CONDENSED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2010

1.1 Consolidated balance sheet

	For the period ending	
	30 June 2010	**31 December 2009**
	(in millions of euro)	
ASSETS		
Non-Current Assets	**1,276**	**1,236**
Intangible assets	684	648
Property, plant and equipment	320	326
Investments	11	9
Deferred tax assets	261	253
Current Assets	**1,782**	**1,616**
Inventories	585	483
Trade receivables	641	592
Current tax assets	73	76
Other receivables and other assets	309	319
Assets classified as held for sale	1	1
Cash and cash equivalents	136	119
Deferred charges	28	18
Derivative financial instruments	9	8
Total Assets	**3,058**	**2,852**

	For the period ending	
	30 June 2010	**31 December 2009**
EQUITY AND LIABILITIES		
Total Equity	**877**	**724**
Equity Attributable to Equity Holders of the Company	***874***	***721***
Share capital.....................................	140	140
Share premium	109	109
Retained earnings.............................	877	820
Reserves...	(285)	(282)
Translation differences.....................	33	(66)
Non-controlling interest	***3***	***3***
Non-current liabilities.....................	**1,228**	**1,263**
Liabilities for post-employment and long-term termination benefit plans ..	572	570
Liabilities for personnel commitments....................................	16	14
Loans and borrowings......................	514	553
Provisions...	44	44
Deferred income...............................	7	9
Deferred tax liabilities......................	75	73
Current Liabilities..........................	**953**	**865**
Loans and borrowings......................	13	11
Trade payables	235	206
Deferred revenue & advance payments..	170	123
Current tax liabilities........................	44	44
Other liabilities.................................	165	156
Liabilities for personnel commitments....................................	88	86
Provisions	226	234
Deferred income...............................	4	3
Derivative financial instruments	8	2
Total Equity and Liabilities	**3,058**	**2,852**

1.2 Consolidated income statement

	30 June	
	2010	2009
	(in millions of euro)	
CONSOLIDATED INCOME STATEMENT		
Revenue	**1,400**	**1,339**
Cost of sales	(906)	(917)
Gross profit	**494**	**422**
Selling expenses	(188)	(189)
Research and development expenses	(77)	(78)
Administrative expenses	(104)	(101)
Other operating income	167	195
Other operating expenses	(172)	(186)
Result from operating activities	**120**	**63**
Interest income / (expense) Net	***(6)***	***(11)***
Interest income	1	1
Interest expense	(7)	(12)
Other finance income / (expense) Net	***(39)***	***(46)***
Other finance income	112	88
Other finance expense	(151)	(134)
Net Finance Costs	**(45)**	**(57)**
Profit before income tax	**75**	**6**
Income tax expenses	(18)	(24)
Profit/loss for the period	**57**	**(18)**
Profit attributable to:		
Owners of the company	57	(18)
Non-controlling interest	-	0
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME		
Profit for the period	**57**	**(18)**
Other comprehensive income for the period recognised directly in equity, net of tax		
Exchange differences on translation of foreign operations	99	11
***Cash Flow Hedges* :**		
Gains (losses) arising during the year	(3)	3

	30 June	
	2010	2009
recognised in equity		
Reclassification adjustment for gains included in profit and loss	—	(11)
Roll-over of commodity contracts :		
Gains (losses) arising during the year recognised in equity	—	(2)
Reclassification adjustment for gains included in profit and loss	—	(1)
Total other comprehensive income	**96**	**0**
Total comprehensive income	**153**	**(18)**
attributable to owners of the Company	153	(18)
attributable to non-controlling interests	0	0

The statement of comprehensive income for the current interim period with comparative statements of comprehensive income for the comparable interim period for the immediately preceding year, as required by IAS 34.20, has been included in addendum.

