Annual Report 2003

AGFA

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Key figures

MILLION EUROS

	2003	2002	2001	2000	1999
Net sales	4,215	4,683	4,911	5,260	4,731
change	(10.0)%	(4.6)%	(6.6)%	11.2%	8.5%
Restructuring expenses and non-recurring results	(87)	(78)	(524)	(126)	(273)
Operating result	528[1]	393	(264)	401	91
Non-operating result	(71)	(97)	(120)	(130)	(73)
Income tax	(135)	(99)	133	(96)	(7)
Minorities and associated companies	1	(3)	(37)	(6)	3
Net result	323	194	(288)	169	14
Cash flow					
Gross operating cash flow	393	482	226	526	300
Net operating cash flow	522	611	738	436	377
Balance sheet					
Shareholders' equity	1,371	1,383	1,267	1,570	1,439
Net financial debt	233	573	842	1,147	1,091
Net working capital[2]	1,642	1,598	1,672	1,869	1,460
Total assets	3,839	4,159	4,527	5,070	4,854
Sales by Business Segment					
Graphic Systems	1,622	1,813	1,890	2,065	1,945
Share of Group sales	38.5%	38.7%	38.5%	39.3%	41.1%
Technical Imaging	1,723	1,822	1,823	1,708	1,352
Share of Group sales	40.9%	38.9%	37.1%	32.5%	28.6%
Consumer Imaging	870	1,048	1,198	1,487	1,434
Share of Group sales	20.6%	22.4%	24.4%	28.3%	30.3%
Share information in Euro					
Earnings per share (net result)	2.44	1.39	(2.06)	1.21	0.10
Net operating cash flow per share	3.95	4.38	5.27	3.11	2.69
Gross dividend	0.75	0.50	0.23	0.45	0.33
Weighted average number of ordinary shares	132,045,438	139,611,425	139,927,261	140,000,000	140,000,000
Employees[3]	17,340	19,341	21,038	21,946	22,635

(1) including a capital gain of 231 million Euros on the divestiture of Non-Destructive Testing

(2) current assets minus current liabilities

(3) full time equivalent permanent employees on December 31, 2003

Company Profile

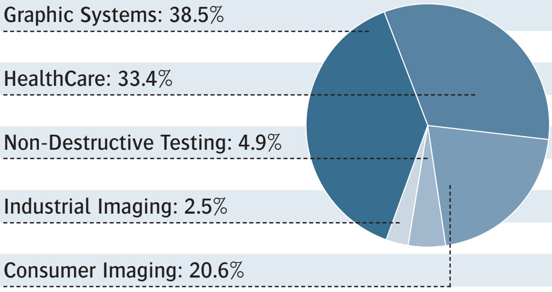
Agfa at a glance

The Agfa-Gevaert Group develops, produces and distributes an extensive range of analogue and digital imaging systems, services and products, mainly for the graphic industry, the healthcare sector and photography.

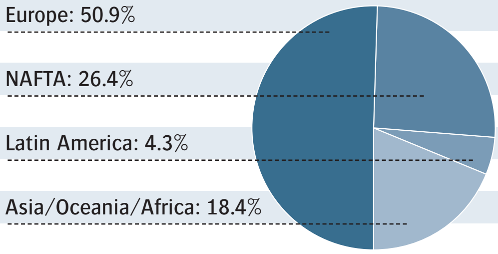
The company's head office and parent company are located in Mortsel, Belgium. The largest production and research centres are located in Belgium, Germany, the United States and China.

Agfa is commercially active worldwide through more than 40 sales organisations, grouped in four regions: Europe, NAFTA, Latin America and Asia/Oceania/Africa. In countries where Agfa does not have its own sales organisation, a network of agents and representatives serves the market.

Share of Group Sales
By Business Group/Unit



Share of Group Sales
By Region



Businesses (01.01.2004)

Graphic Systems

As the worldwide market leader in prepress solutions, Agfa provides commercial, newspaper and packaging printers with the most extensive integrated solutions for both computer-to-film and computer-to-plate systems, including equipment and consumables. Agfa also supplies digital proofing systems, large format printing, digital inkjet presses and the professional software that controls the entire prepress process.

HealthCare

Agfa's healthcare solutions enable hospitals to enhance patient care and simultaneously save time and money. Agfa supplies both analogue and digital imaging equipment and associated consumables including computed radiography systems and hardcopy printers. Furthermore, Agfa's digital networks and information systems streamline the distribution, storage and management of digital images and optimise the workflow of the entire hospital organisation.

Consumer Imaging

Consumer Imaging provides photographic products for the consumer market and consumables and equipment for finishing labs. Agfa plays a central role in the capture, development and printing of photographs and is world leader in high-speed photo printers for industrial finishing as well as in private label film.

Specialty Products

Specialty Products focusses on selling specific consumables mainly to large customers.
Its portfolio includes motion picture film, microfilm and film for non-destructive testing.

Letter to the shareholders

Dear shareholders and friends,

In 2003, our Group successfully concluded the Horizon plan, which was launched mid 2001. Its main targets were to make the organization more transparent and to substantially reduce costs and working capital.

These targets were fully realized within the time schedule set: costs were lowered by 550 million Euros and working capital decreased by no less than 1 billion Euros.

Because of the sharp deterioration of external circumstances, the impact of Horizon on the operating profit was not so visible as we would have wished. The effects of the slowdown of the world-wide economy, the substantial appreciation of the Euro and increased price erosion indeed offset the beneficial impact of Horizon in 2003.

Consumer Imaging in particular was confronted by extremely weak market conditions and showed an operating loss. We therefore immediately took measures to restore profitability. Costsavings were identified for an amount of 100 million Euros per annum and 750 people will be made redundant.

In 2003, we also took the decision to divest our Non-Destructive Testing business to the General Electric Company. This resulted in a capital gain of 231 million Euros, recorded in our 2003 Profit and Loss Statement. Agfa's portfolio of activities is now more focussed.

Although 2003 was not an easy year, our company was able to post an operating margin of 7% – excluding the divestiture of Non-Destructive Testing – and to generate very substantial cash flows. This has allowed us to return our shareholders during 2003 a sum of 320 million Euros in the form of dividends and share buy backs. At year-end, Agfa owned 10% of its shares as treasury stock. As a consequence, we propose our shareholders to cancel 11.2 million shares and to renew the authorization to the Board of Directors to buy back a maximum of 10% of the remaining shares.

Pol Bamelis

Ludo Verhoeven

Looking ahead, it seems that the economic circumstances are showing modest improvement. We expect HealthCare to continue to grow, but the outlook for the graphic and especially the photo markets remains subdued.

In 2004, the benefits of the Orion plan, which we recently launched, will start to become visible. Orion targets top line growth, aims to improve operational efficiency and quality and to further reduce working capital by 350 million Euros. We also expect it to lower costs with 200 million Euros by the end of 2005.

With respect to growth, we were particularly pleased to announce, in March 2004, the acquisition of Lastra, an Italian manufacturer of printing plates, which will further strengthen our position in the prepress markets. We also decided to enter the high growth market of industrial inkjet printing, which has a potential size of 10 billion Euros by 2010.

We feel confident about the future and we propose our shareholders to pay an ordinary gross dividend of 50 Eurocents per share. In addition, we propose to pay an extraordinary dividend of 25 Eurocents related to the proceeds of the divestiture of Non-Destructive Testing.

Pol Bamelis
Chairman of the Board of Directors

Ludo Verhoeven
Chief Executive Officer

Board of Management
(March 3, 2004 – from left to right)

Ludo Verhoeven, Chief Executive Officer

Albert Follens, Chief Operating Officer

Marc Gedopt, Chief Financial and Administration Officer

Management report

Words in italic are explained in the Glossary.

The economic environment continued to be very difficult in 2003. The Euro appreciated against most major currencies and price erosion increased. Moreover, market conditions in Consumer Imaging were extremely weak and the graphic industry was confronted with persistent sluggishness, especially in Europe. On the other hand, HealthCare continued to grow.

Although Agfa could again benefit from the positive effects of the Horizon Plan, these were insufficient to fully compensate for the harsh external circumstances. The 2003 operating margin (before taking account of the divestiture of Non-Destructive Testing) still reached a healthy 7%, but was lower than the previous year. This decline is almost exclusively explained by the unfavorable results of Consumer Imaging. Agfa therefore immediately announced measures and will run this business for cash in the future.

Despite this difficult situation, the Group continued to show a very strong balance sheet and was able to generate substantial cash flows.

Divestiture of Non-Destructive Testing

In January 2003, Agfa announced that it had reached an agreement to divest its Non-Destructive Testing (NDT) business to GE's Aircraft Engine division. As the transaction was closed just before year-end, NDT's 2003 turnover and operating result are fully integrated in Agfa's income statement.

The balance sheet of December 31, 2003, on the other hand, excludes all assets and liabilities transferred to the General Electric Company. Full details of the effect of this transaction on the 2003 financial statements are given in note 4, page 51 of the full report.

Sales

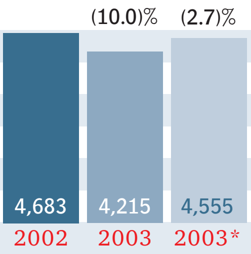
Agfa's 2003 turnover amounted to 4,215 million Euros compared with 4,683 million Euros in the previous year. This trend was heavily affected by currency effects: at stable exchange rates, the decrease was limited to 2.7% and resulted from a steep decline of 11.5% in Consumer Imaging, a moderate decrease of 3.5% in Graphic Systems and an increase of 3.2% in Technical Imaging.

As a consequence, the share of Consumer Imaging in the Group's turnover decreased to 20.6%, that of Graphic Systems remained almost stable at 38.5%, while the share of Technical Imaging increased to 40.9%.

The weakness of the markets was especially felt in Europe, which represents more than half the Group's sales. Excluding exchange rate variations, turnover in the Nafta region was slightly lower, while the Asian and Latin American regions recovered.

Group Sales 2003

Million Euros



[*] Sales excl. currency effects

Key Figures P&L

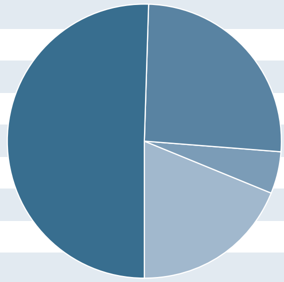
Million Euros

	2003	2002
Sales	4,215	4,683
Gross profit	1,766	1,978
Research & Development	(233)	(248)
Selling & General Administration	(1,087)	(1,179)
Restructuring[*]	(87)	(78)
Capital gain on NDT divestiture	231	-
Other operating result	(62)	(80)
Operating result	**528**	**393**

[*] including non-recurring results

Share of Group sales 2003

By Region



Europe: 50.9% (2002: 49.8%)
NAFTA: 26.4% (2002: 28.6%)
Latin America: 4.3% (2002: 4.0%)
Asia/Oceania/Africa: 18.4% (2002: 17.6%)

Results

The beneficial impact of the Horizon plan was offset in 2003 by the combined effect of lower sales, the appreciation of the Euro and accelerated price erosion.
The particular slackness of the markets in Consumer Imaging also contributed to the deterioration of the Group's gross profit. Consequently, gross profit declined 10.7% to 1,766 million Euros and the gross profit margin stood at 41.9% versus 42.2% in 2002.

R&D expenditures amounted to 233 million Euros, compared with 248 million Euros in 2002. Sales and General Administration expenses stood at 1,087 million Euros, a decrease of almost 8%, which is explained by Horizon savings and by the appreciation of the Euro.

The divestiture of Non-Destructive Testing resulted in a capital gain of 231 million Euros, booked as other operating income.

The Group also posted 87 million Euros restructuring charges and other non-recurring items (2002: 78 million Euros). Of these, 38 million Euros related to Consumer Imaging. Agfa announced additional measures and will manage this business for cash. Total annual savings of 100 million Euros were identified and the equivalent of 750 full time staff will be made redundant.

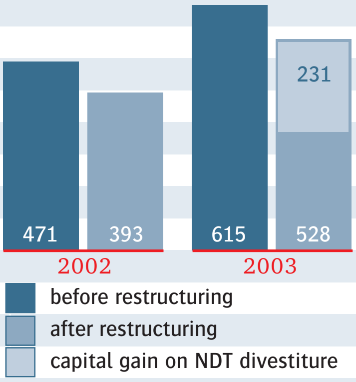
After deducting 62 million Euros of other operating expenses and income, the operating result totalled 528 million Euros, 231 of which related to the sale of NDT. In other words, without selling NDT, Agfa would have posted an operating result of 297 million Euros, compared with 393 million Euros in 2002. In fact, the beneficial impact of the Horizon Plan in 2003 has been sufficient to offset the combined effects of exchange rate variations and price erosion, which was higher than usual. On top of this, the particular weakness of the markets of Consumer Imaging resulted in a deterioration of the Group's operating profit with 100 million Euros.

The non-operating result, which comprises the financial charges, improved from minus 97 million Euros in 2002 to minus 71 million Euros, a decrease of 25%, which is explained by lower net financial debt and lower interest rates.

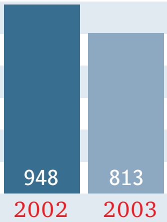
Profit before taxes amounted to 457 million Euros. The 29% tax rate was lower than in previous years because part of the capital gain of the NDT divestiture was tax-exempt. The net result totalled 323 million Euros, significantly higher than the 194 million Euros of the previous year.

Earnings per share amounted to 2.44 Euros against 1.39 Euros in 2002.

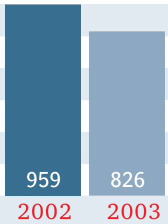
Operating result
MILLION EUROS



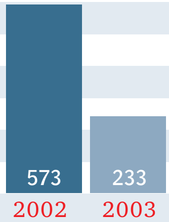
Working capital
Inventories
MILLION EUROS



Working capital
Trade Receivables
MILLION EUROS



Net Financial Debt
MILLION EUROS



Balance Sheet

Non-current assets

Non-current assets decreased 16.9% and amounted to 976 million Euros. The main reasons for this trend are the appreciation of the Euro and especially the divestiture of Non-Destructive Testing.

Working Capital

Current assets amounted at year-end to 2,652 million Euros, a fall of 65 million Euros. This is explained by the divestiture of NDT, currency effects and by the continued efforts to reduce working capital.

Agfa's initial Horizon target consisted in reducing working capital by 500 million Euros between mid 2001 and end 2003. This target was largely exceeded as the Group's tighter financial management succeeded in reducing the sum of inventories and trade receivables by no less than 1 billion Euros.
At year-end, inventories amounted to 813 million Euros, a decrease of 135 million, 19 of which are explained by the divestiture of NDT. Excluding the NDT divestiture, days of inventories stood at 124, against 128 at the end of 2002.
Trade receivables amounted to 826 million Euros compared with 959 million Euros at end 2002. The decrease is for 27 million Euros explained by the NDT divestiture. Days of sales outstanding stood at 74 days, almost the same as in 2002. Payment terms increased from 43 days in 2002 to 47 days in 2003 (excluding the effect of the NDT divestiture).

Financial debt

Net financial debt amounted to 233 million Euros, against 573 million at end 2002. The proceeds of the sale of Non-Destructive Testing, which were booked just before year-end are to a large extent responsible for the low debt level.

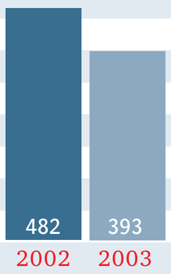
During the year, the Group renewed its financial debt and increased its duration by concluding a revolving credit facility for an amount of 400 million Euros.

Shareholders´ equity

At the end of 2003, shareholders' equity amounted to 1,371 million Euros against 1,383 million Euros in 2002. The change is mainly explained by the addition of the net result of the year, 323 million Euros, and by the deduction of the sums returned to the shareholders in the form of dividends (67 million Euros) and the share buy back for 253 million Euros.

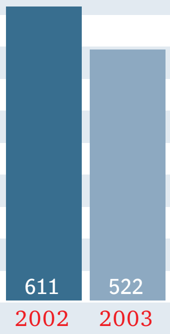
Gross Operating Cash Flow

MILLION EUROS



Net Operating Cash Flow

MILLION EUROS



Key Figures Balance sheet

MILLION EUROS

	2003	2002
Non-current assets	976	1,174
Inventories	813	948
Trade receivables	826	959
Other current assets	598	635
Cash and cash equivalents	397	145
Deferred charges and taxes	229	298
Total assets	**3,839**	**4,159**

Cash Flow statement

The effects of the NDT divestiture on the cash flow statement were grouped in the line 'Cash inflows from NDT disposal'. The operating cash flow was therefore not affected.

The gross operating cash flow amounted to 393 million Euros. The net operating cash flow, which also takes account of the changes in working capital, reached 522 million Euros.

Capital expenditures in 2003 amounted to 178 million Euros. The most important investment project representing a sum of 50 million Euros, was the construction of a printing plate factory in Wuxi, China, which became operational during the last quarter of 2003.

In its transition from analog to digital imaging, the Group is confronted with reduced needs for capital expenditures, which are expected to decrease to between 120 and 130 million Euros over the next years.

Even in the very difficult circumstances, which have characterized 2003, Agfa was able to generate substantial free cash flows. Its persistent efforts to further reduce working capital by 350 million Euros by end 2005 will enable it to continue to do so.

Research and Development

In 2003, total R&D spending amounted to 233 million Euros, 44.2% of which was related to Technical Imaging, 30.5% to Graphic Systems and 25.3% to Consumer Imaging.
Agfa thus consistently invests 5 to 6% of its turnover in Research and Development. During recent years, R&D in the analog imaging products has decreased and much of the R&D expenditures are currently geared toward digital technologies.

In HealthCare, Agfa's R&D concentrates on the main growth areas of computed radiography, hardcopy systems and specialized hospital software systems. In Graphic Systems, research is focussed on the continuous improvement of the digital printing plates and on inkjet printing, which is expected to become an important growth engine in the future. Finally, in Consumer Imaging, research efforts were concentrated on digital Lab Equipment. As the portfolio of digital labs will be completed in 2004 with the introduction of the d-lab.1 and a digital wholesale lab, R&D expenditures in Consumer Imaging will be significantly reduced as from 2004.

From Horizon to Orion

The Horizon plan was launched mid 2001 and was finalized at the end of 2003. Its main targets were to make the Agfa organization more transparent and flexible, significantly lower its cost structure and reduce working capital substantially. These targets were fully met within the time schedule set.

Agfa has now launched the Orion plan, which runs until the end of 2005. It aims to achieve top line growth by a combination of organic initiatives and targeted acquisitions, to improve overall quality and to further reduce working capital. By analyzing and improving Agfa's main business processes, Orion targets to decrease costs with 200 million Euros by the end of 2005. By bringing days of inventories to 100, days of sales outstanding to 70 and days of payables to 55, an additional sum of around 350 million Euros of working capital will be freed by the end of 2005.

Human Resources

At the end of 2003, Agfa employed a total of 17,340 full time equivalent employees (FTEs) compared with 19,341 at the end of 2002. Staff levels decreased because of the divestiture of Non-Destructive Testing (- 934 FTEs) and the Horizon plan. Since the start of this plan mid 2001, the equivalent of 4,217 full time staff has left the company. During that same period, acquisitions and the expansion in the People's Republic of China have resulted in staff additions of 1,331 units.

As the transition from analog to digital imaging continues, Agfa's staff has to adopt new competencies. The Group therefore annually invests 2.95 days per employee in extensive training and development programs, covering not only technical training but also personal development and change management.
Agfa is also increasingly focussing on promoting internal mobility to enable employees whose function has become obsolete because of the change in technology to find another function within the Group.

Furthermore, a Code of Conduct was introduced in 2003. Its aim is to further increase the staff's awareness of the high standards of morality and integrity according to which Agfa intends to conduct its business.

Quality, Safety and Environment

Agfa continuously aims to improve the consistency and quality of its products and services. In 2003, the Group invested in upgrading its operational quality level to the ISO 9000, 2000 norm by rolling out a Quality Management System focussing on process performance measurement and process improvement.

Furthermore, in all its sites efforts are made to further improve the safety and occupational health of its employees.
The Group reports every year about its environmental performances in an Environmental Report, available on its Internet site (www.agfa.com).

2004 Outlook

Recent macro-economic indicators seem to point to a modest improvement in economic conditions. However, Agfa expects the photo and graphic markets to remain subdued in 2004, while HealthCare will continue to grow.
Although Agfa's results will be affected if the Euro and raw material prices remain at actual levels, the Group will also benefit from its continued focus on further improving efficiency and cost-saving in all of its businesses. Moreover, the effects of the projects launched to reduce working capital will start to bear their fruits in 2004. As a result, Agfa will continue to generate strong cash flows.

