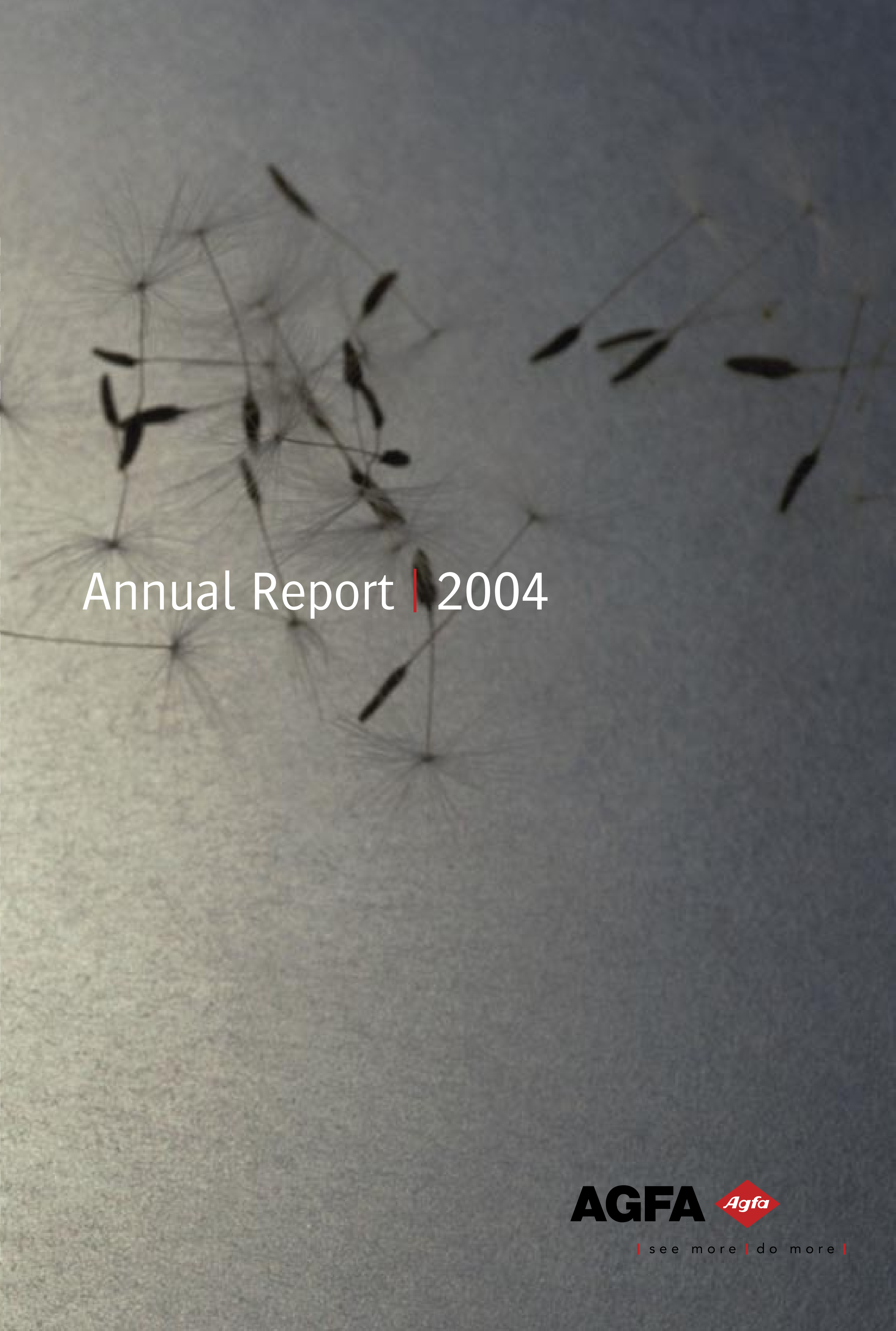

Annual Report | 2004

AGFA

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Key Figures

MILLION EUROS	2004	2003	2002	2001	2000
Net sales	3,762	4,215	4,683	4,911	5,260
change vs. previous year	(10.7)%	(10.0)%	(4.6)%	(6.6)%	11.2%
Graphic Systems	1,673	1,622	1,813	1,890	2,065
Share of Group sales	44.5%	38.5%	38.7%	38.5%	39.3%
Technical Imaging [1]	-	1,723	1,822	1,823	1,708
Share of Group sales	-	40.9%	38.9%	37.1%	32.5%
HealthCare	1,361	1,408	-	-	-
Share of Group sales	36.2%	33.4%	-	-	-
Specialty Products	129	315	-	-	-
Share of Group sales	3.4%	7.5%	-	-	-
Consumer Imaging (divested 2004)	599	870	1,048	1,198	1,487
Share of Group sales	15.9%	20.6%	22.4%	24.4%	28.3%
Gross profit	1,497	1,766	1,978	1,792	2,089
Restructuring/non recurring expenses	(109)	(87)	(78)	(524)	(126)
Operating result	(127) [2]	528 [3]	393	(264)	401
Non-operating result	(56)	(71)	(97)	(120)	(130)
Income tax	39	(135)	(99)	133	(96)
Minority interest and Share of results of associated companies	1	1	(3)	(37)	(6)
Net result (share of the Group)	(143)	323	194	(288)	169
Cash flow					
Gross operating cash flow	246	393	482	226	526
Net operating cash flow	305	522	611	738	436
Balance sheet - Dec. 31					
Shareholders' equity	1,080	1,371	1,383	1,267	1,570
Net financial debt	193	233	573	842	1,147
Net working capital [4]	850	1,642	1,598	1,672	1,869
Total assets	3,356	3,839	4,159	4,527	5,070
Share information in Euro					
Earnings per share (EPS), net result	(1.14)	2.44	1.39	(2.06)	1.21
Net operating cash flow per share	2.42	3.95	4.38	5.27	3.11
Gross dividend	0.60	0.75 [5]	0.50	0.23	0.45
Weighted average number of ordinary shares	126,008,540	132,045,438	139,611,425	139,927,261	140,000,000
Employees					
Full time equivalent permanent employees at year end	14,387	17,340	19,341	21,038	21,946

(1) till end 2003 HealthCare, Non-Destructive Testing (divested end 2003) and Specialty Products together made the Business Segment Technical Imaging

(2) including a capital loss of 312 million Euros on the divestiture of Consumer Imaging and Monotype

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

(4) current assets minus current liabilities

(5) 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 graphic industry and the healthcare sector.

Global production and sales network

The company's head office and parent company are located in Mortsel, Belgium. In order to be able to optimally meet the specific needs of each market, Agfa has established production facilities around the globe. The largest production and research centers are located in Belgium, the United States, Germany and China.

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

Businesses

Agfa is comprised of two business groups, Graphic Systems and HealthCare, and the business unit Specialty Products. The business groups have worldwide responsibility for product development, marketing and sales in order to offer the best possible service to their different groups of clients.

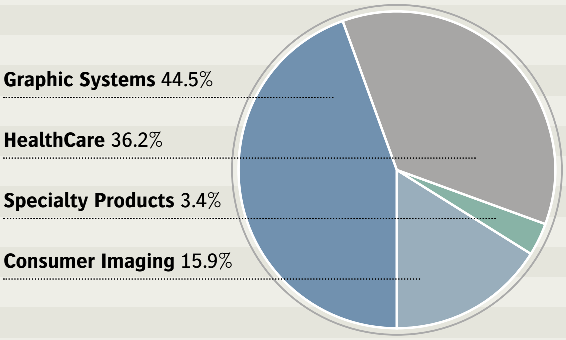
Graphic Systems

Agfa is the world's leading supplier of complete prepress solutions for the different markets of the printing industry and has recently entered the industrial inkjet printing market. The product portfolio includes consumables, equipment and software. The Graphic Systems business group is subdivided in four business units.

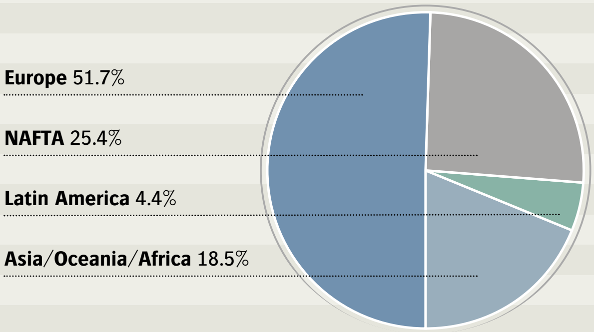
Commercial, Newspaper and Package Printing provide their respective markets with innovative and integrated prepress solutions comprising graphic film, analog and digital printing plates with related processing chemicals and equipment, proofing systems and software for color, workflow and project management. Agfa is market and technology leader in the field of prepress.

Industrial Inkjet provides innovative high speed and large-format printing systems for various new industrial printing applications such as labels, indoor and outdoor displays, signage and banners, fine art and photo reproductions and advertizing billboards.

Share of Group Sales 2004
By Business Group/Unit



Share of Group Sales 2004
By Region



HealthCare
HealthCare supplies hospitals and other healthcare centers with state-of-the-art systems 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. The business group comprises four business units:

Radiology Solutions focuses on products and systems for the radiology department, ranging from X-ray film to IT networks for the management of medical images and patient info.

Departmental Solutions delivers imaging and IT solutions to other clinical departments focusing on specialties such as orthopedics, cardiology and women's care.

Enterprise Solutions provides IT solutions that span the entire hospital organization.

Imaging Technologies develops leading edge healthcare imaging software and computer aided detection tools.

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

Internal organization

The Executive Committee is responsible for the implementation of the Group's strategy and is assisted by corporate departments. Central service departments, such as Production, Logistics, R&D, HR and IT are globally responsible for providing adequate services in a timely manner and at competitive prices to the business groups and the corporate departments.

Historical highlights

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 becomes 100% owned by Bayer
1964	Merger of AGFA and Gevaert
1981	Agfa-Gevaert 100% owned by Bayer
1999	IPO - listed on stock market in Brussels and Frankfurt
2002	Bayer sells its remaining 30% stake in Agfa
2004	Divestiture of consumer photo activities

Letter to the shareholders

Dear shareholders and friends,

”Agfa is poised for growth.” This statement summarizes our achievements in 2004, a year during which we redefined our business portfolio and set the stage for profitable growth.

Two thousand and four was a turning point in the history of Agfa. Via targeted acquisitions and focused innovation we strengthened the market and technology leadership positions of Graphic Systems and HealthCare. We further refined the growth strategies of these two business groups and made important steps in healthcare IT and industrial inkjet printing. In parallel, we created the necessary focus on these two business groups by divesting Consumer Imaging.

The Consumer Imaging divestiture was a conscious and necessary step. It was clear to us that our focus must be on our leading positions and growth strategies in Graphic Systems and HealthCare. At the same time, it was a departure from Agfa's historic roots and we wanted to find the right owner for this business. We believe the newly founded and independently operating company, AgfaPhoto, provided the best solution for Agfa, its staff and customers.

We are now fully focused on HealthCare and Graphic Systems and are present in one out of two hospitals and printing houses worldwide.

For HealthCare, the recent acquisitions of GWI and Symphonie on Line make our Group the leader in hospital IT in Europe. HealthCare will now combine the strengths of an in-depth knowledge of radiology and imaging science with a unique, holistic approach to hospital IT processes and systems across the whole hospital environment, leading to better, more affordable healthcare.

Graphic Systems is also poised for growth in the prepress and industrial inkjet markets, having also completed targeted portfolio expansions in 2004. The acquisition of the Italian printing plate manufacturer Lastra, brings a significant competitive advantage in thermal printing plate technology and strengthens Agfa's leading position in the global prepress market.

In the high growth market of industrial inkjet printing, we introduced our own Agfa inks, based on proprietary technology. We signed partnership agreements for printing heads, for screen printing and for wide-format printing, and we acquired Dotrix, a specialist in digital inkjet

color printing systems for the packaging and decoration markets. In November, we divested Agfa Monotype Corporation, the fonts and typography software company.

In early 2005, we established a new management team and extended Agfa's Executive Committee membership to include our two Business Group Presidents. In addition, we initiated a project to increase the autonomy of the two business groups.

In March 2005 the Board of Directors announced that Pol Bamelis, Chairman of the Board, and Board member, Dietrich von Kyaw, will not seek re-election. In addition Marc Olivié, Executive Vice President will seek election to the Board of Directors. The Board of Directors also nominated Agfa's CEO, Ludo Verhoeven, to succeed Pol Bamelis as Chairman and Marc Olivié to succeed Ludo Verhoeven as Agfa's President & CEO. In doing so, we ensure leadership continuity.

Although a net loss was posted in 2004 related to the divestiture of Consumer Imaging, the Board of Directors decided to show its confidence in the future and will propose to the Annual General Meeting of Shareholders to increase the gross ordinary dividend per share from 50 Eurocents (2003) to 60 Eurocents.

Pol Bamelis
Chairman of the Board of Directors

Ludo Verhoeven
President & Chief Executive Officer

Executive Committee
(March 15, 2005)

from left to right, seated
Marc Olivié, Executive Vice President,
nominated to become President and Chief Executive Officer as of April 26, 2005
Ludo Verhoeven, Chief Executive Officer,
nominated to become Chairman of the Board of Directors as of April 26, 2005

standing
Stefaan Vanhooren, President, Graphic Systems Business Group
Albert Follens, Chief Operating Officer
Anne Vleminckx, Chief Financial Officer
Philippe Houssiau, President, HealthCare Business Group

seated right
Werner Vanderhaeghe, Company Secretary and General Counsel

Management Report

(words in italic are explained in the Glossary (page 85).

Agfa-Gevaert recorded sales in 2004 of 3,762 million Euros, a decrease of 10.7 percent compared to 2003. The net result amounted to minus 143 million Euros. Turnover and results were heavily affected by the divestiture of Consumer Imaging for which an exceptional non-cash pre-tax loss of 430 million Euros was recorded. By refocusing on two strong businesses, Graphic Systems and HealthCare, Agfa has increased its growth profile and has become less cyclical and more profitable. The trading environment of Agfa's continuing two business groups showed considerable improvement after a weak start of the year, resulting in particularly strong sales and performance in the last quarter of 2004.

Agfa's 2004 financial statements reflect several changes in its business portfolio, the most important of which were the divestiture of Consumer Imaging as of November 1, 2004; the acquisition of the Italian printing plate manufacturer Lastra that is consolidated as of September 1, 2004; and the divestiture in November 2004 of Agfa Monotype Corporation, the fonts and typography software activity. Comparisons with the previous year should also take into account the exceptional gain of 231 million Euros from the divestiture of *Non-Destructive Testing* at the end of 2003.

Through successful divestitures in 2004, Agfa achieved its full focus on Graphic Systems and HealthCare, two business groups with leading market positions and clear growth strategies. One out of two hospitals and printing houses in the world are Agfa customers. The Group is leveraging this solid customer base and its core competencies to build new growth platforms: industrial inkjet for Graphic Systems and enterprise IT for HealthCare.

Sales

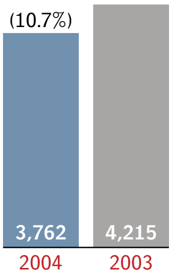
Agfa's 2004 sales reached 3,762 million Euros, a decrease of 10.7 percent compared to 4,215 million Euros in 2003. Sales in both Graphic Systems and HealthCare were weak in the first two months of 2004, continued to improve in the following quarters and showed a particularly strong last quarter.

Excluding the effects of acquisitions and divestitures, sales decreased by 3.7 percent, a decrease almost entirely due to exchange rate fluctuations.

Europe accounted for 51.7 percent of Group sales (2003: 50.9), NAFTA for 25.4 percent (2003: 26.4) and Latin America and the Asia Pacific region stood for 4.4 and 18.5 percent (2003: 4.3 and 18.4).

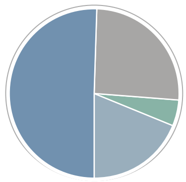
Group Sales

MILLION EUROS



Share of Group Sales

IN PERCENT BY REGION



- Europe: 51.7% (2003: 50.9%)
- NAFTA: 25.4% (2003: 26.4%)
- Latin America: 4.4% (2003: 4.3%)
- Asia/Oceania/Africa: 18.5% (2003: 18.4%)

Key Figures P&L

MILLION EUROS	2004	2003
Sales	3,762	4,215
Gross profit	1,497	1,766
Research & Development	(191)	(233)
Selling & General Administr.	(969)	(1,087)
Restructuring*	(109)	(87)
Capital gain/loss on divestit.	(312)	231
Other operating result	(43)	(62)
Operating result	(127)	528

* including non-recurring results

Results

Gross profit amounted to 1,497 million Euros, compared to 1,766 million Euros in 2003. The decrease is due to the combined effect of business portfolio changes, the increase in sales volumes and adverse external factors, such as price erosion, increased raw material costs and exchange rate variations. The gross profit margin reached 39.8 percent, against 41.9 percent in 2003.

Thanks to continuous efforts, Agfa's sales and general administration costs totaled 969 million Euros, a decrease of 10.9 percent. Research and development expenses amounted to 191 million Euros, 18.0 percent lower compared to the previous year, mainly as a result of the divestiture of Non-Destructive Testing and the decrease in R&D spending in Consumer Imaging.

Other operating costs amounted to 43 million Euros, against 62 million Euros in the previous year.

Excluding the exceptional gains and losses related to the divestitures, Agfa's operating result before restructuring charges and non recurring items reached 294 million Euros, against 384 million Euros in 2003. The return on sales amounted to 7.8 percent, compared to 9.1 percent in the previous year.

From the announced 120 million Euros restructuring charges and non recurring items, a total of 109 million Euros were booked in 2004 while the remaining 11 million Euros will occur in 2005. These costs are mainly related to the integration of Lastra, continuous improvement projects to reduce overhead costs and to eliminate the remaining costs pursuant to the divestiture of Consumer Imaging.

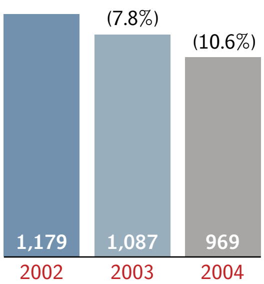
A net exceptional loss of 312 million Euros was recorded in 2004 due to the divestitures of Consumer Imaging (minus 430 million Euros) and Monotype Corporation (plus 118 million Euros), compared to an exceptional gain of 231 million Euros in 2003 from the sale of Non-Destructive Testing.

The 2004 operating result amounted to minus 127 million Euros, against plus 528 million Euros in the previous year.

The non-operating result, which includes the financial charges, reached minus 56 million Euros, versus minus 71 million Euros in 2003.

