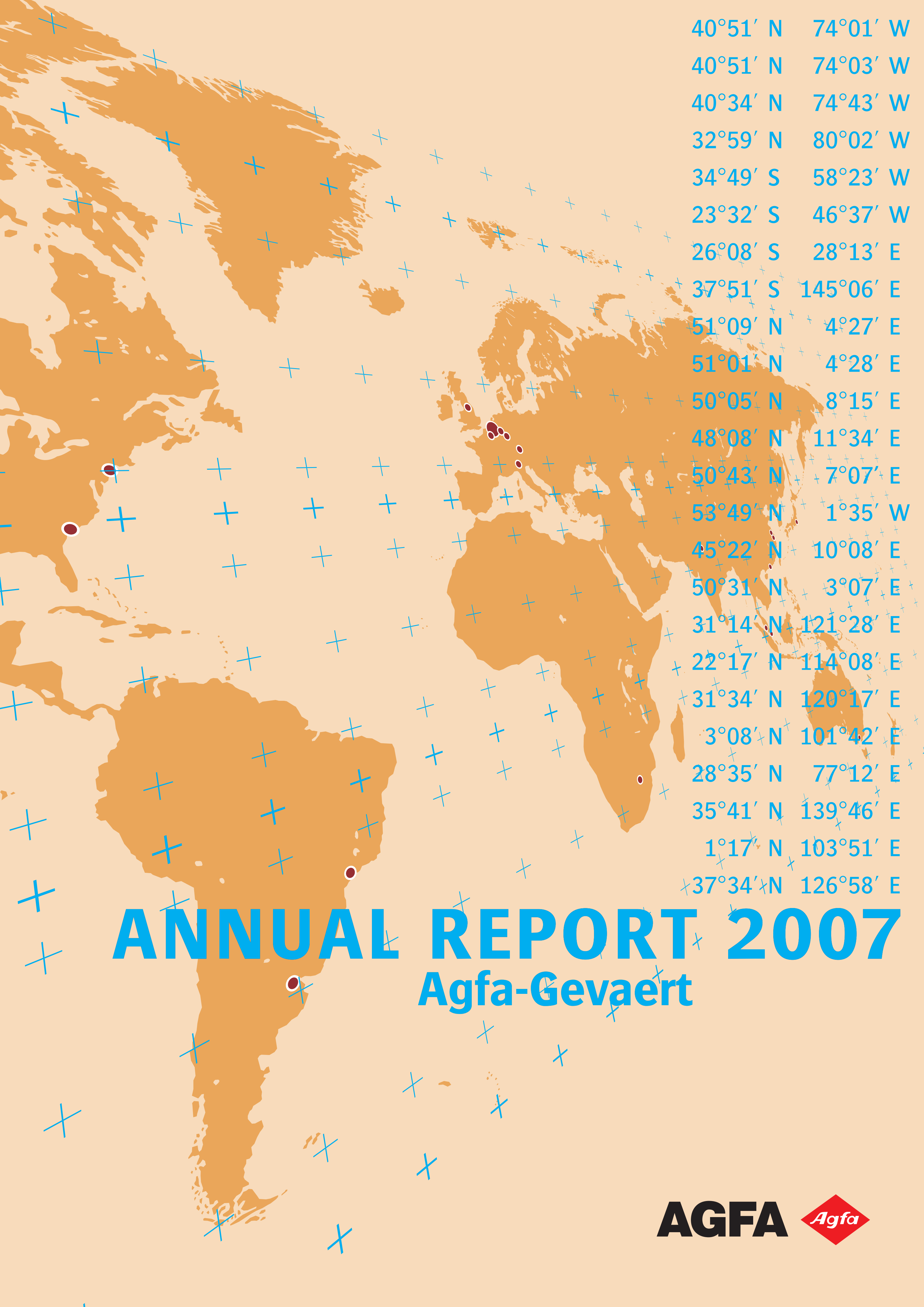


ANNUAL REPORT 2007

Agfa-Gevaert

KEY FIGURES

Million Euro	2007	2006	2005	2004 [1]	2003
Net sales	3,283	3,401	3,308	3,762	4,215
Change vs. previous year	(3.5) %	2.8 %	(12.1) %	(10.7) %	(10.0) %
Graphics	1,617	1,712	1,733	1,673	1,622
Share of Group sales	49.3 %	50.3 %	52.4 %	44.5 %	38.5 %
HealthCare	1,392	1,452	1,405	1,361	1,408
Share of Group sales	42.4 %	42.7 %	42.5 %	36.2 %	33.4 %
Specialty Products	274	237	170	129	315
Share of Group sales	8.3 %	7.0 %	5.1 %	3.4 %	7.5 %
Consumer Imaging (divested in 2004)	-	-	-	599	870
Share of Group sales	-	-	-	15.9 %	20.6 %
Gross profit [2]	1,158	1,299	1,212	1,497	1,766
Recurring EBIT [2]	197	256	219	292	384
Restructuring/non recurring expenses	(72)	(191)	(87) [3]	(109)	(87)
Operating result	125	65	132	(129) [4]	528 [5]
Non-operating result	(63)	(64)	(25)	(56)	(71)
Income tax	(19)	15	(125) [6]	39	(135)
Net income of consolidated companies (before share of results of associated companies)	43	16	(18)	(146)	322
Net income of consolidated companies	43	16	(18)	(146)	322
of which attributable to minority interest	1	1	1	(1)	(1)
of which attributable to Agfa-Gevaert NV stockholders	42	15	(19)	(145)	323
Net result of the accounting period	42	15	(19)	(145)	323
Cash flow					
Gross operating cash flow	94	140	133	244	393
Net operating cash flow	108	107	82	303	522
Capital expenditures [7]	(100)	(105)	(106)	(112)	(178)
Balance sheet - Dec. 31					
Shareholders' equity	891	933	1,032	1,082	1,373
Net financial debt	721	704	679	193	233
Net working capital [8]	871	554	684	850	1,642
Total assets	3,559	3,832	3,982	3,356	3,839
Share information (in Euro)					
Earnings per share (EPS), net result	0.34	0.12	(0.15)	(1.15)	2.44
Net operating cash flow per share	0.87	0.86	0.65	2.40	3.95
Gross dividend	0	0.50	0.50	0.60	0.75 [9]
Book value per share	7.14	7.48	8.27	8.58	10.90
Number of ordinary shares at year-end	124,788,430	124,785,530	124,780,270	126,054,680	126,000,000
Weighted average number of ordinary shares	124,788,263	124,781,170	125,603,444	126,008,540	132,045,438
Employees (at year end)					
Full time equivalent permanent	13,124	14,015	14,442	14,387	17,340

[1] as reported 2004, restated for the impact of the adoption of IFRS 2 *Share-based Payment* (2 million Euro)

[2] before restructuring/non recurring items and gains/losses on divestitures and excluding the one-off income of 25 million Euro related to changes in the retiree medical plan in the Group's US affiliate booked in the fourth quarter of 2005

[3] including a provision of 55 million Euro related to the liquidation of AgfaPhoto

[4] including a net capital loss of 312 million Euro on the divestiture of Consumer Imaging and Monotype

[5] including a capital gain of 231 million Euro on the divestiture of Non-Destructive Testing

[6] including the reversal of 54 million Euro deferred tax assets set up for the Consumer Imaging divestiture

[7] for intangible assets and property, plant and equipment

[8] current assets minus current liabilities

[9] including an extraordinary dividend of 25 Eurocents related to the divestiture of Non-Destructive Testing

Company Profile

The Agfa-Gevaert Group develops, produces and distributes an extensive range of analog and digital imaging systems and IT solutions, mainly for the printing industry and the healthcare sector, as well as for specific industrial applications.

GLOBAL PRODUCTION AND SALES NETWORK

Agfa's headquarters and parent company are located in Mortsel, Belgium. The Group's operational activities are divided in three independent business groups, Agfa Graphics, Agfa HealthCare and Agfa Specialty Products. All business groups have strong market positions, well-defined strategies and full responsibilities, authority and accountability.

The company has production facilities around the world, with the largest production and research centers in Belgium, the United States, Canada, Germany, France, Italy and China.

Agfa is commercially active worldwide through more than 40 wholly owned sales organizations. In countries where Agfa does not have its own sales organization, the market is served by a network of agents and representatives.

BUSINESSES

AGFA GRAPHICS

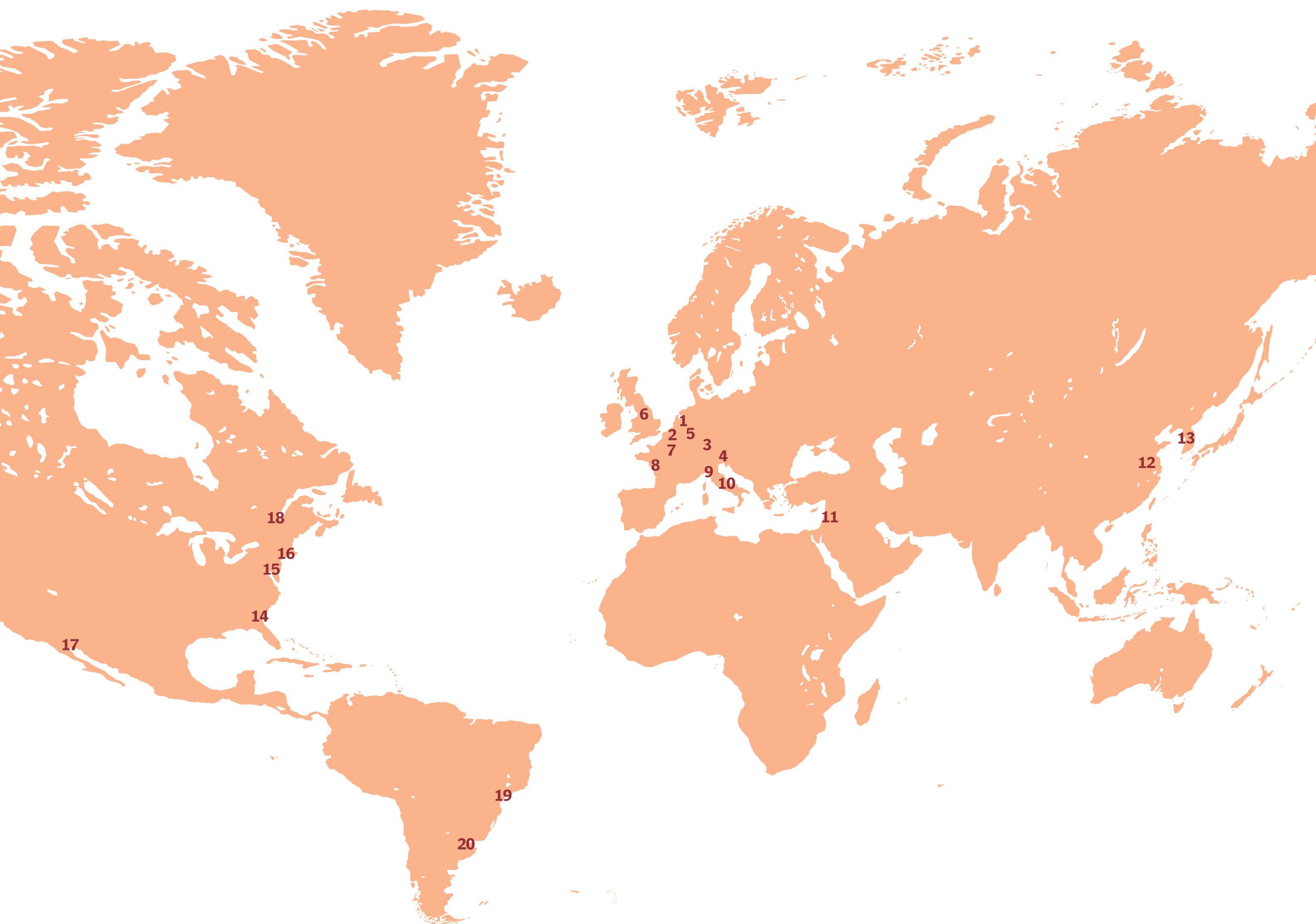
Agfa Graphics offers integrated *prepress* solutions to the printing industry. These solutions comprise consumables, hardware, software and services for production workflow, project and color management. Agfa Graphics is a worldwide leader with its *computer-to-film*, *computer-to-plate* and *digital proofing* systems for commercial and packaging printing and the newspaper publishing markets.
Agfa Graphics is rapidly developing its position in the new segments of industrial inkjet with comprehensive solutions for various applications such as documents, posters, banners, signage, displays, labels and packaging materials. Its experience in both imaging and emulsion technology has provided the expertise required for developing a complete assortment of high-quality inks.

AGFA HEALTHCARE

Agfa HealthCare supplies hospitals and other healthcare centers with state-of-the-art systems for capturing, processing and managing diagnostic images. The business group has grown into a leader in the fast growing market for hospital-wide IT systems that integrate the workflows of the different departments of the healthcare enterprise. Thanks to these systems, healthcare facilities become more efficient and effective, and with improved patient care as a result.
Agfa HealthCare's imaging- and IT-solutions comprise Clinical Information Systems (CIS) and Hospital Information Systems (HIS), radiology information systems (RIS), Picture Archiving and Communication Systems (PACS), as well as systems for reporting, cardiology, business planning, decision support, advanced clinical applications and data storage, systems for direct radiography and computed radiography, and classic x-ray film solutions.

AGFA SPECIALTY PRODUCTS

Agfa Specialty Products supplies a wide variety of film-based products and high-tech solutions to large business-to-business customers outside the graphic and healthcare markets. Its main products are motion picture film, microfilm, film for *non-destructive testing* as well as film for the production of *printed circuit boards (PCB's)*. The business group is also active in the promising market of high-security identification cards. Furthermore, the business group supplies products based on conductive polymers for the production of *electroluminescent* lamps or laminates for the packaging and protection of electronic components.
Agfa Specialty Products is also identifying new opportunities to enter new target markets within and outside the imaging industry with innovating products based on its existing knowledge, experience and production infrastructure. Agfa's synthetic paper and membranes for use in bioreactors and fuel cells are some fine examples of this strategy.



AGFA´S MOST IMPORTANT PRODUCTION AND R&D CENTERS

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

MILESTONES

1867 Founding of the Aktiengesellschaft für Anilinfabrikation (Agfa), Berlin, specialized in color dyes
1894 Founding of L. Gevaert en Cie., Antwerp, specialized in photographic paper
1953 Agfa 100% owned by Bayer
1964 Merger of Agfa and Gevaert
1981 Agfa-Gevaert 100% owned by Bayer
1996 Acquisition of Hoechst’s printing plate division (Germany)
1998 Acquisition of DuPont’s graphic film and offset plate activities (USA)
1999 IPO – listed on stock market in Brussels and Frankfurt
2002 Bayer sells its remaining 30% stake in Agfa-Gevaert
2004 Acquisitions of Dotrix (Belgium), developer of digital color print systems for industrial applications and of Symphonie On Line (France), developer of hospital information systems
Divestment of Consumer Imaging
2005 Acquisition of GWI (Germany), developer of hospital information systems, and Heartlab (USA), developer of digital image and information networks for cardiology

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Consolidated statements of income 2003–2007
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Consolidated statements of cash flow 2003–2007

Words in *italic* are explained in the Glossary (p. 121)

Letter to the shareholders

Dear shareholders,

For Agfa-Gevaert the year 2007 has been one of many challenges and many changes. All three business groups were strongly affected by high raw material costs and a further strengthening of the Euro.

Agfa Graphics is an undisputed global leader in the field of prepress. The transformation from analog to digital plates has continued, with analog now only representing about 20% of the business. For the past few years, Agfa Graphics has invested heavily in the development of products and consumables for a new growth market, industrial inkjet. This investment has continued to weigh heavily on the results in 2007. In 2008, we should see a strong development of sales for these products, with breakeven forecasted in 2009. Due to the strict implementation of cost savings and increased production efficiencies, the prepress segment was able to almost completely offset the substantially higher raw material costs of the business group. The combination of the prepress and inkjet businesses, which are complementary, should position Agfa Graphics for a return to growth and better profitability.

Agfa HealthCare provides a wide range of imaging and information technology (IT) solutions to hospitals all over the world. Starting from a leading position in medical imaging, Agfa HealthCare has become a strong player in healthcare information systems, partly due to a number of strategic acquisitions in Europe and North America. While the imaging market is declining, due to the weakening demand for film, the markets for imaging information systems (radiology and cardiology) and for hospital information systems are growing. However, building a strong position in healthcare information systems requires at this moment heavy investments in R&D. This has affected Agfa HealthCare's profitability in IT in 2007.

Agfa Specialty Products is a business group with a double strategy. On the one hand it tries to fully exploit its traditional competences and its state-of-the-art infrastructure for film production in a declining market. It will do so by focusing on cost leadership and operational excellence. On the other hand Specialty Products develops a number of new non-imaging applications, based on these competences, in new fields such as synthetic paper, membranes, electroluminescent lamps and displays. Agfa Specialty Products has continued to operate with good profitability in 2007.

One of the big challenges of the Group as a whole is the level of costs for sales, marketing, general and administration. To bring these expenses to a competitive level requires both efforts in procurement and significant restructuring. These efforts have already resulted in a decrease of these costs in 2007 with more to come in the following years. This improvement is necessary to make the business groups ready for a completely independent future.

Another big challenge is the reduction of our debt. The year 2007 has been marked by a lot of cash out linked to restructuring and to liabilities from the past – relating to pensions and early retirementt – and a number of one time effects such as the preparation of the demerger. As from the fourth quarter of 2007, our focus on reducing working capital has resulted in a decrease of debt.

The Board of Directors continues to believe that a demerger is the best way to create value and permit these businesses to participate in an eventual consolidation in their markets. In 2007 the demerger did not take place as planned due to a combination of disappointing results and management problems. More recently the environment itself has become more difficult due to the credit crisis, the difficult financial markets, the further strengthening of the Euro and the high raw material prices.

Under the present difficult market conditions the Board of Directors is giving priority to operational improvement inside the company. At the same time the Board is looking at the different options to start the demerger of the three business groups in the course of 2008.

We would like to thank our customers and distributors for their confidence and assure them that whatever the scenario, the Agfa brand will continue to stand for innovative solutions, quality and reliability. We also thank our employees for their continuous commitment in these challenging times.

Finally, we would like to thank our shareholders for the confidence and the support they have shown in our company. We realize that being an Agfa-Gevaert shareholder has not been easy in 2007. The results have been disappointing for all of us and the share price has strongly decreased. The Board of Directors, while confident in the strategy we are following, considers that our dividend policy should reflect the performance of the year and therefore will propose to the Annual General Meeting of Shareholders not to pay a dividend.

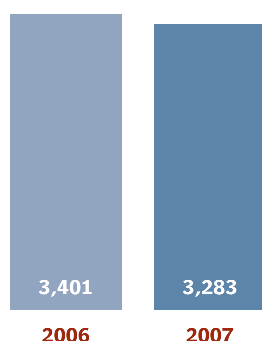
Jo Cornu
President and Chief Executive Officer

Ludo Verhoeven
Chairman of the Board of Directors

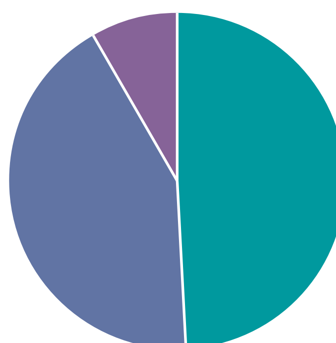
Management Report

The Agfa-Gevaert Group has three operationally independent business groups with strong market positions and clearly defined strategies: Agfa Graphics, Agfa HealthCare and Agfa Specialty Products.

Group Sales
Million Euro

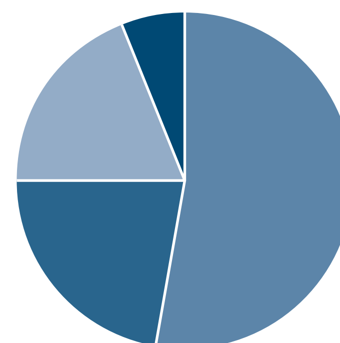


Share of Group Sales 2007
Percent by business group



Agfa Graphics	49.3%
Agfa HealthCare	42.4%
Agfa Specialty Products	8.3%

Percent by region



Europe	53%
NAFTA	22%
Asia/Oceania/Africa	19%
Latin America	6%

SALES

In 2007, the Group's sales decreased 3.5% to 3,283 million Euro (3,401 million Euro in 2006). The strong Euro had a negative impact on Agfa's sales in 2007, but also affected the company's competitive position in comparison with its non-European sector members. Excluding currency effects, the sales decline was limited to 0.5%.

The strong Euro and the economic slowdown in the USA in the second half of the year affected Graphics' sales. The business group also posted an accelerated decline in the analog product segment, partly because of its pricing policy and partly because of the general market trend. Sales for the inkjet segment remained below expectations because of technical delays for the first generation of inkjet machines. As a result, Graphics' sales decreased 5.6% (excluding currency effects 2.7%) to 1,617 million Euro.

HealthCare's sales decreased 4.1% (excluding currency effects 0.8%) to 1,392 million Euro. In both the United States and Europe, the decline of the medical film market continued. Moreover, the strong Euro weakened Agfa's position in public sector tenders. On the other hand, computed radiography solutions (CR) and healthcare IT systems posted higher sales.

Sales of Specialty Products increased 15.6% (excluding currency effects 17.3%) and reached 274 million Euro, mainly due to the strong results from Specialty Foils and Identification & Security systems.

With 49.3% of sales, Agfa Graphics remains the largest business group. HealthCare represents 42.4% and Specialty Products 8.3% of Group sales.

In 2007, Europe accounted for 53% of Group sales (2006: 50%), NAFTA for 22% (2006: 24%), Asia/Oceania/Africa for 19% (2006: 20%) and Latin America for 6% (2006: 6%).

RESULTS

Recurring gross profit amounted to 1,158 million Euro, compared to 1,299 million Euro in 2006. The recurring gross profit margin stood at 35.3%, versus 38.2% in 2006. The decrease is mainly due to the high raw material prices which were, compared to 2006, 84 million Euro higher.

Sales and general administration costs (excluding non-recurring items) were brought down in all business groups and reached 766 million Euro or 23.3% of sales. This represents a significant reduction of 7.9% compared to 2006. Additional measures to further reduce the sales and general administration costs will be taken.
R&D expenditure decreased slightly by 1% to 191 million Euro (193 million Euro in 2006), and represented 5.8% of sales.

Other operating items amounted to 6 million Euro, against 18 million Euro in the previous year.

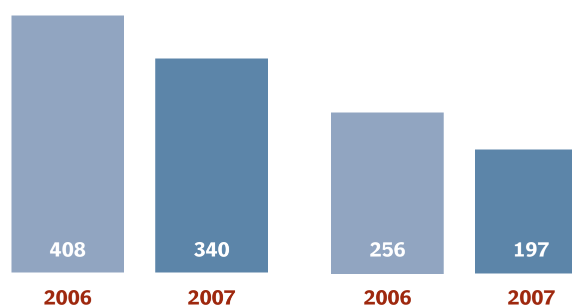
Key figures Profit & Loss
Million Euro

	2006	2007
Sales	3,401	**3,283**
Recurring gross profit [1]	1,299	**1,158**
Recurring EBITDA [1]	408	**340**
Recurring EBIT [1]	256	**197**
Restructuring and non-recurring items	(191)	**(72)**
Operating result	65	**125**
Non-operating result	(64)	**(63)**
Net Profit	15	**42**

[1] Before restructuring and non-recurring items.

Recurring EBITDA [1]
Million Euro

Recurring EBIT [1]
Million Euro



Although the Group is on track with the implementation of its substantial savings plan, it was not able to fully offset the considerable increase of 84 million Euro of higher silver and aluminum costs.

Agfa's recurring EBITDA reached 340 million Euro, versus 408 million Euro in 2006 or, as a percentage of sales, 10.4% versus 12.0% in the previous year. Recurring EBIT decreased to 197 million Euro or 6.0% of sales.

The prepress segment in Graphics, which is hit by silver as well as aluminum costs, performed particularly well: it was able to fully compensate the increased raw material costs and could stabilize its margin at about 7%. The inkjet segment, on the other hand, was confronted with technical problems, which delayed the market introduction of the inkjet portfolio. As a result, very high start-up losses were incurred in this business.

HealthCare's results were affected by the strong Euro and by adverse mix effects. The growing IT portfolio was confronted with high investments for the roll-out of the enterprise portfolio outside Germany, while the sales cycle in these new markets is longer than expected. It was decided to concentrate in 2008 on those countries where the initial investments were already made. At the same time, new initiatives are taken to further reduce the sales and general administration expenses.

Specialty Products, driven by important high volume contracts in the fields of Specialty Foils & Components and Security & Identification, again posted strong results.

Restructuring and non-recurring items amounted to 72 million Euro, and are mainly related to the savings plan announced in 2006.

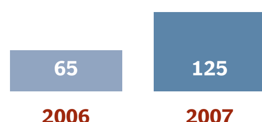
The 2007 operating result of the Group was 125 million Euro, versus 65 million Euro in the previous year. The financial result was minus 63 million Euro, versus minus 64 million Euro in 2006. Income before taxes thus reached 62 million Euro, against 1 million Euro in 2006.

The Group recorded a net profit of 42 million Euro or 34 cents per share, compared to a net profit of 15 million Euro or 12 cents per share in 2006.

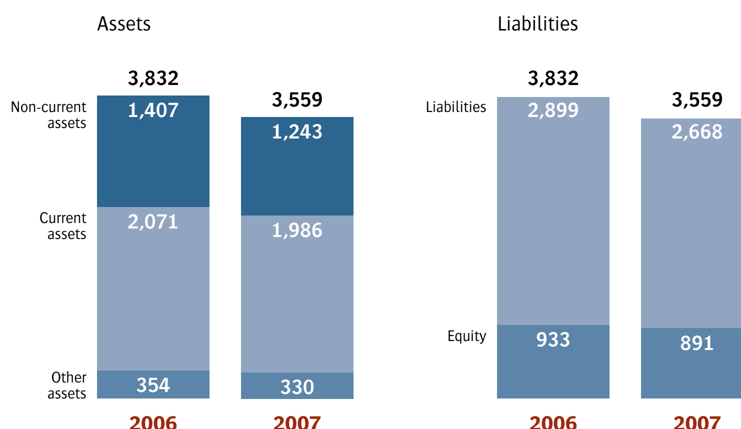
BALANCE SHEET

At the end of December 2007, total assets amounted to 3,559 million Euro, versus 3,832 million Euro at the end of 2006.

Operating Result
Million Euro



Key figures Balance Sheet
Million Euro



WORKING CAPITAL

Mainly because of specific actions in Agfa Graphics, inventories decreased from 624 million Euro in 2006 to 578 million Euro or 97 days, an improvement of 10 days compared to December 2006.

Trade receivables amounted to 861 million Euro – or 90 days – against 885 million Euro – or 86 days – at the end of 2006. Trade payables decreased from 313 million Euro – or 54 days – to 275 million Euro – or 46 days. In 2008, Agfa will continue its efforts to further reduce working capital.

FINANCIAL DEBT

At the end of the year the net financial debt stood at 721 million Euro, against 704 million Euro at the end of December 2006. In comparison with September 2007, the net financial debt decreased by 131 million Euro, mainly due to the significant improvement in working capital.
At the end of 2007, Agfa's gearing ratio stood at 80.9%.

SHAREHOLDERS' EQUITY

Shareholders' equity amounted to 891 million Euro, against 933 million Euro at the end of 2006.

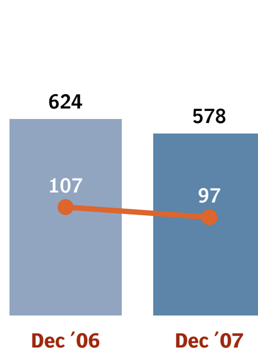
CASH FLOW

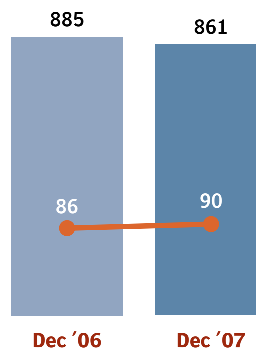
In 2007, the gross operating cash flow amounted to 94 million Euro. The net operating cash flow, which also takes into account the changes in working capital, reached 108 million Euro. Capital expenditure totaled 100 million Euro.

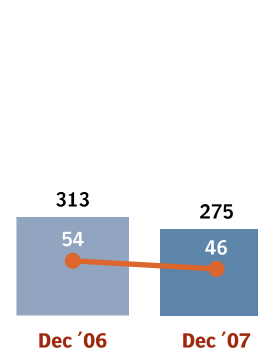
RESEARCH & DEVELOPMENT

Agfa's R&D-expenses decreased slightly by 1% to 191 million Euro in 2007. 41% of R&D expenditure was related to Graphics, 56% to HealthCare and 3% to Specialty Products.

In 2007, Graphics invested further in the development of innovative systems and UV-inks for the growing industrial inkjet market. It also introduced its new violet chemistry-free printing plate which combines the ecological advantages of chemistry-free systems with low investment and operating costs and high reliability and speed. Thermal systems were also an important R&D focus point as they can be used for a broad range of applications in the commercial printing and packaging markets.







HealthCare is focusing its R&D efforts on the development of innovative imaging technologies and on the integration and migration of various hospital IT platforms into one single platform. In 2007, new systems for digital radiography and mammography were introduced to the market. Agfa's healthcare IT system, ORBIS, was further expanded with the addition of a number of clinical applications for nursing and medical lab services. Agfa's digital imaging and information technology offers healthcare players the tools to improve patient care and to make healthcare spending more affordable and controllable.

In Specialty Products' R&D activities, the main focuses are on materials for the production of identity cards with built-in security features as well as on inks, films and coatings used as flexible electrodes in electroluminescent (EL) lamps, touch screens, displays and printable electronics. Furthermore, different projects for the development and the marketing of tailor-made foils, chemicals and services for various industrial applications have been started. These include synthetic paper for the graphic industry, membranes for waste water treatment, batteries, electrolysis and fuel cells and functional chemicals for process control in the petrochemical industry.

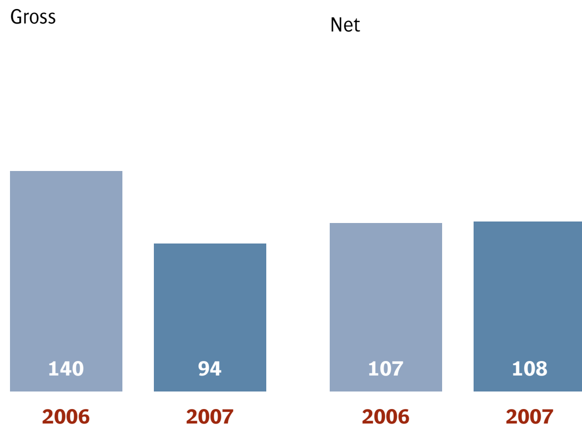
SAVINGS PLAN

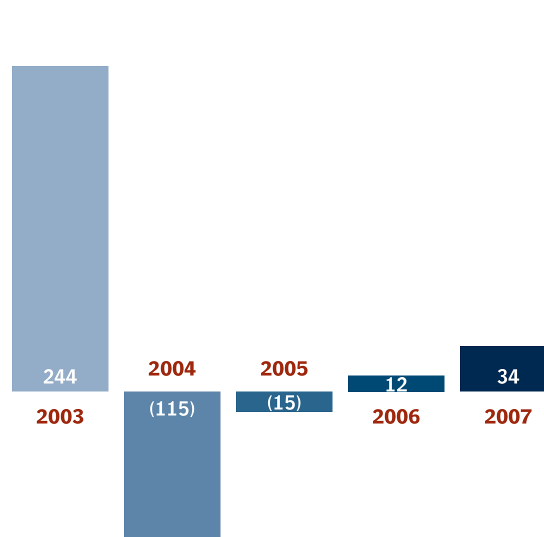
The implementation of the savings program, announced in August 2006, aiming to further strengthen the profitability and the competitiveness of the business groups, is on track. The target is to cut costs by 250 million Euro towards the end of 2008. Since its announcement, the work force has been reduced by approximately 1,100 full-time jobs.

At the end of February 2008, the Group announced a number of additional savings measures. As a general measure, the Group will reduce total purchasing costs by 50 million Euro.
In the inkjet segment, the Group aims to achieve savings of 30 million Euro through the adaptation of the cost structure. In order to improve its operational efficiency and its competitiveness in the highly competitive prepress market, the decision was taken to end the development and production of computer-to-plate equipment in Wilmington (USA) and to purchase this equipment from third parties.
In HealthCare, the Group will also take additional measures to bring the fixed costs to a competitive level and to improve overall profitability. In the first phase, the costs in Belgium will be reduced by 12 million Euro.

HUMAN RESOURCES

At the end of 2007, Agfa employed 13,124 full time equivalents, compared to 14,015 at the end of 2006.





OUTLOOK

The Agfa-Gevaert Group will continue to focus on cash generation and on improving the operational performance of its businesses. Taking into account the current economic climate, Agfa-Gevaert expects stable sales in 2008 (at constant exchange rates), with digital and IT solutions offsetting the general decline of traditional products in the market. Should the raw material costs remain at the same high levels as recorded in the first months of the year, this would have an impact on the Group's profitability.

Agfa Graphics expects stable prepress sales (at constant exchange rates), as growth in digital printing plates should offset the decline in analog prepress. By strictly implementing the cost saving measures, Graphics aims to offset further rises in raw material costs.
After the implementation of extensive improvement and testing programs in recent months, the technical problems in the inkjet segment have been resolved. The first generation inkjet product portfolio is now ready for market introduction. The target is to reach a market share of 10 percent in 2010 in the relevant industrial inkjet markets. Agfa is taking appropriate measures to reduce the losses in inkjet and to become profitable in the course of 2009.

In 2008, the sales growth of HealthCare's digital technology will not fully offset the decline in the traditional film and print business. Agfa HealthCare will focus on implementing the savings plans and on additional measures to bring down SG&A costs in order to gradually increase profitability to double digit levels. PACS and CR are expected to grow substantially, especially in emerging markets. In Enterprise Solutions, Agfa HealthCare has introduced its ORBIS systems in a number of strategically important countries, which are expected to deliver significant growth.

Specialty Products will further strengthen its position as a consolidator within the industry through cost leadership and operational efficiency in film manufacturing. Furthermore, it will continue to develop innovative products for new growth areas.