"With :Sublima, the image on the package jumps out and grabs the consumer. It really gives us a competitive edge without requiring any capital investments."

Laura Wright,
President CSW Inc., Ludlow, MA, USA

Graphic Systems

In 2003, Graphic Systems recorded sales of 1,622 million Euros, representing 38.5% of the Group's turnover. Sales decreased 10.5% compared with 2002, mainly as a consequence of currency fluctuation. At stable exchange rates, the decline was limited to 3.5% and is explained by the continuing weakness of the publishing and printing industry. The operating result amounted to 90 million Euros, compared with 126 million Euros in 2002.

Product assortment

As worldwide market leader in *prepress* solutions for the newspaper, commercial printing and packaging markets, Agfa not only offers consumables (*graphic film* and printing *plates*) but also equipment and workflow software to control the entire prepress process. It supplies the most extensive integrated solutions for both *computer-to-film* and *computer-to-plate* technologies, including *digital proofing systems* with powerful software tools for color management. Moreover, Agfa meets the need for automation with software for *workflow* and *project management*, allowing faster operation, higher quality and improved cost efficiency. Agfa also offers special graphic film for industrial applications such as aerial photography, *screen* and *flexo printing* and *phototooling film* for *printed-circuit board* manufacturing.

Market trends

The printing market has historically been closely linked to economic cycles with GDP growth and advertizing spending being key drivers of demand. Within the total prepress market, the newspaper segment shows more than average growth because of its transition to color. Instead of one printing plate, color indeed requires the use of at least four printing plates, thus quadrupling demand for consumables.

The graphic industry is characterized by the rapid transition from computer-to-film (CtF) to computer-to-plate (CtP), leading to a decrease in demand for graphic film, analog printing plates and filmsetters. Digital printing *plates* and *platesetters*, on the other hand, show substantial growth. Agfa estimates that more than 30% of the market has already made the switchover to CtP and expects this trend to continue in the coming years.

Key Figures Graphic Systems

Million Euros

	2003	2002	change
Sales	1,622	1,813	(10.5)%
Sales excl. currency effects	1,749	1,813	(3.5)%
Operating result	90.0	126.3	(28.7)%
Return on sales	5.5%	7.0%	

The shift from analog to digital systems is accelerated by the trend towards shorter and more targeted print runs, for example for direct mail or regional publications. This results in an increase in the number of jobs and therefore in prepress work.

Furthermore, as the printing market is increasingly consolidating, the need for automation of the prepress workflow is growing. Software for workflow and project management for packaging and commercial printers as well as for newspapers therefore meets with increasing demand.

Geographically, approximately half of the prepress market is situated in Europe where, due to the diversity of languages, job runs tend to be shorter than in North America. The fastest growth areas, however, are the Chinese and Asian markets, regions with high economic growth.

Strategy

Building on its strong market positions and the widest product range on the market, Agfa's strategic priorities are to focus on the higher growth segments of the prepress market and to continue to strive for cost leadership. Furthermore, Agfa aims to cross the boundaries of prepress and step into the world of printing itself with inkjet applications for particular niche markets, such as poster printing, decoration or security.

2003 Highlights

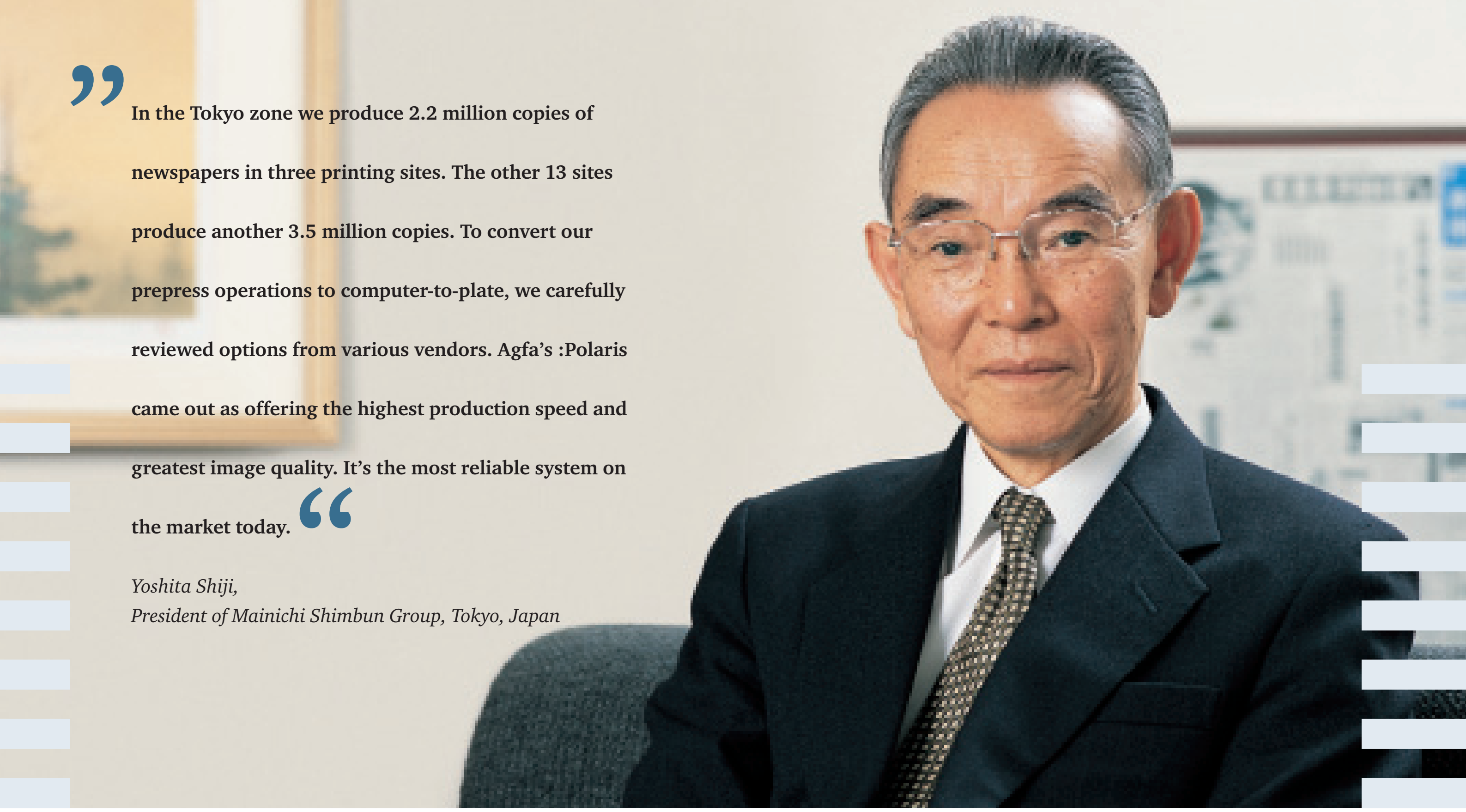
Agfa's 2003 turnover was affected by the general weakness of the graphic markets and by the strength of the Euro.

Against this context, the transition from computer-to-film to computer-to-plate continued and Agfa's sales of digital printing plates posted growth of more than 30%.

The strong demand for *digital plates* induced Agfa to invest in additional production capacity. In October, the new manufacturing facility for printing plates in Wuxi, China became operational. This state-of-the-art plant represents a significant investment of 50 million Euros, giving Agfa an extra capacity of 25 million m^2. China's entry into the World Trade Organization and the ongoing trend for global printers to set up branch offices in China together with the country's new rules liberalizing the newspaper and magazine market are boosting the demand for printing. Agfa's local presence with a modern factory puts it in an ideal position to access this vast market.

The operating result amounted to 90 million Euros and was affected by the adverse impact of a strong Euro, the global sluggishness of the markets and some increased price erosion, which were partially offset by the beneficial impact of the Horizon plan. This plan significantly lowered Agfa's cost structure and will enable it to benefit from an increased leverage effect if the markets pick up again.

In 2003, Agfa reinforced its position in the UK through the acquisition of Printing Techniques Ltd, which already held the sole distribution rights for the UK market for an important part of Agfa's offset plate business. Printing Techniques realized sales of approximately 26 million Euros in 2002 with a staff of 40.



"In the Tokyo zone we produce 2.2 million copies of newspapers in three printing sites. The other 13 sites produce another 3.5 million copies. To convert our prepress operations to computer-to-plate, we carefully reviewed options from various vendors. Agfa's :Polaris came out as offering the highest production speed and greatest image quality. It's the most reliable system on the market today."

Yoshita Shiji,
President of Mainichi Shimbun Group, Tokyo, Japan

Agfa also took over all service and support obligations towards customers and distribution partners of Esko Graphics' platesetter and workflow software for newspapers. As a result, 20 employees have transferred to Agfa.

At the end of the year, Agfa reached an agreement to acquire the assets and all staff of Dotrix, a Belgian based company which develops, manufactures and sells digital color printing solutions for industrial applications. This acquisition will enable Agfa to take a position in the digital inkjet printing markets and to gain larger access to industrial printing niches such as decoration, packaging and security printing. Dotrix employs approximately 75 staff and its turnover in 2003 amounted to around 5 million Euros.

Product Development

Agfa's assortment of platesetters consists of engines with green, *violet* and thermal *laser* for a wide variety of formats, different automation levels and speeds. In 2003, this assortment was further expanded with a number of new platesetters for the newspaper printing segment.

The :Polaris XDJ, a double-width *flatbed platesetter* was designed specifically for the Japanese and other markets using a long-plate press format. The Japanese group Mainichi Shimbun, owner of the third largest newspaper in the world, have decided to install the :Polaris XDJ and :LP150 *processors* for Agfa's :Lithostar CtP plates in its printing plant in Fukushima.
The other newcomer in the :Polaris-series is the XE for small-to-medium sized newspapers and for newspaper printers that require higher speeds for peak periods but a more moderate rate of output at other times.
For smaller newspaper printers, the :Advantage DL3850 was launched, an entry-level *violet-laser* CtP system, which thanks to few moving parts, is also one of the least complex devices on the market and can be configured for multiple plate sizes without requiring customization.

As the transition to digital continued, many newspapers opted for computer-to-plate in 2003. Examples are the United Daily Newspaper Group, the leading newspaper in Taiwan, which ordered 20 :Polaris XT systems together with workflow software, making it the first all-digital newspaper publisher in Taiwan, Kukmin Daily, a leading newspaper publisher, which was the first to adopt CtP on the Korean peninsula and the American Virginian-Pilot, which is among the first in the US to use the :Polaris XCV, a violet platesetter.

To meet with the growing demand for violet-laser technology, the :N91v photopolymer printing plate was added to the assortment. This *negative-working*, *violet-sensitized* plate enables reduced chemistry usage and provides cleaner processing.

Agfa focusses on research and development to secure future profitability. *Processless thermal printing plates* constitute one of the important research poles, as many printers want printing plates that do not have to be chemically developed.

1 |

1 | The inauguration of a new plate manufacturing plant in October 2003, strenghtened Agfa's presence in China and anticipates a growing demand for printing in Asia.

2 | Agfa's workflow solutions offer a birds-eye view of the entire prepress operation. The system notifies automatically about the status of each step in a process. It offers a close-up view of any specific task and allows starting or stopping a process with one click of the mouse.

2 |

Before a printing plate is made, the pages have to be 'proofed': a *contract proof* allows the printers to evaluate with their customers what the printed result will look like.
Digital proofing systems using inkjet technology exactly simulate the results of printing, although they use completely different inks and output media.
Agfa added the :Sherpa 44NR, a high-resolution inkjet system including the latest seven-color *piezo-electric* inkjet technology to its range of proofing systems. In addition, the :Sherpa 43NP was introduced for digital contract proofs for newspaper printers.

Over the boundaries of prepress
The high quality of its inkjet technology also enables Agfa to target the fast growing *large-format printing* segment. In 2003, the :Grand Sherpa Universal inkjet print system was introduced, which makes it possible to print high-quality displays, banners and posters onto a wide variety of available media, for both indoor and outdoor applications.

Software to manage every single part of prepress, as well as the entire process, from concept to delivery
In 2003, Agfa introduced :Sublima. This state-of-the-art *screening* technology for commercial, newspaper and packaging printers combines the advantages of two existing solutions, *Agfa Balanced Screening (ABS)* and *frequency-modulated screening*. As a result, every detail, fine line, and delicate typeface gets printed without extra effort both on offset and flexo presses.

For intelligent workflow automation in newspaper printing, :Arkitex was launched, which tracks processes from the front-end all the way to the pressroom and provides automatic feedback on the status and actions required.

To enable its customers to process more tasks in less time, Agfa extended its version of the workflow solution with :ApogeeX. This software scored 100% in the latest PDF test of Seybold Bulletin, the leading newsletter for the graphic industry. Furthermore, a new data conversion system was introduced enabling printers to use the :Apogee prepress automation software with any platesetter, irrespective of its brand.

Finally, Agfa released :Delano Publish and :Delano Production, web-based software for company-wide project management. The 'Publish' module centralizes all communication and allows users to check the project status at any time from anywhere. The 'Production' module allows printers to shorten project turnaround, reduce courier and transportation costs through on-line file reception, approval and submission. This software is custom-made and provides an immediate upgrade path to accommodate business growth or changing operational requirements.
:Delano is based on advanced *industry production and communication standards*, such as *PDF*, *JDF* and *XML*, meeting the increasing demand for integrated software solutions. Agfa is thus once again taking the lead by integrating JDF in its workflow and project management systems.

> We did several tests, loading images from different patients, and IMPAX was many times faster than the solutions of the competition. Our close relationship has proven to us that Agfa is a reliable partner. We've learned to highly appreciate Agfa's service levels over the years.
>
> *Mr. F. Thanhofer, Chief Radiographer and PACS Coordinator, Kantonsspital Liestal, Switzerland*

Technical Imaging

Technical Imaging comprises HealthCare, Non-Destructive Testing and Industrial Imaging. Its sales and results are mainly determined by HealthCare, by far the largest Business Group in this segment.

HealthCare

HealthCare recorded sales of 1,408 million Euros in 2003 (2002: 1,491 million Euros). The decrease is exclusively due to the strength of the Euro. At stable exchange rates, sales increased by 3.8%. The operating result increased from 223 million Euros in 2002 to 264 million Euros and the return on sales amounted to 18.7%.

Product assortment

Agfa is active in analog and digital medical imaging systems and hospital IT networks. It offers a full range of analog and digital X-ray systems, *hardcopy printers* and associated consumables. Agfa's *computed radiography (CR)* is equipped with specific software for image enhancement and making measurements and thus improves the quality of diagnosis and patient care.

Agfa partners hospitals in the transition to digital based workflows with its Picture Archiving and Communication System (*PACS*) for storing, reproducing, distributing and archiving medical images and patient data. These networks are combined with *Radiology Information Systems (RIS)*, allowing hospitals to plan the use of expensive medical modalities more efficiently. Speech recognition software further significantly shortens the time required for making and distributing medical reports.

Market trends

As living standards rise and populations age, healthcare spending increases. However, the debate about affordable high-quality healthcare and staff shortages incite hospitals to reduce costs and increase efficiency e.g. by introducing digital integrated solutions.

Key Figures Technical Imaging

MILLION EUROS

	2003	2002	CHANGE
Sales	1,723	1,822	(5.4)%
Sales excl. currency effects	1,881	1,822	3.2%
Operating result	521.7	250.4	108.3%
Operating result (excl. NDT divestiture)	290.4	250.4	16.4%
Return on sales (excl. NDT divestiture)	16.9%	13.7%	

The first step in the transition to digital solutions is when hospitals opt for computed radiography, enabling them to improve medical diagnosis thanks to specific software to enhance images or make measurements. In recent years computed radiography has consequently shown growth of around 20% per annum. The demand for classic X-ray film only decreased slightly, as the continued rise in developing countries compensated for the decline in the European, US and Japanese markets.
Computed radiography results in an image available on a soft screen but doctors frequently ask for a hardcopy on a special substrate allowing medical diagnosis. Other digital technologies, such as *CT* or *MRI* result in a far larger amount of images being produced and also drive the demand for hardcopy, storage and management tools. The worldwide market for hardcopy film is therefore continuing to grow at high single digit levels.

The next step in hospitals going digital is the installation of departmental or hospital wide software packages such as PACS systems, which are increasingly fully integrated with a Radiology Information System. These hospital IT networks and the related software such as speech recognition features allow hospitals to become more efficient. As a result, many governments support their introduction.

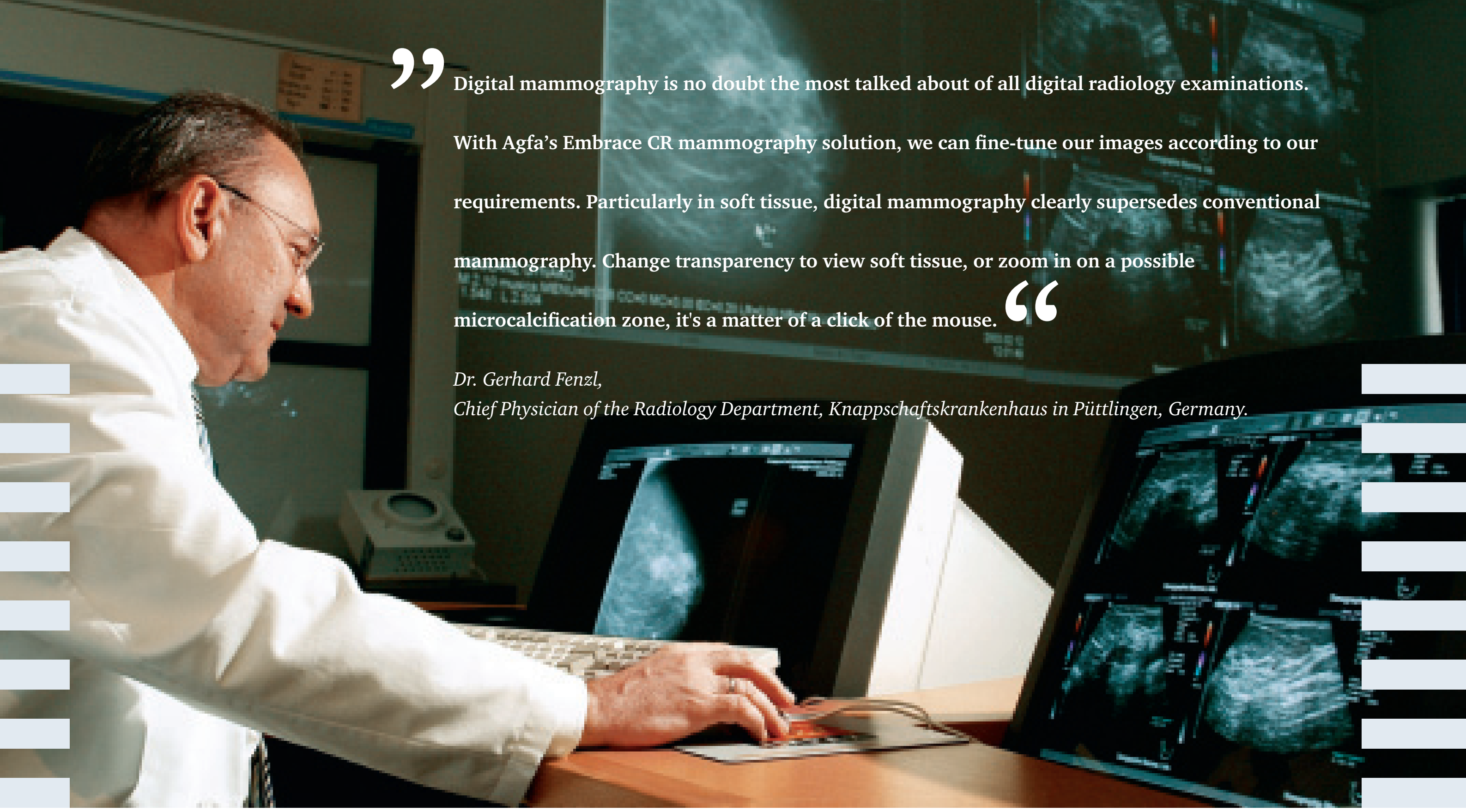
Strategy

Agfa strives to be a global leader in analog and digital medical imaging systems and hospital IT networks. Agfa aims to consolidate its strong position in these markets through the conversion of its large customer base from analog to digital technology and uses its experience in radiology to penetrate other clinical application sectors such as cardiology, ophthalmology, orthopaedics and women's healthcare. Furthermore, the Group is focussing on the strongly growing market for PACS-RIS and related information systems, with the ultimate goal of establishing an *Electronic Patient Record (EPR)*, combining all relevant patient information, ranging from personal data to diagnostic reports and medical images.

