755**	**3,032**
CHANGE VS. PREVIOUS YEAR	2.2%	2.5%	7.0%	(9.1)%	(7.6)%
GRAPHICS	1,652	1,596	1,565	1,341	1,522
SHARE OF GROUP SALES	53.5%	52.8%	53.1%	48.7%	50.2%
HEALTHCARE	1,212	1,177	1,180	1,178	1,223
SHARE OF GROUP SALES	39.2%	38.9%	40.0%	42.7%	40.3%
SPECIALTY PRODUCTS	227	250	203	236	287
SHARE OF GROUP SALES	7.3%	8.3%	6.9%	8.6%	9.5%
GROSS PROFIT	870	846	998	886	961
RECURRING EBIT	139	129	266	182	135
RESTRUCTURING/NON-RECURRING EXPENSES	(43)	(93)	(32)	(12)	(158)
RESULTS FROM OPERATING ACTIVITIES	96	36	234	170	(23)
NET FINANCE COSTS	(107)	(84)	(94)	(114)	(83)
INCOME TAX EXPENSE	(20)	(23)	(36)	(49)	(60)
PROFIT (LOSS) FOR THE PERIOD	**(31)**	**(71)**	**104**	**7**	**(166)**
PROFIT (LOSS) ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(41)	(73)	105	6	(167)
NON-CONTROLLING INTERESTS	10	2	(1)	1	1
CASH FLOW					
NET CASH FROM (USED IN) OPERATING ACTIVITIES	32	(27)	235	266	77
CAPITAL EXPENDITURES[1]	(44)	(60)	(60)	(41)	(63)
STATEMENT OF FINANCIAL POSITION - DEC. 31					
EQUITY	955	995	1,063	724	704
NET FINANCIAL DEBT	291	267	161	445	673
NET WORKING CAPITAL[2]	808	762	863	751	949
TOTAL ASSETS	2,830	2,949	3,086	2,852	3,160
SHARE INFORMATION (EURO)					
EARNINGS PER SHARE (EPS)	(0.24)	(0.44)	0.80	0.05	(1.34)
NET OPERATING CASH FLOW PER SHARE	0.19	(0.16)	1.80	2.13	0.62
GROSS DIVIDEND	0	0	0	0	0
BOOK VALUE PER SHARE	5.69	5.93	6.34	5.80	5.64
NUMBER OF ORDINARY SHARES OUTSTANDING AT YEAR-END	167,751,190	167,751,190	167,751,190	124,788,430	124,788,430
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	167,751,190	167,751,190	130,571,878	124,788,430	124,788,430
EMPLOYEES (AT YEAR END EXCL. TEMPORARY CONTRACTS)					
FULL TIME EQUIVALENT PERMANENT (ACTIVE)	11,408	11,728	11,766	11,169	12,152

(1) FOR INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT.
(2) CURRENT ASSETS MINUS CURRENT LIABILITIES.

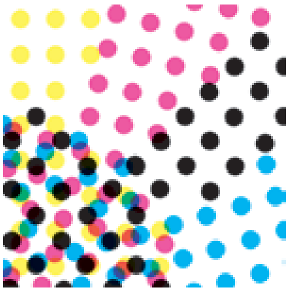
Company Profile

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

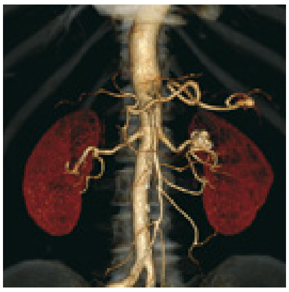
Agfa's headquarters and parent company are located in Mortsel, Belgium. The Group's operational activities are divided in three independent business groups, Agfa Graphics, Agfa HealthCare and Agfa Specialty Products. All business groups have strong market positions, well-defined strategies and full responsibilities, authority and accountability.
Agfa has production facilities around the world, with the largest production and research centers in Belgium, the United States, Canada, Germany, France, Italy, 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 (CtF)*, *computer-to-plate (CtP)* and digital *proofing* systems for commercial and packaging printing and the newspaper publishing markets. Agfa Graphics is developing its position in the new segments of industrial *inkjet* with comprehensive solutions for various applications such as documents, posters, banners, signage, displays, labels and packaging materials. Its experience in both imaging and emulsion technology has provided the expertise required for developing a complete assortment of high-quality inks.

Agfa HealthCare



Agfa HealthCare is a leading provider of diagnostic imaging and healthcare IT solutions for hospitals and care centers around the world. The business group is a major player on the diagnostic imaging market, providing analog, digital and IT technologies to meet the needs of specialized clinicians worldwide. The 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 over 100 markets access to its leading technologies and solutions, which range from *Clinical Information Systems (CIS)* and *Hospital Information Systems (HIS)*, *Radiology Information Systems (RIS)*, *Picture Archiving and Communication Systems (PACS)*, 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*, motion pictures, aerial photography, 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 materials for high-security ID documents, conductive *polymers*, synthetic papers 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 Manerbio, Italy
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

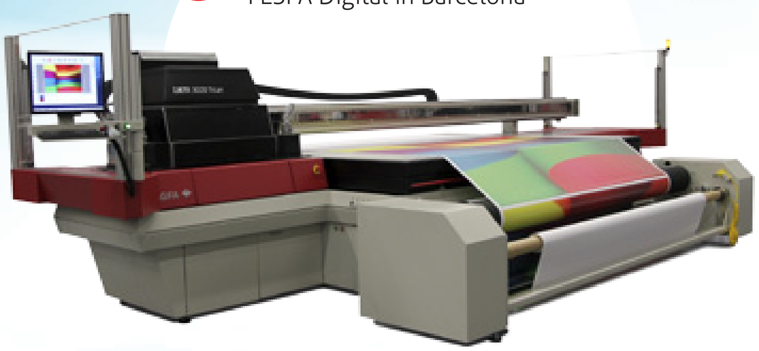
2012 Highlights

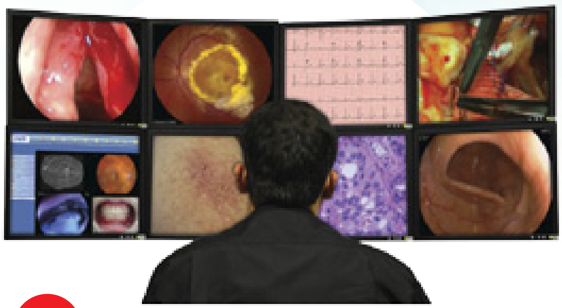
9/1 Agfa Graphics' inkjet ink line extended with ALTAMIRA Design DP ink set

19/1 Agfa Specialty Products introduces new Synaps XM synthetic paper

19/1 Agfa Graphics UK wins Manufacturing Excellence award

7/2 Agfa Graphics demonstrates its wide-format inkjet power at FESPA Digital in Barcelona





7/2 Agfa HealthCare introduces ICIS platform to enhance the Electronic Medical Record

12/2

Horizon (Ireland) orders its second :M-Press Leopard from Agfa in six months time

2/3 Agfa HealthCare shows its DX-D 800 automated digital X-ray room at ECR 2012

29/3 Agfa HealthCare successfully connects 37 healthcare facilities across Ontario (Canada) to increase information access and enhance patient care

3/4 Agfa HealthCare awarded new contract with Novation (US) for computed radiography

16/4 Agfa Graphics' New Jersey manufacturing facility recognized for environmental commitment

24/4 Agfa HealthCare's Impax System, a Solution as a Service (SaaS), goes live at Orbis Medical Center in Sittard (the Netherlands)

17/5

Agfa HealthCare opens state-of-the-art, worldwide R&D facility for clinical imaging IT solutions development in Waterloo (Canada)

30/5

With sales of more than 110 million Euros, drupa 2012 is Agfa Graphics' most successful trade show ever

7/6 Agfa HealthCare and Dell form strategic alliance for cloud-based image management solution in the US

19/6 Agfa Specialty Products reveals new Orgacon High-Performance metallic conductive ink for PV and OLED applications

23/7 Agfa HealthCare awarded new three-year contract by US Premier healthcare alliance

4/9 Agfa HealthCare launches next generation Vendor Neutral Archive, IMPAX Data Center 3.0

25/9 Agfa Labs promotes its analytical services at HET Instrument in Amsterdam (The Netherlands)

26/9 Agfa HealthCare launches SKINTELL, a non-invasive imaging technology for visualizing skin morphology

2/10 Agfa HealthCare launches veterinary intra-oral dental option for CR 30-X

4/10

Agfa HealthCare awarded new DR contract by HealthTrust Purchasing Group

7/10 Horseshoe Press honored as 200th Member of Agfa Graphics' GreenWorks Environmental Recognition Program

11/10 Agfa HealthCare GmbH receives the Munich Ökoprofit 2012 Award

17/10 **Agfa HealthCare's Hospital Information System ORBIS goes live in the Bicêtre hospital, the second hospital of the 38 that are part of the AP-HP project in Paris**

29/10 Agfa HealthCare and Le CHU de Québec (Canada) announce three-year collaboration in research for integrated Digital Pathology solution

29/10 Agfa Graphics' :Arkitex Eversify software helps newspapers to put content on mobile devices

29/10 **Agfa Graphics shows brand-new cloud based solutions for newspaper production workflows**

29/11 Agfa HealthCare wins Uzbekistan Ministry of Health tender financed by the World Bank

25/11 **Agfa HealthCare presents its digital solutions at RSNA 2012**

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 our company.

The transition of the analog film technology to digital solutions is happening at a very high pace, although some branches of industry and regions move faster than others. In the photo industry, it almost happened overnight. In the graphic industry and the healthcare sector, the analog film markets were shrinking at an average pace of 10% per year. In the past few years, the high raw material prices – silver in particular – have further accelerated the 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 – especially the ***BRIC*** countries – for the growth strategy of our digital solutions has further increased. Again, this urges us to adapt our human resources, our product portfolio and our cost structure to these demanding markets.

Despite the adverse economic conditions, Agfa-Gevaert has drawn up a targeted growth strategy which we want to realize through organic growth, and – wherever possible – through targeted and well-considered acquisitions. In the knowledge that our traditional markets are declining, we strive to use the experience and expertise that we have 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. Regionally, we are focusing on the emerging markets in general and China and Brazil in particular.

Stay Ahead. With Agfa Graphics

Agfa Graphics strongly believes in the continued need for printing. 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 is addressing 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 their conversion from *computer-to-film (CtF)* to *computer-to-plate (CtP)* technology, the first digital printing presses are finding their way to commercial printers in developed countries. Meanwhile, digital media (e-readers, tablets, ...) are claiming their share of the cake.

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. Whereas the CtF segment will continue to shrink, the volumes for CtP *printing plates* will continue to grow in the near future for various reasons. Firstly, 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. Secondly, the current industry trends towards more colors and shorter run lengths also lead to higher printing plate consumption. And thirdly, printers in the emerging countries as well as in the developed countries 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 todays 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, 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.

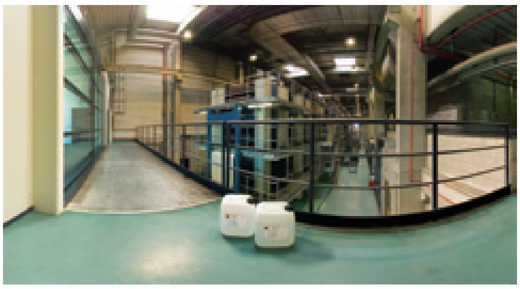
Innovation

Agfa Graphics is a technology leader in *prepress*, as well as in inkjet printing. It will defend and strengthen this position through continuous investments in innovation and R&D.
In prepress, the business group continuously invests in efficient and powerful solutions that allow customers to improve their competitiveness and achieve profitable growth. Furthermore, Agfa Graphics is a front runner in developing imaging technologies that reduce the ecological footprint of the printing industry. The business group's systems allow printers to eliminate toxic chemicals, reduce waste, lower ink and water consumption and save energy during the prepress and printing process.

In inkjet, Agfa Graphics will further expand its already broad range of efficient and qualitative wide format systems. Agfa Graphics aims to cater to the needs of all sign & display customers wishing to boost their business through digitization: from small businesses seeking entry-level solutions for poster printing to print companies willing to invest in state-of-the-art high-throughput machines. Furthermore, Agfa Graphics will continue to develop cost-effective, powerful technologies for an ever growing range of new industrial printing applications. In addition to its inkjet printing machines, Agfa Graphics also continues to invest 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 the 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.



Geographically, Agfa Graphics aims to defend and extend its strong position in Europe, North America and Latin America. In the US, a major step in the strengthening of the business groups's distribution power was taken with the acquisition of the *Harold M. Pitman Company* in 2010. Today, Agfa Pitman is one of the biggest suppliers to the graphics industry in the US. A similar organization is gradually being rolled out in Canada.

Agfa Graphics also seeks to further expand its market share in Japan and in the emerging markets (including China, India, Brazil and Russia). Through targeted actions and strategic partnerships, Agfa Graphics is anticipating on the important growth opportunities in these markets. For instance, in 2010, Agfa Graphics and its Chinese business partner *Shenzhen Brothers* established the Agfa Graphics Asia joint venture. It allows both partners to reinforce their market position in the Greater China and *ASEAN* region.

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. For printing plates, Agfa Graphics has established a regional manufacturing strategy to eliminate transportation costs.

Agfa HealthCare: Insight. Delivered.

Agfa HealthCare is convinced that the synergy of high-quality imaging, clinical knowledge and information technology will offer healthcare professionals unique opportunities to improve the quality of care, patient safety and cost-efficiency.

Evolution of the healthcare sector: digitization will continue in all segments and all regions

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 9.3 billion by 2050. Furthermore, it is expected that by 2050, the percentage of people aged 65 and above could increase from ca. 16% today to ca. 26% in developed countries and from ca. 6% to ca. 15% in less developed countries. As the need for care is highly correlated with age, this evolution puts pressure on healthcare systems all over the globe calling 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.

The introduction of IT is also accelerated by the growing awareness that medical errors are often caused by the lack of availability of appropriate information about the patient's medical history and needs. 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. Furthermore, the growing patient awareness has accelerated the development of less invasive visualization methods.

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

Imaging

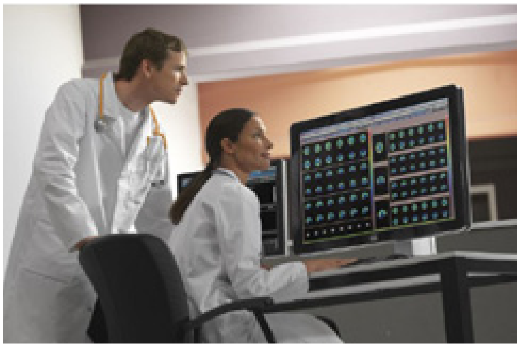
In today's healthcare market, X-ray film is rapidly losing ground to *digital radiography*. In recent years, this evolution even accelerated due to the high raw material prices. On the one hand, Agfa HealthCare takes all necessary measures to safeguard and improve its efficiency in order to remain competitive in the declining film market. On the other hand, the business group seeks to be a frontrunner in the digitization of the sector.
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. The business group's *virtual colonoscopy* software, for instance, combines CT images into a 3D reproduction, allowing radiologists to virtually navigate through the patient's colon. Another example is SKINTELL, a non-invasive imaging technology for visualizing skin morphology and measuring dimensions in the skin layers.

IT

With its comprehensive portfolio of imaging IT and enterprise IT solutions, Agfa HealthCare is in an excellent position to assist care providers all over the world in their efforts to balance better patient care with cost-efficiency.

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).
In mature markets, the business group aims to grow its business through the migration of the installed base to the latest *IMPAX* technology and through the development of powerful tools for image-intensive medical disciplines outside radiology.
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.
It is Agfa HealthCare's ambition to participate in the consolidation of the fragmented enterprise IT market. In September 2011, the business group announced the acquisition of the Brazilian company *WPD*, a leading enterprise IT company. Through the acquisition, Agfa HealthCare entered the growing enterprise IT market in Brazil, where it already has a strong position with its imaging and imaging IT solutions.

With ORBIS, Agfa HealthCare made the strategic decision to initially focus on selected countries. Currently, the systems are available for customers in Germany, France, Belgium, Austria, Switzerland, Luxemburg, and the UK. Successes in these selected markets will be the basis for a gradual expansion into other countries.
HYDMedia is available in Germany, Switzerland, Austria, Luxemburg, France, and – since 2012 – Canada. It will gradually be introduced in additional countries.

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 compromising 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

Saying that, compared with twenty or even ten years ago, the Agfa-Gevaert Group has gone through a comprehensive transition, is an understatement.

The evolution from film technology to digital solutions is, depending on which industry, going very fast. In the graphic and healthcare industry the transition was going at an average pace of 10% per year. Recently, it has been speeding up thanks to the high raw material cost of e.g. silver and aluminum. Related to this transition, Agfa had to cope with the transition from hardware to software, and from an indirect sales model to a direct sales model.

It goes without saying that such a transition has an important impact on the staff you need. More white collars versus blue collars, more IT and clinical skills versus chemistry educated people, more project management skills are needed and a strong emphasis is put on software R&D and services.

An important element to realize our growth strategy, described in the previous pages, is innovation. Every year, Agfa spends between five and six percent of its revenue on R&D. In recent years, we also received loans or grants from various international and national organizations and governments to support our R&D strategy. This enabled us to invest in new R&D infrastructure, to start up new projects and attract new researchers.

Agfa Graphics

Prepress

Agfa Graphics further extended and improved its very broad portfolio of products and solutions for commercial printers.

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.

In 2012, Agfa Graphics brought its :Azura TS thermal chemistry-free printing plates to high-volume printers. Due to the introduction of the :Azura CX125 *clean-out unit,* these printers can now benefit from the stability, the ease of use and the environmental advantages of Agfa Graphics' industry-leading *ThermoFuse*-based printing plate technology.

Agfa Graphics also further expanded its range of conventional thermal printing plates. The new :Energy Xtra *no-bake printing plate* is highly durable and suitable for a wide range of commercial applications. The plate offers up to 600,000 impressions without baking.

At the four-yearly *drupa* tradeshow, Agfa Graphics introduced the next generation of its leading prepress *workflow management software*, :Apogee Suite 8. The system's new tools help printers in *offset*, digital print or hybrid environments to become more innovative, work more efficiently and extend their market reach.
Among the innovations in the :Apogee Suite 8 is :Apogee StoreFront, a cloud-based e-commerce solution that enables print service providers to market their services and products more efficiently.

Also for newspaper printers, Agfa Graphics further expanded its range of systems that help streamline the prepress process. Agfa Graphics is a frontrunner in the field of eco-friendly prepress systems for newspapers. In 2012, the business group further improved its leading violet chemistry-free prepress solution based on its innovative :N94-VCF printing plates. Due to the introduction of a new gum for the :VXCF 85 clean-out unit, newspapers can now reduce maintenance and operational costs even further.

Furthermore, Agfa Graphics launched two new high-speed *platesetters* for the high-volume newspaper market. Both :Advantage platesetters run at speeds up to 350 printing plates per hour. Thanks to the increased speed, publishers can extend their editorial and advertising deadlines. In addition, the new technology gives newspaper printers the opportunity to replace multiple, slower CtP engines by fewer, faster ones.

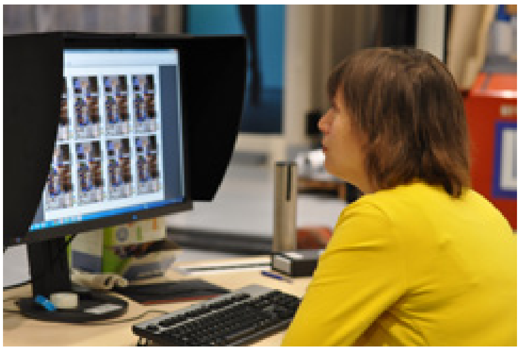
At *drupa*, Agfa Graphics showed a range of new features to the world-leading :Arkitex workflow management software suite, designed to provide printers and publishers a competitive edge in today's challenging newspaper market. The software suite allows customers to increase their productivity, improve their quality and reduce their costs.
One of the most striking additions is :Arkitex Eversify. This cloud-based solution enables publishers to automate mobile publishing based on the content for print publishing, without increasing production costs. :Arkitex Eversify brings tablet and smart phone users the interactive reader experience they are looking for.
With the introduction of :Arkitex Cloud, Agfa Graphics offers newspaper publishers the complete :Arkitex workflow management suite as a cloud solution. Using cloud services allows newspapers to reduce their costs, as it eliminates re-investments in dedicated infrastructures and lowers operational IT costs. Furthermore, the software is always at the latest version with no need for on-site upgrading and support.

Inkjet

In the *wide format* printing segment, Agfa Graphics further expanded its portfolio of entry-level and mid-range :Anapurna and :Jeti printers. These systems are typically – but not exclusively – used to produce posters, banners and displays on all kinds of substrates.

For instance, Agfa Graphics introduced a new version of its :Jeti 3020 Titan high-production *inkjet* printer. It prints at very high speeds on both roll-to-roll materials and rigid materials, making it the most versatile wide format printing solution on the market today.

In the segment of high-end industrial inkjet machines, Agfa Graphics currently offers two high-speed *flatbed presses* in the :M-Press range. The fully automatic :M-Press Tiger is suited for high run-length digital printing and is the true digital alternative for industrial *screen printing*. Designed for low to medium run-lengths, the :M-Press Leopard offers the potential to move beyond screen applications to other industrial applications, such as decoration, furniture, packaging and home wares.



Agfa Graphics also extended its broad range of *UV inks*. Already established in the document and packaging sectors, the family of :Agora and :Altamira inks have now also been adapted for use in industrial applications. Agfa Graphics' inks perform exceptionally strong on key quality parameters, such as adhesion, shelf life, scratch resistance and outdoor durability.

Agfa HealthCare

In Imaging as well as in IT, Agfa HealthCare aims to offer integrated solutions tailored to the needs of the customer. The business group continuously invests in the innovation of the healthcare sector. A firm evidence of Agfa HealthCare's commitment towards healthcare innovation is the opening of a new, state-of-the-art R&D facility in Waterloo (Ontario, Canada). The facility will play a key role in the development and worldwide introduction of advanced medical imaging IT solutions. In France, Agfa HealthCare has invested in the Artigues R&D center near Bordeaux. In co-operation with the local government, the business group created jobs for new researchers who will work on – among other projects – the further development of the *Electronic Patient Record*.

Imaging

Agfa HealthCare offers a complete portfolio of traditional X-ray film products, *hardcopy* film and printers and c*omputed 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.

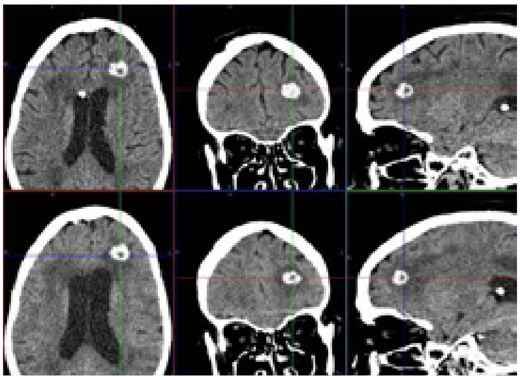
In the beginning of 2012, Agfa HealthCare added the CR 10-X, a table-top CR solution, to its digital imaging offering. With this affordable system, lower-volume hospitals and private practices can benefit from the workflow advantages of *digital radiography*, without compromising on image quality. Also new was the CR 30-Xm, an affordable CR *digitizer* that can handle mammography exams, as well as a very broad range of general radiography and dental exams. Agfa HealthCare also introduced additional direct radiography innovations to the market. The DX-D Retrofit system, for instance, offers healthcare facilities a cost-effective solution to upgrade their existing film and CR-based modalities to DR. Agfa HealthCare now has 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.

IT

Image and data networks

Agfa HealthCare invests in R&D and cooperates with academic and business partners to continually improve its *IMPAX* portfolio, which offers seamless integration of *Radiology Information Systems (RIS)*, *Picture Archiving and Communication Systems (PACS)* and the systems for reporting on or working with examination results.

The newest addition to Agfa HealthCare's rich portfolio of imaging informatics solutions is IMPAX Agility. The completely unified imaging platform provides PACS, reporting, advanced imaging processing and integration of clinical information in one sophisticated and easy-to-use platform. Offering impressive gains in productivity and lower total cost of ownership, it is today the ideal solution for smaller hospitals, as well as care organizations in emerging markets planning to digitize their image management workflow.



Another eye-catching innovation is the Global Remote Incident Prevention (GRIP) service. As part of the service, a centralized global monitoring center and technical team continually monitor the IMPAX PACS solutions (as well as certain third-party systems) of customers worldwide to identify and prevent possible incidents before they occur.

Agfa HealthCare also extended and improved its IT solutions for image-intensive disciplines outside radiology. A new version of the IMPAX PACS for Nuclear Medicine was introduced at the 2012 Congress of the European Association of Nuclear Medicine in Milan. The system fully integrates the department's workflow, bringing together images and data from a wide range of *modalities* and departments into one IT platform.

Agfa HealthCare confirmed its position of technology leader in hospital-wide and regional imaging IT networks with several innovations, including a new version of its IMPAX Data Center. The IMPAX Data Center 3.0 enables hospitals and hospital groups to consolidate all imaging data into one single repository. Based on its IMPAX Data Center platform, Agfa HealthCare also introduced its Imaging Clinical Information System (ICIS). The solution makes image-enabled *Electronic Patient Records* (EPR) a reality, as it allows clinicians to capture, store, exchange and access imaging information securely and independent of location, on a variety of web-enabled devices. Dell agreed to host Agfa HealthCare's cloud clinical archiving portfolio for customers in the USA, including ICIS. Agfa HealthCare also announced a global strategic relationship with Orion Health, a global leader in health information exchange and healthcare integration solutions. Thanks to the partnership, Agfa HealthCare is able to extend the reach of both its ICIS solution and its ORBIS Enterprise IT platform.

Enterprise IT

Agfa HealthCare permanently evaluates and improves its ORBIS *Hospital Information System (HIS)* 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 additional 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.

Agfa has a long tradition of good citizenship. As a company we strive for profitable growth, but at the same time we attach great value to the impact that our activities have on the environment, to the health and safety of our employees and to the relations with all of our stakeholders. For many years, we have been doing this voluntarily and in many cases we go well beyond mere legal compliance. We do so because we 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 production, storage, transport and the use of the products, as well as the waste treatment at the end of the life cycle have minimal impact on the environment.

In the field of sustainability, our Agfa Graphics business group is a forerunner in the graphic industry. We offer our customers the means to eliminate toxic chemicals, reduce waste, lower ink and water consumption and save energy. Our *chemistry-free printing plates* are the perfect example of eco-friendly products that really make a difference. We are proud to be the undisputed technology and market leader for chemistry-free printing plates.

Our commitment doesn't stop there. We actively support our customers in their shift to greener practices. In North America, for instance, we created the Environmental Recognition Awards Program. With the program, we recognize and honor printers that integrate, support and promote environmentally sound practices in their activities. Since 2007, we have recognized close to 200 printers in the US and Canada.