Evolution SG&A Expenses

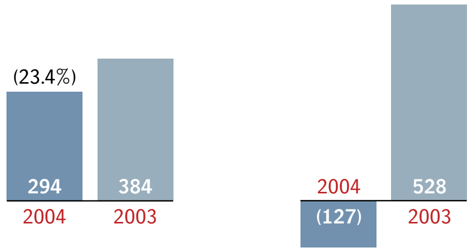
MILLION EUROS



Operating Result 2004

before restructuring* after restructuring*

MILLION EUROS



* incl. non recurring expenses and exceptional gains/losses related to divestitures

Income before taxes amounted to minus 183 million Euros, compared to 457 million Euros in 2003. Due to the Consumer Imaging divestiture, deferred tax assets were set up resulting in a tax income of 39 million Euros, against tax expenses of 135 million Euros in 2003.

The net result reached minus 143 million Euros or minus 114 Eurocents per share, compared to net profit of 323 million Euros and 244 Eurocents per share in 2003.

Balance sheet

At the end of December 2004, total assets amounted to 3,356 million Euros, compared to 3,839 million Euros at the end of 2003.

As a result of the Consumer Imaging (CI) divestiture, all of CI's fixed assets were impaired in June 2004 and net assets of 382 million Euros were transferred to AgfaPhoto, a fully independently operating, privately owned company. The transaction price was established at 112 million Euros. For that amount, Agfa granted AgfaPhoto a fully secured vendor loan, repayable over a period of 4 years that appears on the balance sheet as a long-term loan.

Working Capital

The Group continued its significant efforts to reduce working capital. Inventories decreased from 813 million Euros (600 million excluding Consumer Imaging) at the end of 2003 to 576 million Euros end 2004. On a comparable basis, days of inventories thus decreased from 121 at the end of 2003 to 107 at the end of 2004.
Trade receivables stood at 744 million Euros, compared to 826 million Euros (637 million excluding Consumer Imaging) at year-end 2003. Trade payables increased from 304 million Euros (254 million excluding Consumer Imaging) to 369 million Euros.

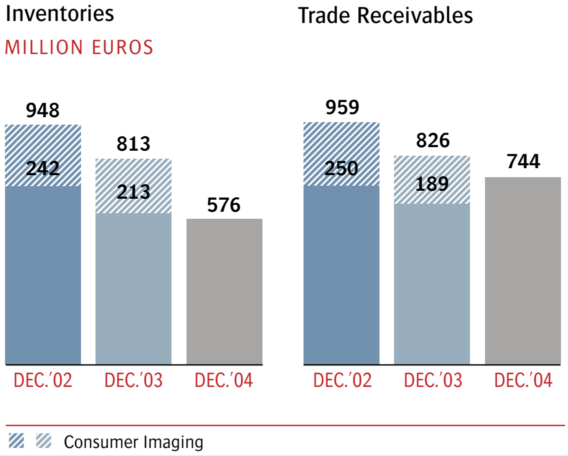
Financial debt

Net financial debt stood at 193 million Euros at the end of 2004, against 233 million Euros at the end of 2003.

Shareholders' equity

Shareholder's equity amounted to 1,080 million Euros, compared to 1,371 million Euros at the end of 2003.
The Group's balance sheet thus remains very solid with net financial debt and the gearing ratio at low levels.

Working Capital



Key Figures Balance sheet

MILLION EUROS ON DEC. 31	2004	2003
Non-current assets	1,011	976
Inventories	576	813
Trade receivables	744	826
Other current assets	404	598
Cash and cash equivalents	293	397
Deferred charges and taxes	328	229
Total assets	**3,356**	**3,839**

Cash flow

The gross operating cash flow of 2004 amounted to 246 million Euros. The net operating cash flow, which also takes into account changes in working capital, reached 305 million Euros. Capital expenditures amounted to 112 million Euros. Agfa was thus again able to generate a substantial free cash flow of 193 million Euros in 2004.

Research & Development

Research & Development expenses amounted to 191 million Euros, of which 44.4 percent was related to HealthCare, 34.6 percent to Graphics Systems, 19.4 percent to Consumer Imaging and 1.6 percent to Specialty Products. The decrease of 18 percent compared with 2003 is mainly due to the divestiture of Non-Destructive Testing and reduced R&D spending in Consumer Imaging during 2004.

In Agfa's highly competitive markets, taking the lead over the competition greatly depends on technology because it is technology that determines the degree of efficiency and profitability of its users. The shift from analog to digital technology has shortened the life cycle of many products and challenges R&D to ever shorter development time and faster time-to-market. Agfa's research strategy combines in-house development and acquisition of new technologies to effectively and efficiently bring to the market the solutions needed. The 'me-first' *chemistry-free* printing plate technology is an example of in-house product innovation while an example of innovation through alliances with third parties is an *inkjet screen* press that will be launched in 2005.

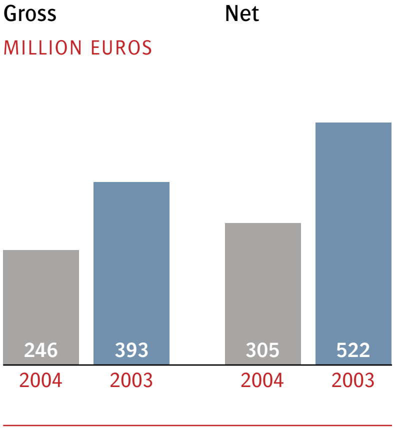
In HealthCare, Agfa's R&D efforts are focused on the development of breakthrough technologies in the imaging portfolio and on the integration and migration to one single IT platform. Research in Graphic Systems is concentrating on continuous improvements and pioneering innovation in the area of digital *printing plates* and industrial inkjet printing.

Orion

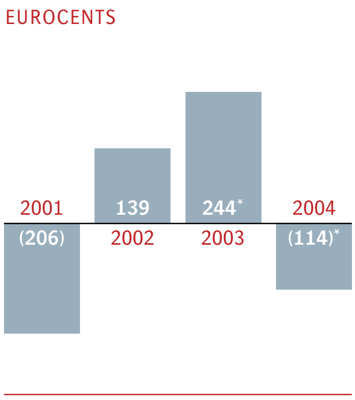
At the end of 2003, Agfa launched the Orion plan, which aims to stimulate growth by reducing the cost of non-quality through process improvements; by reducing working capital; by reducing Sales & General Administration costs to 22% of sales; and by increasing services as a portion of revenue.

Agfa is on track to achieving the targeted working capital reductions to 100 days for inventories, 70 days for trade receivables and 55 days for trade payables.

Operating Cash Flow



Earnings per Share



* number of shares used for calculation:
2003: 132,045,438 / 2004: 126,008,540

Human resources

At the end of 2004, Agfa employed a total of 14,387 full time equivalents (FTE) compared with 17,340 at the end of 2003. Staff level evolution was determined mainly by the divestitures of Consumer Imaging and Agfa Monotype (minus 3,080 FTE), and by the acquisitions made in 2004 (plus 1,122 FTE).

Initiatives related to reducing SG&A expenditures and improving manufacturing efficiency will result in a worldwide reduction of staff levels by 1,050 full time equivalent employees by the end of 2006.

2005 Outlook

Since the launch of the Horizon Plan in 2001, Agfa has significantly increased its operational efficiency, substantially reduced its working capital and fundamentally reshaped its business portfolio. At the beginning of 2005, Agfa announced a transformation project to set up the Graphic Systems and HealthCare business groups as independently operating divisions within Agfa.

Although adverse external factors such as increased raw material costs and currency fluctuations will probably continue to affect Agfa in 2005, results will benefit from savings programs launched at the end of 2004. Agfa expects increased seasonality due to the greater IT portion of the portfolio in HealthCare, for which project-based revenue is higher at the end of a calendar year. Agfa is confident that both business groups, HealthCare and Graphic Systems, will grow revenue and profit as a result of the more focused business portfolio and strengthened by the targeted acquisitions made in recent years.

"Our targets for 2005 are ambitious and clear: maintain market and technology leadership in prepress and take a leading position in the industrial inkjet printing market."

Stefaan Vanhooren
President, Graphic Systems Business Group

Graphic Systems

Graphic Systems reported a turnover of 1,673 million Euros, an increase of 3.1 percent compared to 2003. Sales were affected by the acquisitions of Lastra, an important player in the printing plate market, Dotrix, active in inkjet printing, and ProImage, a software provider for the graphic industry and by the Monotype divestiture. Organic sales, excluding the impact of acquisitions and divestitures, showed continuous improvement during the year after a weak start in the beginning of 2004.

The impact of the considerably improved trading environment was offset by increased price erosion and raw material costs. The operating result before restructuring and exceptional items reached 105 million Euros, compared to 117 million Euros in 2003. Return on sales amounted to 6.3 percent (7.2 percent in 2003). After taking into account the restructuring charges - mainly related to the integration of Lastra and the ongoing efforts to improve the operational efficiency - and the exceptional gain of 118 million Euros on the Monotype divestiture, the operating result was 170 million Euros, compared to 90 million Euros in 2003.

Product assortment

Agfa is the world's leading supplier of *prepress* solutions for the newspaper, commercial printing and packaging markets. It offers the widest range of integrated solutions for both *computer-to-film* and *computer-to-plate* (CtP) technologies, including consumables (*graphic film, analog* and *digital printing plates*), equipment and *digital proofing systems* with powerful software tools for color management and quality control. In addition, Agfa's automation software for workflow and *project management* enables faster and more efficient operations, higher quality and improved cost efficiency. Agfa is developing *inkjet*

Key Figures Graphic Systems

MILLION EUROS	2004	2003	CHANGE
Sales	1,673	1,622	3.1%
Operating result *	105	117	(10.3)%
Return on sales *	6.3%	7.2%	-
Restructuring/non-recurring items	(53)	(7)	657.1%
Gain on divestiture Monotype	118	0	n.a.
Operating result	170	90	88.9%

* before restructuring and non-recurring items and exceptional gains/losses related to divestitures

printing systems for industrial applications and recently introduced Agfa-developed and manufactured inks based on proprietary technology and intellectual property. In addition, Agfa offers special films for aerial photography, *screen* and *flexo printing*, *phototooling film* for making *printed-circuit boards* and products for the security card market.

Market trends

The general market in the graphic industry picked up in 2004, after three consecutive sluggish years.

The transition to computer-to-plate systems continued. In just one decade, more than 40 percent of the total market has already converted to computer-to-plate. Volumes in both graphic film and analog printing plates continue to decline, except in developing markets.

The European market remains approximately double the size of North America, due to the diversity of languages which results in shorter print runs. China is on a path to solid growth for both analog and digital solutions.

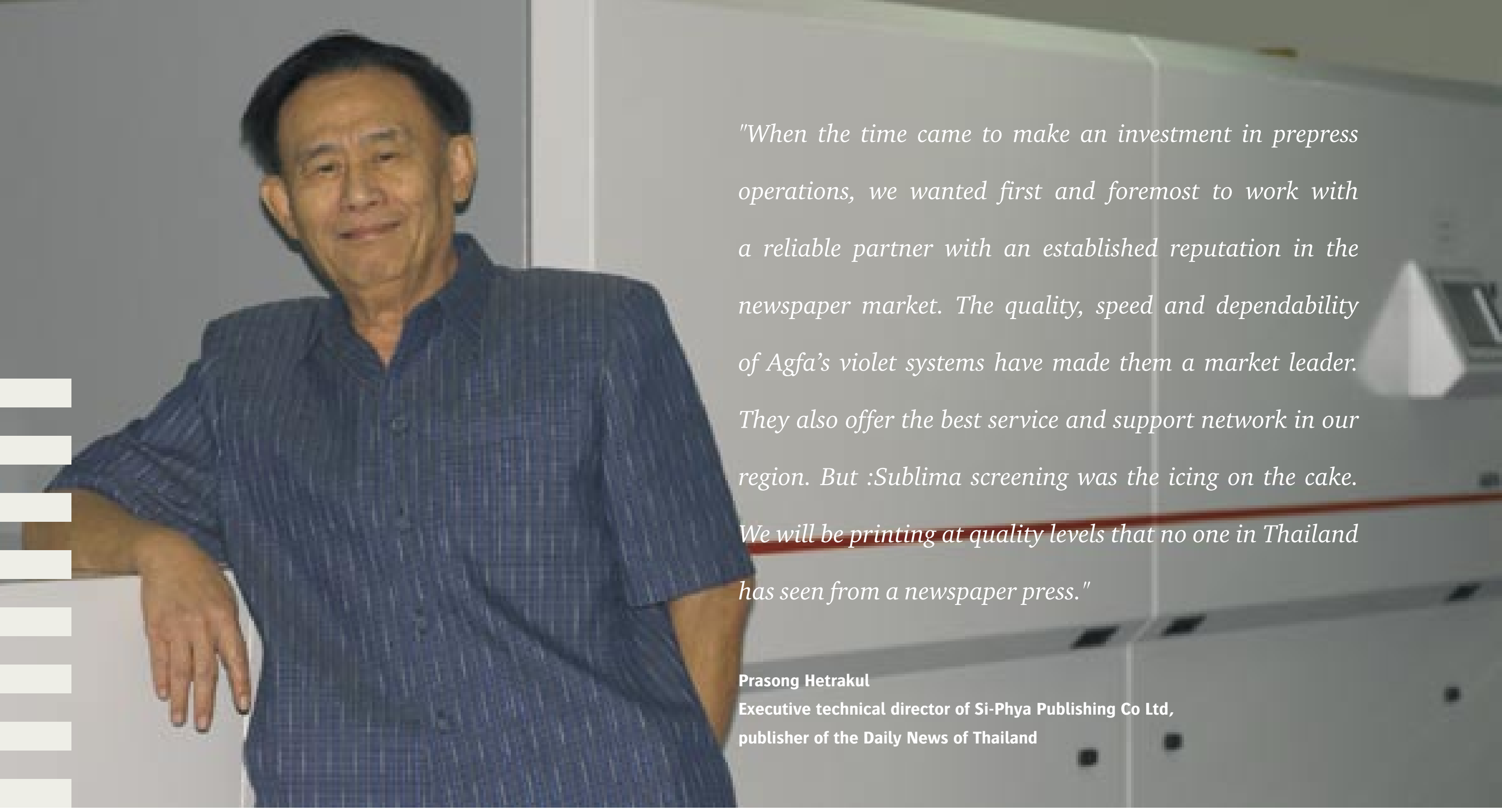
As product and information life cycles shorten, there is an overall trend towards smaller, more targeted print runs and more regional publications, resulting in more printing jobs and more prepress work. Printing companies need workflow software to handle these jobs rapidly, inexpensively and with the best possible quality. Workflow automation is an important factor to keep the cost per printed page down while run lengths are shortening. Agfa has the most user-friendly workflow software with the highest level of automation in the marketplace, enabling customers to process more jobs in less time.

The trend towards shorter run lengths also results in an increasing demand for industrial inkjet printing, especially suited to package, screen and wide format printing. Industrial inkjet is poised to compete with the established flexo and silk screen printing technologies because of shorter print runs and lower changeover costs. Moreover, inkjet is particularly suited for printing variable data.

Strategy

Agfa continues to strengthen its leading position in the prepress market through innovative technology and cost leadership and by consolidating the market.
Agfa offers a complete solutions portfolio including equipment, consumables, software and professional services. Agfa is strengthening its portfolio with innovative software and workflow solutions that offer customers improved productivity, higher print quality, and thus, improved competitiveness.
In addition, Agfa is focused on the growth markets of commercial, newspaper and packaging printing in China.

Graphic Systems will take a leading position in the industrial inkjet-printing arena, a solid platform for future growth. As in prepress, Agfa will provide customers with complete solutions including equipment, consumables, software and services.
Agfa will build on its proprietary technology in the field of inkjet inks and *inkjet heads* and on its wide-format inkjet printing systems.



"When the time came to make an investment in prepress operations, we wanted first and foremost to work with a reliable partner with an established reputation in the newspaper market. The quality, speed and dependability of Agfa's violet systems have made them a market leader. They also offer the best service and support network in our region. But :Sublima screening was the icing on the cake. We will be printing at quality levels that no one in Thailand has seen from a newspaper press."

Prasong Hetrakul
Executive technical director of Si-Phya Publishing Co Ltd, publisher of the Daily News of Thailand

Product development

In prepress equipment, Agfa launched computer-to-plate units with higher throughput for newspaper printers in the market-leading *violet* :Advantage and :Polaris ranges. For small to medium format commercial printers Agfa added the thermal :Acento *platesetter* and faster versions of the violet :Palladio and :Galileo to the assortment. Higher throughput versions of the: Xcalibur and VLF thermal platesetters for high-end commercial and packaging printing were also introduced.
Agfa is the only supplier for the graphic arts market to offer all digital plate technologies, i.e. thermal, silver and photopolymer plates. In 2004, Agfa set new standards by launching the award winning *chemistry-free* thermal printing plate :Azura, for which sales exceed expectations. Agfa also acquired the totally new :LT2, the digital no-bake plate suited to the US market, based on proprietary technology from Lastra. Furthermore, in North America, Agfa introduced the new fast :AquaFLASH photopolymer plate for flexo printers.

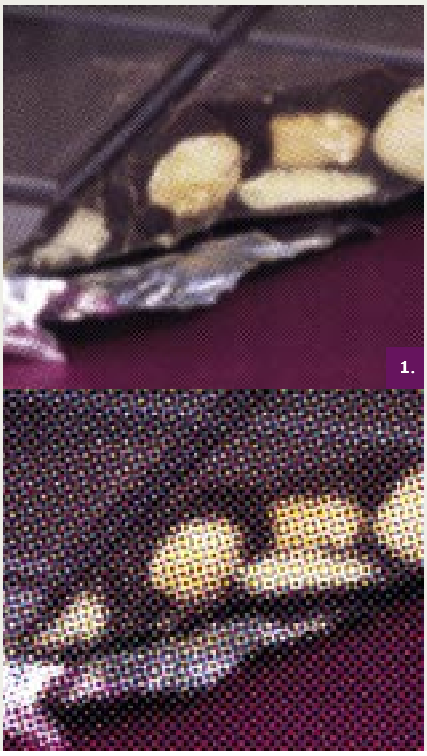
Among the most successful products at Drupa - the graphic industry's most important trade show, which takes place every four years - was the breakthrough :Sublima *cross-modulation screening* software, which was launched in 2003. :Sublima delivers almost photographic printing quality and it earned Agfa the '2004 Technological Innovator of the Year' award from the Flexographic Pre-Press Platemakers Association conference. At Drupa, Agfa launched the :Alterno PDF-based color conversion solution for package printing and released a new version of :ApogeeX workflow software suitable for small, medium and high-end commercial and packaging printers. Finally, the :Arkitex workflow software for the newspaper market proved to be a commercial success. More than 175 :Arkitex newspaper workflow systems were sold since the launch at the IFRA fair in 2003.