In the current challenging market conditions, Agfa's first priority is the operational improvement of the businesses. The Board of Directors confirms its commitment to a phased demerger but will continue to examine all strategic options in the course of 2008.

	2007	2006	% change
Sales	**1,617**	1,712	-5.6 %
Recurring EBITDA*	**124**	141	-12.1 %
% of sales	**7.7 %**	8.2 %	
Recurring EBIT*	**61**	73	-16.4 %
Operating result	**27**	(12)	

* before restructuring and non-recurring items.

Agfa Graphics' head office is located in Mortsel (Belgium). The business group has sales organizations in over 40 countries and representatives in more than 100 other countries. Its production sites are situated in Belgium, Germany, France, the United Kingdom, the United States, Brazil, China and South Korea.

Agfa Graphics

Agfa Graphics' 2007 sales amounted to 1,617 million Euro, a decrease of 2.7% excluding currency effects or 5.6% when these effects are taken into account. Sales were impacted by the strong Euro, the economic slowdown in the USA and the accelerated decline in the analog computer-to-film business.

In spite of the large impact of raw material costs, which were 69 million Euro higher than in 2006, the prepress segment was able to maintain its profitability due to the strict implementation of cost savings, increased production efficiencies and the market transition to more profitable digital technologies. The industrial inkjet segment, on the other hand, continued to face high start-up losses.

WORLD LEADER IN PREPRESS AND INNOVATOR IN INDUSTRIAL INKJET

Agfa Graphics is a prominent participant in the printing industry, which is one of the world's most important markets with a value of 750 billion Euro. Everybody is surrounded with products that have been manufactured using Agfa's technology. From newspapers, books and brochures to food packaging, shopping bags and wallpaper; print is everywhere.

Agfa is the market leader in the field of *prepress* for *offset* printers and plays a major role in the introduction of new digital *inkjet* technologies. Half of all commercial printers and two out of three newspaper groups use Agfa's solutions.

PREPRESS

Agfa Graphics primarily focuses on prepress for which it supplies integrated systems; equipment, software and consumables. The major part of sales comes from consumables, such as graphic film and *printing plates*.

Before the traditional printing process begins, a number of preparations need to be made. This is where the role of Agfa Graphics begins. In this phase, text and images are combined in a layout, colors are quality-controlled, pages are correctly positioned and a number of digital *proofs* are made. After these proofs are approved, the pages are exposed onto a printing plate, either directly, with *computer-to-plate* technology (CtP), or via an intermediate film, with *computer-to-film* technology (CtF). Following this process, the exposed plate is mounted on the printing press. In an industry in which efficiency is key, printers are rapidly making the transition from analog CtF systems to digital CtP technology. By eliminating intermediate stages in the process, CtP allows the printer to complete more jobs and to increase the control of the production process without the need to expand the workforce.

Agfa Graphics primarily focuses on prepress for which it supplies integrated systems, equipment, software and consumables. The major part of the business group's sales comes from consumables, such as graphic film and printing plates.

Commercial printers, packaging printers and newspapers rely on Agfa Graphics for every stage in the process, from design to the printed result. Agfa is not only a specialist in equipment and consumables, it also provides professional software and related services. Agfa Graphics has the most comprehensive solutions for both CtF and CtP, including software to *screen* graphic files and digital proofing systems with powerful software tools for managing color quality and consistency. Agfa's *workflow management software* steers and controls the printed matter production process. These systems offer the printer faster processing, better quality and improved cost efficiency.

The prepress segment has a global market value of 7 billion Euro. Agfa Graphics is a major player with a market share of almost 40% for CtF film and over 30% for CtP plates.

INDUSTRIAL INKJET

In addition to the traditional process, printed matter can also be produced with digital printers. For an extremely wide variety of applications in this new market, such as billboards, packaging and decorative products, Agfa Graphics aims to take a strong position with integrated solutions based on *inkjet technology.*

Agfa Graphics provides high-tech industrial inkjet presses and *large format printers*, as well as consumables, specifically ink. Building on its experience in imaging and emulsion technology, Agfa has created a full range of high-quality inks. In 2007, substantial successes were gained with the :Anapurna large format printers, whereas the market introduction of the inkjet presses :Dotrix and :M-Press took longer than expected due to technical problems with some specific applications.
These new activities fully complement the prepress business. Industrial inkjet systems compete mainly with *screen printing* and *flexo printing* technologies. Agfa Graphics is not active in these two traditional market segments.

:Dotrix Modular is the most productive industrial full color inkjet press available today. This versatile engine prints on various types of substrates, including heat-sensitive, pressure-sensitive and in-mould labels. On top, the :Dotrix Modular is very well suited for the production of POP materials, displays and packaging.

The :Energy Elite premium no-bake plate brings all the benefits of thermal plates to printers who require long print runs without baking. The plate has a patented base layer under the thermally sensitised top layer, which gives it outstanding chemical resistance.

MARKET TRENDS

Although printed matter encounters increased competition from other media, the industry continues to grow. The sector is constantly evolving and it is characterized by waves of consolidation and by the rapid breakthrough of new technologies.

Together with increasing price pressure, the advent of *project management systems* is responsible for a continuous wave of **consolidation**. As printers are now able to communicate with their clients over the internet, large companies can now win contracts from clients all over the world. A growing customer base gives them the power to take over smaller companies and to consolidate a traditionally fragmented industry. Suppliers of printing plates and prepress systems, such as Agfa Graphics, are thus serving fewer but larger customers, with larger volume demands and higher service level requirements.

Another noticeable fact is the trend towards **shorter run-lengths**. Information cycles are shortening and publishers need to differentiate their publications and attune the information to an increasing variety of target audiences. A classic example is the publication of several regional editions of a newspaper, but the advertising content is also increasingly adapted to the target audience. Print houses, are therefore receiving a growing number of orders for shorter run-lengths, resulting in an increasing demand for printing plates. The growing number of color publications also contributes to this, as color printing requires at least four times as many printing plates as printing in black and white.

The growing demand for shorter run-lengths for applications such as packaging, advertising and decoration materials and the need to print variable data, has further pushed the development of new **digital technologies** such as inkjet. With these technologies, jobs can alternate much faster and more economically than with traditional techniques, which yields considerable cost savings. It is anticipated that of all new digital technologies, inkjet systems will have the largest market penetration. Industrial inkjet printers deliver outstanding quality and are very versatile and are able to print on a vast variety of media.

The **technology shift** from computer-to-film to computer-to-plate in large companies is also accelerating in small and medium-sized printing businesses and in companies in new growth markets. Furthermore, printing businesses that invested in CtP in an early stage are now starting to upgrade or replace their systems.

As is the case in other industries, the pressure on the printing sector to work more **ecologically** is increasing. Agfa Graphics is anticipating this trend with printing plates that do not require chemical processing. In the digital segment, Agfa Graphics is promoting the use of *UV curable ink,* which – in contrast to other inks – does not contain volatile components.

STRATEGY

Printed matter continues to be an essential and powerful component of the integrated communication mix in a rapidly changing digital world. Agfa Graphics is the leader in a large number of market and product segments. To consolidate and expand its position, it has developed a strategy based on three pillars.

MARKET LEADERSHIP

In prepress, Agfa has leading positions in a large number of markets and product segments. It continues to invest in innovation to further strengthen these positions. One of the major target markets is composed of the so-called BRIC countries (Brazil, Russia, India, China). Agfa Graphics was the first big player to open a production unit for CtP printing plates in China and it is still the only major plate producer in Latin America. Agfa Graphics will continue to concentrate on global growth opportunities to protect its leading position in the market. Building on in-house technology and strategic partnerships, Agfa Graphics strives to play a major role in the growing industrial inkjet market with an innovative portfolio of high-quality inkjet systems for large volumes, UV curable inks, imaging software and a wide variety of services.

COST LEADERSHIP

Agfa Graphics has initiated a fundamental program to redesign its manufacturing and logistics organization, enhance the production capacity, reduce operational costs and optimize customer service.

INNOVATION AND TECHNOLOGICAL LEADERSHIP

Agfa Graphics invests continuously in new technologies, providing its customers with higher productivity and quality, to offer them an advantage over the competition in their markets. Agfa Graphics' research strategy combines its own developments with external partnerships and acquisitions of new technologies.

When introducing new developments, a great deal of attention is focused on the protection of the environment. An example is the :Azura printing plate, the first plate that can be developed without chemicals, which reduces waste volume considerably. Based on nano-technology, :Azura is a global success. Agfa Graphics is working on the development of new plates that can also be developed without any chemicals.

PRODUCT DEVELOPMENT

In the field of prepress, as well as in the field of inkjet, Agfa Graphics strives to identify the needs of its customers and to fulfill them with complete system solutions.

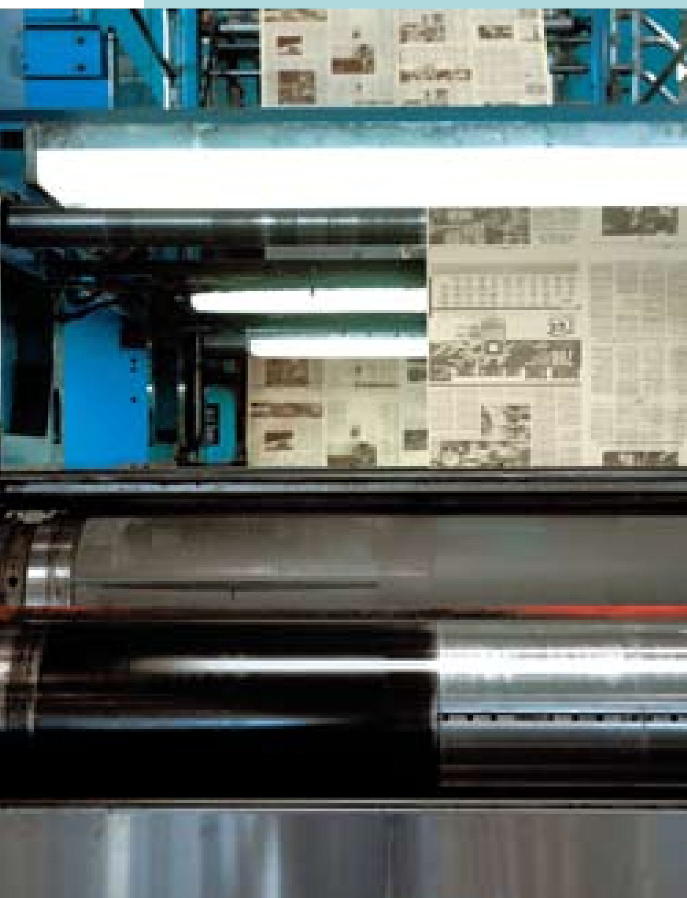
PREPRESS

In 2007, Agfa Graphics again expanded its broad range for **commercial and packaging printers**. The :ApogeeX 4.0 software makes the production process, from layout to printing, even more efficient, whereas the :ApogeeX InkSave module offers companies the opportunity to considerably save on ink, without affecting their output quality.

The :Delano software has also been updated to further improve its user friendliness. With :Delano it is possible to control print orders, from the moment they are placed until delivery. The combination of :Delano and :ApogeeX creates a complete communication network between the printing houses and their customers, offering all parties continuous access to data about the project status.

The new :Secuseal software offers the opportunity to protect the packaging of, for example, luxury consumer goods and medicines, from piracy with sophisticated backgrounds and complex linework patterns.

Agfa Graphics has released a new version of :Arkitex, the most popular software for managing and controlling the production process for newspaper publishers. Thanks to :Arkitex 6.0 the workflow runs more fluently and cost efficiently. A new and well received feature is the :Arkitex OptiInk module which helps printers to reduce ink consumption while also improving output quality.



The *thermal* :Energy Elite plate has received an InterTech Technology Award for its technical innovation. With :Energy Elite it is possible to produce more than 500,000 impressions without the need to bake the plate in an oven. This plate allows the printer to save both energy and time.

Agfa Graphics has also introduced a number of innovations for **newspapers**. At ‘Ifra’, the trade event for the newspaper industry (October, Vienna), Agfa showcased a demo version of the new :N92v printing plate. This plate is even more durable and offers even better quality than its predecessor, :N91v, which is a standard in the market. It is also fit for certain types of commercial printed matter, such as magazines and advertising brochures. It will be gradually phased in during 2008.

Agfa Graphics is also working on a plate which is exposed with *violet laser* and which can be developed without using chemicals. Both newspaper printers and commercial printers will use this plate to operate their businesses in a more environmental-friendly way. The new plate will be an addition to Agfa Graphics’ thermal *chemistry-free plate range,* which is mainly suitable for commercial printers. Also for newspaper printers, Agfa Graphics has released a new version of :Arkitex, the most popular software for managing and controlling the production process for newspaper publishers. Thanks to :Arkitex 6.0 the workflow runs more fluently and cost efficiently. A new feature is the :Arkitex OptiInk module which helps printers to reduce ink consumption while also improving output quality.

INDUSTRIAL INKJET

In 2007, Agfa Graphics expanded its range of large format printers with two new systems. Both the :Anapurna M and the :Anapurna XL² use Agfa's own inks to produce very high image quality. They are used to print indoor and outdoor signs, displays and posters up to 2.5 meters wide.

Agfa Graphics also launched a new version of the :Dotrix inkjet press. The :Dotrix Transcolor adds high-quality 4 color printing to high speed database printing. These features make it the ideal machine for the production of transactional documents (such as invoices and letterheads) as well as materials for direct mail. The :Dotrix Transcolor complements the :Dotrix Modular, which was developed earlier for applications including non-food packaging, labels and point-of-purchase advertising.

The market introduction of the :Dotrix and :M-Press inkjet presses was delayed due to technical problems for some specific applications. Nevertheless, Agfa remains confident that it will be able to take a major position in this promising market.

Just as computer-to-plate eliminated the variables that come with film imaging, processing and copying to plate, ThermoFuse technology now makes it possible to do away with any remaining variables resulting from conventional computer-to-plate imaging and processing. With ThermoFuse, as it is used in Agfa Graphics' :Azura and :Amigo plates, there are no chemicals in the process. The printing image is created by the laser and nothing affects it after exposure.

COMMERCIAL SUCCESSES

PREPRESS

In the **commercial segment,** Agfa Graphics continues to grow with its innovative solutions. The chemistry-free :Azura plate and the low-chemistry :Amigo plate are successful all over the world. They are both based on the *ThermoFuse* technology, developed in-house by Agfa. The technology offers printers the opportunity to operate in a more environmental-friendly way and, at the same time, improve their output quality. Since their introduction in 2004, 2,000 printing businesses worldwide already made the move to ThermoFuse printing plates. In 2007, the technology was adopted by leading printing businesses in the Japanese market.

:Delano enables automated and efficient operations by managing all aspects of the projects within the graphic enterprise. The software offers a variety of tools for monitoring tasks and handling resources, embedded in a complete communication framework that links business processes (customer service, estimation, order entry, supply chain) with production processes (prepress, press, postpress, delivery).

Agfa Graphics also reached important milestones with its software systems. At the end of 2007, the 1,000th :ApogeeX system for managing and controlling the production processes in North America was marked. Meanwhile, the number of installations worldwide has increased to over 13,000. At the beginning of the year, Agfa Graphics also announced the 3,000th installation of its :IntellSyst software. :IntellSyst detects possible problems with customers' prepress devices and automatically alerts a team of Agfa engineers, so they can take immediate action to prevent interruptions to the printer's production process.

In the **newspaper segment**, Agfa Graphics confirmed its leading position in Europe and extended its presence in other continents. At Ifra, Agfa Graphics announced that is had already sold 2,000 CtP systems for newspapers. New business increasingly concerns contracts for extensive integrated systems consisting of *platesetters,* printing plates and software to manage the production process. The most important contracts were signed with the largest Swedish newspaper group, V-TAB, with the German media concern Axel Springer, with Wegener NieuwsDruk, the largest publisher of regional newspapers in the Netherlands, and with The Chicago Sun-Times, one of the 10 largest newspapers in the USA. Within the framework of its strategic partnership with the New York Times Company, Agfa Graphics not only installed 6 additional platesetters, but also finalized the installation of an extensive :Arkitex system to manage the production process. The system seamlessly connects all editorial offices and all printing sites of the newspaper in the USA. In Australia, Nationwide News, the country's largest newspaper publisher, has digitized its prepress processes using Agfa Graphics' systems. In Asia, major agreements were signed with leading newspaper publishers in India (Jagati Publications, Vaartha, Lokmat Group) and Malaysia (Utusan Melayu Berhad).

INDUSTRIAL INKJET

Major progress was made in the field of industrial inkjet, with the market introduction of the :Anapurna range of large format printers. In the United States, major dealers included the :Anapurna printers in their portfolio. On a global scale, over 200 :Anapurna systems were installed at the end of 2007. They all use Agfa Graphics' own UV inks.

In contrast to the large format printers, the market introduction of the high-speed inkjet press :Dotrix and the high-end industrial flatbed press :M-Press evolved more slowly than expected. In spite of this, a number of :Dotrix Modulars were added to the installed base in 2007, for example for printing displays, cardboard packaging and plastic bags. This last application opens up an important new market segment for the :Dotrix press. A French customer has installed an ultra-fast :M-Press to replace its traditional screen printing equipment. :Dotrix, as well as :M-Press use Agfa Graphics' in-house developed inks.

	2007	2006	% change
Sales	**1,392**	1,452	-4.1 %
Recurring EBITDA*	**180**	239	-24.7 %
% of sales	**12.9 %**	16.5 %	
Recurring EBIT*	**106**	161	-34.2 %
Operating result	**67**	76	-11.8 %

* before restructuring and non-recurring items

Agfa HealthCare's head office is located in Mortsel (Belgium). Agfa HealthCare has sales organizations and representatives in over 100 countries. Its production and research sites are located in Belgium, Germany, France, Italy, Austria, the United States, Canada and China.

AgfaHealthCare

Agfa HealthCare's 2007 sales amounted to 1,392 million Euro, a decrease of 0.8% excluding currency effects or 4.1% when the effects of the strong Euro are included. The market-driven decline in the traditional product segments was not completely offset by the growth in computed radiography and IT solutions.

Although the business group succeeded in substantially lowering its sales, general and administration costs in the second half of the year, profitability was impacted by the expenses for the international roll-out of the ORBIS hospital-wide IT solutions, high raw material costs and adverse mix and currency effects.

Agfa HealthCare's DX-S solution delivers a full range of imaging exams with minimum wait times directly to the point of care. It is used in environments where patient comfort, exam speed, and imaging flexibility are of paramount importance, including Emergency, Trauma, Pediatric, Neonatal, and General Radiography departments. The DX-S combines the quality of Direct Radiography with the flexibility and economical advantages of Computed Radiography.

A MEDICAL IMAGING AND IT SPECIALIST

Agfa HealthCare operates in the healthcare sector, one of the most important and continuously evolving sectors in today's economy. It is expected that the upward trend in the sector will become stronger in the years to come. In the United States, approximately 16% of the gross national product is spent on healthcare. In Western Europe the average percentage is 9%, with countries such as France and Germany reaching 11% or more.

Agfa HealthCare supplies imaging products, image and data networks, as well as hospital-wide IT systems to hospitals and healthcare facilities around the world. The business group has a strong position in each of these market segments.

IMAGING

Agfa HealthCare's imaging range can be broken down into two main sectors: film products on the one hand and equipment used for digitizing diagnostic images and for printing those digital images on the other hand.

Today, almost 50% of Agfa HealthCare's sales are still generated through classic X-ray film and *hardcopy* film on which digital images are printed. Whereas the X-ray film market is declining rapidly in favor of digital systems, the global hardcopy dry film market is still fairly stable.

The digitization of the hospital workflow often starts in the radiology departments which convert from traditional X-ray film to high performance, digital imaging systems.

DRYSTAR AXYS is a hardcopy printer delivering high-quality images with 508 dpi image resolution, very short access time, and full flexibility with two film sizes on-line. The solution is currently the only tabletop dry hardcopy printer on the market that meets the stringent mammography requirements.

Agfa HealthCare has a complete range of *digitizers* for *computed radiography (CR)* and hardcopy printers, which are able to print general radiology images, as well as images made with other modalities, including *CT* and *MRI*-scanners. Agfa HealthCare's digital imaging systems showed strong growth figures in 2007.

IMAGE AND DATA NETWORKS

The first step towards a fully integrated hospital IT system is often made in the radiology department. In order to efficiently manage, process and distribute digital medical images from various imaging modalities, radiology departments install *Picture Archiving and Communication Systems (PACS)*. These PACS networks are often linked to information systems, such as *radiology information systems* or *RIS*. In the early nineties, Agfa was one of the first companies to bring these networks to the market and the *IMPAX* trademark now guarantees reliability and efficiency across the globe. Based on its experience in the radiology department, Agfa has also developed a number of IMPAX clinical applications for other hospital departments that work intensively with medical images, such as the surgery and orthopedics departments. As a result of the *Heartlab* acquisition in 2005, Agfa has been able to expand its range by adding applications for the cardiology department.

Whereas PACS and RIS solutions were originally linked to one hospital department, care organizations now also use them to link their radiology departments with other image intensive departments. The systems structure and bundle the data flows, improve the workflow in the departments involved, and support physicians in their decision-making process. As images and the linked data are immediately accessible, the systems speed up the diagnosis. For patients, the waiting times are reduced, whereas hospitals are able to significantly increase their efficiency and capacity. In addition, advanced PACS systems offer the tools necessary to establish *teleradiology*. At the end of 2007, Agfa HealthCare counted over 1,700 customers for its IMPAX systems all over the world, which is nearly double the number recorded at the end of 2005. Agfa HealthCare is one of the three largest global suppliers of PACS and linked information systems. In the important European markets, in Canada and in Latin America, it is the clear market leader.

HOSPITAL-WIDE IT

In recent years, Agfa HealthCare has become a leading player in the fast growing market for hospital-wide IT systems, building on its experience in PACS and on targeted acquisitions of the French company *Symphonie On Line* in 2004 and the German company *GWI* in 2005.

Agfa HealthCare's leading Hospital Information System/Clinical Information System (HIS/CIS), ORBIS, connects all hospital departments into one virtual network. It offers immediate access to all relevant patient data and it supports administration, billing, planning of appointments and examinations, as well as financial reporting. The system can serve as a base for a full-blown *Electronic Patient Record (EPR)*. In short, ORBIS offers hospitals the opportunity to operate more efficiently and effectively, leading ultimately to improved patient care. Agfa HealthCare's modular approach enables care organizations to implement ORBIS at their own pace, allowing the solution's various modules to be installed separately, tailored to the needs of the customer.

In contrast to the PACS/RIS market, the hospital-wide IT market is still very fragmented, with a large number of local and regional players. In every country where they are introduced, these systems have to be adapted to the language and the specific national healthcare regulations and organizations. With ORBIS, Agfa HealthCare is the market leader in Europe, with particularly strong positions in the German speaking countries. At the end of 2007, ORBIS was successfully installed in over 850 care centers and the system is used daily by over 500,000 physicians and nurses. ORBIS is one of the first HIS/CIS of its kind to be installed and active in Austria, Belgium, Luxembourg, France, Italy, Switzerland and Germany.

MARKET TRENDS

Various societal and sector related drivers incite the healthcare sector to catch up with other economic sectors in the field of computerization.

The world population is growing and ageing so the need for care is increasing. Elderly people are more often confronted with chronic diseases and, compared to younger individuals, are subject to more frequent diagnostic examinations. This growth is also, in part, driving an increase in avoidable errors which are still made in the healthcare sector, sometimes leading to injuries and fatalities. Many of these errors are caused by the lack of availability of appropriate information about the patient's medical history and needs. These factors urge care organizations to look for solutions to improve the efficiency and the quality of their services beyond pure departmental and facility boundaries.

The current adoption and growth of Electronic Patient Records and *Electronic Health Records* is increasingly playing an active role in this. Care programs, driven by governments and local authorities in various countries and regions, not only in the Western world but also in emerging markets with strong economical growth rates, are boosting the introduction of such e-health solutions. Global organizations such as the World Bank are committed to funding healthcare initiatives outside Europe.

Computerization has also led to an increasingly informed and aware patient population. The growth of the internet as a source of public information as well as continued media interest in healthcare issues have resulted in a more emancipated patient. Access to medical information now means that patients have increasing control over personal health matters which is, in turn, placing further pressure on governments, authorities and healthcare providers to deliver qualitative, affordable and specialized healthcare services. The ability of IT systems to bundle all relevant patient data together and to deliver them

The IMPAX Enterprise Suite is the most encompassing of all IMPAX suites and is designed to support the special, mission-critical needs of large-scale healthcare institutions spanning multiple sites and multiple patient ID domains. The solution is driven by the company's IMPAX Data CenterTM, a vendor neutral enterprise archive that serves as a multi-media repository for all types of standards-based medical images and diagnostic results.

Agfa's Radiology Suite primarily focuses on the clinical workflow within radiology. The seamless integration with a wide set of clinical applications and imaging tools gives the IMPAX Radiology Suite all the clinical depth that a radiologist might need. The solution's web deployable image and information management makes access to the data convenient from any place.

to the medical staff in a well-organized manner has become a cornerstone of today's healthcare provision.

These are several primary factors which drive today's healthcare industry and, with global healthcare spending under pressure, governments and authorities are increasingly turning to IT to curb their expenses and deliver qualitative care over the longer term.

STRATEGY

Agfa HealthCare's strategy is aimed at creating added value based on three key targets: continuing to grow market share in the declining traditional film and print segment; strengthening its position in imaging and IT in the radiology departments and other departments including cardiology, orthopedics and surgery; establishing a leading global position in organization-wide healthcare IT solutions.

To meet these targets, Agfa HealthCare will continually improve its solutions and continue to develop innovative systems. Within this scope it strives to achieve a deep integration of all solutions within its own portfolio. Furthermore, Agfa HealthCare aims to work with open standards, which allow its systems to communicate with IT systems and modalities of other companies active in the healthcare market.

In imaging, Agfa HealthCare has continued its efforts to acquire cost leadership and to improve its operations, building on the strong presence in radiology departments established over the years with its traditional, film based products. Agfa continues to supply these traditional systems and strives to make its products more environmentally-friendly and more cost efficient. Furthermore, Agfa will use its favorable point of departure in radiology departments to assist existing and new customers in their transition from analog systems to digital imaging and PACS.

Based on acquisitions and its global experience in PACS, Agfa will continue to expand its field of activity with departmental and hospital-wide IT systems, EPR solutions and consulting services for managers and care organizations. Specifically, Agfa HealthCare is increasingly focusing on delivering e-health solutions, enabling digital communications between practitioners with a view to improving patient safety and quality of care. As part of its commitment to e-health, Agfa plays an active role in a number of collaborative operations, including DebugIT (Detecting and Eliminating Bacteria UsinG Information Technology). This large network of university hospitals, supported by a European grant, aims to reduce bacterial infections in hospitals through advanced IT solutions.

In recent years, Agfa HealthCare has introduced its innovative hospital-wide ORBIS systems to the market in a number of strategically important countries, adapting it to the specific requirements of the individual national healthcare systems. In 2008, Agfa will focus on further developing and selling ORBIS in those countries where the initial investments have already been made.

In the second half of 2007, several decisions were made to improve the operational performance of Agfa HealthCare. The business group's management has been reinforced and measures have been taken to reduce costs.

PRODUCT DEVELOPMENT

In 2007, Agfa introduced a number of important additions to its portfolio. In imaging as well as in IT, the aim is to offer integrated solutions tailored to the needs of the customer.

IMAGING

In the field of imaging, Agfa introduced a new compact hardcopy printer named DRYSTAR AXYS. The solution is able to print high quality images from various modalities, including CT and MRI scanners and CR systems, at high speed. It is currently the only tabletop model available that is able to print mammography images.

The new version of the leading Musica software was launched on a global scale in 2007. Musica optimizes digital images before they are used for diagnostic purposes. Musica² offers significantly enhanced image quality and important improvements in efficiency. With Musica² and Agfa's digitizers it is possible to use a very low radiation dose and still have digital images with optimal quality.

IMAGE AND DATA NETWORKS

At the annual meeting of the Radiological Society of North America (RSNA), Agfa HealthCare introduced the segmentation of its IMPAX PACS portfolio in seven so-called suites. The IMPAX Suites are an integration of several modules, each designed to support specific activities and solve specific problems, into one workflow. All suites will offer the latest Agfa HealthCare PACS and RIS solutions and are delivered with state-of-the art clinical applications designed for the specific environments in which they will operate. They can be tailored at a modular level to fit customer needs. The suites, ranging from enterprise solutions for multi-site healthcare facilities, to specialized mammography, cardiovascular, radiology and orthopaedic systems, are designed to provide facilities and clinicians with more focused solutions for their diagnostic imaging needs.

The heart of the IMPAX Suites is the PACS operating software, of which the latest version was introduced at RSNA. IMPAX 6 offers seamless integration of RIS, PACS and systems for reporting examination results. The system brings information from various departments and imaging modalities – including *CT* and MRI examinations that often contain thousands of images – to the radiologist's desktop in a well-organized manner. IMPAX 6 can be extended with a set of integrated clinical applications for highly complex image processing.

HOSPITAL-WIDE IT

When Agfa HealthCare acquired the German company GWI in 2005, that company was already the market leader in the German-speaking region of Europe with its hospital-wide ORBIS system. Based on its own expertise and on partnerships, Agfa has adapted the system to address the specific healthcare situations in France, Italy, the United Kingdom, Canada, Russia, Belgium and Luxembourg. In the US, modules are gradually being released, including a system to schedule appointments centrally for several different hospital departments.

Agfa's Cardiology Suite is a dedicated solution for image management and reporting in multi-modality cardiology environments. With Agfa HealthCare's vendor neutral approach this suite supports improved productivity by providing fast and robust access to a consolidated view of all cross-modality cardiology and radiology images within a single review station.

At the beginning of the year, Agfa HealthCare acquired HYDMedia, a German document management system provider. HYDMedia's systems are now offered as stand-alone solutions and as ORBIS components.

COMMERCIAL SUCCESSES

IMAGING

Agfa HealthCare has been able to considerably extend its list of customers for CR systems, for example through agreements for this technology concluded in 2006 with the US Premier and Novation organizations. In 2007, Agfa sold over 50% more digitizers than in the previous year, driven by the successful launch of the CR 30-X entry-level model. Since the introduction of the DX-S digitizer in 2005, over 250 of the systems have been sold. The DX-S is Agfa's most powerful CR system. It combines the advantages of CR and *direct radiography (DR),* the two most common technologies for converting X-rays into digital data. In Canada, Agfa HealthCare received official authorization to offer certain CR systems for mammography applications. Systems such as the CR 85-X, for example, can be used to digitize general radiology images as well as mammography images. At the end of 2007, Agfa HealthCare had already installed over 15,000 CR systems across the world.

IMAGE AND DATA NETWORKS

In 2007, Agfa HealthCare was able to report significant commercial successes for its IMPAX PACS and RIS solutions. In Latin America, Germany, Canada, the United Kingdom and Spain, a large number of hospitals selected IMPAX. However, the most eye-catching contracts were signed in the USA. For example, Agfa HealthCare signed a second, five-year agreement to provide PACS and CR technology to all 17 hospitals, 7 outpatient centers and the centralized data center of the Adventist Health System's Florida Division. Still in the USA, Agfa HealthCare created a secured connection between the radiology departments of the Walter Reed Army Medical Center (Washington), the National Naval Medical Center (Bethesda, Maryland) and the James A. Haley Veterans Medical Center (Tampa, Florida). By doing so, the company confirmed its position as the US government's leading PACS supplier. Furthermore, the renewal of a contract with Premier allows Agfa HealthCare to offer PACS, RIS and reporting systems to the more than 1,700 member hospitals of this US purchasing alliance.
Another contract renewal was signed with the leading contracting services company Novation, giving Agfa HealthCare access to approximately 2,500 hospitals.

Agfa HealthCare signed one of the most important European RIS agreements ever with the Centre Hospitalier Régional Universitaire in Lille, France's fourth largest regional teaching hospital. In Belgium, Agfa HealthCare completed the installation of a full IMPAX Cardiovascular Suite in the Imelda hospital in Bonheiden. The Royal Brompton & Harefield NHS Trust in London, the largest center for heart and lung diseases in the United Kingdom, chose Agfa HealthCare as the preferred supplier for their PACS/RIS and cardiology project. SingHealth, the eastern cluster of public healthcare institutions in Singapore, will install an integrated IMPAX PACS/RIS system.

HOSPITAL-WIDE IT

In 2007, Agfa HealthCare was able to further expand its leading position in hospital-wide IT systems in the German-speaking region of Europe through contracts with prominent healthcare organizations. In January, Agfa HealthCare completed the first phase of the most important German hospital IT project to date. As part of this project, ORBIS is now operational in the 9 care centers of the Vivantes Netzwerk für Gesundheit. Another major ORBIS contract was signed with the University Clinic of Schleswig-Holstein, one of the three largest German organizations in its kind. In Germany, Agfa HealthCare currently partners university clinics in Bonn, Cologne, Giessen and Marburg, Münster, Frankfurt, Dresden, Halle and Freiburg. In Austria, ORBIS was implemented in, among other hospitals, the Landeskrankenhaus in Klagenfurt, the country's second largest hospital, and in the 4 hospitals of the Salzburger Landeskliniken group.

Agfa HealthCare is also able to report significant successes in countries where ORBIS has been launched more recently. In Belgium the first phase of an ORBIS installation was completed at the AZ Groeninge hospital in Kortrijk, while the Heilig Hartziekenhuis in Mol selected ORBIS for the integration of its medical workflow. In the United States, the Sampson Regional Medical Center in Clinton (North Carolina) installed the ORBIS Care module, which enables the hospital to manage clinical data and patient flow through all departments.

ORBIS is Agfa HealthCare's innovative and comprehensive hospital-wide Clinical Information System (HIS/CIS). The solution has been designed to provide hospitals and healthcare facilities with an Electronic Patient Record (EPR) solution. ORBIS addresses the needs of the entire healthcare enterprise, including Registration, Scheduling, Order Management, Results Reporting and Clinical Documentation.

	2007	2006	% change
Sales	**274**	237	15.6 %
Recurring EBITDA*	**41**	45	-8.9 %
% of sales	**15.0 %**	19.0 %	
Recurring EBIT*	**35**	39	-10.3 %
Operating result	**34**	26	30.8 %

*before restructuring and non-recurring items

Agfa Specialty Products' head office is located in Mortsel (Belgium). The business group has sales organizations in eight countries. Its production sites are situated in Belgium, the United States, China and Argentina.