1.3 Cash flow statement

	30 June	
	2010	2009
	(in millions of euro)	
Result from operating activities………………………	120	63
Depreciation, amortisation and impairment losses	47	53
Changes in fair value of derivative financial instruments	2	3
Adjustment for other non-cash income..............	(2)	—
Gains/losses on retirement of non-current assets	(1)	1
Negative goodwill on acquisitions.....................	(4)	—
Change in non-current provisions......................	(39)	(70)
Change in current provisions.............................	(13)	(19)[1]
Income taxes paid...	(13)	(13)[1]
Change in inventories.......................................	(53)	34
Change in trade receivables including cash inflows from securitisation	19	83
Change in trade payables..................................	21	(40)
Change in deferred revenue and advance payments	35	24
Change in other working capital........................	(34)	13[1]
Net cash from/(used in) operating activities ...	**85**	**132**
Cash outflows for additions to intangible assets.	(3)	(5)
Cash outflows for additions to property, plant and equipment	(14)	(15)
Cash inflows from disposals of intangible assets	3	1
Cash inflows from disposals of property, plant and equipment	2	2
Cash inflows from lease portfolio......................	15	18
Cash outflows for acquisitions...........................	(16)	—
Interest and dividends received	2	1
Cash inflows from other investing activities.......	(5)	—
Net cash from/(used in) investing activities	**(16)**	**2**
Net issuances of debt...	(54)	(132)
Interest paid...	(11)	(19)
Other financial flows...	—	(16)
Net cash from/(used in) financing activities....	**(65)**	**(167)**
Change in cash and cash equivalents due to business activities	**4**	**(33)**
Change in cash due to change in consolidation scope	**—**	**—**

[1] As reported 2009, restated. In the course of the fourth quarter of 2009 'Income taxes paid' are being presented on a separate line. 'Income taxes paid' have been reclassified from 'Change in current provision', 'Change in other working capital' and 'Current tax income (expense)'. Comparative information for the year 2009 has been restated.

	30 June	
	2010	**2009**
Change in cash and cash equivalents due to exchange rate fluctuations	**13**	**4**
CHANGE IN CASH AND CASH EQUIVALENTS	**17**	**(29)**
Cash and cash equivalents at 1 January	118	149
Cash and cash equivalents at closing.................	135	120

1.4 Statement of changes in equity

	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Share-based payments reserve	Hedging reserve	Translation differences	Total	Non-controlling interest	Total equity
Balance at 1/01/2010	**140**	**109**	**820**	**(296)**	**0**	**12**	**2**	**(66)**	**721**	**3**	**724**
Comprehensive income for the period	**0**	**0**	**57**	**0**	**0**	**0**	**0**	**0**	**57**	**0**	**57**
Profit for the period...........			57						57		57
Other comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**(3)**	**99**	**96**	**0**	**96**
Foreign currency translation differences...								99	99		99
Effective portion of changes in fair value of cash flow hedges, net of tax................................							(3)		(3)		(3)
Total comprehensive income and other comprehensive income for the period	**0**	**0**	**57**	**0**	**0**	**0**	**(3)**	**99**	**153**	**0**	**153**
Balance at 30/06/2010	**140**	**109**	**877**	**(296)**	**0**	**12**	**(1)**	**33**	**874**	**3**	**877**

	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Share-based payments reserve	Hedging reserve	Translation differences	Total	Non-controlling interest	Total equity
Balance at 1/01/2009	**140**	**109**	**814**	**(296)**	**(1)**	**12**	**12**	**(90)**	**700**	**4**	**704**
Comprehensive income for the period.................	**0**	**0**	**6**	**0**	**0**	**0**	**0**	**0**	**6**	**1**	**7**
Profit for the period.............			6						6	1	7
Other comprehensive income	**0**	**0**	**0**	**0**	**1**	**0**	**(10)**	**24**	**15**	**0**	**15**
Foreign currency translation differences.....								24	24		24
Effective portion of changes in fair value of cash flow hedges, net of tax..................................							(7)		(7)		(7)
Impairment loss recognised on available-for-sale financial assets					1				1		1
Other							(3)		(3)		(3)

	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Share-based payments reserve	Hedging reserve	Translation differences	Total	Non-controlling interest	Total equity
Total comprehensive income and other comprehensive income for the period	**0**	**0**	**6**	**0**	**1**	**0**	**(10)**	**24**	**21**	**1**	**22**
Change in ownership interests in subsidiaries – change to equity method									0	(2)	(2)
Total of transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(2)**	**(2)**
Balance at 31/12/2009	**140**	**109**	**820**	**(296)**	**0**	**12**	**2**	**(66)**	**721**	**3**	**724**

Selected explanatory notes to the condensed consolidated interim financial statements as of 30 June 2010

1. Reporting entity

Agfa-Gevaert NV (the "Company") is a company domiciled in Belgium. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available on the Company's website: www.agfa.com.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009. These condensed consolidated interim financial statements were approved by the Board of Directors on 24 August 2010. The interim financial statements have been subject to a limited review performed by KPMG Bedrijfsrevisoren in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity (see enclosed).