2003 Highlights

HealthCare's turnover decreased 5.6% to 1,408 million Euros. The decrease of sales is exclusively explained by exchange rate variances: HealthCare is, with only 43% of its turnover in Europe, Agfa's business group which is most affected by the strength of the Euro.

Excluding currency effects, total turnover increased by 3.8%, which resulted from a slight decrease in classic X-ray, continuous growth in hardcopy systems and substantial increases in computed radiography, hospital IT and its related services. Moreover, as medical imaging becomes more and more digital, the share of service income in total HealthCare revenues increases. In 2003 it represented 14% of total sales.



> Digital mammography is no doubt the most talked about of all digital radiology examinations. With Agfa's Embrace CR mammography solution, we can fine-tune our images according to our requirements. Particularly in soft tissue, digital mammography clearly supersedes conventional mammography. Change transparency to view soft tissue, or zoom in on a possible microcalcification zone, it's a matter of a click of the mouse.
>
> *Dr. Gerhard Fenzl,*
> *Chief Physician of the Radiology Department, Knappschaftskrankenhaus in Püttlingen, Germany.*

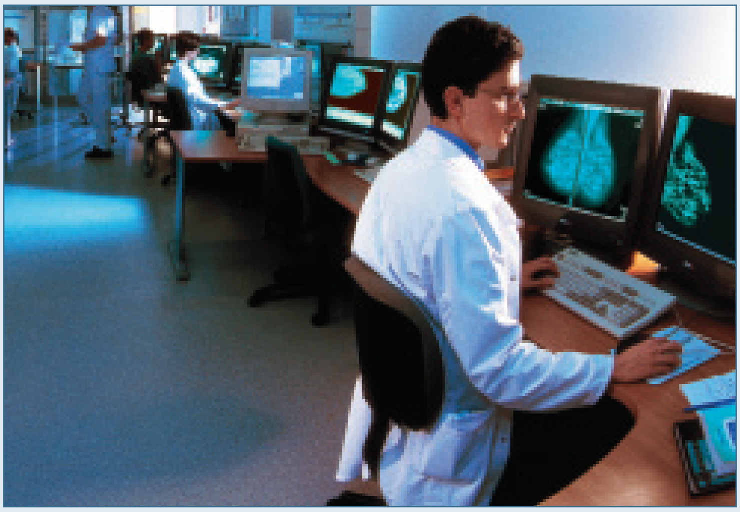
Agfa was chosen by numerous hospitals and hospital groups to install PACS/RIS systems, among the most notable was the Malmö University Hospital (UMAS) in Sweden.
Amongst the largest contracts where up to 20 hospitals were linked together, were WA PACS in Western Australia and the Florida division of the American Adventist Health System.
Despite large adverse currency effects, Agfa was able to improve HealthCare's operating profit to 264 million Euros, for a return on sales of almost 19%.

In 2003, the European markets for PACS-RIS and hospital IT posted accelerated growth. In order to be able to offer hospital-customized systems, fully adapted to local market characteristics, Agfa obtained, early in 2003, a minority share in Med2Rad S.r.l., an Italian company specialized in medical software. Med2Rad provides Agfa with an R&D platform for expansion in the fields of Radiology Information Systems and Electronic Patient Record.

In the United States, the important hospital buying group Novation included Agfa's *IMPAX* in the portfolio offered to their more than 2,400 members. At the end of 2003, Agfa also signed two contracts with Premier Purchasing Partners, an American purchasing group of 1,500 hospital facilities. According to these three-year contracts Agfa will offer film and medical hardcopy printers at competitive prices to the members of the group. In January 2004, a third contract was signed with the Premier group, naming Agfa as preferred supplier for Computed Radiography (CR) solutions.

Product development
In 2003, Agfa extended its range of dry hardcopy printers with the DRYSTAR 5500 and its associated consumable. This high-resolution printer offers a higher throughput, is able to deal with various formats and is compatible with an extensive range of medical imagers.
In Computed Radiography (CR), Agfa introduced the new ADC MD 40 reusable imaging plate, offering superior image quality and longevity.

Agfa aims to create a significant position in departmental specialties by converting the analog portfolio into departmental digital imaging and IT solutions. In this respect, several important alliances were announced. In orthopaedics, Agfa will integrate the German company Hectec's software for orthopaedic surgical planning in its IMPAX for Orthopaedics. In cardiology, Agfa announced its collaboration with Heartlab, Inc., a designer of cardiac image and information management software, to develop the next generation of Agfa's IMPAX systems for cardiology, which will be ready for market launch early in 2004.



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1 | Agfa's Picture Archive and Communication Systems (PACS), branded IMPAX, make it possible to electronically store, manage, distribute and view images. Radiology Information Systems (RIS) streamline scheduling and ordering of appointments, patient registration, worklists, billing, medical and management reporting. The RIS/PACS integration offers radiologists a highly effective, complete workflow solution.

2 | In 2003, Agfa extended its range of dry hardcopy printers with the DRYSTAR 5500 and its associated consumable. This high-resolution printer offers a higher throughput, is able to deal with various formats and is compatible with an extensive range of medical imagers.

In the field of women's care, Agfa brought Embrace CR to the market as well as a fully digital Embrace DR (*Digital Radiography*) system for mammography. Also, a memorandum of understanding was signed with R2 Technology from Sunnyvale (California) with respect to the distribution of R2's ImageChecker CAD (Computer-Aided Detection) system as part of Agfa's digital mammography solutions. This innovative technology assists radiologists in the early detection of breast cancer and other anomalies.

At the annual convention of the Radiological Society for North America (RSNA), Agfa showed a number of new technologies which will be launched in 2004. The DRYSTAR 5300 hardcopy printer is a tabletop model designed to serve clients seeking a decentralized hardcopy solution. Furthermore, Agfa introduced IMPAX ES and IMPAX WEB 1000 ES. IMPAX ES is a radiology IT solution, with integrated RIS and speech reporting capabilities, extending the functionality of PACS to the departments of orthopaedics, cardiology and women's care.
IMPAX WEB 1000 ES extends the benefits of web-based results distribution from radiology to cardiology and, through an EPR integration module, to all hospital departments. This will enable referring physicians to access, via the Internet, patient information from multiple hospital departments in a single viewing application.
initia DDM is Agfa's answer to imaging centres and small hospitals that require an entry-level data management solution. The system enables them to gather data and create a single radiology patient file that can be sent or archived.
In the field of voice recognition Agfa featured the latest version of its TalkStation solution, which will offer improved recognition accuracy, improved security features and new workflow options.

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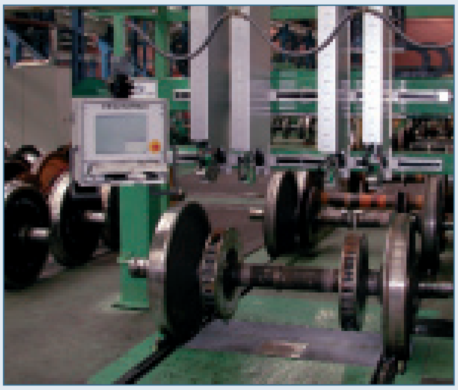
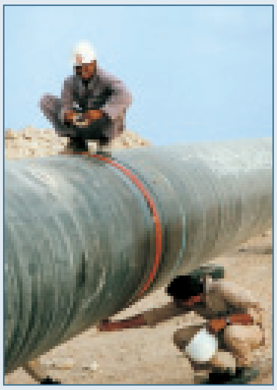
2 | 

3 | 

In 2003 Agfa announced that an agreement had been reached to divest its non-destructive testing activities to GE Aircraft Engines. Agfa's solutions include analog and digital radiographic and ultrasonic technologies that are used in the automotive (1.), aerospace, railway (2.) and petrochemical (3.) industries. Because the technique is 'non-destructive' it is also frequently used for the investigation of works of art such as sculptures or paintings (4.).

4 | 

Non-Destructive Testing

Total sales of Non-Destructive Testing (NDT) amounted to 208 million Euros, a decline of 4% compared to 2002, which is due to exchange rate variances.

At stable exchange rates, NDT succeeded in increasing its turnover by 3%, despite the recession in the aviation industry, one of its most important markets.

Product assortment
Non-Destructive Testing supplies digital and analog systems to test a wide variety of materials for quality and safety without deforming or damaging them. NDT operates in this market with both analog and digital radiographic as well as *ultrasonic technologies*, which are primarily used in the aviation, automotive, railway, energy and petrochemical industries.

Agfa has long been the global market leader in *X-ray film systems* for the non-destructive testing of materials. Thanks to targeted take-overs in the fields of radiography systems, ultrasonic systems and industrial X-ray equipment, it has succeeded in becoming a supplier of complete NDT solutions, offering the main technologies available in the market.

Divestiture
In January 2003, Agfa announced that it had reached an agreement to divest NDT to GE Aircraft Engines, a division of the General Electric Company. The agreement includes all Agfa's activities in the field of non-destructive testing, excluding the production of X-ray film. For this, Agfa and GE have concluded a long-term supply agreement according to which GE will become the exclusive provider of Agfa X-ray film for non-destructive testing. The transaction was finalized at the end of 2003 after approval by the relevant regulatory authorities. Approximately 1,050 employees made the move to GE.

As a result, Agfa's organizational structure was simplified in the beginning of 2004. Agfa's activities are now classified into three Business Groups (Graphic Systems, HealthCare and Consumer Imaging) and one Business Unit. The latter, called Specialty Products, groups the sales of NDT film to GE and some of the activities belonging to Industrial Imaging.

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1 | Each motion picture film has only one single copy of the 'final cut' and yet, distributors want to release the film simultaneously in as many theater as possible around the world. For making reliable distribution copies many laboratories in the world trust Agfa's sound recording and color print film.

2 | While consumption of photographic film for traditional applications is decreasing Agfa's know-how and expertise in film manufacturing and coating are marketed via joint-ventures.
New applications include identification documents and decorative laminates.

Industrial Imaging

Industrial Imaging consists of three smaller businesses: Motion Picture, Micrography and Document Systems and Specialty Foils & Components. Sales amounted to 107 million Euros.

Motion Picture

Agfa supplies digital and analog *sound recording film* and *color print film*, which is used to make copies of films for release to cinemas. The market for these color print films is still growing, primarily due to the practice of simultaneously releasing films around the world.
All of the leading motion picture film laboratories in the world use Agfa film.

Micrography and Document Systems

Micrography and Document Systems (MDS) supplies an integrated range of hardware and software products to capture, store, manage and distribute documents and data.
Microfilm remains the obvious medium for long-term data storage, but today, short-term storage of information uses mainly digital media. In this field, Agfa is active with its digital document systems, including systems for scanning large volumes of corporate documents.

Specialty Foils & Components

Specialty Foils & Components (SFC) combines sales of *base film* and a number of chemical products.

Agfa also uses its know-how in the field of coating technology to tap new markets. With this goal, the Group entered into a number of joint ventures such as Identis, active in the market for *high-security identification documents*, or Digiplast, which focusses on coatings for decorative plastic foil. These foils can be used, for example, as a laminate to decorate furniture, toys and car interiors.

From Industrial Imaging to Specialty Products

Industrial Imaging has changed its name to Specialty Products as from the beginning of 2004.
In addition to the sales of NDT film to GE, it will also comprise Motion Picture, Microfilm and Specialty Foils and Components. Agfa's digital document systems will exclusively serve the hospital sector from 2004 on. This business will therefore be transferred to HealthCare, where it will be integrated into Agfa's efforts to develop an Electronic Patient Record.

> For our more than 100 locations we have found in Agfa the one-stop partner in photographic equipment and consumables that allow us to serve the individual needs of our customers - both analog and digital.
>
> *Marty Hamnett,*
> *General Manager, Big W, Sydney, Australia*

Consumer Imaging

In 2003, sales of Consumer Imaging decreased by 17%. At stable exchange rates, the decrease amounted to 11.6%, a result of extremely difficult market conditions. Agfa decided to take additional measures to restore profitability in Consumer Imaging and adapt production to meet lower demand. Savings were identified totalling 100 million Euros per annum. The associated restructuring charges amounted to 38 million Euros and were booked to 2003. Consumer Imaging's operating result consequently fell from 16 million Euros in 2002 to minus 84 million Euros in 2003.

Product Assortment

Agfa is involved in the capture, development and printing of photographs through its offerings of consumables and equipment. Agfa supplies private and brand label film, photographic paper and the chemicals required to develop the images. It also offers retailers and mass merchandisers a complete range of sophisticated photo printers – digital *minilabs* – and is a world leader in high-speed photo printers for *industrial finishing*.

Market trends

The photographic industry is characterized by the rapid transition to digital systems. As a result, the demand for film is expected to decline by between 5 - 10% in volume per annum, with the largest decrease in brand label film.

The breakthrough by digital cameras has led to an unprecedented number of photos being taken, an increasing share of which are now printed. Consumers are increasingly using the Internet or self-service ordering stations in photo and department stores to print digitally captured photos on photo paper. As this rising trend might compensate for the smaller volume of analog photo prints, the market for photo paper is expected to stabilise.

The fastest shift to digital is happening in *lab equipment*. Digital labs in effect allow the printing of photos regardless of whether they were captured by an analog or a digital camera. This enables photo shops to serve all their customers using a single piece of equipment.

Key Figures Consumer Imaging

Million Euros

	2003	2002	CHANGE
Sales	870	1,048	(17.0)%
Sales excl. currency effects	926	1,048	(11.6)%
Operating result	(83.9)	16.3	(614.7)%
Return on sales	(9.6)%	1.6%	

Strategy

Agfa aims to offer digital and analog photographers high-quality prints by combining Agfa's range of digital lab equipment with photopaper.

2003 highlights

The photographic markets were severely affected by depressed travel and tourism, due to the ongoing economic weakness, the outbreak of the Middle-East conflict and the SARS disease. Together with the rapid transition to digital, this resulted in a substantial reduction in demand for film and photo paper, while wholesale finishers and photo shop owners tended to postpone their investments in lab equipment.
Agfa's sales of lab equipment were also affected by the fact that customers decided to wait for the launch of its smallest digital minilab and of the wholesale digital lab in 2004.

The adverse market conditions during 2003 led to a deterioration in the operating result. Agfa therefore decided to take measures to restore profitability. Cost savings in the areas of production, research and development and overheads were identified totalling 100 million Euros on a full year basis. As a part of this, the equivalent of 750 full time staff will leave the company during 2004.

Product Development

A complete set of fully digital lab equipment

Following the launch in October 2003 of the 'd-lab.2plus' digital minilab, Agfa's portfolio of minilabs was completed at the beginning of 2004 with the 'd-lab.1', a new compact digital minilab for on the spot processing of both analog and digital images, which met with considerable interest.

Agfa's minilabs are based on the 'walk-away printing' concept; their very simple operation, enables the operator to perform other activities while the machine is printing. The d-lab.1 is also the first minilab to feature Agfa's new *MDDM printing technology (Micro Dot Display Multiplexing)*, which allows printing of the minute individual pixels on photo paper with great accuracy and sharpness by means of a special mask.

Agfa's *digital wholesale finishing* system, *d-ws*, launched in February 2004, has a print capacity of 20,000 images per hour for a mixed input of both analog and digital images. It makes use of Agfa's image enhancement software *d-TFS* (*digital Total Film Scanning*) and laser exposure.
The modular design of the system offers finishers a comprehensive, adaptable solution for seamless integration into an existing lab environment and the possibility of a gradual expansion in accordance with future demands for input and output.

The d-lab.1 is Agfa's all-in-one solution for on-site image processing as it scans and processes film, prints photos or burns them on CD. The printing quality is outstanding thanks to the own developed Micro-Dot-Display-Multiplexing (MDDM) printing technology. The d-lab.1 will also print images from digital files that are uploaded directly or via Agfa's image box.

Print order generation through innovative web tools

The *AGFAnet* allows Agfa's business-to-business partners to increase their efficiency and extend their customer base by offering lab owners the possibility to create their own website and make use of valuable information tools. These include order and turnover statistics, direct marketing and a data export tool for planning and control systems.

New *front-end equipment* such as *kiosks* also directs an additional digital image flow to the labs. Agfa's 'e-box' and the new 'image box' read image data from common *digital storage media* and send them to the lab for printing on photographic paper. Agfa's d-workflow software optimizes the lab's complex production workflow as different minilabs and front-ends can be networked and controlled in a single, efficient system.

The classic value of photo film and paper

At the beginning of 2003, Agfa launched its newest generation of color negative films, Vista, including a high sensitivity film (*ISO-value* 800) for taking pictures under extreme light conditions. Thanks to the patented *Eye Vision Technology*, these films guarantee natural, precise colors in all ranges, almost identical to the color perception of the human eye. Last summer, Agfa's Ultra 100 color negative film received the prestigious *EISA*-award for 'Best European film of the year'.

Agfa also introduced two new digital photographic paper types, Splendix and Sensatis, specifically tailored to the requirements and the functionalities of the new generation of high-performance photo printers.

Corporate Governance

Apart from the General Shareholder's Meeting, the main policy-making bodies of the Group are the Board of Directors and the Board of Management.

The Board of Directors

The main concerns of the Board of Directors are the development of new and the discontinuation of existing businesses, the establishment and closure of subsidiaries, and the defining of the social, general and strategic policy of the company. The Board also approves budgets and funding of the Group and discusses ad hoc items on the agenda.

The Board can validly deliberate and decide if the majority of its members is present or represented. If this condition is not met, a valid decision can be taken at a new meeting with the same agenda if at least two directors are present or represented.
The decisions of the Board are taken by absolute majority. In case of a tied vote, the proposal is rejected.
The articles of association also provide for the possibility of decision-making in writing by the Board of Directors within the boundaries of the legal requirements in this area.
There is no formal procedure regarding the way that directors are informed, nor by whom they are informed. The directors use their right to information on an ad hoc basis.
In accordance with the articles of association, the Board of Directors assembles whenever the interests of the company require it or when two directors ask for it. In 2003, eight meetings were held.

During its meeting of April 29, 2003 the Board of Directors decided to continue the Long Term Incentive Plan for the upper management levels with a new tranche with an exercise price of 18.27 Euros. In accordance with recent Belgian legislation in this respect, it was also decided to extend the option term of the previous tranches to 10 years.
During its meeting of January 20, 2004 the Board of Directors decided to call an Extraordinary General Meeting immediately following the Ordinary Meeting of Shareholders of April 27, 2004.
On the agenda of the Extraordinary General Meeting is the renewal of the authorized capital, which empowers the Board of Directors during a period of 5 years to increase the share capital in one or more times by a maximum amount of 35 million Euros. The Board of Directors may exercise this power to increase the share capital within the framework of a share option plan for the maximum sum of 4.2 million Euros.
For a period of 3 years from the Extraordinary Meeting of Shareholders granting the approval, the authorized capital can also be used to increase the capital in the event of a public take-over bid on the company.
Furthermore, the Extraordinary Meeting of Shareholders will be asked to approve the cancellation of 11.2 million treasury stocks that were bought under the share buy back program, approved by the shareholders on January 13, 2003. Subsequently, the shareholders will be asked to renew the authorization to buy back a maximum of 10% of the remaining 128,800,000 shares.

Composition of the Board of Directors

The articles of association stipulate that the Board of Directors comprises at least six members who do not need to be shareholders and who have been appointed for a renewable maximum period of 6 years. There is no age limit for membership of the Board of Directors.

The appointment of the non-executive directors is based on criteria set by the Board of Directors with regard to integrity and experience in business and/or science.
During the Shareholders' Meeting of April 29, 2003, Messrs John Buttrick, Marc Gedopt, Monte Haymon and Christian Leysen were appointed as directors.
Consequently, the Board of Directors of Agfa-Gevaert was made up as follows on January 1, 2004:

Pol Bamelis, Chairman	Director of companies
John Buttrick	Partner, Live Wire Ventures
Ferdinand Chaffart	Director of companies
Jo Cornu	Director of companies
Marc Gedopt*	Chief Financial and Administration Officer, Agfa-Gevaert
Monte Haymon	Director of companies
Christian Leysen	Chief Executive Officer, AXE-Group
André Oosterlinck	Rector, Catholic University of Leuven
Karel Van Miert	Director of companies
Dietrich von Kyaw	Former ambassador of the FRG in the European Union
Ludo Verhoeven*	Chief Executive Officer, Agfa-Gevaert

(*) executive director

Messrs Chaffart and Leysen represent the largest shareholder, Gevaert, Messrs Verhoeven and Gedopt are executive directors and also members of the Board of Management.
Messrs Bamelis, Buttrick, Cornu, Haymon, Oosterlinck, Van Miert and von Kyaw are considered as independent from the main shareholders and management.