With the growing world population in mind, our 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. We actively support 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

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.

and costs. Our 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.

With our Agfa Specialty Products business group, we strive to offer durable products to our industrial customers. Furthermore, we cooperate with various partners to develop products for eco-oriented industries. Together with VITO (Flemish Institute for Technology Research), for instance, we developed our Zirfon Pearl *membrane* for hydrogen production.

A global approach

Wherever possible, our company does not hesitate to go beyond compliance. Around the world, we invest 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, people and planet, thus striving for sustainable entrepreneurship.

In 2012, our efforts to reduce the impact of our own operations were recognized by several prestigious awards. Agfa's factory in Leeds (UK) for instance, was honored with the Institution of Mechanical Engineers Manufacturing Excellence Award for Sustainable Manufacturing and was certified according to the new energy management standard (ISO 50001) by LRQA as one of the first companies wordwide. The Branchburg manufacturing facility (US) was recognized by the New Jersey Department of Environmental Protection for its commitment to the environment.

Many Agfa sites have ISO 14001, OHSAS 18001 and ISO 50001 certificates or are in a program to achieve certification. The supporting management systems offer a verifiable way to monitor the improvement efforts and the achievements.

Within Agfa Graphics, the global SERP (sustainability and energy reduction program) has been initiated in 2012 as a program to share and implement best practices between the different production sites. Because of its excellent track record, the program is led by the Leeds manufacturing organization. Also in 2012, the German Agfa HealthCare GmbH received the Munich Ökobetrieb Award for their evironmental efforts.

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

The trend towards conscious citizenship and care for the environment risks to be used improperly as a tool for marketing and sales. It is a clear Agfa guideline to avoid such greenwashing and to give customers valid and solid information.

Talking facts and figures

Agfa Graphics organizes and participates in many studies to stimulate a pragmatic approach in describing the impact on the environment. As a methodology Agfa Graphics adheres to Life Cycle Assesment (LCA) studies, allowing transparency and highlighting improvement potential in operations or product design. On the one hand, Agfa Graphics commissioned LCA studies on its *printing plate* systems. On the other hand, Agfa Graphics needs to understand the environmental impact of the activity of its customers and commissioned therefore an LCA study on the production, distribution and end-of-life of a printed newspaper and magazine in close cooperation with the Belgian Graphic Federation and the Belgian newspaper publisher Corelio. The results indicate a measurable, but rather limited LCA impact by the prepress activities in the life cycle of the printed product.

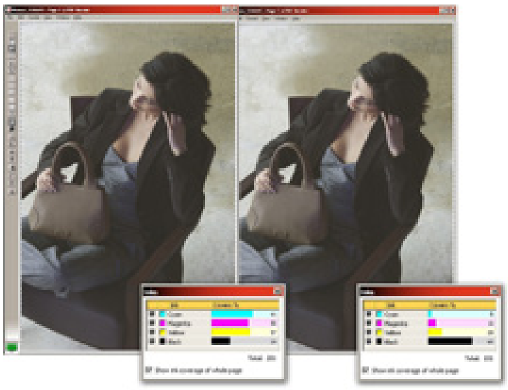
Printing plates and equipment

Agfa Graphics puts a lot of effort in reducing the environmental impact of the use of its printing plates. Thanks to these efforts, the company 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.

Agfa Graphics is a pioneer in the field of chemistry-free *thermal* printing plate technology for commercial printers. The thermal printing plates are based on Agfa Graphics' patented thermal *ThermoFuse*™ technology, which allows the elimination of the energy-consuming developing process, as well as the elimination of the use of caustic developer chemicals and rinsing water. For the printer, an additional advantage of chemistry-free *CtP* technology is the stability and predictability of the process: together with the chemical process, a lot of variables are eliminated.

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 the newspaper sector Agfa Graphics strives to be a leader in the field of eco-friendly printing plate systems. In 2011, the company introduced its *chemistry-free violet* :N94-VCF printing plate to 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.



Software

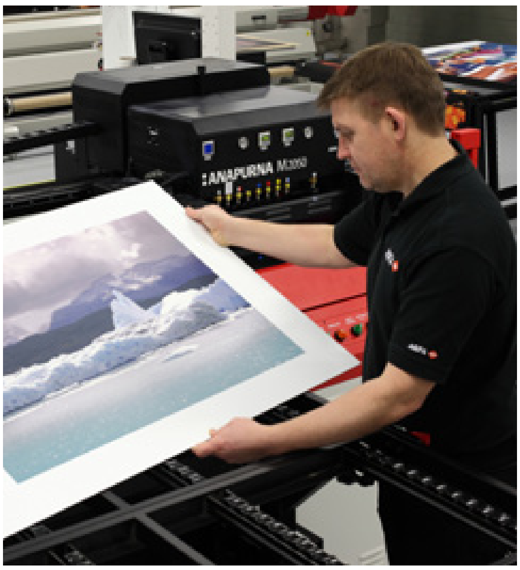
Agfa Graphics' software solutions are powerful tools for printers aiming for efficiency, quality and sustainability.
Agfa Graphics continuously introduces additions to its workflow management suites for commercial printers (the :Apogee Prepress Suite) and newspapers (the :Arkitex Suite).
The software suites offer commercial and newspaper printers solutions that save time, money and waste, for instance by eliminating paper job jackets. Both suites have applications that are able to reduce ink consumption by up to 25%. Both :Arkitex OptiInk (for newspapers) and :ApogeeX InkSave (for commercial printers) 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.

The :Apogee WebApproval soft *proofing* solution offers printers and publishers the opportunity to replace hardcopy proofs by on-screen proofing. As their customers can check the printwork they ordered on their computer screen instead of by means of a hardcopy proof, sent to them by courier, the software helps to save ink and paper, reduce fuel consumption and eliminate cartridge waste. As the solution improves the communication and collaboration between the different stakeholders of the approval cycle, it helps to reduce errors and reworks, which again is good news for the environment.

Supply chain efficiency

Until recently a number of printing plate factories were not able to produce all of Agfa Graphics' printing plates. As a consequence, printing plates that could only be produced in one factory, but were sold worldwide, caused complex logistic operations. In 2009, Agfa Graphics started a program to set up a regional production and distribution model. The idea behind the program is that every factory should be able to produce all printing plates that are sold in its specific region. This should lead to less complex logistics processes, cost savings and a reduced logistics footprint.
During 2010 and 2011, Agfa Graphics invested 20 million Euro in its printing plate factories in Brazil, Italy and China. Another 12 million Euros were invested in Agfa Graphics printing plate manufacturing sites in 2012.

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 entry-level and midrange printers (:Anapurna and :Jeti machines), as well as high-end industrial *flatbed presses* (:M-Press machines). These machines 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.

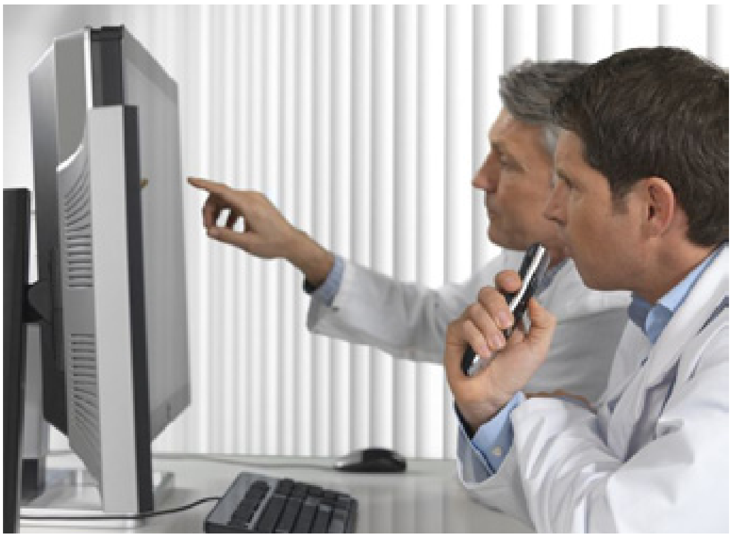
In addition to its inkjet equipment, Agfa Graphics also continues to develop *UV curable inkjet* inks. Contrary to solvent inks, Agfa Graphics' *UV curable* inks are free of solvents and *VOC*'s. Furthermore, only a limited amount of energy is needed to dry UV solvent inks, which is an important advantage 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 generating less waste, improved X-ray dose hygiene, and to enhance or extend the life of 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.

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. Agfa HealthCare is gradually introducing its Enterprise IT solutions in additional markets. ORBIS was introduced in the UK, while HYDMedia became available in France.

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 creates better imaging systems for medical diagnosis, by optimization of the diagnostic material, quality improvement of the diagnosis, X-ray dose reduction, and increasing healthcare treatment efficiency.

Regulations on medical devices guide designers with requirements on efficiency, as well as on safety for users and patients. Therefore, environmental concerns may seem to be of secondary importance in the design process. Products such as the new CR 10-X digitizer prove that Agfa HealthCare's designers do take energy consumption and the sustainability of components into consideration. The lightweight CR 10-X digitizer with reduced energy consumption brings innovative imaging technology to smaller clinics and imaging centers.

In 2012, Agfa introduced over 6,000 digital X-ray capture (CR/DR) systems on the market. The transition from analog to digital X-ray incorporates the transition from chemically processed film to dry film, combined with a substantial X-ray dose reduction.

Digital X-ray also reduces the individual exposure dose, thus increasing X-ray tubes lifetime, and decreasing the patient dose. Agfa HealthCare expanded the use of Hi Tech Needle Phosphor imaging plates, allowing a further dose reduction of up to 40%, especially important in dose sensitive applications, such as neonatal and pediatric X-ray diagnostics.

Next to dose hygiene, increased image content enhances diagnostic efficiency. In 2012, Agfa HealthCare's MUSICA image processing software, present in 40,000 digital X-ray imaging systems, was reconfirmed as the worldwide leading image processing software.

In 2011, Agfa entered the digital X-ray room market. Direct digitalization of the imaging chain, results in a substantial increase of X-ray room efficiency. In 2012, Agfa introduced Dx-D Retrofit, a direct digital panel, eliminating the need of a cassette exchange after every exposure, enhancing X-ray room efficiency with 15 to 30%: more patients, less mistakes, and reduced patient waiting time. The existing X-ray infrastructure gets a second digital life with the installation of Dx-D Retrofit.

Agfa HealthCare's *IMPAX* systems further optimize the existing Diagnostic Imaging infrastructure, by the integration of all diagnostic *modalities*.

Agfa HealthCare's design processes comply with the requirements of EU directives on *RoHS* (Restriction of Hazardous Substances), REACH (Registration, Evaluation, Authorization, and Restriction of CHemicals), and *WEEE* (Waste Electrical and Electronic Equipment). In the field of RoHS, Agfa HealthCare already avoids the restricted substances, even if for medical devices the regulatory obligation will only come in force in 2014.

Agfa HealthCare supports COCIR in its efforts to establish a self-regulatory initiative (SRI) for complying with requirements of the European EcoDesign directive on energy related products (ERP). COCIR is a non-profit trade association representing the medical technology industry in Europe.
The self regulatory program extends over several years and every year new application fields are added. It is based on equipment life cycle analyses and sets targets for energy reduction without compromising the expected performance of the equipment. In 2011, the program as well as the targets and the first follow-up results were presented to the European authorities, who accepted the program as well as the targets and recommended the program as an example for the industry.

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.

Working@Agfa

For some years, Agfa has been working on a comprehensive transformation process. From a market leader in analog imaging, we wish to develop into an international player in digital imaging systems and IT solutions. The main markets we are 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, we increasingly leave the familiar path of film-based imaging technology and we further enter into the domain of the rapidly evolving information technology. It goes without saying that this has a strong impact on the required profiles of our employees. Innovation, flexibility, education and entrepreneurship are key.

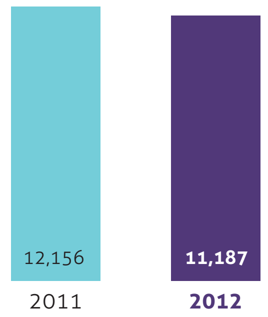
Innovation is essential to develop new products and solutions. To introduce these products and to successfully enter new markets is impossible without adequate entrepreneurial skills. On the one hand, mastering the necessary skills to succeed demands a lot of efforts. On the other hand, it also demands 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.

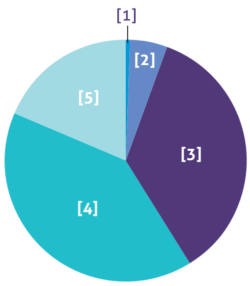
In 2012, the Internal Mobility program was launched on a global level throughout the company as a fundamental component of Agfa's Staffing Strategy, whereby Agfa aims to have the right employee in the right position at the right time and location for the right cost. In order to do so, we continuously look 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.

**TOTAL EMPLOYEES
FULL TIME EQUIVALENTS**

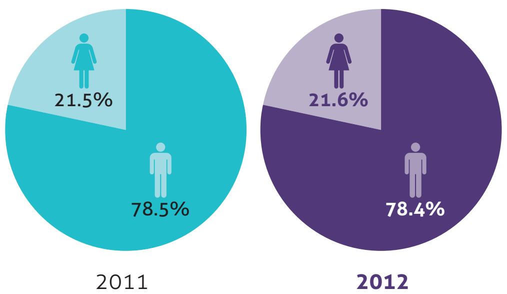


ALLOCATION OF EMPLOYEES

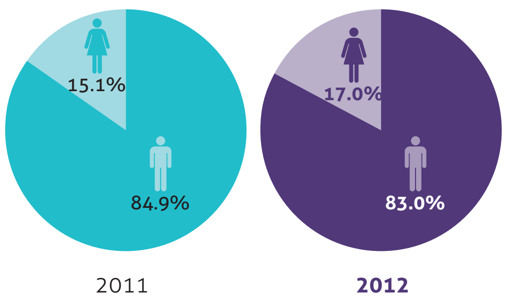


[1] CORPORATE CENTERS 0.5%
[2] GLOBAL SHARED SERVICES 5.2%
[3] AGFA GRAPHICS BUSINESS GROUP 35.6%
[4] AGFA HEALTHCARE BUSINESS GROUP 40.1%
[5] MATERIALS/AGFA SPECIALTY PRODUCTS BUSINESS GROUP 18.6%

**PERCENTAGE OF
MALE/FEMALE WORKFORCE**



**PERCENTAGE OF
MALE/FEMALE EMPLOYEES
IN MANAGEMENT POSITIONS**



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.

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.

HUMAN RESOURCES key figures

At the end of 2012, Agfa employed 12,163 people which corresponds to 11,787 Full Time Equivalents. At the end of 2011 the number of Full Time Equivalents was 12,156 and at the end of 2010 11,191 Full Time Equivalents were employed.
Of the total number of 12,163 employees, 229 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,...) 637 employees
- Graphics Business Group 4,325 employees
- HealthCare Business Group 4,874 employees
- Materials/Agfa Specialty Products Business Group 2,259 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 2012 has increased slightly to 21.6% of the total workforce compared to 21.5% at the end of 2011.
The percentage of female workers in management positions has increased from 15.1% to 17% in 2012.

Agfa hired or acquired 850 employees in 2012 while 1,218 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 take 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, 2012, 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

In 2012, the Agfa-Gevaert Group's revenue grew 2.2% to 3,091 million Euro (3,023 million Euro in 2011). Both the Agfa Graphics and the Agfa HealthCare business groups contributed to the growth. In the emerging markets, the Group achieved strong revenue growth: double digit growth for Agfa HealthCare and strong single digit growth for Agfa Graphics.

Supported by the relative weakness of the Euro, Agfa Graphics' revenue increased from 1,596 million Euro in 2011 to 1,652 million Euro. The business group's industrial *inkjet* segment posted double-digit revenue growth. Excluding currency effects, the segment's revenue growth was in the high single digits. Whereas industrial inkjet performed according to plan in the first nine months of 2012, the impact of the weak European economy was particularly strong in the fourth quarter. In the *prepress* segment, the volume increase was counterbalanced by price pressure. The digital *computer-to-plate (CtP)* business continued to suffer from the economic conditions in Europe, but its revenue increased in the rest of the world in general and the growth markets in particular. While there was a normalization of film volumes throughout the year, sales in the analog *computer-to-film (CtF)* business were up versus 2011.

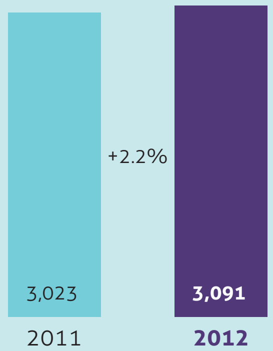
Agfa HealthCare was able to achieve year-on-year revenue growth in 2012. The revenue increase by 3.0% to 1,212 million Euro reflects the performance of the growth initiatives on the one hand, and the effect of the relative weakness of the Euro on the other hand.
In spite of the adverse economic conditions, the IT segment continued to grow. The revenue increase in this segment is mainly attributable to the Enterprise IT business, whereas the Imaging IT business' revenue remained rather stable.
IT performed strongly in Latin America and Europe, with the exception of the South of Europe, where the business suffered from the recession. In North America, the addressable market was rather soft.
In the Imaging segment, Agfa HealthCare continued to be one of the driving forces behind the evolution to *digital radiography*. In 2012, the digital radiography business (consisting of *Computed Radiography*, *Direct Radiography* and the *hardcopy* business) posted revenue growth: following a rather soft start of the year, the business picked up in the second half of 2012.

Agfa Specialty Products' revenue decreased by 9.2 percent. The *printed circuit board* film business' revenue grew slightly in spite of the adverse economic conditions. Mainly in the first nine months of the year, the Orgacon Electronic Materials business suffered from the slowdown in the electronics industry. Sales for the Synaps synthetic paper products grew steadily.

With 53.5% of revenue, Agfa Graphics remains the largest business group. Agfa HealthCare represents 39.2% and Agfa Specialty Products 7.3% of Group sales.

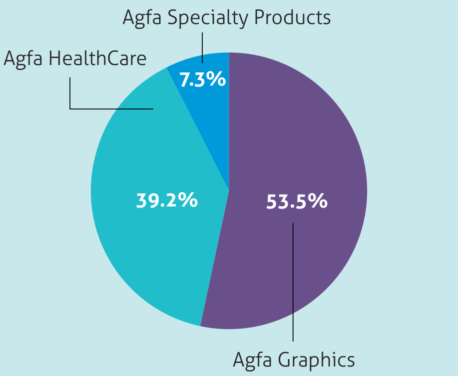
In 2012, Europe accounted for 40.3% of Group revenue (2011: 43.5%), NAFTA for 24.3% (2011: 23.5%), Asia/Oceania/Africa for 25.7% (2011: 24.7%) and Latin America for 9.7% (2011: 8.3%).

REVENUE
(million Euro)

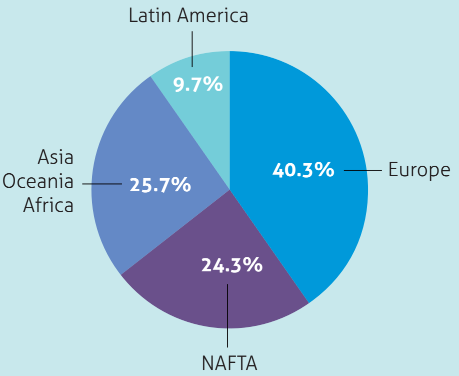


SHARE OF GROUP REVENUE 2012

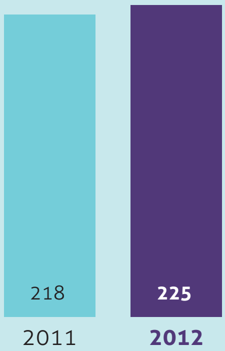
by business group



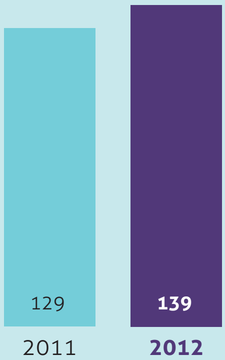
by region



RECURRING EBITDA[1]
(million Euro)



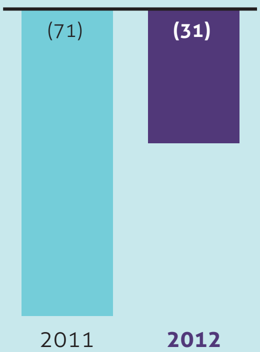
RECURRING EBIT[1]
(million Euro)



(1) BEFORE RESTRUCTURING/NON-RECURRING ITEMS.

RESULTS FROM OPERATING ACTIVITIES
(million Euro)

RESULT FOR THE PERIOD
(million Euro)



Results

In spite of the considerable negative raw material effects, the gross profit margin improved throughout the year. This evolution was driven by efficiency improvements, volume increases and price effects. For the full year, the gross profit margin reached 28.1%.

Agfa Graphics' operational improvements were offset by competitive pressure and adverse raw material effects. Recurring EBITDA amounted to 91.0 million Euro (5.5% of revenue) and recurring EBIT to 53.1 million Euro (3.2% of revenue). The gross profit margin slightly decreased from 25.2% in 2011 to 24.7%.

Due to the film price increases and Agfa HealthCare's efficiency improvement program, the business group's gross profit margin improved from 34.8% in 2011 to 35.7%. Recurring EBITDA reached 133.4 million Euro (or 11.0% of revenue). Recurring EBIT improved strongly to 90.6 million Euro (or 7.5% of revenue).

Agfa Specialty Products' recurring EBIT was almost break even at minus 0.3 million Euro and recurring EBITDA was positive at 5.2 million Euro.

As a percentage of revenue, Selling and General Administration expenses improved from 19.0% to 18.5%, reflecting the Group's continuous focus on cost reduction.

R&D expenditure amounted to 163 million Euro in 2012, compared to 162 million Euro in 2011.

The Group's recurring EBITDA (the sum of Graphics, HealthCare, Specialty Products and the unallocated portion) increased from 218 million Euro to 225 million Euro. Recurring EBIT grew from 129 million Euro to 139 million Euro: the downward trend was reversed in the second half of the year, resulting in excellent growth rates in the third and fourth quarter.

Restructuring and non-recurring items resulted in an expense of 43 million Euro, versus an expense of 93 million Euro in 2011.

The net finance costs amounted to 107 million Euro, versus 84 million Euro in 2011. This increase is mainly explained by the increase in pension costs due to the lower discount rate.

Income tax expenses amounted to 20 million Euro, compared to 23 million Euro in 2011.

The results from operating activities improved to 96 million Euro, versus 36 million Euro in the previous year. The loss before taxes thus reached 11 million Euro in 2012, against a loss before income taxes of 48 million Euro in 2011.

Reflecting the positive evolution in the course of the year, the result for the period improved from minus 71 million Euro to minus 31 million Euro. The result attributable to the owners of the Company improved from minus 73 million Euro in 2011 to minus 41 million Euro.

Statement of financial position

At the end of 2012, total assets were 2,830 million Euro, compared to 2,949 million Euro at the end of 2011.

Working capital

Inventories amounted to 635 million Euro (or 103 days). Trade receivables (minus deferred revenue and advanced payments from customers) amounted to 498 million Euro, or 55 days and trade payables were 278 million Euro, or 45 days.

Financial debt

Net financial debt amounted to 291 million Euro, versus 267 million Euro at the end of 2011. At the end of 2012, the Group's gearing ratio amounted to 30.47%.

Equity

Equity amounted to 955 million Euro, against 995 million Euro at the end of 2011.

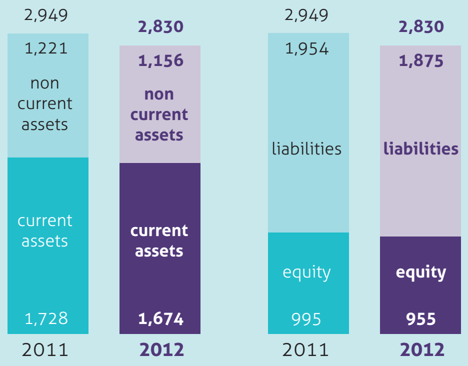
Cash flow

In 2012, net cash from operating activities, which also takes into account the changes in working capital, reached 32 million Euro.
Capital expenditure totalled 44 million Euro.

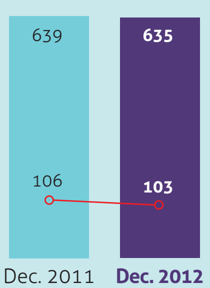
Outlook

In spite of the difficult economic environment, our 2012 performance is well in line with expectations. Agfa succeeded in growing its top line and – more importantly – it reversed the previously negative gross margin trend in spite of the considerable negative effect of raw material prices. Agfa's efficiency improvement program delivered its first significant results, helping the company to achieve a positive net result in the fourth quarter of 2012 for the first time since the second quarter of 2011. Agfa is convinced that it is now on a better track and it reiterates the company's target of delivering a double digit recurring EBITDA percentage in the medium to long term.
In 2013, Agfa will continue to focus its efforts on keeping the SG&A costs under control; improving the gross margin; and growing the top line of Agfa Graphics' inkjet business and Agfa HealthCare's digital radiography and IT businesses.

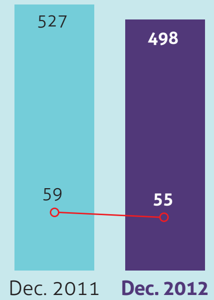
STATEMENT OF FINANCIAL POSITION
(million Euro)



INVENTORIES
(million Euro/days)

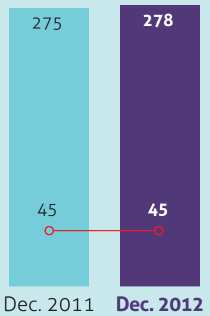


TRADE RECEIVABLES[1]
(million Euro/days)

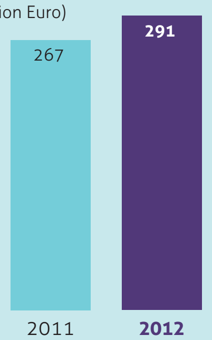


(1) MINUS DEFERRED REVENUE AND ADVANCED PAYMENTS FROM CUSTOMERS.

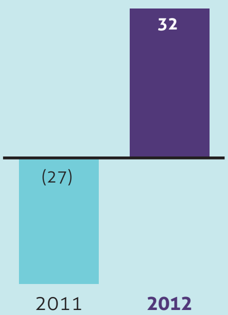
TRADE PAYABLES
(million Euro/days)



NET FINANCIAL DEBT
(million Euro)



NET CASH FROM OPERATING ACTIVITIES



Comments on the Statutory Accounts of Agfa-Gevaert NV

The Annual Accounts as will be presented to the General Meeting of Shareholders of May 14, 2013, 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 2012 of 141,981,422.75 Euro.

It is proposed to allocate the loss as follows:
deduction of the loss of 141,981,422.75 Euro from the result carried forward. As a result hereof the result carried forward will amount to 452,614,605.67 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 (452,614,605.67 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 2012, the Company achieved a turnover of 735.3 million Euro. This means a slight decrease compared to 2011 (735.5 million Euro). The difference in turnover was mainly caused by a decrease of the sales prices (-1.2%) and a decrease of volume/mix (-1.0%) both almost entirely compensated by a positive currency exchange rate difference (+2.1%).