3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009 with the exception of IFRS 3 Business Combinations (revised 2008) which became effective from 1 January 2010.

The condensed consolidated interim financial statements are presented in Euro, rounded to the nearest million.

4. Unusual items affecting the condensed interim financial statements

An amount of EUR 8 million has been recognized in the condensed financial statements as of 30 June 2010 resulting from the final installments of a patent cross license agreement, entered into in September 2009, of which the revenue recognition criteria were met only during the second quarter of 2010.

5. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from estimates.

In preparing the condensed consolidated interim financial statements, the judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2009.

6. Impairment testing of goodwill and other intangible assets with indefinite useful life

An impairment test is to be carried out once a year, and this at the same time, unless indicators would trigger an impairment loss on an earlier moment. The group performs its impairment test during the fourth quarter. The increase of the silver price since 31 December 2009 and the comparison of the market capitalisation of Agfa-Gevaert per 30 June 2010 with the net asset value of the Company at the same moment are both indicators of a possible impairment in accordance with IAS 36.12. In accordance with IAS 36.8 and 9 these indicators require to carry out an impairment test. Based on IAS 36.99 management decided not to carry out a formal impairment test at 30 June 2010 since the annual impairment test performed at the Cash Generating Unit level had not revealed any impairment loss at 31 December 2009 and that the following criteria were met at 30 June 2010:

- The assets and liabilities making up the units have not changed significantly since the fourth quarter 2009;
- The recoverable amount calculation dated from the fourth quarter 2009 resulted in an amount that exceeded the carrying amount of the units by a substantial margin; and
- Based on an analysis of events that have occurred and circumstances that have changed since the fourth quarter 2009, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the units is remote.

7. Reportable segments

For the six months ended 30 June

in millions of euro	**Graphics**		**HealthCare**		**Specialty Products**		**Total**	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	736	641	572	586	92	112	1,400	1,339
Recurring EBIT (*)	71	13	63	54	6	6	140	73
Results from operating activities	66	14	53	52	3.9	4	123	70

(*) Recurring EBIT = Operating result excluding restructuring and non-recurring items

8. Reconciliation of reportable segment profit

For the six months ended 30 June

	30 June 2010	30 June 2009
Total operating profit for reportable segments	123	70
Results from operating activities not allocated to reportable segments	(3)	(7)
Total result from operating activities	**120**	**63**
Net finance costs	(45)	(57)
Income tax expense	(18)	(24)

Net result for the period	**57**	**(18)**

9. Net finance costs

Net finance costs for the first half year of 2010 and 2009 comprise the following income and expenses:

	30 June 2010	30 June 2009
Interest income on bank deposits	*1*	*1*
Interest expense	*(7)*	*(12)*
On bank loans	(3)	(8)
On debentures	(4)	(4)
Interest income / (expense) - net	**(6)**	**(11)**
Other finance income	112	88
Other finance expense	(151)	(134)
Other finance income / (expense) - net	**(39)**	**(46)**
Net finance costs	**(45)**	**(57)**

Other finance income / (expense) – net primarily comprises the portion of the net periodic pension cost that is treated as other finance income / (expense) and the interest portion of other interest-bearing provisions. Other finance income / (expense) moreover includes the impact of discounting of assets and liabilities, results on the disposal of marketable securities, changes in fair value of derivative financial instruments that are not part of a hedging relationship and are not linked to operating activities, as well as exchange results on non-operating activities.

10. Business combinations

On 15 January 2010 the Group acquired most of the assets of Gandi Innovations Holdings LLC's North American operations and the shares of its principal foreign subsidiaries for a total amount of EUR 29 million. Gandi Innovations is a global leader in large format inkjet systems.

Due to the fact that Gandi Innovations was operating under CCAA protection in Canada and Chapter 15 in the US, the Group was able to acquire the assets at a price lower than the fair value of the net assets acquired. The gain from the bargain purchase amounted to EUR 4 million. Before having recognised aforementioned gain, the Group has reassessed whether it has correctly identified all of the assets acquired and all of the liabilities assumed, in compliance with the requirements of IFRS 3§36.

The acquired business was immediately integrated in the organization structure of the Group's graphics business. The acquiree's revenue and profit or loss as included in the consolidated statement of comprehensive income as of 30 June 2010 are not disclosed separately as considered impracticable because of this integration.