Agfa Specialty Products

Excluding currency effects, Specialty Products' 2007 sales grew 17.3% (15.6% including currency effects) to 274 million Euro.
Sales were driven by important high volume contracts in the fields of Specialty Foils & Components and Security & Identification, such as the contract for a complete subsystem for the production of the Moroccan ID cards.

Film is still the most suitable medium for a lot of specific, industrial applications. Agfa Specialty Products aims to extend its leading position in classic, film-based products. With this goal, its state-of-the-art production facilities strive to manufacture as cost-efficiently as possible, without compromizing on quality.

INNOVATIVE SOLUTIONS FOR INDUSTRIAL APPLICATIONS

Agfa Specialty Products supplies consumables, systems and services to a variety of industrial markets. Its portfolio contains classic film products as well as innovative products and systems for new markets.

In most of the markets where Agfa Specialty Products supplies classic film products, analog systems will only very gradually be replaced by digital alternatives. Film guarantees high quality and is easy to use, whereas the transition to digital technology often demands substantial investment.

CLASSIC FILM MARKETS

Agfa Specialty Products' activities in the classic film markets can be broken down into six areas.

Non-Destructive Testing (NDT): Agfa Specialty Products produces high-quality X-ray film for *non-destructive testing*. When Agfa divested its NDT business group to General Electric Company (GE) in 2003, both parties signed a long-term agreement whereby Agfa will continue to supply X-ray film to GE. In 2007, this segment was able to capitalize on strong market growth.

Specialty Foils & Components: Agfa supplies state-of-the-art *PET* film bases, chemical materials and high-tech (semi-) finished materials to industrial customers who mainly use them for the production of imaging products. These materials can be tailor-made in cooperation with the customer. In the past year, Agfa Specialty Products has been able to win

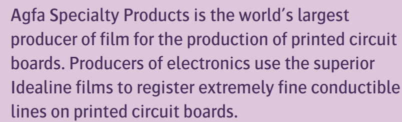
Agfa has an extensive experience in applying high quality multi-layer coatings in dark room conditions. Agfa's coating facilities can coat multiple layers, on one or both sides of the base, in one single pass. This results in reduced production costs and higher quality.

market share from other participants in the market. Furthermore, applications for tailor-made foils were found outside customary imaging markets. For instance, Agfa has started to employ its existing coating machinery in the production of synthetic paper for the printing industry. This printable synthetic paper will be launched at 'drupa', the graphic trade event and Agfa expects to book the first sales for this product in the course of 2008.

Aerial Photography: Agfa Specialty Products has a leading position in the small, but profitable aerial photography market with films, chemicals, photo paper and software. In this segment, the downward trend in analog products in favor of digital technology has clearly begun. However, in 2007, Agfa Specialty Products was able to gain market share and continue its growth by capitalizing on new applications for specific types of film. It is now possible to use aerial photography film, for instance, in security cameras and speed cameras.

Microfilm Archiving: Agfa Specialty Products' microfilm is known for its high sensitivity and exceptional image quality. In the past year, Agfa was able to increase its market share in this declining market, by anticipating the growing demand for analog media for long term storage of image and data files. Even in the digital era, microfilm is still an excellent medium for that purpose, offering clear advantages with regard to cost efficiency and reliability. Museums and libraries, for example, often put their entire collections on (color) microfilm.

Agfa supplies color print film, which is used to make copies of movies for cinemas, as well as sound recording film. All leading motion picture film laboratories throughout the world use film products from Agfa, because they are fully compatible with all industry standards and ideally suited for bulk printing from color intermediates.



Agfa Specialty Products is the world's largest producer of film for the production of printed circuit boards. Producers of electronics use the superior Idealine films to register extremely fine conductible lines on printed circuit boards.

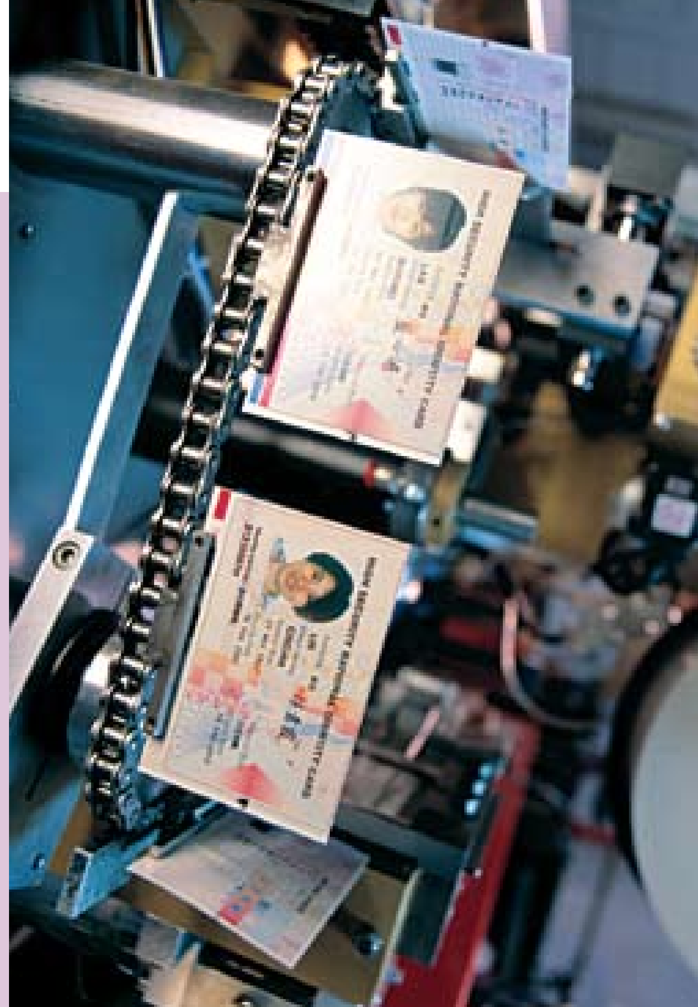
Motion Picture: In the world of cinema, film producers have to ensure that all cinemas have a good copy of their movie and Agfa Specialty Products has a leading role. Agfa supplies the *color print film*, which is used to make copies of movies for cinemas, as well as *sound recording film*. All leading motion picture film laboratories throughout the world use film from Agfa. Following an exceptional 2006, the market stagnated in 2007 but even though sales in this segment slightly declined, 2007 was the second best year ever for Motion Picture.

Phototooling: Agfa Specialty Products is the world's largest producer of film for the production of *printed circuit boards*. Producers of electronics use the film to register the extremely fine conductible lines on printed circuit boards. Following the strong growth of the preceding two years, in 2007 the segment's film volume stagnated at 2006 levels.

NEW MARKETS

Agfa Specialty Products uses its experience in the classic film markets to enter new, promising markets with advanced products and systems.

Security & Identification: With its systems for the production of high-security electronic identification documents, Agfa Specialty Products responds to problems caused by the increasing mobility of mankind. For security reasons, authorities are increasingly investing in high-tech electronic ID-documents whose authenticity can be checked quickly and efficiently. The demand for counterfeit-proof documents has grown dramatically following the attacks of September 11, 2001.



With ANaiS (Agfa's National Identification System), Agfa Specialty Products is targeting the high-end market segment of national identity cards with integrated chips. Furthermore, it recently developed materials to produce less complex plastic cards with security features, such as drivers' licenses and secure admission tickets as well as ID-cards for the business and the healthcare sector.

The portfolio contains laminates used for manufacturing traditional paper ID-documents as well as state-of-the-art systems – including equipment and consumables – for the production of plastic ID-cards with integrated chips. The integrated systems are called ANaiS (Agfa's National Identification System). Agfa Specialty Products is not only targeting the high-end market segment of national identity cards. It has also recently developed materials to produce less complex plastic cards with security features, such as drivers' licenses and secure admission tickets as well as ID-cards for the business and the healthcare sector.

Agfa Specialty Products' largest contract in this market to date was signed with the French company Thales. Within this contract's framework, the systems and the first consumables for the production of electronic ID-cards for the citizens of Morocco were supplied in the course of 2007. Thales will start producing the documents in 2008. During the past year, Agfa Specialty Products has been engaged in negotiations with various other parties concerning similar major projects.

Orgacon Electronic Materials: Agfa Specialty Products is an expert in the field of products based on conductive *polymers* used as an antistatic protection for films and components. Based on these products, Agfa has developed printing inks, films and emulsions for the production of transparent electrodes used in *electroluminescent (EL)* lamps. These conductive organic Orgacon products are very flexible. Manufucturers of electronics use them to meet the demand of consumers for more compact and lighter electronic devices. EL lamps based on Orgacon serve to illuminate, for instance, dashboards and high-end mobile phone keypads.

Whereas the market for these high-end mobile phones has declined considerably in recent years, future applications for Orgacon materials are consistently presenting themselves. Examples are displays, touch screens, solid lighting, and flexible solar cells. Agfa Specialty Products continues to invest in Orgacon, partly through research and development partnerships. In 2007 Agfa Specialty Products signed a supply agreement with the Norwegian company Thin Film Electronics for tailor-made Orgacon printing inks and the Swedish company PaperDisplay will use Orgacon products in the manufacture of low cost information displays printed on paper.

STRATEGY

Agfa Specialty Products' strategy is based on three cornerstones.

Firstly, Agfa Specialty Products aims to extend its leading position in classic, film-based products. With this goal, it strives to manufacture its products as cost-efficiently as possible, without compromizing on quality.

In addition, Agfa strives to increase its share in the electronic ID-documents market as well as in the market for conductive organic materials for the production of transparent electrodes. To reach this target, the business group will continue to invest in research and development, marketing and production.

Agfa Specialty Products is also identifying new opportunities to enter new target markets within and outside the imaging industry with new products – including special foils and chemicals – based on its existing knowledge, experience and production infrastructure. Based on in-house research Agfa, for instance, has developed printable synthetic paper. It has also adapted a coating machine to produce membranes for use in bioreactors and fuel cells.

After the split of the Agfa-Gevaert Group, Agfa Specialty Products will become part of the Agfa Materials company. In addition to the current Agfa Specialty Products activities, Agfa Materials will focus on the production of film and chemicals for graphic and medical applications. By manufacturing its products as cost efficiently as possible, the group will strive to consolidate its position as leader in these markets.

Agfa Specialty Products is an expert in the field of products based on conductive polymers used as an antistatic protection for films and components. Based on these products, Agfa has developed printing inks, films and emulsions for the production of transparent electrodes used in electroluminescent lamps, which serve to illuminate, for instance, dashboards and high-end mobile phone keypads.

Risk Factors

MARKET, TECHNOLOGY AND COMPETITION RISKS

As with any company, Agfa is continually confronted with market and competition risks. Its traditional imaging business in Graphics as well as in HealthCare is faced with rapid changes in technology and has in the past been characterized by price erosion.
Agfa is also introducing many new technologies, such as industrial inkjet for Graphics and, for HealthCare, computed and direct radiography as well as information systems. The digital imaging and information marketplace, in which Agfa is increasingly operating, is highly competitive and subject to rapid change.

COST OF RAW MATERIALS

Agfa relies on other companies to supply certain key raw materials. The most important of these are aluminum (approximately 135,000 tons per year) and silver (approximately 800 tons per year). Fluctuating raw material prices and any failure to obtain the needed raw materials on a timely basis could adversely affect Agfa's business, operational result and financial status.
Furthermore, Agfa may choose to hedge a portion or the totality of its raw materials exposure, as it deems appropriate.

PRODUCT LIABILITY

The activities of the Group may expose Agfa to product liability claims. Particularly with respect to its HealthCare activities, Agfa complies completely with regulatory systems in many different countries.
To mitigate product liability risks, Agfa has implemented a strict quality policy and control and has concluded a general insurance policy. Agfa has never suffered significant losses with respect to product liability, but there can be no assurance that this will not occur in the future.

ENVIRONMENTAL MATTERS

Agfa is subject to many environmental requirements in the various countries in which it operates, including air and wastewater emissions, hazardous materials and spill prevention and clean up. Significant operating and capital expenditures are required to comply with applicable standards. Provision is also made for current and reasonably foreseeable compliance and remediation costs.

PROPRIETARY TECHNOLOGY

Agfa owns, has applications pending for and is licensed under many patents relating to a variety of products as well as software. The company relies on a combination of patent, copyright, trademark and trade secret legislation, trade secrets, confidentiality procedures, contractual provisions and license arrangements to establish and to protect its proprietary rights.
On the other hand, the Group has a policy of strictly respecting third parties intellectual property rights. Agfa is not aware that any of its products are infringing upon the intellectual property rights of others. However, there can be no assurance that third parties will not claim such infringements in the future.

LITIGATION

Agfa is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency, which are commented in detail under footnote 15 p. 97 and footnote 26 p. 111 of the financial statements.

Corporate Governance

Since January 1, 2006, the Company has complied in all material respects with the Belgian Code on Corporate Governance. Agfa-Gevaert's "Corporate Governance Charter" is published on the website: www.agfa.com/investorrelations.

The main policy-making entities of the Company are the Board of Directors, the Executive Committee and the Chief Executive Officer. The Board of Directors is assisted by a Nomination and Remuneration Committee, an Audit Committee and a Strategic Committee.

BOARD OF DIRECTORS

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

In the course of 2007, the Board of Directors discussed and decided upon, inter alia: defining the corporate strategy and key policies such as the split of the company; the development of new businesses and discontinuation of existing businesses; the establishment or closure of subsidiaries; supervision over important legal disputes; risk management; the approval of budgets, the funding, investments and divestments; the nomination, remuneration and monitoring of executives; the supervision and control over the implementation of decisions; the approval of the financial statements; the proposal to the shareholders of the allocation and distribution of the result.

The Board's deliberations and decisions are valid if a 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 the event of a tied vote, the proposal is rejected. The bylaws also provide for the possibility of decision by consent in writing by the Board of Directors within the boundaries of the legal requirements in this area.

There is no formal procedure to cover the manner in which directors are informed, nor by whom they are informed. The directors reserve their right to acquire information on an ad hoc basis.

Directors likely to have conflicting interests with regard to any item on the agenda must disclose the conflict before any deliberation and abstain from deliberating and voting on that item. More particularly, the directors must not put themselves in conflict situations as described in the Code of Conduct of the Company. Should such an event occur against their will, they must disclose it before any deliberation relating to the conflicting item and must abstain from deliberating and voting on that item. In 2007 there were five occurrences where a director had directly or indirectly conflicting interests with a decision made by the Board of Directors.

At the meetings of the Board of Directors of both January 17, 2007 and December 12, 2007 an item was put on the agenda concerning the grant of an indemnification obligation against certain imputations and claims initiated by AgfaPhoto Holding. As a beneficiary with respect to this item, Mr. Ludo Verhoeven (Chairman of the Board of Directors) had a conflict of interest of a patrimonial nature as set out in article 523 of the Belgian Code of Companies. Mr. Verhoeven therefore abstained from the deliberation and vote concerning this item. The Board of Directors decided to grant the indemnification obligation concerned to, among others, Mr. Verhoeven. In this respect reference is made to the minutes of the Board of Directors of January 17, 2007, under the chairmanship of Mr. Ferdinand Chaffart, who replaced Mr. Verhoeven for this item: "The Board of Directors, therefore, resolves unanimously that the Corporation shall fully indemnify Mr. Ludo Verhoeven." In this respect reference is also made to the minutes of the Board of Directors of December 12, 2007: "… the Board of Directors resolves therefore unanimously, but with Mr. Verhoeven abstaining from the vote, to extend said indemnification obligation to Messrs. Verhoeven, Follens and Gedopt so as to include the present claims initiated by Mr. A. Ringstmeier, on the terms and conditions of January 17, 2007 that apply mutatis mutandis to the present resolution."

At the meeting of the Board of Directors of June 20, 2007, an item was put on the agenda concerning the grant of stock options to the members of the Executive Committee and senior management under the "Long Term Incentive Plan 2007". On this occasion, Mr. Marc Olivié, (Chairman of the Executive Committee as permanent representative of MRO Management BVBA) as a beneficiary had a conflict of interest of patrimonial nature as set out in Article 523 of the Belgian Code of Companies. Mr. Olivié therefore abstained from the deliberation and vote concerning this item. The Board of Directors decided not to issue Tranche IX of the Long Term Incentive Plan.
In this respect reference is made to the minutes of the Board of Directors: "The Board of Directors resolved unanimously with all members consenting but with Mr. Olivié absent from the deliberation and from the vote, to not approve a proposal to issue Tranche IX under the Long Term Incentive Plan."

During its meeting of July 30, 2007, the Board of Directors discussed a number of possible strategic options that could lead to the divestiture of one of the Group's divisions. When the Board of Directors started the discussions about this item, Mr. Karel Van Miert left the meeting and consequently did not participate in the deliberation and the vote. The Board of Directors resolved not to accept the proposal concerned. In this respect reference is made to the minutes of the Board of Directors: "The Board of Directors resolved, after careful and extensive deliberation, not to accept the proposal on the terms and conditions that are currently submitted to the Board of Directors."

In conclusion, the Board of Directors in its meeting of October 29, 2007, discussed the item concerning the additional compensation for the directors Cornu, Verhoeven and Chaffart in accordance with the additional tasks the Board of Directors allotted to them in the various committees.
In this respect reference is made to the minutes of the Board of Directors: "The Board of Directors resolved unanimously, with Messrs. Verhoeven and Cornu absent from the deliberation and the vote and Mr. Chaffart abstaining, to approve a recommendation by the Nomination and Remuneration Committee to grant additional compensation to Messrs. Verhoeven, Chaffart and Cornu as detailed in the minutes to the Nomination and Remuneration Committee."

The bylaws determine that the Board of Directors assembles whenever the interests of the Company require it or when two directors request it. In 2007, ten meetings were held, including one telephone conference. One decision was taken by unanimous consent in writing. All directors were present or represented at those meetings except for Mr. Christian Leysen, who was excused at the Board meeting of July 3, 2007.

COMPOSITION OF THE BOARD OF DIRECTORS

The bylaws of the Company provide that the Board of Directors has at least six members, who do not need to be shareholders and who have been appointed for a renewable maximum term of three years. At least half of the members are to be 'non-executive directors', including a minimum of three 'independent directors'.

Mr. Jo Cornu's mandate as a director of the Company came to an end at the General Meeting of Shareholders of April 24, 2007. Mr. Cornu offered himself for reelection for a new period. At the General Meeting of Shareholders of April 24, 2007, the shareholders reappointed Mr. Jo Cornu as a director for a new three year term.

In his letter of June 26, 2007, Mr. Marc Olivié informed the Board of Directors that he wished to resign his mandate as a director of the Company as of June 30, 2007. In its meeting of January 30, 2008, the Board of Directors decided, in the best interest of the Company, to provisionally fill this vacancy through the appointment of Mr. Willy Duron as a director. The General Meeting of Shareholders of April 29, 2008, will be requested to make the appointment final, in compliance with article 519 of the Belgian Code of Companies.

As from January 30, 2008, the Board of Directors consists of the following members:

Mr. Ludo Verhoeven	(member since 1999)	Chairman, Director of companies
Mr. John Buttrick (1)	(member since 2003)	Director of companies
Mr. Ferdinand Chaffart (2)	(member since 1999)	Director of companies
Mr. Jo Cornu	(member since 2002)	CEO, Agfa-Gevaert NV
Mr. Julien De Wilde (1)	(member since 2006)	Director of companies
Mr. Willy Duron (2)	(member since 2008)	Director of companies
Mr. Christian Leysen (2)	(member since 2003)	Chief Executive Officer, AXE-Group
Mr. André Oosterlinck (1)	(member since 1999)	Chairman Association K.U. Leuven
Mr. Karel Van Miert (1)	(member since 2001)	Director of companies

(1) Independent director in accordance with article 524§4 of the Belgian Code of Companies.

(2) Independent director in accordance with the Belgian Code on Corporate Governance and the Corporate Governance Code of the Company.

As from April 26, 2005, Mr. Werner Vanderhaeghe, lawyer/partner at Vanderhaeghe De Wolf Boelens & Lambrecht, is Company Secretary.

Mr. Chaffart, who has reached the age limit for reelection as stipulated in the Corporate Governance Charter, Mr. Oosterlinck and Mr. Verhoeven will not seek reelection at the General Meeting of Shareholders of April 29, 2008.

The Board of Directors and the Executive Committee wish to thank Ludo Verhoeven for his dedication and commitment throughout his entire career at Agfa-Gevaert. They also thank Ferdinand Chaffart for his efforts and his dedication as director and Chairman of the company's Audit Committee and André Oosterlinck for his efforts and dedication as director and member of the Audit Committee.

March 10, 2008, the members of the Board of Directors of Agfa-Gevaert NV announced their intention to nominate Julien De Wilde as Chairman of the Board of Directors following the Annual General Meeting of Shareholders of April 29, 2008.

March 20, 2008, the members of the Board of Directors announced that the Annual General Meeting of Shareholders of April 29, 2008 will be asked to approve the appointments of Michel Akkermans, Horst Heidsieck and Roland Junck as members of the Board of Directors, the re-election of Karel Van Miert and the extension of the mandate of Willy Duron, who was appointed member of the Board on January 30, 2008.

Until March 16, 2006, Messrs. Chaffart and Leysen represented Gevaert NV, the main shareholder until then. Mr. Cornu is director of KBC, the parent company of Gevaert NV. Although the KBC Group, parent company of Gevaert NV, announced on March 10, 2006, that it had sold its 27% interest in Agfa-Gevaert NV through a private placement with institutional investors, Messrs. Chaffart, Cornu and Leysen are still not considered to be independent directors in the sense of article 524§4 of the Belgian Code of Companies after this sale. The reason being that they do not meet the requirement that one can only be considered to be an independent director or be appointed as one if one did not practice a mandate as a director in the Company or a company related to it, two years prior to the appointment in that capacity. For the same reason, Mr. Duron can not be considered to be an independent director in the sense of article 524§4 of the Belgian Code of Companies.

Messrs. Buttrick, De Wilde, Oosterlinck and Van Miert are considered as being independent from the main shareholders and management, as described in article 524§4 of the Belgian Code of Companies and the Corporate Governance Charter. In 2007, or in the two preceding years they did not have any close business, family or other relationship with the Company, its controlling shareholders, its management or any party that could create such a conflict of interest as to affect their independent judgement.

In addition to his tenure on the Board of the Company, Mr. Van Miert also has six other mandates as a director or member of the supervisory board in publicly listed companies. As such he does not comply with the provision in the Belgian Code on Corporate Governance which recommends a limit on the number of outstanding mandates within publicly listed companies of a maximum of five. The Board of Directors is nevertheless of the opinion that Mr. Van Miert's broad international experience and network offers considerable added value. Furthermore, Mr. Van Miert explicitly confirmed his commitment to spend sufficient time to fulfil his mandate within Agfa-Gevaert.

CV'S OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE COMPANY SECRETARY

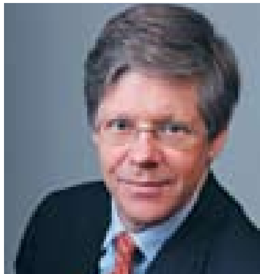
Ludo Verhoeven (°1944) studied chemical engineering at the Catholic University of Louvain (Belgium) where he also obtained his doctorate in Applied Sciences. He undertook further studies in management at the University of Antwerp (Belgium) and at the INSEAD institute in Fontainebleau (France).
He joined Agfa-Gevaert in Mortsel in 1973 and began his career in the Technology R&D department. From 1980 he worked in various areas in Mortsel (Belgium), the United States (from 1985 to 1988) and Leverkusen (Germany) (from 1993 to 1996). At the end of 1996 he returned to Belgium having been appointed a member of the Executive Committee of the Agfa-Gevaert Group on July 1. On April 26, 1999, he became a member of the Board of Directors and Vice-Chairman of the Executive Committee of Agfa-Gevaert which was listed on the stock exchange on June 1 of the same year. From June 20, 2001, to April 26, 2005, Ludo Verhoeven was CEO and Chairman of the Executive Committee. Since April 2005 he has been Chairman of the Board of Directors of the Agfa-Gevaert Group.
Office address: Agfa-Gevaert NV, Septestraat 27, B - 2640 Mortsel (Belgium).

CURRENT MANDATES

Director VOKA Vlaams Economisch Verbond VZW, member of the Board of Directors UZ Leuven, Vanbreda International NV, Vanbreda Risk & Benefits NV, Universiteit Antwerpen Management School, Ons Erfdeel, Lieven Gevaert Fonds VZW.

PREVIOUS MANDATES

Chairman VOKA Vlaams Economisch Verbond VZW, ADM CVBA.
Director INDAVER NV, AGIF NV, Uitgeversbedrijf Tijd NV, Member Executive Committee VBO.



John Buttrick (°1957) graduated from the Northwestern University (USA) and has a legal degree from Villanova University School of Law (USA). In 1985 he began his career with the New York law firm Davis Polk & Wardwell, where he became a partner in 1994. From 1988 to 1990 he worked at the office in Paris. In 2000, John Buttrick became a partner in LiveWire Ventures, an investment group based in New York that is financed by Blackstone Group and Thomas Lee. Today he is a private investor and the managing director at Plastic Energy Americas LLC.

CURRENT MANDATES

Managing Director Plastic Energy Americas LLC and Plastic Energy California LLC.
Shareholder Plastic Energy Americas LLC and Plastic Energy California LLC.

PREVIOUS MANDATES

Director Encoda Systems and HO Systems.

Ferdinand Chaffart (°1936) graduated in applied economic sciences in Antwerp (Belgium) and also studied in the United States (Delaware and Stanford, California). During his international career he was active in various sectors, including consumables (P&G), consulting (Glendenning, Cegos), industry (sugar and cement industry) and the financial sector (IPPA, Generale Bank). Ferdinand Chaffart was CEO for the Tiense Suikerraffinaderij, CBR Cement and Generale Bank. The Belgian government made him responsible for dealing with the dioxin crisis in 1999 and in 2001 he became Chairman of the Board of Directors of Sabena. In the past he was also Chairman of the Universiteit Antwerpen Management School and of the European League for Economic Cooperation.

CURRENT MANDATES

Chairman Finances et Industries NV.
Vice-Chairman Corelio NV.
Director Chaffart NV, Corelio NV, Icos Vision Systems NV, Icos Vision Systems Corporation NV, Spadel NV and Fonds voor Wetenschappelijk Onderzoek.

PREVIOUS MANDATES

Chairman Compagnie d'Entreprises CFE NV.
Director Gebema NV, Gevaert NV, Hottlet Sugar Trading NV, Tiense Suikerraffinaderij NV, Antwerps Innovatiecentrum NV, Finspa NV, Sabena NV, Xeikon NV and Heilig Hartkliniek Tienen.

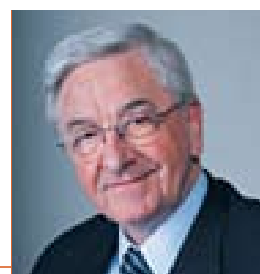
Jo Cornu (°1944) graduated as an engineer specializing in electrotechnology and mechanics from the Catholic University of Louvain (Belgium) and later obtained a PhD in electronics from the Carlton University in Ottawa (Canada). Jo Cornu was CEO of Mietec from 1982 to 1984 and later General Manager for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

CURRENT MANDATES

Chairman Alcatel-Lucent Bell NV.
Director KBC Group NV, Alcatel-Lucent SA, Alcatel-Lucent France.
Member of the Supervisory Board of Alcatel-Lucent Deutschland.
Business manager BVBA Mercodi.

PREVIOUS MANDATES

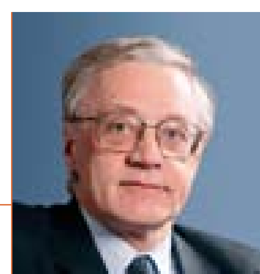
Chairman Uitgeversbedrijf Tijd NV.
Director Alcatel SA (France), Xeikon NV, Barco NV, Arinso International NV, Essensium NV.
Director of a number of subsidiaries of Uitgeversbedrijf Tijd NV.



Julien De Wilde (°1944) obtained an engineering degree from the Catholic University of Louvain (Belgium). From 1969 onwards he held various managerial positions at Texaco and in 1986 he was appointed member of the European Management Board of Texaco in New York. In 1988 he became head of the research and business development department of Recticel. A year later he became a member of the Executive Committee of Alcatell Bell, where he was responsible for strategy and general services. From 1995 to 1998 Julien De Wilde was CEO of Alcatel Bell and from 1999 to 2002 he was Executive Vice-President and member of the Executive Committee of Alcatel in Paris, responsible for Europe, the Middle East, Latin America, India and Africa. From July 1, 2002 to May 2006, he was CEO of the Bekaert Group.

CURRENT MANDATES

Chairman Board of Directors Metris Group, NYRSTAR NV.
Director Bekaert NV, CTO Group, KBC Bank NV, Vanbreda International NV and Telenet NV.
Member of the Executive Committee for Leuven LRD.
Honorary Chairman Agoria.



Willy Duron (°1945) has a master of mathematics from Ghent University (Belgium) and a master of actuarial science from the Catholic University of Louvain (Belgium). He began his career in 1970 as an actuary for ABB Insurance (Assurantie van de Belgische Boerenbond), where he became Director Life and Reinsurance in 1984 and later Vice Director-General. He became Chairman of the Executive Committee of KBC Insurance in 2000 and President of the Executive Committee of KBC Bank and Insurance Holding Company in 2003. From early 2005 to late 2006, he was CEO of KBC Group NV.

CURRENT MANDATES

Director Van Lanschot Bankiers, Ravago Plastics NV, Van Breda Risk&Benefits, Tigenix, K.U.Leuven, Universitaire Ziekenhuizen Gasthuisberg, Universitair Centrum Kortenberg, W&K.
Chairman of the Audit Committee K.U.Leuven and Universitaire Ziekenhuizen Gasthuisberg.

PREVIOUS MANDATES

Director Warta, CSOB Bank, Argosz, Secura, KBC Asset Management, KBC Private Equity, ADD and Farmers Business Development.

Christian Leysen (°1954) obtained a degree of commercial engineering and a masters degree in law at the Vrije Universiteit Brussel. In 1984 he founded Xylos, a service provider in information and communication technology. In 1989 he became responsible for the day-to-day management of the maritime and logistics company Ahlers, where he has been Executive Chairman since 1994. From 2000 to 2002, he was a member of the Antwerp city council and Chairman of the Board of Directors of Antwerpse Waterwerken. In 2004, he became Chairman of the Board of Directors of the University of Antwerp Management School.

CURRENT MANDATES

Chairman Ahlers NV, Xylos NV, Axe Investments NV and University of Antwerp Management School.
Business manager Anacom BVBA.
Director KBC Group NV, De Post NV, Tradicor NV, Synvest NV, ADM CVBA and Designcenter De Winkelhaak NV.

PREVIOUS MANDATES

Chairman Antwerpse Waterwerken.
Director Gevaert NV, Besalec NV, Gebema NV, Ortelius NV, Telindus NV and Ecolas NV.

André Oosterlinck (°1946) is an engineer, specializing in electrotechnology and mechanics. He obtained a PhD and a special PhD in applied sciences (specializing in medical and industrial image analysis) from the Catholic University of Louvain (Belgium). In 1984 he became professor at the faculty of applied sciences of the same university. From 1984 to 1994 he was head of the department of electrotechnology (Esat) and from 1990 to 1995 Vice-Rector for exact sciences. In August 1995 André Oosterlinck became Rector of the Catholic University of Louvain and in August 2005 Honorary Rector and Chairman of the Catholic University of Louvain Association. He is also a member of the Academia Europaea.
Office address: Associatie K.U. Leuven, Schapenstraat 34, B - 3000 Leuven (Belgium).

CURRENT MANDATES

Chairman Essensium NV.
Director Icos Vision Systems NV, Icos Vision Systems Corporation NV, Easics NV, Eyetronics NV, Metris International Holding NV, Fidimec NV and Medicim NV.

PREVIOUS MANDATES

Chairman Intelligent System Modeling and Control NV and Eyetronics NV.
Director UGINE & ALZ Belgium NV, Hypertrust NV and Q-Medit (Business Integration Company NV).

Karel Van Miert (°1942) obtained a degree in diplomatic sciences at Ghent University (Belgium), followed by a postgraduate course at the European University Center of Nancy. In 1976 he became the national secretary of the Belgian Socialist Party and in 1977 Head of the private office of the Belgian Minister of Economic Affairs. From 1978 to 1994 he was a lecturer at the Vrije Universiteit van Brussel and from 1978 to 1988 he was the Chairman of the Flemish Socialist Party. Karel Van Miert held various political positions, including membership of the European Parliament and membership of the Belgian Chamber of Representatives. From 1989 to 1993 he was a member of the European Commission and from 1993 to 1999 he was Vice-Chairman of the European Commission, responsible for competition policy. From 2000 to 2003 Karel Van Miert was President of Nyenrode University (the Netherlands).

CURRENT MANDATES

Director Solvay NV, De Persgroep NV, Carrefour Belgium NV, Sibelco NV, Anglo-American Plc.
Member of the Supervisory Board of Vivendi S.A., Royal Philips NV, RWE AG and Münchener Rück AG.

PREVIOUS MANDATES

President Nyenrode University.
Member of the Supervisory Board of Fraport AG, Wolters Kluwer and DVH Amersfoort.

Werner Vanderhaeghe (°1951) has a law degree from Ghent University (Belgium) and a masters degree in law from the University of Texas at Austin School of Law (USA) and he studied management at INSEAD (France). He started his professional career in 1975 as Teaching and Research Assistant at Ghent University (Belgium). Since 2001 he has been a partner in the law firm Vanderhaeghe De Wolf Boelens & Lambrecht. He was previously General Counsel to the Bekaert Group and Ameritech International and was in private practice in New York and Brussels with Cleary, Gottlieb, Steen & Hamilton and White & Case. He has also worked in various in-house legal functions for Generale Bank, Sidmar and Merck Sharp & Dohme. Werner Vanderhaeghe has been General Counsel to the Agfa-Gevaert Group since 2001 and Company Secretary since early 2005.