The operating profit amounts to 3.9 million Euro for 2012. This represents an improvement of 53.7 million Euro compared to 2011. The most significant elements hereof are an increase of other operating income and a decrease of the item purchases.

The financial result decreased by 31.3 million Euro versus 2011. As a result the loss from ordinary activities before taxes amounts to minus 37.6 million Euro (versus minus 59.9 million Euro in 2011).

Compared to 2011, the exceptional result decreased by 80.5 million Euro. The main reason for the decrease is the entry extraordinary impairment of financial assets. This results from the testing of the acquisition value of the participations against their possible realization value.

Also taking into account the taxes entry, this brings the result available for appropriation for the financial year at a loss of 141.9 million Euro (versus a loss of 89.5 million euro in 2011).

In Belgium, the Company spent in 2012 an amount of 12,3 million Euro on research and development.

In 2012, the number of Agfa-Gevaert NV employees in Belgium decreased by 57 to 2,401 employees on December 31, 2012. This decrease is the result of the recruitment of 73 new employees and 130 employees leaving the Company.

Agfa-Gevaert NV & Co. KG, a transparent entity which results are included in the accounts of Agfa-Gevaert NV, made a profit in 2012 of 17,724,967.42 Euro. In 2012, the permanent establishment of the Company in UK made a loss of 12,308.39 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. It is our mission to enable graphic businesses to achieve profitable growth and stay ahead of their competition.

In order to realize this, we deliver integrated solutions, which are innovative and reliable yet sustainable and price-competitive, enabling our 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.

"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 to name some.

Agfa Graphics

MILLION EURO	2012	2011	% change
Revenue	**1,652**	1,596	3.5%
Recurring EBITDA[1]	**91.0**	87.6	3.9%
% of revenue	**5.5%**	5.5%	
Recurring EBIT[1]	**53.1**	48.0	10.6%
Results from operating activities	**26.2**	(7.2)	

(1) BEFORE RESTRUCTURING AND NON-RECURRING ITEMS.

Supported by the relative weakness of the Euro, Agfa Graphics' revenue increased from 1,596 million Euro in 2011 to 1,652 million Euro.
The business group's industrial inkjet segment posted double-digit revenue growth. Excluding currency effects, the segment's revenue growth was in the high single digits. Whereas industrial inkjet performed according to plan in the first nine months of 2012, the impact of the weak European economy was particularly strong in the fourth quarter.
In the prepress segment, the volume increase was counterbalanced by price pressure. The digital *computer-to-plate (CtP)* business continued to suffer from the economic conditions in Europe, but its revenue increased in the rest of the world in general and the growth markets in particular. While there was a normalization of film volumes throughout the year, sales in the analog *computer-to-film (CtF)* business were up versus 2011.

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 key to 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.

In prepress, Agfa Graphics supplies almost one third of the industry's printing plates worldwide. 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 printing segment of the graphic market. Powered by the most advanced inkjet technologies, Agfa Graphics' digital printing systems are state-of-the-art alternatives for traditional printing technologies in specific market segments with a wide spread of applications.

Agfa Graphics supplies solutions to both sign & display print houses, as well as customers producing 'new' industrial printing applications. Its high-tech inkjet machines are ideally suited for high-quality printing on an extremely wide variety of substrates for an ever growing range of applications, such as signs, posters and displays, promotional materials, packaging, labels, and decorative materials. Agfa Graphics supplies a comprehensive range of printing presses, as well as high-quality *UV curable inks* and media. Currently, industrial inkjet systems mainly compete with *screen printing* and flexo printing machines.

Industrial inkjet has a substantial growth potential. Digital printing is quickly picking up to replace conventional industrial screen printing applications. 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.

Commercial successes

In 2012, Agfa Graphics was able to achieve numerous eye-catching commercial successes. Many of the contracts were either signed at the *drupa* trade show or resulted from trade show leads. Printers and publishers all over the world confirmed Agfa Graphics as a leading expert in innovative prepress and inkjet products and solutions.

DRUPA

The four-yearly international *drupa* trade fair (Düsseldorf, Germany - May 3-16) was one of the major highlights for Agfa Graphics in 2012. *drupa* is generally regarded as the most important trade show for the global printing industry. The 2012 edition attracted 314,500 experts from 130 countries, more than half of them being decision makers from companies in the graphic industry.

At the show, Agfa Graphics confirmed its sustained commitment towards offset and inkjet printing with its broad range of innovative, cost effective and eco-friendly solutions. The business group clearly exceeded its sales targets at *drupa*. Inkjet sales accounted for more than 30 percent of the total order intake. In prepress, the many contracts signed for chemistry-free printing plates confirmed Agfa Graphics' market-leading position in this segment.

Prepress

In the **commercial printing** segment, Agfa Graphics is the undisputed technology and market leader in chemistry-free printing plates for *thermal* and *violet* prepress systems.

The :Azura printing plate technology continued to convince printers all over the world to make the switch to more environment-friendly processes. The success in Japan perfectly illustrates Agfa Graphics' dominance in this segment of the industry. Two examples of Japanese companies switching to :Azura in 2012 are Print Net (Tokyo), one of the largest web-to-print companies in the country, and Sun m Color (Kyoto).

Many of the contracts in the commercial segment – such as the one signed with the leading German Ganz Interprinter company – relate to complete prepress systems, including equipment, workflow management software and printing plates. An eye-catching order made by Lake Erie Graphics combined prepress and inkjet. The company is a commercial printer based in Brook Park, Ohio (US). They ordered an :Avalon N8 *platesetter* and :Azura TS printing plates, as well as a :Jeti 3020 Titan inkjet system, ink and media.

Furthermore, Agfa Graphics continued to increase its market share in the field of workflow management software. At the end of the year, more than 8,000 :Apogee systems were installed in the world.

Following the trend in the commercial segment, **newspaper printers** all over the world are now choosing eco-friendly prepress systems. At the end of 2012, about 35% newspaper printers were already using Agfa Graphics' chemistry-free printing plates to reduce their costs as well as their impact on the environment. Among the major newspaper companies that started using Agfa Graphics' chemistry-free :N94 VCF printing plates in 2012 are WAZ Mediengruppe, publisher of the biggest regional newspaper in Germany; the Axel Springer printing house in Ahrensburg (Germany); the French Amaury Médias group; the Finnish Alma Manu company; and the Times Union (Albany, New York, US).
Often, these companies combine their printing plate contracts with orders for complete CtP solutions. WAZ, for instance, ordered eight platesetters and 15 *clean-out units*.

Agfa Graphics also strengthened its position in the Asian newspaper industry. In Taiwan, for instance, the major China Times newspaper signed a comprehensive CtP contract, including six platesetters and :Arkitex workflow software. Oriental Press Group, the largest newspaper group in Hong Kong, chose Agfa Graphics for the conversion of their prepress operations from CtF to CtP. The Korean Dong-A Ilbo, one of the largest newspaper companies in the country, signed a five-year contract for CtP printing plates.
One of the most striking successes in Latin America was the contract signed with Correa del Orinoco. The largest government newspaper in Venezuela chose Agfa Graphics for its CtP equipment, workflow software, as well as printing plates.

Inkjet

Agfa Graphics' inkjet systems were major crowd-pullers at *drupa*, as well as many other trade shows organized in 2012. All over the world, printers acknowledge the superior print quality and productivity of the business group's wide format and industrial inkjet solutions.

Agfa Graphics continued to expand its position in the wide format segment with its :Anapurna and :Jeti printers.
In the low-end segment, the installed base for the :Anapurna wide format printers continued to grow steadily. In the first quarter, the German Igepa Group agreed to become a distributor for the :Anapurna range. At *drupa*, Serilon – the largest distributor of visual communication supplies and equipment in Brazil – closed a deal for no less than 14 :Anapurna printers. With more than 200 new installations in 2012, over 1,200 :Anapurna systems are now in operation all over the world.

In the mid-range of the market, :Jeti sales also gained momentum. One of the showpieces in this range is the :Jeti 3020 Titan, which was introduced to the market in 2011. In 2012, the high-production inkjet printer found its way to new customers all over the world. In the US, Federal Express ordered four additional machines, bringing their total number of :Jeti 3020 Titan systems at nine. New customers are impressed by the systems print quality, productivity and upgradeability, which allows them to adapt the color and speed capabilities to their changing needs.

Among the new customers for the high-speed, fully automatic :M-Press Tiger are the French supplier of point-of-purchase advertising Constantin and the US based industry leader in cardboard standups Advanced Graphics.
The Irish print & design company Horizon ordered its second :M-Press Leopard system six months after the installation of the first one. The company commented that customers are so impressed by the quality that they now specifically request the :M-Press Leopard when ordering their printed material. Other new customers for the :M-Press Leopard press are – among others – CP Arts (UK), RJ Design (UK), Koma Grafisk (Denmark) and Westcamp Press (US).

Agfa HealthCare

Agfa HealthCare is using new technologies and traditional know-how to create solutions that meet the ever evolving healthcare needs. Medical imaging solutions that open up new views to caretakers. IT solutions that 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.

“We believe that the synergy of imaging, clinical knowledge and information technology will create a unique momentum for healthcare professionals to improve efficiency and safety of care delivery to patients.”

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 units: Imaging and IT.

Agfa HealthCare

MILLION EURO	2012	2011	% change
Revenue	1,212	1,177	3.0%
Recurring EBITDA[1]	133.4	123.5	8.0%
% of revenue	11.0%	10.5%	
Recurring EBIT[1]	90.6	78.5	15.4%
Results from operating activities	76.4	40.6	

(1) BEFORE RESTRUCTURING AND NON-RECURRING ITEMS.

Agfa HealthCare was able to achieve year-on-year revenue growth in 2012. The revenue increase by 3.0 percent to 1,212 million Euro reflects the performance of the growth initiatives on the one hand, and the effect of the relative weakness of the Euro on the other hand.
In spite of the adverse economic conditions, the IT segment continued to grow. The revenue increase in this segment is mainly attributable to the Enterprise IT business, whereas the Imaging IT business' revenue remained rather stable.
IT performed strongly in Latin America and Europe, with the exception of the South of Europe, where the business suffered from the recession. In North America, the addressable market was rather soft.
In the Imaging segment, Agfa HealthCare continued to be one of the driving forces behind the evolution to *digital radiography*. In 2012, the digital radiography business (consisting of *Computed Radiography (CR)*, *Direct Radiography (DR)* and the *hardcopy* business) posted revenue growth: following a rather soft start of the year, the business picked up in the second half of 2012.

Imaging

The Imaging division supplies traditional X-ray film, hardcopy film and printers, digital radiography equipment and *contrast media*.
Agfa HealthCare's roots are in traditional medical imaging, but in today's healthcare market, traditional analog X-ray film is rapidly losing ground to 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 MUSICA² *image processing software* and its NX workstation for image identification, acquisition and quality control.

In 2010, Agfa HealthCare entered the market of generic contrast media through the acquisition of the German company *Insight Agents GmbH*. The business group is now gradually introducing its high-quality and cost efficient products in additional markets.

IT

Accounting already for almost 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 informatics 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.

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)*, 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 2012, Agfa HealthCare signed numerous eye-catching imaging, imaging IT en enterprise IT contracts with hospitals and hospital groups all over the world. A number of these agreements go beyond one segment. Gulf Medical, for instance, agreed to act as a distributor for the complete Agfa HealthCare product line in Saudi Arabia.

Imaging

Agfa HealthCare continued to extend the installed base for its technology-leading CR and DR systems. At the end of 2012, over 40,000 CR and DR solutions were installed at customer sites all over the world.

In the field of computed radiography, Agfa HealthCare signed a new three-year contract with *Novation*, a leading healthcare supply contracting company in the US. Through the contract, Agfa HealthCare is able to offer its CR systems to over 65,000 American healthcare organizations. Another important contract was signed with the Children's Mercy Hospitals and Clinics in Kansas City, which chose Agfa HealthCare's DX-G CR solution for its pediatric and neonatal digital radiography needs. Besides the system's remarkable productivity and wait time reduction, the organization was particularly impressed by the 60% radiation dose reduction compared to their previous system. In the UK, Agfa HealthCare successfully installed a number of tabletop CR 30-X and five versatile DX-G digitizers at the Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust. In November, Agfa HealthCare announced that it had won a Uzbekistan Ministry of Health tender for the delivery of 115 CR 30-X *digitizers* with DRYSTAR 5300 hardcopy printers. Financed by the World Bank, the project offers Agfa HealthCare the opportunity to support the evolution of healthcare in the country.

In 2012, the installed base and order entry for direct radiography systems continued to grow according to plan. In the US, *Premier* and Agfa HealthCare signed a new three-year multi-source contract, allowing Agfa HealthCare to offer its portfolio of DR systems to the members of the Premier alliance. Premier counts over 2,600 member hospitals in the US. Agfa HealthCare was also awarded a new DR contract by the HealthTrust Purchasing Group.
The agreement gives HealthTrust's nearly 1,400 acute care facilities access to Agfa HealthCare's entire DR portfolio. Bethesda East Hospital (Boynton Beach, Florida) ordered multiple DX-D 100 mobile DR systems.
The motorized DX-D 100 solution can be used throughout the hospital at patients' bedsides, as it sends its high-quality images to the hospital's PACS over a Wi-Fi network.
Agfa HealthCare's complete DR X-ray rooms also continue to convince customers all over the world. The Radiologischen Gemeinschaftspraxis Betzdorf, for instance, became the first healthcare center in Germany to put Agfa HealthCare's DX-D 800 solution into service.

IT

In 2012, Agfa HealthCare again signed IT agreements with numerous new customers around the globe. These customers include a wide range of healthcare providers, from large multi-site facilities and regional care providers, to medium-sized facilities and imaging centers.

Image and data networks

In Ontario, Canada, Agfa HealthCare successfully connected all 37 member healthcare facilities of the Hospital Diagnostic Imaging Repository Services (HDIRS). The IMPAX Data Center and enterprise viewing technology allow connected physicians to view all diagnostic images and reports within the HDIRS network.

In the US, the Massachusetts General Hospital, Boston (MGH), expanded its relationship with Agfa HealthCare through the installation of the IMPAX Data Center and ICIS solution family. Agfa HealthCare's solutions will support MGH's imaging needs across its 12 locations. Furthermore, Agfa HealthCare extended its

WATERLOO

In May 2012, The new Waterloo R&D center was officially inaugurated by Brad Duguid, the minister for economic development and innovation of the Canadian province of Ontario (m.). He was assisted by Michael Green, president of the North-American Agfa HealthCare region (l.) and by Christian Reinaudo, CEO of the Agfa-Gevaert Group (r.). It is the intention to establish a new home for the worldwide development and introduction of software and advanced solutions for medical imaging, as well as solutions that facilitate the integration of images in the patient record and the sharing of images with care organizations and patients. At this 'Center of Excellence', we will search for innovative solutions that should facilitate further revolutionary developments in radiology, digital pathology and healthcare in general.

strong relationship with the National Health Service (NHS) in the UK. A good example is the seven year contract extension signed with Shrewsbury and Telford Hospital NHS Trust. The extension includes a full upgrade of the current PACS and the replacement of eight CR units. The trust will also trial Agfa HealthCare's DX-D 100 mobile DR systems. With South Tees Hospitals NHS Foundation Trust, a contract was signed for the upgrade of the existing Agfa HealthCare PACS and CR solutions. Agfa HealthCare will also install a business intelligence solution and a Cardiovascular Information System. In Wales, a four year contract extension was signed with the Cardiff and Vale University Health Board. The contract includes a complete technical refresh, as well as an upgrade of the IMPAX PACS.
In the Benelux region, Agfa HealthCare started to provide off-site hosting of its IMPAX PACS/RIS and long-term image archiving to the Orbis Medical Center in Sittard-Geleen (the Netherlands).
The Solution as a Service (SaaS) is provided out of two server centers: one in Aalsmeer (the Netherlands) and one at Agfa HealthCare's head office in Mortsel (Belgium). Also in the Netherlands, an agreement was signed with Máxima Medisch Centrum for an IMPAX solution covering radiology, cardiology and nuclear medicine. The organization has two sites, in Veldhoven and Eindhoven.

IMPAX Agility is being tested in care centers around the world. In 2012, the first commercial contracts were signed with two Brazilian care organizations: Alfema Dois (Belém) and Pronto Atendimento Infantil (Brasilia). In total, the two contracts involve the installation of IMPAX Agility in nine facilities.

Enterprise IT

In 2012, Agfa HealthCare further strengthened its leading position in the European market for Hospital Information Systems (HIS) and hospital document management solutions.
A number of important contracts confirmed the leading position of Agfa HealthCare's ORBIS HIS solution in the German speaking countries of Europe. The Carl-Thiem-Klinikum Cottbus and the St. Josefskrankenhaus in Heidelberg are just two examples of care organizations in Germany that decided to replace their existing HIS by Agfa HealthCare's ORBIS solution.
In France, Agfa HealthCare booked further progress in the implementation of the major contract with the Assistance Publique – Hôpitaux de Paris (AP-HP) group. ORBIS has gone live in a second hospital, the university hospital of Bicêtre. A third hospital will follow in early 2013. In total, the AP-HP group counts 38 hospital sites.
At the end of 2012, ORBIS was installed at over 950 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 2012 are the University Hospital of Cologne (Germany), the Children's Hospital Auf der Bult in Hannover (Germany) and the University Hospital of Basle (Switzerland).

Agfa Specialty Products

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

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

"With over a century of expertise in the fields of polyester chemistry and coating technology, Agfa is 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 offers customers services in the field of materials and coating research. The Agfa Materials Technology Center centralizes all the materials related R&D activities for the Group. As an open innovation center it also offers materials and coating research to third parties under the Agfa Labs label.

Agfa Specialty Products

MILLION EURO	2012	2011	% change
Revenue	**227**	250	(9.2)%
Recurring EBITDA[1]	**5.2**	9.7	(46.4)%
% of revenue	**2.3%**	3.9%	
Recurring EBIT[1]	**(0.3)**	5.2	(105.8)%
Results from operating activities	**(3.2)**	(2.3)	

(1) BEFORE RESTRUCTURING AND NON-RECURRING ITEMS.

Agfa Specialty Products' revenue decreased by 9.2%. The printed circuit board film business' revenue grew slightly in spite of the adverse economic conditions. Mainly in the first nine months of the year, the Orgacon Electronic Materials business suffered from the slowdown in the electronics industry. Sales for the Synaps synthetic paper products grew steadily.

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 General Electric Company (GE) in 2003, both parties signed a long-term agreement whereby Agfa continued to supply X-ray film to GE. Agfa now acts as the exclusive manufacturer of GE's NDT X-ray films and related chemistry. In 2012, 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 2012, the digitization of the industry further accelerated. As a result, revenue in this segment continued to decrease.

Aerial Photography: For aerial photography, Agfa Specialty Products supplies films, chemicals, photo paper and software. In 2012, Agfa Specialty Products managed to keep its business stable and to increase its share in this declining niche 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. However, in 2012 Agfa Specialty Products was able to increase its microfilm revenue due to the consolidation process in this market. 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 will manufacture microfilm and related photochemicals for EPM, and EPM will distribute these products worldwide under its own brand name.

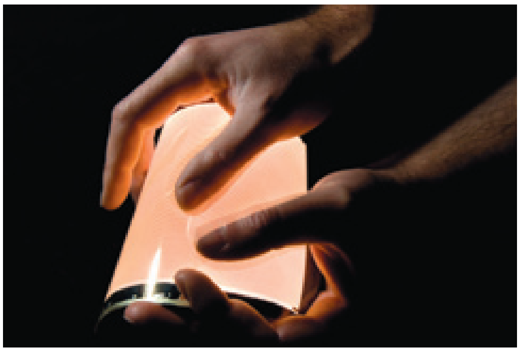
Functional Foils

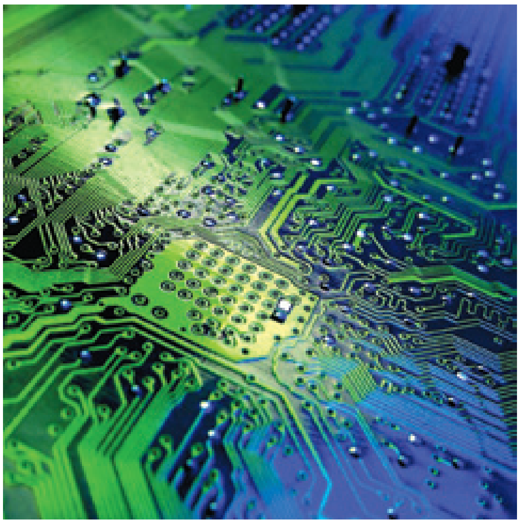
Functional Foils groups Agfa Specialty Products' activities as a manufacturer of specialty films for applications in Security, Print and other industries.

Security: With the increasing attention given to security and identification, authorities invest in high-tech electronic ID documents of which the authenticity can be checked quickly and efficiently. Agfa Specialty Products responds to this 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, ...). Agfa's competence in *PET* manufacturing allowed it to develop reliable and long-lasting card materials under the PETix brand name. These materials can be combined with state-of-the-art personalization and security techniques.

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 an increased focus on the high-end paper types for xerographic printing, the segment reported double-digit revenue growth in 2012.

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 developed its Orgacon product line of printing inks, pastes and formulations for use in electronic devices.
In June 2012, Agfa Specialty Products introduced a new Orgacon high-performance metallic conductive ink, which can be used for the production of – for instance – *RFID antennas*, *OLED* lighting, and *Organic Photovoltaics* (OPV).
In 2012, this activity's growth was interrupted by the effects of the weak economic conditions on the electronic industry.

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 fine conductive lines on printed circuit boards. As inkjet is identified as a promising technology for future PCB manufacturing, Agfa Specialty Products is focusing its R&D efforts on the development of PCB inkjet inks. In 2012, the business group took an important step in these development efforts with the introduction of inkjet marking inks.
Despite the sluggishness in the electronic industry, Agfa Specialty Products' phototooling revenues remained stable in 2012.

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.

Industrial Inkjet Inks: Building on the Group's intellectual property and knowledge in the field of inkjet ink technology, Agfa Specialty Products develops and markets inkjet inks for a number of industrial applications. The main focus is on packaging and decoration printing. As from 2013, this industrial inkjet ink business has been combined with the Agfa Graphics inkjet activities in order to maximize synergies.

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	2012	2011
Revenue	5	**3,091**	**3,023**
Cost of sales		(2,222)	(2,181)
Gross profit		**869**	**842**
Selling expenses		(388)	(388)
Research and development expenses		(163)	(162)
Administrative expenses		(192)	(197)
Other operating income	9	131	136[1]
Other operating expenses	10	(161)	(195)[1]
Results from operating activities	5	**96**	**36**
Interest income (expense) – net		**(15)**	**(12)**
Interest income	11	3	3
Interest expense	11	(18)	(15)
Other finance income (expense) – net		**(92)**	**(72)**
Other finance income	11	7	8[1]
Other finance expense	11	(99)	(80)[1]
Net finance costs		**(107)**	**(84)**
Profit (loss) before income taxes		**(11)**	**(48)**
Income tax expense	12	(20)	(23)
Profit (loss) for the year		**(31)**	**(71)**
Profit (loss) attributable to:			
Owners of the Company		(41)	(73)
Non-controlling interests		10	2
Earnings per share (Euro)			
Basic earnings per share	28	(0.24)	(0.44)
Diluted earnings per share	28	(0.24)	(0.44)

(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 FINANCIAL STATEMENTS.

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MILLION EURO	2012	2011
Profit (loss) for the year	**(31)**	**(71)**
Other comprehensive income		
Exchange differences:	**(5)**	**13**
Exchange differences on translation of foreign operations	(6)	15
Exchange differences on net investment hedge	2	(3)
Income tax on exchange differences on net investment hedge	(1)	1
Cash flow hedges:	**5**	**(9)**
Effective portion of changes in fair value of cash flow hedges	(3)	(7)
Change in fair value of cash flow hedges reclassified to profit or loss	11	(6)
Income taxes	(3)	4
Available-for-sale financial assets:	**-**	**(1)**
Changes in the fair value of available-for-sale financial assets	-	(1)
Income taxes	-	-
Other comprehensive income for the year, net of tax:	**0**	**3**
Total comprehensive income for the year attributable to:	**(31)**	**(68)**
Owners of the Company	(41)	(73)
Non-controlling interests	10	5

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MILLION EURO	Note	Dec. 31, 2012	Dec. 31, 2011
ASSETS			
Non-current assets		**1,156**	**1,221**
Intangible assets	13	654	681
Property, plant and equipment	14	277	301
Investments	15	10	15
Deferred tax assets	12	215	224
Current assets		**1,674**	**1,728**
Inventories	16	635	639
Trade receivables	17	636	672
Current tax assets		97	82
Other receivables and other assets	17	149	214
Deferred charges		27	20
Derivative financial instruments	7.5	3	1
Cash and cash equivalents	18	127	100
TOTAL ASSETS		**2,830**	**2,949**
EQUITY AND LIABILITIES			
Equity	19	**955**	**995**
Equity attributable to owners of the Company		919	960
Share capital		187	187
Share premium		210	210
Retained earnings		601	642
Reserves		(85)	(90)
Translation reserve		6	11
Non-controlling interests		36	35
Non-current liabilities		**1,009**	**988**
Liabilities for post-employment and long-term termination benefit plans	20	529	542
Other employee benefits		12	13
Loans and borrowings	21	410	352
Provisions	22	15	25
Deferred income		1	4
Deferred tax liabilities	12	42	52
Current liabilities		**866**	**966**
Loans and borrowings	21	8	15
Provisions	22	173	223
Trade payables	23	278	275
Deferred revenue & advance payments	24	138	145
Current tax liabilities		56	47
Other payables	23	109	149
Employee benefits		99	94
Deferred income		3	4
Derivative financial instruments	7.5	2	14
TOTAL EQUITY AND LIABILITIES		**2,830**	**2,949**

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MILLION EURO	Note	Attributable to owners of the Company									Non-controlling interests	TOTAL EQUITY
		Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Share-based payment reserve	Hedging reserve	Translation reserve	TOTAL		
Balance at January 1, 2011		**187**	**210**	**703**	**(82)**	**-**	**12**	**2**	**1**	**1,033**	**30**	**1,063**
Comprehensive income for the year												
Profit (loss) for the year		-	-	(73)	-	-	-	-	-	**(73)**	2	**(71)**
Other comprehensive income net of tax	19.9	-	-	-	-	(1)	-	(9)	10	**-**	3	**3**
Total comprehensive income for the year		**-**	**-**	**(73)**	**-**	**(1)**	**-**	**(9)**	**10**	**(73)**	**5**	**(68)**
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Reclassification of share-based payments recorded in profit or loss in previous periods	19.4	-	-	12	-	-	(12)	-	-	**-**	-	**-**
Total of transactions with owners, recorded directly in equity		**-**	**-**	**12**	**-**	**-**	**(12)**	**-**	**-**	**-**	**-**	**-**
Balance at December 31, 2011		**187**	**210**	**642**	**(82)**	**(1)**	**-**	**(7)**	**11**	**960**	**35**	**995**
Balance at January 1, 2012		**187**	**210**	**642**	**(82)**	**(1)**	**-**	**(7)**	**11**	**960**	**35**	**995**
Comprehensive income for the year												
Profit (loss) for the year		-	-	(41)	-	-	-	-	-	**(41)**	10	**(31)**
Other comprehensive income net of tax	19.9	-	-	-	-	-	-	5	(5)	**-**	-	**-**
Total comprehensive income for the year		**-**	**-**	**(41)**	**-**	**-**	**-**	**5**	**(5)**	**(41)**	**10**	**(31)**
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Dividends	19.8	-	-	-	-	-	-	-	-	**-**	(9)	**(9)**
Total of transactions with owners, recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9)**	**(9)**
Balance at December 31, 2012		**187**	**210**	**601**	**(82)**	**(1)**	**-**	**(2)**	**6**	**919**	**36**	**955**

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF CASH FLOWS

MILLION EURO	Note	2012	2011
Profit (loss) for the period		**(31)**	**(71)**
Adjustments for:			
Depreciation, amortization and impairment losses	13/14	87	94
Changes in fair value of derivative financial instruments		-	1
Granted subventions		(11)	(7)
(Gains) Losses on sale of non-current assets	9/10	-	(1)
Net finance costs	11	107	84
Income tax expense	12	20	23
		172	**123**
Changes in:			
Inventories		(7)	(38)
Trade receivables		29	6
Trade payables		4	30
Deferred revenue and advance payments		(7)	(16)
Other working capital		(12)	(37)
Non-current provisions		(103)	(74)
Current provisions		(31)	(2)
Cash generated from operating activities		**45**	**(8)**
Income taxes paid		(13)	(19)
Net cash from (used in) operating activities		**32**	**(27)**
Interest received		3	3
Dividends received		-	-
Proceeds from sale of intangible assets	13	3	4
Proceeds from sale of property, plant and equipment	14	3	5
Acquisitions of intangible assets	13	(3)	(5)
Acquisitions of property, plant and equipment	14	(41)	(55)
Changes in lease portfolio		12	4
Acquisitions of subsidiary, net of cash acquired	6	-	(28)
Changes in other investing activities		3	1
Net cash from (used in) investing activities		**(20)**	**(71)**
Interest paid		(29)	(14)
Dividends paid		-	-
Proceeds from borrowings	21.2.1	60	70
Repayment of borrowings		(8)	(93)
Other financial flows		(9)	(8)
Net cash from (used in) financing activities		**14**	**(45)**
Net increase (decrease) in cash and cash equivalents		**26**	**(143)**
Cash and cash equivalents at January 1		**98**	**238**
Effect of exchange rate fluctuations		**1**	**3**
Cash and cash equivalents at December 31	18	**125**	**98**

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 2012 Consolidated Financial Statements of the Group include the Company and 100 consolidated subsidiaries (2011: 109 consolidated subsidiaries) controlled by the Company. Investments in subsidiaries and associates are listed in note 29.