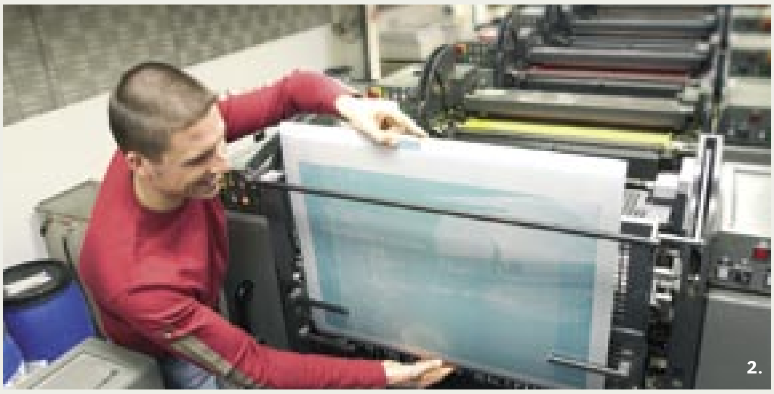
In North America, Agfa launched :Arcadia, a dynamic publishing and asset management system, which gives companies the ability to manage the millions of documents and digital files they create and process every year. :Delano, the enterprise project management software, reported excellent results in 2004.

In proofing, Agfa unveiled new products such as the large format :Grand SherpaMatic and the :Grand Sherpa m series of proofing engines. Agfa also demonstrated software applications for *remote proofing*. Most of these systems are used for digital color imposition and contract proofing and have gained a market leadership position.

In industrial inkjet, Agfa's *wide-format* inkjet printing systems met with considerable success, including the :Grand Sherpa Universal, which prints high-quality displays, banners and posters onto a wide range of media; and the :Dotrix press for high throughput industrial printing in the label and decoration market.

Last year Agfa also announced a number of new consulting services. Starting from a careful appraisal covering every aspect of a printer's operations, Agfa recommends ways to optimize workflows or their components, resulting in more efficiency and enhanced productivity. New consulting services include *JDF* Consultancy and Color Management Consultancy.





1. Agfa's :Sublima screening technology for commercial, newspaper and package printers continues to enjoy great appreciation in the market because it meets both the quality demands of designers and the efficiency and reliability criteria of printers.
The illustration compares :Sublima to traditional screening (from top to bottom).

2. Agfa's :Azura, a digital thermal printing plate that can be processed without the use of chemicals, was declared by the readers of the influential European printing trade publication Deutscher Drucker as the year's Most Innovative Prepress Product launched at Drupa 2004. The award recognizes :Azura's role of providing simplicity, performance and reliability in the thermal Computer-to-Plate workflow. Over 100 printers switched to this new technology within six months after its introduction.

2004 Highlights

Returning confidence was confirmed in May at Drupa and at the GraphExpo exhibition in October in the United States. Following these, Agfa reported higher order intake than expected for both equipment and software.

In the highly competitive film and analog plate markets, Agfa increased its market share. In addition, Agfa achieved significant volume and market share growth in China especially in the emerging computer-to-plate segment.

In 2004 Agfa strengthened its worldwide leadership in prepress film and plates, acquiring Lastra, an Italian manufacturer of printing plates, related chemicals and equipment for the offset printing industry. Lastra had 2003 sales of more than 200 million Euros and some 900 employees. Agfa also confirmed its leading position in the growing software prepress segment for the newspaper business through the acquisition of ProImage, an Israeli developer of browser-based digital workflow solutions.

Agfa concluded a number of very important contracts in prepress for the newspaper segment. In Europe, the leading Italian newspaper, Corriere della Sera chose Agfa's violet solutions for its second-generation computer-to-plate technology and signed a five-year contract for digital plates. Newspapers in Denmark, Norway and Finland bought :Polaris platesetters, combined with :N91v printing plates and/or :Arkitex workflow solution. In the Asian region CtP contracts were closed with the Daily News of Thailand, Singapore Press Holdings Limited, the Malaysian newspaper publisher Utusan Melayu Berhad, and Mainichi Shimbun Group of Japan, the third largest newspaper group in the world.

In 2004, Agfa made a successful entry in industrial inkjet printing. At the beginning of last year Agfa acquired the Belgian company Dotrix, a specialist in digital inkjet color printing systems for the packaging and decoration markets. In addition, Agfa has introduced proprietary inkjet inks, renewed its partnership with Xaar for a new generation of printing heads and concluded a partnership with German manufacturer Thieme for the development of a digital screen printing press.

In line with the further focusing of its product portfolio, Agfa-Gevaert signed an agreement in early November to divest Agfa Monotype Corporation, its fonts and typography software company, to the Boston-based private equity investor TA Associates. In 2003, Monotype's sales reached 48 million USD.

"Healthcare facilities and medical professionals need better access to critical information and decision support tools that will allow them to continually improve patient care at lower cost. Agfa's strength lies in the combination and integration of a hospital-wide holistic approach with our clinical focus and depth."

Philippe Houssiau
President, HealthCare Business Group

HealthCare

HealthCare's 2004 sales amounted to 1,361 million Euros, against 1,408 million Euros in 2003. Excluding the effects of the strong Euro and the acquisition of the French hospital IT company Symphonie On Line, HealthCare reported a sales increase of 0.4 percent. Sales were affected by exchange rate fluctuations and price erosion. After a weak start of the year, sales continued to improve throughout the second half of the year.

HealthCare's operating result before restructuring charges amounted to 226 million Euros, against 276 million Euros in 2003. The return on sales for the full year was 16.6 percent before restructuring charges (19.6 percent in the previous year) and was affected primarily by higher raw material cost and by currency fluctuations. HealthCare achieved a return of 18 percent during the second half of 2004. After taking account of restructuring charges and non recurring items of 33 million Euros, the operating result reached 193 million Euros. The effect of the acquisition of Symphonie On Line on HealthCare's sales amounted to 6 million Euros.

Market trends

An aging population, the strong rise of chronic diseases and the growing attention for prevention contribute to a steady rise in healthcare spending throughout the world. At the same time, the pressure increases to keep high-quality healthcare affordable and controllable. Many healthcare providers thus are investing in digital systems that improve efficiency and effectiveness at the point of care.

Many hospital organizations are converting to *Computed Radiography (CR)*, allowing for inclusion of x-ray images in a digital environment. Although

Key Figures HealthCare

MILLION EUROS	2004	2003	CHANGE
Sales	1,361	1,408	(3.3)%
Operating result *	226	276	(18.1)%
Return on sales *	16.6%	19.6%	-
Restructuring/non-recurring items	(33)	(12)	175.0%
Operating result	193	264	(26.9)%

* before restructuring and non-recurring items

Computed Radiography results in a high-quality image on a computer screen, many radiologists still print a hardcopy, resulting in increasing demand for *hardcopy printers*. In addition, although classic x-ray film use continues to decline in developed markets, the market is growing in developing countries.

The growing number and complexity of diagnostic images generated in hospitals require departmental or hospital-wide software packages for image management, known as Picture Archiving and Communication System *(PACS)*. In addition, many radiology departments invest in a Radiology Information System *(RIS)* to manage workflow and resource allocation. Other hospital departments, such as cardiology and orthopedics, require increasingly sophisticated IT systems for both diagnostic and departmental management purposes.

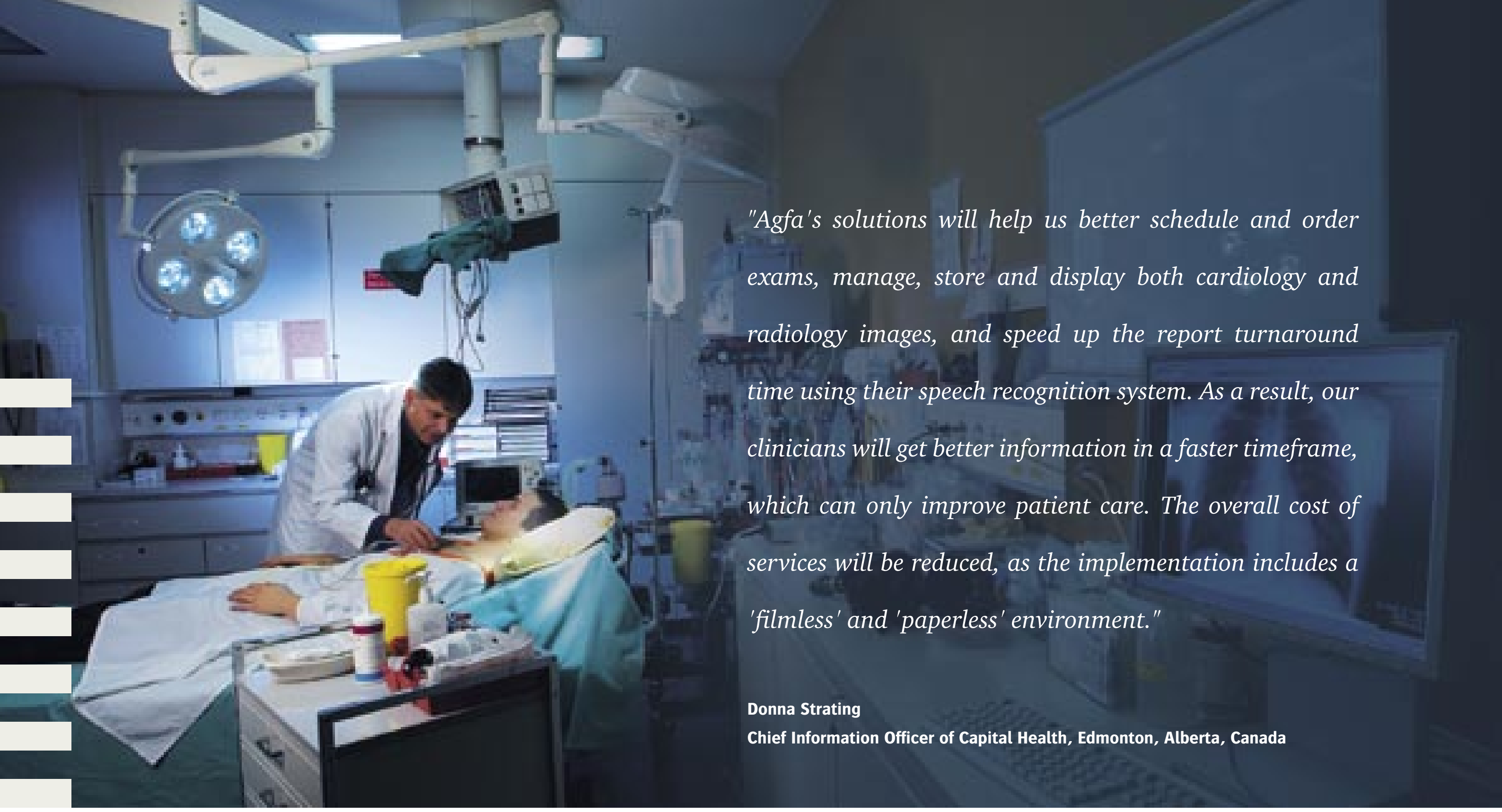
Finally, healthcare organizations are beginning to look for IT solutions that span the whole of the organization, ensuring a transparent administrative and clinical workflow across the enterprise and often even including external stakeholders such as referring physicians or payors. These IT solutions result in an Electronic Patient Record (EPR), which collects the complete medical record of individual patients. Many governments support the introduction of such IT networks because they allow healthcare organizations to become more efficient and to reduce costs, while improving patient care and outcomes.

Strategy

In 2004, HealthCare established a leading position in enterprise-wide healthcare information systems, strengthened its market leadership in radiology, expanded its clinical depth into other hospital departments (cardiology, orthopedics and women's care) and continued to develop breakthrough imaging technologies.

In radiology Agfa consolidates and strengthens its solid position through the continued conversion of its large customer base from analog to digital. In addition, Agfa leverages its experience and expertise in PACS and IT to penetrate other clinical applications such as cardiology, orthopedics and women's care.

Recently Agfa took decisive steps in its transformation into a global healthcare IT leader through acquisitions of Symphonie On Line (October 2004) and the January 2005 acquisition of the privately-owned German company GWI . Agfa hereby acquired an installed base of 3,200 medical sites in Germany, Austria, Switzerland and France.



Product development

In 2004, Agfa significantly renewed its portfolio delivering enhanced performance in its printer and Computed Radiography (CR) range.

In CR, Agfa introduced two new digitizers: CR 25.0 and CR 75.0. CR 75.0 is a high-speed multi-user digitizer that allows a continuous workflow within the department, eliminating waiting times and freeing more time for patient care. CR 25.0 is the ideal solution for any decentralized CR environment. It can be used right inside the x-ray room and is fit for use in vans, ships, etc.

Agfa's range of dry hardcopy printers was extended with DRYSTAR 5300, a tabletop system for customers who prefer a decentralized hardcopy solution.

At the annual meeting of the Radiological Society of North America in Chicago, Agfa showcased a number of innovations that are still under development but will hit the market in the near future. The new small footprint CR digitizer CR 50.0, equipped with the new Needle Image Plate technology, will provide the digital image in less than 10 seconds with significantly better image quality compared to current CR systems.

Agfa introduced in 2004 its new fully integrated RIS/PACS solution, specially designed to meet the needs of North American hospitals and academic centers. Also a comprehensive Practice Management System (PMS), was launched tailored to the requirements of the rapidly growing imaging center market in the US and Canada.

With the launch of *IMPAX* for Orthopedics in the beginning of the year, Agfa offers a completely digital working environment for surgical planning by orthopedic surgeons. The launch of IMPAX for Cardiology also met with great success.

In the field of imaging technologies, Agfa showed great progress in Computer Assisted reading (CAR) solutions for small colon polyps and early-stage lung nodule detection, as well as registration and fusion possibilities.

Through the early 2005 acquisition of GWI, Agfa acquired ORBIS, one of the most successful flexible hospital IT solutions. Integrated with Agfa's leading PACS system IMPAX, the ORBIS platform will be the foundation for future healthcare software applications.

2004 Highlights

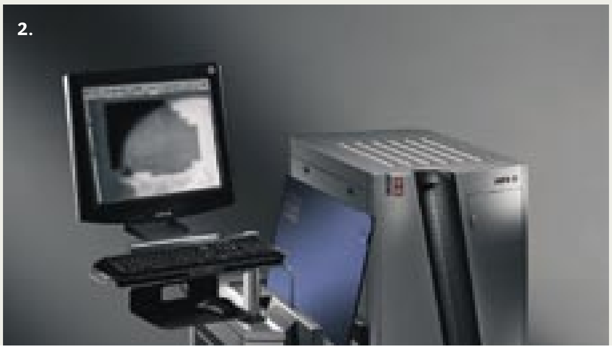
Through the acquisitions of Symphonie On Line (October 2004) and GWI (January 2005), Agfa established a leadership position in healthcare IT and acquired an installed base of 3,200 medical sites in Germany, Austria, Switzerland and France.

Symphonie On Line employs approximately 220 staff and 2003 revenues amounted to 24 million Euros. The transaction price was based on an enterprise value of 42 million Euros. Symphonie On Line is consolidated in Agfa's accounts since October 4th, 2004.

The acquisition of GWI was announced in November 2004 and closed mid-January 2005. GWI has approximately 890 employees (780 FTEs).

1.

2.



1. Agfa offers integrated imaging and information systems that cross the boundaries of individual clinical disciplines or hospital departments and directly lead to improved patient care at lower cost. Together with GWI's ORBIS software for healthcare enterprise applications Agfa will offer hospitals the most complete and fully integrated information system.

2. The range of diagnostic imaging solutions that improve workflow efficiency is continuously expanded, not only in radiology but also in new application areas like orthopedics, cardiology and women's care. The CR 25,0 is the ideal solution for a decentralized CR-environment.

The transaction price consists of an up-front payment of 256.5 million Euros and an earn-out of up to 95 million Euros, pending the achievement of certain objectives. Taking account of the revenues of GWI's recent acquisitions, German BOSS AG and French EuropMedica, 2004 annualized revenues were 115 million Euros.

In the United States the important purchasing group Premier Purchasing Partners included Agfa's IMPAX and CR solutions in its portfolio. According to these contracts, Agfa can offer its systems at competitive prices to the 1,500 members of the group.

The DIN-PACS II contract issued by the US government confirmed Agfa's military-grade security.

Queensland Health chose Agfa to implement Australia's largest RIS project ever that will involve over 30 hospitals. Major contracts were closed in Belgium, the Netherlands, Scandinavia, Spain, Switzerland and Ireland as a result of accelerated investments in IT systems for the healthcare market. In the United Kingdom, Leeds Teaching Hospitals, Britain's largest hospital trust, chose Agfa's PACS solution as the first step in what is to become one of the largest PACS programs in the country.

Key Figures Specialty Products

MILLION EUROS	2004	2003	CHANGE *
Sales	129	315	n.a.
Operating result **	11	37	n.a.
Return on sales **	8.5%	11.7%	
Operating result	2	258	n.a.

* comparison with previous year is not relevant due to divestiture NDT

** before restructuring and non-recurring items and gain on divestiture NDT in 2003

Specialty Products

Specialty Products offers specific film-based consumables in the business-to-business market. Its main products are motion picture film, microfilm and film for *non-destructive testing*. In 2004, Specialty Products' 2004 sales amounted to 129 million Euros and its operating result before restructuring charges reached 11 million Euros.

Motion picture film

Agfa supplies digital and analog *sound recording film* and color print film, which is used to make copies of movies for cinemas. The market for *color print film* is still growing, now that a lot of films are released simultaneously around the world. All of the leading motion picture film laboratories in the world are using Agfa film.

Microfilm

Microfilm is still the best medium for long-term data storage with proven cost efficiency and reliability. Agfa's microfilm is known for its high sensitivity and exceptional image quality.

Film for non-destructive testing

After the divestiture of its non-destructive testing business in 2003, Agfa signed a long-term supply agreement with General Electric Company according to which the latter has become the exclusive provider of Agfa's X-ray film for non-destructive testing.

Consumer Imaging Discontinued

In 2004, sales of Consumer Imaging reached 599 million Euros, a decrease of 31.1 percent compared to 2003. The operating result reached minus 492 million Euros including a non-cash loss of 430 million Euros.

In August 2004 Agfa signed an agreement to divest its Consumer Imaging business group. In November, AgfaPhoto, a new privately owned company, operating completely independently from Agfa, took over all of the business group's assets and liabilities and 2,934 employees for a purchase price of 112 million Euros.

Agfa granted AgfaPhoto a vendor loan for a maximum amount equal to the purchase price. The loan is fully secured by the lease receivables and repaid over a four-year period. The transaction was thus cash neutral in 2004. Taking into account the redemption of the loan and the tax impact, the divestiture is cash positive as from 2005.

Corporate Governance

Ever since the first day of listing in June 1999, the company has paid great attention to correct and transparent policies that determine the governance of the Group. Most of the existing policies are already compliant with the Belgian Code on Corporate Governance, which was issued just a few months ago. The company will fully comply with this Code by January 1, 2006 at the latest.

The Board of Directors

The main policy-making bodies of the Group are the Board of Directors, whose proposals are submitted for approval to the General Shareholder's Meeting and the Executive Committee, formerly named Board of Management.