STATEMENTS REGARDING DIRECTORS

The Board of Directors of Agfa-Gevaert NV, represented by Messrs. Ludo Verhoeven, Chairman of the Board of Directors, and Jo Cornu (permanent representative of Mercodi BVBA), President and CEO, certify that to the best of their knowledge:

- none of the directors or members of the Executive Committee has been the subject of any convictions in relation to fraudulent offences for at least the previous five years; any official public incrimination and/or sanctions by statutory or regulatory authorities; and in their capacity of director or member of the Executive Committee, none have been involved in any bankruptcy in the past five years, with the exception of Messrs. Chaffart and Cornu who were directors of Xeikon NV at the time of bankruptcy;
- at present no employment agreements have been entered into with the directors which provide for compensation upon termination of their employment;
- Messrs. De Wilde, Duron, Oosterlinck and Van Miert do not own any shares in the Company. The following directors do own shares in the Company: Mr. Buttrick: 7,500 shares; Mr. Chaffart: 23,200 shares; Mr. Cornu: 8,000 shares; Mr. Leysen (through Axe Investments NV, of which he is Chairman): 150,000 shares; Mr. Verhoeven: 9,674 shares;
- at present no stock options of the Company have been granted to non-executive directors, except for the 161,400 options granted in the past to Mr. Verhoeven as former CEO of the Company and previous to that as member of the Executive Committee;
- Mr. Jo Cornu is the only shareholder of the Mercodi BVBA company, of which he is also the business manager (see above);
- Mr. Willy Duron in the past five years has owned shares in KBC Group NV, where he also was a director (see above);
- Mr. Christian Leysen is a shareholder of Ahlers NV, Xylos NV and Anacom BVBA and subsidiaries, as well as KBC Group NV, where he also has mandates as a director (see above);
- Mr. André Oosterlinck is a shareholder of Eyetronics NV, ICOS Vision Systems Corporation NV and Medicim NV. He also is a director in these companies (see above);
- Mr. Karel Van Miert owns 500 shares in Anglo-American PLc and 1,000 shares in Vivendi SA, companies where he also has a mandate as a director or a mandate in the Supervisory Board (see above).

COMMITTEES ESTABLISHED BY THE BOARD OF DIRECTORS

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in achieving its mission of control in the broadest sense, including financial reporting, internal controls and risk management, internal audit processes and assistance in the external audit process. Its powers and the way it functions are described extensively in the Corporate Governance Charter.

In 2007, the Audit Committee included three non-executive directors of which the majority is independent (see 'Composition of the Board of Directors' p. 36), i.e. Messrs. Chaffart, Chairman, Buttrick and Oosterlinck. The Committee held seven meetings in 2007 and all members of the Committee were present at the meetings. Amongst other items the following topics were discussed in 2007: the verification of the annual accounts 2006 and the quarterly results of 2007; the follow-up of important legal issues such as the AgfaPhoto file; the evaluation of risk management in the Group; the follow-up of the five-year plan, the observation of the Code of Conduct and of the conclusions of the internal audit department.

January 30, 2008 – following the decision to provisionally appoint Mr. Duron as a director of the Company – the Board of Directors decided to expand the Audit Committee from 3 to 4 members through the appointment of Mr. Duron as a member of this committee.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee has advisory responsibilities relating to the nomination, reappointment or dismissal of directors and members of the Executive Committee and responsibility for the remuneration policies and the individual remuneration of the directors and the members of the Executive Committee. Its powers and the way its functions are described extensively in the Corporate Governance Charter. The Nomination and Remuneration Committee includes three non-executive directors.
Until December 1, 2007, the members were Messrs. Cornu, Chairman, Van Miert and Verhoeven.
On December 1, 2007, Mr. Cornu resigned as Chairman and member of the committee. He was replaced by Mr. Christian Leysen.
The committee had seven meetings in 2007. All members of the Committee were present at the seven meetings and the following items were, amongst others, discussed in the course of 2007: the organization, the functioning and the remuneration of the Executive Committee and executive management; the long term share incentive program; and the policy concerning People and Performance Development.

STRATEGIC COMMITTEE

The Strategic Committee advises the Board of Directors about the strategic policy options and, in particular, about strategic developments in the areas where the company operates. The Strategic Committee also advises the Board about the five-year plan which the Executive Committee submits every year, concerning strategic matters such as acquisitions, disinvestments, strategic partnerships, and the execution and follow-up of such issues. In principle, the Strategic Committee meets every three months and more if required. The Committee was established through a decision of the Board of Directors on December 12, 2007. The Chairman is Mr. Julien De Wilde and the members are the Chairmen of the other committees. There was no meeting in 2007.

AD HOC COMMITTEE

The Ad Hoc Committee closely monitored the progress of the company's operational performance and will specifically supervise the preparation and implementation of the demerger process. The Board of Directors established the Ad Hoc Committee during its meeting of June 20, 2007. The Committee was composed of Ludo Verhoeven, Chairman, Ferdinand Chaffart, Chairman of the Audit Comittee and Jo Cornu, Chairman of the Nomination and Remuneration Committee. The Committee held two meetings in 2007 and was dissolved by a resolution of the Board of Directors on December 12, 2007.

EXECUTIVE COMMITTEE

The executive management is entrusted to the Executive Committee, of which the CEO is the chairman. The Executive Committee is responsible for the implementation of the Company's policy and strategy laid down by the Board of Directors. Consequently, it has the most extensive powers regarding day-to-day management as well as a number of specific special powers. These powers are described extensively in the Corporate Governance Charter.

In order to allow the Board of Directors to exercise its control, the Executive Committee regularly reports about its activities and about the development of the subsidiaries and associated companies.
The Executive Committee meets in principle once every two weeks and more frequently when necessary.

COMPOSITION OF THE EXECUTIVE COMMITTEE

On January 1, 2007, the Executive Committee was composed as follows:

Marc Olivié (permanent representative of MRO Management BVBA)	Chief Executive Officer
Anne Vleminckx	Chief Financial Officer
Albert Follens	Chief Operating Officer and President Agfa Specialty Products
Philippe Houssiau	President Agfa HealthCare
Stefaan Vanhooren	President Agfa Graphics

In its meeting of June 20, 2007, the Board of Directors agreed to appoint Mr. Ludo Verhoeven on a temporary basis, i.e. until the end of 2007, as acting chairman of the Executive Committee whose purpose is to closely monitor, together with the Ad Hoc Committee, the operational performance.

As of July 1, 2007, MRO Management BVBA, with Mr. Marc Olivié as its permanent representative, resigned from the Executive Committee.

On August 10, 2007, Mr. Philippe Houssiau's mandate as a member of the Executive Committee was ended with immediate effect. Pending the appointment of a successor, Mr. Albert Follens temporarily took over as Head of the Agfa HealthCare business group.

In its meeting of October 29, 2007, the Board of Directors resolved to appoint Mr. Ludo Verhoeven as CEO and to take, together with the Executive Committee, direct day-to-day responsibility for the operations of the Company until the end of 2007.

On November 29, 2007, Mr. Ludo Verhoeven resigned as Chairman and member of the Company's Executive Committee with immediate effect. On November 29, 2007, the Board of Directors decided to appoint Mercodi BVBA, with Mr. Jo Cornu as its permanent representative, as member of the Executive Committee and CEO of the Company.

On December 12, 2007, the CEO appointed Mr. Albert Follens as Vice Chairman of the Executive Committee.

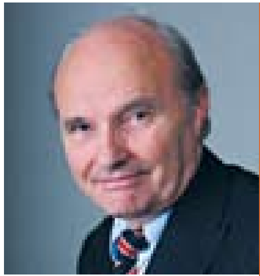
As from January 1, 2008, Mr. Christian Reinaudo also became a member of the Executive Committee, which is therefore composed as follows:

Jo Cornu (permanent representative of Mercodi BVBA)	Chairman and Chief Executive Officer
Albert Follens	Vice Chairman - Chief Operating Officer and President Agfa Specialty Products
Anne Vleminckx	Chief Financial Officer
Christian Reinaudo	President Agfa HealthCare
Stefaan Vanhooren	President Agfa Graphics

Werner Vanderhaeghe is General Counsel to the Agfa-Gevaert Group and Company Secretary.
Until January 1, 2008, he also acted as Secretary to the Executive Committee.

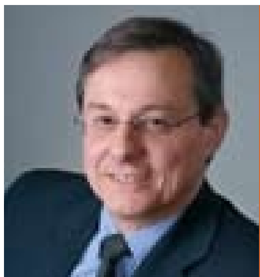
CV'S OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

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



Albert Follens (°1947, Belgian) studied electromechanical engineering at Ghent University (Belgium) and Business Administration at the University of Antwerp (Belgium). Since December 2007, Albert Follens has been Vice President of Agfa-Gevaert's Executive Committee. He is the Group's Corporate HR Director and Chief Operating Officer and he is President of the Agfa Specialty Products business group. Albert Follens started his professional career with Philips in 1969 and joined Agfa-Gevaert in 1970. He held several positions in technological research into process automation and coating, headed the Instrumentation Department and became Head of Logistics in 1990. In 1997 Albert Follens was appointed Director of Production and Engineering and Manager of Agfa's site in Mortsel (Belgium). In 1999 he became responsible for Agfa's worldwide Production and Engineering. Albert Follens joined the company's Executive Committee in 2001.

Anne Vleminckx (°1954, Belgian) holds a masters degree in economics from the Catholic University of Louvain (Belgium). She is Chief Financial Officer of Agfa-Gevaert and has been a member of the Company's Executive Committee since early 2005. Anne Vleminckx had several assignments at Generale Bank before being appointed Corporate Communication and Investor Relations Manager in 1990. From 1996 to early 1999, she was Vice Chair of the Management Committee of the Brussels Stock Exchange and later Chief Financial Officer of the Catholic University of Louvain (Belgium). She joined Agfa in 2001 to act as Investor Relations Manager and Secretary-General to the Executive Committee. In 2002 she also became responsible for Corporate Communication.



Christian Reinaudo (°1954, French) is a graduate from the 'Ecole de Physique et de Chimie Industrielles de Paris' and holds a doctorate from the University of Paris (France). He is a member of the Excecutive Committee since December 2007. Christian Reinaudo began his career with Alcatel in 1978. During this period, he managed worldwide multi-billion Euro businesses and international sales and services organizations. Most recently he was Area President Europe and North for Alcatel-Lucent and responsible for managing the integration and transition process associated with the merger with Lucent Technologies.

Stefaan Vanhooren (°1964, Belgian) studied applied economics and obtained an MBA degree from the University of Antwerp (UFSIA) (Belgium). He has been President of the Agfa Graphics business group since 2004 and has been a member of the Company's Executive Committee since early 2005. Stefaan Vanhooren joined Agfa-Gevaert in 1989. After implementing specific mergers & acquisitions programs in the United States he returned to the company's head office in Belgium to join the Non-Destructive Testing business group, where he held various senior management positions in finance and marketing. He became Head of the business group's global sales and marketing business in 1999. In 2002, Stefaan Vanhooren was appointed Managing Director for Asia Pacific to lead Agfa's regional headquarters based in Hong Kong.

REMUNERATION

The remuneration policy of the Company pertaining to the directors and members of the executive management is described in the Corporate Governance Charter.

BOARD OF DIRECTORS

The annual individual remuneration for the members (executives as well as non-executives) of the Board of Directors for the exercise of their mandate with effect from the General Meeting of Shareholders in April 2007 is as follows:

Euro	Board of Directors	Committees	Ad Hoc Committee	TOTAL
Mr. John Buttrick [(1)]	50,000	12,500		62,500
Mr. Ferdinand Chaffart	50,000	25,000	50,000	125,000
Mr. Jo Cornu	50,000	15,000	50,000	115,000
Mr. Julien De Wilde	50,000	0		50,000
Mr. Christian Leysen	50,000	0		50,000
Mr. Marc Olivié [(2)]	25,000	0		25,000
Mr. André Oosterlinck	50,000	12,500		62,500
Mr. Karel Van Miert	50,000	7,500		57,500
Mr. Ludo Verhoeven	166,667	7,500		174,167
TOTAL	**541,667**	**80,000**	**100,000**	**721,667** [(3)]

[(1)] Excluding Mr. Buttrick's travel allowance (USA-Belgium) of 3,000 Euro per meeting in Belgium.

[(2)] Director until June 30, 2007.

[(3)] The total gross remuneration for directorship, membership of the Committees and attendance fees of the directors as accounted for in the financial statements of 2007 amounted to 760,168 Euro, of which 307,918 Euro was for the executive directors. The differences can be attributed to a) additional travel allowances and b) additional remuneration for the extra meetings of the Remuneration Committee and of the Audit Comittee which exceeded the planned number of respectively three and five meetings.

There are no stock options or warrants granted to the non-executive directors. The following fringe benefits are linked to the mandate of Chairman of the Board of Directors: a company car, home PC and a number of insurances. The cost of this in 2007 amounted to 5,717 Euro.

EXECUTIVE COMMITTEE

The overall gross remuneration for 2007 paid to those who were members of the Executive Committee in 2007, amounted to 3,261,089 Euro, of which 2,657,392 Euro was as a fixed remuneration and 603,697 Euro as a variable remuneration, 611,936 Euro pension contributions and 32,925 Euro in the form of fringe benefits. These fringe benefits include a home PC, a company car, a net cost allowance and various insurances (directors' liability, travel assistance, medical insurance, personal accident, labor accident).
As part of the above sums the remuneration for the mandate of Managing Director and Chairman of the Executive Committee (CEO) in 2007 amounted to 1,575,268 Euro, of which 1,160,563 Euro was as a fixed remuneration and 414,705 Euro as a variable remuneration, 6,019 Euro pension contributions and 7,555 Euro in the form of fringe benefits. In addition, 1,540,842 Euro were paid as severance payments.

STOCK OPTIONS GRANTED TO THE MEMBERS OF THE EXECUTIVE COMMITTEE (at the end of 2007)

The number of share options and other rights to acquire shares that has been granted to the members of the Executive Committee is as follows:

	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL*
strike price (Euro)	22.00	22.00	20.00	18.00	18.27	19.95	22.57	18.60	
Mr. Albert Follens	13,000	7,500	11,600	19,000	16,350	20,000	22,000	24,000	133,450
Mr. Stefaan Vanhooren	0	0	0	6,300	8,650	8,500	22,000	30,000	75,450
Mrs. Anne Vleminckx	0	0	3,100	6,300	8,650	8,500	22,000	24,000	72,550
TOTAL	**13,000**	**7,500**	**14,700**	**31,600**	**33,650**	**37,000**	**66,000**	**78,000**	**281,450**

(*) The Board of Directors decided not to issue Tranche IX of the Long Term Incentive Plan in 2007.

At the end of 2007, the members of the Executive Committee owned a total of 281,450 options or warrants, which were granted to them in different tranches.

MOST IMPORTANT RECRUITMENT AND TERMINATION CONDITIONS PERTAINING TO DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

Directors are nominated for a term of three years. They may resign at any time if the provisions with respect to the composition of the Board of Directors are respected. They may be dismissed as a director at any time by the Annual General Meeting without notice.

Some members of the Executive Committee are appointed for an indefinite term, others for a finite term. Any member may be removed from their function at any time, without prejudice to the contractual arrangements of the individuals concerned.

The tenure of directors that are appointed to the Executive Committee does not automatically end in the event of termination for whatever reason of their tenure as director.

All members of the Executive Committee who are appointed for an indefinite term, are entitled, in conformity with the applicable criteria developed by case law and certain formulae, to a severance payment equal to, on average, twice their gross annual remuneration. All members of the Executive Committee who are appointed for a finite term, are entitled to a severance payment of a maximum of one year's gross annual remuneration.

The contracts of all the members of the Executive Committee (with the exception of Mr. Jo Cornu as permanent representative of Mercodi BVBA as well as the members that no longer meet the required age limit) include a so-called "change of control" provision. This provision determines that members shall receive compensation equal to twice their annual gross remuneration if they terminate their contracts following a change of control of the Company (non-cumulative with the above severance payment).

POLICY REGARDING THE APPROPRIATION OF THE RESULT

The Board of Directors' proposals to the Annual General 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 Company aims to pay out between 35 and 40% of its net result in the form of dividends.

POLICY REGARDING THE DEALING IN SHARES OF THE COMPANY (insider trading)

Consistent with its principles and values, Agfa-Gevaert formulated a Code of Dealing immediately after the IPO in 1999. The Code contains rules with which directors and members of senior management had to comply in case they wished to deal in financial instruments of the Company. The Code forbids these persons, inter alia, to deal during well-defined periods preceding the announcement of its financial results and the announcement of other price sensitive information.

Taking into account the Law of August 2, 2002 and the Royal Decree of March 5, 2006 concerning market abuse, Agfa-Gevaert has changed this Code to make it compliant with the current legal stipulations on this subject. Inter alia the following regulations were included in the Code:

- the description of the persons who should be considered to be primary and secondary insiders and who are forbidden to use inside information to deal in the financial instruments of the Company, to tip off third parties and to share this inside information with third parties;
- the disclosure that the Company has drawn up a list – which is held at the disposal of the Banking, Finance and Insurance Commission (CBFA) – of people who work at the company based on an employment contract or otherwise and on a regular or occasional basis have access to inside information;
- the disclosure that persons with executive responsibilities and persons closely related to them should inform the CBFA of the transactions in financial instruments of the Company that they execute for their own accounts.

The adapted version of the Code is available on the Company's website as part of the Corporate Governance Charter. The members of the Board of Directors, the Executive Committee and the other persons involved have been given a copy of this Code.

MAIN SHAREHOLDERS

According to the information available to the Company at the time of publication of this annual report, its main shareholders now include:
Franklin Resources Inc. with 11.50% of the outstanding shares as from April 12, 2007,
Nordea Investment Funds SA with 5.94% of the outstanding shares as from December 7, 2007,
Classic Fund Management AG with 5.14% of the outstanding shares as from November 2, 2007,
Pioneer Investment Management Ltd. with 3.00% of the outstanding shares as from November 6, 2006,
Furthermore, the Company had 3.15% of its own stock as treasury stock at the end of 2007.

AUDITOR

Agfa-Gevaert NV's auditor is Klynveld Peat Marwick Goerdeler represented by Messrs. Theo Erauw and Erik Helsen.
World-wide fees in relation to services provided by the auditor amounted to 4,829,800 Euro in 2007.
This sum comprises fees of 4,047,262 Euro for the audit of the annual financial statements and 537,306 Euro for tax services and 245,232 Euro for other audit related services.

GENERAL INFORMATION ABOUT THE COMPANY

Agfa-Gevaert NV (company number 0404.021.727, Register of Legal Entity Antwerp) is a public limited liability company under Belgian law, incorporated on June 10, 1964. The registered office of the Company is located at Septestraat 27, in 2640 Mortsel, Belgium.

The full and annotated financial data and statements as from 2003 are available via the website of the Company, www.agfa.com, or at the registered office of the Company itself.

Information with respect to environmental matters can be found in the environmental report of the Company which is published every two years and of which an annual update is published on the Company's website.

AVAILABILITY OF INFORMATION

The Company's bylaws are available at the clerk's office of the commercial court of Antwerp and at the registered office of the Company. They can also be found on the website of the Company, www.agfa.com.
The Corporate Governance Charter and the Code of Dealing can be found on the website, www.agfa.com.

The annual accounts are filed with the National Bank of Belgium. The annual accounts, together with the related reports, are communicated every year to the holders of registered shares and upon request to any interested party.

The annual reports, containing the individual and consolidated annual accounts, the annual report and the report of the statutory auditor with respect to the financial years 2003, 2004, 2005, 2006 and 2007, can be found on the website (www.agfa.com) and at the registered office.

The convocation to the General Meeting of Shareholders is published in the financial press and can also be found on the website. As regards financial information, the financial results and the other compulsory matters are published on the website of the Company, in compliance with the guidelines of the Banking, Finance and Insurance Commission.

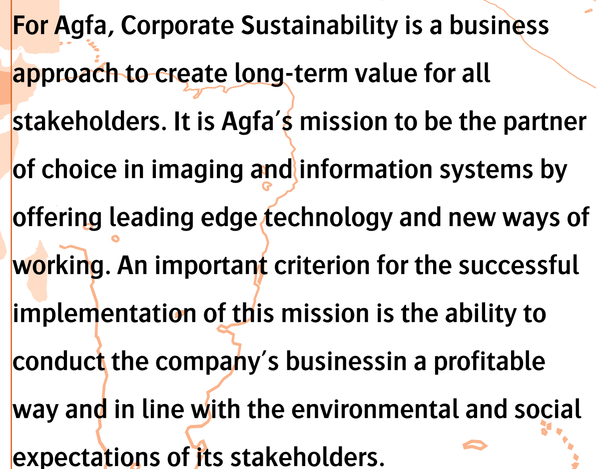
The decisions with respect to the nomination and dismissal of members of the Board of Directors are published in the Annexes to the Belgian State Gazette.

Any interested party can register free of charge on www.agfa.com to receive the press releases and statutory financial information by e-mail.

The annual report is available in printed form in Dutch and English, and is also published in French on the website of the Company, www.agfa.com.

Only the Dutch version of the annual report is valid for purposes of the prospectus and shelf registration procedure. The versions in other languages only represent a translation of the original Dutch version. Conformity between the different versions is the exclusive responsibility of the Company.

Corporate Sustainability



For Agfa, Corporate Sustainability is a business approach to create long-term value for all stakeholders. It is Agfa's mission to be the partner of choice in imaging and information systems by offering leading edge technology and new ways of working. An important criterion for the successful implementation of this mission is the ability to conduct the company's businessin a profitable way and in line with the environmental and social expectations of its stakeholders.

The company publishes the information on its sustainability activities in a concise biennial report, completed with an update every other year.

The report provides an overview of Agfa's strategies, activities and progress in the field of sustainability, and is published on Agfa's website: www.agfa.com.

ENVIRONMENT

Agfa is committed to conserving natural resources, operating its facilities safely and restricting the environmental impact of its activities to a minimum.

In line with Agfa's environmental targets, Agfa succeeded in significantly reducing the usage of natural resources and in considerably diminishing the emissions to the air. Comparing the situation at the end of 2001 with that of December 2007 resulted in the following observations.
The consumption of water, excluding cooling water, has been reduced by 27.0%, while the consumption of energy decreased 22.4% thanks to the restructuring of global manufacturing. Volatile organic compounds were cut back by 73.3% due to the closure of the triacetate department in Mortsel and the installation of a regenerative thermal oxidizer in Mortsel and Suzano. CO_2 emissions immensely decreased by 42.8%.
The main reason for this success is the global reorganization of Agfa's manufacturing sites.

Although Agfa has made excellent progress in its manufacturing plants in improving the eco-efficiency for many environmental parameters, the company is convinced that there is still room for improvement.
As from 2005, continuous improvement of the above mentioned environmental parameters is the main goal.
The operating plants have defined targets and are pursuing specific local environmental objectives.
The major manufacturing plants are updating and completing their inventory of areas and installations with historical and current risks of soil and/or groundwater contamination. They will also develop plans to monitor and remedy possible contamination.
To maintain or to implement the ISO 14001 standard is a priority for all manufacturing sites.
The target is to have all manufacturing sites certified by 2009.

SUMMARY OF ENVIRONMENTAL ACHIEVEMENTS IN 2007

The total production volume decreased by 1.1% compared to 2006. The growth of the production activities in the printing plate manufacturing sites was counterbalanced by a decrease in the production of the sites producing film and chemicals.

To a large extent, Agfa's 2007 achievements were in line with the company's target for continuous improvement. The company performed better for all absolute and specific environmental indicators, except for the emissions to air, CO_2 emissions excluded.

The total water consumption decreased by 8.9% compared to 2006.
Cooling water consumption went down by 14.0%. This reduction is mainly due to the full start-up of two new cooling towers in Pont-à-Marcq and less consumption of chilling water for air conditioning in Wuxi Imaging. Water consumption, cooling water excluded, fell by 4.5%, mainly due to less production volume in Mortsel (Belgium) and Leeds (UK). As a result, specific water consumption, cooling water excluded, further decreased to 13 m^3 per tonne of product.

In 2007 wastewater load diminished by 55 tonnes or 2.4 % due to a decreased COD and nitrogen load in Mortsel which was partially offset by an increase of phosphor load in Leeds.

CO_2 emissions reduced by 3,808 tonnes or 2.8%. Total emissions to air, CO_2 excluded, increased by 21 tonnes or 5.5% compared to 2006. NO_x emissions rose by 24 % due to the start-up of a combined heat and power plant in Mortsel. VOC emissions were reduced by 4.1% SO_2 and VIC emissions remained stable.

The total waste volume in absolute figures went down by 8.9% since 2006. The hazardous waste volume remained stable compared to 2006. The non hazardous waste volume went down by 10.4% in 2006 due to the modified wastewater treatment process in Leeds and further decreased by 10.6% in 2007 due to less recycling in Mortsel and specific actions in some printing plate production sites.
As a result hazardous waste further increased in relative importance from 29% to 31%. Specific hazardous waste remained stable.

Total energy consumption was reduced by 4.6% in 2007.Natural gas consumption went up by 2.1%.
This increase is due to the start-up of a total energy plant in Mortsel which was almost fully offset by gas savings in Wiesbaden (Germany), Leeds (UK), Pont-à-Marcq (France), Varela (Argentina) and Branchburg (USA). Consumption of electricity fell by 14.7% in 2007 compared to 2006. Mortsel produces now about 25% of its own electricity demand.

Specific energy consumption dropped 3.5% over the same period.

Mortsel, Leeds, Branchburg, Pont-à-Marcq, Manerbio and Banwol reported environmental incidents to the local authorities. They mainly concerned minor violations of the wastewater permit.

Only Mortsel reported external complaints in 2007. They mainly concerned noise. As part of a regular consultation procedure with the neighborhood committee, corrective measures to solve these problems have been discussed and agreed upon. In 2007 only Branchburg and Banwol reported environmental fines.

CORPORATE CITIZENSHIP & COMMUNITY PARTICIPATION

Agfa invests time, money and effort in forging strong and sustainable relationships with the communities in which it operates. In many of the countries where Agfa is active, the company is confronted with social, economic and environmental challenges, which are outside the normal scope of its business activities. By taking a dedicated and active interest in resolving issues, by improving the quality of life in local communities, and by taking a proactive stance with stakeholder groups, Agfa aims to make a tangible difference to people's lives.

A few examples illustrate the commitment of Agfa and its employees.

- The project **'Música é Imagem'** is sponsored by Agfa in Suzano city (Brazil). More than 70 children take choir classes and participate in sports activities and after school tutoring three times a week.
- In Colombia, Agfa donates cash contributions to an institution called **'Colombia Herida'** which supports soldiers injured in combat.
- Agfa USA matches employee contributions to the **'United Way'** project. Contributors to this project can specify which philanthropic causes they wish to support.

The Group also supports Agfa Aid, an organization of Agfa volunteers. The mission of Agfa Aid is to support small-scale projects, mainly focused on children. Agfa colleagues are directly involved in these projects. Agfa Aid raises funds through benefit concerts and the collection of donations.

Agfa Aid has projects all over the world:

- **Centro Andino** (South America): material and financial support for hospitals and schools.
- **SOS Brazil** (Brazil): a horticultural school, community house and workshop project.
- **Hogar Para Todos** (Ecuador): scholarships and support to schools and orphanages.
- **Kalutara** (Sri Lanka): materials for building houses and a local school.
- **Gammol** (Gambia): a fish market, dispensary and school.
- **Bayti** (Morocco): literacy project and day center for street children.
- **Moeders voor Moeders** (Belgium): food and material support to underprivileged families in Antwerp.
- **De Markgrave** (Belgium): activity center for the blind and partially sighted.

HUMAN RESOURCES

In the present rapidly changing business environment, the ability to learn and to quickly acquire new competencies is a key competitive advantage for future growth. All employees should therefore be able to continuously develop and learn new competencies.

To this aim, Agfa has implemented a wide set of policies, programs and actions.
Employability, from a company as well as from an individual perspective, is a key objective for Agfa's management in this period of intensive transformation of Agfa's industry and its company activities.

Agfa aims to be an employer with clearly defined and applied health and safety standards, respecting all legal requirements and adhering to the overall principles of the international declaration of human rights.

Financial Statements

REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 119 OF THE COMPANY CODE

ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the accounting principles described in detail in the Notes to the Consolidated Financial Statements, Note 1 – Significant accounting policies.

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

In 2007, the Group's sales decreased 3.5% to 3,283 million Euro (3,401 million Euro in 2006). The strong Euro had a negative impact on Agfa's sales in 2007, but also affected the company's competitive position in comparison with its non-European sector members. Excluding currency effects, the sales decline was limited to 0.5%.
The strong Euro and the economic slowdown in the USA in the second half of the year affected Graphics' sales. The business group also posted an accelerated decline in the analog product segment, partly because of its pricing policy and partly because of the general market trend. Sales for the inkjet segment remained below expectations because of technical delays for the first generation of inkjet machines. As a result, Graphics' sales decreased 5.6% (excluding currency effects 2.7%) to 1,617 million Euro.
HealthCare's sales decreased 4.1% (excluding currency effects 0.8%) to 1,392 million Euro. In both the United States and Europe, the decline of the medical film market continued. Moreover, the strong Euro weakened Agfa's position in public sector tenders. On the other hand, computed radiography solutions (CR) and healthcare IT systems posted higher sales.
Sales of Specialty Products increased 15.6% (excluding currency effects 17.3%) and reached 274 million Euro, mainly due to the strong results from Specialty Foils and Identification & Security systems.

The 2007 operating result of the Group was 125 million Euro, versus 65 million Euro in the previous year. The financial result was minus 63 million Euro, versus minus 64 million Euro in 2006. Income before taxes thus reached 62 million Euro, against 1 million Euro in 2006.

The Group recorded a net profit of 42 million Euro or 34 cents per share, compared to a net profit of 15 million Euro or 12 cents per share in 2006.

The notes to the consolidated financial statements are an integral part of the Board of Directors' report and provide detailed information about the developments and the results of the company through financial and – if necessary – non-financial indicators (e.g. environmental and personnel matters), a description of and the measures to control the main risks and uncertainties (e.g. hedging), information concerning research and development and the use of financial instruments by the Group.

OPINION ON THE FAIR PRESENTATION IN ACCORDANCE WITH THE ROYAL DECREE OF NOVEMBER 14, 2007

The Board of Directors and the Executive Committee of Agfa-Gevaert NV, represented by

Mr. Ludo Verhoeven, Chairman of the Board of Directors,
Mr. Jo Cornu, President and Chief Executive Officer, and
Mrs. Anne Vleminckx, Chief Financial Officer

hereby declare that, to the best of their knowledge,

- the consolidated financial statements give a true and fair view of the Group's net worth and financial position and of its results in accordance with International Financial Reporting Standards (IFRS);
- the annual report gives a true and fair view of the developments and results of the company and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the Group is facing.

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Prins Boudewijnlaan 24d
2550 Kontich
Belgium

Tel. +32 (0)3 821 17 00
Fax +32 (0)3 825 20 25
www.kpmg.be

Statutory auditor's report to the general meeting of shareholders of Agfa-Gevaert SA on the consolidated financial statements for the year ended 31 December 2007

In accordance with legal and statutory requirements, we report to you on the performance of the audit assignment which has been entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements with explanatory paragraph

We have audited the consolidated financial statements of Agfa-Gevaert SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2007 and the consolidated statements of income, changes in equity and cash flows for the year then ended, as well as the summary of significant accounting policies and the other explanatory notes. The total of the consolidated balance sheet amounts to EUR 3.559 million and the consolidated income statement shows a profit for the year (group share) of EUR 42 million.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have also evaluated the appropriateness of the

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Maatschappelijke zetel – siège social
Bourgetlaan - Avenue du Bourget 40
1130 Brussel - Bruxelles
België - Belgique

KPMG Bedrijfsrevisoren
Réviseurs d'Entreprises
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accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole.

Finally, we have obtained from management and responsible officers of the company the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's net worth and financial position as of 31 December 2007 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Without contradicting the aforementioned opinion we draw your attention to note 2 and 12 of the consolidated financial statements, which provides an overview of management's assumptions and estimates used in the preparation of the business plans of each business group. The realization of the business plan by each of the three business groups is essential to support the carrying value of intangible assets and net deferred tax assets.

Additional comment

The preparation of the management report and its content are the responsibility of the board of directors.