The principal change within the Group structure relates to the reviewed functional model of Agfa Graphics in Europe. Agfa Graphics NV remains a legal entity, organized under Belgian law whereas its former subsidiaries are replaced by branches in respective countries being subject to local legislation. This organizational change intends to simplify Graphics' group transactions and governance structure.
The transformation happens gradually and is expected to be finalized in the course of 2013. During 2012, the business of the following sales organizations was integrated into Agfa Graphics NV, resulting in a decrease of the number of consolidated subsidiaries: Agfa Graphics Austria GmbH, Agfa Graphics Germany GmbH & Co. KG, Agfa Graphics Sp. z.o.o., Agfa-Gevaert AB, Agfa-Gevaert S.A.U. and OY Agfa-Gevaert AB.

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, 2012.

Standards and interpretations issued by the IASB effective for annual periods beginning on January 1, 2012, have been applied for the first time and did not have an impact on the consolidated statements of the Group.

It relates to:
- IFRS 7 *Financial Instruments - disclosures,*
- IAS 12 *Income Taxes (recovery of underlying assets),*
- Improvements to IFRSs 2010.

The Group has not early adopted any new IFRS requirements that were not yet effective in 2012. 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 26, 2013.

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'
The measurement of provisions and contingencies with respect to the insolvency of AgfaPhoto GmbH	Note 22 'Provisions' Note 26 'Commitments and contingencies'
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 IAS39 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, are 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 and 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, 2012, 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 & 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 (totalling +/- 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 adjusted for the unrecognized actuarial gains and losses and less any past service costs not yet recognized and the fair value of any plan assets. Where the calculation results in a net surplus, the recognized asset does not exceed the total of any cumulative unrecognized net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The recognition of actuarial gains and losses is determined separately for each defined benefit plan. To the extent that the net cumulative unrecognized gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that excess is recognized in profit or loss over the expected average remaining working lives of the employees participating in that plan. Otherwise, the actuarial gain or loss is not recognized.

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

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

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

Pre-retirement pensions are treated as termination benefits.

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

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

Revenue related to multiple-element arrangements that require significant customization or modification of the software, is recognized following the percentage of completion method. This method applies to HealthCare solutions which have not met the three major milestones as defined in the

'Solution Launch Process' 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 interest component of post-employment benefits and 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 interest component of post-employment benefits comprises the interest cost and the expected return on assets as well as the relative portion of the amortization of unrecognized losses (gains) that could not be attributed to results from operating activities.
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. Previously, the Group reflected the impact of a changed discount rate in profit or loss as restructuring expenses. This change in accounting policy has reduced restructuring expenses of 2012 with 2 million Euro. The impact on profit or loss for the comparative period is considered immaterial.

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: Graphics, HealthCare and Specialty Products.

The decisive factor in the identification of the Group's operating segments is the level at which the Group's CEO and the Executive Committee review the business and make decisions about the allocation of resources and other operating matters. The Group's reportable segments equal its operating segments.

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

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

Segment assets and liabilities do not include income tax items.

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

In general, each item of the operating assets is assigned in full to one of the reportable segments, i.e. a single asset such as an office building is assigned to a single segment. If a related asset is employed by more than one reportable segment, one segment owns the asset and the other segment(s) rents it (by means of cross charging via a Service Agreement). The same applies for operating liabilities such as employee related liabilities. As all employees, except for the employees belonging to the Corporate Centre and the 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 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, 2012 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 December 2011, an amendment was passed, postponing the effective implementation date to annual periods beginning on or after January 1, 2015.

According 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 and loss unless the financial asset is an investment in an equity instrument. Gains and losses on financial assets measured at amortized cost and not part of a hedging relationship shall be recognized in profit and loss when the financial asset is derecognized, impaired or reclassified. IFRS 9 is not expected to have a material impact on the consolidated financial statements.

In October 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities and derecognition, applicable to annual periods beginning on or after January 1, 2015. As this amendment does not change the basic accounting model for financial liabilities, it will have no 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 Group is currently investigating if this new standard will 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 Group is currently investigating if this new standard will 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.

• IFRS 13 *Fair Value Measurement*
In May 2011, the IASB issued IFRS 13 *Fair Value Measurement* effective for annual periods beginning on or after January 1, 2013. This standard provides a clear definition of fair value and how it is measured. It moreover defines the information to be disclosed in the notes to the consolidated financial statements. Fair value is defined as the price that would be received or paid when transferring an asset or a liability. IFRS 13 will not have a material impact on the consolidated financial statements.

• 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; and 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.

• Amendments to IAS 1 *Presentation of Financial Statements*
In June 2011, the IASB published amendments to IAS 1 *Presentation of Financial Statements* effective for annual periods beginning on or after July 1, 2012. These amendments specify that items recognized in other comprehensive income should be grouped according whether or not they may subsequently become reclassifiable to profit or loss. This amendment might change the presentation of the statement of other comprehensive income but will not materially affect the consolidated financial statements.

• Amendments to IAS 19 *Employee Benefits*
In June 2011, the IASB published amendments to IAS 19 *Employee Benefits* effective for annual periods beginning on or after January 1, 2013.
The amendment eliminates the use of the 'corridor' method, a method that allows to defer the recognition of actuarial gains and losses in profit or loss over multiple accounting periods. The amendment stipulates that the net liability of defined benefit plans must be recognized in full and the change in the liability from actuarial gains and losses should be recognized in other comprehensive income. The net interest cost for defined benefit plans should be calculated based on the net liability, being the difference between the defined benefit obligation and the fair value of the plan assets. The effects of plan amendments shall have to be recognized immediately in profit or loss.

When adopting the IAS 19 (revised 2011) in 2013, the net liability will increase by approximately 784 million Euro, being 767 million Euro for the Group's material countries (January 1, 2012: 687 million Euro) and 17 million Euro for the other countries. This will be recorded against equity. The Group expects for the defined benefit plans of its material countries for 2013 a total pension cost of 60 million Euro comprising of 19 million Euro service and administration costs and 41 million Euro net interest costs. Compared with 2012, the 32 million Euro reduction in pension cost is mainly explained by the application of the amendments to IAS 19. When the amendments to IAS 19 are applied on the 2012 financials, the net periodic pension cost would amount to 67 million Euro.

• IFRIC 20 *Stripping Costs in the Production of a Surface Mine*
In October 2011, the IASB published IFRIC 20 effective for annual periods beginning on or after January 1, 2013. This IFRIC is not applicable to the financial statements of the Group.

• *Offsetting Financial Assets and Financial Liabilities and Disclosures* (amendments to IAS 32) – *Offsetting Financial Assets and Financial Liabilities* (amendments to IFRS 7)
In December 2011, the IASB issued an amendment to IAS 32 effective for annual periods beginning on or after January 1, 2014 and amendments to IFRS 7 effective for annual periods beginning on or after January 1, 2013 to be applied retrospectively. 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. These amendments are not expected to have a material impact on the consolidated statements.

In December 2011, the IASB issued a second amendment to IFRS 7 requiring disclosures on the first implementation of IFRS 9. This second amendment is effective for annual periods beginning on or after January 1, 2015 or when IFRS 9 is first applied.

• *Annual Improvements 2009-2011 Cycle*
In May 2012, the IASB issued a fourth set of *Annual Improvements to IFRSs.* They consist mainly of editorial changes to existing standards, effective for annual periods beginning on or after January 1, 2013. The amendments address the requirements for comparative information (IAS 1); clarify that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory (IAS 16), clarify interim reporting of segment information (IAS 34) and clarify that tax effects for the distribution to holders of equity instruments should be accounted for in accordance with IAS 12. These amendments will not have an impact on the consolidated financial statements.

5. REPORTABLE SEGMENTS

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

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

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

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

Specialty Products offers a wide range of film-based products and high-tech solutions to large business-to-business customers outside of the graphic and healthcare markets. Its main products are film for non-destructive testing, motion pictures, aerial photography, 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 materials for high-security ID documents, conductive polymers, synthetic papers 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 and the Consumer Imaging business that was sold in 2004.

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, 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	Graphics		HealthCare		Specialty Products		TOTAL	
MILLION EURO	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	**1,652**	1,596	**1,212**	1,177	**227**	250	**3,091**	3,023
Change	**3.5%**	2.0%	**3.0%**	(0.3)%	**(9.2)%**	23.2%	**2.2%**	2.5%
Recurring EBIT	**53**	48	**91**	79	**-**	5	**144**	132
% of revenue	**3.2%**	3.0%	**7.5%**	6.7%	**-**	2.0%	**4.7%**	4.4%
Segment result	**26**	(7)	**76**	41	**(3)**	(2)	**99**	32
Segment assets	**872**	911	**1,314**	1,345	**140**	166	**2,326**	2,422
Segment liabilities	**282**	333	**420**	438	**30**	35	**732**	806
Net cash from (used in) reportable segments	**17**	2	**81**	(19)	**21**	(6)	**119**	(23)
Capital expenditures	**22**	31	**18**	24	**4**	6	**44**	61
Amortization and depreciation	**38**	40	**43**	45	**5**	4	**86**	89
Impairment losses recognized on fixed assets	**-**	4	**-**	1	**1**	-	**1**	5
Other non-cash items	**95**	125[1]	**97**	120[1]	**17**	23	**209**	268[1]
Research and development expenses	**49**	49	**105**	103	**9**	10	**163**	162
Average number of employees (Full time equivalents)	**5,067**	5,325	**5,727**	5,750	**718**	669	**11,512**	11,744

(1) AS REPORTED 2011, RESTATED FOR GRANTED SUBVENTIONS.

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

MILLION EURO	2012	2011
Revenue		
Revenue for reportable segments	3,091	3,023
Consolidated revenue	**3,091**	**3,023**
Recurring EBIT		
Recurring EBIT for reportable segments	144	132
Recurring EBIT not allocated to a reportable segment	(5)	(3)
Consolidated recurring EBIT	**139**	**129**
Profit or loss		
Segment result	99	32
Profit (loss) from operating activities not allocated to a reportable segment	(3)	4
Results from operating activities	96	36
Other unallocated amounts:		
Interest income (expense) – net	(15)	(12)
Other finance income (expense) – net	(92)	(72)
Consolidated profit (loss) before income taxes	**(11)**	**(48)**
Assets		
Total assets for reportable segments	2,326	2,422
Operating assets not allocated to a reportable segment	2	38
Investments	10	15
Deferred tax assets	215	224
Receivables under finance leases	96	109
Derivative financial instruments	3	1
Cash and cash equivalents	127	100
Other unallocated receivables	51	40
Consolidated total assets	**2,830**	**2,949**
Liabilities		
Total liabilities for reportable segments	732	806
Operating liabilities not allocated to a reportable segment	597	636
Loans and borrowings	418	367
Deferred tax liabilities	42	52
Derivative financial instruments	2	14
Other unallocated liabilities	84	79
Consolidated total liabilities	**1,875**	**1,954**
Cash flows		
Net cash from (used in) reportable segments	119	(23)
Operating cash flows not allocated to a reportable segment	(113)	(79)
Net interest paid	(26)	(11)
Net proceeds from borrowings	52	(23)
Other financial flows	(9)	(8)
Changes in other investing activities	3	1
Consolidated net increase (decrease) in cash and cash equivalents	**26**	**(143)**

Other material items 2012 **MILLION EURO**	**Reportable segments total**	**Adjustments**	**TOTAL**
Capital expenditures	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

Other material items 2011 **MILLION EURO**	**Reportable segments total**	**Adjustments**	**TOTAL**
Capital expenditures	61	-	61
Amortization and depreciation	89	-	89
Impairment losses recognized	5	-	5
Other non-cash items	268	(6)	262
Research and development expenses	162	-	162

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 AND BASED UPON LOCATION OF ASSETS

Geographical information 2011 **MILLION EURO**	**Revenue by market[2]**	**Non-current assets[3]**
Europe[1]	1,314	602
NAFTA	711	327
Latin America	251	19
Asia/Oceania/Africa	747	49
TOTAL	**3,023**	**997**
(1) WHICH INCLUDES THE COUNTRY OF DOMICILE BELGIUM	45	164

(2) LOCATION OF CUSTOMERS
(3) EXCLUDING DEFERRED TAX ASSETS AND BASED UPON LOCATION OF ASSETS

6. ACQUISITIONS AND DIVESTITURES

Acquisitions are accounted for using the acquisition method. The purchase prices of acquired companies outside the Euro zone are translated at the exchange rates at the respective dates of acquisition. Results of the acquired businesses are included as from the dates of acquisition.

6.1 ACQUISITIONS AND DIVESTITURES 2012

During 2012, there were no acquisitions nor divestitures.

6.2. ACQUISITIONS 2011

In September 2011, the Group acquired all of the shares of WPD Informatica Ltda, a leading healthcare IT company located in Brazil. With this acquisition, Agfa HealthCare complements its own offering in the Brazilian market. Agfa's CIS solution (ORBIS), being deployed approximately 1,000 times in Europe, is complemented with one of the leading local HIS offerings and enables our customers an all-encompassing view of medical information.

The purchase price consists of an upfront cash payment of 20 million Euro and an amount of 2 million Euro retained by the Group covering the seller's indemnification obligation. The amount is retained by the Group for a period of up to five years after closing date, except if an event subject to indemnification arises. Each year an assessment is made of the retained amount that can be released to the seller.
Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Identifiable assets acquired and liabilities assumed:

Acquisitions 2011

MILLION EURO	Note	WPD Informatica Ltda.
Intangibles assets with finite useful lives:		
Acquired technology	13	2
Customer related intangibles	13	3
Trade receivables		1
Deferred taxes	12	(2)
Identifiable net assets		**4**

The fair values of intangibles acquired have been determined based on a discounted cash flow model. Acquired technology is amortized over a period of ten years, customer related intangibles are amortized over a period of mainly ten years. Trade receivables comprise gross contractual amounts of 1 million Euro.

The impact of the acquisition on the Group's revenue and EBIT/profit (loss) for the year is not disclosed as considered impracticable. The acquired business has been integrated in the organization structure of the HealthCare business. This acquisition did not affect earnings per share.

A goodwill amount of 18 million Euro was recognized as a result of the acquisition and is calculated as follows:

MILLION EURO	Note	WPD Informatica Ltda.
Total consideration transferred		20
Consideration to be paid in future periods		2
Fair value of identifiable net assets		(4)
Goodwill amount recognized	13	**18**

The amount of goodwill recognized reflects the synergies expected to be achieved from integrating the company into the Group's existing IT business. The goodwill was not deductible for tax purposes at acquisition date. Following the merger of the acquired company in the Group's existing legal entity in Brazil in 2012, goodwill has become deductible for tax purposes.

Acquisition related costs relate to external fees and due diligence costs. They are immaterial and have been reflected in the Group's profit or loss.

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, 2012 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, 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
December 31, 2011				
USD	153.2	(134.6)	25.5	44.1
GBP	6.9	(16.4)	7.8	(1.7)
CAD	(0.9)	1.6	-	0.7
AUD	19.9	(9.3)	-	10.6

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, 2012, the outstanding derivative financial instruments are all forward exchange contracts with maturities of generally less than one year.

Where derivative financial instruments are used to economically hedge the foreign exchange exposure of recognized monetary assets or liabilities, no hedge accounting is applied. Changes in the fair value of these derivative financial instruments are recognized in 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 US Dollar, Canadian Dollar, Pound Sterling and Chinese Renminbi.

MILLION FOREIGN CURRENCY	Net investment in a foreign entity	
	December 31, 2012	December 31, 2011
USD	390	382
CAD	297	279
RMB	563	641
GBP	98	66

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 USD). As of December 31, 2012, 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: 27 million Euro, before 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 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.

In the course of 2011, 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. At the end of December 2011, all contracts reached maturity date. During 2011, gains amounting to 3 million Euro have been recognized in other comprehensive income. An amount of 4 million Euro gains 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 2012, net of the use of cash flow hedges.

	Profit or loss			
	2012		2011	
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	2.4	(2.4)	1.0	(1.0)
CAD	3.5	(3.5)	1.3	(1.3)
GBP	(1.9)	1.9	(4.0)	4.0
AUD	(4.3)	4.3	(5.1)	5.1

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			
	2012		2011	
MILLION EURO	At floating rate	At fixed rate	At floating rate	At fixed rate
EUR	44	319	(7)	265
USD	43	-	88	-
GBP	(29)	-	(11)	-
RMB	(23)	-	-	-
CAD	(53)	-	(33)	-
AUD	(7)	-	(21)	-
JPY	4	-	9	-

7.1.7 Sensitivity analysis

A change of 100 basis points in interest rates at December 31, 2012 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 2011.

	Profit or loss	
December 31, 2012	**100 bp increase**	**100 bp decrease**
Net impact	0.3	(0.3)
December 31, 2011		
Net impact	0.1	(0.1)

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, 2012: minus 2 million Euro; December 31, 2011: minus 7 million Euro).

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, 2012. 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	2012	2011
Available-for-sale financial assets			
Included in investments	15	5	6
Included in cash & cash equivalents	18	3	2
Held-to maturity investments			
Included in investments	15	-	2
Included in cash & cash equivalents	18	-	3
Financial assets at fair value through profit or loss			
Derivatives designated as hedge of a net investment – assets	7.5	2	-
Derivatives not part of a hedging relationship – assets	7.5	1	1
Included in investments	15	2	3
Loans and receivables			
Trade receivables	17	636	672
Receivables under finance leases	17	96	109
Other financial receivables	17	36	89
Loans and receivables included in investments	15	1	2
Cash on hand, demand deposits and checks	18	124	95

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:

MILLION EURO	2012			2011		
	Gross value	Impairment loss	Net	Gross value	Impairment loss	Net
Trade receivables						
Not past due	540	(4)	**536**	570	(5)	**565**
Past due 0 – 30 days	38	(1)	**37**	41	(1)	**40**
Past due 31 – 90 days	36	(2)	**34**	24	(1)	**23**
Past due more than 90 days	97	(68)	**29**	116	(72)	**44**
TOTAL TRADE RECEIVABLES	**711**	**(75)**	**636**	**751**	**(79)**	**672**
Receivables under finance leases						
Not past due	93	(1)	**92**	109	(2)	**107**
Past due 0 – 30 days	-	-	**-**	1	-	**1**
Past due 31 – 90 days	4	-	**4**	2	(1)	**1**
Past due more than 90 days	1	(1)	**-**	2	(2)	**-**
TOTAL RECEIVABLES UNDER FINANCE LEASES	**98**	**(2)**	**96**	**114**	**(5)**	**109**
Loans receivable						
Not past due	-	-	**-**	1	-	**1**
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**	**2**	**-**	**2**

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	2012	2011
Balance at January 1	**84**	**98**
Additions/reversals charged to profit or loss	9	3
Deductions from allowance[1]	(16)	(17)
Exchange differences	-	-
Balance at December 31	**77**	**84**

(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 (2011: 1 million Euro).

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.

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)

2011 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	195	**229**	-	8	221	-
Revolving credit facility [1]	82	**85**	85	-	-	-
EIB loan	69	**84**	1	2	52	29
Other loans	20	**22**	7	8	7	-
Trade payables	275	**275**	275		-	-
Other financial liabilities	102	**102**	100		2	-
Derivative financial liabilities						
Forward exchange contracts designated as hedge of a net investment:						
Outflow	(3)	**(89)**	(89)	-	-	-
Inflow	-	**86**	86	-	-	-
Other forward exchange contracts:						
Outflow	(1)	**(95)**	(95)	-	-	-
Inflow	1	**95**	95	-	-	-
Swap contracts designated as cash flow hedges	(10)	**(10)**	(2)	(8)	-	-

(1) TRANSACTION COSTS ARE INCLUDED IN THE INITIAL MEASUREMENT OF THE FINANCIAL LIABILITY (REVOLVING CREDIT FACILITY 3 MILLION EURO, EIB LOAN 1 MILLION EURO)

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

2012 MILLION EURO	Fair value	TOTAL	Expected cash flows			
			3 months or less	3-12 months	1-5 years	More than 5 years
Derivative financial instruments designated as cash flow hedges						
Forward exchange contracts						
assets	2	**(105)**	(105)	-	-	-
liabilities	-	**107**	107	-	-	-
Swap contracts :						
assets	-	**-**	-	-	-	-
liabilities	(1)	**(1)**	(1)	-	-	-

2011 MILLION EURO	Fair value	TOTAL	Expected cash flows			
			3 months or less	3-12 months	1-5 years	More than 5 years
Derivative financial instruments designated as cash flow hedges						
Forward exchange contracts						
assets	-	**(89)**	(89)	-	-	-
liabilities	(3)	**86**	86	-	-	-
Swap contracts :						
assets	-	**-**	-	-	-	-
liabilities	(10)	**(10)**	(2)	(8)	-	-

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

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**

2011 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	-	3	-	2	2	6	**13**	10
Trade receivables	17	-	-	-	-	672	-	**672**	672
Receivables under finance leases	17	-	-	-	-	109	-	**109**	109
Other financial receivables	17	-	-	-	-	89	-	**89**	89
Derivative financial instruments:									
Other forward exchange contracts		1	-	-	-	-	-	**1**	1
Cash and cash equivalents	18	-	-	2	3	95	-	**100**	99
TOTAL		**1**	**3**	**2**	**5**	**967**	**6**	**984**	**980**
Liabilities									
Loans and borrowings	21								
Non-current bank liabilities		-	-	-	-	157	-	**157**	161
Current bank and other credit liabilities		-	-	-	-	14	-	**14**	14
Debenture		-	-	-	-	195	-	**195**	173
Finance lease liabilities		-	-	-	-	1	-	**1**	1
Trade payables	23	-	-	-	-	275	-	**275**	275
Other financial payables	23	-	-	-	-	102	-	**102**	102
Derivative financial instruments:									
Forward exchange contracts used for hedging		3	-	-	-	-	-	**3**	3
Swap contracts used for hedging		10	-	-	-	-	-	**10**	10
Other forward exchange contracts		1	-	-	-	-	-	**1**	1
TOTAL		**14**	**-**	**-**	**-**	**744**	**-**	**758**	**740**

During 2011, an investment ceased to be an associate and was classified as available-for-sale (5 million Euro). As from 2012, this investment is carried at fair value in accordance with the Group's accounting policy.

7.5.1 Basis for determining fair values

Significant methods and assumptions used in estimated 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. There is no active market for the EIB loan. The fair value for the EIB loan as presented in the fair value table is the nominal amount of the loan, i.e. excluding transaction costs of 3 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).

MILLION EURO	December 31, 2012			December 31, 2011		
	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)	8	-	-	2	-	-
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	-	-	-	-	(3)	-
Swap contracts designated as cash flow hedges:						
Assets	-	-	-	-	-	-
Liabilities	-	(1)	-	-	(10)	-
Forward exchange contracts not part of a designated hedging relationship:						
Assets	-	1	-	-	1	-
Liabilities	-	(1)	-	-	(1)	-
Designated at fair value through profit or loss	2	-	-	3	-	-

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

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	-	-	-	0	-	**0**
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	-	-	0	-	**0**
Changes in fair value of cash flow hedges reclassified from other comprehensive income to profit or loss	-	-	-	(11)	-	**(11)**

MILLION EURO	2011					
	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	4	-	-	-	-	**4**
Interest expense	-	-	-	-	(15)	**(15)**
Finance lease income	11	-	-	-	-	**11**
Impairment charges	(15)	(1)	-	-	-	**(16)**
Income from reversal of impairment losses	12	-	-	-	-	**12**
Losses from the sale of marketable securities	-	-	(1)	-	-	**(1)**
Change in fair value of financial instruments not part of a hedging relationship	-	-	-	(5)	-	**(5)**
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	-	-	(1)	-	**(1)**
Changes in fair value of cash flow hedges reclassified from other comprehensive income to profit or loss	-	-	-	6	-	**6**

8. INFORMATION ON THE NATURE OF EXPENSES

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

MILLION EURO	Note	2012	2011
Cost of raw materials, goods purchased for resale and production related costs		1,540	1,497
Cost of services purchased		93	98
Personnel expenses		895	945
Amortization & depreciation	13/14	86	89
Impairment losses on intangible assets & property, plant and equipment		1	5
Write-down on inventories	16	27	24
Impairment losses on loans and receivables	10	17	15

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 (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 (loss) for the year.