The Board of Directors is responsible for defining company strategy and key policies; for the development of new businesses and discontinuation of existing businesses; for the establishment or closure of subsidiaries; for approving budgets, funding, investments, divestments; for appointing, remunerating and monitoring executives; for supervising and controlling the implementation of decisions; for approving the financial statements; and for proposing to the shareholders the allocation and distribution of the result.

The Board's deliberations and decisions are valid if the majority of its members is present or represented. If this condition is not met, a valid decision can be taken at a new meeting with the same agenda if at least two directors are present or represented.

The decisions of the Board are taken by absolute majority. In case of a tied vote, the proposal is rejected. The articles of association also provide for the possibility of decision-making in writing by the Board of Directors within the boundaries of the legal requirements in this area.

At present, there is no formal procedure regarding the way that directors are informed, nor by whom they are informed. The directors use their right to information on an ad hoc basis.

The bylaws of the company provide that the Board of Directors assembles whenever the interests of the company require it or when two directors ask for it. In 2004, seven meetings were held. All directors were present at those meetings except for Mr. Cornu, who was excused at the Board meeting of January 20, 2004.

During its meeting of January 20, 2004 the Board of Directors decided to call an Extraordinary General Meeting immediately following the Ordinary Meeting of Shareholders of April 27, 2004. Due to the fact that on that date the required quorum for valid voting was not reached, the Extraordinary General Meeting was rescheduled to May 25, 2004. That Meeting authorized the Board of Directors for a period of five years to increase the share capital in one or more times by an amount equivalent to 35 million Euros. The authorization to increase the share capital in the event of a public take-over bid on the assets of the company for a period of three years was not renewed by the shareholders.

Moreover, the same Extraordinary Meeting approved the cancellation of 11.2 million in treasury stock bought under a share buy back program. The shareholders also renewed the authorization for 18 months, beginning May 25, 2004, to buy back shares with a maximum of 10 percent of the total of 128.8 million outstanding shares. Furthermore, the Board of Directors was empowered for a period of ten years as from this Extraordinary General Meeting of May 25, 2004, to sell a maximum of 10 percent of the shares of the company.

Extraordinary General Meeting 2005

On March 8, 2005 the Board of Directors decided to call an Extraordinary General Meeting to amend the bylaws. The Extraordinary Meeting will follow on the Annual Meeting on April 26, 2005.

The key agenda topics that will be submitted for approval are the renewal of the authorization for a period of 18 months to buy back a maximum of 10% of the company's shares; the reduction of the maximum term of appointment for directors from six to three years; the introduction of the age limit of 70 years for the appointment as director; the discontinuation of the variable portion of the remuneration of the Board members and the right for shareholders representing 5% of the stock capital to propose items for a General Meeting.

The Meeting will also be asked to approve the addition to the company's bylaws of internal rules for the functioning of the Board of Directors and its committees. The Board of Directors will accordingly prepare, in the course of 2005, additional policies with respect to its organization and decision-making processes and to the appointment, assignment, remuneration and resignation of members of the Executive Committee.

Composition of the Board of Directors

The bylaws of the company provide that the Board of Directors comprises at least six members who do not need to be shareholders and who have been appointed for a renewable maximum period of 6 years.

The appointment of the non-executive directors is based on criteria set by the Board of Directors with regard to integrity and experience in business and/or science.

On January 1, 2005 the Agfa-Gevaert Board of Directors members were:

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

(*) independent director
(**) executive director

Werner Vanderhaeghe	Company Secretary and General Counsel

Messrs Chaffart and Leysen represent the largest shareholder, Gevaert.

Mr Verhoeven is executive director and Chairman of the Executive Committee. Marc Gedopt resigned as member of the Executive Committee effective January 15, 2005; he will resign as member of the Board of Directors effective immediately after the Annual Shareholders Meeting of April 26, 2005.

Messrs Bamelis, Buttrick, Cornu, Haymon, Oosterlinck, Van Miert and von Kyaw are considered as independent from the main shareholders and management. In 2004, they had no close business, family or other relationship with the company, its controlling shareholders, its management or any party that could create a conflict of interest such as to affect independent judgement.

During the Annual General Meeting on April 26, 2005, the shareholders will be proposed to reappoint Messrs Chaffart, Oosterlinck, Van Miert en Verhoeven as their mandates expire, and to appoint Mr Marc Olivié as new member.

Mr Bamelis, Chairman, will not seek re-election. Mr von Kyaw will not seek re-election having reached the formal age limit, which the Board expects to be approved at the 2005 Extraordinary Meeting. The Board of Directors thanks Messrs. Bamelis and von Kyaw for their valued dedication and service to the Group.

After approval of his Board re-election Mr Verhoeven is expected to succeed Mr Bamelis as Chairman, and Mr Olivié will succeed Mr Verhoeven as President and CEO.

Committees established by the Board of Directors

Audit Committee

The Audit Committee is comprised of three non-executive directors and assists the Board of Directors in achieving its control missions. Mr Chaffart, Committee Chairman, Messrs Buttrick and Oosterlinck had six meetings in 2004.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three independent directors, Messrs Bamelis, Chairman, Van Miert and Cornu, and makes proposals to the Board of Directors concerning the nomination and appropriate remuneration of the members of the Executive Committee and the Board of Directors. Four meetings were held in 2004.

Executive Committee

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 the day-to-day management as well as a number of specific special powers.
In order to allow the Board of Directors to exercise its control, the Executive Committee regularly reports about its activities and about the development of the subsidiaries and associated companies.
The Executive Committee meets in principle once per fortnight and whenever necessary.

Composition of the Executive Committee

At the end of 2004, Marc Gedopt, CFAO, decided to leave the company in view of other opportunities in the financial world. Agfa thanks him for his dedication in the years spent with the company and wishes him further success.

In its meeting of January 25, 2005 the Board of Directors decided to add four new members to the Executive Committee. As a consequence, since January 25, 2005 the Executive Committee counts the following six members

Ludo Verhoeven	Chief Executive Officer
Anne Vleminckx	Chief Financial Officer
Albert Follens	Chief Operating Officer
Philippe Houssiau	President, HealthCare Business Group
Marc Olivié	Executive Vice President
Stefaan Vanhooren	President, Graphic Systems Business Group
Werner Vanderhaeghe	Secretary to the Executive Committee

Remuneration

The total gross remuneration of those, who were non-executive directors in 2004 amounted to 605,167 Euros, of which 397,167 Euros as a fixed remuneration for directorship, membership of the committees and attendance fees and 208,000 Euros as a variable sum. The variable part is proportional to the dividend per share: for every 5 Eurocents dividend per share exceeding 0.15 Euro per share, a director receives a gross remuneration of 2,000 Euro.

There are no stock options or warrants attributed to the non-executive directors.The executive directors received together for their duties as directors gross fees of 91,667 Euros, of which 51,667 were fixed fees.

The overall gross remuneration paid to those who were members of the Executive Committee in 2004, amounted to 4,092,477 Euros, of which 3,425,043 Euros were fixed and 667,434 Euros were variable.
These amounts include the sum of 1,440,264 Euros related to the departure of one member of the Executive Committee.

At the end of 2004, the members of the Executive Committee owned a total of 298,850 stock options or warrants attributed to them in different tranches.

Stock options attributed to the Executive Committee members (situation at end 2004)

	NUMBER	STRIKE PRICE (EURO)	EXERCISE PERIOD
	32,500*	22.00	Jan.1, 2003 – Nov.10, 2008
	26,250	22.00	Jan. 1, 2004 – June 5, 2009
	43,300	20.00	July 6, 2004 – July 6, 2010
	50,500	18.00	Aug. 26, 2005 – Aug. 27, 2011
	71,300	18.27	July 28, 2006 – July 27, 2013
	75,000	19.95	Aug. 10, 2007 – Aug. 10, 2011
TOTAL	**298,850**		

(*) warrants

Policy regarding the appropriation of the result
The Board of Directors' proposals to the General Shareholder's Meeting with regard to the allocation and distribution of the result take into consideration several factors such as the company's financial situation, the operating results, the current and expected cash flows and the plans for expansion.
In general, the Group will aim to pay out between 35 and 40% of its net result in the form of dividends.

Main shareholders
According to the information available to the company, its main shareholders are Gevaert, which holds 26.6% of the outstanding sharesand Highfields Capital Management, which holds 10%. Agfa-Gevaert N.V. has 2% of its shares as treasury stock since end of 2004.

Auditor
Agfa-Gevaert N.V.'s auditor is Klynveld, Peat Marwick, Goerdeler represented by Messrs Theo Erauw and Erik Helsen.

Worldwide fees in relation to services provided by the auditor amounted to 6,307,464 Euros in 2004. This sum comprises fees of 2,965,222 Euros for the audit of the annual financial statements, 903,152 Euros for tax services and 2,439,090 Euros for other services, mainly financial due diligence, assisting Agfa in acquisitions or divestitures.

Financial Statements

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

We have audited the accompanying consolidated balance sheets of Agfa-Gevaert N.V. and its subsidiaries (the 'Group') as of December 31, 2004 and 2003, and the related consolidated income statements, statements of recognised gains and losses and cash flows statements for the years then ended. These consolidated financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audits.

Unqualified audit opinion on the consolidated financial statements

We conducted our audits in accordance with International Standards on Auditing as issued by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2004 and 2003, and of the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Additional information

The following additional information is provided in order to complete the audit report but does not alter our audit opinion on the consolidated financial statements: the consolidated Board of Directors' report contains the information required by law and is in accordance with the consolidated financial statements.

Mortsel, March 21, 2005

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

T. Erauw E. Helsen

MILLION EUROS	NOTE	2004	2003
Net sales	4	3,762	4,215
Cost of goods sold		(2,265)	(2,449)
Gross profit		**1,497**	**1,766**
Selling expenses		(701)	(790)
Research and development expenses		(191)	(233)
General administration expenses		(268)	(297)
Other operating income	6	540	661
Other operating expenses	7	(1,004)	(579)
Operating result		**(127)**	**528**
Interest income (expense) – net	8	(19)	(28)
Other non-operating income (expense) – net	9	(37)	(43)
Non-operating result		**(56)**	**(71)**
Income before income taxes		**(183)**	**457**
Income taxes	10	39	(135)
Net income of consolidated companies		**(144)**	**322**
Minority interest		1	1
Share of results of associated companies		-	-
Net result of the accounting period		**(143)**	**323**
of which discontinued operations	3	(340)	(61)
Basic Earnings per share (Euro)	28	(1.14)	2.44
Diluted Earnings per share (Euro)	28	(1.13)	2.44

MILLION EUROS	NOTE	DEC. 31, 2004	DEC. 31, 2003
ASSETS			
Non-current assets		**1,011**	**976**
Intangible assets	12	338	325
Property, plant and equipment	13	519	616
Investments	14	38	32
Long-term loans receivable	15	112	-
Derivative financial instruments	24	4	3
Current assets		**2,035**	**2,652**
Inventories	16	576	813
Trade receivables		744	826
Other receivables and other assets	17	391	569
Cash and cash equivalents	18	293	397
Deferred charges		18	18
Derivative financial instruments	24	13	29
Deferred taxes	**10**	**310**	**211**
TOTAL ASSETS		**3,356**	**3,839**
EQUITY AND LIABILITIES			
Shareholders' equity	**19**	**1,080**	**1,371**
Capital stock of Agfa-Gevaert N.V.		140	140
Share premium of Agfa-Gevaert N.V.		107	107
Retained earnings		1,284	1,056
Reserves		(264)	(260)
Net income		(143)	323
Translation differences		(44)	5
Minority interest		**2**	**2**
Non-current liabilities		**1,052**	**1,424**
Liabilities for post-employment benefits	20	727	799
Liabilities for personnel commitments		35	36
Financial obligations more than one year	21	247	558
Provisions more than one year	23	43	27
Derivative financial instruments	24	-	4
Current liabilities		**1,185**	**1,010**
Financial obligations less than one year	21	239	72
Trade payables		369	304
Miscellaneous liabilities	22	211	205
Liabilities for personnel commitments		72	85
Provisions less than one year	23	282	327
Deferred income		5	7
Derivative financial instruments	24	7	10
Deferred taxes	**10**	**37**	**32**
TOTAL EQUITY AND LIABILITIES		**3,356**	**3,839**

MILLION EUROS	CAPITAL STOCK OF AGFA-GEVAERT N.V.	SHARE PREMIUM OF AGFA-GEVAERT N.V.	RETAINED EARNINGS	RESERVE FOR OWN SHARES	REVALU-ATION RESERVE	HEDGING RESERVE	NET INCOME	TRANS-LATION DIFFE-RENCES	AGFA-GEVAERT GROUP SHARE-HOLDERS' EQUITY	MINORITY INTEREST	TOTAL
December 31, 2003	**140**	**107**	**1,056**	**(267)**	**(1)**	**8**	**323**	**5**	**1,371**	**2**	**1,373**
Changes in shareholders' equity resulting from capital contributions and dividend payments											
Dividend payments	-	-	(95)	-	-	-	-	-	**(95)**	**-**	**(95)**
Other changes in shareholders' equity not recognized in income											
Stock options exercised	-	-	-	1	-	-	-	-	**1**	**-**	**1**
Revaluation of available-for-sale financial assets	-	-	-	-	2	-	-	-	**2**	**-**	**2**
Cash flow hedges	-	-	-	-	-	(7)	-	-	**(7)**	**-**	**(7)**
Translation differences	-	-	-	-	-	-	-	(49)	**(49)**	**-**	**(49)**
Other	-	-	-	-	-	-	-	-	-	-	-
Changes in shareholders' equity recognized in income											
Allocation to retained earnings	-	-	323	-	-	-	(323)	-	-	-	-
Income after taxes for the period January 1 till December 31, 2004	-	-	-	-	-	-	(143)	-	**(143)**	**-**	**(143)**
December 31, 2004	**140**	**107**	**1,284**	**(266)**	**1**	**1**	**(143)**	**(44)**	**1,080**	**2**	**1,082**

CONSOLIDATED STATEMENTS OF CASH FLOW

MILLION EUROS	NOTE	2004	2003
Cash and cash equivalents at beginning of year		**394**	**141**
Operating result		(127)	528
Current tax expense	10	(84)	(102)
Depreciation, amortization and impairment losses		291	216
Changes in fair value of derivative financial instruments		4	3
Movement in long-term provisions		(11)	(86)
(Gains) / losses on retirement of non-current assets	13	(17)	2
Gains on disposals	5	(126)	(231)
Loss on Consumer Imaging net assets carved-out	3	270	-
Tax expense on disposals	5	46	63
Gross cash provided by operating activities		**246**	**393**
of which discontinued operations	3	(138)	(59)
Decrease /(Increase) in inventories		81	80
Decrease /(Increase) in trade accounts receivable		(58)	62
Increase / (Decrease) in trade accounts payable		83	7
Movement in short-term provisions		(34)	(9)
Movement in other working capital		(13)	(11)
Net cash provided by operating activities		**305**	**522**
of which discontinued operations	3	(117)	48
Cash outflows for additions to intangible assets	12	(12)	(28)
Cash outflows for additions to property, plant and equipment	13	(100)	(150)
Cash inflows from disposals of intangible assets	12	1	-
Cash inflows from disposals of property, plant and equipment	13	55	8
Cash inflows from disposals	5	129	241
Cash inflows (outflows) from equity and debt instruments		6	6
Cash outflows for acquisitions	5	(122)	-
Interests and dividends received		18	24
Net cash provided by/(used in) investing activities		**(25)**	**101**
of which discontinued operations	3	59	51
Dividend payments to stockholders	19	(95)	(67)
Repurchase of own shares		-	(253)
Net issuances of debt		(231)	19
Interest paid		(39)	(56)
Other financial flows		(22)	(1)
Net cash used in financing activities		**(387)**	**(358)**
Change in cash and cash equivalents due to business activities		(107)	265
Change in cash and cash equivalents due to exchange rate movements		3	(12)
Cash and cash equivalents at end of year	**18**	**290**	**394**

1. Significant accounting policies

(a) Statement of compliance
Agfa-Gevaert N.V. ("the Company") is a company domiciled in Belgium. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associated entities. The consolidated financial statements were authorized for issue by the Board of Directors on March 21, 2005. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and with the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are effective as of the balance sheet date. They comply, in all material aspects, with the 7th European Union's Directives on consolidation of financial statements.
The application by the Company of the IFRSs, instead of Belgian Accounting Standards, has been approved by the Banking, Finance and Insurance Commission on July 6, 1999.

(b) Basis of preparation
The consolidated financial statements are presented in Euros, rounded to the nearest million.

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

The accounting policies have been consistently applied by Group enterprises and, except for the change in accounting policy as stated below, are consistent with those used in the previous year.

In conformity with the transitional provisions of IFRS 3 on business combinations, the revised IAS 36 on impairment of assets and the revised IAS 38 on intangible assets, goodwill and intangible assets with indefinite useful lives arising on acquisitions for which the agreement date is on or after 31 March 2004 are no longer amortized but tested for impairment annually.

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

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

(iii) Transactions eliminated on consolidation
All intra-group balances and transactions, and any unrealized gains arising on intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealized gains arising from transactions with associates are eliminated against the

1. Significant accounting policies continued

investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

(d) Foreign currency

(i) Foreign currency transactions

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

(ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Euros at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into Euros at the annual average foreign exchange rates. Foreign exchange differences are recognized directly in equity.

The financial statements of foreign operations in hyperinflationary economies are translated into the local company's measurement currency (mostly USD) as if it was the operation's functional currency. As a result, non-monetary assets, liabilities and related income statement accounts are remeasured using historical rates in order to produce the same result in terms of the reporting currency that would have occurred if the underlying transaction was initially recorded in this currency.

(e) Derivative financial instruments

The Group uses derivative financial instruments primarily to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities.

In accordance with its treasury policy, the Group does not currently hold or issue derivatives for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

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

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

(f) Hedging

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. When the firm commitment or forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

1. Significant accounting policies continued

Otherwise the cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognized in the income statement immediately. Any gain or loss arising from changes in the time value of the derivative financial instrument is excluded from the measurement of hedge effectiveness and is recognized in the income statement immediately.

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

(ii) Fair value hedges

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

(iii) Hedge of a net investment in foreign operation

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

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

(g) Segment reporting

Segment reporting is based on two segment reporting formats. The primary reporting format represents three businesses – Graphic Systems, 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.

(h) Discontinuing operations

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

(i) Goodwill and other intangible assets

(i) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortization and impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.
Goodwill is amortized on a straight-line basis over its estimated useful life, generally for periods ranging from 5 to 15 years.

1. Significant accounting policies continued

Goodwill arising on acquisitions for which the agreement date is on or after 31 March 2004 is not amortized. Instead it is tested for impairment annually.