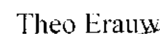
Our responsibility is to supplement our report with the following additional comment, which does not modify our audit opinion on the financial statements:

- The management report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Antwerp, 18 March 2008

KPMG Réviseur d'Entreprises
Statutory auditor

Erik Helsen



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AGFA-GEVAERT GROUP CONSOLIDATED STATEMENTS OF INCOME

Million Euro	Note	2007	2006
Net sales	4	3,283	3,401
Cost of goods sold		(2,136)	(2,102)
Gross profit		**1,147**	**1,299**
Selling expenses		(523)	(564)
Research and development expenses		(191)	(193)
General administration expenses		(262)	(281)
Other operating income	7	333	312
Other operating expenses	8	(379)	(508)
Operating result		**125**	**65**
Interest income / (expense) – net	9	(35)	(32)
Other non-operating income / (expense) – net	9	(28)	(32)
Non-operating result		**(63)**	**(64)**
Income before income taxes		**62**	**1**
Income taxes	10	(19)	15
Net income of consolidated companies		**43**	**16**
of which attributable to minority interest		1	1
of which attributable to Agfa-Gevaert NV stockholders (net result)		**42**	**15**
of which discontinued operations	15	*(24)*	*(36)*
Basic earnings per share (Euro)	28	0.34	0.12
Diluted earnings per share (Euro)	28	0.34	0.12
Basic earnings per share from continuing operations (Euro)	28	0.53	0.41
Diluted earnings per share from continuing operations (Euro)	28	0.53	0.41

AGFA-GEVAERT GROUP CONSOLIDATED BALANCE SHEETS

Million Euro	Note	December 31, 2007	December 31, 2006
ASSETS			
Non-current assets		**1,243**	**1,407**
Intangible assets	12	816	856
Property, plant and equipment	13	407	455
Investments	14	20	29
Long-term loans receivable	15	-	65
Derivative financial instruments	6	-	2
Non-current assets classified as held for sale	19	-	**3**
Current assets		**1,986**	**2,071**
Inventories	16	578	624
Trade receivables		861	885
Other receivables and other assets	17	363	456
Cash and cash equivalents	18	152	85
Deferred charges		21	19
Derivative financial instruments	6	11	2
Deferred taxes	10	**330**	**351**
TOTAL ASSETS		**3,559**	**3,832**
EQUITY AND LIABILITIES			
Shareholders' equity	20	**891**	**933**
Capital stock of Agfa-Gevaert NV		140	140
Share premium of Agfa-Gevaert NV		109	109
Retained earnings		939	987
Reserves		(288)	(289)
Net income		42	15
Translation differences		(54)	(32)
Minority interest		3	3
Non-current liabilities		**1,488**	**1,269**
Liabilities for post-employment benefits	21	654	721
Liabilities for personnel commitments		24	30
Financial obligations more than one year	22	740	445
Provisions more than one year	24	69	72
Deferred income		1	1
Derivative financial instruments	6	-	-
Current liabilities		**1,115**	**1,517**
Financial obligations less than one year	22	133	344
Trade payables		275	313
Deferred revenue & advance payments		96	87
Miscellaneous liabilities	23	237	341
Liabilities for personnel commitments		89	93
Provisions less than one year	24	275	319
Deferred income		7	13
Derivative financial instruments	6	3	7
Deferred taxes	10	**65**	**113**
TOTAL EQUITY AND LIABILITIES		**3,559**	**3,832**

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Million Euro	Capital stock of Agfa-Gevaert NV	Share premium of Agfa-Gevaert NV	Retained earnings	Reserve for own shares	Revaluation reserve	Share-based payment reserve	Hedging reserve	Net income	Translation differences	Minority interest	TOTAL
December 31, 2005	**140**	**109**	**1,069**	**(296)**	**(4)**	**5**	**(6)**	**(19)**	**31**	**3**	**1,032**
Changes in shareholders' equity resulting from capital contributions and dividend payments											
Dividend payments	-	-	(63)	-	-	-	-	-	-	-	**(63)**
Other changes in shareholders' equity not recognized in income											
Warrants exercised	-	-	-	-	-	-	-	-	-	-	**-**
Stock options exercised	-	-	-	-	-	-	-	-	-	-	**-**
Share-based payments	-	-	-	-	-	3	-	-	-	-	**3**
Revaluation of available-for-sale financial assets	-	-	-	-	4	-	-	-	-	-	**4**
Cash flow hedges	-	-	-	-	-	-	5	-	-	-	**5**
Treasury shares	-	-	-	-	-	-	-	-	-	-	**-**
Translation differences	-	-	-	-	-	-	-	-	(63)	-	**(63)**
Other	-	-	-	-	-	-	-	-	-	-	**-**
Changes in shareholders' equity recognized in income											
Allocation to retained earnings	-	-	(19)	-	-	-	-	19	-	-	**0**
Income after taxes for the period January 1 till December 31, 2006	-	-	-	-	-	-	-	15	-	-	**15**
December 31, 2006	**140**	**109**	**987**	**(296)**	**0**	**8**	**(1)**	**15**	**(32)**	**3**	**933**
Changes in shareholders' equity resulting from capital contributions and dividend payments											
Dividend payments	-	-	(63)	-	-	-	-	-	-	-	**(63)**
Other changes in shareholders' equity not recognized in income											
Warrants exercised	-	-	-	-	-	-	-	-	-	-	**-**
Stock options exercised	-	-	-	-	-	-	-	-	-	-	**-**
Share-based payments	-	-	-	-	-	2	-	-	-	-	**2**
Revaluation of available-for-sale financial assets	-	-	-	-	(2)	-	-	-	-	-	**(2)**
Cash flow hedges	-	-	-	-	-	-	1	-	-	-	**1**
Treasury shares	-	-	-	-	-	-	-	-	-	-	**-**
Translation differences	-	-	-	-	-	-	-	-	(22)	-	**(22)**
Other	-	-	-	-	-	-	-	-	-	-	**-**
Changes in shareholders' equity recognized in income											
Allocation to retained earnings	-	-	15	-	-	-	-	(15)	-	-	**0**
Income after taxes for the period January 1 till December 31, 2007	-	-	-	-	-	-	-	42	-	-	**42**
December 31, 2007	**140**	**109**	**939**	**(296)**	**(2)**	**10**	**0**	**42**	**(54)**	**3**	**891**

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENTS OF CASH FLOW

Million Euro	Note	2007	2006
Cash and cash equivalents at beginning of year		**83**	**168**
Operating result		125	65
Current tax expense	10	(53)	(54)
Depreciation, amortization and impairment losses		148	159
Changes in fair value of derivative financial instruments		(2)	(3)
Adjustment for other non-cash income		(2)	(1)
Movement in long-term provisions		(106)	(9)
(Gains) / losses on retirement of non-current assets	7/8	(17)	(21)
Loss on divestiture	5	1	4
Gross cash provided by operating activities		**94**	**140**
of which discontinued operations	15	*(35)*	*(51)*
Decrease / (Increase) in inventories		26	(58)
Decrease / (Increase) in trade accounts receivable		1	(57)
Increase / (Decrease) in trade accounts payable		(30)	12
Increase / (Decrease) in deferred revenue and advance payments		13	26
Movement in short-term provisions		(14)	37
Movement in other working capital		18	7
Net cash provided by operating activities		**108**	**107**
of which discontinued operations	15	*(13)*	*(25)*
Cash outflows for additions to intangible assets	12	(29)	(28)
Cash outflows for additions to property, plant and equipment	13	(71)	(77)
Cash inflows from disposals of intangible assets	12	2	-
Cash inflows from disposals of property, plant and equipment	13	37	27
Cash inflows from disposals of assets held for sale	19	19	4
Cash inflows from equity and debt instruments		67	62
Cash outflows for previous acquisitions	5	(38)	(53)
Cash inflows from divestiture	5	2	13
Interests and dividends received		11	6
Net cash used in investing activities		**0**	**(46)**
of which discontinued operations	15	*38*	*37*
Dividend payments to stockholders	20	(63)	(63)
Prefinancing by / (of) AgfaPhoto related to previous Consumer Imaging divestiture		(17)	(4)
Net issuances of debt		106	(39)
Interest paid		(48)	(38)
Other financial flows		(12)	14
Net cash provided by / (used in) financing activities		**(34)**	**(130)**
of which discontinued operations	15	*(17)*	*(4)*
Change in cash and cash equivalents due to business activities		74	(69)
Change in cash and cash equivalents due to exchange rate movements		(6)	(16)
Cash and cash equivalents at end of year	18	**151**	**83**

1 SIGNIFICANT ACCOUNTING POLICIES

(A) STATEMENT OF COMPLIANCE

Agfa-Gevaert NV ("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 18, 2008.
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union up to December 31, 2007.

The Group did not apply any European carve-outs from IFRS hence the consolidated financial statements fully comply with IFRS. The Group has not applied early any new IFRS requirements that are not yet effective in 2007. Further information is provided in note 1(x) new standards and interpretations not yet adopted.

(B) BASIS OF PREPARATION

The consolidated financial statements are presented in Euro, rounded to the nearest million.
Depending on the applicable IFRS requirements, the measurement basis used in preparing the consolidated financial statements is cost, net realizable value, fair value or recoverable amount. Whenever IFRS provides an option between cost and another measurement basis, the cost approach is applied.
The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in note 2.

The accounting policies have been consistently applied by Group companies and are consistent with those used in the previous year.

(C) PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity 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.

Associated companies

Associated companies are those entities 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 associated companies 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 associated company, 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 associated companies.

Transactions eliminated upon 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 associated companies are eliminated to the extent of the Group's interest in the entity. Unrealized gains arising from transactions with associated companies are eliminated against the investment in the associated company. 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

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities measured in historical cost that are denominated in foreign currencies are translated using the exchange rate at the date of the transaction.

Financial statements of foreign group companies

The results and financial position of all the Group entities (none of which have a functional currency that is the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average exchange rates; and
(c) all resulting exchange differences are recognized as a separate component of equity.

On the disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation is recognized in the income statement when the gain or loss on disposal is recognized.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

(E) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Group uses derivative financial instruments primarily to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not currently hold or issue derivatives for trading purposes. Derivative financial instruments that are economic hedges but that do not meet the strict IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting criteria, however, are accounted for as financial assets or liabilities at fair value through profit or loss.

Derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into and are subsequently re-measured at their fair value. Depending on whether cash flow or net investment hedge accounting is applied or not, any gain or loss is either recognized directly in equity or in the income statement.

Cash flow, fair value or net investment hedge accounting is applied to all hedges that qualify for hedge accounting when required documentation of the hedging relationship is in place and when the hedge is determined to be effective.

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

Fair value hedges

When a derivative financial instrument hedges the changes in fair value of a recognized asset or liability or an unrecognized firm commitment, any resulting gain or loss on the hedging instrument is recognized in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the income statement.

Cash flow hedges

When a derivative financial instrument hedges the variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction, the effective portion of any resulting gain or loss on the hedging instrument is recognized directly in equity. When the forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the cost of the asset or liability. When the hedge relates to financial assets or liabilities, the cumulative gain or loss on the hedging instrument is reclassified from equity in the income statement in the same period during which the hedged item affects profit or loss (for instance when the forecasted transaction takes place or when the variable interest expense is recognized). The gain or loss relating to any ineffective portion is recognized immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting but the hedged transaction is still expected to occur, the cumulative gain or loss (at that point) remains in equity and is reclassified in accordance with the above policy when the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is recognized in the income statement immediately.

Hedge of a net investment in a foreign operation

Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on the translation of the liability to the functional currency are recognized directly in 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, while the ineffective portion is reported in the income statement.

(F) SEGMENT REPORTING

Segment reporting is based on two segment reporting formats. The primary reporting format represents three businesses – Graphics, HealthCare and Specialty Products – 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.

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

In general, each item of the operating assets is assigned in full to one of the business segments, i.e. a single asset such as an office building is assigned to a single business segment. If a related asset is employed by more than one business segment, one business segment owns the asset and the other business segment(s) rents it (by means of cross charging via a Service Agreement). The same applies for operating liabilities such as employee related liabilities. As all employees, except for the employees belonging to the Corporate Center and the inactive employees (see below), are dedicated to a single business segment, related liabilities and provisions are assigned to the business segment to which the employee belongs.

The main exception to the above principle relates to the film and chemicals manufacturing part of the operational unit Materials that produces goods for all the business segments. The operational unit Materials is the combination of the dedicated part of the business segment Specialty Products and the manufacturing of film consumables worldwide. Operating income and expenses and operating assets and liabilities that relate to film consumables remain allocated to the different business segments using allocation keys.

The results, assets and liabilities related to inactive employees are reported under Unallocated.
Inactive employees are defined as permanently retired employees, former employees with vested rights, and other inactive employees who are not expected to return to active status e.g. early retirement.

Employees who are in principle only temporarily inactive e.g. long-term disability or illness, maternity leave, military service, etc. are treated as active employees and are consequently assigned to one of the business segments. The balances reported under Unallocated also comprise the outstanding balances resulting from distribution, supply and service agreements concluded between the Group and AgfaPhoto together with liabilities related to the former Consumer Imaging business segment that remain with the Group.

(G) BUSINESS COMBINATIONS AND RELATED GOODWILL

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. All business combinations are accounted for by applying the purchase method.

Goodwill is not amortized but tested for impairment on an annual basis and whenever there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. The impairment testing process is described in the appropriate section of these policies.

Goodwill is stated at cost less accumulated impairment losses.

In respect of associated companies, the carrying amount of goodwill is included in the carrying amount of the investment of the associated company.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination, such excess is recognized immediately in the income statement.

(H) INTANGIBLE ASSETS

Intangible assets with indefinite useful lives, such as trademarks, are stated at cost less accumulated impairment losses.
Intangible assets with indefinite useful lives are not amortized. Instead, they are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.
Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses.
Intangible assets with finite useful lives, such as acquired technology and customer relationships are amortized on a straight-line basis over their estimated useful lives, generally for periods ranging from 3 to 20 years.
In accordance with IFRS 3 *Business Combinations*, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the entity.

Research and development costs are expensed as they are incurred, except for certain development costs, which are capitalized when it is probable that a development project will be a success, and certain criteria, including technological and commercial feasibility, have been met. Capitalized development costs are amortized on a systematic basis over their expected useful lives.

(I) PROPERTY, PLANT AND EQUIPMENT

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.

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

Buildings	20 to 50 years
Outdoor infrastructure	10 to 20 years
Plant installations	6 to 20 years
Machinery and equipment	6 to 12 years
Laboratory and research facilities	3 to 5 years
Vehicles	4 to 8 years
Computer equipment	3 to 5 years
Furniture and fixtures	4 to 10 years

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 a 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.

(J) 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 associated company 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.

(K) LOANS AND RECEIVABLES

Loans and receivables are carried at amortized cost less impairment losses. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at balance sheet date. An impairment loss is recognized in the income statement for the difference between the carrying amount of the receivables and the present value of the estimated future cash flows.

(L) IMPAIRMENT

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually and upon the occurrence of an indication of impairment.
The impairment tests are performed annually at the same time each year and at the cash-generating unit level. The Group defines its cash-generating units based on the way that it monitors its goodwill and will derive economic benefit from the acquired goodwill and intangibles. The impairment tests are performed by comparing the carrying value of the assets of these cash-generating units with their recoverable amount, based on their future projected cash flows discounted at an appropriate pre-tax rate of return. The discount rate reflects the current assessment of the time value of money and the risks specific to the cash-generating unit. An impairment loss is recognized whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amounts of the Group's property, plant and equipment, intangible assets with finite useful lives and financial assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.
The recoverable amount of the Group's property, plant and equipment and intangible assets with finite useful lives is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount of the Group's loans and receivables is the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.
An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

(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.
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) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits.

(O) DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

A discontinued operation is a component of the Group that either has been disposed of; or is classified as held for sale and represents a separate major line of business and is part of a single co-ordinated plan to dispose of a separate major line of business; or is a subsidiary acquired exclusively with a view to resale.

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the Group measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amounts and fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. Non-current assets classified as held for sale are no longer amortized or depreciated.

(P) SHARE CAPITAL

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.

Dividends

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

(Q) INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between the initial amount and the maturity amount being recognized in the income statement over the expected life of the instrument on an effective interest rate 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.

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: the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss), and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the 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

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.
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 benefits.

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.

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.

Equity compensation benefits

The Group has equity-settled share-based payment transactions. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. When the options are exercised, equity is increased by the amount of the proceeds received.

(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

The Group recognizes revenue in the income statement when significant risks and rewards of ownership have been transferred to the buyer, when the amount of revenue can be measured reliably and there are no significant uncertainties regarding recovery of the consideration due, the associated costs or the possible return of goods.

For product sales including the sale of consumables, chemicals, spare parts, stand-alone equipment sales and software licenses, these criteria are generally met at the time the product is shipped and delivered to the customer and, depending on delivery conditions, title and risk have passed to the customer and acceptance of the product has been obtained.

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

The Group also enters into arrangements combining multiple deliverables such as software, hardware/ equipment and services, including training, maintenance and post-contract customer support. Such arrangements are assessed to determine whether the deliverables represent separate units of accounting. The delivered elements are subject to separate recognition only if (a) they have value to the customer on a stand-alone basis, (b) there is objective and reliable evidence of the fair value of the undelivered element(s) and (c), in case a general right of return exists relative to the delivered element(s), delivery or performance of the undelivered element(s) is considered probable and in the control of the company.

To the extent that the multiple-element arrangements do not involve significant modification or customization of the software element, the total arrangement fee is allocated to each deliverable of the arrangement based upon its relative fair value as determined by 'vendor specific objective evidence'. Vendor specific objective evidence of fair value for the elements of an arrangement is based upon established list prices for each element, when sold separately on the market.

Revenue allocated to each deliverable within a multiple-element arrangement, not requiring significant modification of the software, is recognized on an element-by-element basis when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured.

When the fair value of one or more delivered elements in the arrangement cannot be determined objectively, but objective evidence of fair value exists for all undelivered elements, the Group defers revenue for the undelivered elements and recognizes the residual amount of the arrangement fee related to the delivered elements when the above mentioned recognition criteria are met.

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

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

Revenue related to multiple-element arrangements that require significant customization or modification of the software, is recognized following the percentage of completion method. This method applies to HealthCare solutions which have not met the three major milestones as defined in the 'Solution Launch Process', so-called pilot projects. The contract stage of completion is calculated as the ratio of total contract costs incurred compared to the estimated total contract costs for completing the project. If no sufficient basis to measure progress to completion is available, revenue is recognized upon final acceptance of the customer.

Revenues are recorded net of sales taxes, customer discounts, rebates and similar charges. A provision for product warranty is made at the time of revenue recognition and reflects the estimated cost of replacement that will be incurred by the Group.

(W) EXPENSES

Interest income / (expense)

Interest income / (expense) comprises of interest payable on borrowings and interest receivable on funds invested. Other non-operating income / (expense) comprises of 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.

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.

(X) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new IFRS standards, amendments to IFRS standards and interpretations issued, were not yet effective for the year ended on December 31, 2007 and have not been applied in preparing the consolidated financial statements. It relates to:

- IFRS 8 – *Operating segments*

  In November 2006, the IASB issued the new standard IFRS 8 – *Operating Segments*, applicable for annual periods beginning on or after January 1, 2009. This standard requires the disclosure of financial segmented information on the level of operating segments in the notes to the financial statements. The identification of operating segments should be based on internal reports that are regularly reviewed by the entity's chief operating decision maker in evaluating segment performance and in deciding how to allocate resources to the different operating segments.

  Currently the Group presents segment information in respect of its business and geographical segments (see note 4 Segment reporting). The Group is currently evaluating the impact that the application of the new standard will have on its segment reporting.

- Revised IAS 1 – *Presentation of Financial Statements*

  In September 2007, the IASB issued a revision to the existing standard IAS 1 – *Presentation of Financial Statements*. The revised standard introduces a statement of comprehensive income, comprising all items of income and expenses that are not recognized in profit and loss (i.e. non-owner changes in equity). Applying the revised standard IAS 1, components of comprehensive income can no longer be presented in the statement of changes in equity. The income tax relating to each component of other comprehensive income should be disclosed separately.

  The revised standard is applicable to annual periods beginning on or after January 1, 2009. The new standard will affect the presentation of the consolidated statements of shareholders' equity in the notes to the financial statements, but will neither affect the recognition nor the measurement of items of comprehensive income or items of profit and loss.

- Revised IAS 23 – *Borrowing costs*

  In March 2007, the IASB issued a revision to the existing standard IAS 23 – *Borrowing Costs.* The revised standard removes the option to immediately expense borrowing costs directly attributable to the assets that take a substantial period of time to get ready for use or sale. An entity shall be required to capitalize such borrowing costs as part of the cost of such asset.

  The revised standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after January 1, 2009. IAS 23 revised is not expected to have a material impact on the consolidated financial statements.

- IFRIC 11 – *IFRS 2 – Group and Treasury Share Transactions*

  In November 2006, the IFRIC issued IFRIC 11 – *IFRS 2 – Group and Treasury Share Transactions*, applicable for annual periods beginning on or after March 1, 2007. The interpretation requires a share-based payment agreement in which an entity receives goods and services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. The application of this interpretation is not expected to have a material impact on the consolidated financial statements.

- IFRIC 12 – *Service concession agreements*

  In November 2006, the IFRIC issued IFRIC 12 – *Service concession agreements*, applicable for annual periods beginning on or after January 1, 2008. Service concessions are arrangements whereby a public-sector entity grants contracts for supply of public services to private-sector operators. This revised IFRIC is not applicable to the Group.

- IFRIC 13 – *Customer Loyalty Programmes*

  In June 2007, the IFRIC issued IFRIC 13 – *Customer Loyalty Programmes*, applicable for annual periods beginning on or after July 1, 2008. The interpretation addresses the accounting for customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods. At the moment of the initial sale, the fair value of the awards credits shall be deferred. The application of this interpretation is not expected to have a material impact on the consolidated financial statements.

- IFRIC 14 – *IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

  In July 2007, the IFRIC issued IFRIC 14 – *IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, applicable for annual periods beginning on or after January 1, 2008. The interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and the effect of the minimum funding requirement (MFR) on such assets. It also addresses when a minimum funding requirement (MFR) might give rise to a liability. The application of this interpretation is not expected to have a material impact on the consolidated financial statements.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed below.

(A) GOODWILL AND INTANGIBLE ASSETS

Purchase Price Allocation: goodwill and fair values of intangible assets acquired in a business combination

According to the definitions of IFRS 3 *Business Combinations* the standard of value to be used in the application of purchase accounting rules is the 'fair value'. 'Fair value' is defined as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction".
Guidance on fair value measurements with respect to intangible assets acquired in a business combination indicates that quoted market prices in active markets provide the most reliable estimate of fair value.
If no market exists for an intangible asset, the fair value is the amount that the entity would have paid for the asset, at the acquisition date, in an arm's length transaction between knowledgeable and willing parties, on the best information available, including the outcome of recent transactions for similar assets and the results of using other fair value measurement techniques, such as discounting estimated future net cash flow from the asset. As the Group's intangible assets are normally inherently unique, particularly in the case of intellectual property, and not traded on active markets, the fair values are determined by hypothesizing what a market price would be if there was a market, based on management assumptions about the future and using a valuation model. For complex valuation issues, the Group often obtains assistance from third party valuation specialists. As a valuation methodology, the Group typically utilizes the 'income approach'.
The application of the 'income approach' results in estimated fair values that are net present values of estimated attributable cash flows or cost savings because of ownership of the intangible asset. The purchase price allocation process involves significant management judgement and estimation. Allocation of the purchase price affects the future results of the Group, as intangible assets with finite useful lives are amortized whereas goodwill and intangible assets with indefinite useful lives are not amortized, and could result in differing amortization charges based on the allocation to goodwill, intangible assets with indefinite useful lives and intangible assets with finite useful lives. Further information is provided in note 12.

Useful lives of intangible assets with finite useful lives

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Group. Acquired technology and customer relationships are the most crucial recognized intangible assets for the Group.
For acquired technology, the estimation of the remaining useful life is based on the analysis of factors such as typical product life cycles in the industry and technological and commercial obsolescence arising mainly from expected actions by competitors or potential competitors. At December 31, 2007, the net carrying value of the Group's acquired technology amounted to 135 million Euro. The Group's acquired technology has an estimated weighted average remaining useful life of approximately 11 years. Shorter than expected product life cycles as well as higher than expected technological and commercial obsolescence may lead to a reduction in the useful life and an increase in amortization expense. The useful lives are periodically reviewed and revised if necessary.
For acquired contractual customer relationships, the estimated remaining useful life is assessed by reference to customer attrition rates. For the estimation of appropriate customer attrition rates, the Group assesses the probability that existing contracts will be renegotiated. For the assessment of the probability that existing contracts can be renegotiated, demand as well as competition and other factors such as technological lock-in and related sunk costs are of importance. At December 31, 2007, the net carrying value of the Group's acquired contractual customer relationships amounted to 56 million Euro. The Group's acquired contractual customer relationships have an estimated weighted average remaining useful life of approximately 16 years. An increase in customer attrition rates may lead to a reduction in the useful life and an increase in amortization expense. The useful lives are periodically reviewed and revised if necessary.
Further information is provided in note 12.

Impairment tests for cash-generating units to which goodwill has been allocated

Testing cash-generating units with goodwill for impairment is an area involving management judgement, requiring assessment as to whether the carrying amount of a cash-generating unit can be supported by the net present value of future cash flows derived from the assets that belong to that cash generating unit, using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters as noted below.

There are a number of assumptions and estimates involved in calculating the net present value of future cash flows from the Group's businesses including: management's expectations of growth in revenue, changes in operating margin, timing and amount of future capital expenditure, uncertainty of future technological developments, long-term growth rates and the selection of discount rates to reflect the risks involved.

The Group prepares and internally approves formal five-year plans for its businesses and uses these as the basis for impairment reviews. For the periods beyond the five-year plans, forecast growth rates do not exceed the long-term average rate for the industries in which the cash-generating unit operates.

Changing the assumptions selected by management, in particular the discount rate and operating margin and growth rate assumptions used in the cash flow projections, could significantly affect the Group's results. Further information is provided in note 12.

(B) INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the Group's total income tax charge. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax charge in the period in which such determination is made.

The Group regularly reviews its deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. If the Group continues to operate at a loss in certain jurisdictions or is unable to generate sufficient future taxable income, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, the Group could be required to reverse certain deferred tax assets resulting in a substantial increase in the Group's effective tax rate. Further information is provided in note 10.

(C) WRITE-DOWNS FOR EXCESS AND OBSOLETE INVENTORY LOSSES

The Group recognizes write-downs for excess and/or obsolete inventories based primarily on estimated forecast of product demand. Several factors may influence the realizability of its inventories, including a decision to exit a product line, technological changes and new product development. These factors could result in an increase in the amount of excess or obsolete inventories. Additionally, the Group's estimates of future product demand may prove to be inaccurate, in which case the Group may have understated or overstated the write-downs required for excess and obsolete inventories. Although the Group makes every effort to ensure the accuracy of its forecasts of future product demand, significant unanticipated changes in demand or technological developments could materially impact the value of its inventories and its reported operating results if its estimates prove to be inaccurate. However, actual results have not differed materially from the Group's estimates. The Group recorded 46 million Euro and 43 million Euro in inventory write-down charges for the years ended December 31, 2007 and 2006, respectively.

(D) PENSION ACCOUNTING

The liabilities and net periodic pension cost of the Group's retirement plans are determined using actuarial valuations that involve several actuarial assumptions, the most significant of which are the discount rate and the expected return on plan assets.
The discount rate assumptions reflect the rates available on high-quality corporate bonds of appropriate duration at the balance sheet date.
The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation, and future estimates of long-term investment returns.
Actual results that differ from the Group's actuarial assumptions or changes in actuarial assumptions are recorded as unrecognized gains and losses. To the extent that the net cumulative unrecognized gain or loss exceeds ten percent of the greater 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. The recognition of actuarial gains and losses is determined separately for each defined benefit plan. While the Group believes that the actuarial assumptions used are appropriate, significant differences in actual experience or significant changes in future assumptions would affect the Group's retirement obligations and future net periodic pension cost.

The following information illustrates the sensitivity to a change as at December 31, 2007 in certain assumptions for the retirement plans of the Group's material countries (Belgium, Germany, US and UK).

Change in assumption Million Euro	Effect on 2008 pre-tax expected net periodic pension cost	Effect on December 31, 2007 Defined benefit obligation
One percentage point decrease in discount rate	11	222
One percentage point increase in discount rate	(4)	(194)
One percentage point decrease in expected return on assets	10	-
One percentage point increase in expected return on assets	(10)	-
Improvement in mortality table, assuming employees live one year longer	5	44

Further information is provided in note 21A.

(E) PROVISION WITH RESPECT TO THE INSOLVENCY OF AGFAPHOTO GMBH – FORMER CONSUMER IMAGING ACTIVITIES

On November 1, 2004, the Group sold all of its Consumer Imaging activities, including the production, sales and services related to photographic film, finishing products and lab equipment to AgfaPhoto Holding GmbH. Since then the Consumer Imaging business has been operated through a group of companies under the name AgfaPhoto. At the end of May 2005, AgfaPhoto GmbH filed for insolvency, followed by insolvency filings of some of the AgfaPhoto sales organizations. In October 2005, its receiver decided to liquidate the company. Although AgfaPhoto GmbH and its subsidiaries operated completely independent from the Group, the insolvency and liquidation of AgfaPhoto GmbH and some of its subsidiaries has affected the Group in several ways. According to the Share Purchase Agreement, the Group agreed to act for a limited period of time as a service provider and distributor for AgfaPhoto. As such it pre-financed AgfaPhoto's working capital, for which it was reimbursed by the collection of trade receivables from customers.
After the insolvency filing of AgfaPhoto GmbH, the Group agreed to continue to perform certain distribution, invoicing and collection activities for the account of AgfaPhoto GmbH and its subsidiaries. To this end, the Group signed an agreement with AgfaPhoto GmbH's receiver and the new management of AgfaPhoto GmbH. According to this agreement, the Group should pay for the goods supplied by AgfaPhoto GmbH only when the end customer has paid its invoices and to the extent that the Group itself is not exposed to additional commercial and financial risks.
In the course of 2007, the Group continued to conduct negotiations with several receivers in various jurisdictions in order to settle the outstanding balances resulting from distribution, supply and service agreements. These negotiations have resulted in a number of settlements, e.g. in Belgium, Spain and France. The negotiations with the receiver of AgfaPhoto GmbH, while still ongoing, have not resulted in a settlement and the receiver of AgfaPhoto GmbH initiated arbitration proceedings in December 2007 before the ICC International Court of Arbitration in Paris, France, in connection with a dispute over the outstanding balances resulting from distribution, supply and service agreements.
For the AgfaPhoto entities that did not file for insolvency, the Group co-operated with all parties concerned, primarily AgfaPhoto management and other creditors, with a view to liquidate the company in an orderly way. AgfaPhoto entities such as in Italy and in the relevant countries in Latin America have either been liquidated or are in their final stage of liquidation. The process of orderly wind down is still ongoing for a number of these AgfaPhoto entities.

The Group is also confronted with a number of claims by its former employees that transferred to AgfaPhoto. The Group is convinced it has provided all the relevant consultative bodies and all the employees with correct and complete information in due time and that it has acted strictly in accordance with all legal consultation procedures and regulations.
The Group has adequately constituted provisions for probable losses related to the distribution agreements and the different settlements as well as for other claims and costs, such as employee related claims.
The Group recognizes provisions for estimated loss contingencies when it assesses that a loss is probable and the amount of the loss can be reasonably estimated. Provisions for contingent losses are based upon assumptions and estimates, and advice of legal counsel regarding the probable outcomes of the matter. As new developments occur or more information becomes available, it is possible that the assumptions and estimates in these matters will change. Further information is provided in notes 15 and 26.

(F) REVENUE RECOGNITION WITH REGARD TO MULTIPLE-ELEMENT ARRANGEMENTS

The application of the current revenue recognition guideline with regard to multiple-element arrangements requires judgement to determine whether or not an arrangement contains multiple elements, and if so, whether reliable vendor-specific objective evidence of fair value exists for those elements. Allocating the total arrangement fee, including any discounts, to each deliverable based on vendor specific objective evidence of fair value involves the use of significant estimates and assumptions. Changes to the elements in a multiple-element arrangement and the respective fair value of the related elements could materially impact the amount of earned and unearned revenue.

3 COMPANIES CONSOLIDATED

The 2007 Consolidated Financial Statements of the Group include the Company and 126 consolidated subsidiaries (2006: 95 consolidated subsidiaries) controlled by the Company. Further information is provided in note 29.

Excluded from the consolidation in 2007 are eight subsidiaries (2006: nine 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% of Group Sales.

In 2007 there were no material acquisitions for the Group.

On February 13, 2007 the Group sold Xitron, Inc., which was acquired as part of the acquisition of Autologic Information International Inc. at the end of 2001, to Vanguard Graphics International Group of Companies. Xitron, Inc. is a developer and integrator of Raster Image Processors and software.

4 SEGMENT REPORTING

Segment reporting is based on two segment reporting formats. The Group distinguishes three business segments as its primary reporting format: Graphics, HealthCare and Specialty Products. The secondary reporting format represents the Group's four geographical markets: Europe, NAFTA, Latin America and Asia/Oceania/Africa.

The reportable segments match with the responsibility levels of business management i.e. the business segments Graphics, HealthCare and Specialty Products. As of January 1, 2006, the business segments have full responsibility over their income statement, balance sheet and operating cash flow.

Also as of January 1, 2006, an operational unit named Materials was formed. The operational unit Materials is the combination of the dedicated part of the business segment Specialty Products and the manufacturing of film consumables worldwide (for all business segments). It should be noted that the operational unit Materials is not a reportable segment and consequently does not have its own income statement and balance sheet. The film manufacturing part of Materials produces goods for all business segments. Its sales are primarily intercompany sales and are consequently eliminated at consolidated level. Its sales, expenses, assets, liabilities and personnel have been allocated to the reportable segments Graphics, HealthCare and Specialty Products.

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

Graphics supplies complete pre-press solutions including consumables, equipment and software for the markets of commercial, newspaper and package printing. It also provides complete printing systems for the industrial inkjet printing market.

HealthCare supplies hospitals and other healthcare centres with state-of-the-art systems, including consumables, equipment, software and services, for the capture, process and management of diagnostic images and IT solutions that integrate clinical systems, including diagnostic information, with administrative information across all hospital operations.

Specialty Products concentrates on the production of specific consumables for specialized industries. Its main products are motion picture film, microfilm and film for non-destructive testing.

The figures reported under Unallocated comprise items which can not be allocated to one or more of the business segments, i.e.:

- *The results (mainly expenses), assets and liabilities regarding inactive employees*
  Inactive employees are defined as permanently retired employees, former employees with vested rights, and other inactive employees who are not expected to return to active status e.g. early retirement. Employees who are in principle only temporary inactive e.g. long-term disability or illness, maternity leave, military service, etc. are treated as active employees and are consequently assigned to one of the business segments.
- *The outstanding balances resulting from distribution, supply and service agreements concluded between the Group and AgfaPhoto;*
  Further information is provided in note 15.
- *The liabilities related to the former Consumer Imaging business segment that remain with the Group.*

The operating expenses from discontinued operations, amounting to 28 million Euro, are all absorbed by the three business segments.

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

- Margin on sales is the ratio of operating result to 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.