Personnel expenses in 2012 amounted to 895 million Euro compared to 945 million Euro in 2011. The decrease of 50 million Euro is for 46 million Euro explained by the evolution in the restructuring expenses.

The breakdown of personnel expenses is as follows:

MILLION EURO	2012	2011
Wages and salaries	691	690
Social security contributions	142	142
Expenses for post-employment	31	36
Personnel related restructuring expenses	25	71
Other personnel expenses	6	6
TOTAL	**895**	**945**

Expenses for post-employment (2012: 31 million Euro, 2011: 36 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 2012 amounted to 11,512 (2011: 11,746). Classified per corporate function, this average can be presented as follows:

MILLION EURO	2012	2011
Manufacturing/Engineering	3,546	3,755
Research & Development	1,594	1,562
Sales & Marketing/Service	4,371	4,390
Administration	2,001	2,039
TOTAL	**11,512**	**11,746**

9. OTHER OPERATING INCOME

MILLION EURO	2012	2011
Exchange gains on operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	48	49[1]
Recharge to customer	14	14
Reversal of unutilized provisions recognized in previous years	10	13
Reversal of impairment losses on loans and receivables	8	12
Finance lease income	12	11
Past service gain resulting from changes to defined benefit plans	1	9
Gains on the sale of property, plant & equipment	0	2
Other income	38	26
TOTAL	**131**	**136**

(1) RESTATED FOR PRESENTATION PURPOSES, AS EXPLAINED BELOW.

The Group's central treasury department centralizes the foreign exchange transaction exposure on the monetary items of the different consolidated companies and economically hedges the net outstanding balances in foreign currency per currency, mainly by means of forward exchange contracts. To better align with this hedging approach, in 2012 the Group has netted its exchange gains and losses per currency across the different companies involved. For the full year 2012, the resulting netting in operating exchange gains and losses amounts to 150 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.

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 2012, the Group has recorded restructuring expenses of 29 million Euro (2011: 78 million Euro) of which 25 million Euro (2011: 71 million Euro) relate to employee termination costs.

MILLION EURO	2012	2011
Exchange losses on operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	57	55[1]
Restructuring expenses	29	78
Impairment losses on loans and receivables	17	15
Provisions	13	6
Bank charges	4	4
Impairment losses on goodwill - Identis	1	0
Impairment losses on other intangible assets & property, plant and equipment	0	3
Operating and finance lease expenses	3	1
Losses on sale of property, plant and equipment	0	1
Other expenses	37	32
TOTAL	**161**	**195**

(1) RESTATED FOR PRESENTATION PURPOSES, AS EXPLAINED IN NOTE 9.

11. NET FINANCE COSTS

MILLION EURO	2012	2011
Interest income:		
On bank deposits	3	3
TOTAL INTEREST INCOME	**3**	**3**
Interest expense on financial liabilities measured at amortized cost:		
On bank loans	(10)	(7)
On debentures	(8)	(8)
TOTAL INTEREST EXPENSE	**(18)**	**(15)**
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	5[3]
Loans and receivables:		
Interest income on trade and other receivables	2	1
Other finance income	1	2
TOTAL OTHER FINANCE INCOME	**7**	**8[3]**
Other finance expense		
Net periodic pension cost treated as other finance income (expense) and interest portion on other interest-bearing provisions[1]	(83)	(60)
Exchange losses on non-operating activities net of change in fair value of derivative financial instruments not part of a hedging relationship	(5)	(4)[3]
Liabilities at amortized cost:		
Interest expense on other liabilities	-	(5)
Unwind of discount on liabilities at amortized cost	-	(1)
Available-for-sale financial assets:		
Losses on the disposal of marketable securities	-	(1)
Held-to-maturity investments:		
Impairment loss recognized	(4)	(1)
Other finance expense	(7)	(8)
TOTAL OTHER FINANCE EXPENSE	**(99)**	**(80)[3]**
Net finance costs	**(107)[2]**	**(84)[2]**

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

(2) THE ABOVE FINANCE INCOME AND 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	5	4
TOTAL INTEREST EXPENSE ON FINANCIAL LIABILITIES	(18)	(15)

(3) 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 OF 2012 THE RESULTING NETTING IN NON-OPERATING EXCHANGE AND REVALUATION GAINS AND LOSSES AMOUNTS TO 74 MILLION EURO. COMPARATIVE INFORMATION FOR 2011 HAS BEEN RESTATED. FOR THE FULL YEAR OF 2011, THE NETTING IN NON-OPERATING EXCHANGE AND REVALUATION GAINS AND LOSSES AMOUNTS TO 145 MILLION EURO.

12. INCOME TAXES

12.1 RECOGNIZED IN THE STATEMENT OF PROFIT OR LOSS

MILLION EURO	2012	2011
Current tax expense	26	16
Current tax related to this year	24	19
Current tax related to prior years	2	(3)
Deferred tax expense (income)	(6)	7
Income tax expense	**20**	**23**

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 Graphics and HealthCare and considering historical profitability and projected future taxable income of the individual consolidated entities that are involved. Other parameters such as the expected timing of the reversals of existing temporary differences and tax planning strategies are considered as well in this assessment. Material changes to business plans and/or business (goods and services) flows impacting the taxable profit or loss of certain entities of the Group may influence the realization of deferred tax assets. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate reversing certain deferred tax assets resulting in an increase of the Group's effective tax rate.

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

12.2.1 Summary 2012

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

12.2.2 Reconciliation of effective tax rate

MILLION EURO	
Profit (loss) before income taxes	(11)
Theoretical income tax expense (income)	(3)
Theoretical tax rate[1]	**27.27%**
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	4
Income tax expense	**20**
Effective tax rate	**(181.82)%**

12.2.3 Summary 2011

MILLION EURO	
Profit (loss) before income taxes	(48)
Income tax expense	23
Tax rate	**(47.92)%**

12.2.4 Reconciliation of effective tax rate

MILLION EURO	
Profit (loss) before income taxes	(48)
Theoretical income tax expense (income)	(17)
Theoretical tax rate[1]	**35.42%**
Disallowed items	7
Impact of deduction from tax basis	(34)
Tax free income	(1)
Tax expense (income) due to tax provisions	(3)
Impact of utilization of tax losses carried forward	(2)
Tax losses for which no deferred tax asset has been recorded	6
Deferral of tax deductible provisions	42
Remaining deductible temporary differences for which no deferred tax has been recorded	15
Reversal of deferred tax balances recorded previous years: primarily related to temporary differences	14
Tax income related to tax credits	(3)
Other	(1)
Income tax expense	**23**
Effective tax rate	**(47.92)%**

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

12.3 DEFERRED TAX ASSETS AND LIABILITIES

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

MILLION EURO	December 31, 2012			December 31, 2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Intangible assets	106	36	70	110	41	69
Property, plant and equipment	9	24	(15)	9	27	(18)
Investments	8	-	8	8	-	8
Inventories	19	16	3	18	11	7
Receivables	4	6	(2)	5	10	(5)
Provisions and liabilities for post-employment benefits	35	51	(16)	35	49	(14)
Other current assets & other liabilities	10	1	9	17	-	17
Deferred tax assets and liabilities related to temporary differences	**191**	**134**	**57**	**202**	**138**	**64**
Tax loss carry-forwards	111	-	111	96	-	96
Excess tax credits	5	-	5	12	-	12
Deferred tax assets/liabilities	**307**	**134**	**173**	**310**	**138**	**172**
Set off of tax	(92)	(92)	-	(86)	(86)	-
Net deferred tax assets/liabilities	**215**	**42**	**173**	**224**	**52**	**172**

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: 229 million Euro (2011: 185 million Euro);
- Tax credits: 42 million Euro (2011: 43 million Euro);
- Temporary differences: 94 million Euro (2011: 122 million Euro).

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

MILLION EURO	Temporary differences	Tax losses	Tax credits	TOTAL
Expiry in:				
2013	-	1	2	**3**
2014	-	0	1	**1**
2015	-	1	-	**1**
2016	-	0	-	**0**
2017	-	5	1	**6**
after	-	3	14	**17**
No expiry	94	219	24	**337**
TOTAL	**94**	**229**	**42**	**365**

12.5 MOVEMENT IN TEMPORARY DIFFERENCES DURING 2011-2012

MILLION EURO	December 31, 2010	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	December 31, 2011	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	December 31, 2012
Intangible assets	90	(2)	(20)	-	1	69	-	1	-	-	70
Property, plant and equipment	(19)	-	1	-	-	(18)	-	3	-	-	(15)
Investments	8	-	-	-	-	8	-	-	-	-	8
Inventories	20	-	(13)	-	-	7	-	(4)	-	-	3
Receivables	1	-	(6)	-	-	(5)	-	3	-	-	(2)
Provisions and liabilities for post-employment benefits	-	-	(13)	-	(1)	(14)	-	(1)	-	(1)	(16)
Other current assets & other liabilities	2	-	10	5	-	17	-	(3)	(5)	-	9
Deferred tax assets and liabilities related to temporary differences	**102**	**(2)**	**(41)**	**5**	**-**	**64**	**-**	**(1)**	**(5)**	**(1)**	**57**
Tax loss carry-forwards	65	-	30	-	1	96	-	14	1	-	111
Excess tax credits	8	-	4	-	-	12	-	(7)	-	-	5
Deferred tax assets/liabilities	**175**	**(2)**	**(7)**	**5**	**1**	**172**	**-**	**6**	**(4)**	**(1)**	**173**

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, 2010	**593**	**17**	**40**	**214**	**102**	**13**	**101**	**69**	**-**	**1,149**
Exchange differences	5	-	-	-	1	-	1	(4)	-	3
Change in consolidation scope	18	-	-	2	4	-	-	-	-	24
Capital expenditures	-	-	2	-	-	-	1	3	-	6
Retirements	(1)	-	-	-	-	-	-	(4)	-	(5)
Transfers	-	-	-	-	-	-	-	3	1	4
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**
Accumulated amortization and impairment losses December 31, 2010	**90**	**4**	**26**	**128**	**63**	**5**	**94**	**59**	**-**	**469**
Exchange differences	1	-	-	-	-	-	1	(3)	-	(1)
Change in consolidation scope	-	-	-	-	-	-	-	-	-	-
Amortization during the year	-	-	6	14	4	1	4	3	-	32
Impairment loss during the year	-	-	-	-	1	-	-	-	-	1
Retirements	-	-	-	-	-	-	-	(1)	-	(1)
Transfers	-	-	-	-	-	-	-	-	-	-
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**
Carrying amount December 31, 2010	**503**	**13**	**14**	**86**	**39**	**8**	**7**	**10**	**-**	**680**
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**

In 2012, the capital expenditures for intangible assets amount to 6 million Euro (2011: 6 million Euro). Cash outflows for additions to intangible assets amount to 3 million Euro (2011: 5 million Euro) in the consolidated statement of cash flows. The difference of 3 million Euro (2011: 1 million Euro) relates to attributed emission rights which did not result in a cash outflow.

As a result of acquisitions performed in 2011, the intangible assets increased with 24 million Euro, of which 23 million Euro relates to the acquisition of WPD Informatica Ltda. and the remaining 1 million Euro relates to contractual customer relationships that Agfa Graphics NV acquired from Litho Supplies (UK) Ltd. Further information on intangibles acquired from WPD Informatica Ltda. is provided in note 6.

At year-end 2012 and 2011, the Group has tested its goodwill and intangible assets with indefinite useful lives, being trademarks fully attributed to the operating segment HealthCare, for impairment. These tests did not result in the recording of any impairment loss. In addition, the Group assessed whether there was an indication of impairment for intangible assets with finite useful lives. As a result, the Group has recorded in 2011 an impairment loss of 1 million Euro on contractual customer relationships.

The Group's management has reviewed the appropriateness of the useful lives of its major intangible assets at year-end 2012. 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. Graphics, HealthCare and Specialty Products. The operating segment is the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The impairment test for goodwill is performed by comparing the carrying amount of each cash-generating unit (CGU) to its recoverable amount. The recoverable amount of the CGU has been determined based upon a value in use calculation.

The value in use is determined as the present value of estimated future cash flows that are derived from the current long-term planning of the Group. The discount rate used in calculating the present value of the estimated future cash flows, is based on 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.

As from 2012, the discount rate is calculated for each cash-generating unit independently, considering the debt/equity ratio of each peer group. In former years, one blended discount rate for all cash generating units was used, whereby the cost of equity was determined based on a weighted debt/equity ratio of both peer groups (50% HealthCare; 50% Graphics). Management believes that this changed calculation method provides information that is more relevant to users of the financial statements.

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

The forecasting risk related to silver and aluminum has been considered in the sensitivity analysis on the key assumptions. 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 Graphics

At December 31, 2012, the carrying amount of the CGU Graphics comprises goodwill of 35 million Euro.

At year-end 2012, the Group tested its goodwill of the CGU Graphics for impairment. Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU Graphics has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors. After 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 2.0% for the packaging business. These growth rates are derived from respective market information.

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

Key assumptions are:

- After-tax WACC: 6.56% (2011: 8.03%).
- Pre-tax discount rate: 8.19% (2011: 9.54%).
- Terminal growth rate (after five years): 0.0% (2011: 0.0%) for the prepress business, 2.0% (2011: 3.0%) for the inkjet business and 2.0% (2011: 2.0%) for the packaging business.
- Aluminum: range between 1,720-1,840 Euro/Ton (2011: 1,643-1,732 Euro/Ton).
- Silver: range between 22-33 USD/Troz. (2011: 25-35 USD/Troz.).
- Exchange rate US dollar/Euro: 1.25 (2011: 1.40).
- Net working capital: the estimated future cash flows take into account continuing efforts to improve working capital. Within the 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 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 key assumptions i.e. WACC and raw material prices has been performed. The analysis on WACC changes was based on a 100 basis points. Based upon this sensitivity analysis on the key assumptions specified above, management is of the opinion that a reasonable, possible change would not trigger an impairment loss to occur.

13.1.2 CGU HealthCare
At December 31, 2012, the carrying amount of the CGU HealthCare comprises goodwill of 485 million Euro.

At year-end 2012, the Group tested its goodwill of the CGU HealthCare for impairment. Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU HealthCare has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors. After five years a terminal value is computed using a growth rate in the division Information Technologies (IT solutions) of 2.07% and a negative growth rate in the division Imaging Systems of 2.25%. 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: 9.30% (2011: 8.03%).
- Pre-tax discount rate: 13.24% (2011: 10.05%).
- Terminal growth rate (after five years): 2.07% for IT Systems (2011: 2.09%) and -2.25% for Imaging Systems (2011: -1.05%).
- Silver: range between 22-33 USD/Troz. (2011: range between 25-35 USD/Troz.). Sensitivity analyses have been performed (see infra).
- Exchange rate US dollar/Euro: 1.25 (2011: 1.40).
- Net working capital: the estimated future cash flows in the five-year plan take into account strong efforts in improving working capital. Within the HealthCare business segment, the focus is set at further reducing the days of sales outstanding (DSO-receivables). Over a five-year period a reduction of about ten days is foreseen in the plan. It is expected that this reduction will be mainly achieved by means of continuous collection improvement, a reduction of payment terms and especially within IT systems a particular focus on offering more standard solutions.
- 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) has been performed. Based upon this sensitivity analysis, management is of the opinion that a reasonable, possible change in a key assumption would not trigger an impairment loss to occur.

13.1.3 CGU Specialty Products

At December 31, 2012, the carrying amount of the CGU Specialty Products comprises no goodwill.

In the course of 2012, the application of changed technologies in the current production process, has triggered an indication of impairment. As a result, the Group has individually estimated the recoverable amount of the asset resulting in an impairment loss of the goodwill amount (1 million Euro).

For the CGU Specialty Products, the calculated value in use is higher than its carrying amount. The value in use of the CGU Specialty Products has been determined based on 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 which foresees a growth in new businesses, based on Agfa's core competences (Industrial Foils, conductive polymers, materials for smart cards and synthetic paper) that should compensate for the expected decrease in the classic film business. Management consequently expects an improvement of the gross margin.

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, 2012, the net carrying amount of the Group's acquired technology amounted to 61 million Euro (2011: 74 million Euro). The Group's acquired technology has an estimated weighted average remaining useful life of approximately nine 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, 2012, the net carrying amount of the Group's acquired contractual customer relationships amounted to 33 million Euro (2011: 39 million Euro). The Group's acquired contractual customer relationships have an estimated weighted average remaining useful life of approximately 10 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, 2010	**362**	**1,487**	**249**	**29**	**2,127**
Exchange differences	2	3	1	-	**6**
Change in consolidation scope	-	-	-	-	**-**
Capital expenditures	2	14	10	29	**55**
Retirements	(2)	(6)	(37)	(1)	**(46)**
Transfers	8	26	3	(40)	**(3)**
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**
Accumulated depreciation and impairment losses December 31, 2010	**255**	**1,332**	**227**	**-**	**1,814**
Exchange differences	1	2	-	-	**3**
Change in consolidation scope	-	-	-	-	**-**
Amortization during the year	8	38	11	-	**57**
Impairment loss during the year	-	4	-	-	**4**
Retirements	(2)	(5)	(34)	-	**(41)**
Transfers	-	-	1	-	**1**
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**
Carrying amount December 31, 2010	**107**	**155**	**22**	**29**	**313**
Carrying amount December 31, 2011	**110**	**153**	**21**	**17**	**301**
Carrying amount December 31, 2012	**102**	**135**	**24**	**16**	**277**

In 2012, capital expenditure for property, plant and equipment amount to 44 million Euro (2011: 55 million Euro), of which 18 million Euro (2011: 29 million Euro) relates to construction in progress for ecological and production efficiency projects in Belgium, Germany and United Kingdom.

Cash outflows for addition to property, plant and equipment amount to 41 million Euro in the consolidated statement of cash flows. The difference of 3 million Euro relates to assets transferred from inventory which did not result in a cash outflow

As of December 31, 2012, there was no property, plant and equipment held under finance leases (2011: 1 million Euro).

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 2012, the assets subject to operating leases have a total net carrying amount of 2 million Euro (2011: 2 million Euro). The future minimum lease income under non-cancelable operating leases is presented in note 25.

15. INVESTMENTS

MILLION EURO	2012	2011
Held-to-maturity investments	-	2
Financial assets designated at fair value through profit or loss	2	3
Available-for-sale financial assets	5	6
Loans and receivables	1	2
Investments in associates and other investments	2	2
TOTAL	**10**	**15**

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, 2012, available-for-sale financial assets comprise investments in quoted companies and are carried at fair value.

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

16. INVENTORIES

MILLION EURO	2012	2011
Raw materials and auxiliaries	93	90
Work in progress & semi-finished goods	136	171
Finished goods	60	53
Goods purchased for resale including spare parts	272	266
Inventory in transit & other inventory	74	59
TOTAL	**635**	**639**

In 2012, inventories are written down to net realizable value for an amount of 27 million Euro (2011: 24 million Euro). These write-downs are included in cost of sales in the consolidated statement of profit or loss.
As of December 2012, the Group has no inventory carried at fair value less cost to sell.

17. TRADE AND OTHER RECEIVABLES AND OTHER ASSETS

MILLION EURO	2012	2011
Trade receivables	**636**	**672**
Other receivables and other assets	**149**	**214**
Receivables under finance leases	96	109
Other financial receivables	36	89
Receivables against AgfaPhoto group companies	2	37
Accrued interest on loans receivable	-	1
Subsidies to receive	1	1
Other	33	50
Other assets	17	16

Other receivables and other assets, as presented in the statement of financial position, amounted to 149 million Euro (2011: 214 million Euro) and comprise: receivables under finance leases 96 million Euro (2011: 109 million Euro), other financial receivables 36 million Euro (2011: 89 million Euro) and other assets for 17 million Euro (2011: 16 million Euro).

The reduction in the receivables against AgfaPhoto group companies is explained by the settlement agreements with the AgfaPhoto receiver in Germany. More information is provided in note 22.3.

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 2012 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 98 million Euro as of December 31, 2012 (2011: 114 million Euro) and will bear interest income until their maturity dates of 12 million Euro (2011: 14 million Euro). As of December 31, 2012, the impairment losses on the receivables under finance leases amounted to 2 million Euro (2011: 5 million Euro).

The receivables under finance leases are as follows:

	2012			2011		
MILLION EURO	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
Not later than one year	43	5	38	54	6	48
Between one and five years	64	7	57	73	8	65
Later than five years	3	-	3	1	-	1
TOTAL	**110**	**12**	**98**	**128**	**14**	**114**

The Group leases out its commercial equipment under finance leases mainly via Agfa Finance (i.e. Agfa Finance NV, its subsidiaries and Agfa Finance Corp.) and via Agfa sales organizations in Mexico and 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-cancelable 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, and via Agfa Finance Corp. in the US. As of December 31, 2012, the present value of the total future lease payments for Agfa Finance amounted to 96 million Euro (2011: 112 million Euro).

Agfa sales organizations in Mexico, Brazil, Argentina and Colombia offer customer financing of graphical equipment with an average remaining term of 12 months. As of December 31, 2012, the present value of the total future lease payments amounted to 2 million Euro (2011: 2 million Euro).

During 2012, the Group has sold receivables under finance lease amounting to 20 million Euro (2011: 2 million Euro).

17.2 RECEIVABLES AGAINST AGFAPHOTO GROUP COMPANIES

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

Since the insolvency of AgfaPhoto GmbH, settlements with respect to the outstanding balances resulting from distribution, supply and service agreements were achieved in various countries, while the receiver of AgfaPhoto GmbH initiated in December 2007 arbitration proceedings before the ICC International Court of Arbitration in Paris, France, in connection with a dispute over such outstanding balances. These ICC arbitration proceedings have been settled in the fall of 2012 with the receiver of AgfaPhoto GmbH who received payments from Agfa in full discharge of the claims made in this ICC arbitration.

In 2008, the receiver of AgfaPhoto Austria Ges.m.b.H. also initiated ICC arbitration proceedings in connection with a dispute over the outstanding balances resulting from the distribution, supply and service agreements in Austria. These ICC arbitration proceedings were settled as part of above-mentioned settlement agreement with the receiver of AgfaPhoto GmbH, whereby the receiver undertook to indemnify the concerned Agfa companies from and against any claims made by the receiver of AgfaPhoto Austria Ges.m.b.H., including reasonable costs and expenses.

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	2012	2011
Marketable securities and other instruments	3	5
Cash on hand, demand deposits and checks	124	95
Cash collateral derivative financial instruments (metal swaps)	5	11
Other cash on hand, demand deposits and checks	119	84
Total cash and cash equivalents as reported in the consolidated statement of financial position	**127**	**100**
Accounts receivable under cash management agreements (reported under other receivables)	-	-
Liabilities under cash management agreements (reported under other payables)	(2)	(2)
Total cash and cash equivalents as reported in the consolidated statement of cash flows	**125**	**98**

19. EQUITY

The various components of Equity and the changes therein from January 1, 2011 to December 31, 2012 are presented in the Consolidated Statements of Changes in Equity.

19.1 SHARE CAPITAL AND SHARE PREMIUM

At December 31, 2012 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, 2012 the Group held 4,099,852 (2011: 4,099,852) of the Company's shares.
No stock options were exercised during 2012 and 2011.

19.3 REVALUATION RESERVE

The revaluation reserve comprises the revaluation of the Group's investment in Digital Illustrate Inc., and in Medivision Medical Imaging Ltd., both classified as available-for-sale financial assets.

19.4 SHARE-BASED PAYMENT RESERVE

The share-based payment reserve comprised the calculated fair value of share-based payment transactions - the Long Term Incentive Plan tranche no. 5, tranche no. 6, tranche no. 6a, tranche no. 7 and tranche no. 8.
This calculated fair value has been expensed over the vesting period with a corresponding increase in equity in previous periods. The fair value of the share-based payment transactions has been reclassified to retained earnings during 2011 (12 million Euro).

19.5 HEDGING RESERVE

As of December 31, 2012, 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 (December 31, 2012 minus 2 million Euro; December 31, 2011: minus 7 million Euro).

During 2012 and 2011, 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, 2012: minus 2 million Euro; December 31, 2011: minus 7 million Euro).

In the course of 2012 and 2011, 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, 2012: nil; December 31, 2011: nil).

19.6 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).

19.7 DIVIDENDS

In 2011, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on April 26, 2011. 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. For 2013, no dividend has been recommended by the Board of Directors.

19.8 NON-CONTROLLING INTERESTS

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

During 2011 and 2012, 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.

19.9 OTHER COMPREHENSIVE INCOME, NET OF TAX

MILLION EURO	Attributed to owners of the Company					Non-controlling Interests	Total other comprehensive income
	Translation reserve	Hedging Reserve	Revaluation Reserve	Retained Earnings	TOTAL		
2012							
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	-	-	-	-	**-**	-	**-**
Total other comprehensive income, net of tax	**(5)**	**5**	**-**	**-**	**-**	**-**	**-**

MILLION EURO	Attributed to owners of the Company					Non-controlling Interests	Total other comprehensive income
	Translation reserve	Hedging Reserve	Revaluation Reserve	Retained Earnings	TOTAL		
2011							
Exchange differences on translation of foreign operations	12	-	-	-	**12**	3	**15**
Net gain (loss) on hedge of net investment in foreign operation, net of tax	(2)	-	-	-	**(2)**	-	**(2)**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(5)	-	-	**(5)**	-	**(5)**
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	(4)	-	-	**(4)**	-	**(4)**
Net change in fair value of available-for-sale financial assets	-		(1)	-	**(1)**	-	**(1)**
Total other comprehensive income, net of tax	**10**	**(9)**	**(1)**	**-**	**-**	**3**	**3**

20. EMPLOYEE BENEFITS

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

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

At December 31, 2012, the Group's total net liability for post-employment and long-term termination benefit plans amounted to 529 million Euro (542 million Euro at December 31, 2011), comprising of the following:

MILLION EURO	December 31, 2012	December 31, 2011
Net liability for material countries	402	404
Net liability for termination benefits	95	101
Net liability for non-material countries	32	37
TOTAL NET LIABILITY	**529**	**542**

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

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 2012, the defined contribution plan expense for the Group's material countries amounted to 10 million Euro (10 million Euro in 2011).

20.1.2 Defined benefit plans

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

For the defined benefit plans, the total expense for 2012 for the Group's material countries amounted to 92 million Euro (63 million Euro for 2011).