(ii) Research and development

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes should be capitalized if, and only if, all of the conditions of IAS 38.57 are fulfilled. These conditions are not satisfied.

(iii) Other intangible assets

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

Intangible assets arising on acquisitions for which the agreement date is on or after 31 March 2004 are recognized separately from goodwill when they are identifiable and can be reliably measured. Intangible assets with indefinite useful lives arising on acquisitions for which the agreement date is on or after 31 March 2004 are not amortized. Instead, they are tested for impairment annually. Intangible assets with finite useful lives, such as acquired technology, trade names and customer relationships are amortized on a straight-line basis over their estimated useful lives, generally for periods ranging from 3 to 15 years.

(j) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at purchase price or production cost less accumulated depreciation and impairment losses.

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

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

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

1. Significant accounting policies continued

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

- 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

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

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

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

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

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

(l) Impairment
The carrying amounts of the Group's assets, other than inventories, deferred tax assets and assets arising from employee benefits, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.
The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.
The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows,

1. Significant accounting policies continued

the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined, net of amortization or depreciation, if no impairment loss had been recognized in prior years.

Impairment of goodwill and intangible assets with indefinite useful lives
Goodwill and intangible assets with indefinite useful lives that are recognized on acquisitions for which the agreement date is on or after 31 March 2004 are tested for impairment annually. Goodwill and intangible assets with indefinite useful lives arising on acquisitions for which the agreement date is before 31 March 2004 have been tested for impairment only where there has been an indication of impairment.
Impairment tests are performed 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.

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

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

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

(p) Share capital
(i) Repurchase of share capital
When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

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

1. Significant accounting policies continued

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

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

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

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

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

(s) Employee benefits
(i) Post employment benefits
Post employment benefits comprise pensions, post employment life insurance and medical care.

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

(1) Defined contribution plans:
Contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

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

1. Significant accounting policies continued

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

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

Pre-retirement pensions are treated as termination benefit.

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

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

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

(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.

1. Significant accounting policies continued

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. Future operating costs are not provided for.
In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognized when the land is contaminated.
A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(u) Trade and other payables
Trade and other payables are stated at their cost.

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

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

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

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

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

2. Companies consolidated

The 2004 Consolidated Financial Statements of the Group include the Company and 81 consolidated subsidiaries controlled by the Company. For the year 2003, the Consolidated Financial Statements include 80 consolidated subsidiaries (note 29).

Excluded from consolidation in 2004 are 13 subsidiaries (2003: 14 subsidiaries) that in aggregate are of minor importance to the net worth, financial position and earnings of the Group. The subsidiaries excluded from the consolidation represent on an aggregate level less than 1 percent of Group Sales.

Listed below are the material acquisitions of the Group for 2004.

On January 5, 2004, the Group acquired all the assets and staff of Dotrix NV for 7 million Euros. Dotrix NV is a Belgian based company, which develops, manufactures and sells digital colour printing solutions for industrial applications.

On August 11, 2004, the Group acquired all the shares of Microgran S.r.l., the holding company owning Lastra S.p.A. for 78 million Euros. Lastra is an Italian manufacturer of plates, related chemicals and equipment for the offset printing industry.

On September 8, 2004, the Group acquired all the assets and staff of ProImage for 9 million Euros. ProImage is a leading developer of browser-based digital workflow solutions for the newspaper and printing industries.

On October 6, 2004, the Group wholly acquired Symphonie On Line for 40 million Euros. Symphonie On Line is a French based company in the market of Hospital Information Systems and Electronic Patient Record.

Listed below are the material divestitures of the Group for 2004.

On November 2, 2004, the Group disposed of its Consumer Imaging business to AgfaPhoto for a price of 112 million Euros. AgfaPhoto is a private company that operates completely independent from the Group. The divestiture comprises the whole of Agfa's Consumer Imaging business, including film, finishing products, lab equipment as well as the related lease portfolio. The divestiture qualifies as a discontinued operation (note 3).

On November 5, 2004, the Group disposed of its subsidiary Agfa Monotype Corporation to Boston based private equity investor TA Associates for a price of 129 million Euros. Agfa Monotype Corporation is a provider of fonts and font-related software technology for the display and imaging of text.
The divestiture does not qualify as a discontinued operation.

3. Divestiture of Consumer Imaging discontinued operations

Following the sale of the Consumer Imaging business, the business segment 'Consumer Imaging' ceased to be consolidated as of November 2, 2004. As of this date, all of Consumer Imaging's activities, including the production, sales and services related to photographic film, finishing products, lab equipment as well as the related lease portfolio are transferred to AgfaPhoto, a private company operating completely independent from the Group.

The operating result for 2004 shown in the table below comprises that of the Consumer Imaging business up to the date of divestiture and the 430 million Euros loss on divestiture (note 7). The non-operating result and income taxes attributable to the former business segment 'Consumer Imaging' are reflected in the corresponding items of the income statement. A breakdown of the results of discontinued operations is given below.

Due to the fact AgfaPhoto does not have a distribution network available in all countries where the Consumer Imaging business is active, the Group is acting as a distributor for the AgfaPhoto products and customers for a limited period of time. The distribution agreement is effective as of November 2, 2004 until AgfaPhoto is able to run the order to cash process independent from the Group. AgfaPhoto assumes control and bears all risks in connection with the distribution of the products by the Group. The distribution agreement further stipulates that all reasonable costs born by the Group to support the distribution agreement should be invoiced to AgfaPhoto. The resulting income is reported in the segment 'Specialty Products'. For all AgfaPhoto requested services not covered by the distribution agreement, the Group concluded service agreements with AgfaPhoto. These agreements are also effective as from November 2, 2004. The income resulting from the distribution and service agreements partially compensates for the remnant costs pursuant to the divestiture of Consumer Imaging. Both, remnant costs and the aforementioned income from the distribution and service agreements are presented in the business segment 'Specialty Products' and are deducted from the selling and general administration expenses.

For the production of certain products, the Group and AgfaPhoto have concluded a long-term supply agreement according to which AgfaPhoto and the Group have the obligation to mutually supply certain products. Income and expenses related to the supply agreement are also shown in the business segment 'Specialty Products'.

3. Divestiture of Consumer Imaging discontinued operations continued

(MILLION EUROS)	INCOME AND EXPENSES EXCLUDING LOSS ON DIVESTITURE	LOSS ON DIVESTITURE[1]	2004 RESULT OF DISCONTINUED OPERATIONS	2003 RESULT OF DISCONTINUED OPERATIONS
Net sales	**599**		**599**	**870**
Operating expenses	(661)	(430)	(1,091)	(954)
Operating result from discontinued operations	**(62)**	**(430)**	**(492)**	**(84)**
Non-operating result	(2)		(2)	(2)
Income (loss) before income taxes	**(64)**	**(430)**	**(494)**	**(86)**
Income taxes [4]	15	139	154	25
Income (loss) net of income taxes	**(49)**	**(291)**	**(340)**	**(61)**

(1) The loss on divestiture consists of the following components:

Purchase price settled by "vendor note" (note 15)	112
Net assets transferred [2]	(382)
Loss on net assets carved-out	**(270)**
Impairment losses	(113)
Other expenses related to divestiture	(47)
Total loss on divestiture	**(430)**

The other expenses related to divestiture are mainly SAP migration expenses, fees for legal advice, audit and consultancy.

(2) The net assets transferred comprise the following items:

Intangible assets [3]	0
Property, plant and equipment [3]	0
Investments	3
Inventories	208
Trade receivables	182
Lease receivables	175
Other receivables	16
Deferred charges	1
Deferred tax assets	6
Liabilities for post-employment benefits	(72)
Personnel commitments	(20)
Long term provisions	(11)
Financial obligations	(1)
Trade payables	(49)
Other liabilities	(8)
Short term provisions	(48)
Total net assets transferred	**382**

3. Divestiture of Consumer Imaging discontinued operations continued

(3) The transferred intangible assets and property, plant and equipment were fully impaired as a result of the divestiture (111 million Euros). The remainder 2 million Euros of the impairment loss relates to investments.

(4) For the comparative figures of 2003, the tax impact has been determined by applying last year's effective tax rate (29.54%) to the loss before income taxes.

4. Segment reporting

Segment reporting is based on two segment reporting formats. The primary reporting format represents three businesses: Graphic Systems, HealthCare and Specialty Products. The secondary reporting format represents the Group's four geographical markets.

The business segments comprise the following activities:

- Graphic Systems supplies complete prepress 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 centers 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. For reporting purposes, the results, assets and liabilities regarding the service, distribution and supply agreement with AgfaPhoto are presented within Specialty Products, together with liabilities related to the former Consumer Imaging business segment that remain with the Group (note 3).

The 2003 comparative information includes the figures of the former business group Non-Destructive Testing, disposed of on December 31, 2003.

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

- Return 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.

4. Segment reporting continued

Key data by business and region

MILLION EUROS	GRAPHIC SYSTEMS (GS)		HEALTHCARE (HE)		SPECIALTY PRODUCTS (SP)	
	2004	2003	2004	2003	2004	2003
Net sales (external)	1,673	1,622	1,361	1,408	129	315
Change	3.1%	(10.5)%	(3.3)%	(5.6)%	(59.0)%	(4.8)%
Operating Result	170	90	193	264	2	258
Return on sales	10.2%	5.5%	14.2%	18.7%	1.6%	81.9%
Segment result	287	211	281	347	12	283
Segment assets	1,139	1,000	1,027	997	110	102
Segment liabilities	667	534	556	498	397	55
Gross cash flow	119	100	253	317	12	35
Capital Expenditures	51	76	35	60	11	12
Amortization and depreciation	70	65	78	84	8	21
Impairment losses recognized	1	-	2	-	-	-
Other Non Cash expenses (Net of reversal of provisions)	1	(45)	13	(34)	(1)	(10)
R&D expenses	66	71	85	91	3	12
Number of employees at year end (Full Heads)	7,165	7,200	6,438	6,280	1,116	526

* 2003 includes the assets & liabilities of the former business segment Consumer Imaging

MILLION EUROS	EUROPE		NAFTA		LATIN AMERICA	
	2004	2003	2004	2003	2004	2003
Net sales (external) by market	1,601	1,645	864	960	135	138
Net sales (external) by point of origin	1,749	1,824	854	946	119	117
Change	(4.1)%	(6.0)%	(9.7)%	(16.7)%	1.7%	(0.8)%
Segment assets	1,461	1,297	503	524	74	74
Segment liabilities	1,277	754	285	285	10	7
Operating Result	156	406	178	164	12	20
Return on sales	8.9%	22.3%	20.8%	17.3%	10.1%	17.1%
Capital Expenditures	71	106	9	20	4	6
Amortization and depreciation	98	101	41	56	7	7
Impairment losses recognized	2	-	1	-	-	-
R&D expenses	113	114	40	60	-	-
Number of employees at year end (Full Heads)	9,893	9,138	2,951	3,060	591	582
Number of employees at year end (Full time equivalents)						

* 2003 includes the assets & liabilities of the former business segment Consumer Imaging

4. Segment reporting
continued

CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		AGFA-GEVAERT GROUP	
2004	2003	2004	2003	2004	2003
3,163	3,345	599	870	3,762	4,215
(5.4)%	(8.0)%	-	(17.0)%	(10.7)%	(10.0)%
365	612	(492)	(84)	(127)	528
11.5%	18.3%	-	(9.7)%	(3.4)%	12.5%
580	841	(439)	(16)	141	825
2,276	2,099	-	-	2,276	2,671*
1,620	1,087	-	-	1,620	1,669*
384	452	(138)	(59)	246	393
97	148	15	30	112	178
156	170	19	46	175	216
3	-	113	-	116	-
13	(89)	59	16	72	(73)
154	174	37	59	191	233
14,719	14,006	2,934	3,704	14,719	17,710

ASIA/AFRICA/ AUSTRALIA		CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		AGFA-GEVAERT GROUP	
2004	2003	2004	2003	2004	2003	2004	2003
563	602	3,163	3,345	599	870	3,762	4,215
441	458	3,163	3,345	599	870	3,762	4,215
(3.7)%	3.9%	(5.4)%	(8.0)%	-	(17.0)%	(10.7)%	(10.0)%
238	204	2,276	2,099	-	-	2,276	2,671*
48	41	1,620	1,087	-	-	1,620	1,669*
19	22	365	612	(492)	(84)	(127)	528
4.3%	4.8%	11.5%	18.3%	-	(9.7)%	(3.4)%	12.5%
13	16	97	148	15	30	112	178
10	6	156	170	19	46	175	216
-	-	3	-	113	-	116	-
1	-	154	174	37	59	191	233
1,284	1,226	14,719	14,006	2,934	3,704	14,719	17,710
						14,387	17,340

4. Segment reporting
continued

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

MILLION EUROS	2004	2003
Segment results	**141**	**825**
General administration expenses	(268)	(297)
Interest income (expense) – net	(19)	(28)
Other non-operating income (expense) - net	(37)	(43)
Income taxes	39	(135)
Minority interest	1	1
Net result for the accounting period	**(143)**	**323**
Segment assets	**2,276**	**2,671**
Investments	38	32
Long-term loans receivable	112	-
Receivables under finance leases	249	432
Cash and cash equivalents	293	397
Deferred tax assets	310	211
Derivative financial instruments	17	32
Other unallocated receivables	61	64
Total assets	**3,356**	**3,839**
Segment liabilities	**1,620**	**1,669**
Financial obligations	486	630
Deferred tax liabilities	37	32
Shareholders’ equity	1,082	1,373
Derivative financial instruments	7	14
Other unallocated liabilities	124	121
Total liabilities	**3,356**	**3,839**

5. Cash flow statements effect of acquisitions and divestitures

Acquisitions 2004

The acquisitions of Lastra, Symphonie On Line, Dotrix and ProImage had the following effect on the Group's assets and liabilities:

MILLION EUROS	LASTRA	SYMPHONIE ON LINE	DOTRIX	PROIMAGE	TOTAL
Intangible Assets with finite useful lives	18	13	6	4	41
Technology	10	9	6	1	26
Trade names	1			1	2
Customer Contracts		4		2	6
Purchasing Contracts	7				7
Goodwill	9	25		5	39
Property, plant & equipment	72	3			75
Investments and other securities	14				14
Inventories	60		2		62
Trade receivables	44	15	3	1	63
Other receivables	6	3	2		11
Deferred charges	1				1
Deferred tax assets	11				11
Cash and cash equivalents	11	1			12
Liabilities for post-employment benefits	(6)	(1)			(7)
Personnel commitments	(1)	(2)			(3)
Financial obligations	(96)	(6)			(102)
Trade payables	(31)	(3)	(4)		(38)
Tax liabilities		(7)			(7)
Other liabilities	(7)	(1)	(1)		(9)
Provisions	(1)		(1)		(2)
Deferred income	(4)				(4)
Derivative financial instruments	(8)				(8)
Deferred tax liabilities	(13)			(1)	(14)
Minority interest	(1)				(1)
Consideration paid	**78**	**40**	**7**	**9**	**134**
Cash acquired	(11)	(1)			(12)
Net cash outflow	**67**	**39**	**7**	**9**	**122**

Acquired technology and trade names are amortized over 3 to 5 years, acquired customer contracts are amortized over 5 to 10 years and acquired purchasing contracts are amortized over 3 years. The goodwill on acquisition mainly relates to operating synergies and assembled workforce.

5. Cash flow statements effect of acquisitions and divestitures
continued

Divestitures 2004
The divestiture of Agfa Monotype Corporation had the following effect on the Group's assets and liabilities:

MILLION EUROS	
Intangible assets	3
Property, plant and equipment	1
Trade receivables	7
Other receivables	3
Deferred tax assets	1
Trade payables	(1)
Other liabilities	(11)
Gain on disposal	**126**
Consideration received	**129**
Cash inflow from disposal	**129**

The pre-tax gain on disposal amounts to 126 million Euros (after tax 80 million Euros). Costs directly related to the divestiture amount to 8 million Euros.

Acquisitions 2003
There were no material acquisitions during 2003.

5. Cash flow statements effect of acquisitions and divestitures continued

Divestitures 2003

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

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

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

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

6. Other operating income

MILLION EUROS	2004	2003
Exchange gains	249	284
Gain on Agfa Monotype Corp. divestiture (note 5)	126	-
Changes in fair value of financial instruments	54	48
Lease income	32	38
Gains on the retirement of fixed assets	26	1
Rental income	7	5
Reversal of unutilized provisions	6	15
Royalties	1	1
Gain on NDT divestiture (note 5)	-	231
Other income	39	38
TOTAL	**540**	**661**

7. Other operating expenses

MILLION EUROS	2004	2003
Loss on divestiture Consumer Imaging (note 3)	430	-
Exchange losses	249	286
Restructuring expenses	105	82
Changes in fair value of financial instruments	58	52
Write-downs of receivables	39	40
Amortization of goodwill	29	41
Loss on retirement of fixed assets (including relocation expenses K12 building Agfa Leverkusen)	9	3
Expenses related to Agfa Monotype Corp. divestiture	8	-
Provisions	6	8
Rent	2	3
Property taxes	1	2
Other expenses	68	62
TOTAL	**1,004**	**579**

Restructuring charges

In 2004, the Group recorded restructuring charges of 105 million Euros. These charges included employee termination costs of 96 million Euros, inventory write-offs of 3 million Euros and other costs of 6 million Euros.