KEY DATA BY BUSINESS AND REGION

Businesses	Graphics		HealthCare		Specialty Products		Unallocated		Agfa-Gevaert Group	
Million Euro	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net sales (external)	**1,617**	1,712	**1,392**	1,452	**274**	237	**-**	-	**3,283**	3,401
Change	**(5.6)%**	(1.2)%	**(4.1)%**	3.3%	**15.6%**	39.4%	**-**	-	**(3.5)%**	2.8%
Operating result	**27**	(12)	**67**	76	**34**	26	**(3)**	(25)	**125**	65
Margin on sales	**1.7%**	(0.7)%	**4.8%**	5.2%	**12.4%**	11.0%	**-**	-	**3.8%**	1.9%
Segment result	**142**	116	**201**	215	**45**	35	**(1)**	(20)	**387**	346
Segment assets	**1,014**	1,140	**1,617**	1,674	**154**	134	**31**	35	**2,816**	2,983
Segment liabilities	**463**	532	**450**	577	**48**	79	**667**	699	**1,628**	1,887
Gross cash flow	**59**	42	**95**	154	**35**	37	**(95)**	(93)	**94**	140
Capital expenditures	**48**	48	**48**	53	**4**	4	**-**	-	**100**	105
Amortization and depreciation	**63**	68	**71**	78	**6**	6	**-**	-	**140**	152
Impairment losses recognized	**5**	6	**3**	1	**-**	-	**-**	-	**8**	7
Other non cash expenses	**137**	153	**135**	162	**17**	25	**32**	43	**321**	383
R&D expenses	**79**	77	**106**	111	**6**	5	**-**	-	**191**	193
Number of employees at year end (Full heads)	**6,071**	6,534	**6,694**	7,153	**662**	685	**-**	-	**13,427**	14,372

Regions	Europe		NAFTA		Latin America		Asia /Oceania/ Africa		Agfa-Gevaert Group	
Million Euro	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net sales (external) by market	**1,740**	1,694	**724**	833	**205**	201	**614**	673	**3,283**	3,401
Net sales (external) by point of origin	**1,950**	1,972	**714**	809	**181**	174	**438**	446	**3,283**	3,401
Change	**(1.1)%**	2.9%	**(11.7)%**	1.3%	**4.0%**	27.9%	**(1.8)%**	(2.4)%	**(3.5)%**	2.8%
Segment assets	**1,924**	2,022	**576**	619	**99**	114	**217**	228	**2,816**	2,983
Segment liabilities	**1,339**	1,565	**224**	255	**17**	19	**48**	48	**1,628**	1,887
Operating result	**59**	(26)	**35**	37	**11**	19	**20**	35	**125**	65
Margin on sales	**3.0%**	(1.3)%	**4.9%**	4.6%	**6.1%**	10.9%	**4.6%**	7.8%	**3.8%**	1.9%
Capital expenditures	**83**	90	**9**	8	**4**	4	**4**	3	**100**	105
Amortization and depreciation	**115**	120	**13**	17	**3**	5	**9**	10	**140**	152
Impairment losses recognized	**7**	7	**1**	-	**-**	-	**-**	-	**8**	7
R&D expenses	**152**	153	**37**	38	**-**	-	**2**	2	**191**	193
Number of employees at year end (Full heads)	**9,222**	9,863	**2,385**	2,579	**618**	608	**1,202**	1,322	**13,427**	14,372
Number of employees at year end (Full time equivalents)									**13,124**	14,015

RECONCILIATION OF SEGMENT ASSETS AND LIABILITIES WITH BALANCE SHEET TOTALS AND RECONCILIATION OF SEGMENT RESULT WITH TOTAL NET RESULT OF THE GROUP

Million Euro	2007	2006
Segment result	**387**	**346**
General administration expenses	(262)	(281)
Interest income / (expense) – net	(35)	(32)
Other non-operating income / (expense) – net	(28)	(32)
Income taxes	(19)	15
Minority interest	(1)	(1)
Net result for the accounting period	**42**	**15**
Segment assets	**2,816**	**2,983**
Investments	20	29
Long-term loans receivable	-	65
Receivables under finance leases	208	241
Cash and cash equivalents	152	85
Deferred tax assets	330	351
Derivative financial instruments	11	4
Other unallocated receivables	22	74
Total assets	**3,559**	**3,832**
Segment liabilities	**1.628**	**1.887**
Financial obligations	873	789
Deferred tax liabilities	65	113
Shareholders' equity	891	933
Derivative financial instruments	3	7
Other unallocated liabilities	99	103
Total liabilities	**3,559**	**3,832**

5 ACQUISITIONS AND DIVESTITURES

DIVESTITURES 2007

On February 13, 2007 the Group sold its investment in Xitron, Inc. This divestiture had the following effect on the Group's assets and liabilities as per December 31, 2007:

Million Euro	
Goodwill	1
Inventories	1
Trade receivables	1
Loss on divestiture	(1)
Net cash inflow	**2**

DIVESTITURES 2006

On July 6, 2006 the Group sold its logistic operations of Gevaert 8 to the Group H. Essers. These operations relate to the storage and distribution of Agfa-Gevaert's film consumables and equipment. This divestiture had the following effect on the Group's assets and liabilities as per December 31, 2006:

Million Euro	
Property, plant & equipment	4
Non-current liabilities for personnel commitments	12
Current liabilities for personnel commitments	1
Loss on divestiture	(4)
Net cash inflow	**13**

PREVIOUS ACQUISITIONS

In January 2007, the final part of the earn-out (38 million Euro) related to the acquisition of GWI (acquired in 2005) has been paid out upon achievement of particular milestones.

6 FINANCIAL RISK MANAGEMENT

In the normal course of its business, the Group is exposed to a number of financial risks such as currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk that could affect its financial position and its result of operations. The Group's objectives, policies and processes in managing the financial risks are described further in this note.

In managing these risks the Group may use derivative financial instruments. The use of derivative financial instruments is subject to internal controls and uniform guidelines set up by the central Treasury Committee, having a delegating authority over all third party banking and financing operations in the Group. Derivatives used are over-the-counter instruments, particularly forward exchange contracts, option contracts and interest rate swaps concluded with banks having a high credit rating.

A MARKET RISK

I *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The foreign currency risk management distinguishes between three types of foreign currency risk: foreign currency transaction risk, foreign currency translation risk and foreign currency economic risk.

The Group incurs foreign currency transaction risk on accounts receivable and accounts payable that are denominated in a currency other than the company's functional currency. Foreign currency transaction risk in the Group's operations also arises from the variability of cash flows in respect of forecasted transactions. Foreign operations which do not have the Euro as their functional currency give rise to a translation risk. The foreign currency economic risk is the risk that future cash flows and earnings generated by foreign operations may vary. Foreign currency economic risk is highly connected with other factors such as the foreign operations' competitive position within an industry, its relationship with customers and suppliers.

In monitoring the foreign currency risk exposures, the central treasury department focuses on the transaction and translation risk exposures whereas business management seeks to manage the foreign economic risk through natural hedges.

Each of the above types of foreign currency risk exposure impacts the financial statements differently. The central treasury department monitors and manages foreign currency exposure from the view of its impact on either the balance sheet or the income statement.

Foreign currency balance sheet transaction risk

The currencies that primarily impact the net foreign currency exposure on the balance sheet are the US Dollar, Pound Sterling and Canadian Dollar.

With regard to these currencies, the Group was exposed as of December 31, 2007 to the following foreign currency risk:

	Net exposure of receivables and payables	Hedging		Net position
In million foreign currency		Cash, cash equiva-lents loans & deposits	Derivatives	
USD	90.9	40.3	(114.9)	16.3
GBP	46.6	29.3	(114.6)	(38.7)
CAD	7.6	(75)	65.5	(1.9)

The aim of Group's management regarding balance sheet transaction exposure is to minimize, over the short term, the revaluation results – both realized and unrealized – of balance sheet items that are denominated in a currency other than the company's functional currency. In order to keep the exposures within predefined risk adjusted limits, the central treasury department economically hedges the net outstanding monetary balance sheet items in foreign currency using derivative financial instruments such as forward exchange contracts and option contracts. As of December 31, 2007 the outstanding derivative financial instruments are all forward exchange contracts with maturities of generally less than one year.

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

Foreign currency balance sheet translation risk

When the functional currency of the entity that holds the investment is different from the functional currency of the related subsidiary, the currency fluctuations on the net investment directly affect the shareholders' equity ('Translation differences') unless any hedging mechanism exists.

All subsidiaries and associated companies have as functional currency the currency of the country in which they operate, except for the Group's foreign operations in Latin America where the functional currency is the US Dollar. The currencies giving rise to the Group's balance sheet translation risk are primarily US Dollar and Canadian Dollar.

	Net investment in a foreign entity	
In million foreign currency	December 31, 2007	December 31, 2006
USD	443	427
CAD	385	356

The central treasury department monitors the balance sheet translation exposure of the Group at least on a quarterly basis. The Treasury Committee proposes corrective actions if needed to the Executive Committee.

The Group utilizes US Dollar denominated bank loans (119 million Euro) in order to hedge the foreign currency exposure of the Group's net investment in its subsidiary in the United States (Agfa Corporation). As of December 31, 2007 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 result on the hedging instruments has been recognized directly in equity (Translation differences: 36 million Euro).

Foreign currency income statement risk

Foreign currency income statement risk includes both the risk of the variability of cash flows in respect of forecasted transactions as a result of changes in exchange rates and the risk that the net income generated by foreign operations may vary in amount when translated into the presentation currency (Euro). The central treasury department monitors and manages both risks simultaneously.

The currencies that primarily impact the net foreign currency exposure on the income statement are the US Dollar, currencies highly correlated to the US Dollar – i.e. Hong Kong Dollar and Chinese Renminbi – and Pound Sterling. The Group's exposure to the US Dollar is affected by the impact of the price of the commodities silver and aluminium.

The Executive Committee decides on the hedging policy of aforementioned currency exposures considering the market situation and upon proposal of the Treasury Committee. The objective of the Group's management of income statement exposure is mainly to increase the predictability of results but also to protect the business within a defined time horizon in which the business can not react to the changing environment (e.g. by adapting prices or shifting production).

As of December 31, 2007 no cash flow hedges have been designated.

Amounts removed from equity and recognized in profit and loss in 2007, amounted to 1 million Euro and have been deducted from sales.

Sensitivity analysis

A strengthening/weakening of the Euro by 10% against the currencies listed hereafter with all other variables held constant, would have increased (decreased) profit or loss by the amounts shown below. The analysis has been carried out on the net exposure, net of the use of derivative financial instruments.

For the US Dollar and Canadian Dollar, the sensitivity analysis also includes the impact on the Group's equity ('Translation differences') of a 10% change calculated based on the closing rates existing at year-end. The analysis has been carried out on the net exposure to translation risk, i.e. net of the US Dollar denominated bank loans that are used to hedge the foreign currency exposure of the Group's net investment in its subsidiary Agfa Corporation. The sensitivity analysis has been performed on the same basis for 2006.

Million Euro	Profit & loss			
	2007		2006	
	Strengthening of the Euro by 10%	Weakening of the Euro by 10%	Strengthening of the Euro by 10%	Weakening of the Euro by 10%
USD and currencies highly related to the USD HKD – RMB	2.1	(2.1)	1.3	(1.3)
CAD	(6.3)	6.3	(5.1)	5.1
GBP	(3.4)	3.4	(5.4)	5.4

Million Euro	Translation differences			
	2007		2006	
	Strengthening of the Euro by 10%	Weakening of the Euro by 10%	Strengthening of the Euro by 10%	Weakening of the Euro by 10%
USD	(19)	19	(23)	23
CAD	(27)	27	(23)	23

II Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates relates to the Group's financial debt obligations which have at the reporting date the following interest rate profile:

	2007			2006		
In million foreign currency	Outstanding amount		Notional amount derivative financial instruments	Outstanding amount		Notional amount derivative financial instruments
	At floating rate	At fixed rate		At floating rate	At fixed rate	
EUR	408	200	100	360	200	100
USD	136	-	-	103	-	-
GBP	59	-	-	97	-	-
RMB	6	-	-	14	-	-
JPY	16	-	-	17	-	-

As of December 31, 2007, part of the interest rate risk of the Group was hedged via an interest rate collar having a total notional amount of 100 million Euro, maturing in 2009. The interest rate collar is designated as a 'cash flow hedge', hedging the variability in interest rates on Euro denominated long term bank loans. The interest rates are capped between 4% (cap) and 3.15% (floor). 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, 2007: 0 million Euro).

Sensitivity analysis

A change of 100 basis points in interest rates at December 31, 2007 would have increased (decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2006.

	Profit and loss		Equity hedge reserve	
December 31, 2007	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Net impact	(5.6)	5.3	1.2	(0.6)
December 31, 2006				
Net impact	(5.4)	4.7	2.1	(0.4)

III Commodity price risk

The Group purchases the larger part of its raw materials in US Dollar. The most important raw material exposures in US Dollar are silver and aluminium.

In order to minimize its exposure to commodity price volatility, the Group sometimes concludes forward contracts – mainly for silver and aluminium – whenever the situation is adequate. These contracts are accounted for as executory contracts. As of December 31, 2007 the Group was economically hedged by forward contracts for a limited volume of silver and for a larger volume of aluminium.

From the 2007 total purchases of goods and services, silver and aluminium represent approximately 27%.

B CREDIT RISK

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation and cause the Group to incur a financial loss. The Group manages exposure to credit risk by working with upfront agreed counterparty credit limits and through diversification of counterparties. Credit risk arises mainly from the Group's receivables from customers, investments and foreign currency forward contracts.

The exposure to credit risk from customer receivables is monitored on an ongoing basis by the Credit Committee. Credit limits are set for each customer based on its creditworthiness and are reviewed periodically by the Committee. In monitoring the credit risk, customers are grouped in risk categories according to their characteristics.

Goods sold are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. In normal circumstances, the Group does not require collateral in respect of trade or other receivables.

Transactions involving derivative financial instruments are only allowed with counterparties that have high credit ratings. To minimize the concentration of counterparty risk, the Group enters into derivative transactions with a number of financial institutions. Investments are only allowed in liquid assets.

Exposure to credit risk

As a result of the Group's broad customer portfolio, there were no significant concentrations of credit risk at balance sheet date. The carrying amounts of the financial assets, including derivative financial instruments, in the balance sheet reflect the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date per class of financial asset is as follows:

Million Euro	2007	2006
Available-for-sale financial assets	17	15
Held-to maturity investments	-	-
Financial assets at fair value through profit and Loss		
Derivative financial instruments – assets	11	4
Other	3	4
Loans and receivables	1,150	1,269
Cash on hand, demand deposits and checks *	147	82

(*) Marketable securities have been classified as available-for-sale (2007: 5 million Euro; 2006: 3 million Euro).

The Company has guaranteed debt owed to banks for some of its wholly-owned subsidiaries. The maximum amount guaranteed is 192 million Euro and the outstanding debt and cash management position under those guarantees, amounts to 66 million Euro.

The Group has negotiated an equipment finance agreement with a global finance company that provides financial services to specified customers of the Group. This agreement requires payment from the Group in the event of default on payment by the respective debtor limited to a predetermined percentage of the total capital base of the financed equipment. The Group has accounted for a financial liability calculated based on expected credit losses. The amount recognized approximates fair value.

Impairment losses

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables, being the difference between the carrying amount and the present value of the estimated future cash flows. Specific loss allowances are established for individually significant exposures after consultation with the Credit Committee. Groups of similar assets which are of minor importance are subject to a collective loss allowance.

The ageing of loans and receivables at the reporting date was:

Million Euro	2007		2006	
	Gross value	Impairment loss	Gross value	Impairment loss
Trade receivables				
Not past due	724	(4)	754	(6)
Past due 0 – 30 days	41	(1)	39	(1)
Past due 31 – 90 days	41	(1)	46	(1)
Past due more than 90 days	120	(59)	112	(58)
Receivables under finance leases				
Not past due	208	(4)	236	(4)
Past due 0 – 30 days	1	(1)	5	-
Past due 31 – 90 days	3	(1)	1	-
Past due more than 90 days	7	(5)	6	(3)
Loans receivable and accrued interest				
Not past due	5	-	77	-
Past due 0 – 30 days	-	-	-	-
Past due 31 – 90 days	-	-	-	-
Past due more than 90 days	-	-	-	-

Past due amounts were not impaired when collection is still considered likely or sufficient collateral has been obtained.

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

Million Euro	2007	2006
Balance at January 1	**73**	**70**
Additions/reversals charged to profit and loss	6	8
Deductions from allowance *	(10)	(3)
Reclassification	5	-
Exchange differences	2	(2)
Balance at December 31	**76**	**73**

(*) Write-offs for which an allowance was previously recorded.

No impairment losses have been recognized on available-for-sale financial assets.

C LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulties in meeting commitments related to financial liabilities when they fall due.

The Group ensures that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. Liquidity risk is managed by maintaining a sufficient degree of diversification of funding sources.

The Group has a policy in place to limit concentrations related to liquidity risk. The total share of gross drawn term debt and all undrawn committed facilities provided by one bank or bank group should not exceed predetermined limits. No loan exposures are allowed with banks or financial groups rated below the A level. Risk concentrations are monitored on an ongoing basis by the Treasury Committee.

In managing its liquidity risk the Group has a revolving multi-currency committed credit facility it can access to meet its liquidity needs. The revolving multi-currency committed credit facilities have been negotiated for a period until 2012. Drawdowns under these lines are made for shorter periods but the Group expects and has the discretion to roll-over the liabilities under the existing committed loan agreement.

In the liquidity analysis presented below, repayments of the committed facilities are included in the earliest time band the Group could be required to repay its liabilities although the Group expects to roll over these liabilities on a long-term basis. Contractual maturity dates and notional amounts of the committed credit facilities are disclosed in note 22 Financial Liabilities.

Remaining contractual maturities of financial liabilities, including principal and interest payments are as follows:

2007			Remaining contractual maturities			
Million Euro	Carrying amount	Contractual undiscounted cash flows *	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	200	270	-	9	44	217
Revolving multi-currency credit facilities – drawn portion	568	571	571	-	-	-
Uncommitted bank facilities and bank overdrafts	41	41	35	4	1	1
Commercial paper program	63	63	63	-	-	-
Trade payables	275	275	275		-	-
Derivative financial instruments						
Forward exchange contracts designated as cash flow hedges:	-	-	-	-	-	-
Outflow						
Inflow						
Other forward exchange contracts:						
Outflow	-	(935)	(555)	(380)	-	-
Inflow	7	942	557	385	-	-

Maturities of future lease payments from finance lease liabilities are provided in note 22 Financial liabilities.

(*) The amounts of contractual undiscounted cash flows related to non-derivative financial liabilities are determined based on conditions existing at balance sheet date, i.e. exchange rates and interest rates. The amount of interest payments is based on outstanding amounts at balance sheet date. The contractual undiscounted cash flows of forward exchange contracts are determined using currency forward rates.

2006			Remaining contractual maturities			
Million Euro	Carrying amount	Contractual undiscounted cash flows *	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	200	279	-	9	44	226
Revolving multi-currency credit facilities – drawn portion	235	236	214	22	-	-
Uncommitted bank facilities and bank overdrafts	66	66	47	16	2	1
Commercial paper program	277	277	275	2	-	-
Trade payables	313	313	313		-	-
Derivative financial instruments						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	(89)	(19)	(70)	-	-
Inflow	-	88	19	69	-	-
Other forward exchange contracts:						
Outflow	(4)	(689)	(607)	(82)	-	-
Inflow	-	685	600	85	-	-

Maturities of future lease payments from finance lease liabilities are provided in note 22 Financial liabilities.

(*) The amounts of contractual undiscounted cash flows related to non-derivative financial liabilities are determined based on conditions existing at balance sheet date, i.e. exchange rates and interest rates. The amount of interest payments is based on outstanding amounts at balance sheet date. The contractual undiscounted cash flows of forward exchange contracts are determined using currency forward rates.

D CAPITAL MANAGEMENT

The Executive Committee monitors capital on the basis of the gearing ratio. The Executive Committee seeks to maintain a balance between the components of the shareholders' equity and the net financial debt at an agreed level. Net financial debt is defined as current and non-current financial liabilities less cash and cash equivalents. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any legally imposed capital requirements, with the exception of the statutory minimum equity funding requirements that apply to its subsidiaries in the different countries.

In former years, the Group purchased its own shares in the market. These shares are intended to be used for issuing shares under the Group's different option plans. The Group does not have a defined share buy-back plan.

E FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

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

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

		December 31, 2007		December 31, 2006	
Million Euro	Note	Carrying amount	Fair Value	Carrying amount	Fair Value
Available for sale financial assets	14				
carried at fair value (incl. marketable securities)		9	9	7	7
carried at cost		8	-	8	-
Financial assets/liabilities at fair value through profit and loss					
Classified as held for trading					
Forward exchange contracts designated as cash flow hedges					
Assets		-	-	-	-
Liabilities		-	-	(2)	(2)
Other forward exchange contracts					
Assets		10	10	2	2
Liabilities		(3)	(3)	(5)	(5)
Interest rate instruments designated as cash flow hedges		1	1	-	-
Other derivative financial instruments					
Assets		-	-	2	2
Liabilities		-	-	-	-
Designated at fair value through profit and loss	14	3	3	4	4
Held-to-maturity investments	14	-	-	-	-
Loans and receivables					
LT loans receivable – AgfaPhoto	15	-	-	65	65
LT loans receivable – other	14	4	4	11	11
Accrued interest on loans receivable		1	1	1	1
Trade receivables		861	861	885	885
Receivables under finance leases	17	208	208	241	241
Miscellaneous receivables AgfaPhoto	15	24	24	25	25
Miscellaneous receivables other	17	52	52	41	41
Cash and cash equivalents	18	147	147	82	82
Liabilities at amortized cost	22				
Liabilities to banks		41	41	66	66
Multi-currency credit facilities		568	568	235	235
Debentures		200	182	200	194
Commercial paper program		63	63	277	277
Finance lease liabilities		1	1	11	11
Trade payables		275	275	313	313
Miscellaneous payables – AgfaPhoto	15	28	28	45	45
Miscellaneous payables – earn-out GWI	23	-	-	38	38

BASIS FOR DETERMINING FAIR VALUES

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

Available-for-sale financial assets

Investments in equity securities, other than associated companies, are classified as available-for-sale and are stated at fair value, except for unquoted equity instruments whose fair value cannot be estimated reliably. The fair value of available-for-sale financial assets is determined by reference to their quoted market price at the balance sheet date.

Financial assets and liabilities at fair value through profit and loss

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 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 financial assets designated at fair value through profit and loss is their quoted market price.

Loans and receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value of lease receivables is based on the present value of future minimum lease payments discounted at a market rate of interest for similar assets.

Liabilities at amortized cost

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at market rates of interest at the reporting date. With the exception of the debenture, all carrying amounts of financial liabilities approximate fair value as drawdowns are made for short periods. The fair value of the bond is the quoted market price at balance sheet date. For finance leases the market rate of interest is determined by reference to similar lease contracts.

7 OTHER OPERATING INCOME

Million Euro	2007	2006
Exchange gains	195	175
Changes in fair value of financial instruments	29	27
Reversal of unutilized provisions	23	15
Gains on the retirement of fixed assets	20	23
Lease income	15	18
Write-backs on loans and receivables	13	10
Rental income	3	2
Income related to AgfaPhoto Group companies	-	3
Other income	35	39
TOTAL	**333**	**312**

Changes in the fair value of financial instruments mainly relate to revaluation gains on derivatives, not designated as hedging instruments (2007: 27 million Euro, 2006: 24 million Euro), and gains from ineffectiveness on hedging instruments designated as cash flow hedges (2007: 2 million Euro, 2006: 3 million Euro).

8 OTHER OPERATING EXPENSES

Million Euro	2007	2006
Exchange losses	201	189
Expenses related to discontinued operations (note 15)	28	51
Changes in fair value of financial instruments	27	23
Write-downs on loans and receivables	19	18
Restructuring expenses	17	137
Impairment loss on intangible assets & property, plant and equipment	8	1
Provisions	6	9
Loss on retirement of fixed assets	3	2
Rent	2	1
Loss on the sale of logistic operations to Group H. Essers	-	4
Other expenses	68	73
TOTAL	**379**	**508**

Changes in the fair value of financial instruments mainly relate to revaluation gains on derivatives, not designated as hedging instruments (2007: 26 million Euro, 2006: 21 million Euro), and losses from ineffectiveness on hedging instruments designated as cash flow hedges (2007: 1 million Euro, 2006: 2 million Euro).

RESTRUCTURING CHARGES

In 2007, the Group recorded restructuring charges of 17 million Euro. These charges include mainly employee termination costs.

9 FINANCIAL INCOME AND EXPENSES

Million Euro	2007	2006
Interest income (expense)		
Interest income		
on available-for-sale financial assets	-	-
on bank deposits	3	3
on loans and receivables	10	2
Interest expense		
on bank liabilities, including bank fees	43	36
on other liabilities	5	1
Interest income (expense) – net	**(35)**	**(32)**
Other non-operating income (expense)		
Dividend income on available for sale financial assets	-	-
Net change in fair value of derivative financial instruments not part of a hedging relationship	10	1
Net change in fair value of financial assets/liabilities designated at fair value through profit and loss	-	-
Net change in fair value of cash flow hedges transferred from equity	-	-
Ineffective portion of changes in cash flow hedges	-	-
Exchange gains (losses) on financial instruments	(13)	1
Result on the sale of investments – Indaver	16	-
Interest portion of interest bearing provisions	(35)	(33)
Other non-operating income (expense)	(6)	(1)
Other non-operating income (expense) – net	**(28)**	**(32)**

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

10 INCOME TAXES

RECOGNIZED IN THE INCOME STATEMENT

Million Euro	2007	2006
Current tax expense	53	54
Deferred tax expense / (income)	(34)	(69)
Total income tax expense / (income) in income statement	**19**	**(15)**

RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

Summary 2007

Million Euro	Basis for tax computation	Tax expense / (tax income)	Tax rate
Accounting profit before tax and before consolidation entries	63	19	30.16%
Consolidation entries (mainly related to intercompany dividends)	(1)	-	
Accounting profit before tax	62	19	30.65%

Reconciliation of effective tax rate

Million Euro	Before consolidation entries	Consolidation entries	After consolidation entries
Accounting profit before tax	63	(1)	62
Theoretical income tax expense	16		16
Theoretical tax rate (*)	**25.40%**		**25.81%**
Disallowed items	14		14
Impact of tax credits & other deduction from tax basis	(31)		(31)
Tax free income: primarily related to gains on sale of shares	(7)		(7)
Tax expense due to tax audits	2		2
Tax losses of the year for which no deferred tax asset has been recorded	36		36
Tax losses used in 2007 for which no deferred tax asset has been recorded	(1)		(1)
Reversal of deferred tax balances recorded previous years: primarily related to tax losses	7		7
Impact of changes to tax rates	(8)		(8)
Other	(9)		(9)
Actual income tax expense / (income)	**19**		**19**
Effective tax rate			**30.65%**

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

Summary 2006

Million Euro	Basis for tax computation	Tax expense / (tax income)	Tax rate
Accounting profit before tax and before consolidation entries	163	39	23.93%
Consolidation entries (mainly related to intercompany dividends)	(162)	(54)	33.33%
Accounting profit before tax	1	(15)	

Reconciliation of effective tax rate

Million Euro	Before consolidation entries	Consolidation entries	After consolidation entries
Accounting profit before tax	163	(162)	1
Theoretical income tax expense	50	(54)	(4)
Theoretical tax rate (*)	**30.67%**	**33.33%**	
Tax effect transfer of investments within the Group	1		1
Disallowed items	10		10
Impact of special tax status: Belgian co-ordination centre	(30)		(30)
Tax expense due to tax audits	7		7
Tax losses of the year for which no deferred tax asset has been recorded	7		7
Tax losses used in 2006 for which no deferred tax asset has been recorded	(10)		(10)
Unrecognized deferred tax assets on temporary differences	56		56
Tax benefit on the loss on investment in Agfa-Gevaert AG recorded in 2004 and partially reversed in 2005; could be fully realized	(54)		(54)
Reversal deferred tax assets recorded previous years: Other	2		2
Tax credits used for which no deferred tax asset has been recorded	(6)		(6)
Deferred tax liability on tax effect on expected dividends in foreseeable future	1		1
Tax credits for which no deferred tax asset has been recognized	4		4
Impact of changes to tax rates	1		1
Actual income tax expense / (income)	**39**	**(54)**	**(15)**
Effective tax rate	**23.93%**	**33.33%**	

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

DEFERRED TAX ASSETS AND LIABILITIES

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

	December 31, 2007			December 31, 2006		
Million Euro	Assets	Liabilities	Net	Assets	Liabilities	Net
Intangible assets	209	73	136	217	105	112
Property, plant and equipment	10	32	(22)	7	44	(37)
Investments	9	-	9	(2)	-	(2)
Inventories	24	1	23	24	3	21
Receivables	48	3	45	61	3	58
Provisions and liabilities for post-employment benefits	59	37	22	112	28	84
Other current assets & other liabilities	5	51	(46)	11	61	(50)
Deferred tax assets and liabilities related to temporary differences	**364**	**197**	**167**	**430**	**244**	**186**
Tax loss carry-forwards	91	1	90	41	1	40
Excess tax credits	8	-	8	12	-	12
Deferred tax assets/liabilities	**463**	**198**	**265**	**483**	**245**	**238**
Set off of tax	(133)	(133)	-	(132)	(132)	-
Net deferred tax assets/liabilities	**330**	**65**	**265**	**351**	**113**	**238**

The realization of deferred tax assets is dependent on the realization of the business plans of the business segments Graphics and HealthCare.

UNRECOGNIZED DEFERRED TAX ASSETS

Deferred tax assets have not been recognized in respect of 'tax loss carry-forwards', 'tax credits' and 'temporary differences' for the amounts stated hereafter because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from:

- Tax loss carry-forwards: 85 million Euro (2006: 34 million Euro);
- Tax credits: 24 million Euro (2006: 19 million Euro);
- Temporary differences: 54 million Euro (2006: 56 million Euro).

MOVEMENT IN TEMPORARY DIFFERENCES DURING 2006-2007

Million Euro	December 31, 2005	Recognized in income	Translation differences	December 31, 2006	Recognized in income	Translation differences	December 31, 2007
Intangible assets	(43)	154	1	112	25	(1)	136
Property, plant and equipment	(40)	4	(1)	(37)	15	-	(22)
Investments	(3)	1	-	(2)	11	-	9
Inventories	28	(6)	(1)	21	3	(1)	23
Receivables	64	(6)	-	58	(13)	-	45
Provisions and liabilities for post-employment benefits	94	(4)	(6)	84	(57)	(5)	22
Other current assets & other liabilities	(62)	11	1	(50)	4	-	(46)
Deferred tax assets and liabilities related to temporary differences	38	154	(6)	186	(12)	(7)	167
Tax loss carry-forwards	112	(71)	(1)	40	50	-	90
Excess tax credits	26	(14)	-	12	(4)	-	8
Deferred tax assets/liabilities	**176**	**69**	**(7)**	**238**	**34**	**(7)**	**265**

11 PERSONNEL EXPENSES

Personnel expenses in 2007 amounted to 975 million Euro compared to 1,071 million Euro in 2006. The breakdown of personnel expenses is as follows:

Million Euro	2007	2006
Wages and salaries	769	822
Social expenses	206	249
TOTAL	**975**	**1,071**

The average number of employees in equivalent heads for 2007 amounted to 13,553 (2006: 14,162). Classified per corporate function, this average can be presented as follows:

	2007	2006
Manufacturing / Engineering	4,552	4,834
R & D	1,646	1,555
Sales & Marketing	5,099	5,227
Administration	2,256	2,546
TOTAL	**13,553**	**14,162**

12 INTANGIBLE ASSETS

	Goodwill	Intangible assets with indefinite useful lives	Intangible assets with finite useful lives							TOTAL
Million Euro		Trademarks	Capitalized development costs	Technology	Contractual customer relationships	Trademarks	Management information systems	Industrial property rights and other licences	Advance payments to acquire intangible assets	
Gross carrying amount December 31, 2006	**558**	**17**	**20**	**205**	**91**	**5**	**89**	**84**	**1**	**1,070**
Exchange differences	(6)	-	-	(3)	(2)	-	(4)	(1)	-	(16)
Change in consolidation scope	(1)	-	-	-	-	-	-	-	-	(1)
Capital expenditures	2	-	9	2	1	-	4	11	-	29
Retirements	-	-	-	(1)	-	-	-	(9)	-	(10)
Transfers	-	-	-	-	-	-	1	-	(1)	0
Gross carrying amount December 31, 2007	**553**	**17**	**29**	**203**	**90**	**5**	**90**	**85**	**0**	**1,072**
Accumulated amortization, write-downs and impairment losses December 31, 2006	**-**	**-**	**2**	**43**	**25**	**3**	**76**	**65**	**-**	**214**
Exchange differences	-	-	-	(1)	(1)	(1)	(4)	-	-	(7)
Change in consolidation scope	-	-	-	-	-	-	-	-	-	-
Amortization and write-downs during the year	-	-	3	21	10	1	5	9	-	49
Impairment loss during the year	-	-	3	5	-	-	-	-	-	8
Retirements	-	-	-	-	-	-	-	(8)	-	(8)
Transfers	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, write-downs and impairment losses December 31, 2007	**-**	**-**	**8**	**68**	**34**	**3**	**77**	**66**	**-**	**256**
Net carrying amount December 31, 2006	**558**	**17**	**18**	**162**	**66**	**2**	**13**	**19**	**1**	**856**
Net carrying amount December 31, 2007	**553**	**17**	**21**	**135**	**56**	**2**	**13**	**19**	**0**	**816**

Exchange differences arise from translating opening and closing values of foreign companies' figures at the respective exchange rates. In the course of 2007, the Group recognized an impairment loss on capitalized development costs (3 million Euro) and on acquired technology (5 million Euro) due to a lower than expected economic performance of these assets. The impairment loss is included in other operating expenses (note 8).

IMPAIRMENT TESTS FOR GOODWILL

For the financial statements of the Group, goodwill is tested for impairment annually and whenever there is an indication of impairment. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit.

In line with the definition of cash-generating units, the management of the Group has identified the business segments as the cash-generating units, i.e. Graphics, HealthCare and Specialty Products. The business segment is the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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

The value in use is determined as the present value of estimated future cash flows that are derived from the current long-term planning of the Group. The discount rate used in calculating the present value of the estimated future cash flows, is a pre-tax rate reflecting the current market assessments of the time value of money and the risks specific to the CGU.

The Group calculates the cost of capital according to the weighted average cost of capital (WACC) formula. The cost of equity corresponds to the return expected by the stockholders and is computed from capital market information. The cost of debt used in calculating WACC is based on the terms for a ten-year corporate bond issue.

The pre-tax discount rates used in calculating the present values of estimated future cash flows are derived from the WACC by means of iteration.

CGU Graphics

At December 31, 2007, the carrying amount of the CGU Graphics comprises goodwill of 27 million Euro.

In the fourth quarter of 2007, the Group performed its annual impairment test for goodwill for the CGU Graphics and, based on the assumptions used, the calculated value in use is higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU Graphics has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors. After five years a terminal value is computed using a growth rate 0% for the prepress business and 2% for the inkjet business.

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

Key assumptions are:

- Pre-tax discount rate: 9.29%.
- Terminal growth rate (after five years): 0% for the prepress business and 2% for the inkjet business.
- Aluminium: 1.942 Euro/Ton.
- Silver: 9.35 Euro/Troz.
- Exchange rate US Dollar/Euro: 1.39.
- Net working capital: the estimated future cash flows take into account strong efforts to improve working capital.
- Sales and gross margin: sales and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

CGU HealthCare

At December 31, 2007, the carrying amount of the CGU HealthCare comprises goodwill of 525 million Euro.

In the fourth quarter of 2007, the Group performed its annual impairment test for goodwill for the CGU HealthCare and, based on the assumptions used, the calculated value in use is higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU HealthCare has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors. After five years a terminal value is computed using a growth rate in the division Information Technology Solutions (IT-solutions) of 2.2% and a negative growth rate in the division Medical Imaging Systems of 7.2%.