Committees established by the Board of Directors

Audit Committee

The Audit Committee comprises three non-executive directors, Messrs Chaffart, Chairman, Buttrick and Oosterlinck.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises two independent directors, Messrs Bamelis and Van Miert, and makes proposals to the Board of Directors concerning the nomination and appropriate remuneration of the members of the Board of Management and the Board of Directors.

Board of Management

The Board of Management is responsible for the implementation of the company's policy and strategy laid down by the Board of Directors. Consequently, it was given the most extensive powers regarding the day-to-day management as well as a number of specific special powers.
In order to allow the Board of Directors to exercise its control, the Board of Management regularly reports about its activities and about the development of the subsidiaries and associated companies.
The Board of Management meets in principle once per fortnight and whenever necessary.

Composition of the Board of Management

In March 2003, Marc Elsermans, member of the Board of Management, passed away unexpectedly.
During his long career with Agfa, he was much appreciated by customers as well as colleagues.
Jesper Otto Moeller and John Glass decided to leave the group for personal reasons, respectively as from January 1, 2004 and March 20, 2004. Agfa thanks both gentlemen for the dedication and loyalty shown in their years with Agfa.

As a result, the Board of Management counts three members:
Ludo Verhoeven, Chief Executive Officer, Marc Gedopt, Chief Financial and Administration Officer and Albert Follens, Chief Operating Officer.

Remuneration

The total gross remuneration of those, who were non-executive directors in 2003 amounted to 465,334 Euros, of which 355,666 Euros as a fixed remuneration for directorship, membership of the committees and attendance fees and 109,668 Euros as a variable sum. The variable part is proportional to the dividend per share: for every 5 Eurocents dividend per share exceeding 0.15 Euro per share, the directors receive a gross remuneration of 2,000 Euro per director.
There are no stock options or warrants attributed to the non-executive directors.

The executive directors received together gross director's fees of 88,000 Euros, of which 60,000 were fixed fees.

The overall gross remuneration paid to those who were members of the Board of Management in 2003, amounted to 6,709,830 Euros, of which 4,881,354 Euros were fixed and 1,828,476 were variable.
These amounts include the sum of 1,995,283 Euros related to the departure of two members of the Board of Management.

Furthermore, those who were members of the Board of Management at the end of 2003 own a total of 291,700 stock options or warrants attributed to them in different tranches.
Of these, 45,500 are warrants with a strike price of 22 Euros, which are exercisable from January 1, 2003 to November 20, 2005.
The option tranches attributed to the same people amounted to respectively 33,750, 54,900, 69,500 and 87,650 stock options with strike prices of respectively 22, 20, 18 and 18.27 Euros.
The first option tranche is exercisable from January 1, 2004 to June 5, 2009 – the second tranche from July 6, 2004 to July 6, 2010, the third from August 26, 2005 to August 27, 2011 and the last from July 28, 2006 to July 27, 2013.

Policy regarding the appropriation of the result

The Board of Directors' proposals to the General Shareholder's Meeting 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.

In general, the Group will aim to pay out between 35 and 40% of its net result in the form of dividends.

Main shareholders

In accordance with the Law on the publication of important participating interests in listed companies, Agfa has received as of end 2003 notifications that Gevaert N.V. holds directly and indirectly 25% of the outstanding shares of the company. Highfields Capital Management and Fidelity Investments declared to own respectively 9.68% and 4.99% of the shares. Furthermore, Agfa held, as of end 2003, 10% of its shares as treasury stock.

Auditor

Agfa-Gevaert N.V.'s auditor is Klynveld, Peat Marwick, Goerdeler represented by Messrs Theo Erauw and Erik Helsen. Mr Theo Erauw replaced Mr Karel Van Oostveldt as from April 2003. The Board of Directors thanks Mr Van Oostveldt for his dedication during the years he served as an auditor for the Group.

Worldwide fees in relation to services provided by the auditor amounted to 5,543,785 Euros in 2003. This sum comprises fees of 2,983,817 Euros for the audit of the annual financial statements, 1,430,501 Euros for tax services and 1,129,467 Euros for other services, mainly financial due diligence, assisting Agfa in acquisitions or divestitures.

The shareholders meeting of April 27, 2004 will be asked to reappoint the auditor for a period of 3 years.

Agfa-Gevaert Group

Financial Statements

To the Board of Directors and the Shareholders of Agfa-Gevaert N.V.

We have audited the accompanying consolidated balance sheets of Agfa-Gevaert N.V. and its subsidiaries (the 'Group') as of December 31, 2003 and 2002, and the related consolidated income statements, statements of recognized gains and losses and cash flows statements for the years then ended. These consolidated financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Unqualified audit opinion on the consolidated financial statements

We conducted our audit in accordance with International Standards on Auditing as issued by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2003 and 2002, and of the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards (formerly named International Accounting Standards) as adopted by the International Accounting Standards Board.

Additional information

The following additional information is provided in order to complete the audit report but does not alter our audit opinion on the consolidated financial statements:

- the consolidated Board of Directors' report contains the information required by law and is in accordance with the consolidated financial statements;

- as indicated in note 1(a), the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (formerly named International Accounting Standards) as adopted by the International Accounting Standards Board, in agreement with the derogation granted by the 'Commissie voor het Bank-, Financie- en Assurantiewezen / Commission Bancaire, Financière et des Assurances' on July 6, 1999. The regulations of the Seventh EU Directive have been substantially complied with.

Antwerp, March 23, 2004

Klynveld Peat Marwick Goerdeler, Reviseurs d'Entreprises
represented by

T. Erauw E. Helsen

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENTS OF INCOME

Million Euros	Note	2003	2002
Net sales	3	4,215	4,683
Cost of goods sold		(2,449)	(2,705)
Gross profit		**1,766**	**1,978**
Selling expenses		(790)	(902)
Research and development expenses		(233)	(248)
General administration expenses		(297)	(277)
Other operating income	5	661	318
Other operating expenses	6	(579)	(476)
Operating result		**528**	**393**
Interest income (expense) – net	7	(28)	(40)
Other non-operating income (expense) – net	8	(43)	(57)
Non-operating result		**(71)**	**(97)**
Income before income taxes		**457**	**296**
Income taxes	9	(135)	(99)
Net income of consolidated companies		**322**	**197**
Minority interest		1	-
Share of results of associated companies		-	(3)
Net result of the accounting period		**323**	**194**
Basic Earnings per share (Euro)	26	2.44	1.39
Diluted Earnings per share (Euro)	26	2.44	1.39

Million Euros	Note	Dec. 31, 2003	Dec. 31, 2002
Assets			
Non-current assets		**976**	**1,174**
Intangible assets	11	325	456
Property, plant and equipment	12	616	672
Investments	13	32	40
Derivative financial instruments	22	3	6
Current assets		**2,652**	**2,717**
Inventories	14	813	948
Trade receivables		826	959
Other receivables and other assets	15	569	630
Cash and cash equivalents	16	397	145
Deferred charges		18	30
Derivative financial instruments	22	29	5
Deferred taxes	9	**211**	**268**
Total assets		**3,839**	**4,159**
Equity and liabilities			
Shareholders´ equity	17	**1,371**	**1,383**
Capital stock of Agfa-Gevaert N.V.		140	140
Share premium of Agfa-Gevaert N.V.		107	107
Retained earnings		1,056	962
Reserves		(260)	(20)
Net income		323	194
Translation differences		5	-
Minority interest		**2**	**3**
Non-current liabilities		**1,424**	**1,598**
Liabilities for post-employment benefits	18	799	843
Liabilities for personnel commitments		36	39
Financial obligations more than one year	19	558	665
Provisions more than one year	21	27	37
Derivative financial instruments	22	4	14
Current liabilities		**1,010**	**1,119**
Financial obligations less than one year	19	72	53
Trade payables		304	322
Miscellaneous liabilities	20	205	249
Liabilities for personnel commitments		85	105
Provisions less than one year	21	327	380
Deferred income		7	9
Derivative financial instruments	22	10	1
Deferred taxes	9	**32**	**56**
Total equity and liabilities		**3,839**	**4,159**

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

MILLION EUROS	Capital stock of Agfa-Gevaert N.V.	Share premium of Agfa-Gevaert N.V.	Retained Earnings	Reserve for own shares	Revaluation reserve	Hedging reserve	Net income	Translation differences	Agfa-Gevaert Group shareholders' equity	Minority interest	Total
December 31, 2002	**140**	**107**	**962**	**(14)**	**(2)**	**(4)**	**194**	**-**	**1,383**	**3**	**1,386**
Changes in shareholders' equity resulting from capital contributions and dividend payments											
Dividend payments	-	-	(67)	-	-	-	-	-	(67)	-	(67)
Other changes in shareholders' equity not recognized in income											
Own shares acquired	-	-	-	(253)	-	-	-	-	(253)	-	(253)
Revaluation of available-for-sale financial assets	-	-	-	-	1	-	-	-	1	-	1
Hedging Reserve	-	-	-	-	-	12	-	-	12	-	12
Translation differences	-	-	-	-	-	-	-	5	5	-	5
Change in accounting policy	-	-	(33)	-	-	-	-	-	(33)	-	(33)
Other	-	-	-	-	-	-	-	-	-	(1)	(1)
Changes in shareholders' equity recognized in income											
Allocation to retained earnings	-	-	194	-	-	-	(194)	-	-	-	-
Income after taxes for the period January 1 till December 31, 2003	-	-	-	-	-	-	323	-	323	-	323
December 31, 2003	**140**	**107**	**1,056**	**(267)**	**(1)**	**8**	**323**	**5**	**1,371**	**2**	**1,373**

Million Euros	Note	2003	2002
Cash and cash equivalents at beginning of year		**141**	**223**
Operating result		528	393
Current tax expense	9	(102)	(70)
Depreciation, amortization and impairment losses		216	270
Changes in fair value of derivative financial instruments		3	(8)
Movement in long-term provisions		(86)	(76)
(Gains) / losses on retirement of non-current assets	12	2	(27)
Gains on NDT disposal	4	(231)	-
Tax expense on NDT disposal	4	63	-
Gross cash provided by operating activities		**393**	**482**
Decrease / (Increase) in inventories		80	70
Decrease / (Increase) in trade accounts receivable		62	125
Increase / (Decrease) in trade accounts payable		7	(17)
Movement in short-term provisions		(9)	14
Movement in other working capital		(11)	(63)
Net cash provided by operating activities		**522**	**611**
Cash outflows for additions to intangible assets	11	(28)	(41)
Cash outflows for additions to property, plant and equipment	12	(150)	(126)
Cash inflows from disposals of intangible assets	11	-	1
Cash inflows from disposals of property, plant and equipment	12	8	58
Cash inflows from NDT disposal	4	241	-
Cash inflows (outflows) from equity and debt instruments		6	(72)
Cash outflows for acquisitions	4	-	(178)
Interests and dividends received		24	48
Net cash provided by / (used in) investing activities		**101**	**(310)**
Dividend payments to stockholders	17	(67)	(32)
Repurchase of own shares		(253)	(12)
Net issuances of debt		19	(261)
Interest paid		(56)	(87)
Other financial flows		(1)	16
Net cash used in financing activities		**(358)**	**(376)**
Change in cash and cash equivalents due to business activities		265	(75)
Change in cash and cash equivalents due to change in consolidation scope		-	1
Change in cash and cash equivalents due to exchange rate movements		(12)	(8)
Cash and cash equivalents at end of year	16	**394**	**141**

1. Significant accounting policies

(a) Statement of compliance

Agfa-Gevaert N.V. ('the Company') is a company domiciled in Belgium.
The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associated entities. The consolidated financial statements were authorized for issue by the Board of Directors on March 23, 2004. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and with the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as in effect at the closing date. They comply, in all material aspects, with the 7th European Union's Directives on consolidation of financial statements.
The application by the Company of the IFRSs, instead of Belgian Accounting Standards, has been approved by the Banking and Finance Commission on July 6, 1999.

(b) Basis of preparation

The consolidated financial statements are presented in Euros, rounded to the nearest million.

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and investments classified as available-for-sale. Recognized assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

The accounting policies have been consistently applied by Group enterprises and, except for the change in accounting policy (note 18), are consistent with those used in the previous year.

(c) Consolidation principles

(i) Subsidiaries

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

1. Significant accounting policies
continued

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

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

(d) Foreign currency
(i) Foreign currency transactions
In the individual Group companies, transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

(ii) Financial statements of foreign operations
The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into Euro at the annual average foreign exchange rates. Foreign exchange differences are recognized directly in equity.
The financial statements of foreign operations in hyperinflationary economies are translated into the local company's measurement currency (mostly the USD) as if it was the operation's functional currency. As a result, non-monetary assets, liabilities and related income statement accounts are remeasured using historical rates in order to produce the same result in terms of the reporting currency that would have occurred if the underlying transaction was initially recorded in this currency.

1. Significant accounting policies
continued

(e) 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. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Recognition of any resultant gain or loss depends on the nature of the item being hedged (accounting policy f). Derivative financial instruments that are either hedging instruments that are not designated or do not qualify as hedges are carried at fair value with changes in value included in the income statement.

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

(f) Hedging

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. When the firm commitment or forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. Otherwise the cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognized in the income statement immediately. Any gain or loss arising from changes in the time value of the derivative financial instrument is excluded from the measurement of hedge effectiveness and is recognized in the income statement immediately.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in equity and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss recognized in equity is recognized in the income statement immediately.

1. Significant accounting policies
continued

(ii) Fair value hedges
For fair value hedges, in which derivative financial instruments hedge the fair value of assets and liabilities, changes in the fair value of derivative financial instruments are recognized in the income statement, together with changes in the fair value of the related hedged item.

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

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

(g) Segment reporting
Segment reporting is based on two segment reporting formats. The primary reporting format represents three businesses – Consumer Imaging, Graphic Systems and Technical Imaging – reflecting the Group's management structure. The secondary reporting format represents the Group's four geographical markets.

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.

(h) Discontinuing operations
A discontinuing operation is a clearly distinguishable component of the Group's business (a) that is disposed of or terminated pursuant to a single plan; (b) that represents a separate major line of business or geographical area of operations; and (c) that can be distinguished operationally and for financial reporting purposes.

(i) Intangible assets
(i) Goodwill
Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortization and impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

1. Significant accounting policies
continued

(ii) Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes should be capitalized if, and only if, all of the conditions of IAS 38.45 are fulfilled. These conditions are not satisfied.

(iii) Other intangible assets
Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses.

(iv) Amortization
Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is amortized from the date of initial recognition; other intangible assets are amortized from the date the asset is available for use. The estimated useful lives are as follows:

Goodwill	5 to 20 years
Multi hospital group contracts	4 years
Computer software	max. 4 years

(j) Property, plant and equipment
(i) Owned assets
Items of property, plant and equipment are stated at purchase price or production cost less accumulated depreciation and impairment losses.

The production cost of self-constructed assets includes the direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation and write-downs of assets used in construction. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to construction. Borrowing costs are not capitalized.

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

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

1. Significant accounting policies
continued

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

Building	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

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

(k) Investments in equity securities
Investments classified as non-current assets comprise participations in companies in which the Group has no control.

Where the Group holds, directly or indirectly, more than 20% of the voting power and/or exercises significant influence over the financial and operating policies, the investments are referred to as associated companies. Investments in associated companies are accounted for using the equity method. If there is an indication that an investment in an associate may be impaired, the accounting policy with respect to impairment is applied.

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

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

1. Significant accounting policies
continued

(l) Impairment

The carrying amounts of the Group's assets, other than inventories, deferred tax assets and assets arising from employee benefits, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the expected 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined, net of amortization or depreciation, if no impairment loss had been recognized in prior years. An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

(m) Inventories

Raw materials, supplies and goods purchased for resale are valued at purchase cost. Work in progress and finished goods are valued at the cost of production. The cost of production comprises the direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation and write-downs 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.

1. Significant accounting policies
continued

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 selling expenses.

(n) Trade and other receivables
Trade and other receivables are stated at their cost less impairment losses.

At the inception of the lease, receivables under finance leases are stated at the present value of the future net lease payments. The receivables are continually reduced during the lease term by the portion of the lease payments that represents the redemption of the principal.

(o) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

(p) Share capital
(i) 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.

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

(q) Interest-bearing borrowings
Interest-bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

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

1. Significant accounting policies
continued

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

Deferred tax is calculated using the balance sheet liability 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: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.
The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.
A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

(s) Employee benefits

(i) Post-employment benefits

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

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

(1) Defined contribution plans:

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

(2) Defined benefit plans:

For defined benefit plans, the amount recognized in the balance sheet is determined as the present value of the defined benefit obligation adjusted for the unrecognized actuarial gains and losses and less any past service costs not yet recognized and the fair value of any plan assets. Where the calculation results in a net surplus the recognized asset does not exceed the total of any cumulative unrecognized net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

1. Significant accounting policies
continued

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 the income statement over the expected average remaining working lives of the employees participating in that plan. Otherwise, the actuarial gain or loss is not recognized.

Past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested following the introduction of, or changes to, a defined benefit plan, past service costs are recognized as an expense immediately.
The present value of the defined benefit obligations and the related service costs are calculated by a qualified actuary using the projected unit credit method.
The discount rate used is the yield at balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.
The amount charged to the income statement consists of current service cost, interest cost, the expected return on any plan assets and actuarial gains and losses.

Pre-retirement pensions are treated as termination benefit.

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

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

(iv) Equity compensation benefits
No compensation cost is recognized for options or warrants granted to employees from employee share-based participation plans.

1. Significant accounting policies
continued

(t) Provisions

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

(u) Trade and other payables

Trade and other payables are stated at their cost.

(v) Revenue

For the sale of goods, revenue is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue is recognized when there are no significant uncertainties regarding recovery of the consideration due, the associated costs or the possible return of goods.

Royalties and rentals are included in revenue and recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and can be measured reliably. The income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

1. Significant accounting policies
continued

(w) Expenses

(i) Interest income (expense)

Interest income (expense) comprises interest payable on borrowings and interest receivable on funds invested. Other non-operating income (expense) comprises foreign exchange gains and losses with respect to non-operating activities and gains and losses on hedging instruments with respect to non-operating activities.
Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognized in the income statement on the date that the dividend is declared.
All interest and other costs incurred in connection with borrowings are expensed as incurred. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

(ii) Operating lease payments

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

2. Companies consolidated

The 2003 Consolidated Financial Statements of the Group include the Company and 80 consolidated subsidiaries controlled by the Company. For the year 2002, the Consolidated Financial Statements include 83 consolidated subsidiaries (note 27).

Excluded from consolidation in 2003 are 14 subsidiaries (2002: 17 subsidiaries) that in aggregate are of minor importance to the net worth, financial position and earnings of the Group. The subsidiaries excluded from the consolidation represent on an aggregate level less than 1 percent of Group sales.

On December 31, 2003 the Group disposed of its business group 'Non-Destructive Testing' to GE Aircraft Engines, a division of General Electric Company (USA). The divestiture comprises all Agfa's activities in the field of Non-Destructive Testing, with the exception of the production of X-ray film, for which the Group and General Electric have concluded a long-term supply agreement according to which General Electric will become the exclusive provider of Agfa industrial X-ray film. The divestiture does not qualify as a discontinuing operation.

3. Segment reporting

Segment reporting is based on two segment reporting formats. The primary reporting format represents three businesses – Consumer Imaging, Graphic Systems and Technical Imaging – reflecting the Group's management structure. The secondary reporting format represents the Group's four geographical markets.

The three business segments comprise the following activities:

- The Consumer Imaging business group develops, produces and supplies color negative, slide and black-and-white films, single-use 'films with lens' cameras and a multi-use camera for the new Advanced Photo Systems. Other products embrace photographic paper, photochemicals, laboratory equipment and minilabs.

- The Graphic Systems business group's products range from graphic film to printing plates and digital color proofing systems.

- The products of the Technical Imaging business group for medical diagnostics include X-ray films, the Agfa 'Impax' network for handling the dispatching and archiving of diagnostic images and data. Other fields of activity are micrography and motion-picture film for big-screen and television productions.

3. Segment reporting
continued

Key data for business segments and geographical regions have been calculated as follows:

- Return on sales is the ratio of operating result to external sales.
- Gross operating cash flow is the excess of cash receipts over cash disbursements before any application of funds.
- 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.
- Segment result is segment revenue minus segment expenses excluding administrative expenses.