8. Interest income (expense)

MILLION EUROS	2004	2003
Income from other securities and loans included in investments	-	1
Other interest and similar income	17	22
Interest and similar expenses	(36)	(51)
TOTAL	**(19)**	**(28)**

9. Other non-operating income (expense)

MILLION EUROS	2004	2003
Exchange gains (losses)	7	37
Revaluation gains (losses) on financial instruments	1	(34)
Write-downs / impairment losses on other investments	(3)	(1)
Interest portion of interest-bearing provisions	(40)	(44)
Miscellaneous non-operating income (expenses)	(2)	(1)
TOTAL	**(37)**	**(43)**

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 EUROS	2004	2003
Current tax expense	(84)	(102)
Deferred tax expense/income	123	(33)
Total income tax (expense)/income in income statement	**39**	**(135)**

Relationship between tax expense and accounting profit
Summary 2004

MILLION EUROS	BASIS FOR TAX COMPUTATION	TAX EXPENSE /TAX INCOME	TAX RATE
Accounting profit before tax and before consolidation entries	(107)	(39)	36.45%
Consolidation entries (mainly related to intercompany dividends)	(76)		
Accounting profit before tax	(183)	(39)	21.31%

10. Income taxes
continued

Reconciliation of effective tax rate

MILLION EUROS	BEFORE CONSOLIDATION ENTRIES	CONSOLIDATION ENTRIES	AFTER CONSOLIDATION ENTRIES
Accounting profit before tax	(107)	(76)	(183)
Theoretical income tax expense	(52)	0	(52)
Theoretical tax rate (*)	**48.60%**		**28.42%**
Disallowed items	9		9
Amortization goodwill not deductible for tax purposes	4		4
Impact of special tax status:			
Belgian co-ordination center	(22)		(22)
Tax free income related to dividend exemption	(30)		(30)
Taxable write-downs on shares	1		1
Tax credit resulting from investment deduction	(5)		(5)
Tax expense due to tax audits	4		4
Tax losses used for which no deferred tax asset has been recorded	(1)		(1)
Tax losses for which no deferred tax asset has been recorded	8		8
Tax income recorded on losses from previous years	(1)		(1)
Divestiture Consumer Imaging			
Disallowed items resulting from the loss on the sale of shares of CI Hold Co to AgfaPhoto	160		160
Release of deferred tax balances on the carved-out net assets Consumer Imaging	(6)		(6)
Deferred tax assets related to a tax plan: based on an estimated loss on the investment in Agfa-Gevaert AG	(108)		(108)
Actual income tax expense / (income)	(39)		(39)
Effective tax rate			**21.31%**

10. Income taxes
continued

Summary 2003

MILLION EUROS	BASIS FOR TAX COMPUTATION	TAX EXPENSE /TAX INCOME	TAX RATE
Accounting profit before tax and before consolidation entries	584	135	23.12%
Consolidation entries (mainly related to intercompany dividends)	(127)		
Accounting profit before tax	457	135	29.54%

Reconciliation of effective tax rate

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

10. Income taxes
continued

Deferred tax assets and liabilities

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

MILLION EUROS	DEC. 31, 2004			DEC. 31, 2003		
	ASSETS	LIABILITIES	NET	ASSETS	LIABILITIES	NET
Intangible assets	50	9	41	58	5	53
Property, plant and equipment	10	53	(43)	-	105	(105)
Investments	(3)	-	(3)	-	1	(1)
Inventories	34	9	25	44	13	31
Receivables	57	5	52	62	9	53
Provisions	61	3	58	74	3	71
Liabilities for post-employment benefits	49	30	19	53	24	29
Other current assets & other liabilities	5	70	(65)	55	65	(10)
Deferred tax assets and liabilities related to temporary differences	263	179	84	346	225	121
Tax loss carry-forwards	165	-	165	37	-	37
Excess tax credits	24	-	24	21	-	21
Deferred tax assets/liabilities	452	179	273	404	225	179
Set off of tax	(142)	(142)	-	(193)	(193)	-
Net tax assets/liabilities	**310**	**37**	**273**	**211**	**32**	**179**

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of ‘tax loss carry-forwards’ for an amount of 19 million Euros (2003: 14 million Euros) because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

10. Income taxes
continued

Movement in temporary differences during 2004

MILLION EUROS	DEC. 31, 2003	RECLASSI-FICATION	CHANGE OF PERI-METER (NOTE 2)	RECOG-NIZED IN INCOME	TRANS-LATION DIFFE-RENCES	DEC. 31, 2004
Intangible assets	53	-	(8)	(4)	-	41
Property, plant and equipment	(105)	52	(6)	16	-	(43)
Investments	(1)	-	-	(2)	-	(3)
Inventories	31	-	-	(6)	-	25
Receivables	53	-	1	10	(12)	52
Provisions	71	-	-	(12)	(1)	58
Liabilities for post-employment benefits	29	-	-	(8)	(2)	19
Other current assets & other liabilities	(10)	(52)	-	(2)	(1)	(65)
Deferred tax assets and liabilities related to temporary differences	121	-	(13)	(8)	(16)	84
Tax loss carry-forwards	37	-	-	128	-	165
Excess tax credits	21	-	-	3	-	24
Deferred tax assets/liabilities	**179**	**-**	**(13)**	**123**	**(16)**	**273**

11. Personnel expenses

Personnel expenses in 2004 amounted to 1,167 million Euros compared to 1,356 million Euros in 2003. The breakdown of personnel expenses is as follows :

MILLION EUROS	2004	2003
Wages and Salaries	916	1,074
Social Expenses	251	282
TOTAL	**1,167**	**1,356**

The average number of employees in equivalent heads for 2004 amounted to 16,224 (2003: 18,608). Classified per corporate function, this average can be presented as follows :

	2004	2003
Manufacturing / Engineering	5,849	6,891
R & D	1,433	1,528
Sales & Marketing	5,758	6,591
Administration	3,184	3,598
TOTAL	**16,224**	**18,608**

12. Intangible assets

MILLION EUROS	ACQUIRED CONCESSIONS, INDUSTRIAL PROPERTY RIGHTS, SIMILAR RIGHTS, ASSETS AND LICENSES THEREUNDER	ACQUIRED GOODWILL	ADVANCE PAYMENTS TO ACQUIRE INTANGIBLE ASSETS	TOTAL
Gross carrying amount				
December 31, 2003	**161**	**460**	**1**	**622**
Exchange differences	(5)	(11)	-	(16)
Change in consolidation scope	43	39	-	82
Divestiture of Agfa Monotype Corp.	-	(7)	-	(7)
Capital expenditures	11	-	1	12
Retirements	(3)	(82)	-	(85)
Divestiture of Consumer Imaging	(22)	-	(1)	(23)
Transfers	-	-	-	-
Gross carrying amount				
December 31, 2004	**185**	**399**	**1**	**585**
Accumulated amortization, write-downs and impairment losses December 31, 2003	**97**	**200**	**-**	**297**
Exchange differences	(4)	(5)	-	(9)
Change in consolidation scope	2	-	-	2
Divestiture of Agfa Monotype Corp.	-	(4)	-	(4)
Amortization and write-downs during the year	27	29	-	56
Impairment loss Consumer Imaging	11	-	1	12
Retirements	(2)	(82)	-	(84)
Divestiture of Consumer Imaging	(22)	-	(1)	(23)
Transfers	-	-	-	-
Accumulated amortization, write-downs and impairment losses December 31, 2004	**109**	**138**	**-**	**247**
Net carrying amount Dec. 31, 2003	**64**	**260**	**1**	**325**
Net carrying amount Dec. 31, 2004	**76**	**261**	**1**	**338**

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

13. Property, plant and equipment

MILLION EUROS	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 Dec. 31, 2003	**657**	**2,100**	**312**	**100**	**3,169**
Exchange differences	(5)	(19)	(4)	-	(28)
Change in consolidation scope	40	53	12	1	106
Divestiture of Agfa Monotype Corp	-	(2)	-	-	(2)
Capital expenditures	3	36	23	38	100
Retirements	(100)	(190)	(53)	(3)	(346)
Divestiture of Consumer Imaging	(135)	(490)	(44)	(7)	(676)
Transfers	4	85	2	(92)	(1)
Gross carrying amount Dec.31, 2004	**464**	**1,573**	**248**	**37**	**2,322**
Accumulated depreciation, write-downs and impairment losses December 31, 2003	**456**	**1,846**	**251**	**-**	**2,553**
Exchange differences	(2)	(11)	(3)	-	(16)
Change in consolidation scope	4	19	8	-	31
Divestiture of Agfa Monotype Corp	-	(1)	-	-	(1)
Depreciation and write-downs during the year	13	81	25	-	119
Impairment loss	1	2	-	-	3
Impairment loss Consumer Imaging	30	52	10	7	99
Retirements	(80)	(184)	(44)	-	(308)
Divestiture of Consumer Imaging	(134)	(491)	(44)	(7)	(676)
Transfers	-	(1)	-	-	(1)
Accumulated depreciation, write-downs and impairment losses December 31, 2004	**288**	**1,312**	**203**	**-**	**1,803**
Net carrying amount Dec. 31, 2003	**201**	**254**	**61**	**100**	**616**
Net carrying amount Dec. 31, 2004	**176**	**261**	**45**	**37**	**519**

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

The Group leases buildings, infrastructure and production equipment under a number of finance lease agreements. At the end of the lease term the Group has the option to purchase the leased asset at a beneficial price. As of December 31, 2004 the net carrying amount of fixed assets held under finance leases amounted to 22 million Euros (2003: 12 million Euros). The leased assets secure lease obligations (note 21). Lease payments do not include contingent rent.
The Group, as lessor, included assets subject to operating leases in its balance sheet under the caption 'Other Equipment'. The depreciation of these assets is consistent with the Group's normal depreciation policy. At the end of December 2004, the assets subject to operating leases have a total net carrying amount of 107 million Euros (2003: 20 million Euros).
The future minimum lease income under non-cancellable operating leases is presented in note 25.

14. Investments

MILLION EUROS	INVESTMENTS IN SUBSIDIARIES	INVESTMENTS IN OTHER AFFILIATED COMPANIES: ASSOCIATED COMPANIES	INVESTMENTS IN OTHER AFFILIATED COMPANIES: OTHER COMPANIES	OTHER SECURITIES	OTHER LOANS	TOTAL
Gross carrying amount December 31, 2003	**-**	**34**	**1**	**28**	**12**	**75**
Change in consolidation scope	-	-	-	14	-	14
Exchange differences	-	-	-	-	-	-
Other additions	-	-	-	3	-	3
Retirements	-	(1)	-	-	(6)	(7)
Divestiture of Consumer Imaging	-	-	-	(4)	(2)	(6)
Share in result of associated companies	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Gross carrying amount December 31, 2004	**-**	**33**	**1**	**41**	**4**	**79**
Accumulated write-downs and impairment losses Dec. 31, 2003	**-**	**33**	**-**	**10**	**-**	**43**
Exchange differences	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-
Impairment losses	-	-	-	2	-	2
Divestiture of Consumer Imaging	-	-	-	(3)	-	(3)
Retirements	-	(1)	-	-	-	(1)
Accumulated write-downs and impairment losses Dec. 31, 2004	**-**	**32**	**-**	**9**	**-**	**41**
Net carrying amount Dec. 31, 2003	**-**	**1**	**1**	**18**	**12**	**32**
Net carrying amount Dec. 31, 2004	**-**	**1**	**1**	**32**	**4**	**38**

15. Other non-current receivables

The purchase price for the divestiture of Consumer Imaging, being 112 million Euros, will be settled by means of a “vendor note” for the same amount. The “vendor note” is repayable in four years and is fully secured by a lease portfolio of 175 million Euros. The 175 million Euros is the net book value of the lease receivables that were transferred to AgfaPhoto. The vendor note will bear 10% interest annually.

16. Inventories

MILLION EUROS	2004	2003
Raw materials and supplies	78	118
Work in process, finished goods and goods purchased for resale	497	692
Advance payments	1	3
TOTAL	**576**	**813**

Accumulated write-downs on inventories decreased by 19 million Euros during 2004 (2003: decrease 13 million Euros).
The cost of inventories recognized as an expense in the income statement was as follows :

MILLION EUROS	2004	2003
Cost of raw materials, supplies and goods purchased for resale	1,252	1,366
Cost of services purchased	69	80
TOTAL	**1,321**	**1,446**

17. Other receivables and other assets

MILLION EUROS	2004	2003
Receivables under finance leases	249	432
Claims for tax refunds	69	68
Accrued interest on loans receivable	1	2
Short-term loans receivable	1	-
Other	71	67
TOTAL	**391**	**569**

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 257 million Euros as of December 31, 2004 (2003: 450 million Euros) and will bear interest income until their maturity dates of 28 million Euros (2003: 51 million Euros). As of December 31, 2004 the write-downs on the receivables under finance leases amounted to 8 million Euros (2003: 18 million Euros).
The decrease in the lease portfolio is explained by the divestiture of Consumer Imaging (note 3).

The receivables under finance leases are as follows:

MILLION EUROS	2004			2003		
	TOTAL FUTURE PAYMENTS	UNEARNED INTEREST INCOME	PRESENT VALUE	TOTAL FUTURE PAYMENTS	UNEARNED INTEREST INCOME	PRESENT VALUE
Not later than one year	115	15	100	194	26	168
Between one and five years	163	12	151	306	25	281
Later than five years	7	1	6	1	-	1
TOTAL	**285**	**28**	**257**	**501**	**51**	**450**

17. Other receivables and other assets
continued

The Group leases out its commercial equipment under finance leases via Agfa Finance (i.e. Agfa Finance N.V. and its subsidiaries) and its entities in North America, i.e. Agfa Corporation (USA) and Agfa Inc. (Canada). In 2004 Agfa-Gevaert Ltda. (Chile) also offered two lease contracts to its customers. At the inception of the lease, the present value of the minimum lease payments amounts to at least 95% of the fair value of the leased assets. This principle applies to all of the leases concluded with the entities referred to above.

The leases concluded with Agfa Finance typically run for a non-cancellable period of four years. As of December 31, 2004 its portfolio mainly (96%) relates to the business segments Graphic Systems and HealthCare. 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 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, 2004, the present value of the total future lease payments amounted to 166 million Euros.

The leases offered by Agfa Corporation relate to the business segments Graphic Systems and HealthCare and have an average lease term between 54 and 60 months. The options at the end of these contracts are to purchase, to renew or to return the leased equipment at a value which is expected to be the fair value at the date the option becomes exercisable. However, a large portion of the leases offered by Agfa Corporation has a one dollar purchase option at the end of the term. As of December 31, 2004 the present value of the total future lease payments amounted to 85 million Euros.

Agfa Inc. primarily offers lease contracts related to equipment of the business segment HealthCare. The average lease term for these contracts is 48 months. At the end of the lease term, there is a purchase option for 1 Canadian Dollar on all the lease contracts. As of December 31, 2004 the present value of the total future lease payments amounted to 5 million Euros.

In 2004, Agfa-Gevaert Ltda. (Chile) has offered two lease contracts to its customers. Agfa Chile first sold the equipment to a financial institution and then leased it back. The fair value of the leased asset is paid back by its customers 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. As of December 31, 2004, the present value of the total future lease payments amounted to 1 million Euros.

18. Cash and cash equivalents

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

MILLION EUROS	2004	2003
Marketable securities and other instruments	5	3
Cash on hand, demand deposits and checks	288	394
Total Cash and cash equivalents as reported in the Balance Sheet	**293**	**397**
Accounts receivable under cash management agreements (reported in the balance sheet as other receivables)	1	-
Liabilities under cash management agreements (reported in the balance sheet as Miscellaneous liabilities)	(2)	(2)
Revaluation financial assets available-for-sale	(2)	(1)
Total Cash and cash equivalents as reported in the Cash Flow Statement	**290**	**394**

19. Shareholders´ equity

The various components of Shareholders' Equity and the changes therein from December 31, 2003 to December 31, 2004 are presented in the Consolidated Statements of Shareholders' Equity.

Capital stock
The issued capital of the Company as of December 31, 2004 amounts to 140 million Euros, represented by 128,800,000 fully paid ordinary shares without par value. On May 25, 2004, the extraordinary general shareholders' meeting decided to cancel 11,200,000 shares currently held by the Company. No gain or loss was recognised on the cancellation of the Company's own shares. The cancelled own shares remain to be presented in equity.

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, 2004 the Group held 2,745,320 (2003: 14,000,000) of the Company's shares. During 2004, 54,680 stock options covered by own shares were exercised.

Revaluation reserve
In order to manage the price risk on its Long Term Incentive Plan (tranche n° 2) the Company deposited 10.2 million Euros, pledged in favour of an investment banker. This available-for-sale financial asset was revalued to fair value with cumulative changes taken into the revaluation reserve (December 31, 2004 : +2 million Euros).

The revaluation reserve moreover comprises the revaluation of our investment in Medivision Medical Imaging Ltd. (December 31, 2004: -1 million Euros).

Hedging reserve
The Group designated currency option contracts and forward exchange contracts as 'cash flow hedges' of its foreign currency exposure in USD and HKD related to forecasted sales over the following 6 months. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (December 31, 2004: +1 million Euros) (note 24).

19. Shareholders´ equity continued

In order to manage its interest rate exposure, the Group designated interest rate swaps as 'cash flow hedges'. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (December 31, 2004: -0.2 million Euros) (note 24).

Translation differences

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

Minority interest

The increase in minority interest from the acquisition of the Lastra Group (Lastra Attrezature S.r.l. 40% minority interest) was mainly compensated by the increase of the Company's investment in Agfa Gevaert AG to 100%.

Dividends

On March 10, 2005 a dividend of 75.6 million Euros (0.6 Euro per ordinary share) has been recommended by the Board of Directors, but has not yet been approved by the General Meeting of Shareholders of Agfa-Gevaert N.V. and is therefore not provided for.

20. 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, 2004, the Group's total net liability for post-employment and long-term benefit plans amounted to 727 million Euros (799 million Euros at December 31, 2003), comprised as follows:

MILLION EUROS	DEC. 31, 2003	DEC. 31, 2004
Net liability for material countries	584	526
Net liability for termination benefits	182	158
Net liability for non-material countries	33	43
Total net liability	**799**	**727**

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 2004, the defined contribution plan expense for the Group's material countries amounted to 14 million Euros (15 million Euros in 2003).
In Germany, employees of Agfa-Gevaert AG and of Agfa Deutschland Vertriebsgesellschaft mbH & Cie are members of the Bayer Pensionskasse. The Bayer Pensionskasse is a multi-employer plan accounted for as if it were a defined contribution plan (IAS 19 .30 (a)). The plan is a defined

20. Employee benefits continued

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.

Defined Benefit Plans
For the defined benefit plans, the total expense for 2004 for the Group's material countries amounted to 23 million Euros (39 million Euros for 2003):

MILLION EUROS	2003			2004		
	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	35	5	40	32	4	36
Interest cost	95	7	102	93	6	99
Expected return on assets	(56)	0	(56)	(61)	0	(61)
Recognized past service cost	(0)	(6)	(6)	0	(6)	(6)
Amortization of unrecognized (Gain)/Losses	16	0	16	14	(3)	11
(Gain)/Losses on settlements or curtailments	(55)	(2)	(57)	(43)	(13)	(56)
Net periodic pension cost	**35**	**4**	**39**	**35**	**(12)**	**23**

The change in net liability recognized during the years 2003 and 2004 is set out in the table below.

MILLION EUROS	2003			2004		
	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	500	104	604	492	92	584
Net periodic pension cost	35	4	39	35	(12)	23
Employer contributions	(97)	(4)	(101)	(71)	(4)	(75)
Change in accounting policy	55	0	55	0	0	0
Currency effects: charge or (credit)	(1)	(12)	(13)	(2)	(4)	(6)
Net liability at December 31	**492**	**92**	**584**	**454**	**72**	**526**

The defined benefit obligation, plan assets and funded status for the Group's material countries are shown below.
At December 31, 2004, the total defined benefit obligation for the Group amounted to 1,835 million Euros (1,757 million Euros at December 31, 2003). Of this amount, 1,076 million Euros (1,020 million Euros at December 31, 2003) related to wholly or partly funded plans and 759 million Euros (737 million Euros at December 31, 2003) related to unfunded plans.
In 2003, it was decided that the indexation on the pension benefits provided by the Bayer Pensionskasse would be accounted for as a defined benefit plan under IAS19.