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

Key assumptions are:

- Pre-tax discount rate: 9.55%.
- Terminal growth rate (after five years): 2.2% for IT Solutions and (7.2)% for Medical Imaging Systems.
- Silver price : 9.35 Euro/Troz.
- Exchange rate US Dollar/Euro: 1.39.
- Net working capital: the estimated future cash flows in the five-year plan take into account strong efforts in improving working capital.
- Sales and gross margin: sales and gross margin reflect management's best expectations, based on past experience and take into account the specific business risks. In the five-year plan, it is assumed that the decline in sales of the traditional imaging business will be absorbed by the increase of the division Information Technology Solutions. The global growth of HealthCare IT Solutions is the main driver for achieving the business plan, enabled by introducing existing IT solutions – e.g. IMPAX, ORBIS, Cardio – to multiple countries. A strong focus on achieving cost efficiencies is incorporated in the plan.

CGU Specialty Products

At December 31, 2007, the carrying amount of the CGU Specialty Products comprises goodwill of 1 million Euro.

For the CGU Specialty Products, the calculated value in use is higher than its carrying amount. The value in use of the CGU Specialty Products has been determined based on cash flow projections covering the next four years. The cash flow projections were based upon a business plan formally approved by the Board of Directors which foresees a growth in ID&S and Orgacon Electronic Materials that should largely compensate for the expected decrease in other product lines. Management consequently expects an improvement of the gross margin.

13 PROPERTY, PLANT AND EQUIPMENT

Million Euro	Land, buildings and infrastructure	Machinery and technical equipment	Furniture, fixtures and other equipment	Construction in progress and advance payments to vendors and contractors	TOTAL
Gross carrying amount December 31, 2006	**427**	**1,543**	**316**	**16**	**2,302**
Exchange differences	(11)	(18)	(5)	(1)	(35)
Change in consolidation scope	-	-	-	-	-
Capital expenditures	7	17	23	24	71
Retirements	(43)	(73)	(33)	(2)	(151)
Transfers	1	(35)	(45)	(11)	(90)
Gross carrying amount December 31, 2007	**381**	**1,434**	**256**	**26**	**2,097**
Accumulated depreciation, write-downs and impairment losses December 31, 2006	**275**	**1,306**	**266**	**-**	**1,847**
Exchange differences	(6)	(16)	(4)	-	(26)
Change in consolidation scope	-	-	-	-	-
Depreciation and write-downs during the year	9	55	27	-	91
Impairment loss during the year	-	-	-	-	-
Retirements	(28)	(72)	(31)	-	(131)
Transfers	-	(43)	(48)	-	(91)
Accumulated depreciation, write-downs and impairment losses December 31, 2007	**250**	**1,230**	**210**	**-**	**1,690**
Net carrying amount December 31, 2006	**152**	**237**	**50**	**16**	**455**
Net carrying amount December 31, 2007	**131**	**204**	**46**	**26**	**407**

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

The Group, as lessee, leases mainly 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, 2007 the net carrying amount of fixed assets held under finance leases amounted to 1 million Euro (2006: 15 million Euro). The leased assets secure lease obligations (note 22). Lease payments do not include contingent rent.

The Group, as lessor, included assets subject to operating leases in its balance sheet under the captions 'Buildings' and 'Other Equipment'. The depreciation of these assets is consistent with the Group's normal depreciation policy. At the end of December 2007, the assets subject to operating leases have a total net carrying amount of 9 million Euro (2006: 11 million Euro). The future minimum lease income under non-cancellable operating leases is presented in note 25.

14 INVESTMENTS

Million Euro	2007	2006
Held-to-maturity investments	-	-
Financial assets designated at fair value through profit and loss	3	4
Available-for-sale financial assets	12	12
Investments in associated companies	1	2
Loans and receivables	4	11
TOTAL	**20**	**29**

Available-for-sale financial assets comprise investments in equity securities, other than associated companies, and are stated at fair value, except for unquoted equity instruments whose fair value cannot be estimated reliably. Available-for-sale financial assets carried at fair value (2007: 4 million Euro; 2006: 4 million Euro) mainly comprise the investment in Medivision Medical Imaging Ltd. and some shares in a quoted investment fund. Available-for-sale financial assets carried at cost (2007: 8 million Euro; 2006: 8 million Euro) comprise some smaller investments in equity instruments that do not have a quoted market price and whose fair value cannot be estimated reliably.

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

15 DIVESTITURE OF CONSUMER IMAGING – DISCONTINUED OPERATIONS

RECEIVABLES AND PAYABLES RELATED TO DISCONTINUED OPERATIONS

Million Euro		December 31, 2007	December 31, 2006
Assets			
Long-term loans receivable	A	-	65
Miscellaneous receivables	B	24	25
Liabilities			
Miscellaneous liabilities	B	28	45

A Vendor Note for the settlement of the divestiture Consumer Imaging

On November 1, 2004, the Group sold all of its Consumer Imaging's activities, including the production, sales and services related to photographic film, finishing products and lab equipment to AgfaPhoto Holding GmbH.

The buyer raised objections (by means of a Disagreement Notice) against the Closing Financials, basis on which the Management had set the purchase price at 112 million Euro. An accounting expert was called upon to review and to decide on the Disputed Items. In an expert opinion rendered on July 5, 2007, Ernst & Young identified a purchase price reduction in an amount of approximately 30.5 million Euro, thus fixing the purchase price at 81 million Euro.

In the course of the year, the purchase price has been fully settled.

B Miscellaneous receivables and payables against AgfaPhoto

As from November 2004, the Consumer Imaging business has been operated through a group of companies under the name of AgfaPhoto.

According to the Share Purchase Agreement, the Group agreed to act for a limited period of time, as a service provider and distributor for AgfaPhoto. As such, the Group pre-financed AgfaPhoto's working capital, for which it is reimbursed by the collection of trade receivables from customers.

The miscellaneous receivables and payables stated in the overview above mainly result from the distribution and service agreement concluded between the Group and AgfaPhoto.

At the end of May 2005, AgfaPhoto GmbH filed for insolvency, followed by insolvency filings of some of the AgfaPhoto sales organizations.

Immediately after the insolvency filing of AgfaPhoto GmbH, the Group has, in order to support the receiver and the new management in the objective to preserve the operations and employment of the AgfaPhoto Group, agreed to continue to perform certain distribution, invoicing and collection activities for the account of AgfaPhoto GmbH and its subsidiaries. To this end an agreement was signed with AgfaPhoto GmbH's receiver and the new management of AgfaPhoto GmbH. According to this agreement, the Group should pay for the goods supplied by AgfaPhoto GmbH only when the end customer has paid its invoices and to the extent that the Group itself is not exposed to additional commercial and financial risks.

In October 2005, the receiver of AgfaPhoto GmbH decided to liquidate the company. In the course of 2007, the Group continued to conduct negotiations with the receiver of AgfaPhoto GmbH as well as with the local receivers of the AgfaPhoto sales organizations in order to settle the outstanding balances resulting from distribution, supply and service agreements. These negotiations have resulted in a number of settlements, e.g. in Belgium, Spain and France. The negotiations with the receiver of AgfaPhoto GmbH, while still ongoing, have not resulted in a settlement and the receiver of AgfaPhoto GmbH initiated in December 2007 arbitration proceedings before the ICC International Court of Arbitration in Paris, France in connection with a dispute over the outstanding balances resulting from distribution, supply and service agreements.

For the AgfaPhoto entities that did not file for insolvency, the Group co-operated with all parties concerned, mainly AgfaPhoto management and other creditors, with a view to liquidate the company in an orderly way. The process of orderly wind down is still ongoing for a number of AgfaPhoto entities.

The Group has adequately provided for probable losses related to the distribution agreement and the different settlements as well as for other claims and costs, such as employee related claims.

RESULT OF DISCONTINUED OPERATIONS

The table below shows for 2007 a loss from discontinued operations of 28 million Euro before income taxes and 24 million Euro net of income taxes.

	2007	2006
Million Euro	Result of discontinued operations	Result of discontinued operations
Net sales	**-**	**-**
Operating expenses	(28)	(51)
Operating result from discontinued operations	**(28)**	**(51)**
Non-operating result	-	-
Income (loss) before income taxes	**(28)**	**(51)**
Tax impact (current & deferred)	4	15
Income (loss) net of income taxes	**(24)**	**(36)**

16 INVENTORIES

Million Euro	2007	2006
Raw materials and supplies	69	92
Work in process, finished goods and goods purchased for resale	507	530
Advance payments	2	2
TOTAL	**578**	**624**

Accumulated write-downs on inventories decreased by 6 million Euro during 2007 (2006: decrease 3 million Euro).

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

Million Euro	2007	2006
Cost of raw materials, supplies and goods purchased for resale	1,232	1,264
Cost of services purchased	81	61
TOTAL	**1,313**	**1,325**

17 OTHER RECEIVABLES AND OTHER ASSETS

Million Euro	2007	2006
Receivables under finance leases	208	241
Claims for tax refunds	60	121
Receivables against AgfaPhoto Group companies (note 15)	24	25
Accrued interest on loans receivable	1	1
Other	70	68
TOTAL	**363**	**456**

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 219 million Euro as of December 31, 2007 (2006: 248 million Euro) and will bear interest income until their maturity dates of 26 million Euro (2006: 29 million Euro).
As of December 31, 2007, the write-downs on the receivables under finance leases amounted to 11 million Euro (2006: 7 million Euro).

The receivables under finance leases are as follows:

	2007			2006		
Million Euro	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
Not later than one year	95	13	82	105	15	90
Between one and five years	149	13	136	169	14	155
Later than five years	1	-	1	3	-	3
TOTAL	**245**	**26**	**219**	**277**	**29**	**248**

The Group leases out its commercial equipment under finance leases mainly via Agfa Finance (i.e. Agfa Finance NV and its subsidiaries) and via Agfa Corporation (USA).

At the inception of the lease, the present value of the minimum lease payments generally amounts to at least 90% of the fair value of the leased assets.

The major part of the leases concluded with Agfa Finance typically run for a non-cancellable period of four years. The contracts generally include an option to purchase the leased equipment after that period at a price that generally lies between 2% and 5% of the gross investment at the inception of the lease.
Sometimes, the fair value of the leased asset is paid back by means of a purchase obligation for consumables at a value higher than its market value, in such a way that this mark-up is sufficient to cover the amount initially invested by the lessor. In these types of contracts the mark-up and/or the lease term can be subject to change.

Agfa Finance offers its products via its subsidiaries in the USA, Canada, 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, 2007, the present value of the total future lease payments for Agfa Finance amounted to 187 million Euro (2006: 162 million Euro).

Agfa Corporation has a lease portfolio with an average remaining term of 30 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, 2007, the present value of the total future lease payments amounted to 32 million Euro (2006: 79 million Euro).

18 CASH AND CASH EQUIVALENTS

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

Million Euro	2007	2006
Marketable securities and other instruments	5	3
Cash on hand, demand deposits and checks	147	82
Total cash and cash equivalents as reported in the balance sheet	152	85
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)	(1)	(2)
Total cash and cash equivalents as reported in the cash flow statement	151	83

19 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Million Euro	2007	2006
Property, plant and equipment	**-**	**1**
Machinery and technical equipment	-	1
Other securities scheduled for divestment	**-**	**2**

The disposal of these non-current assets classified as held for sale generated cash inflows of 19 million Euro.

20 SHAREHOLDERS' EQUITY

The various components of Shareholders' Equity and the changes therein from December 31, 2005 to December 31, 2007 are presented in the Consolidated Statements of Shareholders' Equity.

CAPITAL STOCK AND SHARE PREMIUM

The issued capital of the Company as of December 31, 2007 amounts to 140 million Euro, represented by 128,888,282 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, 2007 the Group held 4,099,852 (2006: 4,102,752) of the Company's shares. During 2007, 2,900 stock options, covered by own shares, were exercised.

REVALUATION RESERVE

The revaluation reserve comprises the revaluation of the Group's investment in Medivision Medical Imaging Ltd., classified as available-for-sale, and some other small investments.

SHARE-BASED PAYMENT RESERVE

According to IFRS 2, the calculated fair value of share-based payment transactions – the Long Term Incentive Plan tranche no. 6, tranche no. 6a, tranche no. 7 and tranche no. 8 – is expensed over the vesting period with a corresponding increase in equity (2 million Euro).

HEDGING RESERVE

At balance sheet date the Group has not designated any derivative financial instruments as cash flow hedges. The cumulative loss on the hedging instruments of formerly designated cash flow hedges was removed from equity in the income statement upon occurrence of the forecasted transaction (1 million Euro).

TRANSLATION DIFFERENCES

Translation differences comprise all foreign exchange differences arising from the translation of the financial statements of foreign group companies, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

DIVIDENDS

In 2007, a dividend of 63 million Euro (0.5 Euro per ordinary share) has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on April 24, 2007.

21 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 and are treated as post-employment and long-term benefit plans.

At December 31, 2007, the Group's total net liability for post-employment and long-term benefit plans amounted to 654 million Euro (721 million Euro at December 31, 2006), comprising of the following:

Million Euro	December 31, 2006	December 31, 2007
Net liability for material countries	504	480
Net liability for termination benefits	170	137
Net liability for non-material countries	47	37
Total net liability	**721**	**654**

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.

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 2007, the defined contribution plan expense for the Group's material countries amounted to 11 million Euro (10 million Euro in 2006).
In Germany, employees of Agfa-Gevaert Healthcare GmbH, Agfa-Gevaert Graphic Systems GmbH, and of Agfa Deutschland Vertriebsgesellschaft GmbH & 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 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. 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. The Bayer Pensionskasse was closed for new hires after December 31, 2004. New hires after this date join the Rheinische Pensionskasse.

Defined Benefit Plans

In Germany, the UK and the US, the defined benefit retirement plans are closed to new entrants.
The defined benefit retirement plan in the US is frozen for current employees, so employees do not accrue future service benefits anymore under this plan. In Germany, new hires after December 31, 2004 accrue benefits under a new defined benefit plan.

For the defined benefit plans, the total expense for 2007 for the Group's material countries amounted to 48 million Euro (69 million Euro for 2006):

	2006			2007		
Million Euro	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	32	2	34	20	1	21
Interest cost	86	5	91	87	4	91
Expected return on assets	(72)	0	(72)	(74)	0	(74)
Recognized past service cost	0	(4)	(4)	1	1	2
Amortization of unrecognized (Gain) / Losses	19	0	19	10	(2)	8
Gain) / Losses on settlements or curtailments	1	0	1	0	0	0
Net periodic pension cost	**66**	**3**	**69**	**44**	**4**	**48**

The change in net liability recognized during the years 2006 and 2007 is set out in the table below:

	2006			2007		
Million Euro	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	459	58	517	452	52	504
Net periodic pension cost	66	3	69	44	4	48
Employer contributions	(68)	(4)	(72)	(64)	(5)	(69)
Currency effects: charge (or credit)	(5)	(5)	(10)	1	(4)	(3)
Net liability at December 31	**452**	**52**	**504**	**433**	**47**	**480**

During the next fiscal year 2008, the Group expects to contribute 85 million Euro for its material retirement and other post-employment plans.

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

At December 31, 2007, the total defined benefit obligation for the Group amounted to 1,698 million Euro (1,901 million Euro at December 31, 2006). Of this amount, 1,043 million Euro (1,193 million Euro at December 31, 2006) related to wholly or partly funded plans and 655 million Euro (708 million Euro at December 31, 2006) related to unfunded plans.

	2006			2007		
Million Euro	Retirement plans	Other post-employment and long-term benefit plans	TOTAL	Retirement plans	Other post-employment and long-term benefit plans	TOTAL
Change in defined benefit obligation						
Defined benefit obligation at January 1	1,935	97	2,032	1,829	72	1,901
Service cost, exclusive of employee contributions	32	2	34	20	1	21
Employee contributions	1	0	1	1	0	1
Interest cost	86	5	91	87	4	91
Benefit payments	(93)	(4)	(97)	(101)	(5)	(106)
Past service cost	0	0	0	1	0	1
Settlement or curtailment	0	0	0	0	0	0
Actuarial (gains) / losses	(93)	(20)	(113)	(130)	0	(130)
Currency effects: charge (or credit)	(39)	(8)	(47)	(74)	(7)	(81)
Defined benefit obligation at December 31	**1,829**	**72**	**1,901**	**1,633**	**65**	**1,698**
Change in Plan Assets						
Fair value of assets at January 1	1,013	0	1,013	1,045	0	1,045
Employer contributions	68	4	72	64	5	69
Employee contributions	1	0	1	1	0	1
Actual return on assets	86	0	86	38	0	38
Benefit payments	(93)	(4)	(97)	(101)	(5)	(106)
Currency effects: (charge) or credit	(30)	0	(30)	62	0	(62)
Fair value of assets at December 31	**1,045**	**0**	**1,045**	**985**	**0**	**985**
Funded Status at December 31						
Funded status	(784)	(72)	(856)	(648)	(65)	(713)
Unrecognized net (gain) or loss	332	16	348	215	15	230
Unrecognized past service cost	0	4	4	0	3	3
Net (liability) at December 31	**(452)**	**(52)**	**(504)**	**(433)**	**(47)**	**(480)**

Principal actuarial assumptions at balance sheet date (weighted averages)

	December 31, 2006	December 31, 2007
Discount rate	5.0%	5.7%
Expected return on plan assets	7.3%	7.1%
Future salary increases	3.1%	3.0%

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

History of Asset values, DBO, Surplus/Deficit in Scheme and Experience Gains and Losses

Million Euro	December 31, 2006	December 31, 2007
Fair value of plan assets	1,045	985
Present value of defined benefit obligation	1,901	1.698
Surplus / (Deficit) in the plan	**(856)**	**(713)**

Million Euro	2006	2007
Experience gains / (losses) on plan assets	14	(36)
Experience gains / (losses) on plan liabilities	37	3
Gain / (loss) on plan liabilities due to change in assumptions	76	127

Fair value of assets, split by major asset class

Million Euro	December 31, 2007
Equity instruments	578
Debt instruments	385
Other	22
TOTAL	**985**

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 (today: Executive Committee) 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 Euro per share (or higher).
For an Initial Investment lower than 22 Euro per share a price equal to 1/13 of the positive difference between 22 Euro 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 Euro.

The following table summarizes information about the stock warrants outstanding at December 31, 2007:

Warrants granted	581,100
Warrants forfeited during 2001	19,500
Warrants forfeited during 2002	78,000
Warrants forfeited during 2003	58,500
Warrants forfeited during 2004	249,600
Warrants forfeited during 2005	13,000
Warrants exercised during 2005	88,282
Warrants forfeited during 2006	18,359
Warrants outstanding at December 31, 2007	55,859

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 (today: Executive Committee) 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 (today: Executive Committee) 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 Euro.

The following table summarizes information about the stock options outstanding at December 31, 2007:

Options granted	416,950
Options forfeited during 2001	15,000
Options forfeited during 2003	17,100
Options forfeited during 2004	193,300
Options exercised during 2004	4,200
Options exercised during 2005	86,778
Options forfeited during 2006	6,300
Options forfeited during 2007	10,500
Options outstanding at December 31, 2007	**83,772**

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 (today: Executive Committee) of the Company and executives employed at levels A, B and C of the Company or at equivalent levels within the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 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 Euro.

The following table summarizes information about the stock options outstanding at December 31, 2007:

Options granted	522,940
Options forfeited during 2001	19,000
Options forfeited during 2003	19,000
Options forfeited during 2004	6,200
Options exercised during 2004	50,480
Options exercised during 2005	164,230
Options forfeited during 2006	3,100
Options forfeited during 2007	3,100
Options outstanding at December 31, 2007	**257,830**

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 (today: Executive Committee) of the Company and executives employed at levels A, B and C of the Company or at equivalent levels within the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 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 Euro.

The following table summarizes information about the stock options outstanding at December 31, 2007:

Options granted	600,300
Options forfeited during 2002	6,300
Options forfeited during 2003	31,500
Options exercised during 2005	7,800
Options exercised during 2006	2,460
Options forfeited during 2006	5,800
Options exercised during 2007	2,900
Options forfeited during 2007	2,900
Options outstanding at December 31, 2007	**540,640**

The weighted average share price for options exercised during 2007 was 19.74 Euro.

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

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

Following key parameters were used in the valuation model:

Fair value of option granted	6.60
Share price	18.63
Exercise price	18.27
Grant date	September 26, 2003
Expected volatility	32.40 %
Expected dividends / year	0.6
Risk-free interest rate curve	2.09%–4.34 %

Expected volatility is calculated based on historical volatility of the share price over a one-year period. The options granted under the Long Term Incentive Plan tranche no. 5 vested in July 2006, after a three-year period from grant date. The calculated fair value was expensed over the vesting period according to the modified grant date method, by reference to the number of options that ultimately vested.

The following table summarizes information about the stock options outstanding at December 31, 2007:

Options granted	567,974
Options forfeited during 2004	2,800
Options exercised during 2006	2,800
Options forfeited during 2006	5,600
Options forfeited during 2007	11,450
Options outstanding at December 31, 2007	**545,324**

6 *Long Term Incentive Plan (tranche no. 6 and no. 6a)*

On June 22, 2004 the Group established a stock option plan (the Long Term Incentive Plan – tranche no. 6 and no. 6a) for the members of the Board of Management (today: Executive Committee) of the Company and executives employed at levels A, B and C of the Company or at equivalent levels within the Group. 'One' option gives the holder the right to buy 'one' ordinary share of the Company. In total 488,880 options were granted to the beneficiaries of the plan. The options were offered free of charge. In accordance with the program, the options under tranche no. 6 are only exercisable as from August 10, 2007 until August 10, 2011, after which date they become null and void. The exercise price of the options is equal to 19.95 Euro.

The options offered under tranche no. 6a are only exercisable as from December 15, 2007 until December 14, 2011, after which date they become null and void. The exercise price of the options is equal to 24.02 Euro.

The fair value of the Long Term Incentive Plan tranche no. 6 and no. 6a at grant date has been calculated using a Trinomial Lattice model for Bermudian options with discrete dividend parameters.

Following key parameters were used in the valuation model:

	Tranche no. 6	Tranche no. 6a
Fair value of option granted	6.84	8.00
Share price	23.27	26.59
Exercise price	19.95	24.02
Grant date	October 10, 2004	February 13, 2005
Expected volatility	24.61%	27.83%
Expected dividends / year	0.60	0.56
Risk-free interest rate	3.67%	3.00%

Expected volatility is calculated based on historical volatility of the share price over a one-year period. The options granted under the Long Term Incentive Plan tranche no. 6 and no. 6a respectively vested in August and December 2007, after a three-year vesting period from grant date. The calculated fair value was expensed over the vesting period according to the modified grant date method, by reference to the number of options that ultimately vested. For 2007, the expense amounts to 1 million Euro.

The following table summarizes information about the stock options outstanding at December 31, 2007:

	Tranche no. 6	Tranche no. 6a
Options granted	471,380	17,500
Options forfeited during 2005	3,080	-
Options forfeited during 2006	5,600	-
Options forfeited during 2007	11,300	-
Options outstanding at December 31, 2007	**451,400**	**17,500**

7 *Long Term Incentive Plan (tranche no. 7)*

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

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

Following key parameters were used in the valuation model:

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

Expected volatility is calculated based on historical volatility of the share price over a one-year period. The options vest over three years from grant date onwards. The calculated fair value is expensed over the vesting period according to the modified grant date method. Vesting expectations are based on historical data of option forfeitures. For 2007, the expense amounts to 0.5 million Euro.

The following table summarizes information about the stock options outstanding at December 31, 2007:

Options granted	589,650
Options forfeited during 2006	33,200
Options forfeited during 2007	72,160
Options outstanding at December 31, 2007	**484,290**

8 Long Term Incentive Plan (tranche no. 8)

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

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

Following key parameters were used in the valuation model:

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

Expected volatility is calculated based on historical volatility of the share price over a one-year period. The options vest over three years from grant date onwards. The calculated fair value is expensed over the vesting period according to the modified grant date method. Vesting expectations are based on historical data of option forfeitures. For 2007, the expense amounts to 0.5 million Euro.

The following table summarizes information about the stock options outstanding at December 31, 2007:

Options granted	733,570
Options forfeited during 2007	48,810
Options outstanding at December 31, 2007	**684,760**

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

22 FINANCIAL LIABILITIES

Million Euro	2007	2006
Non-current liabilities	740	445
Revolving multi-currency credit facility [1]	538	235
Liabilities to banks [2]	2	3
Debentures [3]	200	200
Liabilities under finance lease agreements [4]	-	7
Current liabilities	133	344
Commercial paper program	63	277
Revolving multi-currency credit facility [1]	30	-
Liabilities to banks [2]	39	63
Liabilities under finance lease agreements [4]	1	4

[1] *Revolving multi-currency committed unsecured credit facilities*

The Company negotiated revolving multi-currency committed credit facilities for a total notional amount of 775 million Euro. In general, drawdowns under these lines are made for periods from 1 month up to one year but the Group expects and has the discretion to roll-over the liability under the existing committed loan agreement. These loan facilities are unsecured.

Interest rates of part of the Euro denominated long-term facilities are capped between 4% (cap) and 3.15% (floor) by the use of an interest rate collar with a notional amount of 100 million Euro, maturing in 2009 (note 6). The Company has designated the interest rate collar as cash flow hedge.

The split over the relevant periods is as follows:

Million Euro	Notional amount		Outstanding amount		Currency	Interest rate	
Maturity date	2007	2006	2007	2006		2007	2006
2007	-	40	-	-	EUR	-	-
2008	60	40	-	12	AUD	-	5.88%
			30	-	EUR	4.88%-4.92%	-
2009	25	25	-	2	USD	-	6.03%-6.10%
			7	7	RMB	5.02%	5.02%
			3	-	COP	15.39%	-
2012	690	690	83	93	USD	5.18%-5.70%	5.72%-6.08%
			445	100	EUR	4.83%-5.18%	3.88%
			-	21	GBP	-	5.65%
TOTAL	**775**	**795**	**568**	**235**			

[2] *Liabilities to banks*

Maturities of long-term unsecured facilities were as follows:

Million Euro	2007		2006	
Maturing in	Outstanding amount	Weighted average interest rate	Outstanding amount	Weighted average interest rate
< 5 years	1	2.30%	2	1.82%
> 5 years	1	6.58%	1	6.62%
TOTAL	**2**		**3**	

Short-term facilities

Short-term liabilities to banks are mainly unsecured. The weighted average interest rate of these facilities is 5.32% (2006: 4.09%).

[3] *Debentures*

In May 2005, the Company issued a bond with nominal value of 200 million Euro. The bond carries a 4.375% coupon and matures in June 2015. Interests are payable annually in arrears. The issue price was 101.956%. The bond is carried at amortized cost.

4 *Liabilities under finance lease agreements*

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 1 million Euro as of December 31, 2007.

The financial liabilities are payable as follows:

	2007			2006		
Million Euro	Total future payments	Unexpired interest expense	Present value	Total future payments	Unexpired interest expense	Present value
Not later than one year	1	-	1	5	1	4
Between one and five years	-	-	-	11	4	7
Later than five years	-	-	-	-	-	-
TOTAL	**1**	**-**	**1**	**16**	**5**	**11**

23 MISCELLANEOUS LIABILITIES

Miscellaneous liabilities can be presented as follows:

Million Euro	2007	2006
Tax liabilities	62	111
Liabilities for social expenses	37	35
Liabilities against AgfaPhoto Group companies (note 15)	28	45
Payroll liabilities	17	22
Accrued interest on liabilities	8	8
Earn-out GWI (note 5)	-	38
Other miscellaneous liabilities	85	82
TOTAL	**237**	**341**

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 have not been paid at the balance sheet date.

Other miscellaneous liabilities comprise of numerous individual items such as guarantees, commissions to customers, liabilities under cash management, etc.

24 PROVISIONS

A CURRENT

Million Euro	Environmental	Trade-related	Taxes	Other	TOTAL
Provisions at December 31, 2006	**13**	**71**	**72**	**163**	**319**
Change in consolidation scope	-	-	-	-	**-**
Provisions made during the year	5	158	41	91	**295**
Provisions used during the year	(1)	(161)	(29)	(99)	**(290)**
Provisions reversed during the year	-	(7)	(6)	(25)	**(38)**
Translation differences	-	(3)	(2)	(1)	**(6)**
Transfers	(4)	(1)	-	-	**(5)**
Provisions at December 31, 2007	**13**	**57**	**76**	**129**	**275**

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 8). Other provisions moreover include provisions for litigation, claims and the negative outcome of commitments.

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 litigation with respect to environmental contamination.

B NON-CURRENT

Million Euro	
Provisions at December 31, 2006	**72**
Provisions made during the year	10
Provisions used during the year	(10)
Provisions reversed during the year	(6)
Translation differences	-
Transfers	3
Provisions at December 31, 2007	**69**

25 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 Euro	2007	2006
Not later than one year	39	34
Between one and five years	68	62
Later than five years	4	7
TOTAL	**111**	**103**

Leases as lessor

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

Million Euro	2007	2006
Not later than one year	4	7
Between one and five years	5	7
Later than five years	-	1
TOTAL	**9**	**15**

26 COMMITMENTS AND CONTINGENCIES

Million Euro	2007	2006
Issuance and endorsement of bills	-	1
Guarantees	44	39
Other	2	2
TOTAL	**46**	**42**

Total purchase commitments in connection with major capital expenditure projects for which the respective contracts have already been awarded or orders placed amounted to 3 million Euro as of December 31, 2007 (2006: 3 million Euro).

LEGAL RISKS/CONTINGENCIES

AgfaPhoto In connection with the divestment of the Consumer Imaging business of Agfa-Gevaert AG and certain of its subsidiaries, the Group has entered into various contractual relationships with AgfaPhoto Holding GmbH and AgfaPhoto GmbH, Leverkusen, Germany, and its subsidiaries in various jurisdictions (the "AgfaPhoto Group"), providing for the transfer of its Consumer Imaging business, including assets, liabilities, contracts and employees, to AgfaPhoto Group companies.

Subsequent to the divestment, Agfa-Gevaert AG became engaged in an expert arbitrator proceeding in connection with a purchase price dispute against AgfaPhoto Holding GmbH. On July 5, 2007 Ernst & Young, the expert appointed by the parties identified a purchase price reduction in an amount of approximately 30.5 million Euro, thus fixing the purchase price at 81 million Euro.

Subsequent to the divestment, insolvency proceedings have been opened with respect to AgfaPhoto GmbH and a number of its subsidiaries in both Germany and other jurisdictions. The Group has been named as a defendant in lawsuits or other actions in various jurisdictions in connection with a number of disputes including labour law disputes in Germany, seeking a variety of damages and other relief relative to the insolvency proceedings and subsequent liquidation of the AgfaPhoto Group companies. The Group believes that it has meritorious defences in these lawsuits and other actions and is defending itself vigorously.

Subsequent to the divestment, Agfa-Gevaert NV and Agfa-Gevaert AG initiated arbitration proceedings before the ICC International Court of Arbitration in Paris, France, in connection with a trademark license dispute with AgfaPhoto Holding GmbH. In the course of this dispute, the Group has received a number of counterclaims.

The Group has rejected all of the counterclaims as without merit. As of this date, the tribunal has held for AgfaPhoto Holding GmbH on the merits but the arbitration proceedings are ongoing regarding quantum. The Group believes that it has meritorious defences with respect to the counterclaims on quantum and is defending itself vigorously.

Also with respect to this divestment, AgfaPhoto Holding GmbH initiated arbitration proceedings before the ICC International Court of Arbitration in Paris and claims alleged damages suffered as a result of misconduct of the seller in connection with the sale of the Consumer Imaging division and the insolvency of AgfaPhoto GmbH. The Group has rejected all of the claims as unsubstantiated and without merit. The Group believes that it has meritorious defences with respect to these claims and is defending itself vigorously.

Also with respect to this divestment, the receiver of AgfaPhoto GmbH initiated arbitration proceedings before the ICC International Court of Arbitration in Paris and claims alleged damages suffered as a result of inter alia, misconduct of the seller in connection with the sale of the Consumer Imaging division and the insolvency of AgfaPhoto GmbH. The Group has rejected all of the claims as unsubstantiated and without merit. The Group believes that it has meritorious defences with respect to these claims and is defending itself vigorously.

Patent Disputes Further legal risks for the Group exist with regard to patent disputes in the United States. Agfa-Gevaert NV and Agfa Corporation are engaged as either plaintiff or defendant in patent infringement suits involving Eastman Kodak Company.
In another patent infringement case, Agfa Corporation is defendant in a claim filed by Compression Labs Inc.

These cases are either in the final stages of discovery or appeal. The Group believes that it has meritorious defences in all of these lawsuits and is defending itself vigorously.

27 RELATED PARTY TRANSACTIONS

Transactions with Directors and members of the Executive Committee (Key management personnel)

Key management personnel compensation included in the income statement can be detailed as follows:

	2007		2006	
Million Euro	Directors	Executive	Directors	Executive
Short-term employee benefits	0.8	3.3	0.8	4.2
Post-employment benefits	-	0.6	-	0.4
Termination benefits	-	1.5	-	-
Share-based payment	-	0.3	-	0.5
TOTAL	**0.8**	**5.7**	**0.8**	**5.1**

As of December 31, 2007 there were no loans outstanding to members of the Executive Committee nor to members of the Board of Directors.
Pension provisions for members and retired members of the Executive Committee, amounting to 17 million Euro, are reflected in the balance sheet of the Group at December 31, 2007.

Other related party transactions

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

28 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at December 31, 2007 was based on the net profit attributable to ordinary shareholders of 42 million Euro (2006: net profit of 15 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2007 of 124,788,263 (2006: 124,781,170).

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

Number of ordinary shares at January 1, 2007	124,785,530
Effect of options excercised during 2007	2,733
Weighted average number of ordinary shares at December 31, 2007	124,788,263

Euro	2007	2006
Basic earnings per share	**0.34**	**0.12**

Basic earnings per share from continuing operations

The calculation of basic earnings per share from continuing operations at December 31, 2007 was based on the net profit attributable to ordinary shareholders of 66 million Euro (2006 : net profit of 51 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2007 of 124,788,263 (2006: 124,781,170).

Euro	2007	2006
Basic earnings per share from continuing operations	**0.53**	**0.41**

Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2007 was based on the net profit attributable to ordinary shareholders of 42 million Euro (2006 : net profit of 15 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2007 of 124,788,263 (2006 : 124,781,170).

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

Weighted average number of ordinary shares at December 31, 2007	124,788,263
Effect of stock options on issue (note 21)	-
Weighted average number of ordinary shares (diluted) at December 31, 2007	124,788,263

The average fair value of one ordinary share during 2007 was 15.73 Euro.