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

in millions of euro	Gandi Innovations Holding LLC
Gain from bargain purchase	(4)
Current Assets	41
Non-Current Assets	1
Current Liabilities	(9)
Total Purchase Price	**29**
Consideration to be paid in future periods	(11)
Cash acquired	(2)
Net Cash outflow	**16**

11. Defined Benefit Plans

For the Group's material countries, the funded status and carrying amount of the defined benefit obligation at 30 June 2010 and at year-end 2009 can be detailed a follows:

DBO, Plan assets, funded status and carrying amount of the defined benefit obligation for material countries	**30 June 2010**	**31 December 2009**
	(in millions of euro)	
Change in DBO		
DBO at the beginning of the period	(1,782)	(1,590)
Changes during the reporting period	(213)	(192)
DBO at end of period	**(1,995)**	**(1,782)**
Change in Plan Assets		
Fair value of plan assets at the beginning of the period	822	731
Changes during the reporting period	66	91
Fair value of plan assets at end of period	**888**	**822**
Funded status	**(1,107)**	**(960)**
Unrecognized actuarial and past service costs	669	524
Carrying amount of the Defined Benefit Obligations of the Group's material countries	**(438)**	**(436)**

The financial crisis in 2008 highly impacted the fair value at year-end 2008 of the plan assets of the funded defined benefit plans. The change in the defined benefit obligation in 2009 in the amount of EUR 192 million mainly resulted from the decreased discount rate (5.3 per cent as of 31 December 2009 compared to 6.3 per cent as of 31 December 2008). The increase of the defined benefit obligation in 2009 by EUR 192 million comprised an inverse effect amounting to EUR (17) million of plan changes in the US and Germany.

The deterioration of the funded status from EUR (960) million as of 31 December 2009 to EUR (1,107) million as of 30 June 2010 is mainly due to a significant decrease of the discount rate (4.8 per cent as of June 2010 compared to 5.3 per cent as of 31 December 2009) which is only partly offset by the increase of the fair value of plan assets from EUR 822 million to EUR 888 million.

The expected return on assets has been determined by reference to historical returns and a long-term benchmark return taking into consideration the asset mix of the plans. For the calculation of the net periodic pension cost 2009 and 2010, the expected return on plan assets has been determined at 6.8 per cent respectively 6.9 per cent.

The difference between the funded status and the carrying amount of the defined benefit obligations of the Group's material countries is explained by unrecognised actuarial and past service costs amounting to EUR 669 million as of 30 June 2010 (2009: EUR 524 million). The movement is mainly explained by the change in the assumption of the discount rate, as explained above.

12. Contingencies

There were no significant changes in contingencies as those disclosed in the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

13. Related party transactions

Transactions with Directors and members of the Executive Management

Key management personnel compensation included in the condensed consolidated interim income statements for the first half year of 2010 and 2009 can be detailed as follows:

	30 June 2010	30 June 2009
Directors	0.3	0.2
Executive Management	2.2	2.4

As of 30 June 30 2010 there were no loans outstanding to members of the Executive Management nor to members of the Board of Directors.

At 31 December 2009, pension provisions for members and retired members of the Executive Management amounted to EUR 15 million.

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 condensed consolidated interim financial statements as a whole.

14. Earnings per share

	30 June	
	2010	**2009**
Earnings per share:		
Outstanding shares per end of period	124,788,430	124,788,430
Weighted number of shares used for calculation	124,788,430	124,788,430
Earnings per share (in euro)	0.46	(0.14)

15. Subsequent events

On August 10, 2010 the Group purchased selected assets and liabilities of Harold M. Pitman Company, a US supplier of prepress, industrial inkjet, pressroom & packaging products and systems. The purchase price allocation process is still ongoing. The disclosed figures of assets acquired and liabilities assumed are provisional amounts and as such subject to changes.

The acquisition is expected to have the following effect on the Group's assets and liabilities :

in millions of euro	Harold M. Pitman Company
Current Assets	83
Non-Current Assets	7
Current Liabilities	(48)
Preliminary net identifiable assets and liabilities at fair values	**42**
Goodwill on acquisition – preliminary	**15**
Consideration paid	**57**
Cash acquired	**(4)**
Net Cash Outflow	**53**

The purchase price amounting to EUR 57 million comprises EUR 15 million settled in cash and a settlement of a revolving credit line (EUR 42 million). The allocation of the goodwill on acquisition to identifiable intangible assets acquired has not been finalized. As such, a qualitative description of the factors that make up the goodwill recognised can not yet be provided. The Pitman acquisition has not been reflected in the 30 June 2010 interim financial statements.