MILLION EURO	2012			2011		
	Retirement plans	Other post-employment and long-term benefit plans	TOTAL	Retirement plans	Other post-employment and long-term benefit plans	TOTAL
Service cost, exclusive of employee contributions	15	0	**15**	14	1	**15**
Interest cost	90	2	**92**	87	2	**89**
Expected return on assets	(65)	-	**(65)**	(63)	-	**(63)**
Recognized past service cost	-	(1)	**(1)**	(7)	(2)	**(9)**
Amortization of unrecognized (Gain)/Losses	47	4	**51**	30	1	**31**
(Gain)/Losses on settlements or curtailments	-	-	**-**	-	-	**-**
Net periodic pension cost	**87**	**5**	**92**	**61**	**2**	**63**

Actual results that differ from the Group's actuarial assumptions or changes in actuarial assumptions are recorded as unrecognized gains and losses. To the extent that the net cumulative unrecognized gain or loss exceeds ten per cent of the greater of the defined benefit obligation and the fair value of plan assets (determined separately for each defined benefit plan), that excess is recognized in profit or loss over the expected average remaining working lives of the employees participating in that plan. The net cumulative unrecognized loss recognized in profit or loss of 2012 amounted to 51 million Euro (2011: 31 million Euro).

For 2011, plan changes in the UK and the US have positively impacted profit or loss for 7 million Euro, respectively 2 million Euro. The change in the UK related to a change in the indexation of pension benefits whereas the change in the US related to the elimination of the cost of living adjustment as of January 1, 2014 for retirees of the Post-Retirement Medical Plan. In 2012, aforementioned plan amendment in the US was implemented for retirees as of January 1, 2013 resulting in a past service cost for 2012 of minus 1 million Euro.

At June 16, 2011 the IASB has announced the amendments to IAS19. The European Union has published these amendments in the Official Journal of June 6, 2012. The Group has not early adopted IAS 19 (revised 2011) in the financial year 2012. When adopting the IAS 19 (revised 2011) in 2013, the net liability will increase by approximately 784 million Euro, being 767 million Euro for the Group's material countries (January 1, 2012: 687 million Euro) and 17 million Euro for the other countries. This will be recorded against equity. The Group expects for the defined benefit plans of its material countries for 2013 a total pension cost of 60 million Euro comprising of 19 million Euro service and administration costs and 41 million Euro net interest costs. Compared with 2012, the 32 million Euro reduction in pension cost is mainly explained by the application of the amendments to IAS 19. When the amendments to IAS 19 are applied on the 2012 financials, the net periodic pension cost would amount to 67 million Euro.

The change in net liability recognized during the years 2012 and 2011 is set out in the table below.

MILLION EURO	2012			2011		
	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	**355**	**49**	**404**	**379**	**51**	**430**
Net periodic pension cost	87	5	**92**	61	2	**63**
Employer contributions	(42)	-	**(42)**	(39)	-	**(39)**
Benefits paid directly by the Company	(45)	(5)	**(50)**	(43)	(6)	**(49)**
Currency effects: charge (or credit)	(1)	(1)	**(2)**	(3)	2	**(1)**
Net liability at December 31	**354**	**48**	**402**	**355**	**49**	**404**

During the next fiscal year 2013, the Group expects to contribute 93 million Euro for its material retirement and other post-employment plans.

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

At December 31, 2012, the total defined benefit obligation for the Group amounted to 2,192 million Euro (2,027 million Euro at December 31, 2011). Of this amount, 1,429 million Euro (1,317 million Euro at December 31, 2011) related to wholly or partly funded plans and 763 million Euro (710 million Euro at December 31, 2011) related to unfunded plans.

MILLION EURO	2012			2011		
	Retirement plans	Other post-employment and long-term benefit plans	TOTAL	Retirement plans	Other post-employment and long-term benefit plans	TOTAL
Change in defined benefit obligation						
Defined benefit obligation at January 1	**1,961**	**66**	**2,027**	**1,808**	**70**	**1,878**
Service cost, exclusive of employee contributions	15	0	**15**	14	1	**15**
Interest cost	90	2	**92**	87	2	**89**
Employee contributions	-	-	**-**	-	-	**-**
Past service cost	-	(1)	**(1)**	(7)	(2)	**(9)**
Actuarial (gains) losses	191	2	**193**	131	(1)	**130**
Benefit payments	(125)	(5)	**(130)**	(103)	(6)	**(109)**
Premiums paid	(2)	-	**(2)**	(1)	-	**(1)**
Settlement or curtailment	-	-	**-**	-	-	**-**
Currency effects: charge (or credit)	(1)	(1)	**(2)**	32	2	**34**
Defined benefit obligation at December 31	**2,129**	**63**	**2,192**	**1,961**	**66**	**2,027**

MILLION EURO	2012			2011		
	Retirement plans	Other post-employment and long-term benefit plans	TOTAL	Retirement plans	Other post-employment and long-term benefit plans	TOTAL
Change in plan assets						
Fair value of assets at January 1	**936**	**-**	**936**	**929**	**-**	**929**
Employer contributions	87	5	**92**	82	6	**88**
Employee contributions	-	-	**-**	-	-	**-**
Actual return on assets	127	-	**127**	9	-	**9**
Benefit payments	(125)	(5)	**(130)**	(103)	(6)	**(109)**
Premiums paid	(2)	-	**(2)**	(1)	-	**(1)**
Currency effects: (charge) or credit	0	-	**0**	20	-	**20**
Fair value of assets at December 31	**1,023**	**-**	**1,023**	**936**	**-**	**936**
Funded status at December 31						
Funded status	(1,106)	(63)	**(1,169)**	(1,025)	(66)	**(1,091)**
Unrecognized net (gain) or loss	753	14	**767**	670	17	**687**
Unrecognized past service cost	-	-	**-**	-	-	**-**
Net (liability) at December 31	**(353)**	**(49)**	**(402)**	**(355)**	**(49)**	**(404)**

20.1.3 Principal actuarial assumptions at the reporting date (weighted averages)

The liabilities and net periodic pension cost of the Group's retirement plans are determined using actuarial valuations that involve several actuarial assumptions. At the end of the reporting periods 2012 and 2011, the following principal actuarial assumptions (weighted averages) have been used:

MILLION EURO	December 31, 2012	December 31, 2011
Discount rate	3.7%	4.7%
Expected return on plan assets	3.7%	7.0%
Future salary increases	2.7%	2.8%

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 coporate 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. Compared to last year, the bond universe that is withheld for the determination of the discount rates has been expanded. Management believes that this extended bond universe improves the stability of the resulting discount rates, while giving a better representation of the market.

Under IAS 19 (revised 2011) the expected return on plan assets assumption is equal to the discount rate assumption. This change will be effective as from 2013 onwards.

The following information illustrates the sensitivity to a change as at December 31, 2012 in certain assumptions for the retirement plans of the Group's material countries:

MILLION EURO	Effect on 2013 pre-tax expected net periodic pension cost	Effect on December 31, 2012 Defined benefit obligation
One percentage point decrease in discount rate	5	316
One percentage point increase in discount rate	(2)	(255)
Improvement in mortality table, assuming employees live one year longer	5	45

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

20.1.3.1 History of asset values, DBO, surplus (deficit) in scheme and experience gains (losses) for 2012 and previous four annual periods

MILLION EURO	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
Fair value of plan assets	1,023	936	929	822	731
Present value of defined benefit obligation	2,192	2,027	1,878	1,782	1,590
Surplus (deficit) in the plan	(1,169)	(1,091)	(949)	(960)	(859)

MILLION EURO	2012	2011	2010	2009	2008
Experience gains (losses) on plan assets	62	(54)	46	61	(248)
Experience gains (losses) on plan liabilities	(5)	(16)	0	(2)	(35)
Gain (loss) on plan liabilities due to change in assumptions	(188)	(114)	(60)	(209)	91

20.1.3.2 Fair value of assets, split by major asset class:

MILLION EURO	December 31, 2012	December 31, 2011
Equity instruments	480	427
Debt instruments	534	488
Other	9	21
TOTAL	**1,023**	**936**

At year-end 2011 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 Committee) of the Company and executives employed at levels A, B and C of the Company or at equivalent levels within the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 567,974 options were issued and allocated to the beneficiaries of the plan. The options were offered free of charge. In accordance with the program, the options are only exercisable as from July 28, 2006 until July 27, 2013, after which date they become null and void. The exercise price of the options is equal to 18.27 Euro.

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

Following key parameters were used in the valuation model:

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

Expected volatility is calculated based on historical volatility of the share price over a 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, 2012:

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 outstanding at December 31, 2012	**533,424**

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

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

Following key parameters were used in the valuation model:

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

Expected volatility is calculated based on historical volatility of the share price over a 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. 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, 2012:

Options granted	589,650
Options forfeited during 2006	33,200
Options forfeited during 2007	72,160
Options forfeited during 2008	45,190
Options forfeited during 2009	2,900
Options forfeited during 2010	2,200
Options forfeited during 2011	6,900
Options forfeited during 2012	427,100
Options outstanding at December 31, 2012	**0**

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

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

Following key parameters were used in the valuation model:

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

Expected volatility is calculated based on historical volatility of the share price over a 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, 2012:

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 outstanding at December 31, 2012	**620,720**

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

21. LOANS AND BORROWINGS

MILLION EURO	2012	2011
Non-current liabilities	**410**	**352**
Revolving credit facility	87	82
Liabilities to banks	134	75
Debentures	189	195
Liabilities under finance lease agreements	-	-
Current liabilities	**8**	**15**
Liabilities to banks	8	12
Other credit liabilities	-	2
Liabilities under finance lease agreements	-	1

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. Transaction costs of 3 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	**2012**	**2011**	**2012**	**2011**		**2012**	**2011**
2016	445	445	87	82	EUR	1.81%	2.40%-2.45%
TOTAL	**445**	**445**	**87**	**82**			

21.2 LIABILITIES TO BANKS

21.2.1 Long-term facilities

Maturities of long-term unsecured facilities were as follows:

MILLION EURO	2012		2011	
Maturing in	**Outstanding amount**	**Interest rate**	**Outstanding amount**	**Interest rate**
< 5 years	4	6.5%	6	7.71%
	98	4.33%-4.36%	41	4.33%
> 5 years	32	4.33%-4.36%	28	4.33%
TOTAL	**134**		**75**	

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 9.26% (2011: 5.78%).

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 2012, an additional part of the bond (6 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, 2012, there were no liabilities under finance lease agreements (2011: 1 million Euro)

22. PROVISIONS

22.1 NON-CURRENT

As of December 31, 2012, non-current provisions amounted to 15 million Euro (2011: 25 million Euro).

MILLION EURO	Environmental	Restructuring	Other	TOTAL
Provisions at December 31, 2011	**3**	**8**	**14**	**25**
Provisions made during the year	-	-	1	**1**
Provisions used during the year	-	(4)	(2)	**(6)**
Provisions reversed during the year	-	(1)	(2)	**(3)**
Exchange differences	-	-	-	**-**
Transfers	-	(1)	(1)	**(2)**
Provisions at December 31, 2012	**3**	**2**	**10**	**15**

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 1 year.

22.2 CURRENT

As of December 31, 2012, current provisions amounted to 173 million Euro (2011: 223 million Euro).

MILLION EURO	Environmental	Trade-related	Taxes	Restructuring	Other	TOTAL
Provisions at December 31, 2011	**7**	**56**	**69**	**25**	**66**	**223**
Provisions made during the year	2	44	28	9	21	**104**
Provisions used during the year	(3)	(44)	(17)	(21)	(57)	**(142)**
Provisions reversed during the year	-	(4)	(4)	-	(3)	**(11)**
Exchange differences	-	-	-	(1)	-	**(1)**
Transfers	-	-	-	-	-	**-**
Provisions at December 31, 2012	**6**	**52**	**76**	**12**	**27**	**173**

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. The settlement agreements with the receiver of AgfaPhoto GmbH have resulted in a major utilisation of provisions built up in previous years. Further information is provided in note 22.3 below.

22.3 MEASUREMENT OF PROVISIONS WITH RESPECT TO THE INSOLVENCY OF AGFAPHOTO GMBH

On November 1, 2004, the Group sold all of its Consumer Imaging activities, including the production, sales and services related to photographic film, finishing products and lab equipment to AgfaPhoto Holding GmbH. The AgfaPhoto group of companies fully operated the Consumer Imaging business from that moment on until the end of May 2005, when AgfaPhoto GmbH filed for insolvency in Germany, followed by insolvency filings of some of the AgfaPhoto sales organizations.

In October 2005, the receiver of AgfaPhoto GmbH decided to liquidate the company. Although AgfaPhoto GmbH and its subsidiaries operated completely independently from the Group, the insolvency and liquidation of AgfaPhoto GmbH and some of its subsidiaries has affected the Group in several ways.

The receiver of AgfaPhoto GmbH initiated arbitration proceedings in December 2007 before the ICC International Court of Arbitration in Paris, France, in connection with a dispute over the outstanding balances resulting from distribution, supply and service agreements. These ICC arbitration proceedings have been settled in the fall of 2012 with the receiver of AgfaPhoto GmbH who received payments from Agfa in full discharge of the claims made in this ICC arbitration.

The receiver of AgfaPhoto Austria Ges.m.b.H. initiated ICC arbitration proceedings in September 2008 in connection with a dispute over the outstanding balances resulting from the distribution, supply and service agreements in Austria only. These ICC arbitration proceedings were settled as part of the above-mentioned settlement agreement with the receiver of AgfaPhoto GmbH, whereby the receiver undertook to indemnify the concerned Agfa companies from and against any claims made by the receiver of AgfaPhoto Austria Ges.m.b.H., including reasonable costs and expenses.

The Group also became confronted with a number of lawsuits filed by its former Consumer Imaging employees that transferred to AgfaPhoto. In Germany, the Federal Labor Court (Bundesarbeitsgericht) rendered, in the course of 2012, final judgments in 4 more cases, bringing the total to 57 final judgments since 2008. The Court's decisions on, and further clarification of, many disputed labour law issues led to an accelerated resolution of a number of pending labour cases in Germany, in conformity with the Group's risk assessments and provisions. At the end of 2012 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	2012	2011
Trade payables	**278**	**275**
Other payables	**109**	**149**
Other financial liabilities	68	102
Liabilities against AgfaPhoto group companies	2	31
Accrued interest on liabilities	7	6
Gandi: consideration to be paid (note 6)	-	1
WPD: consideration to be paid (note 6)	2	2
Other payables	57	62
Other liabilities	41	47
Liabilities for social expenses	30	33
Payroll liabilities	11	14

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

The reduction in the liabilities against AgfaPhoto group companies is explained by the settlement agreements with the AgfaPhoto receiver in Germany. More information is provided in note 22.3.

Liabilities for social expenses include, in particular, social insurance contributions that have not been paid at December 31, 2012.

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 fulfil its commitment, i.e. delivery of goods and/or services.

As of December 31, 2012, deferred revenue and advance payments amounted to 138 million Euro (2011: 145 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	2012	2011
Not later than one year	49	52
Between one and five years	92	105
Later than five years	22	23
TOTAL	**163**	**180**

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	2012	2011
Not later than one year	4	1
Between one and five years	5	1
Later than five years	-	-
TOTAL	**9**	**2**

26. COMMITMENTS AND CONTINGENCIES

26.1 CONTINGENT LIABILITIES

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

MILLION EURO	2012	2011
Bank guarantees	49	64
Other	2	2
TOTAL	**51**	**66**

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, 2012 (2011: 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:

	2012		2011	
MILLION EURO	Directors	Executive Management	Directors	Executive Management
Short-term employee benefits	0.6	4.0	0.6	4.1
Post-employment benefits	-	0.3	-	0.4
Share-based payment	-	-	-	-
TOTAL	**0.6**	**4.3**	**0.6**	**4.5**

As of December 31, 2012 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 15 million Euro, are reflected in the statement of financial position of the Group at December 31, 2012.

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.

28. EARNINGS PER SHARE

28.1 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at December 31, 2012 was based on the profit (loss) attributable to owners of the Company of minus 41 million Euro (2011: minus 73 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2012 of 167,751,190 (2011: 167,751,190).

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

Number of ordinary shares at January 1, 2012	167,751,190
Effect of options excercised during 2012	-
Weighted average number of ordinary shares at December 31, 2012	167,751,190

EURO	2012	2011
Basic earnings per share	**(0.24)**	(0.44)

28.2 DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at December 31, 2012 was based on the profit (loss) attributable to owners of the Company of minus 41 million Euro (2011: minus 73 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2012 of 167,751,190 (2011: 167,751,190). It should be noted that the different stock option plans (Long Term Incentive Plan – tranche no. 5 and 8) have been anti-dilutive, in 2011 as well as in 2012.

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

Number of ordinary shares at January 1, 2012	167,751,190
Effect of stock options on issue	-
Weighted average number of ordinary shares at December 31, 2012	167,751,190

The average fair value of one ordinary share during 2012 was 1.35 Euro.

EURO	2012	2011
Diluted earnings per share	**(0.24)**	(0.44)

29. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES AGFA-GEVAERT GROUP

The ultimate parent of the Group is Agfa-Gevaert NV (BE 404 021 727), Mortsel (Belgium). The Company is the parent company for the following significant subsidiaries:

Consolidated companies, December 31, 2012		
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.	Del. Benito Juarez/Mexico	100
Agfa Finance Corp.	Wilmington/United States	100
Agfa Finance Inc.	Toronto/Canada	100
Agfa Finance Italy S.p.A.	Milan/Italy	100
Agfa Finance NV - BE 436 501 879	Mortsel/Belgium	100
Agfa Finance Polska Sp. z.o.o.	Warsaw/Poland	100
Agfa Finco NV - BE 810 156 470	Mortsel/Belgium	100
Agfa Graphics Argentina S.A.	Buenos Aires/Argentina	100
Agfa Graphics Asia Ltd.	Hong Kong/PR China	51
Agfa Graphics 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 456 366 588	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	Victoria/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 Enterprise Solutions S.A.	Artigues près Bordeaux/France	100
Agfa HealthCare Equipments Portugal Lda.	Oeiras/Portugal	100
Agfa HealthCare Finland Oy AB	Espoo/Finland	100

Agfa HealthCare Germany GmbH	Bonn/Germany	100
Agfa HealthCare Ges.mbH	Vienna/Austria	100
Agfa HealthCare GmbH	Bonn/Germany	100
Agfa HealthCare Hellas A.E.B.E.	Peristeri/Greece	100
Agfa HealthCare Hong Kong 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.	Del. Benito Juarez/Mexico	100
Agfa HealthCare Norway AS	Oslo/Norway	100
Agfa HealthCare NV - BE 403 003 524	Mortsel/Belgium	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.	Toronto/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 Hong Kong Ltd.	Hong Kong/PR China	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-Dotrix NV - BE 862 335 641	Ghent/Belgium	100
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 International NV - BE 429 758 696	Mortsel/Belgium	100
Agfa-Gevaert Investment Fund NV - BE 428 599 151	Mortsel/Belgium	100
Agfa-Gevaert Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited	Victoria/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 425 745 668	Mortsel/Belgium	100
New ProImage America Inc.	Princeton/United States	100
New ProImage Ltd.	Tel Aviv/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/Brazil	100
Shanghai Agfa Imaging Products Co., Ltd.	Shanghai/PR China	51

Associated companies, December 31, 2012		
Name of the company	**Location**	**Effective interest %**
PlanOrg Informatik GmbH	Jena/Germany	24.50

30. EVENTS SUBSEQUENT TO DECEMBER 31, 2012

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	2012	2011
Fees of the independent auditor with respect to the statutory audit mandate for the Company and the Group (Belgium)	**558,200**	**559,284**
Fees for non-audit services rendered by the independent auditor to the Company and the Group		
Other attestation	16,000	15,000
Tax	9,115	26,755
Other non-audit	11,000	10,000
SUBTOTAL	**594,315**	**611,039**

EURO	2012	2011
Fees of independent auditor's network with respect to a statutory audit mandate at the level of the Group (foreign operations)	**1,226,350**	**1,334,830**
Fees for non-audit services rendered by the independent auditor’s network to the Group (foreign operations)		
Other attestation	56,231	104,408
Tax	47,508	36,000
Other non-audit	49,732	99,517
SUBTOTAL	**1,379,821**	**1,574,755**
TOTAL	**1,974,136**	**2,185,794**

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, 2012

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements for the year ended December 31, 2012, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Agfa-Gevaert NV ('the Company') and its subsidiaries (jointly 'the Group'), prepared in accordance with International Financial Reporting Standards, 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, 2012 and the consolidated statements of profit or loss, 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 2,830 million Euro and the consolidated statement of income shows a loss for the period of 31 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, 2012 and of its consolidated financial performance and its consolidated cash flows for the period 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 framework of our mandate our responsibility is, in all material aspects, to verify compliance with certain legal and regulatory requirements. On this basis, we provide the following additional comment 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 aspects, 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 9, 2013

KPMG Bedrijfsrevisoren
Statutory Auditor
represented by

Erik Clinck
Bedrijfsrevisor

Filip De Bock
Bedrijfsrevisor

Statutory accounts

The following pages are extracts of the statutory annual accounts of Agfa-Gevaert NV prepared under Belgian accounting policies. The management report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Agfa-Gevaert NV as well as the Auditor's report, will be filed with the National Bank of Belgium within the statutory stipulated periods. These documents are available on request from Agfa's Investor Relations department and at www.agfa.com/investorrelations.

Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Agfa-Gevaert Group. The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Agfa-Gevaert NV for the year ending December 31, 2012 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 - PROFIT OR LOSS

MILLION EURO		2012	2011
I. Operating income			
A.	Turnover	735	735
B.	Stocks of finished goods, work and contracts in progress (increase +, decrease -)	(21)	7
C.	Own work capitalised	23	25
D.	Other operating income	130	94
Total operating income		**867**	**861**
II. Operating charges			
A.	Raw materials, consumables		
	1. Purchases	489	537
	2. Stocks (increase -, decrease +)	5	(10)
B.	Services and other goods	121	131
C.	Remuneration, social security costs and pensions	216	212
D.	Depreciation of and other amounts written off formation expenses,	28	25
	intangible and tangible fixed assets		
E.	Amounts written off stocks, contracts in progress and trade debtors	(2)	(1)
	(appropriations +, write-backs -)		
F.	Provisions for liabilities and charges	(5)	6
	(appropriations +, uses and write-backs -)		
G.	Other operating charges	11	11
Total operating charges		**863**	**911**
III.	**Operating profit/Loss**	**4**	**(50)**
IV.	**Financial income**	**96**	**242**
V.	**Financial charges**	**(138)**	**(252)**
VI.	**Gain/ Loss on ordinary activities before taxes**	**(38)**	**(60)**
VII.	**Extraordinary income**	**0**	**2**
VIII.	**Extraordinary charges**	**(111)**	**(32)**
IX.	**Gain/ Loss for the period before taxes**	**(149)**	**(90)**
IXbis.	**Transfer from deferred taxes**	**0**	**0**
X.	**Income taxes**	**7**	**0**
XI.	**Gain/ Loss of the period**	**(142)**	**(90)**
XII.	**Transfer to untaxed reserves**	**0**	**0**
XIII.	**Gain/ Loss of the period available for appropriation**	**(142)**	**(90)**
Appropriation account			
A.	Profit to be appropriated	453	594
	1. Gain/Loss of the period available for appropriation	(142)	(90)
	2. Profit/Loss brought forward	595	684
B.	Withdrawels from capital and reserves	0	0
C.	Transfers to capital and reserves	0	0
D.	Profit to be carried forward	453	594
F.	Profit to be distributed	0	0

SUMMARY VERSION OF STATUTORY ACCOUNTS OF AGFA-GEVAERT NV - STATEMENT OF FINANCIAL POSITION

MILLION EURO		December 31, 2012	December 31, 2011
Assets			
I.	Formation expenses	3	4
II.	Intangible fixed assets	30	31
III.	Tangible fixed assets	23	25
IV.	Financial fixed assets	3,465	3,310
V.	Amounts receivable after more than 1 year	0	0
VI.	Stocks and contracts in progress	119	145
VII.	Amounts receivable within one year	358	351
VIII.	Current investments	5	5
IX.	Cash at bank and in hand	5	2
X.	Deferred charges and accrued income	1	1
		4,009	**3,874**

MILLION EURO		December 31, 2012	December 31, 2011
Liabilities			
I.	Capital	187	187
II.	Share premium account	211	211
IV.	Reserves	417	417
V.	Accumulated profits	453	594
VI.	Investment grants	0	2
		1,268	**1,411**
VII.	Provisions and deferred taxes	98	103
VIII.	Amounts payable after more than one year	189	195
IX.	Amounts payable within one year	2,429	2,140
X.	Accrued charges and deferred income	25	25
		4,009	**3,874**

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, an Audit Committee and a Strategic Committee.

Board of Directors

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

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

The articles of association determine that the Board of Directors meets whenever the interest of the Company so requires or following a request by two directors. In 2012, eight meetings took place.

In the course of 2012, the Board of Directors discussed and decided upon, inter alia: defining the corporate strategy and key policies, perspectives for 2013 and action plans for the years to come, recommendations from the various Committees to the Board of Directors, risk management, the approval of budgets, cost control scenarios, 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 2012, 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 Mr. Christian Leysen and of De Wilde J Management BVBA[1], with permanent representative Mr. Julien De Wilde expired immediately following the General Meeting of Shareholders of April 24, 2012.

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

During the General Meeting of Shareholders of April 24, 2012, the shareholders reappointed Mr. Christian Leysen and De Wilde J Management BVBA[1], with permanent representative Mr. Julien De Wilde, respectively as non-executive and as independent Director for a new three-year term.

Furthermore) Value Consult Management- und Unternehmensberatungs-gesellschaft mbH[1], with permanent representative Mr. Horst Heidsieck, resigned immediately following the General Meeting of Shareholders of April 24, 2012.

Hence, as from April 24, 2012, 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 a director of CRBA Management BVBA, with permanent representative Christian Reinaudo and of Mercodi BVBA, with permanent representative Jo Cornu expire immediately following the General Meeting of Shareholders of May 14, 2013. They both seek re-election.

During the General Meeting of Shareholders of May 14, 2013, the shareholders will be asked to reappoint 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.

(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 Board of Directors Nyrstar NV.
- Director KBC Bank NV, Arseus NV and Telenet NV.
- Honorary Chairman Agoria.

Christian Reinaudo (°1954 - French) is a graduate from the 'Ecole de Physique et de Chimie Industrielles de Paris' and holds a doctorate from the 'University of Paris' (France). He started his career with Alcatel (formerly named 'Compagnie Générale d'Electricité') in 1978 in the Research and Development Centre of Marcoussis (France). During his Alcatel period he managed several multi billion Euro businesses and international sales and services organizations. From 1984 to 1996, he held several positions in the Cable Group of Alcatel (now Nexans), from research and development, to manufacturing, procurement, sales support and services.
He took the position of President of the Submarine Networks Division in early 1997. Appointed President of the whole Optics Group in 1999, he enters the Executive Committee of Alcatel early 2000 as Executive Vice-President. In 2003, he was appointed President of Alcatel Asia Pacific and moved to Shanghai (China) where he stayed until 2006. During this period he was also the Vice-Chairman of the Board of Directors of Alcatel Shanghai Bell, the Chinese joint venture of Alcatel with the Chinese government.
In 2006, he came back to Paris to manage the integration and the transition process associated with the merger of Alcatel and Lucent Technologies.
He also became Director in the Board of Directors of Draka Comteq (the Netherlands). In 2007, he was appointed President Northern and Eastern Europe of Alcatel-Lucent and he joined the Board of Directors of Alcatel-Lucent (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. On April 26, 2011, he was reappointed as Director.