20. Employee benefits continued

For 2004, the settlement or curtailment mainly relates to the divestiture of Consumer Imaging (note 3).

MILLION EUROS	2003			2004		
	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	1,703	112	1,815	1,658	99	1,757
Service cost, exclusive of employee contributions	35	5	40	32	4	36
Employee contributions	2	0	2	5	0	5
Interest cost	95	7	102	93	6	99
Benefit payments	(90)	(4)	(94)	(101)	(4)	(105)
Past service cost	0	0	0	0	0	0
Settlement or curtailment	(55)	(2)	(57)	(51)	(13)	(64)
Change in accounting policy	55	0	55	0	0	0
Actuarial (gains)/losses	10	(4)	6	137	10	147
Currency effects: charge or (credit)	(97)	(15)	(112)	(33)	(7)	(40)
Defined benefit obligation at December 31	**1,658**	**99**	**1,757**	**1,740**	**95**	**1,835**
Change in Plan Assets						
Fair value of assets at January 1	785	0	785	810	0	810
Employer contributions	97	4	101	71	4	75
Employee contributions	2	0	2	5	0	5
Actual return on assets	87	0	87	114	0	114
Benefit payments	(90)	(4)	(94)	(101)	(4)	(105)
Currency effects: (charge) or credit	(71)	0	(71)	(23)	0	(23)
Fair value of assets at Dec. 31	**810**	**0**	**810**	**876**	**0**	**876**
Funded Status at December 31						
Funded status	(848)	(99)	(947)	(864)	(95)	(959)
Unrecognized net (gain) or loss	356	23	379	410	33	443
Unrecognized past service cost	0	(16)	(16)	0	(10)	(10)
Net (liability) at Dec. 31	**(492)**	**(92)**	**(584)**	**(454)**	**(72)**	**(526)**

20. Employee benefits continued

Principal actuarial assumptions at balance sheet date (weighted averages)

	DEC. 31, 2003	DEC. 31, 2004
Discount rate	5.6%	5%
Expected return on plan assets	7.4%	7.4%
Future salary increases	3.2%	3.2%

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.

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 Euros per share (or higher). For an Initial Investment lower than 22 Euros per share a price equal to 1/13 of the positive difference between 22 Euros per share and the price effectively paid per share had to be paid. In accordance with the program, the warrants are only exercisable as from January 1, 2003 until November 10, 2008, after which date they become null and void. The exercise price of the warrants is equal to 22 Euros.

The following table summarizes information about the stock warrants outstanding at December 31, 2004:

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 outstanding at December 31, 2004	**175,500**

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 of 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 Euros.

20. Employee benefits
continued

The following table summarizes information about the stock options outstanding at December 31, 2004:

Options granted	416,950
Options forfeited during 2001	15,000
Options forfeited during 2002	0
Options forfeited during 2003	17,100
Options forfeited during 2004	193,300
Options exercised during 2004	4,200
Options outstanding at December 31, 2004	**187,350**

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 Euros.

The following table summarizes information about the stock options outstanding at December 31, 2004:

Options granted	522,940
Options forfeited during 2001	19,000
Options forfeited during 2002	0
Options forfeited during 2003	19,000
Options forfeited during 2004	6,200
Options exercised during 2004	50,480
Options outstanding at December 31, 2004	**428,260**

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 Euros.

20. Employee benefits
continued

The following table summarizes information about the stock options outstanding at December 31, 2004:

Options granted	600,300
Options forfeited during 2002	6,300
Options forfeited during 2003	31,500
Options forfeited during 2004	-
Options outstanding at December 31, 2004	**562,500**

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 Euros.

The following table summarizes information about the stock options outstanding at December 31, 2004:

Options granted	567,974
Options forfeited during 2003	0
Options forfeited during 2004	2,800
Options outstanding at December 31, 2004	**565,174**

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 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 Euros.

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 Euros.

20. Employee benefits
continued

The following table summarizes information about the stock options outstanding at December 31, 2004:

Options granted tranche 6	471,380
Options outstanding at December 31, 2004	**471,380**

Options granted tranche 6a	17,500
Options outstanding at December 31, 2004	**17,500**

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

21. Financial liabilities

MILLION EUROS	2004	2003
Non-current liabilities	**247**	**558**
Revolving multi-currency credit facility [1]	226	540
Bank facilities [2]	6	7
Finance lease liabilities [3]	15	11
Current liabilities	**239**	**72**
Unsecured bank facilities [2]	235	71
Finance lease liabilities [3]	4	1

[(1)] **Revolving multi-currency committed unsecured credit facilities**
The Company negotiated revolving multi-currency committed credit facilities maturing in 2006 and 2008 for a total notional amount of 817 million Euros. In general, drawdowns under these lines are made for periods from 1 month up to 1 year. These loan facilities are unsecured.

21. Financial liabilities
continued

The split over the relevant periods is as follows :

MILLION EUROS	NOTIONAL AMOUNT 2004	NOTIONAL AMOUNT 2003	OUTSTANDING AMOUNT 2004	OUTSTANDING AMOUNT 2003	CURRENCY	INTEREST RATE 2004	INTEREST RATE 2003	MATURITY DATE
	-	365	-	152	USD	-	1.35%-1.42%	2004
			-	41	EUR	-	2.35%	
			-	33	AUD	-	1.98%-5.56%	
			-	20	GBP	-	3.65%	
			-	5	INR	-	5.45%-5.75%	
			-	5	TWD	-	1.13%-1.91%	
	377	315	7	91	USD	2.53%-3.48%	1.32%	2006
			79	167	EUR	2.31%-2.37%	2.31%-2.37%	
			7	7	KRW	4.5%	5.35%	
			-	19	AUD	-	5.2%-5.4%	
			4	-	TWD	1.51%-1.57%	-	
			4	-	INR	6.75%-7%	-	
			20	-	GBP	5.1%	-	
	440	40	88	-	USD	2.89%	-	2008
			17	-	AUD	5.69%-5.71%	-	
TOTAL	**817**	**720**	**226**	**540**				

In order to manage its interest rate exposure, the Group has designated interest rate swaps hedging the interest variability on part of the USD loans (note 24).

(2) **Bank facilities**

MILLION EUROS	CURRENCY	2004 OUTSTANDING AMOUNT	2004 INTEREST RATE	2004 MATURITY DATE	2003 OUTSTANDING AMOUNT	2003 INTEREST RATE	2003 MATURITY DATE
Long-term facilities	EURO	6	1.92%-4.11%	2008	-	-	-
	SEK				7	6.30%	Revolving
Total long-term facilities		**6** *			**7**		

* secured by zero-coupon bonds

MILLION EUROS	CURRENCY	2004 OUTSTANDING AMOUNT	2004 WEIGHTED AVERAGE RATE	2004 MATURITY DATE	2003 OUTSTANDING AMOUNT	2003 WEIGHTED AVERAGE RATE	2003 MATURITY DATE
Short-term facilities	Multi-currency	235	3.13%	12/05	71	3.84%	03/04
Total short-term facilities		**235***			**71**		

* partly secured by zero-coupon bonds (9 million Euros)

21. Financial liabilities continued

(3) **Finance Lease Liabilities**

Lease agreements in which the Group is a lessee, give rise to financial liabilities in the balance sheet, equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. These liabilities amounted to 19 million Euros as of December 31, 2004 and will bear interest until maturity date of 10 million Euros.

The financial liabilities are payable as follows :

MILLION EUROS	2004			2003		
	TOTAL FUTURE PAYMENTS	UNEXPIRED INTEREST EXPENSE	PRESENT VALUE	TOTAL FUTURE PAYMENTS	UNEXPIRED INTEREST EXPENSE	PRESENT VALUE
Not later than one year	6	2	4	2	1	1
Between one and five years	16	5	11	10	5	5
Later than five years	7	3	4	10	4	6
TOTAL	**29**	**10**	**19**	**22**	**10**	**12**

22. Miscellaneous liabilities

Miscellaneous liabilities can be presented as follows :

MILLION EUROS	2004	2003
Tax liabilities	63	46
Payroll liabilities	34	37
Liabilities for social expenses	28	33
Accrued interest on liabilities	1	2
Other miscellaneous liabilities	85	87
TOTAL	**211**	**205**

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

23. Provisions

A. Current

MILLION EUROS	ENVIRON-MENTAL	TRADE-RELATED	TAXES	OTHER	TOTAL
Provisions at December 31, 2003	**20**	**107**	**86**	**114**	**327**
Change in consolidation scope	-	1	-	1	2
Provisions made during the year	9	64	49	117	239
Provisions used during the year	(1)	(65)	(57)	(81)	(204)
Divestiture of Consumer Imaging	-	(23)	-	(25)	(48)
Provisions reversed during the year	-	(7)	(2)	(20)	(29)
Translation differences	(1)	(3)	(3)	(2)	(9)
Transfers	(4)	(3)	-	11	4
Provisions at December 31, 2004	**23**	**71**	**73**	**115**	**282**

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 7).
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 litigations with respect to environmental contamination.

B. Non-current

MILLION EUROS	
Provisions at December 31, 2003	**27**
Provisions made during the year	47
Divestiture of Consumer Imaging	(11)
Provisions used during the year	(3)
Provisions reversed during the year	(12)
Translation differences	-
Transfers	(5)
Provisions at December 31, 2004	**43**

24. Derivative financial instruments

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

Foreign currency risk

Recognized assets and liabilities

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the company's functional currency. The currencies giving rise to this risk at December 31, 2004 are primarily US Dollar, Hong Kong Dollar and Pounds Sterling.

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

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

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

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

As of December 31, 2004 the Group was exposed to the following foreign currency risk relating to primary financial instruments forming part of working capital and financial debt:

	DECEMBER 31, 2004		DECEMBER 31, 2003	
MILLION EUROS	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Foreign currency risk	431	558	617	352
Natural covered positions	(83)	(83)	(128)	(128)
Outstanding derivative financial instruments	(287)	(373)	(193)	(169)
Net Residual foreign currency risk	61	102	296	55

Forecasted transactions and firm commitments

The Group designated currency option contracts (notional amount 35 million Euros) and forward exchange contracts (notional amount 35 million Euros) as 'cash flow hedges' of its foreign currency exposure in USD and HKD related to forecasted sales over the following 6 months. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (December 31, 2004: + 1 million Euros).

24. Derivative financial instruments continued

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

MILLION EUROS	DEC. 31, 2004	DEC. 31, 2003
USD denominated bank loans	119	295
Forward exchange contracts	381	205
TOTAL	**500**	**500**

As of December 31, 2004 the hedge of the net investment in Agfa Corporation (USA) has been determined to be effective and as a result the effective portion of the gain on the hedging instruments has been recognized directly in equity (net of tax 92 million Euros).

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The interest rate risk of the Group as of December 31, 2004 was managed via interest rate swaps having a total notional amount of 175 million Euros. The Group designated only part (37 million Euros) of its interest rate swaps as 'cash flow hedges'. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (December 31, 2004: - 0.2 million Euros).

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group does not require collateral in respect of financial assets, except for the long-term loans receivable against AgfaPhoto (note 15).
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are only allowed with counterparties that have high credit ratings.
At balance sheet date there were no significant concentrations of credit risk. The carrying amounts of the financial assets, including derivative financial instruments, in the balance sheet reflect the maximum exposure to credit risk.

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

In 2001, the Company negotiated an Equity Swap transaction in order to partially hedge the potential price exposure relating to the shares subject to its stock option plan (Long Term Incentive Plan tranche n° 3; note 20B). This transaction was designated as a fair value hedge with changes in the fair value of both the hedged item and the hedging instrument recognized in the income statement.

24. Derivative financial instruments continued

Fair values – Notional amounts

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

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

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

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

MILLION EUROS	NOTIONAL OR CONTRACTUAL AMOUNT		FAIR VALUE	
	DEC. 31, 2004	DEC. 31, 2003	DEC. 31, 2004	DEC. 31, 2003
Forward Exchange contracts	1,111	691	6	6
Currency options	35	265	1	13
Currency swaps	-	30	-	6
Interest rate instruments	175	568	(1)	(10)
Other derivative financial intsruments	7	6	4	3
TOTAL			**10**	**18**

Securitization of trade receivables

For several years the Group has an agreement with an International Bank whereby trade receivables amounting to 61 million Euros are sold.

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 EUROS	2004	2003
Not later than one year	26	42
Between one and five years	50	80
Later than five years	5	17
TOTAL	**81**	**139**

25. Operating Leases
continued

Leases as lessor

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

MILLION EUROS	2004	2003
Not later than one year	15	15
Between one and five years	23	20
Later than five years	-	3
TOTAL	**38**	**38**

26. Commitments and contingencies

MILLION EUROS	2004	2003
Issuance and endorsement of bills	5	12
Guarantees	18	12
Warranties	3	4
Other	5	9
TOTAL	**31**	**37**

Total purchase commitments in connection with major capital expenditure projects for which the respective contracts have already been awarded or orders placed amounted to 5 million Euros as of December 31, 2004 (2003: 2 million Euros).

27. Related party transactions

Transactions with Directors and members of the Executive Committee

The remuneration of the Executive Committee for 2004 amounted to 4,092,477 Euros (2003: 6,709,830 Euros). Emoluments to retired members of the Executive Committee and their dependents amounted to 1,662,213 Euros (2003: 2,373,650 Euros).
Pension provisions for members and retired members of the Executive Committee, amounting to 18,983,000 Euros, are reflected in the balance sheet of the Group at December 31, 2004.
In 2004, a total remuneration of 696,834 Euros was paid to the members of the Board of Directors (2003: 553,334 Euros).
As of December 31, 2004 there were no loans outstanding to members of the Executive Committee nor to members of the Board of Directors.

Other related party transactions

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

28. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at December 31, 2004 was based on the net loss attributable to ordinary shareholders of 143 million Euros (2003: net profit of 323 million Euros) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2004 of 126,008,540 (2003: 132,045,438).

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

Number of ordinary shares at January 1, 2004	126,000,000
Effect of own shares held	8,540
Weighted average number of ordinary shares at December 31, 2004	126,008,540

	2004	2003
Basic earnings per share (Euro)	**(1.14)**	**2.44**

Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2004 was based on the net loss attributable to ordinary shareholders of 143 million Euros (2003: net profit of 323 million Euros) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2004 of 126,295,625.

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

Weighted average number of ordinary shares at December 31, 2004	126,008,540
Effect of stock options on issue (note 20)	287,085
Weighted average number of ordinary shares (diluted) at December 31, 2004	126,295,625

The average fair value of one ordinary share during 2004 was 22.07 Euros.

	2004	2003
Diluted earnings per share (Euro)	**(1.13)**	**2.44**

29. Group companies

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

INVESTMENTS IN SUBSIDIARIES AND OTHER COMPANIES
AGFA - GEVAERT GROUP

Consolidated Companies, December 31, 2004

NAME OF THE COMPANY	LOCATION	EFFECTIVE INTEREST %
Agfa (Pty.) Ltd.	Isando/Rep. of South Africa	100
Agfa (Wuxi) Imaging co., Ltd.	Wuxi/PR China	99.90
Agfa (Wuxi) Printing Plate Co. Ltd.	Wuxi/PR China	100
Agfa ASEAN Sdn. BHD	Petaling Jaya/Malaysia	100
Agfa België N.V.	Mortsel/Belgium	100
Agfa Corporation	Ridgefield Park/United States	100
Agfa de Mexico S.A. de C.V.	Colonia Escandon/Mexico	99.80
Agfa Deutschland Vertriebsgesellschaft mbH & Cie	Cologne/Germany	100
Agfa Europe N.V.	Mortsel/Belgium	100
Agfa Finance France S.A.	Rueil-Malmaison/France	100
Agfa Finance Italy S.p.a.	Milan/Italy	100
Agfa Finance N.V.	Mortsel/Belgium	100
Agfa Finance Poland Sp.z.o.o.	Warsaw/Poland	100
Agfa Finance Pty. Ltd.	Burwood/Australia	100
Agfa Healthcare Germany GmbH	Bonn/Germany	100
Agfa Hong Kong Ltd.	Hong Kong/PR China	100
Agfa Hungaria Kft.	Budapest/Hungaria	100
Agfa Inc.	Etobicoke/Canada	100
Agfa India Ltd.	Thane/India	100
Agfa Industries Korea Ltd.	Kyunggi-do/South Korea	100
Agfa Korea Ltd.	Seoul/South Korea	100
Agfa Limited	Dublin/Ireland	100
Agfa NDT Ltd.	Coventry/United Kingdom	100
Agfa NDT S.A.	Limonest/France	100
Agfa s.r.o. (Czechia)	Prague/Czech Republic	100
Agfa Singapore Pte. Ltd.	Singapore	100
Agfa Sp. z.o.o.	Warsaw/Poland	100
Agfa Taiwan Co Ltd.	Taipei/Taiwan	100
Agfa-Dotrix N.V.	Ghent/Belgium	100
Agfa-Gevaert A/S (Denmark)	Holte/Denmark	100
Agfa-Gevaert AB (Sweden)	Kista/Sweden	100
Agfa-Gevaert AEBE	Athens/Greece	100
Agfa-Gevaert AG	Leverkusen/Germany	100
Agfa-Gevaert AG/SA	Dübendorf/Switzerland	99.12
Agfa-Gevaert Argentina S.A.	Buenos Aires/Argentina	100
Agfa-Gevaert B.V.	Rijswijk/Netherlands	99.99
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 G.m.b.H.	Vienna/Austria	100

29. Group companies
continued

NAME OF THE COMPANY	LOCATION	EFFECTIVE INTEREST %
Agfa-Gevaert International N.V.	Mortsel/Belgium	100
Agfa-Gevaert Investment Fund N.V.	Mortsel/Belgium	100
Agfa-Gevaert Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited (Australia)	Burwood/Australia	100
Agfa-Gevaert Limited (England)	Brentford/United Kingdom	100
Agfa-Gevaert Ltda. (Chili)	Santiago De Chile/Chile	100
Agfa-Gevaert New Zealand 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	Ramat-Gan/Israel	100
Autologic Information International Inc.	Thousand Oaks/United Sates	100
Autologic Information International Ltd.	St. Albans/United Kingdom	100
Autologic Information International, Ltd.	Thousand Oaks/United States	100
Cea Aktiebolag	Strängnäs/Sweden	100
CEA Deutschland GmbH	Hamburg/Germany	100
Identis S.A.	Rueil-Malmaison/France	57.77
Lastra America Corporation	Jacksonville/United States	100
Lastra Attrezature S.r.l.	Manerbio/Italy	60
Lastra Deutschland GmbH	Hainburg/Germany	100
Lastra Northern Europe B.V.	Etten-Leur/Netherlands	100
Lastra S.p.a.	Manerbio/Italy	100
Luithagen N.V.	Mortsel/Belgium	100
Microgran S.r.l.	Manerbio/Italy	100
Mitra Inc.	Waterloo/Canada	100
New ProImage America Inc.	Princeton/United States	100
New ProImage Ltd.	Or Akiva/Israel	100
OY Agfa-Gevaert AB	Espoo/Finland	100
Plurimetal do Brasil Ltda.	Rio de Janeiro/Brasil	100
Printing Techniques, Ltd.	Northampton/United Kingdom	100
Quadrat N.V.	Mortsel/Belgium	100
Seifert X-Ray Ltd.	Coventry/United Kingdom	100
Shanghai Agfa Imaging Products Co., Ltd.	Shanghai/PR China	100
Société Européenne Eylau S.A.	Artigues près Bordeaux/France	100
Symphonie On Line S.A.	Artigues près Bordeaux/France	100
Talk Technology Inc.	Bensalem/United States	100
Western Lithotech Canada Ltd.	Ontario/Canada	100
Western Lithotech Europe Ltd.	Delaware/United States	100
Xitron Europe Ltd.	Swindon/United Kingdom	100
Xitron, Inc.	Ann Arbor/United States	100