3. Segment reporting
continued

Key data by business segment and region

Business segments	Consumer Imaging (CI)	
(Million Euros)	2003	2002
Net Sales (external)	870	1,048
Change	(17.0)%	(12.5)%
Operating Result	(84)	16
Return on sales	(9.7)%	1.5%
Segment result	(16)	72
Segment assets	572	704
Segment liabilities	582	541
Gross cash flow	(59)	19
Capital Expenditures	30	24
Amortization and depreciation	46	55
Impairment losses recognized	-	1
Impairment losses reversed	-	-
Other Non Cash expenses (Net of reversal of provisions)	16	24
R&D expenses	59	65
Number of employees at year end (Full Heads)	3,704	3,956

Regions	Europe		NAFTA	
(Million Euros)	2003	2002	2003	2002
Net Sales (external) by market	2,148	2,334	1,111	1,341
Net Sales (external) by point of origin	2,429	2,641	1,073	1,316
Change	(8.0)%	(5.0)%	(18.5)%	(4.8)%
Segment assets	1,754	2,012	583	787
Segment liabilities	1,299	1,373	311	434
Operating Result	332	353	160	22
Return on sales	13.7%	13.4%	14.9%	1.7%
Capital Expenditures	134	127	21	28
Amortization and depreciation	140	150	60	87
Impairment losses recognized	-	4	-	22
Impairment losses reversed	-	2	-	8
R&D Expenses	173	188	60	60
Number of employees at year end (Full Heads)	12,301	13,620	3,245	3,884
Number of employees at year end (full time equivalents)				

3. Segment reporting
continued

	Graphic Systems (GS)		Technical Imaging (TI)		Agfa-Gevaert Group	
	2003	2002	2003	2002	2003	2002
	1,622	1,813	1,723	1,822	4,215	4,683
	(10.5)%	(4.1)%	(5.4)%	(0.1)%	(10.0)%	(4.6)%
	90	126	522	251	528	393
	5.5%	6.9%	30.3%	13.8%	12.5%	8.4%
	211	246	630	352	825	670
	1,000	1,102	1,099	1,354	2,671	3,160
	534	634	553	694	1,669	1,869
	100	154	352	309	393	482
	76	48	72	95	178	167
	65	78	105	121	216	254
	-	7	-	18	-	26
	-	2	-	8	-	10
	(45)	13	(44)	28	(73)	65
	71	75	103	108	233	248
	7,200	7,396	6,806	8,370	17,710	19,722

	Latin America		Asia/Africa/Australia		Agfa-Gevaert Group	
	2003	2002	2003	2002	2003	2002
	179	186	777	822	4,215	4,683
	147	150	566	576	4,215	4,683
	(2.0)%	(15.7)%	(1.7)%	1.1%	(10.0)%	(4.6)%
	87	101	247	260	2,671	3,160
	9	12	50	50	1,669	1,869
	19	10	17	8	528	393
	12.9%	6.7%	3.0%	1.4%	12.5%	8.4%
	6	6	17	6	178	167
	7	8	9	9	216	254
	-	-	-	-	-	26
	-	-	-	-	-	10
	-	-	-	-	233	248
	651	651	1,513	1,567	17,710	19,722
					17,340	19,341

3. Segment reporting
continued

Reconciliation of segment assets and liabilities with balance sheet total and reconciliation of segment result with total result of the Group.

Million Euros	2003					2002				
	Consumer Imaging	Graphic Systems	Technical Imaging	Unallocated	Consolidated	Consumer Imaging	Graphic Systems	Technical Imaging	Unallocated	Consolidated
Segment result	**(16)**	**211**	**630**		**825**	**72**	**246**	**352**		**670**
General administration expenses				(297)	(297)				(277)	(277)
Interest expenses				(28)	(28)				(40)	(40)
Other non-operating expenses				(43)	(43)				(57)	(57)
Income tax expense				(135)	(135)				(99)	(99)
Share of result of associated companies				-	-				(3)	(3)
Minority interest				1	1				-	-
Net result of the accounting period					**323**					**194**
Segment assets	**572**	**1,000**	**1,099**		**2,671**	**704**	**1,102**	**1,354**		**3,160**
Investments				32	32				40	40
Receivables under finance leases				432	432				462	462
Cash and cash equivalents				397	397				145	145
Deferred tax assets				211	211				268	268
Derivative Financial Instruments				32	32				11	11
Other unallocated receivables				64	64				73	73
Total assets					**3,839**					**4,159**
Segment liabilities	**582**	**534**	**553**		**1,669**	**541**	**634**	**694**		**1,869**
Financial obligations				630	630				718	718
Deferred tax liabilities				32	32				56	56
Shareholders' Equity				1,373	1,373				1,386	1,386
Derivative Financial Instruments				14	14				15	15
Other unallocated liabilities				121	121				115	115
Total Liabilities					**3,839**					**4,159**

4. Cash flow statements - effect of acquisitions and divestitures

There were no material acquisitions during 2003.

Divestitures 2003

On December 31, 2003, the Group disposed of its business group 'Non-Destructive Testing' (part of Business Segment 'Technical Imaging') to GE Aircraft Engines for a price of 406 million Euros. After taking account of liabilities and non-transferred assets, the divestiture has generated cash proceeds of 304 million Euros.

4. Cash flow statements - effect of acquisitions and divestitures continued

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

Million Euros	
Intangible assets	71
Property, plant and equipment	21
Investments	1
Inventories	19
Trade receivables	27
Other receivables	1
Deferred tax assets	5
Cash	4
Liabilities for post-employment benefits	(55)
Personnel commitments	(5)
Liabilities to banks	(2)
Trade payables	(10)
Other liabilities	(4)
Provisions	(11)
Accumulated exchange losses	15
Gain on disposal	**231**
Consideration received	**308**
Cash transferred	(4)
Cash inflow from disposal	**304**
Tax effect	(63)
Net cash inflow	**241**

The pre-tax gain on disposal amounts to 231 million Euros (after tax 168 million Euros). The proportionate share of accumulated exchange losses (15 million Euros) is included in the gain on disposal. Costs directly related to the divestiture amount to 7 million Euros.

Acquisitions 2002

The acquisition of Mitra Inc. had the following effect on the Group's assets and liabilities:

Million Euros	
Goodwill on acquisition	178
Property, plant and equipment	5
Inventories	1
Investments	2
Trade receivables	8
Other receivables	1
Cash and cash equivalents	15
Personnel liabilities	(1)
Trade accounts payable	(1)
Tax liabilities	(5)
Other liabilities	(6)
Minority interest	(4)
Consideration paid	**193**
Cash acquired	(15)
Net cash outflow	**178**

5. Other operating income

Million Euros	2003	2002
Exchange gains	284	177
Gain on NDT divestiture (note 4)	231	-
Changes in fair value of financial instruments	48	13
Lease income	38	41
Reversal of unutilized provisions	15	7
Rental income	5	11
Gains on the retirement of fixed assets	1	31
Royalties	1	1
Other income	38	37
Total	**661**	**318**

6. Other operating expenses

Million Euros	2003	2002
Exchange losses	286	196
Restructuring expenses	82	116
Changes in fair value of financial instruments	52	7
Amortization of goodwill	41	62
Write-downs of receivables	40	44
Provisions	8	3
SAP expenses	8	3
Rent	3	9
Loss on retirement of fixed assets	3	4
Property taxes	2	3
Other expenses	54	29
Total	**579**	**476**

Restructuring charges

In 2003, the Group recorded restructuring charges of 82 million Euros. These charges included employee termination costs of 76 million Euros, inventory write-offs of 2 million Euros and other costs of 4 million Euros.

7. Interest income (expense)

Million Euros	2003	2002
Income from other securities and loans included in investments	1	3
Other interest and similar income	22	44
Interest and similar expenses	(51)	(87)
Total	**(28)**	**(40)**

8. Other non-operating income (expense)

Million Euros	2003	2002
Exchange gains (losses)	37	(11)
Write-downs / impairment losses on other investments	(1)	(1)
Revaluation losses on financial instruments	(34)	(4)
Interest portion of interest-bearing provisions	(44)	(45)
Miscellaneous non-operating income (expenses)	(1)	4
Total	**(43)**	**(57)**

The interest portion of interest-bearing provisions primarily comprises the allocation of interest on provisions for personnel commitments, pensions and other post-employment benefits.

9. Income taxes

Recognized in the income statement

Million Euros	2003	2002
Current tax expense	(102)	(70)
Deferred tax expense/income	(33)	(29)
Total income tax expense/income in income statement	**(135)**	**(99)**

9. Income taxes
continued

Relationship between tax expense and accounting profit

Summary 2003

MILLION EUROS	Basis for tax computation	Tax expense/ tax income	Tax rate
Accounting profit before tax and before consolidation entries	584	135	23.12%
Consolidation entries (mainly related to intercompany dividends)	(127)		
Accounting profit before tax	457	135	29.54%

Reconciliation of effective tax rate

MILLION EUROS	Before consolidation entries	Consolidation entries	After consolidation entries
Accounting profit before tax	584	(127)	457
Theoretical income tax expense	215	0	215
Theoretical tax rate (*)	**36.82%**		
Disallowed items	7		7
Amortization goodwill not deductible for tax purposes	7		7
Impact of special tax status: Belgian co-ordination center	(25)		(25)
Tax free income related to dividend exemption	(38)		(38)
Tax free gain resulting from NDT divestiture	(27)		(27)
Tax credit resulting from investment deduction	(6)		(6)
Other tax credits	(4)		(4)
Impact of tax audits	(1)		(1)
Tax losses used for which no deferred tax asset has been recorded	(2)		(2)
Tax losses for which no deferred tax asset has been recorded	4		4
Tax expense due to reversal of deferred tax assets on tax losses from previous years	4		4
Impact of special tax status Leeds (recapture)	2		2
Currency effect hyperinflationary economies	(1)		(1)
Actual income tax expense	135		135
Effective tax rate			**29.54%**

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

9. Income taxes
continued

Summary 2002 MILLION EUROS	Basis for tax computation	Tax expense / tax income	Tax rate
Accounting profit before tax and before consolidation entries	308	96	31.17%
Consolidation entries (mainly related to intercompany dividends)	(12)	3	
Accounting profit before tax	296	99	33.45%

Reconciliation of effective tax rate MILLION EUROS	Before consolidation entries	Consolidation entries	After consolidation entries
Accounting profit before tax	308	(12)	296
Theoretical income tax expense	133	3	136
Theoretical tax rate (*)	**43.18%**		
Disallowed items	10		10
Amortization goodwill not deductible for tax purposes	8		8
Impact of special tax status: Belgian co-ordination center	(26)		(26)
Other tax free income: mainly related to dividend exemption	(10)		(10)
Tax credit resulting from investment deduction	(6)		(6)
Tax losses used for which no deferred tax asset had been recorded	(28)		(28)
Tax losses for which no deferred tax asset has been recorded	5		5
Tax expense due to reversal of deferred tax assets on tax losses form previous years	4		4
Tax benefit resulting from tax deductible write-downs on investments	(15)		(15)
Impact decrease tax rates on net deferred tax assets	8		8
Currency effect hyperinflationary economies	10		10
Impact of temporary differences	3		3
Actual income tax expense	96	3	99
Effective tax rate			**33.45%**

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

9. Income taxes
continued

Deferred tax assets and liabilities

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

Million Euros	December 31, 2003			December 31, 2002		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Intangible assets	58	5	53	65	9	56
Property, plant and equipment	-	105	(105)	1	92	(91)
Investments	-	1	(1)	1	-	1
Inventories	44	13	31	48	15	33
Receivables	62	9	53	35	7	28
Provisions	74	3	71	97	4	93
Liabilities for post-employment benefits	53	24	29	62	42	20
Other current assets & other liabilities	55	65	(10)	55	51	4
Deferred tax assets and liabilities related to temporary differences	346	225	121	364	220	144
Tax loss carry-forwards	37	-	37	46	-	46
Excess tax credits	21	-	21	22	-	22
Deferred tax assets/liabilities	404	225	179	432	220	212
Set off of tax	(193)	(193)	-	(164)	(164)	-
Net tax assets/liabilities	**211**	**32**	**179**	**268**	**56**	**212**

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of 'tax loss carry-forwards' for an amount of 14 million Euros (2002: 10 million Euros) because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

9. Income taxes
continued

Movement in temporary differences during 2003

Million Euros	Dec. 31, 2002	Recognized in income	Credited to equity (note 17)	NDT divestiture (note 4)	Translation differences	Dec. 31, 2003
Intangible assets	56	(1)	-	(1)	(1)	53
Property, plant and equipment	(91)	(16)	-	(4)	6	(105)
Investments	1	(2)	-	-	-	(1)
Inventories	33	1	-	-	(3)	31
Receivables	28	26	-	-	(1)	53
Provisions	93	(17)	-	-	(5)	71
Liabilities for post-employment benefits	20	(8)	22	-	(5)	29
Other current assets & other liabilities	4	(6)	(1)	-	(7)	(10)
Deferred tax assets and liabilities related to temporary differences	144	(23)	21	(5)	(16)	121
Loss carry-forwards	46	(9)	-	-	-	37
Excess tax credits	22	(1)	-	-	-	21
Deferred tax assets / liabilities	**212**	**(33)**	**21**	**(5)**	**(16)**	**179**

10. Personnel expenses

Personnel expenses in 2003 amounted to 1,356 million Euros compared to 1,462 million Euros in 2002. The breakdown of personnel expenses is as follows:

Million Euros	2003	2002
Wages and Salaries	1,074	1,176
Social Expenses	282	286
	1,356	**1,462**

The average number of employees in equivalent heads for 2003 amounted to 18,608 (2002: 20,221). Classified per corporate function, this average can be presented as follows:

	2003	2002
Manufacturing / Engineering	6,891	7,370
R & D	1,528	1,635
Sales & Marketing	6,591	7,370
Administration	3,598	3,846
	18,608	**20,221**

11. Intangible assets

MILLION EUROS	Acquired concessions, industrial property rights, similar rights, assets and licenses thereunder	Acquired goodwill	Advance payments to acquire intangible assets	Total
Gross carrying amount December 31, 2002	**183**	**591**	**3**	**777**
Exchange differences	(14)	(38)	-	(52)
Change in consolidation scope	1	-	-	1
Capital expenditures	17	10	1	28
Retirements	(29)	(1)	-	(30)
NDT divestiture (historical rates)	(4)	(102)	-	(106)
Transfers	7	-	(3)	4
Gross carrying amount December 31, 2003	**161**	**460**	**1**	**622**
Accumulated amortization, write-downs and impairment losses December 31, 2002	**112**	**209**	**-**	**321**
Exchange differences	(11)	(25)	-	(36)
Change in consolidation scope	(1)	-	-	(1)
Amortization and write-downs during the year	28	41	-	69
Retirements	(29)	(1)	-	(30)
NDT divestiture (historical rates)	(2)	(24)	-	(26)
Transfers	-	-	-	-
Accumulated amortization, write-downs and impairment losses December 31, 2003	**97**	**200**	**-**	**297**
Net carrying amount December 31, 2002	**71**	**382**	**3**	**456**
Net carrying amount December 31, 2003	**64**	**260**	**1**	**325**

Exchange differences arise from translating opening and closing values of foreign companies' figures at the respective exchange rates.

12. Property, plant and equipment

MILLION EUROS	Land, buildings and infra-structure	Machinery and technical equipment	Furniture, fixtures and other equipment	Construction in progress and advance payments to vendors and contractors	Total
Gross carrying amount					
December 31, 2002	**697**	**2,153**	**404**	**48**	**3,302**
Exchange differences	(28)	(69)	(14)	(3)	(114)
Change in consolidation scope	4	2	6	-	12
Capital expenditures	5	44	31	70	150
Retirements	(5)	(72)	(37)	(1)	(115)
NDT divestiture (historical rates)	(18)	(30)	(14)	-	(62)
Transfers	2	72	(64)	(14)	(4)
Gross carrying amount					
December 31, 2003	**657**	**2,100**	**312**	**100**	**3,169**
Accumulated depreciation, write-downs and impairment losses					
December 31, 2002	**461**	**1,849**	**320**	**-**	**2,630**
Exchange differences	(14)	(60)	(11)	-	(85)
Change in consolidation scope	3	1	3	-	7
Depreciation and write-downs during the year	19	94	34	-	147
Retirements	(5)	(68)	(32)	-	(105)
NDT divestiture (historical rates)	(8)	(23)	(10)	-	(41)
Transfers	-	53	(53)	-	-
Accumulated depreciation, write-downs and impairment losses					
December 31, 2003	**456**	**1,846**	**251**	**-**	**2,553**
Net carrying amount					
December 31, 2002	**236**	**304**	**84**	**48**	**672**
Net carrying amount					
December 31, 2003	**201**	**254**	**61**	**100**	**616**

Exchange differences arise from translating opening and closing values of foreign companies' figures at the respective exchange rates.

12. Property, plant and equipment continued

The Group leases buildings, infrastructure and production equipment under a number of finance lease agreements. At the end of the lease term the Group has the option to purchase the leased asset at a beneficial price. As of December 31, 2003 the net carrying amount of fixed assets held under finance leases amounted to 12 million Euros (2002: 15 million Euros).
The leased assets secure lease obligations (note 19). Lease payments do not include contingent rent.
The Group, as lessor, included assets subject to operating leases in its balance sheet under the caption 'Other Equipment'. The depreciation of these assets is consistent with the Group's normal depreciation policy. At the end of December 2003, the assets subject to operating leases have a total net carrying amount of 20 million Euros (2002: 19 million Euros).
The future minimum lease income under non-cancellable operating leases is presented in note 23.

13. Investments

Million Euros	Investments in subsidiaries	Investments in other affiliated companies: Associated companies	Investments in other affiliated companies: Other companies	Other securities	Other loans	Total
Gross carrying amount						
December 31, 2002	**4**	**35**	**1**	**29**	**13**	**82**
Acquisitions	-	-	-	-	-	-
Exchange differences	-	-	-	1	-	1
Other additions	-	-	-	-	-	-
Retirements	-	-	-	(2)	(1)	(3)
NDT divestiture	-	(1)	-	-	-	(1)
Share in result of associated companies	-	-	-	-	-	-
Transfers	(4)	-	-	-	-	(4)
Gross carrying amount						
December 31, 2003	**-**	**34**	**1**	**28**	**12**	**75**
Accumulated write-downs and impairment losses						
December 31, 2002	**-**	**33**	**-**	**9**	**-**	**42**
Exchange differences	-	-	-	-	-	-
Write-downs	-	-	-	1	-	1
Impairment losses	-	-	-	-	-	-
Retirements	-	-	-	-	-	-
Accumulated write-downs and impairment losses						
December 31, 2003	**-**	**33**	**-**	**10**	**-**	**43**
Net carrying amount						
December 31, 2002	**4**	**2**	**1**	**20**	**13**	**40**
Net carrying amount						
December 31, 2003	**-**	**1**	**1**	**18**	**12**	**32**

14. Inventories

Million Euros	2003	2002
Raw materials and supplies	118	145
Work in process, finished goods and goods purchased for resale	692	794
Advance payments	3	9
Total	**813**	**948**

Accumulated write-downs on inventories decreased by 13 million Euros during 2003 (2002: decrease 23 million Euros).

The cost of inventories recognized as an expense in the income statement was as follows:

Million Euros	2003	2002
Cost of raw materials, supplies and goods purchased for resale	1,366	1,485
Cost of services purchased	80	68
Total	**1,446**	**1,553**

15. Other receivables and other assets

Million Euros	2003	2002
Receivables under finance leases	432	462
Claims for tax refunds	68	84
Accrued interest on loans receivable	2	3
Short-term loans receivable	-	1
Other	67	80
Total	**569**	**630**

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 450 million Euros as of December 31, 2003 and will bear interest income until their maturity dates of 51 million Euros. As of December 31, 2003 the write-downs on the receivables under finance leases amounted to 18 million Euros.

15. Other receivables and other assets
continued

The receivables under finance leases are as follows:

Million Euros	2003			2002		
	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
Not later than one year	194	26	168	208	37	171
Between one and five years	306	25	281	339	35	304
Later than five years	1	-	1	2	-	2
Total	**501**	**51**	**450**	**549**	**72**	**477**

The Group leases out its commercial equipment under finance leases via Agfa Finance (i.e. Agfa Finance Brussels N.V. and its subsidiaries) and its entities in North America, i.e. Agfa Corporation (USA) and Agfa Inc. (Canada). At the inception of the lease, the present value of the minimum lease payments amounts to at least 95% of the fair value of the leased assets. This principle applies to all of the leases concluded with the entities referred to above.
The leases concluded with Agfa Finance typically run for a non-cancellable period of four years. Its portfolio mainly (85%) relates to the business segments Consumer Imaging and Graphic Systems. The contracts generally foresee an option to purchase the leased equipment after that period at a price which 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 Australia, France, Italy and Poland and its branches in Europe (Spain, Switzerland, Benelux, Germany, UK and the Nordic countries) and Japan.
As of December 31, 2003, the present value of the total future lease payments amounted to 311 million Euros.