Current mandates
- Chairman and CEO Clear2Pay NV. Chairman of Enqio.
- Director RealDolmen NV, Quest for Growth NV, Capricorn ICT Arkiv NV, Citymesh NV and Approach NV.

Jo Cornu (°1944 - Belgian) graduated as an engineer specializing in electrotechnology and mechanics from the Catholic University of Louvain (Belgium) and later obtained a PhD in electronics from the Carlton University in Ottawa (Canada). Jo Cornu was CEO of Mietec from 1982 to 1984 and later General Manager for Bell Telephone until 1987. From 1988 to 1995 he was member of the Executive Board of Alcatel NV and from 1995 to 1999 he was COO for Alcatel Telecom. Later he became an advisor to the Chairman of the Board of Directors of Alcatel. From 2005 to 2007, Jo Cornu was Chairman of the ISTAG Group (Information Society Technologies Advisory Group) of the European Commission. From the beginning of March 2007 to the end of January 2008, he was Chairman of Medea +, the Eureka Cluster for micro electronics research in Europe. Since December 2012 he is chairman of the Board of Directors of Electrawinds SE.

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

Current mandates
- Chairman of the Board of Directors of Electrawinds SE.
- 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. On April 26, 2011, he was reappointed as Director.

Current mandates
- Director of Tigenix, Ravago Plastics NV, Van Breda Risk & Benefits, 'Universitair Centrum St.-Jozef' and the 'Universitaire Ziekenhuizen Leuven'.
- 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 Arcelor Mittal. 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.

Current mandates
- CEO Nyrstar.
- Director Alba SE (former Interseroh) and SAM HWA STEEL S.A.

Christian Leysen (°1954 - Belgian) obtained a degree of commercial 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. From 2000 to 2002, he was a Chairman of the Board of Directors of 'Antwerpse Waterwerken'. In 2004, he became Chairman of the Board of Directors of the University of Antwerp Management School.

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

Current mandates
- Chairman Ahlers NV, Xylos NV, Axe Investments NV, University of Antwerp Management School and 'Designcenter De Winkelhaak NV'.
- Director Egemin NV, Astra Immo, Astros Logistic Center, BIM NV, ALC International and ADM CVBA.

Committees established by the Board of Directors

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

As from 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 2012. Amongst other items the following topics were discussed in 2012: the verification of the annual accounts 2011, the quarterly results of 2012 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 2012 and the following items, amongst others, were discussed in the course of 2012: 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)
The powers and the way the Strategic Committee functions are described extensively in the Corporate Governance Charter. The Strategic Committee advises the Board of Directors about the strategic policy options and, in particular, about strategic developments in the areas where the Company operates. The Strategic Committee also advises the Board about the five-year plan which the Executive Management submits every year, concerning strategic matters such as acquisitions, disinvestments, strategic partnerships, and the execution and follow-up of such issues.

The Committee was established through a decision of the Board of Directors on December 12, 2007. The Chairman is Mr. J. De Wilde and the members are the Chairmen of the other Committees and any other Board member appointed by the Board.

There were two meetings in 2012.

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

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

(1) MEMBER OF NRC AS FROM MAY 8, 2012
(2) DIRECTOR TILL APRIL 24, 2012

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 Corporate Controlling and Accounting Manual.

Risk management

Based on monthly review meetings with the central functions and business group management, the Executive Management has a process in place to identify, 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 17 p. 123 and 124, note 22 p. 139 and 140, note 23 p. 140 and note 26 p. 142 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 2010, 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 will pay particular attention to this policy every time that a new Board Member is to be appointed.

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, 2012 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. 22 through 26.

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 April 27, 2010, for another three-year term. Hence, the mandate will expire immediately following the General Meeting of Shareholders of May 14, 2013.
At the occasion of the General Meeting of Shareholders, a proposal will be made to appoint KPMG Bedrijfsrevisoren, represented by Messrs. Filip De Bock and Eric Clinck, as Statutory Auditor for an additional three-year period.

World-wide fees in relation to services provided by KPMG Bedrijfsrevisoren amounted to 1,974,136 Euro in 2012. This amount comprises fees of 1,784,550 Euro for the audit of the annual financial statements, 72,231 Euro for other audit services, 56,623 Euro for tax services and 60,732 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, 2013, 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 to approve the proposal that, for the next two years, the complete variable remuneration of the members of the Executive Management will remain to be based on performance criteria that have been determined in advance and that can be measured objectively over a period of one year. We believe that it currently is in the best interest of the Company to continue its existing remuneration policy, which is consistent and logic in its build-up, and where the top management has the highest percentage of variable pay of the entire workforce, albeit that this percentage (which for each member of the Executive Management is below 30%) is slightly above the 25% threshold provided for in the law to obtain an automatic waiver from the requirement to have multi-annual performance criteria. We also believe that in the current economic environment, it is for a company like Agfa-Gevaert very difficult to determine in advance smart and objectively

measurable performance criteria for a period covering three years, and that it is much better and motivating to set challenging targets for the top management on a yearly basis. Finally, we believe that any changes that would have to be made to the remuneration policy to ensure that the Executive Management would have a variable pay that would be maximum 25% of their total annual remuneration or alternatively would have performance criteria that have been determined in advance and that can be measured over a period of three years, would necessitate lengthy individual contractual discussions with all involved – distracting their attention unnecessarily from their business goals – and eventually would lead to a new remuneration policy that most likely would be less cost efficient than the current one for the Agfa-Gevaert Group.

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 2012 is as follows:

EURO	Board of Directors	Committees	TOTAL
Mr. Michel Akkermans[1]	50,000.00	7,500.00	57,500.00
Mr. Christian Reinaudo[2]	52,500.00	0.00	52,500.00
Mr. Jo Cornu[3]	52,500.00	20,000.00	72,500.00
Mr. Julien De Wilde[4]	180,000.00	0.00	180,000.00
Mr. Willy Duron	52,500.00	30,000.00	82,500.00
Mr. Horst Heidsieck[5]	16,666.67	4,166.67	20,833.34
Mr. Roland Junck	50,000.00	12,500.00	62,500.00
Mr. Christian Leysen	52,500.00	15,000.00	67,500.00
TOTAL	506,666.67	89,166.67	595,833.34

(1) PERMANENT REPRESENTATIVE OF PAMICA NV
(2) EXECUTIVE DIRECTOR AND PERMANENT REPRESENTATIVE OF CRBA MANAGEMENT BVBA
(3) PERMANENT REPRESENTATIVE OF MERCODI BVBA
(4) PERMANENT REPRESENTATIVE OF DE WILDE J MANAGEMENT BVBA
(5) PERMANENT REPRESENTATIVE OF VALUE CONSULT MANAGEMENT- UND UNTERNEHMENSBERATUNGSGESELLSCHAFT MBH

CEO

After the Annual 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 2012, the remuneration for the CEO was:
- Fix remuneration: 1,136,800.00 Euro[1]
- Variable remuneration: 369,739.50 Euro
- Benefits in kind: 21,948.30 Euro
- Compensation for transport, rent and various insurances: 48,048.09 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 2012 amounted to 1,633,776.08 Euro (excluding employers' social contributions).
The total annual 'on target' variable remuneration amounts to 836,262.70 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 2012, the global variable compensation amounts to 755,858.00 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 322,643.73 Euro and 63,468.12 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 2012, 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 2012.

At the end of 2012, the number of share options or other rights to acquire shares that have been granted to the members of the Exco is as follows:

	2003	2006	TOTAL
Strike price (Euro)	**18.27**	**18.60**	
Mr. Stefaan Vanhooren	8,650	30,000	**38,650**

In 2012, no other 'Long Term Incentive Plan' was granted to the Executive Management.

Severance

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

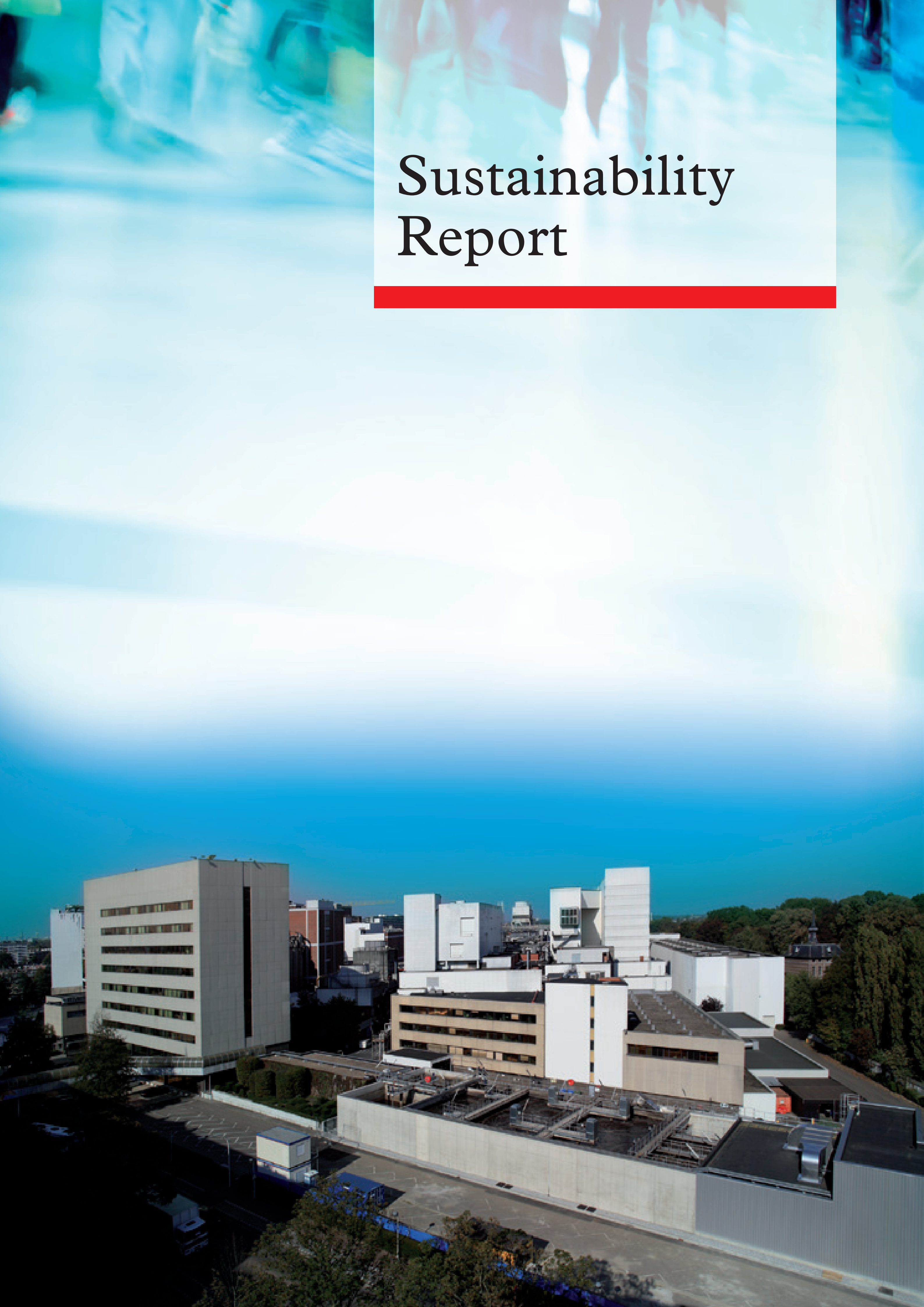
The Board of Directors can withdraw the appointment of CRBA Management BVBA, represented by Mr. C. Reinaudo, with immediate effect. In such case, CRBA Management BVBA will be entitled to an indemnity equal to six months of remuneration (nine months as per January 1, 2013), to be calculated on the fixed 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.

Sustainability Report



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	Y	n.a.	Y	Y	planned
Branchburg	USA	Y	n.a.	Y	Y	planned
Bushy Park	USA	Y	Y	N	N	N
Leeds	UK	Y	n.a.	Y	Y	Y
Manerbio (Agfa Graphics)	Italy	Y	n.a.	planned	Y	planned
Manerbio (Lastra)	Italy	Y	n.a.	N	N	N
Missisauga	Canada	Y	n.a.	N	N	N
Mortsel	Belgium	Y	Y	Y	N	N
Munich	Germany	Y	Y	N	N	N
Peissenberg	Germany	Y	Y	N	N	Y
Peiting	Germany	Y	Y	N	N	N
Pont-à-Marcq	France	Y	n.a.	Y	Y	planned
Schrobenhausen	Germany	Y	Y	N	N	N
Suzano	Brazil	Y	n.a.	Y	Y	planned
Teterboro	USA	Y	n.a.	N	N	N
Vallese di Opeano	Italy	Y	n.a.	planned	Y	planned
Varela	Argentina	Y	n.a.	Y	N	N
Wiesbaden	Germany	Y	n.a.	Y	Y	Y
Wuxi (Imaging)	China	Y	n.a.	Y	N	N
Wuxi (Printing)	China	Y	n.a.	Y	Y	planned

N.A.: NOT APPLICABLE

Production-related environmental protection

Overview of the sites involved

In 2012, the Agfa Graphics site Ghent, Belgium, has been closed.
Mortsel includes the sites in the Belgian towns of Mortsel, Wilrijk, Edegem and Westerlo (Heultje).
All data refer to the full year 2012 for all sites.

Country	Site	Acivity and/or type of products
Argentina	Varela	Conversion of film, coating
Belgium	Mortsel	Film, paper, chemicals
Brazil	Suzano	Printing plates, chemicals
Canada	Missisauga	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	Printing plates, equipment
	Vallese di Oppeano	Printing plates
South Korea	Banwol	Printing plates, chemicals
United Kingdom	Leeds	Printing plates
USA	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 photographic film and paper,
- production of printing and imaging plates,
- production of processing chemicals and inks,
- production of equipment

Production of film and paper
Only the Mortsel site produces polyester filmbase. Other polymer filmbases or paper are purchased from external suppliers. Filmbase or paper 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 manufacture 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 main 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 2012, Agfa was able to make further considerable progress in the fields of specific water consumption, specific waste water volume and load, specific energy consumption and specific emissions to air. Specific waste volumes increased with 6.1% due to some one-off cleaning operations. In Mortsel, the number of environmental incidents decreased with 43% while the number of complaints increased by around 60% mainly caused by the fine-tuning of the new waste water treatment plant.

The total water consumption of the Group increased slightly by 0.3% versus 2011. However, taking into account the substantial increase in production volume, the specific water consumption decreased by 2.5%. In Agfa Graphics, the specific water consumption decreased by 1.7%. Water consumption in the Agfa HealthCare plants further decreased by 3.6% as a result of a water saving program in Munich and reduction of staff in all sites. As for the film production, specific water consumption decreased by more than 10% mainly as a result of the investment in a new waste water treatment plant in Mortsel, allowing the re-use of part of the water.

On top of this, the waste water volume decreased globally by 5.8%, the specific waste water volume by 8%. A spectacular drop in global specific waste water load by 45% is also a result of the mentioned investment in a biological waste water treatment plant with water reuse in the Agfa film production.

Specific energy consumption decreased with nearly 1.3%. The investment in a new combined heat and power plant (CHPP) in Mortsel resulted in a local increase of the CO_2 emissions but on the other hand it led to a significant reduction in the purchase of electricity. This explains why the CO_2 emissions on a world wide scale dropped with 45,000 tonnes.

In particular Agfa Graphics reported a significant decrease of specific energy consumption of over 9%, mainly due to the introduction of a Sustainability and Energy Reduction Programme (SERP) and related improvements.

The specific emissions to air, CO_2 emissions excluded, decreased by more than 9% compared to 2011. The main reason is a thorough maintenance check and fine-tuning of the first CHPP installation in Agfa film production resulting in lower SO_2 and NO_x emissions.

Specific VOC emissions remained stable at 0.70 kg/tonne of manufactured product. Agfa Graphics reported an increase of VOC emissions caused by volume growth and a shift in product assortment, while film production compensated this with less solvent use in the synthesis of its chemical building blocks.

The evacuation of an important amount of polluted soil as a consequence of the sewage modernization program in the Belgian site in Westerlo, a one-off sale of polyester scrap in Mortsel, sludge removal from cleaning of the precipitation ponds in Branchburg and the increase in waste originated from an increased number of development trials on the printing plate production lines, resulted in an increase of the total waste volume by 8.7%.

These one-off effects increased the specific waste volume by 6.1%.

Environmental incidents were only reported by the film production plant in Mortsel. They mainly concerned some minor breaches of the water discharge permits, mainly due to the fine-tuning of the new waste water treatment plant. All incidents were reported to the authorities and none of them resulted in a fine.

Environmental performance of the Agfa-Gevaert Group since 2000

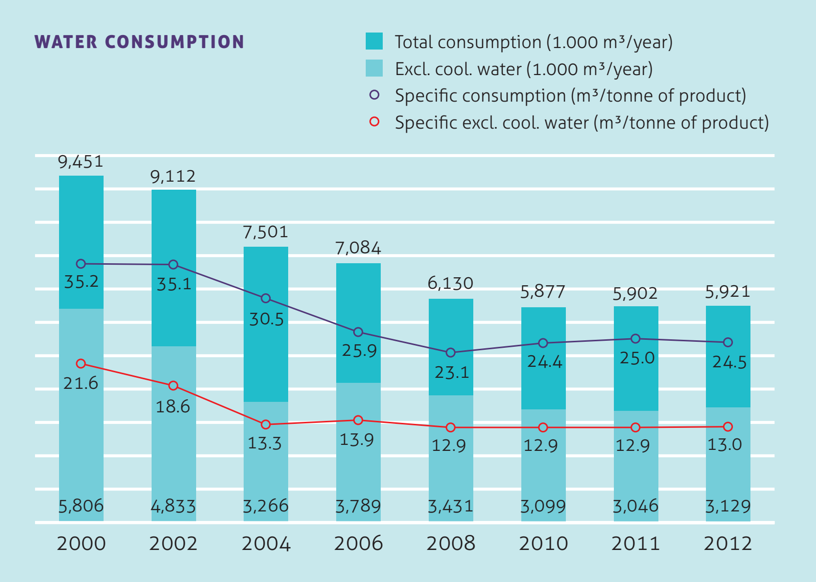
In the comments below, the environmental performance in 2012 is compared with the performance in 2011. The graphs and tables illustrate the general trends since 2000.

Production volumes

The table below gives an overview of the Group's production volumes since 2000. Compared to 2011, the Group's volume increased by 2.4%. This is due to the combination of the traditional film business decline, for all business groups, and an increase of the volumes in Agfa Graphics.

Year	2000	2002	2004	2006	2008	2010	2011	2012
Tonnes/year	268,425	259,740	245,691	273,124	265,002	241,047	235,783	241,531

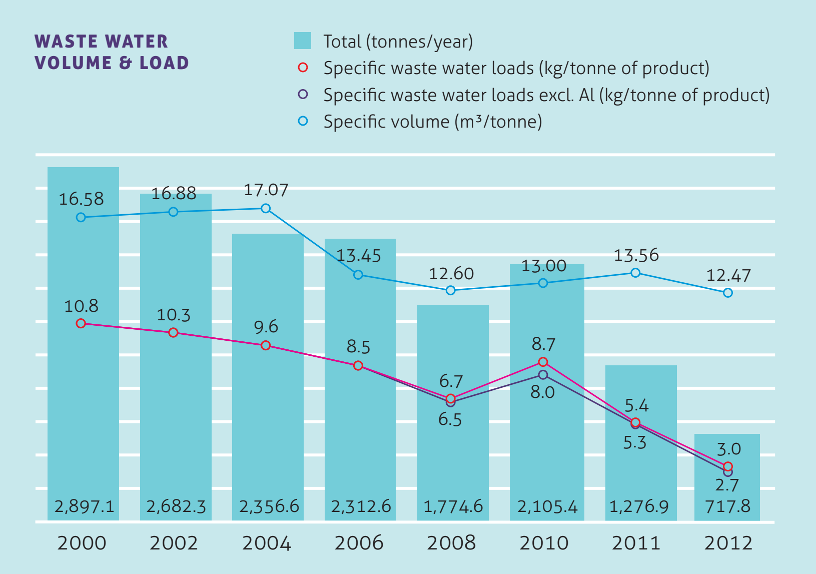
Water consumption



With a slight increase by 0.3%, the total water consumption remained stable versus 2011. Given the global increase in production volume of 2.4%, the specific water consumption decreased by 2.1%.
The specific water consumption excl. cooling water – this is the sum of process and sanitary water – remains since 2004 at the same level of about 13 m^3/tonne of manufactured product.
The film production sees a strong drop of more than 19% in its water consumption. The reuse of waste water began in the second half of 2012. In 2012, only a limited amount of the recycled waste water could be used in the cooling towers. After adaptation in December 2012 of an installation that is one of the biggest consumers of water, it also started to use recycled water. This will result in a further decrease of fresh water consumption in 2013.
Agfa HealthCare reported a decrease in its fresh water consumption of 4.7%. This is the result of a water saving program in Munich and reduction of staff in all sites.
Agfa Graphics reports an increase in the water consumption of only 5.5% despite a 9.1% increase in production volume. Consequently, specific water use dropped by 1.7%.

Waste water loads

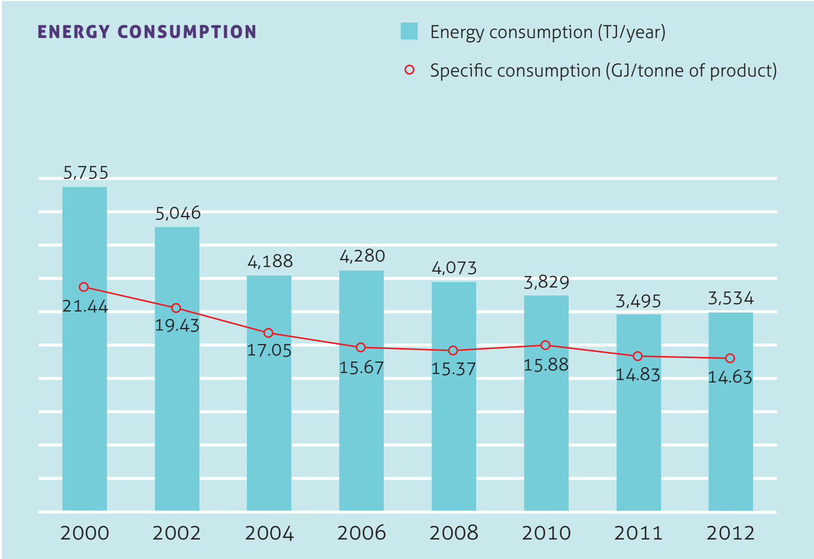
Year	2000	2002	2004	2006	2008	2010	2011	2012
Specific volume (m³/tonne of product)	**16.58**	**16.88**	**17.07**	**13.45**	**12.60**	**13.00**	**13.56**	**12.47**
COD	2,705.1	2,497.2	2,095.5	2,015.4	1,486.5	1,727.1	1,101.7	524.1
N	177.8	170.4	244.1	122.4	97.8	90.8	46.1	17.8
P	11.1	10.1	14.9	172.3	127.8	118.7	97.6	97.0
AOX	2.0	3.7	1.4	1.5	1.3	0.8	0.6	0.9
Heavy metals exl. Al	1.1	0.9	0.7	0.9	0.5	0.5	0.4	0.5
Aluminum	0.0	0.0	0.0	0.1	60.7	167.5	30.5	77.5
TOTAL (tonnes/year)	**2,897.1**	**2,682.3**	**2,356.6**	**2,312.6**	**1,774.6**	**2,105.4**	**1,276.9**	**717.8**

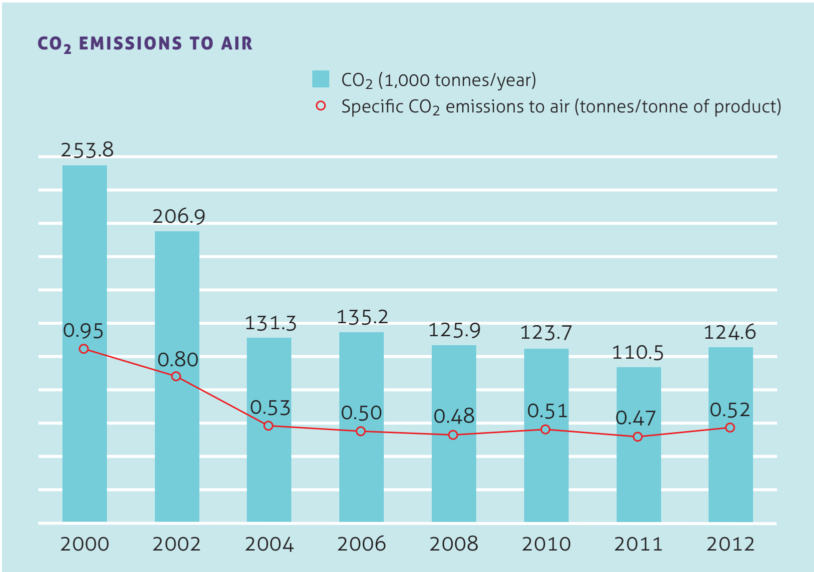


Waste water volume decreased globally by 5.8% which resulted in a decrease in the specific waste water volume of 8% in comparison with 2011. The figure shows that specific waste water volume remains more or less stable since 2006.
The waste water flows from the manufacturing plants are primarily processed 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 pretreated at the Agfa sites to remove non-*biodegradable* substances.

In 2011, Agfa film production invested in a new *biological waste water treatment* plant that became fully operational in 2012 and allowed for the 45% drop in global specific waste water load.
This installation is equipped with a reverse osmose system that further purifies the biologically treated waste water to such a degree that it becomes reusable in production. In 2012, this system was only operational during about six months. In 2013, the reverse osmose system will come to full operation, boding for a further reduction in water consumption.