Effective 1 September 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 Agfa-Gevaert Group contributes the intellectual property portfolio and its technological know-how in the field of Prepress, Inkjet and Printing, Shenzhen Brothers delivers the sales and distribution channels. This partnership is not a joint venture as meant by IAS31 "Interest in Joint Ventures" but resides under the application of IAS27 "Consolidated and Separate Financial Statements". The Agfa-Gevaert Group, through its subsidiary Agfa Graphics NV, retains control through a 51% stake in Agfa Hong Kong Limited (previously 100 per cent owned by the Group), the holding company of the combined operations of both parties, and through the various governance structures put in place.

Report of the Statutory Auditor to the shareholders of Agfa-Gevaert NV on the review of the condensed consolidated interim financial statements as of and for the six month period ended 30 June 2010

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Agfa-Gevaert NV ("the Company") as at 30 June 2010, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes ("the interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2010 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Kontich, 18 October 2010

Klynveld Peat Marwick Goerdeler Réviseurs d'Entreprises
Statutory auditor
represented by

Filip De Bock Erik Clinck

Addendum

This information has not been subject to a limited review by KPMG Bedrijfsrevisoren.

AGFA-GEVAERT GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME for the Quarter ending June 2010 / June 2009

	30 June	
	Q2 2010 only	**Q2 2009, only**
	(in millions of euro)	
CONSOLIDATED INCOME STATEMENT		
Revenue	**736**	**677**
Cost of sales.......................................	(471)	(463)
Gross profit.......................................	**265**	**214**
Selling expenses.................................	(99)	(93)
Research and development expenses...	(40)	(37)
Administrative expenses	(53)	(49)
Other operating income......................	92	76
Other operating expenses	(96)	(85)
Result from operating activities	**69**	**26**
Interest income / (expense) Net	***(3)***	***(4)***
Interest income	-	-
Interest expense	(3)	(4)
Other finance income / (expense) Net	***(19)***	***(23)***
Other finance income	56	46
Other finance expense	(75)	(69)
Net Finance Costs	**(22)**	**(27)**
Profit before income tax	**47**	**(1)**
Income tax expenses	(8)	(8)
Profit/loss for the period	**39**	**(9)**
Profit attributable to:		
Owners of the company	39	(9)
Non-controlling interest	-	0
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME		
Profit for the period	**39**	**(9)**
Other comprehensive income for the period recognised directly in		

	30 June	
	Q2 2010 only	**Q2 2009, only**
equity, net of tax		
Exchange differences on translation of foreign operations	50	(7)
***Cash Flow Hedges* :**		
Gains (losses) arising during the year recognised in equity	(4)	(1)
Reclassification adjustment for gains included in profit and loss	—	(4)
Roll-over of commodity contracts :		
Gains (losses) arising during the year recognised in equity	—	(1)
Reclassification adjustment for gains included in profit and loss	—	(1)
Total other comprehensive income	**46**	**(14)**
Total comprehensive income	**85**	**(23)**
attributable to owners of the Company	85	(23)
attributable to non-controlling interests	0	0

OUTLOOK FOR Q3 AND Q4 2010

Since 30 June 2010 no significant change in the financial or trading position of the Group has occurred. Therefore the Company believes that the outlook for the full year 2010 is still valid.

Provided that the exchange rates and macro-economic conditions remain stable, the Group expects a full year revenue growth of about EUR 200 million versus 2009. The revenue increase is expected to come from Graphics, as the business group's internal growth will be supplemented by the impact of the recently announced acquisitions and joint venture. Graphics' full year EBIT to revenue ratio is expected to be higher than average because of the favourable raw material costs, the stronger than anticipated recovery of the graphic industry in the US and the IP related one-off effect. HealthCare anticipates a better top line performance in the second half of the year. The business group expects its full year EBIT to revenue ratio to be closer to 11 per cent than to 10 per cent.

Graphics sticks to its 7 per cent medium term EBIT target. HealthCare will continue its programmes to improve service efficiency. Furthermore, the business group's profitability will gradually become less exposed to the fluctuations of the silver price. For HealthCare, the medium term EBIT to revenue ratio is expected to be between 10.5 per cent and 11 per cent.

Specialty Products continues to invest in new businesses, which will only gradually start to compensate for the ongoing decline in the demand for some of the traditional film products.