The leases offered by Agfa Corporation mainly (74%) relate to the business segments Consumer Imaging and Graphic Systems. The majority of the leases offered by Agfa Corporation have a lease term of 60 months with a one dollar purchase option at the end of the term. The remaining portion of the finance leases has an average term between 54 and 60 months. The options at the end of these contracts are to purchase, to renew or to return the leased equipment at a value which is expected to be the fair value at the date the option becomes exercisable. As of December 31, 2003 the present value of the total future lease payments amounted to 131 million Euros.

Agfa Inc. started its lease business in May 2000. Agfa Inc. primarily (88%) offers lease contracts related to equipment of the business unit Informatics which belongs to the business segment Technical Imaging. The average lease term for these contracts is 48 months. At the end of the lease term, there is a purchase option for 1 Canadian Dollar on all the lease contracts. As of December 31, 2003 the present value of the total future lease payments amounted to 8 million Euros.

16. Cash and cash equivalents

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

Million Euros	2003	2002
Marketable securities and other instruments	3	12
Cash on hand, demand deposits and checks	394	133
Total Cash and cash equivalents as reported in the balance sheet	**397**	**145**
Accounts receivable under cash management agreements (reported in the balance sheet as Other receivables)	-	-
Liabilities under cash management agreements (reported in the balance sheet as Miscellaneous liabilities)	(2)	(4)
Revaluation financial assets available-for-sale	(1)	-
Total Cash and cash equivalents as reported in the Cash flow statement	**394**	**141**

17. Shareholders´ equity

The various components of Shareholders' Equity and the changes therein from December 31, 2002 to December 31, 2003 are presented in the Consolidated Statements of Shareholders' Equity.

Capital stock

The issued capital of the Company as of December 31, 2003 amounts to 140 million Euros, represented by 140,000,000 fully paid ordinary shares without par value.

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, 2003 the Group held 14,000,000 (2002: 768,400) of the Company's shares (note 18 B).

Revaluation reserve

In order to manage the price risk on its Long Term Incentive Plan (tranche n° 2) the Company deposited 10.2 million Euros, pledged in favor of an investment banker. This available-for-sale financial asset was revalued to fair value with cumulative changes taken into the revaluation reserve (December 31, 2003: 1 million Euros).

The revaluation reserve moreover comprises the revaluation of our investment in Medivision Medical Imaging Ltd. (December 31, 2003: -2 million Euros).

Hedging reserve

The Group has designated currency option contracts as 'cash flow hedges' of its foreign currency exposure in USD and GBP related to forecasted sales over the following 12 months. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (December 31, 2003: 9 million Euros) (note 22).

In order to manage its interest rate exposure, the Group has designated interest rate swaps as 'cash flow hedges'. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (December 31, 2003: -1 million Euros) (note 22).

17. Shareholders´ equity
continued

Change in accounting policy
In 2003 it was decided that the indexation on the pension benefits provided by the Bayer Pensionskasse would be accounted for as a defined benefit plan under IAS 19 (revised 1998). The change in net liability and defined benefit obligation for this plan amounts to 55 million Euros (33 million Euros net of tax) and is treated as a change in accounting policy whereby the change is directly recognized through retained earnings. Until 2003 this indexation was provided by the Bayer Pensionskasse. No restatement of comparative information is required as the net liability at the end of the relating periods remains approximately at the same level (note 18).

Translation differences
Translation differences comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company, as well as from the translation of liabilities and financial instruments that hedge the Company's net investment in a foreign subsidiary.

Minority interest
The change in minority interest (December 31, 2003: 2 million Euros, December 31, 2002: 3 million Euros) is mainly due to the recognition of losses attributable to outside interests. The Company increased its investment in Agfa-Gevaert Japan to 100%.

Dividends
On March 9, 2004 a dividend of 94.5 million Euros (0.75 Euro per ordinary share) has been recommended by the Board of Directors, but has not yet been approved by the General Assembly of Shareholders of Agfa-Gevaert N.V. and is therefore not provided for.

18. Employee benefits

A. Liabilities for post-employment and long-term 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 (revised 1998) and are treated as post-employment and long-term benefit plans.

At December 31, 2003, the Group's total net liability for post-employment and long-term benefit plans amounted to 799 million Euros (843 million Euros at December 31, 2002), comprised as follows:

Million Euros	Dec. 31, 2002	Dec. 31, 2003
Net liability for material countries	604	584
Net liability for termination benefits	207	182
Net liability for non-material countries	32	33
Total net liability	**843**	**799**

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.

18. Employee benefits
continued

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 2003, the defined contribution plan expense for the Group's material countries amounted to 15 million Euros (13 million Euros in 2002).

In Germany, employees of Agfa-Gevaert AG and of Agfa Deutschland Vertriebsgesellschaft mbH & Cie are members of the Bayer Pensionskasse. The Bayer Pensionskasse is a multi-employer plan accounted for as if it were a defined contribution plan (IAS 19 .30 (a)). The plan is a defined benefit plan under the control of the Group's former parent company Bayer AG. Sufficient information is not available to enable the Group to account for the plan as a defined benefit plan.

Defined Benefit Plans

For the defined benefit plans, the total expense for 2003 for the Group's material countries amounted to 39 million Euros (89 million Euros for 2002):

Million Euros	2002			2003		
	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	40	5	45	35	5	40
Interest cost	100	7	107	95	7	102
Expected return on assets	(70)	0	(70)	(56)	0	(56)
Recognized past service cost	(5)	(7)	(12)	0	(6)	(6)
Amortization of unrecognized (Gain)/Losses	7	2	9	16	0	16
(Gain)/Losses on settlements or curtailments	3	7	10	(55)	(2)	(57)
Net periodic pension cost	**75**	**14**	**89**	**35**	**4**	**39**

The change in net liability recognized during the years 2002 and 2003 is set out in the table below.

Million Euros	2002			2003		
	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	498	108	606	500	104	604
Net periodic pension cost	75	14	89	35	4	39
Employer contributions	(72)	(4)	(76)	(97)	(4)	(101)
Change in accounting policy	0	0	0	55	0	55
Currency effects: charge or (credit)	(1)	(14)	(15)	(1)	(12)	(13)
Net liability at December 31	**500**	**104**	**604**	**492**	**92**	**584**

18. Employee benefits
continued

The defined benefit obligation, plan assets and funded status for the Group's material countries are shown below.
At December 31, 2003, the total defined benefit obligation for the Group amounted to 1,757 million Euros (1,815 million Euros at December 31, 2002). Of this amount, 1,020 million Euros (1,051 million Euros at December 31, 2002) related to wholly or partly funded plans and 737 million Euros (764 million Euros at December 31, 2002) related to unfunded plans.
In 2003 it was decided that the indexation on the pension benefits provided by the Bayer Pensionskasse would be accounted for as a defined benefit plan under IAS 19 (revised 1998). The change in net liability and defined benefit obligation for this plan amounts to 55 million Euros and is treated as a change in accounting policy whereby the change is directly recognized through retained earnings. Until 2003 this indexation was provided by the Bayer Pensionskasse. No restatement of comparative information is required as the net liability at the end of the relating periods remains approximately at the same level.

For 2003, the settlement or curtailment mainly relates to the divestiture of NDT in Germany and in the US.

Million Euros	2002			2003		
	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	1,749	115	1,864	1,703	112	1,815
Service cost, exclusive of employee contributions	40	5	45	35	5	40
Employee contributions	2	0	2	2	0	2
Interest cost	100	7	107	95	7	102
Benefit payments	(90)	(4)	(94)	(90)	(4)	(94)
Past service cost	(6)	1	(5)	0	0	0
Settlement or curtailment	3	7	10	(55)	(2)	(57)
Change in accounting policy	0	0	0	55	0	55
Actuarial (gains)/losses	(3)	(3)	(6)	10	(4)	6
Currency effects: charge or (credit)	(92)	(16)	(108)	(97)	(15)	(112)
Defined benefit obligation at December 31	**1,703**	**112**	**1,815**	**1,658**	**99**	**1,757**
Change in Plan Assets						
Fair value of assets at January 1	968	0	968	785	0	785
Employer contributions	72	4	76	97	4	101
Employee contributions	2	0	2	2	0	2
Actual return on assets	(97)	0	(97)	87	0	87
Benefit payments	(90)	(4)	(94)	(90)	(4)	(94)
Currency effects: (charge) or credit	(70)	0	(70)	(71)	0	(71)
Fair value of assets at December 31	**785**	**0**	**785**	**810**	**0**	**810**
Funded Status at December 31						
Funded status	**(918)**	**(112)**	**(1,030)**	**(848)**	**(99)**	**(947)**
Unrecognized net (gain) or loss	418	33	451	356	23	379
Unrecognized past service cost	0	(25)	(25)	0	(16)	(16)
Net (liability) at December 31	**(500)**	**(104)**	**(604)**	**(492)**	**(92)**	**(584)**

18. Employee benefits
continued

Principal actuarial assumptions at balance sheet date (weighted averages)

	Dec. 31, 2002	Dec. 31, 2003
Discount rate	5.8%	5.6%
Expected return on plan assets	7.5%	7.4%
Future salary increases	3.8%	3.2%

Discount rate and salary increases have been weighted by the defined benefit obligation. Expected return on plan assets has been weighted by the fair value of plan assets.

B. Equity compensation benefits

1. Long Term Incentive Plan (tranche no. 1)

On November 10, 1999 the Group established a stock warrant plan (the Long Term Incentive Plan – tranche no.1) for the members of the Board of Management of the Company and of the 'Vorstand' of Agfa-Gevaert AG and certain key managers. 'One' warrant gives the holder the right to subscribe to 'one' new ordinary share of the Company. In total 581,100 warrants were issued and allocated to the beneficiaries of the plan. Each beneficiary was entitled to receive 13 warrants for each share in the Company which they had purchased and deposited as the Initial Investment. The warrants were offered free of charge for shares of the Initial Investment acquired at 22 Euros per share (or higher). For an Initial Investment lower than 22 Euros per share, a price equal to 1/13 of the positive difference between 22 Euros per share and the price effectively paid per share had to be paid. In accordance with the program, the warrants are only exercisable as from January 1, 2003 until November 10, 2008, after which date they become null and void. The exercise price of the warrants is equal to 22 Euros.

The following table summarizes information about the stock warrants outstanding at December 31, 2003:

Warrants granted	581,100
Warrants forfeited during 2001	19,500
Warrants forfeited during 2002	78,000
Warrants forfeited during 2003	58,500
Warrants outstanding at December 31, 2003	425,100

2. Long Term Incentive Plan (tranche no. 2)

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

18. Employee benefits
continued

The following table summarizes information about the stock options outstanding at December 31, 2003:

Options granted	416,950
Options forfeited during 2001	15,000
Options forfeited during 2002	0
Options forfeited during 2003	17,100
Options outstanding at December 31, 2003	384,850

3. Long Term Incentive Plan (tranche no. 3)

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

The following table summarizes information about the stock options outstanding at December 31, 2003:

Options granted	522,940
Options forfeited during 2001	19,000
Options forfeited during 2002	0
Options forfeited during 2003	19,000
Options outstanding at December 31, 2003	484,940

4. Long Term Incentive Plan (tranche no. 4)

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

The following table summarizes information about the stock options outstanding at December 31, 2003:

Options granted	600,300
Options forfeited during 2002	6,300
Options forfeited during 2003	31,500
Options outstanding at December 31, 2003	562,500

18. Employee benefits
continued

5. 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 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 Euros.

The following table summarizes information about the stock options outstanding at December 31, 2003:

Options granted	567,974
Options forfeited during 2003	0
Options outstanding at December 31, 2003	567,974

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

19. Financial liabilities

Million Euros	2003	2002
Non-current liabilities	**558**	**665**
Revolving multi-currency credit facility [1]	540	633
Unsecured bank facilities [2]	7	19
Finance lease liabilities [3]	11	13
Current liabilities	**72**	**53**
Commercial paper program	-	3
Unsecured bank facilities [2]	71	48
Finance lease liabilities [3]	1	2

[1] Revolving multi-currency committed unsecured credit facilities

The Company negotiated revolving multi-currency committed credit facilities maturing in 2004, 2006 and 2008 for a total notional amount of 720 million Euros. In the course of 2003, the Company negotiated a syndicated loan facility having a notional amount of 400 million Euros, maturing in 2008. Drawdowns under the committed credit facilities maturing in 2004, will subsequently be rescheduled in this syndicated loan facility.

19. Financial liabilities
continued

The split over the relevant periods is as follows:

MILLION EUROS	Notional amount		Outstanding amount		Currency	Interest rate		Maturity date
	2003	2002	2003	2002		2003	2002	
	365	460	152	210	USD	1.35%-1.42%	2.03%-2.63%	2004
			41	55	EUR	2.35%	3.2%-3.4%	
			33	31	AUD	1.98%-5.56%	5.21%-5.45%	
			20	22	GBP	3.65%	4.18%	
			5	9	INR	5.45%-5.75%	7%	
			5	-	TWD	1.13%-1.91%	-	
	315	370	91	109	USD	1.32%	1.98%-2.80%	2006
			167	145	EUR	2.31%-2.37%	3.20%	
			7	3	KRW	5.35%	5.75%	
			19	19	AUD	5.2%-5.4%	5.3%-7.65%	
	40	40	-	30	EUR	-	3.32%	2008
Total	**720**	**870**	**540**	**633**				

In general, drawdowns under these lines are made for periods from 1 month up to 1 year. Some of the interest rates are fixed over longer periods by using capped constant maturity swaps. Interest rates of the Euro denominated long-term facilities are capped at a maximum level of 5.43% (note 22). These loan facilities are unsecured.

In order to manage its interest rate exposure, the Group has designated interest rate swaps hedging the interest variability on part of the USD loans (note 22).

[2] **Unsecured bank facilities**

MILLION EUROS	2003				2002		
	Currency	Outstanding amount	Interest rate	Maturity date	Outstanding amount	Interest rate	Maturity date
Long-term facilities	USD	-	-	-	5	2.35 %	Revolving
	JPY	-	-	-	8	2.56 %	03 / 04
	SEK	7	6.30%	Revolving	6	6.30 %	Revolving
Total long-term facilities		**7**			**19**		

MILLION EUROS	2003				2002		
	Currency	Outstanding amount	Weighted average rate	Maturity date	Outstanding amount	Weighted average rate	Maturity date
Short-term facilities	Multi-currency	71	3.84%	03 / 04	48	4.72%	03 / 03
Total short-term facilities		**71**			**48**		

19. Financial liabilities continued

[3] Finance lease Liabilities

Lease agreements in which the Group is a lessee, give rise to financial liabilities in the balance sheet, equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. These liabilities amounted to 12 million Euros as of December 31, 2003 and will bear interest until maturity date of 10 million Euros.

The financial liabilities are payable as follows:

Million Euros	2003			2002		
	Total future payments	Unexpired interest expense	Present value	Total future payments	Unexpired interest expense	Present value
Not later than one year	2	1	1	4	2	2
Between one and five years	10	5	5	12	6	6
Later than five years	10	4	6	13	6	7
Total	**22**	**10**	**12**	**29**	**14**	**15**

20. Miscellaneous liabilities

Miscellaneous liabilities can be presented as follows:

Million Euros	2003	2002
Tax liabilities	46	59
Payroll liabilities	37	49
Liabilities for social expenses	33	33
Accrued interest on liabilities	2	5
Other miscellaneous liabilities	87	103
Total	**205**	**249**

Tax liabilities include not only Group companies' own tax liabilities, but also taxes withheld on behalf of third parties.
Liabilities for social expenses include, in particular, social insurance contributions that had not been paid over at closing date.
Other miscellaneous liabilities comprise of numerous individual items such as guarantees, commissions to customers, liabilities under cash management, etc.

21. Provisions

A. Current

Million Euros	Environ-mental	Trade-related	Taxes	Other	Total
Provisions at December 31, 2002	**15**	**118**	**61**	**186**	**380**
Provisions made during the year	1	165	61	72	299
Provisions used during the year	(2)	(148)	(26)	(104)	(280)
Provisions reversed during the year	(1)	(7)	(1)	(7)	(16)
NDT divestiture	-	(8)	-	(3)	(11)
Translation differences	(3)	(12)	(9)	(10)	(34)
Transfers	10	(1)	-	(20)	(11)
Provisions at December 31, 2003	**20**	**107**	**86**	**114**	**327**

21. Provisions
continued

Provisions for trade-related commitments include subsequent payments to customers relating to goods and services purchased in the accounting period, such as customer bonuses or rebates in kind or in cash, warranty liabilities, agents' commissions and impending or anticipated losses on purchase or sales contracts.
Other provisions relate mainly to provisions set up for restructuring expenses (note 6). Other provisions moreover include provisions for litigation, claims and negative outcome of commitments.

B. Non-current

MILLION EUROS	Environ-mental	Other	Total
Provisions at December 31, 2002	**30**	**7**	**37**
Provisions made during the year	-	6	6
Provisions used during the year	-	(3)	(3)
Provisions reversed during the year	(12)	(1)	(13)
Translation differences	(3)	-	(3)
Transfers	(10)	13	3
Provisions at December 31, 2003	**5**	**22**	**27**

The Group is subject to numerous environmental requirements in various countries in which it operates, including those governing air and wastewater emissions, the management of hazardous materials and spill prevention and cleanup. In order to comply with applicable standards and regulations, the Group has made significant expenditures and set up provisions. Provisions for environmental protection relate to future relandscaping, landfill modernization and the remediation of land contaminated by past industrial operations.
Provisions for environmental protection moreover include provisions for litigations with respect to environmental contamination.

22. Derivative financial instruments

Exposure to currency, interest rate and credit risk arises in the normal course of the Group's business. Derivative financial instruments are used to reduce the exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged/covered.

Foreign currency risk

Recognized assets and liabilities

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the company's local currency.

Such risks may be naturally covered when a receivable in a given currency is matched by one or more payables having the same amount, and having an equivalent term, in the same currency. They may also be managed by the use of derivative financial instruments.

22. Derivative financial instruments
continued

The Group uses mainly forward exchange contracts to manage its foreign currency risk arising from recognized trade receivables, trade payables and borrowings denominated in a foreign currency. These forward exchange contracts have maturities of less than one year.

Where currency risks are entered into through intra-group loans, these are fully covered either naturally or through derivative financial instruments. The currency risk arising from financial commitments is mainly managed via forward exchange contracts.

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

As of December 31, 2003 the Group was exposed to the following foreign currency risk relating to primary financial instruments forming part of working capital and financial debt:

	Dec. 31, 2003		Dec. 31, 2002	
MILLION EUROS	Assets	Liabilities	Assets	Liabilities
Foreign currency risk	617	352	566	339
Natural covered positions	(128)	(128)	(229)	(229)
Outstanding derivative financial instruments	(193)	(169)	(253)	(9)
Residual foreign currency risk	296	55	84	101

Forecasted transactions and firm commitments

The Group has designated currency option contracts (notional amount 265 million Euros) as 'cash flow hedges' of its foreign currency exposure in USD and GBP related to forecasted sales over the following 12 months. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (December 31, 2003: 9 million Euros).

Hedge of net investment in foreign subsidiary

The Group utilizes USD denominated bank loans and forward exchange contracts in order to hedge the foreign currency exposure of the Group's net investment in its subsidiary in the United States (Agfa Corporation).

MILLION EUROS	Dec. 31, 2003	Dec. 31, 2002
USD denominated bank loans	295	328
Forward exchange contracts	205	172
Total	**500**	**500**

As of December 31, 2003 the hedge of the net investment in Agfa Corporation (USA) has been determined to be effective and as a result the effective portion of the gain on the hedging instruments, which amounted to 94 million Euros, has been recognized directly in equity.

22. Derivative financial instruments
continued

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The interest rate risk of the Group as of December 31, 2003 was managed via interest rate swaps having a total notional amount of 568 million Euros. Part of the interest rate risk was covered by capped constant maturity swaps amounting to 280 million Euros (notional amount). The Group has designated only part (79 million Euros) of its interest rate swaps as 'cash flow hedges'. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (December 31, 2003: -1 million Euros).

Capped Constant Maturity Swaps

The Group engaged in a number of capped CMS agreements for a total amount of 280 million Euros. The Capped Constant Maturity Swaps are not designated as hedging instruments under IAS 39.

The CMS agreements are structured in a way whereby the Group is paying a fixed 5-year swap rate, reset each 3 months. In return, the Group receives the 3-month Euribor plus a number of basis points. These basis points are not distributed, but have been used to buy caps on the underlying CMS. The CMS agreements mature in 2004.