Energy consumption and CO_2 emissions





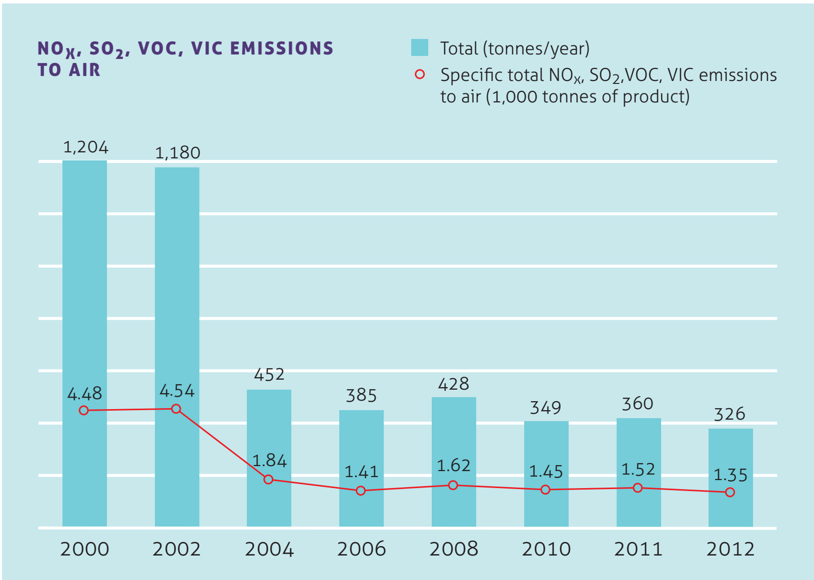
Total energy consumption increased by 1.1% in 2012. With an increase of the global production volume by 2.4%, specific energy consumption decreased by 1.3% to 14.63 Gj/tonne.
Direct CO_2 emissions increased by 12.9%. This is more than can be expected from the raise in energy consumption. The reason for this is the influence of the new CHHP.
Despite the fact that in film production the energy capacity of the product mix raised, the specific primary energy consumption decreased by 5%. The main reason for this is the start up of a second CHPP. This CHPP consists of a gas turbine whereas the first CHPP is gas engines based. Due to this new gas turbine the consumption of gas increased by 26%. On the other hand the purchase of electricity dropped dramatically by 45%. The CHPP's now cover about 70% of the electrical needs and about 90% of the heating needs of the site. Due to these CHPP's the local direct CO_2 emissions increased substantially. On a global scale however, gas consumption and related CO_2 emissions of separated heat and power generation are much higher. It was calculated that the global profit in CO_2 emissions of the two CHPP's is in the order of magnitude of 45,000 tonnes of CO_2.

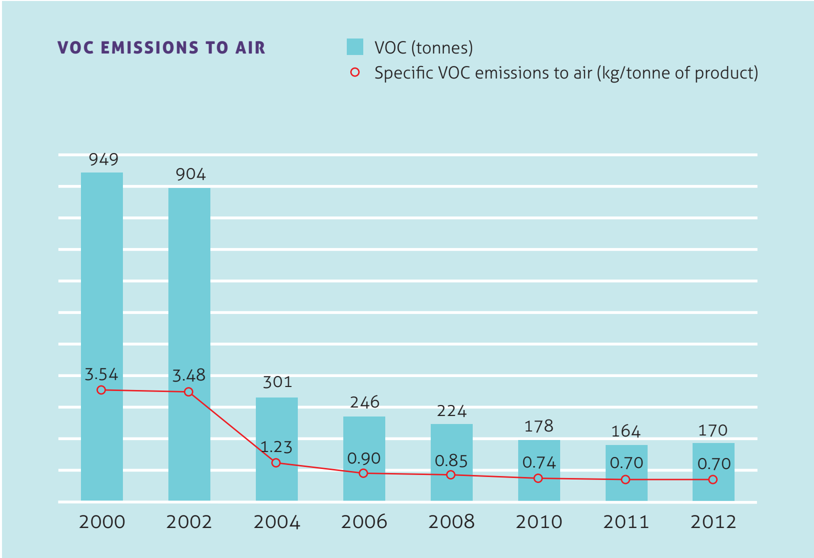
Energy consumption in HealthCare dropped with 3.6%. Specific energy consumption decreased with 1.4% showing the result of a more efficient use of energy in the sites Munich, Peissenberg and Schrobenhausen. These actions were honored with an 'Ökoprofit award' for the Munich site.
In the Agfa Graphics sites the energy consumption decreased with 0.8% despite an increase in production volumes of 9.1%. This resulted in a significant drop in specific energy consumption of over 9%. Agfa Graphics introduced a Sustainability and Energy Reduction Programme (SERP) in its sites. This resulted in a better understanding of energy losses and in some factories it already led to considerable energy profits. This program will be continued in 2013.

NO_X, SO_2, VOC, VIC emissions to air

Emissions	2000	2002	2004	2006	2008	2010	2011	2012
NO_x	199	184	136	127	172	161	151	142
SO_2	43	82	3	7	28	6	41	10
VOC (tonnes)	949	904	301	246	224	178	164	170
VIC	13	10	12	5	4	4	4	4
TOTAL (tonnes/year)	**1,204**	**1,180**	**452**	**385**	**428**	**349**	**360**	**326**

The specific emissions to air, CO_2 emissions excluded, decreased by more than 9% compared to 2011. The main reason is a thorough maintenance check and fine tuning of the first CHPP in film production. This resulted in much lower SO_2 and NO_X emissions.

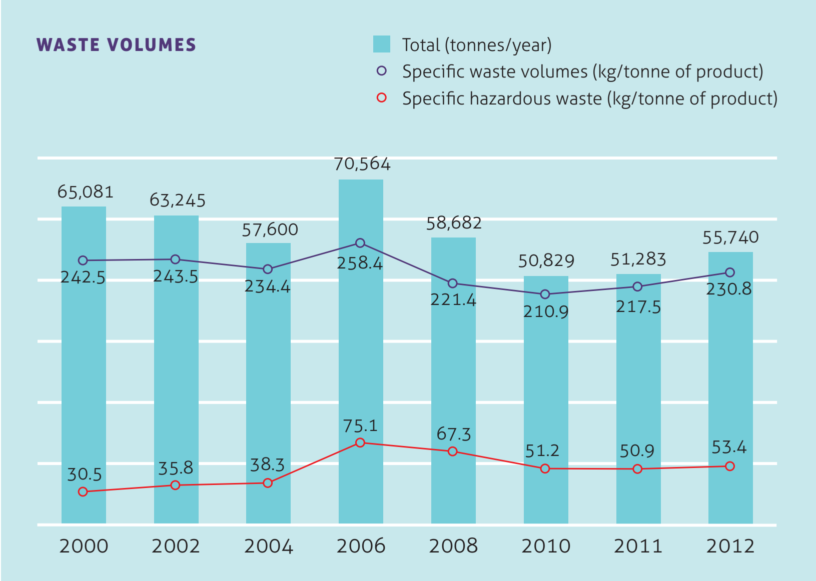




VOC emissions increased by 3.5%, specific VOC emissions remained stable at 0.70 kg/tonne of manufactured product.
In the Agfa Graphics sites an increase in VOC emissions of 17% was recorded due to the plate volume increase in 2012 and the related product mix shift. The VOC free production increase of 18% of our chemistry-free CtP range is counterbalanced by a decrease in the water coated Lithostar production volume, while the solvent coated photopolymer and thermal positive assortment also increased by 13%.
This increase is compensated by a decrease in film production which is the result of adaptations to the syntheses of chemical building stones, resulting in a reduced use of solvents.

Waste

	2000	2002	2004	2006	2008	2010	2011	2012
Landfill	15,789	12,276	7,940	2,868	1,715	5,661	6,119	6,364
Incineration	229	560	403	247	203	274	387	296
Recycling	37,920	40,819	40,698	60,608	51,604	39,896	39,831	44,708
Energy recovery	4,374	3,132	2,267	1,997	1,674	1,388	1,512	1,318
Physico-chemical treatment	1,988	1,138	1,450	1,009	534	716	701	632
Valorization	4,781	5,321	4,842	3,835	2,952	2,894	2,733	2,422
TOTAL (tonnes/year)	**65,081**	**63,245**	**57,600**	**70,564**	**58,682**	**50,829**	**51,283**	**55,740**
Non-hazardous	87%	85%	84%	71%	70%	76%	77%	77%
Hazardous	13%	15%	16%	29%	30%	24%	23%	23%



The total waste volume increased by 8.7%. The specific waste volume increased by 6.1% as a result of several one-off events. The ratio hazardous versus non hazardous waste remained at the same level of 23% versus 77%. Due to the modernization of process water sewer, 730 tonnes of polluted soil had to be removed for cleaning. Together with a one-off purge of 1,100 tonnes of polyester scrap, the total waste volume in film production increased by 7.3%. Due to the decline in traditional film this resulted in an increase of the specific waste volume of 15%. More important is the fact that waste evacuated to landfill realized the lowest level ever (0.3%) in 2012, due to a continued search for recycling opportunities.
Agfa HealtCare's waste volume followed production volumes.
Agfa Graphics' waste volume increased by around 9.5% in absolute terms and 2% in relative terms. Waste water from the mechanical graining activities in Branchburg flows into ponds where aluminum sludge precipitates. The precipitation ponds were cleaned in 2012, leading to a significant extra amount of waste. In other production centers an increase in development generated more waste. For the second consecutive year the Leeds production site operated landfill free.

Environmental incidents, complaints and fines

- **Incidents**: In 2012, Mortsel reported 13 environmental incidents to the Belgian 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 2012. 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, the supervised contractors 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 and reviewed by the Corporate Safety, Health and Environment (SHE) department during the quarterly review meetings. Each year, the SHE Management Committee reviews the SHE Policy, the corporate 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. In 2012, various actions were introduced focusing on the behavior of persons in unclear and unsafe situations.

The frequency rate of the reportable accidents improved to 3.37 (in 2011: 4.39), representing a total amount of 33 cases. 45% of our sites had no single reportable accident.
The frequency rate of accidents leading to more than one lost working day lost improved to 6.43 (in 2011: 7.98), representing an amount of 63 cases. 40% of our sites could report zero accidents with lost days.
The severity rate of the accidents with more than one lost working day lost increased to 0.21 (in 2011: 0.18), representing 2,098 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.

BRIC countries
BRIC is an acronym that refers to the emerging countries of Brazil, Russia, India and China, which are all deemed to be at a similar stage of newly advanced economic development.

chemistry-free printing plate
A *printing plate* that does not require chemical processing after imaging.

clean-out unit
This device cleans and gums *chemistry-free printing plates* after exposure in the *platesetter*. After their passage through the clean-out unit, the plates are ready to be used on the printing press. The combination of chemistry-free printing plates and a clean-out unit offers a more environment-friendly alternative to traditional printing plates that need chemical development.
see also printing plate

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 MUSICA²) can be used to automatically maximize the quality of the images for diagnostic purposes. The digital images can also be completed with manual inputs (annotations, measurements, etc.) and are ready for archiving on a *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
Contrast media can be administered to the patient before a medical imaging examination with X-ray, *CT* and *MRI* technology, either to highlight specific anatomical structures (mostly vessels).

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* 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

drupa
The four-yearly international drupa trade fair (Düsseldorf, Germany - May 3-16, 2012) was one of the major highlights for Agfa Graphics in 2012. drupa is generally regarded as the most important trade show for the global printing industry. The 2012 edition attracted 314,500 visitors from 130 countries, more than half of them being decision makers from companies in the graphic industry.

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 (press)
With flatbed presses, 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: *Computed Tomography (CT)* scans, *Magnetic Resonance Imaging (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.

Harold M. Pitman Company
Founded in 1906, this leading US supplier of *prepress*, industrial *inkjet*, pressroom and packaging printing products and systems is based in Totowa, New Jersey. Agfa Graphics acquired the assets of the Harold M. Pitman Company in August 2010.

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 MUSICA² software is generally accepted as a standard in the market.

IMPAX
IMPAX is Agfa HealthCare's brand name for its range of *Picture Archiving and Communication Systems (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.

Insight Agents GmbH
Based in Heidelberg, Germany, Insight Agents develops, produces and distributes *contrast media*. In 2009, Agfa HealthCare bought all the shares of Insight Agents from Curagita Holding AG.

ISO 14001
International standard for environmental management systems.

landfill
Place where waste can be stored or kept.

membrane
Thin, flexible layer or material designed to separate components of a solution.

modalities
In this report this term is used for the various imaging systems, including 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.

no bake (printing plate)
To reach long print-runs, most *thermal printing plates* need to be baked in an oven. With Agfa Graphics' no bake thermal printing plate it is possible to produce more than 500,000 impressions without baking, saving time and energy cost.

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 30,000 healthcare organizations in the United States.

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).

OLED
OLED stands for Organic light-emitting diode (LED). In OLED's, a film of organic semiconductor material serves as light-emitting layer between two electrodes. The layer emits light in response to an electric current.

organic photovoltaics (OPV)
Photovoltaic cells are semiconductor diodes that convert visible light into electricity. OPV's consist of one or several layers of semiconductor organic materials sandwiched between two electrodes. Organic Photovoltaics are also called organic solar cells.

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 MUSICA² software is used to process and optimize the images on the PACS system.

platesetter
A platesetter digitally images the pages or artwork of printed matter from the computer onto *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 adrum.

polymer
A polymer is a large molecule composed of many smaller units (monomers) joined together. Polymers can be natural (e.g. proteins and rubber) or man-made (e.g. plastics and nylon). Conductive polymers conduct electricity. Orgacon™ is the trade name for Agfa Specialty Products' conductive polymer product line.

Premier
Premier Purchasing Partners, L.P., the group purchasing division of the Premier healthcare alliance, serves more than 2,500 US hospitals and 80,000 other healthcare sites. Premier Purchasing Partners is one of the largest healthcare group purchasing organizations in the United States.

prepress
The preparation and processing of content and document files for final output to *printing plates*, including high-resolution scanning of images, color separation, different types of *proofs*, etc.

printed circuit board (PCB)
A thin plate on which chips and other electronic components are placed. Computers consist, principally, of one or more boards.

printing plate
- for computer-to-film technology
Printing plates consist of a high-quality aluminum substrate with a coating designed to respond to relatively high levels of ultraviolet (UV) light energy. An exposed film is vacuum contacted with a plate. The UV light source copies the artwork from the film onto the plate, whereby the art or page elements are opaque parts of the film and the rest is transparent. The UV light hits the plate only where the film is transparent. A chemical developing process etches the exposed elements, and leaves unchanged the non-exposed parts. The ink adheres to the exposed -or chemically treated – parts during the printing process.
- for computer-to-plate technology
Printing plate consisting of a high-quality grained and anodized aluminum substrate and a (silver or photopolymer) coating several thousand times more sensitive than that of analog plates. The lasers used to expose these plates typically operate on thermal energy or visible light. The coatings respond to the laser energy creating chemical/physical changes to the plate surface. Just as with CtF-plates, the CtP-plates are chemically processed to create a press-ready plate, though some CtP-plate technologies are effectively process-free.

proof (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).

RoHS
Restriction of the use of certain Hazardous Substances in electrical and electronic equipment, refers to an EU directive that is intended to improve the overall impact of equipment on the environment.

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.

SO_2
Sulfur dioxide, released as a by-product in the combustion of sulfur-containing fuels.

screening
The creation of a pattern of dots of different sizes used to reproduce color or greyscale continuous-tone images. There are various types of screening.

screen printing
The printing procedure, during which a viscous ink is applied through a metal or nylon gauze onto the paper. The gauze is made impermeable – by use of stencils – in the non-printing parts.

Shenzhen Brothers
Shenzhen Brothers started finishing and distribution activities of Agfa Graphics master roll graphic films in 2000. Over the years, Shenzhen Brothers has built up through this partnership, a leading and successful distribution network in the Chinese printing industry.

sound recording film
This type of polyester based film is especially designed for recording and printing all current types of soundtracks, such as analog, Dolby, Digital, DTS (Digital Theater Systems) and SDDS (Sony Dynamic Digital Sound).

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*.

ThermoFuse
Agfa's ThermoFuse technology physically bonds images to the *printing plate* without any chemical processing. The result is highly stable and predictable thermal imaging that effectively eliminates variables and compromises on press.

UV curable ink
UV curable inks consist mainly of acrylic monomers. After printing, the ink is transformed into a hard polymerized film by a high dose of UV light. The

advantage of UV curable inks is that they dry instantly, can print on a wide range of uncoated substrates and make a very robust image. The ink does not contain hazardous components such as Volatile Organic Compounds (VOC) or solvents and does not evaporate.

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.

waste water load
Emissions of chemical and physical substances from processes in water.

WEEE
Waste Electrical and Electronic Equipment, refers to an EU directive to improve the overall impact of equipment on the environment.

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.

WPD
The leading Brazilian healthcare IT systems and consulting services provider, with more than 250 healthcare units as customers. Agfa HealthCare announced the acquisition of WPD in September 2011.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 2008-2012

MILLION EURO	2012	2011	2010	2009	2008
REVENUE	**3,091**	**3,023**	**2,948**	**2,755**	**3,032**
COST OF SALES	(2,222)	(2,181)	(1,950)	(1,869)	(2,069)[1]
GROSS PROFIT	**869**	**842**	**998**	**886**	**963**[1]
SELLING EXPENSES	(388)	(388)	(394)	(372)	(439)[1]
RESEARCH AND DEVELOPMENT EXPENSES	(163)	(162)	(153)	(149)	(174)[1]
ADMINISTRATIVE EXPENSES	(192)	(197)	(214)	(198)	(225)[1]
OTHER OPERATING INCOME	131	136[2]	336	309	451
OTHER OPERATING EXPENSES	(161)	(195)[2]	(339)	(306)	(599)[1]
RESULTS FROM OPERATING ACTIVITIES	**96**	**36**	**234**	**170**	**(23)**[1]
INTEREST INCOME (EXPENSE) - NET	(15)	(12)	(11)	(17)	(38)
OTHER FINANCE INCOME (EXPENSE) - NET	(92)	(72)	(83)	(97)	(45)[1]
NET FINANCE COSTS	**(107)**	**(84)**	**(94)**	**(114)**	**(83)**[1]
PROFIT (LOSS) BEFORE INCOME TAXES	**(11)**	**(48)**	**140**	**56**	**(106)**
INCOME TAX EXPENSE	**(20)**	**(23)**	**(36)**	**(49)**	**(60)**
PROFIT (LOSS) FOR THE YEAR	**(31)**	**(71)**	**104**	**7**	**(166)**
PROFIT (LOSS) ATTRIBUTABLE TO:	**(31)**	**(71)**	**104**	**7**	**(166)**
OWNERS OF THE COMPANY	(41)	(73)	105	6	(167)
NON-CONTROLLING INTERESTS	10	2	(1)	1	1
EARNINGS PER SHARE					
BASIC EARNINGS PER SHARE (EURO)	(0.24)	(0.44)	0.80	0.05	(1.34)
DILUTED EARNINGS PER SHARE (EURO)	(0.24)	(0.44)	0.80	0.05	(1.34)

(1) DURING 2009, THE GROUP HAS CONSISTENTLY APPLIED ITS ACCOUNTING POLICIES USED IN THE PREVIOUS YEAR, EXCEPT FOR THE PRESENTATION OF EXPENSES WITH REGARD TO THE GROUP'S DEFINED BENEFIT PLANS. THE INTEREST COST AND THE EXPECTED RETURN ON ASSETS AS WELL AS THE RELATIVE PORTION OF THE AMORTIZATION OF UNRECOGNIZED LOSSES (GAINS) THAT COULD NOT BE ATTRIBUTED TO ACTIVE EMPLOYEES HAVE BEEN RECLASSIFIED TO 'OTHER FINANCE INCOME (EXPENSES)'. FOR 2009, EXPENSES AMOUNTING TO 33 MILLION EURO HAVE BEEN RECLASSIFIED FROM 'RESULTS FROM OPERATING ACTIVITIES' TO 'NET FINANCE COSTS'. COMPARATIVE INFORMATION FOR THE YEAR 2008 HAS BEEN RESTATED. FOR 2008, AN INCOME AMOUNTING TO 3 MILLION EURO HAS BEEN RECLASSIFIED FROM 'RESULTS FROM OPERATING ACTIVITIES' TO 'NET FINANCE COSTS'. THE GROUP BELIEVES THAT THIS REVISED PRESENTATION PROVIDES INFORMATION THAT IS MORE RELEVANT TO USERS OF THE FINANCIAL STATEMENTS.

(2) 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 FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 2008-2012

MILLION EURO	DEC. 31 2012	DEC. 31 2011	DEC. 31 2010	DEC. 31 2009	DEC. 31 2008
ASSETS					
NON-CURRENT ASSETS	**1,156**	**1,221**	**1,253**	**1,236**	**1,311**
INTANGIBLE ASSETS	654	681	680	648	647
PROPERTY, PLANT AND EQUIPMENT	277	301	313	326	369
INVESTMENTS	10	15	14	9	13
DEFERRED TAX ASSETS	215	224	246	253[1]	282[1]
CURRENT ASSETS	**1,674**	**1,728**	**1,833**	**1,616**	**1,849**
INVENTORIES	635	639	583	483	575
TRADE RECEIVABLES	636	672	619	592	750
CURRENT TAX ASSETS	97	82	68	76[2]	61[2]
OTHER RECEIVABLES AND OTHER ASSETS	149	214	295	319[2]	268[2]
DEFERRED CHARGES	27	20	19	18	19
DERIVATIVE FINANCIAL INSTRUMENTS	3	1	10	8	26
CASH AND CASH EQUIVALENTS	127	100	239	119	150
ASSETS CLASSIFIED AS HELD FOR SALE	-	-	-	1	-
TOTAL ASSETS	**2,830**	**2,949**	**3,086**	**2,852**	**3,160**
EQUITY AND LIABILITIES					
EQUITY	**955**	**995**	**1,063**	**724**	**704**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**919**	**960**	**1,033**	**721**	**700**
SHARE CAPITAL	187	187	187	140	140
SHARE PREMIUM	210	210	210	109	109
RETAINED EARNINGS	601	642	703	820	814
RESERVES	(85)	(90)	(68)	(282)	(273)
TRANSLATION RESERVE	6	11	1	(66)	(90)
NON-CONTROLLING INTERESTS	**36**	**35**	**30**	**3**	**4**
NON-CURRENT LIABILITIES	**1,009**	**988**	**1,053**	**1,263**	**1,556**
LIABILITIES FOR POST-EMPLOYMENT AND LONG-TERM TERMINATION BENEFIT PLANS	529	542	559	570	601
OTHER EMPLOYEE BENEFITS	12	13	14	14	18
LOANS AND BORROWINGS	410	352	379	553	809
PROVISIONS	15	25	24	44	64
DEFERRED INCOME	1	4	6	9	1
DEFERRED TAX LIABILITIES	42	52	71	73	63[1]
CURRENT LIABILITIES	**866**	**966**	**970**	**865**	**900**
LOANS AND BORROWINGS	8	15	21	11	14
PROVISIONS	173	223	200	234	255
TRADE PAYABLES	278	275	246	206	226
DEFERRED REVENUE AND ADVANCE PAYMENTS	138	145	152	123	112
CURRENT TAX LIABILITIES	56	47	50	44	43[2]
OTHER PAYABLES	109	149	182	156	162[2]
EMPLOYEE BENEFITS	99	94	114	86	71
DEFERRED INCOME	3	4	4	3	5
DERIVATIVE FINANCIAL INSTRUMENTS	2	14	1	2	12
TOTAL EQUITY AND LIABILITIES	**2,830**	**2,949**	**3,086**	**2,852**	**3,160**

(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.

CONSOLIDATED STATEMENT OF CASH FLOWS 2008-2012

MILLION EURO	2012	2011	2010	2009	2008
PROFIT (LOSS) FOR THE PERIOD	**(31)**	**(71)**	**104**	**7**	**(166)**
ADJUSTMENTS FOR :					
- DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES	87	94	96	103	235
- CHANGES IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS	0	1	0	4	(4)
- GRANTED SUBVENTIONS	(11)	(7)	(2)	0	(1)
- (GAINS) LOSSES ON SALE OF NON-CURRRENT ASSETS	0	(1)	(7)	(2)	(23)
- GAIN FROM BARGAIN PURCHASE	0	0	(4)	0	0
- NET FINANCE COSTS	107	84	94	114	83
- INCOME TAX EXPENSE	20	23	36	49	60
	172	**123**	**317**	**275**	**184**
CHANGES IN :					
- INVENTORIES	(7)	(38)	(34)	91	(2)
- TRADE RECEIVABLES INCLUDING CASH INFLOWS FROM SECURITIZATION	29	6	74	88	107
- TRADE PAYABLES	4	30	(6)	(21)	(47)
- DEFERRED REVENUE AND ADVANCE PAYMENTS	(7)	(16)	20	1	14
- OTHER WORKING CAPITAL	(12)	(37)	(3)	(11)	(16)
- NON-CURRENT PROVISIONS	(103)	(74)	(107)	(116)	(100)
- CURRENT PROVISIONS	(31)	(2)	(1)	(23)	(45)
CASH GENERATED FROM OPERATING ACTIVITIES	**45**	**(8)**	**260**	**284**	**95**
INCOME TAXES PAID	(13)	(19)	(25)	(18)	(18)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**32**	**(27)**	**235**	**266**	**77**
INTEREST RECEIVED	3	3	3	2	3
DIVIDENDS RECEIVED	0	0	0	0	0
PROCEEDS FROM SALE OF INTANGIBLE ASSETS	3	4	3	4	2
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT	3	5	6	7	34
PROCEEDS FROM ASSETS HELD FOR SALE	0	0	5	0	0
ACQUISITION OF INTANGIBLE ASSETS	(3)	(5)	(12)	(7)	(14)
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(41)	(55)	(48)	(34)	(49)
CHANGES IN LEASE PORTFOLIO	12	4	32	33	37
ACQUISITION OF SUBSIDIARY, NET OF CASH ACQUIRED	0	(28)	(71)	(7)	0
CHANGE IN OTHER INVESTING ACTIVITIES	3	1	6	0	4
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(20)**	**(71)**	**(76)**	**(2)**	**17**
INTEREST PAID	(29)	(14)	(15)	(22)	(41)
DIVIDENDS PAID	0	0	0	0	0
CAPITAL INCREASE	0	0	145	0	0
LOANS AND BORROWINGS	52	(23)	(176)	(255)	(56)
OTHER FINANCIAL FLOWS	(9)	(8)	(3)	(16)	3
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**14**	**(45)**	**(49)**	**(293)**	**(94)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	**26**	**(143)**	**110**	**(29)**	**0**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**98**	**238**	**118**	**149**	**151**
EFFECT OF EXCHANGE RATE FLUCTUATIONS	**1**	**3**	**10**	**5**	**(2)**
EFFECT OF CHANGE IN CONSOLIDATION SCOPE	**0**	**0**	**0**	**(7)**	**0**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**125**	**98**	**238**	**118**	**149**

SHAREHOLDER INFORMATION

Listing	BRUSSELS STOCK EXCHANGE
Reuters Ticker	AGFAt.BR
Bloomberg Ticker	AGFB: BB/AGE GR
Datastream	B:AGF

Shareholder structure (March 15, 2013)

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, 2012	167,751,190
Market capitalization on Dec.31, 2012	223 million Euro

EURO	2012	2011	2010	2009	2008
Earnings per share	(0.24)	(0.44)	0.80	0.05	(1,34)
Net operating cash flow per share	0,19	(0,16)	1.80	2.13	0.62[1]
Gross dividend	0	0	0	0	0
Year end price	1.33	1.23	3.2	4.53	1.86
Year's high	1.75	3.57	6.60	4.55	10.65
Year's low	1.18	1.03	2.99	1.25	1.77
Average volume of shares traded/day	283,723	599,290	865,221	725,279	1,099,793
Weighted average number of ordinary shares	167,751,190	167,751,190	130,571,878	124,788,430	124,788,430

(1) AS REPORTED 2008, RESTATED

Shareholder queries
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Financial calendar 2013	
Annual General Meeting	May 14, 2013
First quarter 2013 results	May 14, 2013
Second quarter 2013 results	August 28, 2013
Third quarter 2013 results	November 13, 2013

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