Euro	2007	2006
Diluted earnings per share	**0.34**	**0.12**

Diluted earnings per share from continuing operations

The calculation of diluted earnings per share from continuing operations at December 31, 2007 was based on the net profit attributable to ordinary shareholders of 66 million Euro (2006: net profit of 51 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2007 of 124,788,263 (2006: 124,781,170).

Euro	2007	2006
Diluted earnings per share from continuing operations	**0.53**	**0.41**

29 INVESTMENTS IN SUBSIDIARIES AND OTHER COMPANIES AGFA-GEVAERT GROUP

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

Consolidated companies, December 31, 2007

Name of the company	Location	Effective interest %
Agfa (Pty.) Ltd.	Isando/Rep. of South Africa	100
Agfa (Wuxi) Imaging co., Ltd.	Wuxi/PR China	99.16
Agfa (Wuxi) Printing Plate Co. Ltd.	Wuxi/PR China	100
Agfa ASEAN Sdn. Bhd.	Petaling Jaya/Malaysia	100
Agfa Corporation	Ridgefield Park/United States	100
Agfa de Mexico S.A. de C.V.	Sta. Clara Ecatepec/Mexico	99.80
Agfa Deutschland Vertriebsgesellschaft mbH & Cie	Cologne/Germany	100
Agfa Finance Corp.	Wilmington/United States	100
Agfa Finance Inc.	Toronto/Canada	100
Agfa Finance Italy S.p.A.	Milan/Italy	100
Agfa Finance NV	Mortsel/Belgium	100
Agfa Finance Poland Sp.z.o.o.	Warsaw/Poland	100
Agfa Finance Pty. Ltd.	Nunawading/Australia	100
Agfa Graphics Argentina S.A.	Buenos Aires/Argentina	100
Agfa Graphics Ireland Ltd.	Kildare/Ireland	100
Agfa Graphics Ltd.	Leeds/United Kingdom	100
Agfa Graphics Netherlands B.V.	Amstelveen/Netherlands	100
Agfa Graphics Norway AS	Skytta/Norway	100
Agfa Graphics NV	Mortsel/Belgium	100
Agfa Graphics Portugal, Unipessoal Lda.	Fregesia de Pago d'Arcos/Portugal	100
Agfa Graphics S.r.l.	Manerbio/Italy	100
Agfa Graphics Sp. z.o.o.	Warsaw/Poland	100
Agfa HealthCare AG	Dübendorf/Switzerland	100
Agfa HealthCare Argentina S.A.	Buenos Aires/Argentina	100
Agfa HealthCare Australia Limited	Melbourne/Australia	100
Agfa HealthCare Brazil Ltda.	Sao Paulo/Brazil	100
Agfa HealthCare Chile Ltda.	Santiago De Chile/Chile	100
Agfa HealthCare Colombia Ltda.	Bogota/Colombia	100
Agfa HealthCare Corporation	Ridgefield Park/United States	100
Agfa HealthCare Czech s.r.o.	Prague/Czech Republic	100
Agfa HealthCare Denmark A/S	Holte/Denmark	100
Agfa HealthCare Enterprise Solutions S.A.	Artigues près Bordeaux/France	100
Agfa HealthCare Finland Oy AB	Espoo/Finland	100
Agfa HealthCare Germany GmbH	Bonn/Germany	100
Agfa HealthCare Ges.mbH	Vienna/Austria	100
Agfa HealthCare GmbH	Bonn/Germany	100
Agfa HealthCare HELLAS A.E.B.E.	Peristeri/Greece	100
Agfa HealthCare Hungary Kft.	Budapest/Hungaria	100
Agfa HealthCare Inc.	Waterloo/Canada	100
Agfa HealthCare India Private Ltd.	Mumbay/India	100
Agfa HealthCare International NV	Mortsel/Belgium	100
Agfa HealthCare Korea Ltd.	Seoul/South Korea	100
Agfa HealthCare Luxembourg S.A.	Helfenterbrück/Luxemburg	100
Agfa HealthCare Malaysia Sdn. Bhd.	Kuala Lumpur/Malaysia	100
Agfa Healthcare Mexico S.A. de C.V.	Mexico City/Mexico	100
Agfa HealthCare Norway AS	Skytta/Norway	100
Agfa HealthCare NV	Mortsel/Belgium	100
Agfa HealthCare Shanghai Ltd.	Shanghai/PR China	100
Agfa HealthCare Singapore Pte. Ltd.	Singapore	100
Agfa HealthCare South Africa Pty. Ltd.	Isando/Rep. of South Africa	100
Agfa HealthCare Spain S.A.U.	Barcelona/Spain	100
Agfa HealthCare Sweden AB	Kista/Sweden	100
Agfa HealthCare Systems Taiwan Co. Ltd.	Taipei/Taiwan	100

Agfa HealthCare UK Limited	Brentford/United Kingdom	100
Agfa HealthCare Venezuela S.A.	Caracas/Venezuela	100
Agfa Hong Kong Ltd.	Hong Kong/PR China	100
Agfa Hungaria Kft.	Budapest/Hungaria	100
Agfa Inc.	Toronto/Canada	100
Agfa India Private Ltd.	Bombay/India	100
Agfa Industries Korea Ltd.	Kyunggi-do/South Korea	100
Agfa Korea Ltd.	Seoul/South Korea	100
Agfa Limited	Dublin/Ireland	100
Agfa Materials Corporation	Wilmington/United States	100
Agfa Materials GmbH	Cologne/Germany	100
Agfa Materials Hong Kong Ltd.	Hong Kong/PR China	100
Agfa Materials Japan Ltd.	Tokyo/Japan	100
Agfa Materials Ltd.	Pinewood/United Kingdom	100
Agfa Materials Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa NDT S.A.	Limonest/France	100
Agfa OOO Ltd.	Moscow/Russian Federation	100
Agfa s.r.o. (Czechia)	Prague/Czech Republic	100
Agfa Singapore Pte. Ltd.	Singapore	100
Agfa Solutions SAS	Rueil-Malmaison/France	100
Agfa Sp. z.o.o.	Warsaw/Poland	100
Agfa Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa-Dotrix NV	Ghent/Belgium	100
Agfa-Gevaert A.E.B.E.	Athens/Greece	100
Agfa-Gevaert A/S (Denmark)	Holte/Denmark	100
Agfa-Gevaert AB (Sweden)	Kista/Sweden	100
Agfa-Gevaert AG/SA	Dübendorf/Switzerland	99.12
Agfa-Gevaert Aktiengesellschaft für Altersversorgung	Leverkusen/Germany	100
Agfa-Gevaert Argentina S.A.	Buenos Aires/Argentina	100
Agfa-Gevaert B.V.	Rijswijk/Netherlands	100
Agfa-Gevaert Colombia Ltda.	Bogota/Colombia	99.99
Agfa-Gevaert de Venezuela S.A.	Caracas/Venezuela	100
Agfa-Gevaert do Brasil Ltda.	Sao Paulo/Brazil	100
Agfa-Gevaert GmbH	Vienna/Austria	100
Agfa-Gevaert Graphic Systems GmbH	Wiesbaden/Germany	100
Agfa-Gevaert HealthCare GmbH	Munich/Germany	100
Agfa-Gevaert International Holding S.à r.l.	Luxemburg/Luxemburg	100
Agfa-Gevaert International NV	Mortsel/Belgium	100
Agfa-Gevaert International S.à r.l.	Luxemburg/Luxemburg	100
Agfa-Gevaert Investment Fund NV	Mortsel/Belgium	100
Agfa-Gevaert Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited (Australia)	Melbourne/Australia	100
Agfa-Gevaert Limited (England)	Brentford/United Kingdom	100
Agfa-Gevaert Ltda. (Chili)	Santiago De Chile/Chile	100
Agfa-Gevaert NV & Co. KG	Leverkusen/Germany	100
Agfa-Gevaert NZ Ltd.	Glenfield/New Zealand	100
Agfa-Gevaert S.A. (France)	Rueil-Malmaison/France	99.99
Agfa-Gevaert S.A.U.	Barcelona/Spain	100
Agfa-Gevaert S.p.A.	Milan/Italy	100
Agfa-Gevaert, Lda.	Linda-a-Velha/Portugal	100
Autologic Information International Inc.	Thousand Oaks/United Sates	100
BOSS AG	Bremen/Germany	100
BOSS VertriebsGmbH	Bremen/Germany	100
Cea AB	Strängnäs/Sweden	100
GWI AG	Trier/Germany	100
GWI Research Ges.mbH	Vienna/Austria	100
GWI Research GmbH	Trier/Germany	100
Heartlab Holding Co.	Westerly/USA	100
Heartlab Inc.	Westerly/USA	100
HYDmedia GmbH	Rottenburg/Germany	100

Lastra Attrezature S.r.l.	Manerbio/Italy	60
Lastra Deutschland GmbH	Hainburg/Germany	100
Luithagen NV	Mortsel/Belgium	100
Med2Rad S.r.l.	Macerata/Italy	100
New ProImage America Inc.	Ridgefield Park/United States	100
New ProImage Ltd.	Or Akiva/Israel	100
OY Agfa-Gevaert AB	Espoo/Finland	100
PlanOrg Medica GmbH	Jena/Germany	63.50
Plurimetal do Brasil Ltda.	Rio de Janeiro/Brasil	100
Quadrat NV	Mortsel/Belgium	100
Shanghai Agfa Imaging Products Co., Ltd.	Shanghai/PR China	100
Tiani Medgraph GmbH	Bühl/Germany	100
Tiani Nordic ApS	Aalborg/Denmark	100

Subsidiaries not included in the consolidated financial statements, December 31, 2007

Name of the company	Location	Effective interest %
Agfa Argentina S.A.C.I.	Buenos Aires/Argentina	100
Agfa Deutschland Vertriebsverwaltungsgesellschaft mbH	Cologne/Germany	100
Agfa-Gevaert SKK	Teheran/Iran	76
Agfa-Gevaert Unterstützungskasse GmbH	Leverkusen/Germany	100
CAWO Photochem. Werk GmbH	Schrobenhausen/Germany	100
GST Grafic Service Team GmbH & Co.	Leverkusen/Germany	100
GST Grafic Service Team Verwaltungs GmbH	Leverkusen/Germany	100
Mortselse Immobiliënvennootschap NV	Mortsel/Belgium	100

Associated Companies, December 31, 2007

Name of the company	Location	Effective interest %
ADM C.V.	Antwerp/Belgium	12.50
GWI Klinik Management GmbH	Feldafing/Germany	50
Idoc NV	Brussels	33.33
Lastra Niraj Pvt. Ltd.	Mumbay/India	39
Medicalis Corp.	Waterloo/Canada	20.78
Medivision Medical Imaging Ltd.	Yokneam Elit/Israel	19.43
PlanOrg Informatik GmbH	Jena/Germany	25.50
SIEDA GmbH	Kaiserslautern/Germany	25.18
Smart Packaging Solutions SAS	Rousset/France	30
ZTG	Krefeld/Germany	6

30 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On January 29, 2008 the Group announced that it plans to stop the development and production of computer-to-plate equipment in Wilmington, USA, and that it will purchase this equipment from third parties. It is the intention to phase out the factory. A redundancy plan has been developed for the approximately 150 employees involved, mainly in R&D, production and related departments. Other operations of Graphics in the US such as service, IT, sales and marketing will continue to operate from the Wilmington site. The estimated cost related to this plan amounts to 10 million Euro.

Statutory Accounts

The following pages are extracts of the statutory annual accounts of Agfa-Gevaert NV prepared under Belgian accounting policies. The management report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Agfa-Gevaert NV as well as the Auditor's report, will be filed with the National Bank of Belgium within the statutory stipulated periods. These documents are available on request from Agfa's Investor Relations department and at www.agfa.com/investorrelations. Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Agfa-Gevaert Group.
The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Agfa-Gevaert NV for the year ending December 31, 2007 give a true and fair view of the financial position and results of the company in accordance with all legal and regulatory dispositions.

SUMMARY VERSION OF STATUTORY ACCOUNTS OF AGFA-GEVAERT NV

INCOME STATEMENTS

Million Euro			2007	2006
I	Operating income			
	A	Turnover	911	2,018
	B	Increase (+); decrease (-) in stocks of finished goods, work and contracts in progress	(5)	3
	C	Own construction capitalised	14	144
	D	Other operating income	156	724
TOTAL OPERATING INCOME			**1,076**	**2,889**
II	II. Operating charges			
	A	Raw materials, consumables and goods for resale		
		1 Purchases	545	1,300
		2 Increase (-); decrease (+) in stocks	16	61
	B	Services and other goods	206	342
	C	Remuneration, social security costs and pensions	232	355
	D	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	112	152
	E	Increase (+); Decrease (-) in amounts written off stocks, contracts in progress and trade debtors	(4)	
	F	Increase (+); Decrease (-) in provisions for liabilities and charges	(42)	83
	G	Other operating charges	12	24
TOTAL OPERATING CHARGES			**1,077**	**2,317**
III	Operating profit / (loss)		(1)	572
IV	Financial income		50	240
V	Financial charges		(182)	(221)
VI	Profit / (loss) on ordinary activities before taxes		(133)	591
VII	Extraordinary income		83	84
VIII	Extraordinary charges		(75)	(6)
IX	Profit / (loss) for the period before taxes		(125)	669
IXbis	B	Transfer to deferred taxation	0	0
X	Income taxes		3	0
XI	Profit / (loss) for the period		(122)	669
XII	Transfer to untaxed reserve		0	0
XIII	Profit / (loss) for the period available for appropriation		(122)	669
Result Appropriation				
	A	Profit to be appropriated	530	714
		1 Profit / (loss) for the period available for appropriation	(122)	669
		2 Profit brought forward	652	45
	B	Transfer from capital and reserves	0	0
	C	Transfers to other reserves	0	0
	D	1 Profit to be carried forward	(530)	(652)
	F	Distribution of profit	0	(62)

SUMMARY VERSION OF STATUTORY ACCOUNTS OF AGFA-GEVAERT NV

BALANCE SHEET

Milion Euro		Dec. 31, 2007	Dec. 31, 2006
Assets			
II	Intangible assets	100	192
III	Tangible assets	27	43
IV	Financial assets	3,890	3,894
V	Receivables over 1 year	8	73
VI	Stocks and contracts in progress	144	165
VII	Amounts receivable within one year	143	896
VIII	Investments	43	79
IX	Cash at bank and in hand	1	10
X	Deferred charges and accrued income	0	2
		4,356	**5,354**
Liabilities			
I	Capital	140	140
II	Share premium account	109	109
IV	Reserves	412	412
V	Profit carried forward	530	652
VI	Investment grants	1	3
		1,192	**1,316**
VII	Provisions and deferred taxation	176	218
VIII	Amounts payable after more than one year	322	322
IX	Amounts payable within one year	2,616	3,392
X	Accrued charges and deferred income	50	106
		4,356	**5,354**

SUMMARY VERSION OF STATUTORY ACCOUNTS OF AGFA-GEVAERT NV

STATUTORY REPORT

Mortsel, February 20, 2008

Comments on the annual accounts

The annual accounts, which will be presented to the General Meeting of Shareholders of April 29, 2008, were approved by the Board of Directors.

The loss to be appropriated for the financial year 2007 amounted to 121,862,992.49 Euro.

It is proposed to distribute the profit to be appropriated as follows:
- a reduction of 121,862,992.49 Euro to the profit to be carried forward. As a consequence, the profit to be carried forward now amounts to 529.798.405,05 Euro.

The fees charged by KPMG to the Company with regard to the financial year 2007 were included in full in the notes to the financial statements.

INFORMATION RELATED TO THE IMPLEMENTATION OF THE EU TAKEOVER DIRECTIVE

The Board of Directors of Agfa-Gevaert NV hereby declares that the Annual Report 2007 has been prepared in accordance with article 34 of the Royal Decree of November 14, 2007. The Board hereby explains that:

- a comprehensive overview of the prevailing capital structure, dated March 26, 2008, can be found in the Corporate Governance chapter (p.47) and in the Shareholder Information;
- no special rights are attached to the shares issued by the company;
- Agfa-Gevaert NV is in no way party to any major agreement that would either become effective, be amended and/or be terminated due to any change of control over the company as a result of a public takeover bid;
- Agfa-Gevaert NV has not concluded any agreement with its Board members or employees, which would allow the disbursement of special severance pay in the case of termination of employment as a result of a public takeover bid, with the exemption of those mentioned on p.46 under the item Most important recruitment and termination conditions pertaining to Directors and members of the Executive Committee.

glossary

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

color print film
Film on which copies of the master version of a motion picture film are printed. These copies are distributed to the cinemas.

computed radiography (CR)
The technology of making X-ray images with conventional X-ray equipment but whereby the images are captured on reusable image plates, instead of X-ray film. The information on the plates is read by a digitizer and provides a digital image. Dedicated imaging software (such as Agfa's Musica) can be used to automatically maximize the quality of the images for diagnostic purposes. The digital images can also be completed with manual inputs (annotations, measurements, etc.) and are ready for archiving on a PACS system.
see also *direct radiography*

computed tomography (CT)
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 PACS systems are used for the management and the (3D) visualization of the digital images. Agfa's *hardcopy printers* are used to produce high quality prints of the images.

computer-to-film (CtF)
A process whereby the pages or artwork of printed matter from the computer – e.g. the pages of newspapers or magazines – are digitally imaged onto (transparent) film directly from computer files. The films are then chemically processed and used to produce *printing plates*.
see also *computer-to-plate*

computer-to-plate (CtP)
A process whereby the pages or artwork of printed matter from the computer – e.g. the pages of newspapers or magazines – are digitally imaged onto *printing plates* directly from computer files without the intermediate step of film.
see also computer-to-film

digitizer
see Computed Radiography

direct radiography (DR)
Radiographic technology that converts X-ray energy into digital data without the use of intermediate image capturing plates or films. These digital data generate a diagnostic image on a PC. As the data are digital, a wide range of possibilities is available for image optimization or completion as well as for archiving the images on *PACS* systems. DR systems are mostly used in centralized radiology environments.
see also Computed Radiography

EBIT
Earnings before Interest and Tax.

EBITDA
Earnings before Interest and Tax, Depreciation and Amortization.

electroluminescence (EL)
The phenomenon whereby material emits light in response to a strong electric field. Agfa supplies screen printing inks and films for the production of flexible EL lamps.

Electronic Health Record (EHR)
An EHR is created when a person's *Electronic Patient Record* is linked to his/her non-medical electronic files from organizations such as governments and insurance companies.

Electronic Patient Record (EPR)
The electronic alternative to a patient's paper file. The EPR contains all patient data, such as demographics, examination orders & results, laboratory reports, radiological images and reports, treatment plans, catering needs etc., and can be easily accessed throughout the hospital and, if required, from other sources.

flatbed press
With Agfa Graphics' :M-Press flatbed press, the paper (or other material) is put on a flat surface, while the printing heads move over it to print the image.

flexo printing
Method of printing similar to traditional letterpress printing using flexible, rubber or synthetic printing plates attached to rollers. The inked image is transferred from the plate directly to the paper, or other substrate.

GWI
Gesellschaft für Wirtschaftliche Informatik, founded in 1990 and headquartered in Bonn, Germany. Provider of hospital information systems. Acquired by Agfa in January 2005.

hardcopy
A hardcopy is the printed version of a digital image. Agfa's hardcopy printers are used for printing medical images from various sources: *Computed Tomography (CT) scans, Magnetic Resonance Imaging (MRI) scans, Computed Radiography, Direct 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. The environmentally friendly dry technology prints the image directly from the computer onto a special film by thermal effect.

Heartlab
Designer and supplier of digital image and information networks for cardiology. Founded in 1994 and headquartered in Westerly, Rhode Island (USA). Acquired by Agfa in 2005.

IMPAX
see Picture Archiving and Communication System

inkjet technology
Any printer that transfers extremely small droplets of ink onto paper to create an image, from small models for office use over medium models – e.g. for poster printing – to larger equipment for industrial applications.

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/60cm 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.

Magnetic Resonance Imaging (MRI)
The MRI scanner uses very strong magnetic fields and creates images by pulsing radio waves that are directed at the parts of the body to be examined. Agfa's product portfolio does not include MRI scanners but its PACS systems are used for the management and visualization of the digital images. Agfa's *hardcopy* printers are used to produce high quality prints of the images.

modalities
In this report this term is used for the various imaging systems, including radiology equipment, *PET* scanners, *MRI* scanners and *CT* scanners. These systems can all be connected to an Agfa *PACS* system.

NAFTA
North American Free Trade Agreement. The trade bloc in North America whose members are Canada, Mexico, and the United States.

non-destructive testing
To check the structure and tolerance of materials without damaging or deforming them.

offset
Printing technique where thin aluminum *printing plates* are wrapped and fixed round a cylinder on a (litho) printing press. While rotating, the printing plates obtain ink and water . The ink adheres to the image whilst the water prevents ink adhering to the non-printing areas. The inked image is transferred onto a rubber blanket attached to a second cylinder and then transferred from the blanket to the paper or other medium.

PET (polyethylene terephthalate or polyester)
Polyethylene terephthalate or polyester is a chemical prepared with a base of ethylene glycol and terephtalic acid. It is the basic raw material for the substrate of photographic film; it is coated with different types of purpose specific chemical layers, such as for medical and graphic purposes.

Picture Archiving and Communication System (PACS)
Agfa's PACS solutions are marketed under the name IMPAX. PACS was originally developed to efficiently manage the distribution and archiving of diagnostic images produced by radiology departments. Due to specific software developments IMPAX is also suitable for use by other departments in the hospital, such as cardiology, orthopedics and women's care. Extensive PACS systems are also used to connect all hospital departments that intensively use clinical images on one network. Agfa's MUSICA software is used to process and optimize the images on the PACS system.

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

polymer
A polymer is a large molecule composed of many smaller units (monomers) joined together. Polymers can be natural (e.g. proteins and rubber) or man-made (e.g. plastics and nylon).

Positron Emission Tomography (PET)
A radioactive substance is administered to the patient before he/she is examined with the PET scanner. The substance accumulates in the organs. If the organs are affected by malignant tumors, the substance will concentrate in the affected areas. The PET scanner records the energy from the substance, thus mapping tumors and occasional secondary tumors. Agfa's product portfolio does not include PET scanners, but its PACS systems are used to manage and to visualize the digital images.

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

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

project management system
Software which enables users to trace the progress of a print job and to manage the flow and the delivery of various print jobs from start to finish. It also enables the printer cooperate and communicate on-line with customers and partners. See also workflow management.

proof
Based on the proof – which represents the way the colors will be reproduced on press – the customer (print buyer) decides whether the job is ready to go to the printing press. This 'representation' of the final result is made possible by Agfa's high-tech color management software systems.

Radiology Information System (RIS)
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 PACS – the *Picture Archiving and Communication System* (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 two main types of screening: regular patterns or conventional screening and random patterns known as stochastic screening.

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

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

Symphonie On Line
Leader in hospital IT solutions in France founded in 1984 and headquartered in Bordeaux, France. Acquired by Agfa in October 2004.

teleradiology
Through an advanced PACS and a secured internet connection, hospitals and imaging centers can submit their digital medical images to radiologists and diagnostic centers located elsewhere in the world. This process is called teleradiology. It can compensate for the shortage of radiologists; physicians use it to submit images to colleagues for fast second opinion reporting.

thermal (printing plate)
Technology where the *platesetter* uses thermal energy to expose the *printing plates.*
see also laser

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

UV curable ink
UV curable inks consist mainly of acrylic monomers. After printing, the ink is transformed into a hard polymerized film by a high dose of UV light. The Advantage of UV curable inks is that they dry instantly, can print on a wide range of uncoated substrates and make a very robust image. The ink does not contain hazardous components such as Volatile Organic Compounds (VOC) or solvents and does not evaporate.

violet laser
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

virtual colonoscopy
Examination using *CT* scans to detect polyps and cancerous tumors in the colon. Agfa's software combines the CT images into a 3D reproduction of the interior of the colon. The radiologist has the possibility to virtually navigate through the colon to detect irregularities in the wall of the intestine. In contrast to conventional colonoscopy, this technology does not require the insertion of a tube into the patient's colon.

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.

Published by Agfa-Gevaert NV
Corporate Communication
Septestraat 27
B-2640 Mortsel
Belgium
Phone +32 3 444 7124
Fax +32 3 444 4485
www.agfa.com

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All prepress using Agfa systems

Printed with :Ampio Thermal plates using :Sublima screening technology (280 lpi)

Imposition and contract proofing with :SherpaProof

Workflow management :ApogeeX

Design, production & co-ordination: Magelaan, Ghent

Photography: Jaap van den Beukel, Agfa Publishing Library

Lithography & printing: Maes, Ghent

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENTS OF INCOME 2003–2007

Million Euro	2007	2006	2005	2004 [1]	2003
Net sales	3,283	3,401	3,308	3,762	4,215
Cost of goods sold	(2,136)	(2,102)	(2,096)	(2,265)	(2,449)
Gross profit	1,147	1,299	1,212	1,497	1,766
Selling expenses	(523)	(564)	(583)	(701)	(790)
Research and development expenses	(191)	(193)	(191)	(191)	(233)
General administration expenses	(262)	(281)	(228)	(269)	(297)
Other operating income	333	312	326	540	661
Other operating expenses	(379)	(508)	(404)	(1,005)	(579)
Operating result	125	65	132	(129)	528
Interest income (expense) – net	(35)	(32)	(18)	(19)	(28)
Other non-operating income (expense) – net	(28)	(32)	(7)	(37)	(43)
Non-operating result	(63)	(64)	(25)	(56)	(71)
Income before income taxes	62	1	107	(185)	457
Income taxes	(19)	15	(125)	39	(135)
Net income of consolidated companies (before share of results of associated companies)	43	16	(18)	(146)	322
Net income of consolidated companies	43	16	(18)	(146)	322
of which attributable to minority interest	1	1	1	(1)	(1)
of which attributable to Agfa-Gevaert NV stockholders (net result)	42	15	(19)	(145)	323
of which discontinued operations	(24)	(36)	(120)	(340)	(61)
Basic earnings per share (Euro)	0.34	0.12	(0.15)	(1.15)	2.44
Diluted earnings per share (Euro)	0.34	0.12	(0.15)	(1.15)	2.44

[1] as reported in 2004, restated for the impact of the adoption of IFRS 2 *Share-based Payment* (2 million Euro)

AGFA-GEVAERT GROUP CONSOLIDATED BALANCE SHEETS 2003–2007

Million Euro	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005	Dec. 31 2004 [1]	Dec 31 2003
Assets					
Non-current assets	1,243	1,407	1,561	1,011	976
Intangible assets	816	856	924	338	325
Property, plant and equipment	407	455	502	519	616
Investments	20	29	32	38	32
Long-term loans receivable	-	65	102	112	-
Derivative financial instruments	-	2	1	4	3
Non-current assets classified as held for sale	-	3	5	-	-
Current assets	1,986	2,071	2,129	2,035	2,652
Inventories	578	624	586	576	813
Trade receivables	861	885	854	744	826
Other receivables and other assets	363	456	498	391	569
Cash and cash equivalents	152	85	169	293	397
Deferred charges	21	19	20	18	18
Derivative financial instruments	11	2	2	13	29
Deferred taxes	330	351	287	310	211
Total assets	**3,559**	**3,832**	**3,982**	**3,356**	**3,839**
Equity and liabilities					
Shareholders' equity	891	933	1,032	1,082	1,373
Capital stock of Agfa-Gevaert NV	140	140	140	140	140
Share premium of Agfa-Gevaert NV	109	109	109	107	107
Retained earnings	939	987	1,069	1,284	1,056
Reserves	(288)	(289)	(301)	(262)	(260)
Net income	42	15	(19)	(145)	323
Translation differences	(54)	(32)	31	(44)	5
Minority interest	3	3	3	2	2
Non-current liabilities	1,488	1,269	1,394	1,052	1,424
Liabilities for post-employment benefits	654	721	709	727	799
Liabilities for personnel commitments	24	30	29	35	36
Financial obligations more than one year	740	445	552	247	558
Provisions more than one year	69	72	102	43	27
Deferred income	1	1	2	-	-
Derivative financial instruments	-	-	-	-	4
Current liabilities	1,115	1,517	1,445	1,185	1,010
Financial obligations less than one year	133	344	296	239	72
Trade payables	275	313	309	323	259
Deferred revenue & advance payments	96	87	66	46	45
Miscellaneous liabilities	237	341	365	211	205
Liabilities for personnel commitments	89	93	77	72	85
Provisions less than one year	275	319	301	282	327
Deferred income	7	13	15	5	7
Derivative financial instruments	3	7	16	7	10
Deferred taxes	65	113	111	37	32
Total equity and liabilities	**3,559**	**3,832**	**3,982**	**3,356**	**3,839**

[1] as reported in 2004, restated for the impact of the adoption of IFRS 2 *Share-based Payment* (2 million Euro)

AGFA-GEVAERT GROUP CONSOLIDATED STATEMENTS OF CASH FLOW 2003–2007

Million Euro	2007	2006	2005	2004 [1]	2003
Cash and cash equivalents at beginning of year	83	168	290	394	141
Operating result	125	65	132	(129)	528
Current tax expense	(53)	(54)	(106)	(84)	(102)
Depreciation, amortization and impairment losses	148	159	161	291	216
Changes in fair value of derivative financial instruments	(2)	(3)	7	4	3
Adjustment for other non-cash income	(2)	(1)	-	-	-
Movement in long-term provisions	(106)	9	(50)	(11)	(86)
(Gains) / losses on retirement of non-current assets	(17)	(21)	(11)	(17)	2
Loss on Consumer Imaging net assets carved-out	-	-	-	270	-
Tax expense on disposals	-	-	-	46	63
Loss (Gains) on divestiture	1	4	-	(126)	(231)
Gross cash provided by operating activities	94	140	133	244	393
of which discontinued operations	(35)	(51)	(55)	(138)	(59)
Decrease / (Increase) in inventories	26	(58)	2	81	80
Decrease / (Increase) in trade accounts receivable	1	(57)	(37)	(58)	62
Increase / (Decrease) in trade accounts payable and deferred revenue	(17)	38	(26)	83	7
Movement in short-term provisions	(14)	37	23	(34)	(9)
Movement in other working capital	18	7	(13)	(13)	(11)
Net cash provided by operating activities	108	107	82	303	522
of which discontinued operations	(13)	(25)	(27)	(117)	48
Cash outflows for additions to intangible assets	(29)	(28)	(28)	(12)	(28)
Cash outflows for additions to property, plant and equipment	(71)	(77)	(78)	(100)	(150)
Cash inflows from disposals of intangible assets	2	-	-	1	-
Cash inflows from disposals of property, plant and equipment	37	27	27	55	8
Cash inflows from disposals of assets held for sale	19	4	-	-	-
Cash inflows (outflows) from equity and debt instruments	67	62	12	6	6
Cash outflows for taxes paid on previous disposals	-	-	(42)	-	-
Cash outflows for acquisitions	-	-	(361)	(122)	-
Cash outflows for previous acquisitions	(38)	(53)	-	-	-
Cash inflows from divestiture	2	13	-	129	241
Cash inflows related to purchase price adjustments of previous acquisitions	-	-	3	-	-
Interests and dividends received	11	6	21	18	24
Net cash provided by / (used in) investing activities	0	(46)	(446)	(25)	101
of which discontinued operations	38	37	21	59	51
Dividend payments to stockholders	(63)	(63)	(76)	(95)	(67)
Repurchase of own shares	-	-	(31)	-	(253))
Capital contributions	-	-	2	-	-
Prefinancing by / (of) AgfaPhoto related to previous Consumer Imaging divestiture	(17)	(4)	27	-	-
Net issuances of debt	106	(39)	319	(231)	19
Interest paid	(48)	(38)	(28)	(39)	(56)
Other financial flows	(12)	14	36	(20)	(1)
Net cash provided by / (used in) financing activities	(34)	(130)	249	(385)	(358)
of which discontinued operations	(17)	(4)	27	-	
Change in cash and cash equivalents due to business activities	74	(69)	(115)	(107)	265
Change in cash and cash equivalents due to exchange rate movements	(6)	(16)	(7)	3	(12)
Cash and cash equivalents at end of year	151	83	168	290	394

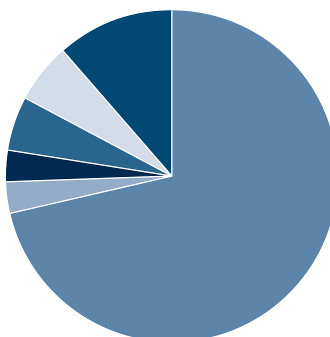
[1] as reported in 2004, restated for the impact of the adoption of IFRS 2 *Share-based Payment* (2 million Euro)

SHAREHOLDER INFORMATION

Listing	Brussels Stock Exchange
Reuters ticker	AGFAt.BR
Bloomberg ticker	AGFB BB/AGE GR
Datastream	B:AGF

SHAREHOLDER STRUCTURE (MARCH 26, 2008)

- 11.50% Franklin Resources
- 5.94% Nordea Investments Funds
- 5.14% Classic Fund
- 3.15% Treasury Shares
- 3.00% Pioneer
- 71.27% Free Float



SHARE INFORMATION

First day of listing	June 1, 1999
Number of shares outstanding on Dec. 31, 2007	124,788,430
Market capitalization on Dec. 31, 2007	1,352 million Euro

In Euro	2007	2006	2005	2004	2003
Earnings per share (net result)	0.34	0.12	(0.15)	(1.15)	2.44
Net operating cash flow per share	0.87	0.86	0.65	2.40	3.95
Gross dividend	0	0.50	0.50	0.60	0.75
Year end price	10.49	19.36	15.41	24.96	22.60
Year's high	20.20	21.35	27.50	25.90	22.71
Year's low	6.63	13.95	14.92	18.24	16.35
Average volume of shares traded/day	1,020,110	851,267	471,175	364,220	207,507
Weighted average number of ordinary shares	124,788,263	124,781,170	125,603,444	126,008,540	132,045,438

SHAREHOLDER QUERIES

Investor Relations Department
Septestraat 27, B-2640 Mortsel, Belgium
www.agfa.com/investorrelations

PHONE +32-(0)3-444 7124
FAX +32-(0)3-444 4485
investor.relations@agfa.com

FINANCIAL CALENDAR 2008

First quarter 2008 results	April 29, 2008
Annual General Meeting	April 29, 2008 at 11 a.m.
Second quarter 2008 results	July 30, 2008
Third quarter 2008 results	October 30, 2008