Levels of the caps are:

100 million Euros	5 year swap rate capped to 5.35%
50 million Euros	5 year swap rate capped to 5.37%
40 million Euros	5 year swap rate capped to 5.34%
90 million Euros	5 year swap rate capped to 5.43%

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group does not require collateral in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are only allowed with counterparties that have high credit ratings.

At balance sheet date there were no significant concentrations of credit risk. The carrying amounts of the financial assets, including derivative financial instruments, in the balance sheet reflect the maximum exposure to credit risk.

22. Derivative financial instruments
continued

Market risk
Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

In 2001, the Company negotiated an Equity Swap transaction in order to partially hedge the potential price exposure relating to the shares subject to its stock option plan (Long Term Incentive Plan tranche n° 3; note 18B). This transaction was designated as a fair value hedge with changes in the fair value of both the hedged item and the hedging instrument recognized in the income statement.

Fair values – Notional amounts
The fair values are the current market values (quoted market prices or calculated based on estimation techniques) of the derivative financial instruments, disregarding any opposite movements in the value of the respective hedged/covered transactions.

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 balance sheet date, being the present value of the quoted forward price.

The notional amounts indicate the volume of outstanding derivatives at the balance sheet date and therefore do not reflect the Group's exposure of risks from such transactions.

The notional or contractual amounts and respective fair values of derivative financial instruments are as follows:

MILLION EUROS	Notional or contractual amount		Fair value	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002
Forward Exchange contracts	691	769	6	5
Currency options	265	-	13	-
Currency swaps	30	26	6	4
Interest rate instruments	568	724	(10)	(15)
Other derivative financial instruments	6	6	3	2
Total			**18**	**(4)**

Securitization of trade receivables
For several years the Group has an agreement with an International Bank whereby trade receivables amounting to 82 million Euros are sold.

23. Operating leases

Leases as lessee

The Group leases mainly buildings and infrastructure under a number of operating lease agreements. The future lease payments under these non-cancellable operating leases are due as follows:

Million Euros	2003	2002
Not later than one year	42	43
Between one and five years	80	94
Later than five years	17	29
Total	**139**	**166**

Leases as lessor

The Group leases out other equipment under operating leases.
Non-cancellable operating lease rentals are as follows:

Million Euros	2003	2002
Not later than one year	15	4
Between one and five years	20	14
Later than five years	3	-
Total	**38**	**18**

24. Commitments and contingencies

Million Euros	2003	2002
Issuance and endorsement of bills	12	16
Guarantees	12	20
Warranties	4	8
Other	9	3
Total	**37**	**47**

Total purchase commitments in connection with major capital expenditure projects for which the respective contracts have already been awarded or orders placed amounted to 2 million Euros as of December 31, 2003 (2002: 7 million Euros).

25. Related party transactions

Transactions with Directors and members of the Board of Management

The remuneration of the Board of Management for 2003 amounted to 6,709,830 Euros (2002: 3,216,462 Euros). Emoluments to retired members of the Board of Management and their dependents amounted to 2,373,650 Euros (2002: 1,942,429 Euros).

Pension provisions for members and retired members of the Board of Management, amounting to 21,125,000 Euros, are reflected in the balance sheet of the Group at December 31, 2003.

In 2003, a total remuneration of 553,334 Euros was paid to the members of the Board of Directors (2002: 377,500 Euros).

As of December 31, 2003 there were no loans outstanding to members of the Board of Management nor to members of the Board of Directors.

Other related party transactions

Transactions with related companies are mainly trade transactions and are priced at arms' length. The revenue and expenses related to these transactions are immaterial to the consolidated financial statements as a whole.

26. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at December 31, 2003 was based on the net profit attributable to ordinary shareholders of 323 million Euros (2002: net profit of 194 million Euros) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2003 of 132,045,438 (2002: 139,611,425).

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

Number of ordinary shares at January 1, 2003	139,231,600
Effect of own shares held	(7,186,162)
Weighted average number of ordinary shares at December 31, 2003	132,045,438

	2003	2002
Basic earnings per share (Euro)	2.44	1.39

Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2003 was based on the net profit attributable to ordinary shareholders of 323 million Euros (2002: net profit of 194 million Euros) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2003 of 132,134,679.

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

Weighted average number of ordinary shares at December 31, 2003	132,045,438
Effect of stock options on issue (note 18)	89,241
Weighted average number of ordinary shares (diluted) at December 31, 2003	132,134,679

The average fair value of one ordinary share during 2003 was 19.69 Euros.

	2003	2002
Diluted earnings per share (Euro)	2.44	1.39

27. Group companies

The ultimate parent of the Group is Agfa-Gevaert N.V., Mortsel / Belgium.
The Company is the parent company for the following significant subsidiaries:

Investments in subsidiaries and other companies
Agfa-Gevaert Group
December 31, 2003
Consolidated Companies

Name of the company	Location	Effective Interest %
Agfa (Pty.) Ltd.	Isando/Rep. of South Africa	100
Agfa (Wuxi) Printing Plate Co. Ltd.	Wuxi/PR China	100
Agfa ASEAN Sdn. BHD	Kuala Lumpur/Malaysia	100
Agfa België N.V.	Kontich/Belgium	100
Agfa Corporation Inc.	Ridgefield Park/United States	100
Agfa de Mexico S.A. de C.V.	Sta. Clara Ecatepec/Mexico	99.80
Agfa Deutschland Vertriebs-gesellschaft mbH & Cie	Leverkusen/Germany	100
Agfa Europe N.V.	Mortsel/Belgium	100
Agfa Finance France S.A.	Rueil-Malmaison/France	100
Agfa Finance Italy S.p.a.	Milan/Italy	100
Agfa Finance N.V.	Brussels/Belgium	100
Agfa Finance Pty. Ltd.	Nunawading/Australia	100
Agfa Hong Kong Ltd.	Hong Kong/VR China	100
Agfa Hungaria Kft.	Budapest/Hungaria	100
Agfa Inc.	Toronto/Canada	100
Agfa India Ltd.	Maharashtra/India	99.99
Agfa Industries Korea Ltd.	Kyunggi-do/South Korea	100
Agfa Korea Ltd.	Seoul/South Korea	100
Agfa Limited	Dublin/Ireland	100
Agfa Monotype Corp. (USA), Inc	Wilmington/United States	100
Agfa Monotype, Ltd (UK)	Redhill/United Kingdom	100
Agfa NDT LLC	Lewistown/United States	100
Agfa NDT Ltd.	Coventry/United Kingdom	100
Agfa NDT S.A.	Limonest/France	100
Agfa s.r.o. (Czechia)	Prague/Czech Republic	100
Agfa Singapore Pte. Ltd.	Singapore	100
Agfa Slovakia S.R.O.	Nove Mesto Nad Vahom/Slovakia	100
Agfa Sp. z.o.o.	Warsaw/Poland	100
Agfa Taiwan Co Ltd.	Taipei/Taiwan	100
Agfa Wuxi Film Production Company Ltd.	Wuxi/PR China	99
Agfa-Gevaert A/S (Denmark)	Glostrup/Denmark	100
Agfa-Gevaert AB (Sweden)	Kista/Sweden	100
Agfa-Gevaert AEBE	Athens/Greece	100
Agfa-Gevaert AG	Leverkusen/Germany	99.99
Agfa-Gevaert AG/SA	Dübendorf/Switzerland	98.90
Agfa-Gevaert Argentina S.A.	Buenos Aires/Argentina	100

27. Group companies
continued

Agfa-Gevaert AS (Norway)	Hagan/Norway	100
Agfa-Gevaert B.V.	Rijswijk/Netherlands	100
Agfa-Gevaert Colombia Ltd.	Santa Fé de Bogota/Colombia	99.99
Agfa-Gevaert de Venezuela S.A.	Caracas/Venezuela	100
Agfa-Gevaert do Brasil Ltda.	Sao Paulo/Brazil	100
Agfa-Gevaert G.m.b.H.	Vienna/Austria	100
Agfa-Gevaert International N.V.	Mortsel/Belgium	100
Agfa-Gevaert Investment Fund N.V.	Mortsel/Belgium	100
Agfa-Gevaert Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited (Australia)	Nunawading/Australia	100
Agfa-Gevaert Limited (England)	Brentford/United Kingdom	100
Agfa-Gevaert Ltda. (Chile)	Santiago De Chile/Chile	100
Agfa-Gevaert New Zealand Ltd.	Auckland/New Zealand	100
Agfa-Gevaert S.A. (France)	Rueil-Malmaison/France	100
Agfa-Gevaert S.A. (Spain)	Barcelona/Spain	99.99
Agfa-Gevaert S.p.a.	Milan/Italy	100
Agfa-Gevaert, Lda.	Linda-a-Velha/Portugal	100
Alliant Software, Inc.	Covington/United States	100
Autologic Information International	Ramat-Gan/Israel	100
Autologic Information International A.B.	Stockholm/Sweden	100
Autologic Information International Inc.	Thousand Oaks/United Sates	100
Autologic Information International Ltd.	St. Albans/United Kingdom	100
Autologic Information International, Ltd.	Thousand Oaks/United States	100
Autologic Triple I, Inc.	Ontario/Canada	100
Cea Aktiebolag	Strängnäs/Sweden	100
CEA Deutschland GmbH	Hamburg/Germany	100
Crisfenn Pty. Ltd.	Blackburn/Australia	100
Identis S.A.	Croissy Beaubourg/France	57.77
International Typeface Corp.	Wilmington/United States	100
Luithagen N.V.	Mortsel/Belgium	100
Mitra Asia-Pacific Pty Ltd.	Brisbane/Australia	100
Mitra B.V.	Eindhoven/Netherlands	100
Mitra Corporation	Hartland/United States	100
Mitra Imaging Incorporated	Waterloo/Canada	100
Mitra Inc.	Waterloo/Canada	100
OY Agfa-Gevaert AB	Espoo/Finland	100
Printing Techniques, Ltd.	Northampton/United Kingdom	100
Printing Technologies Ltd.	Blackburn/Australia	100
Quadrat N.V.	Deurle/Belgium	100
Quadrat S.A.	Lille/France	100
Shanghai Agfa Imaging Products Co., Ltd.	Shanghai/PR China	100
Talk Technology Inc.	Bensalem/United States	100
Xitron Europe Ltd.	Swindon/United Kingdom	100
Xitron, Inc.	Ann Arbor/United States	100

27. Group companies
continued

Subsidiaries not included in the consolidated financial statements
December 31, 2003

Name of the company	Location	Effective interest %
Agfa Argentina S.A.C.I. i.L.	Buenos Aires/Argentina	100
Agfa Deutschland Vertriebs-verwaltungsgesellschaft mbH	Leverkusen/Germany	100
Agfa OOO Ltd.	Moscow/Russian federation	100
Agfa-Dotrix N.V.	Ghent/Belgium	100
Agfa-Gevaert Iran S.S.K.	Teheran/Iran	76
Agfa-Gevaert Unterstützungskasse GmbH	Leverkusen/Germany	100
CAWO Photochemische Fabrik GmbH	Schrobenhausen/Germany	100
Cea America Corporation	Ridgefield Park/United States	100
GST Grafic Service Team Verwaltungs GmbH	Leverkusen/Germany	100
GST Grafic-Service-Team GmbH & Co.	Leverkusen/Germany	100
Image Building N.V.	Antwerp/Belgium	70
Information International Foreign Sales Corp.	Guam	100
Mortselse Immobiliënvennootschap N.V.	Mortsel/Belgium	100
Tecsa S.A.S.	Montigny Le Bretonneux/France	100

Associated companies
December 31, 2003

Name of the company	Location	Effective interest %
Antwerp Digital Mainport C.V.	Antwerp/Belgium	12.50
Digiplast N.V.	Mortsel/Belgium	20
Hocking Holding Ltd.	St. Albans/United Kingdom	50
Hocking NDT Ltd.	St. Albans/United Kingdom	50
Idoc N.V.	Brussels/Belgium	33.33
Med2Rad	Macerata/Italy	30
Medicalis Corp.	Boston/USA	23
Medivision Medical Imaging Ltd.	Yokneam Elit/Israel	19.40
PrintCity GmbH & Co. KG	Augsburg/Germany	14.50
PrintCity Verwaltungsgesellschaft mbH	Augsburg/Germany	12.48
Silicon Vision AG	Siegen/Germany	24.66
Silverwire S.A.	Geneva/Switzerland	0.97

28. Events subsequent to the balance sheet date

On March 11, 2004, the Group announced that it had reached an agreement, according to which the Group will acquire all the shares of Microgran S.r.l., the holding company owning Lastra S.p.A. The transaction is subject to approval of regulatory authorities.
Lastra is an Italian manufacturer of plates, related chemicals and equipment for the offset printing industry. Its 2003 sales amounted to approximately 240 million Euros.

Statutory Accounts

The following pages are extracts of the statutory annual accounts of Agfa-Gevaert N.V. 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 N.V. as well as the Auditor's Report, will be filed with the National Bank of Belgium within the statutory periods. These documents are available on request from Agfa's Investor Relations Department, and at www.agfa.com/investors.

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 N.V. for the year ended December 31, 2003 give a true and fair view of the financial position and results of the company in accordance with all legal and regulatory dispositions.

MILLION EUROS		2003	2002
I.	**Operating income**		
A.	Turnover	1,879	1,859
B.	Increase (+); decrease (–) in stocks of finished goods, work and contracts in progress	(6)	(11)
C.	Own construction capitalized	98	112
D.	Other operating income	49	48
Total operating income		**2,020**	**2,008**
II.	**Operating charges**		
A.	Raw materials, consumables and goods for resale		
	1. Purchases	1,109	992
	2. Increase (–); decrease (+) in stocks	(9)	(19)
B.	Services and other goods	266	239
C.	Remuneration, social security costs and pensions	418	436
D.	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	148	182
F.	Increase (+); decrease (–) in provisions for liabilities and charges	(26)	(20)
G.	Other operating charges	12	11
Total operating charges		**1,918**	**1,821**
III.	**Operating profit**	**102**	**187**
IV.	**Financial income**	**287**	**136**
V.	**Financial charges**	**(225)**	**(215)**
VI.	**Profit on ordinary activities before taxes**	**164**	**108**
VII.	**Extraordinary income**	**99**	**28**
VIII.	**Extraordinary charges**	**-**	**(38)**
IX.	**Profit for the period before taxes**	**263**	**98**
IXbis. B	**Transfer to deferred taxation**	**-**	**(1)**
X.	**Income taxes**	**(25)**	**(19)**
XI.	**Profit for the period**	**238**	**78**
XII.	**Transfer to untaxed reserve**	**-**	**(2)**
XIII.	**Profit for the period available for appropriation**	**238**	**76**

Result Appropriation

A.	Profit to be appropriated	333	167
	1. Profit for the period available for appropriation	238	76
	2. Profit brought forward	95	91
C.	Transfers to other reserves	(3)	(5)
D.	1. Profit to be carried forward	(235)	(95)
F.	Distribution of profit	(95)	(67)

Million Euros		Dec. 31, 2003	Dec. 31, 2002
Assets			
II.	Intangible assets	184	201
III.	Tangible assets	75	72
IV.	Financial assets	3,269	3,396
VI.	Stocks and contracts in progress	221	219
VII.	Amounts receivable within one year	298	306
VIII.	Investments	277	24
IX.	Cash at bank and in hand	3	1
X.	Deferred charges and accrued income	4	2
		4,331	**4,221**
Liabilities			
I.	Capital	140	140
II.	Share premium account	107	107
IV.	Reserves	855	851
V.	Profit carried forward	235	95
		1,337	**1,193**
VII.	Provisions and deferred taxation	147	183
VIII.	Amounts payable after more than one year	522	736
IX.	Amounts payable within one year	2,275	2,063
X.	Accrued charges and deferred income	50	46
		4,331	**4,221**

March 9, 2004

Comments on the annual accounts

The annual accounts, which will be presented to the General Meeting of Shareholders of April 27, 2004 were approved by the Board of Directors.

On the General Meeting, the following topics will be submitted for approval:

The annual accounts will close with a profit to be appropriated for the financial year 2003 of 237,752,437.43 Euros.

Before formulating the proposal for distribution of profit, the Board of Directors records that on December 31, 2003 Agfa-Gevaert N.V. possessed a total of 14,000,000 of its own shares. On the Extraordinary General Meeting of the Shareholders on January 13, 2003 an additional plan to buy back shares was approved. The plan was executed in the course of 2003. The shares owned by the company on the date of the payment of the dividend are not considered for collection of the dividend. The proposed dividend starts from a distribution of dividends to 126 million shares.

It is proposed to distribute the profit as follows:

- a dividend of 94.5 million Euros, or 75 Eurocents gross per ordinary share (coupon N° 5). For the Belgian shareholders this equals a net dividend of 56.25 Eurocents per share, after 25% withholding tax payment, payable as of April 28, 2004. For the non-resident shareholders the net dividend can be codetermined by the double tax treaties between Belgium and the different countries. The relevant certificates have to be in our possession not later than May 10, 2004;
- transfer of 3,426,274.84 Euros to reserves and 139,826,162.59 Euros to the profit to be carried forward.

On April 29, 2003 the Board of Directors decided to issue a stock option plan for the management, taking into account art. 523 of the Company Law. Excerpts from the Minutes of the Board of Directors Meeting: “The Board decides by unanimous vote, yet with the exception of Mr Ludo Verhoeven who did not take part in the consultation, nor in the vote, to approve the issue of Tranche V of the share options within the company’s share options Plan under the conditions explained during that meeting.” and “The Board decides by unanimous vote, yet with the exception of Mr Ludo Verhoeven who did not take part in the consultation, nor in the vote, to approve the extension of the option term of the Long Term Incentive Plan tranches with a maximum of three years.” Mr Verhoeven declares to have informed the company auditor of his possible conflicting interests.

Klynveld Peat Marwick Goerdeler (KPMG) were paid a fee of 910,464 Euros for their services in audit and tax consultancy in the financial year 2003, in addition to their conventional fee as auditor:

- KPMG Tax advisors (in Belgium and abroad)	424,708 Euros
- KPMG Audit mainly of foreign offices	485,756 Euros

Important post balance sheet date events and information that might influence the development of the company

The Group has reached an agreement, according to which it will acquire all the shares of Microgran S.r.l., the holding company owning Lastra S.p.A.

The transaction is subject to approval of regulatory authorities. Lastra is an Italian manufacturer of plates, related chemicals and equipment for the offset printing industry.

Glossary

Agfa Balanced Screening: an AM (amplitude modulated) screening technology (see: screening).

AGFAnet (www.agfanet.com): online print service for ordering high-quality photographic prints from digital data. In addition, the service offers instructive photo courses, attractive competitions and other valuable information and services related to photography.

base film: the (mostly transparent) foil on which different types of purpose specific chemical emulsions can be coated.

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: the technology of taking X-ray images with conventional X-ray equipment but in which the images are captured on reusable image plates, instead of single-use X-ray film. The information on the plates is read by a digitiser and provides a digital image. Dedicated software (such as Agfa's MUSICA) can be used to automatically maximize the quality of the images for diagnostic viewing. The digital images can also be completed with manual inputs (annotations, measurements, etc.) and are ready for archiving on a PACS system (also see: Digital Radiography).

computer-to-film: a process whereby final pages of e.g. 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.

computer-to-plate: a process whereby imposed* pages of newspapers, magazines and other multi-page publications are digitally imaged onto printing plates directly from computer files without the intermediate step of film. (*see imposition)

contract proof: a contract proof is the proof approved by the client (print buyer) with the understanding that it represents the way the colors will be reproduced on press. Thus, the printer enters into a color 'contract' with the client. This 'representation' of the final result is made possible by Agfa's high-tech color management software systems.

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 hardcopy printers can be connected to them to produce high quality prints.

digital proofing system: a proofing system that generates contract color and *imposition proofs* using the digital files that will be used to make printing plates.

Digital Radiography: radiographic technology that converts X-ray energy into digital data without the use of intermediate image capture plates. These digital data generate a diagnostic image on a PC. As the data are digital, a wide range of possibilities is opened for image optimization or completion as well as for archiving the images on PACS systems (also see: Computed Radiography).

digital storage media: data carriers (such as SmartMedia cards, CompactFlash cards, CDs, floppy disks, SD cards, MemorySticks, etc.) used for the storage of images made with a digital camera or on a PC.

d-TFS (digital Total Film Scanning): the technology that is incorporated in Agfa's digital lab equipment for automated image quality enhancement in terms of over- or under-exposure, color-saturation, balance, etc.

d-ws (Digital WholeSale): Agfa's digital wholesale finishing system that produces up to 20,000 prints per hour. Prints can be made from classic color negative film or from digital data on any digital storage media or online orders received via the Internet.

EISA (European Imaging and Sound Association): EISA is the largest editorial multimedia organisation in Europe, with a membership of 50 Audio, Mobile Electronics, Video and Photo magazines drawn from 20 European countries. At the end of June all EISA member magazines come together in Geneva for the most important meeting in the year - the elections of the European Awards. From all products introduced during the preceding twelve months, each panel must choose the best equipment in each category.

EPR (Electronic Patient Record): an Electronic Patient Record represents the electronic alternative to a patient's paper file. The EPR contains all patient data, such as demographics, examination orders and results, laboratory reports, radiological images and reports, treatment plans, etc., and can be easily accessed throughout the hospital.

Eye Vision Technology: through emulsions that are adapted to the color sensitivity of the human eye, Agfa's newest films achieve exceptional accuracy as regards color reproduction. Particularly significant improvements have been achieved with certain blue and green tones as well as pictures taken under fluorescent light.

finishing: the process of developing and printing images from a film or from a digital storage medium onto photographic paper. Also the name of a Consumer Imaging business unit that comprises photographic paper and chemicals.

flatbed platesetter: see platesetter.

flexo printing: a printing process in which flexible printing plates made of rubber or a photopolymer are used to transfer ink directly to paper or another substrate. It is used a lot in the packaging industry to print on flexible materials such as poly bags, tissue or plastic.

frequency-modulated screening: see screening.

front-end equipment or front-ends: an intermediary computer that does the set-up and filtering for another (usually a more powerful but less friendly) machine (a 'back end'). Front-ends in imaging such as Agfa's e-box or image box allow the customer to easily load up their digital images and send them to a photo lab for finishing on photo paper.

graphic film: (polyester) sheet material on which artwork is photographically or digitally captured; in four color printing the layouts are separated into one film per printing color; most often the exposed film is an intermediate step in the making of printing plates or printed circuit boards (see also: PET film).

hardcopy printers: devices used for printing images from various sources: X-rays, CT scans, MRI scans, computed radiography, etc. Agfa produces both the so-called 'wet' and 'dry' printers. Wet laser technology implies the use of aqueous chemical solutions to develop the image. Dry technology prints the image directly from the computer onto a special film by thermal effect. The increasing digitization of images has not resulted in a drop in the demand for hardcopy printers. On the contrary, the use of hardcopy continues to grow, especially in the environmentally-friendly dry printing segment.

high-security identification documents: personal documents that require a high level of protection, e.g. passports, driver's licences and ID cards. Possible security marks that can be added to these cards include micro letters, ultraviolet prints, holograms, chips and barcodes.

imagesetter: high-resolution device that 'writes' artwork files from the computer onto graphic film or on a printing plate.

IMPAX: see PACS.

imposition: final pages are laid out in a specific arrangement on a printing plate so that when they are folded, bound and trimmed, they are in the proper sequential page or reading order. This is known as imposition.

imposition proof: allows the printer to determine if the page position (imposition) on the plate is correct; this is a crucial check before printing because without proper imposition the pages will not print in the proper sequence for the finishing process - folding, binding and trimming.

industrial finishing: see wholesale finishing.

industry (production and communication) standards: industry (production and communication) standards describe how software developers should structure or initiate certain processes in order to simplify communication with other digital systems. Examples in the world of printing are PDF (Portable Document Format), JDF (Job Definition Format), JMF (Job Messaging Format) and XML (Extensible Markup Language).

PDF: (developed by Adobe) is the file format for representing documents in a manner that is independent of the original application software, hardware, and operating system used to create those documents. A PDF file can describe documents containing any combination of text, graphics, and images in a device-independent and resolution independent format.

JDF: is an emerging industry standard created to simplify communication between different applications and systems used in the graphic industry - between prepress, print and finishing of any printing project, and between production and management systems.

JDF works in tandem with its counterpart known as **JMF**. JMF provides a structure that enables a system to send press-related messages to another system and to understand the answer.

XML: is a simple, very flexible software language, which plays an increasingly important role in the exchange of a wide variety of data on the Web. XML is the basis of JDF and JMF.

An example of a similar standard from a different industry branch is the use of the Global System for Mobile Communications (GSM) in mobile telephones.

ISO-value: the ISO-value indicates the speed of the film. A higher speed enables the photographer to take pictures in poor lighting conditions, with telephoto lenses and of fast-moving objects.

JDF: see industry (production and communication) standards.

kiosk: point-of-sale order station (such as Agfa's 'e-box' and 'Cube') for photographic prints which is able to process the Digital Print Order Format (DPOF) used by most current digital cameras. The kiosk's software enables order data to be transmitted to a central lab, thus opening up possibilities for businesses that do not have their own 'digital' lab. This solution is also attractive for minilab operators with several stores. Agfa's 'e-box' and 'Cube' accept all leading digital data carriers, including SmartMedia cards, CompactFlash cards, CDs, floppy disks and, optionally, SD cards and MemorySticks.

lab equipment: specifically in the context of photography equipment needed for the development and printing of images.

large-format printer: a large-format printer sometimes referred to as a wide-format printer is a digital printer that prints on sheets or rolls 24-inches wide or more.

laser (abbreviation for Light Amplification by Stimulated Emission of Radiation): a device that amplifies a single frequency of light within the spectrum to create a directional, intense beam. That beam of light can be used to write data on a printing plate or film. There are thermal lasers and visible-light lasers. The first are used with materials sensitive to heat; the latter image materials sensitive to light and can be divided into green, violet and red laser beams. Red is rarely chosen nowadays, while violet lasers' popularity has increased substantially because of their easy operation, high reliability and low cost.

Micro Dot Display Multiplexing (MDDM) printing technology: at the heart of this new printing technology is Agfa's micro-stepper designed to shift a LCD (Liquid Crystal Display) four times per print to print the minute individual pixels on photo paper with great accuracy by means of a special mask. This set-up results in an extremely sharp image quality.

minilab: photo printing equipment for retail photo shops that can produce up to 1,800 prints per hour.

MRI (Magnetic Resonance Imaging): a medical imager creates a magnetic field around the patient. It creates images by pulsing radio waves that are directed at the parts of the body that need to be examined. Agfa's product portfolio does not include MRI scanners, but its hardcopy printers can be connected to them to produce high quality prints.

negative-working: a material that reverses the tones and content and creates a mirror image. A negative-working printing plate reverses the original content, and a companion negative-working print material reverses the tones again, back to their 'normal' or positive relationship (see also: positive-working).

PACS (Picture Archiving and Communication System): Agfa's PACS solutions are marketed under the name IMPAX. PACS was originally developed to efficiently manage the distribution and archiving of the diagnostic images of a radiology department. Technological evolutions and specific software developments have rapidly allowed Agfa's PACS systems to be used by other departments in hospitals.

PDF: see industry (production and communication) standards.

phototooling film: a film offering the extreme line sharpness required for miniaturization in printed circuit board manufacturing (see also: PET film).

piezo-electric: two mainstreams of inkjet technology are competing: thermal and piezo-electric, using electric fields. Piezo-electric print heads can produce smaller ink drops and they can thus give higher resolution. The inks can be solvent-based and thus quick-drying (this can enhance print speed). Thermal print heads must be fed with heat resistant ink which is less quick-drying.

plate (analog): printing plate consisting of a high-quality aluminium substrate, and a coating designed to respond to relatively high levels of ultraviolet (UV) light energy. An exposed film (see: graphic 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 on the printing press (see also: plate (digital)).

plate (digital): printing plate consisting of a high-quality grained and anodized aluminium 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 analog plates, the digital plates are then chemically processed to create a press-ready plate, though some digital plate technologies are effectively process-free (see also: plate (analog)).

platesetter: a platesetter digitally images pages or artwork of printed matter from the computer onto printing plates, which are then processed and mounted on press. There are flatbed platesetters and drum based systems. In the first the printing plates remain flat during the imaging process, whereas in the latter the printing plates are wrapped around or inside a drum (see also: plate).

positive-working: a material that retains the tonal value of the original scene (rather than reversing them). This type of plate is also known as a right-reading plate (see also: negative-working).

prepress: the preparation and processing of content and document files for final output to either analog or digital 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 of one or more boards.

private label film: film that is produced for sale under the customer's brand name.

processless printing plate: a printing plate that does not require chemical processing.

processor: equipment that uses chemicals (fluids) to develop the exposed film or printing plate to make it plate or press ready. This machine is usually placed in line with the *imagesetter* or platesetter, so that the transfer from one to the other does not need to be done manually.

project management software: software that allows users to track the progress and manage the flow and delivery of various projects and to collaborate online with clients and partners.

RIS (Radiology Information System): 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 PACS (for the images contained in the examinations).

screening: the creation of a pattern of dots of different sizes used to reproduce color or greyscale continuous-tone images.

There are different types of screening:

Amplitude modulated screening (AM) places a fixed number of dots on an orthogonal grid. The grid is measured in lines per inch (lpi). The size or amplitude of the dot modulates according to the tonal values of the image. Darker tones generate large dots and brighter highlight areas have smaller dots.

Frequency modulated screening (FM), also known as stochastic screening, modulates the number or frequency of dots rather than the size. The dots are not placed in a fixed pattern but spaced according to the density of the subject matter.

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

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

thermal printing plate: (or heat sensitive printing plate): digital printing plate that does not react to visible light, but to thermal radiance (heat). Mainly used for commercial and packaging printing.

ultrasonic testing: NDT testing technique that examines components and structures to detect flaws or measure material thickness. Ultrasonic systems operate on the principle of applying a very short pulse of ultrasound into a component or structure, and then receiving and analyzing any reflected sound pulses.

violet-laser technology: violet-laser technologies expose or image plates using the violet band of the visible-light spectrum, allowing fast output, convenient plate handling and high reliability (see also: laser).

violet-sensitized printing plate: printing plate (analog or digital) sensitive to violet laser diodes.

visible-light printing plate: plate sensitive to visible light, most popular among commercial and newspaper printers. Visible-light technology uses visible-light laser diodes to expose or image a printing plate. The most common visible-light sources are green and violet laser diodes.

wholesale finishing: the business of developing and printing images onto photographic paper using industrial high-speed printers that can produce up to 20,000 prints per hour.

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.

XML (Extensible Markup Language): see industry (production and communication) standards.

X-ray film systems: radiography is a widely used method whereby X-rays are used to produce a radiograph of a specimen showing any changes in materials. The usual procedure to produce a radiograph is to have an X-ray source on one side of the object to be examined and a radiographic film on the other side. The X-rays travel in straight lines from the source through the specimen to the film. The parts of the film that have received more radiation during exposure appear darker and so a sharp image is formed on the film. After processing, the film can be viewed on the lightbox. In HealthCare, X-ray film systems are used to examine the human body and in Non-Destructive Testing to check the thickness of materials and to detect defects, changes in structure, assembly details, etc. in objects, fabrications and structures.

Only the English version of the annual report has legal force. The Dutch, French and German versions represent translations of the original in English. The correspondence between the different language versions has been verified by Agfa-Gevaert under its own responsibility.

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AGFA-GEVAERT GROUP CONSOLIDATED STATEMENTS OF INCOME 1999-2003

Million Euros	2003	2002	2001	2000	1999
Net sales	4,215	4,683	4,911	5,260	4,731
Cost of goods sold	(2,449)	(2,705)	(3,119)	(3,171)	(2,930)
Gross profit	**1,766**	**1,978**	**1,792**	**2,089**	**1,801**
Selling expenses	(790)	(902)	(970)	(1,000)	(934)
Research and development expenses	(233)	(248)	(231)	(224)	(241)
General administration expenses	(297)	(277)	(310)	(279)	(253)
Other operating income	661	318	294	233	144
Other operating expenses	(579)	(476)	(839)	(418)	(426)
Operating result	**528**	**393**	**(264)**	**401**	**91**
Interest income (expense) – net	(28)	(40)	(63)	(81)	(36)
Other non-operating income (expense) – net	(43)	(57)	(57)	(49)	(37)
Non-operating result	**(71)**	**(97)**	**(120)**	**(130)**	**(73)**
Income before income taxes	**457**	**296**	**(384)**	**271**	**18**
Income taxes	(135)	(99)	133	(96)	(7)
Net income of consolidated companies	**322**	**197**	**(251)**	**175**	**11**
Minority interest	1	-	1	1	-
Share of results of associated companies	-	(3)	(38)	(7)	3
Net result of the accounting period	**323**	**194**	**(288)**	**169**	**14**
Basic Earnings per share (Euro)	2.44	1.39	(2.06)	1.2	0.1
Diluted Earnings per share (Euro)	2.44	1.39	(2.06)	1.2	0.1

AGFA-GEVAERT GROUP CONSOLIDATED BALANCE SHEETS 1999-2003

Million Euros	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 1999
Assets					
Non-current assets	**976**	**1,174**	**1,233**	**1,487**	**1,441**
Intangible assets	325	456	403	379	276
Property, plant and equipment	616	672	780	994	1,069
Investments	32	40	49	114	96
Derivative financial instruments	3	6	1	-	-
Current assets	**2,652**	**2,717**	**3,006**	**3,411**	**3,264**
Inventories	813	948	1,055	1,293	1,214
Trade receivables	826	959	1,125	1,316	1,382
Other receivables and other assets	569	630	580	509	493
Cash and cash equivalents	397	145	224	228	150
Deferred charges	18	30	21	65	25
Derivative financial instruments	29	5	1	-	-
Deferred taxes	**211**	**268**	**288**	**172**	**149**
Total assets	**3,839**	**4,159**	**4,527**	**5,070**	**4,854**
Equity and liabilities					
Shareholders´ equity	**1,371**	**1,383**	**1,267**	**1,570**	**1,439**
Capital stock of Agfa-Gevaert N.V.	140	140	140	140	140
Share premium of Agfa-Gevaert N.V.	107	107	107	107	107
Retained earnings	1,056	962	1,281	1,124	1,156
Reserves	(260)	(20)	(5)	-	-
Net income	323	194	(288)	169	14
Translation differences	5	-	32	30	22
Minority interest	**2**	**3**	**1**	**7**	**4**
Non-current liabilities	**1,424**	**1,598**	**1,894**	**1,825**	**1,492**
Liabilities for post-employment benefits	799	843	879	778	736
Liabilities for personnel commitments	36	39	46	59	56
Financial obligations more than one year	558	665	898	970	700
Provisions more than one year	27	37	57	18	-
Derivative financial instruments	4	14	14	-	-
Current liabilities	**1,010**	**1,119**	**1,334**	**1,542**	**1,804**
Financial obligations less than one year	72	53	168	405	541
Trade payables	304	322	352	281	245
Miscellaneous liabilities	205	249	290	287	377
Liabilities for personnel commitments	85	105	103	117	124
Provisions less than one year	327	380	380	396	424
Deferred income	7	9	31	56	93
Derivative financial instruments	10	1	10	-	-
Deferred taxes	**32**	**56**	**31**	**126**	**115**
Total equity and liabilities	**3,839**	**4,159**	**4,527**	**5,070**	**4,854**

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENTS OF CASH-FLOW 1999-2003

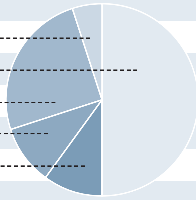
Million Euros	2003	2002	2001	2000	1999
Cash and cash equivalents at beginning of year	**141**	**223**	**220**	**130**	**194**
Operating result	528	393	(264)	401	91
Current tax expense	(102)	(70)	(17)	(116)	(63)
Depreciation, amortization and impairment losses	216	270	434	286	252
Changes in fair value of derivative financial instruments	3	(8)	9	-	-
Movement in long-term provisions	(86)	(76)	91	(38)	21
(Gains) /losses on retirement of non-current assets	2	(27)	(27)	(7)	(1)
Gains on NDT disposal	(231)	-	-	-	-
Tax expense on NDT disposal	63	-	-	-	-
Gross cash provided by operating activities	**393**	**482**	**226**	**526**	**300**
Decrease /(Increase) in inventories	80	70	282	(53)	104
Decrease /(Increase) in trade accounts receivable	62	125	223	120	(109)
Increase / (Decrease) in trade accounts payable	7	(17)	52	(7)	3
Movement in short-term provisions	(9)	14	(61)	(45)	184
Movement in other working capital	(11)	(63)	16	(105)	(105)
Net cash provided by operating activities	**522**	**611**	**738**	**436**	**377**
Cash outflows for additions to intangible assets	(28)	(41)	(26)	(21)	(67)
Cash outflows for additions to property, plant and equipment	(150)	(126)	(160)	(194)	(176)
Cash inflows from disposals of intangible assets	-	1	1	10	-
Cash inflows from disposals of property, plant and equipment	8	58	50	84	50
Cash inflows from NDT disposal	241	-	-	-	-
Cash inflows (outflows) from equity and debt instruments	6	(72)	(36)	(101)	(37)
Cash outflows for acquisitions	-	(178)	(65)	(116)	(335)
Cash inflows from disposals	-	-	-	19	-
Interests and dividends received	24	48	45	64	24
Net cash provided by/(used in) investing activities	**101**	**(310)**	**(191)**	**(255)**	**(541)**
Capital contributions	-	-	-	2	-
Dividend payments to stockholders	(67)	(32)	(63)	(46)	(20)
Repurchase of own shares	(253)	(12)	-	-	-
Net issuances of debt	19	(261)	(336)	96	243
Interest paid	(56)	(87)	(106)	(139)	(46)
Other financial flows	(1)	16	(40)	(10)	(80)
Net cash used in financing activities	**(358)**	**(376)**	**(545)**	**(97)**	**97**
Change in cash and cash equivalents due to business activities	265	(75)	2	84	(67)
Change in cash and cash equivalents due to change in consolidation scope	-	1	-	4	-
Change in cash and cash equivalents due to exchange rate movements	(12)	(8)	1	2	3
Cash and cash equivalents at end of year	**394**	**141**	**223**	**220**	**130**

Shareholder information

Listing	Brussels and Frankfurt Stock Exchange
Reuters ticker	AGFAt.BR/ AGEG.DE
Bloomberg ticker	AGF BB/AGE GR
Datastream	B:AGF

Shareholder structure
(March 1, 2004)

5%	Fidelity Investments
50%	Free float
25%	Gevaert
10%	Highfields Capital
10%	Treasury shares

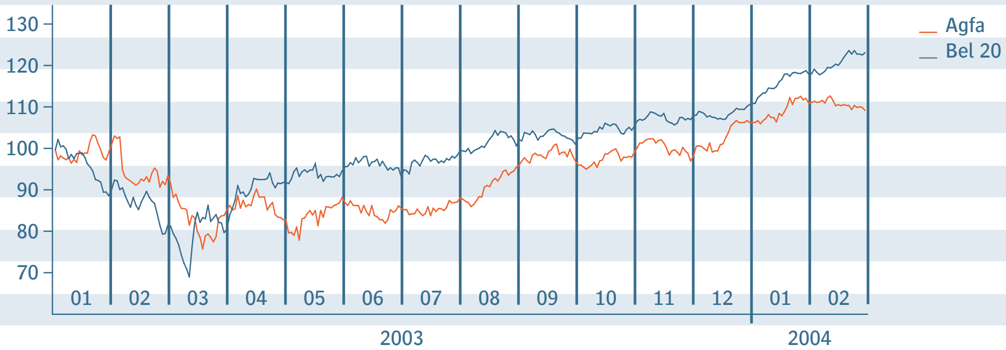


Share information

First day of listing	June 1, 1999
Number of shares outstanding on Dec. 31, 2003	126,000,000
Market capitalisation on Dec. 31, 2003	2,848 million Euros

(in Euro)	2003	2002	2001	2000	1999
Earnings per share (net result)	2.44	1.39	(2.06)	1.21	0.10
Net operating cash flow per share	3.95	4.38	5.27	3.11	2.69
Gross dividend	0.75	0.50	0.23	0.45	0.33
Year end price	22.60	21.25	15.19	25.39	21.15
Year's high	22.71	21.41	25.85	29.16	22.19
Year's low	16.35	12.95	10.90	17.07	17.10
Average volume of shares traded/day	207,507	156,681	136,710	225,084	199,579
Weighted average number of ordinary shares	132,045,438	139,611,425	139,927,261	140,000,000	140,000,000

Agfa share price against BEL-20



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Financial calendar 2004 - 2005

Annual General Meeting	April 27, 2004 at 11.00 AM
Extraordinary General Meeting	April 27, 2004 - following on AGM
Payment of dividend 2003	April 28, 2004
First quarter 2004 results	May 13, 2004
Half year 2004 results	August 19, 2004
Third quarter 2004 results	November 18, 2004
Full year 2004 results	March 2005
Annual General Meeting	April 26, 2005 at 11.00 AM