29. Group companies
continued

Subsidiaries not included in the consolidated financial statements, December 31, 2004

NAME OF THE COMPANY	LOCATION	EFFECTIVE INTEREST %
Agfa Argentina S.A.C.I. i.L.	Buenos Aires/Argentina	100
Agfa Deutschland Vertriebsverwaltungsgesellschaft mbH	Cologne/Germany	100
Agfa Holding Germany GmbH	Cologne/Germany	100
Agfa OOO Ltd.	Moscow/Russian federation	100
Agfa-Gevaert Iran S.S.K.	Teheran/Iran	76
Agfa-Gevaert Unterstützungskasse GmbH	Leverkusen/Germany	100
CAWO Photochemische Fabrik GmbH	Schrobenhausen/Germany	100
Cea America Corporation	Ridgefield Park/United States	100
GST Grafic Service Team Verwaltungs GmbH	Leverkusen/Germany	100
GST Grafic-Service-Team GmbH & Co.	Leverkusen/Germany	100
Image Building N.V.	Antwerp/Belgium	70
Mortselse Immobilienvennootschap N.V.	Mortsel/Belgium	100
Tecsa S.A.S.	Les Loges en Josas/France	100

Associated Companies, December 31, 2004

NAME OF THE COMPANY	LOCATION	EFFECTIVE INTEREST %
Antwerp Digital Mainport C.V.	Antwerp/Belgium	12.50
Digiplast N.V.	Mortsel/Belgium	20
Idoc N.V.	Brussels/Belgium	33.33
Lastra Imaging (UK) Ltd	Hertfordshire/United Kingdom	10
Lastra Niraj Pvt Ltd.	Bombay/India	39
Med2Rad	Macerata/Italy	30
Medicalis Corp.	Waterloo/Canada	23
Medivision Medical Imaging Ltd.	Yokneam Elit/Israel	16
PrintCity GmbH & Co. KG	Augsburg/Germany	14.50
PrintCity Verwaltungsgesellschaft mbH	Augsburg/Germany	12.48
Tecnografica S.r.l.	Brugherio/Italy	10

30. Events subsequent to the balance sheet date

On January 13, 2005, the Group acquired all of the shares of GWI. GWI, a private German AG founded in 1990, headquartered in Bonn/Germany, develops and markets administrative and clinical IT solutions for hospitals mainly through its fully integrated and scalable IT solution ORBIS®.

The purchase price consists of an up-front payment of 256.5 million Euros and an earn-out of up to 95 million Euros, dependent on the achievement of specific commercial milestones. The purchase price will be settled in cash. The purchase price is to some extent contingent on events as described in the purchase agreement. The contingent part, being an earn-out of up to 95 million Euros, is assumed to be probable and can be measured reliably and will hence be taken into account as part of the acquisition cost.

The acquisition will be accounted for under the purchase method of accounting and accordingly the results of operations of GWI will be included in the consolidated financial statements of the Group as from January 14, 2005 onwards.

A project is currently being undertaken in order to prepare an opening balance sheet at book value as per January 14, 2005 on an IFRS basis. Further to this, a purchase price allocation project is being initiated aiming at identifying fair value adjustments and valuing the respective items on a fair value basis according to the relevant IAS/IFRS standards. It is expected that the results of these projects will be included in 1st quarter 2005 consolidated financial statements of the Group.

Statutory Accounts

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

Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Agfa-Gevaert Group.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Agfa-Gevaert N.V. for the year ended December 31, 2004 give a true and fair view of the financial position and results of the company in accordance with all legal and regulatory dispositions.

MILLION EUROS		2004	2003
I.	**Operating income**		
A.	Turnover	1,809	1,879
B.	Increase (+); decrease (–) in stocks of finished goods, work and contracts in progress	(37)	(6)
C.	Own construction capitalized	88	98
D.	Other operating income	69	49
Total operating income		**1,929**	**2,020**
II. Operating charges			
A.	Raw materials, consumables and goods for resale		
	1. Purchases	1,108	1,109
	2. Increase (–); decrease (+) in stocks	3	(9)
B.	Services and other goods	295	266
C.	Remuneration, social security costs and pensions	386	418
D.	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	140	148
F.	Increase (+); decrease (–) in provisions for liabilities and charges	1	(26)
G.	Other operating charges	11	12
Total operating charges		**1,944**	**1,918**
III.	**Operating profit**	**(15)**	**102**
IV.	**Financial income**	**240**	**287**
V.	**Financial charges**	**(217)**	**(225)**
VI.	**Profit on ordinary activities before taxes**	**8**	**164**
VII.	**Extraordinary income**	**6**	**99**
VIII.	**Extraordinary charges**	**(400)**	**0**
IX.	**Profit for the period before taxes**	**(386)**	**263**
IXbis.	**B. Transfer to deferred taxation**	**0**	**0**
X.	**Income taxes**	**(2)**	**(25)**
XI.	**Profit for the period**	**(388)**	**238**
XII.	**Transfer to untaxed reserve**	**0**	**0**
XIII.	**Profit for the period available for appropriation**	**(388)**	**238**
Result Appropriation			
A.	Profit to be appropriated	(153)	333
	1. Profit for the period available for appropriation	(388)	238
	2. Profit brought forward	235	95
B.	Transfers from capital and reserves	229	0
C.	Transfers to other reserves	(1)	(3)
D.	1. Profit to be carried forward	0	(235)
F.	Distribution of profit	(75)	(95)

MILLION EUROS		DEC. 31, 2004	DEC. 31, 2003
Assets			
II.	Intangible assets	167	184
III.	Tangible assets	76	75
IV.	Financial assets	3,417	3,269
V.	Amounts receivable after more than one year	16	0
VI.	Stocks and contracts in progress	181	221
VII.	Amounts receivable within one year	304	298
VIII.	Investments	62	277
IX.	Cash at bank and in hand	2	3
X.	Deferred charges and accrued income	9	4
		4,234	**4,331**
Liabilities			
I.	Capital	140	140
II.	Share premium account	107	107
IV.	Reserves	413	855
V.	Profit carried forward	0	235
		660	**1,337**
VII.	Provisions and deferred taxation	148	147
VIII.	Amounts payable after more than one year	722	522
IX.	Amounts payable within one year	2,647	2,275
X.	Accrued charges and deferred income	57	50
		4,234	**4,331**

March 8, 2005

Comments on the annual accounts
The annual accounts, which will be presented to the General Meeting of Shareholders of April 26, 2005 were approved by the Board of Directors.

On the General Meeting, the following topics will be submitted specifically for approval:
The annual accounts will close with a loss to be appropriated for the financial year 2004 of 387,411,081.31 Euros.
Before formulating the proposal for distribution of profit , the Board of Directors reminds of the cancellation of 11.2 million shares in the course of 2004 and records that on December 31, 2004 Agfa-Gevaert N.V. possessed a total of 2.8 million of its own shares. The shares owned by the company on the dividend payable date do not qualify for collection of the dividend. The proposed dividend starts from a distribution of dividends to 126,054,680 shares.

Taking into account the result carried forward of the previous years for an amount of 234,571,294.80 euro and the incorporation of the free reserves for an amount of 229,072,432.86 euro the result of 2004 to be distributed totals 76,232,646.35 euro.

It is proposed to distribute this result as follows:
- a dividend of 75,632,808 Euros, or 60 Eurocents gross per ordinary share (coupon N° 6). For the Belgian shareholders this equals a net dividend of 45 Eurocents per share, after 25% withholding tax payment, payable as of April 27, 2005. For the non-resident shareholders the net dividend can be codetermined by the double tax treaties between Belgium and the different countries. The relevant certificates have to be in our possession not later than May 9, 2005.
- transfer of 599,838.35 Euros to reserves.

On June 22, 2004 the Board of Directors decided to issue a stock option plan for the management, taking into account art. 523 of the Code of Companies. Excerpts from the Minutes of the Board of Directors Meeting: "The Board decides by unanimous vote, yet with the exception of Messrs Verhoeven and Gedopt who did not take part in the consultation, nor in the vote, to approve the issue of Tranche VI of the share options within the company's share options Plan." Messrs Verhoeven and Gedopt declare to have informed the company auditor in writing of their interests.

Klynveld Peat Marwick Goerdeler (KPMG) was paid a fee of 2,125,390 Euros for their services in audit and tax consultancy in the financial year 2004, in addition to their conventional fee as auditor:

- KPMG Tax advisors (in Belgium and abroad)	357,631 Euros
- KPMG Audit mainly for due diligence related services	1,767,759 Euros

Glossary

chemistry-free printing plate
A printing plate that does not require chemical processing after imaging.
see also printing plate and processless printing plate

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

computer-to-film
A process whereby final pages of e.g. newspapers or magazines are digitally imaged onto (transparent) film directly from computer files. The films are then chemically processed and used to produce printing plates.

computer-to-plate
A process whereby imposed pages of e.g. newspapers or magazines are digitally imaged onto printing plates directly from computer files without the intermediate step of film.

cross-modulated screening
see screening

CT (Computed Tomography)
A CT scanner uses a series of x-rays to create image ‘slices’ of the body. Agfa’s product portfolio does not contain CT scanners, but its *hardcopy printers* can be connected to them to have high quality prints and its *PACS* systems are used to manage the digital images.

digital proofing system
A proofing system that generates contract color and imposition proofs using the digital files that will be used to make printing plates.
see also proofing

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

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

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

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

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

IMPAX
see PACS

inkjet printer
Any printer that places extremely small droplets of ink onto paper to create an image, from small ones for office uses over medium ones e.g. for poster printing to large ones for industrial applications.

inkjet printheads
The core of an inkjet printer, containing a series of nozzles that are used to spray drops of ink.

JDF

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

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.

MRI (Magnetic Resonance Imaging)

A medical imager creates a magnetic field around the patient. It creates images by pulsing radio waves that are directed at the parts of the body that need to be examined. Agfa's product portfolio does not contain MRI scanners, but its *hardcopy printers* can be connected to them to have high quality prints and its *PACS* systems are used to manage the digital images.

non-destructive testing

To check the structure and tolerance of materials without damaging or deforming them.

PACS (Picture Archiving and Communication System)

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

phototooling film

A film offering the extreme line sharpness required for miniaturization in printed circuit board manufacturing.

platesetter

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

see also printing plate

prepress

The preparation and processing of content and document files for final output to either analogue or digital plates, including high-resolution scanning of images, colour separation, different types of proofs, etc.

printed circuit board (PCB)

A thin plate on which chips and other electronic components are placed. Computers consist of one or more boards.

printing plate

- analog

  Printing plate consisting of a high-quality aluminum substrate, and a coating designed to respond to relatively high levels of ultraviolet (UV) light energy. An exposed film (see: graphic film) is vacuum contacted with a plate. The UV light source copies the artwork from the film onto the plate, whereby the art or page elements are opaque parts of the film and the rest is transparent. The UV light hits the plate only where the film is transparent. A chemical developing process etches the exposed elements, and leaves unchanged the non-exposed parts. The ink adheres to the exposed—or chemically treated—parts on the printing press.

- digital

  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 analogue 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 analog plates, the digital plates are then chemically processed to create a press-ready plate, though some digital plate technologies are effectively process-free.

processless printing plate

A printing plate that does not require any extra treatment after imaging. This means it is immediately ready for the printing press.

see also printing plate

project management software

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

proofing

- contract proof

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

- imposition proof

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

remote proofing

Remote proofing is when a printer sends a digital file to a customer or designer at a remote site where it is printed on a digital proofing device. That way time is freed up that would have been needed to send the proof to one or several locations for approval.

RIS (Radiology Information System)

A computer-based solution for the planning, follow-up and communication of all the data relating to patients and their examinations in the radiology department, i.e. starting from the moment that an examination is requested up to the radiologist's report. The RIS is strongly linked with the *PACS* (for the images contained in the examinations).

sound recording film

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

screening

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

- Amplitude-modulated screening (AM) places a fixed number of dots on an orthogonal grid. The grid is measured in lines per inch (lpi). The size or amplitude of the dot modulates according to the tonal values of the image. Darker tones generate large dots and brighter highlight areas have smaller dots.
- Frequency Modulated (FM) screening, also known as stochastic screening, modulates the number or frequency of dots rather than the size. The dots are not placed in a fixed pattern but spaced according to the density of the subject matter.
- XM or *cross-modulated screening* uses FM screens in the highlight and shadow areas and AM in the midtones. But it uses a patented technology to smoothly transition from one screen to the other and to calculate the smallest dot a specific press can hold. As a result it provides all the benefits of the combined screening methods without the drawbacks. :Sublima is the first implementation of XM technology, which is patented by Agfa.

screen printing

The printing procedure, during which a metal or nylon gauze puts the ink on the paper, which is made impermeable -by use of stencils- in the non-printing parts.

violet technology

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

wide-format printer

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

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.

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

MILLION EUROS	2004	2003	2002	2001	2000
Net sales	3,762	4,215	4,683	4,911	5,260
Cost of goods sold	(2,265)	(2,449)	(2,705)	(3,119)	(3,171)
Gross profit	**1,497**	**1,766**	**1,978**	**1,792**	**2,089**
Selling expenses	(701)	(790)	(902)	(970)	(1,000)
Research and development expenses	(191)	(233)	(248)	(231)	(224)
General administration expenses	(268)	(297)	(277)	(310)	(279)
Other operating income	540	661	318	294	233
Other operating expenses	(1,004)	(579)	(476)	(839)	(418)
Operating result	**(127)**	**528**	**393**	**(264)**	**401**
Interest income (expense) – net	(19)	(28)	(40)	(63)	(81)
Other non-operating income (expense) – net	(37)	(43)	(57)	(57)	(49)
Non-operating result	**(56)**	**(71)**	**(97)**	**(120)**	**(130)**
Income before income taxes	**(183)**	**457**	**296**	**(384)**	**271**
Income taxes	39	(135)	(99)	133	(96)
Net income of consolidated companies	**(144)**	**322**	**197**	**(251)**	**175**
Minority interest	1	1	-	1	1
Share of results of associated companies	-	-	(3)	(38)	(7)
Net result of the accounting period	**(143)**	**323**	**194**	**(288)**	**169**
Basic Earnings per share (Euro)	(1.14)	2.44	1.39	(2.06)	1.2
Diluted Earnings per share (Euro)	(1.13)	2.44	1.39	(2.06)	1.2

MILLION EUROS	DEC. 31 2004	DEC. 31 2003	DEC. 31 2002	DEC. 31 2001	DEC. 31 2000
Assets					
Non-current assets	**1,011**	**976**	**1,174**	**1,233**	**1,487**
Intangible assets	338	325	456	403	379
Property, plant and equipment	519	616	672	780	994
Investments	38	32	40	49	114
Long-term loans receivable	112	-	-	-	-
Derivative financial instruments	4	3	6	1	-
Current assets	**2,035**	**2,652**	**2,717**	**3,006**	**3,411**
Inventories	576	813	948	1,055	1,293
Trade receivables	744	826	959	1,125	1,316
Other receivables and other assets	391	569	630	580	509
Cash and cash equivalents	293	397	145	224	228
Deferred charges	18	18	30	21	65
Derivative financial instruments	13	29	5	1	-
Deferred taxes	**310**	**211**	**268**	**288**	**172**
Total assets	**3,356**	**3,839**	**4,159**	**4,527**	**5,070**
Equity and liabilities					
Shareholders´ equity	**1,080**	**1,371**	**1,383**	**1,267**	**1,570**
Capital stock of Agfa-Gevaert N.V.	140	140	140	140	140
Share premium of Agfa-Gevaert N.V.	107	107	107	107	107
Retained earnings	1,284	1,056	962	1,281	1,124
Reserves	(264)	(260)	(20)	(5)	-
Net income	(143)	323	194	(288)	169
Translation differences	(44)	5	-	32	30
Minority interest	**2**	**2**	**3**	**1**	**7**
Non-current liabilities	**1,052**	**1,424**	**1,598**	**1,894**	**1,825**
Liabilities for post-employment benefits	727	799	843	879	778
Liabilities for personnel commitments	35	36	39	46	59
Financial obligations more than one year	247	558	665	898	970
Provisions more than one year	43	27	37	57	18
Derivative financial instruments	-	4	14	14	-
Current liabilities	**1,185**	**1,010**	**1,119**	**1,334**	**1,542**
Financial obligations less than one year	239	72	53	168	405
Trade payables	369	304	322	352	281
Miscellaneous liabilities	211	205	249	290	287
Liabilities for personnel commitments	72	85	105	103	117
Provisions less than one year	282	327	380	380	396
Deferred income	5	7	9	31	56
Derivative financial instruments	7	10	1	10	-
Deferred taxes	**37**	**32**	**56**	**31**	**126**
Total equity and liabilities	**3,356**	**3,839**	**4,159**	**4,527**	**5,070**

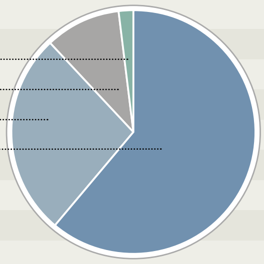
MILLION EUROS	2004	2003	2002	2001	2000
Cash and cash equivalents at beginning of year	**394**	**141**	**223**	**220**	**130**
Operating result	(127)	528	393	(264)	401
Current tax expense	(84)	(102)	(70)	(17)	(116)
Depreciation, amortization and impairment losses	291	216	270	434	286
Changes in fair value of derivative financial instruments	4	3	(8)	9	-
Movement in long-term provisions	(11)	(86)	(76)	91	(38)
(Gains) /losses on retirement of non-current assets	(17)	2	(27)	(27)	(7)
Gains on disposals	(126)	(231)	-	-	-
Loss on Consumer Imaging net assets carved-out	270	-	-	-	-
Tax expense on disposals	46	63	-	-	-
Gross cash provided by operating activities	**246**	**393**	**482**	**226**	**526**
Decrease /(Increase) in inventories	81	80	70	282	(53)
Decrease /(Increase) in trade accounts receivable	(58)	62	125	223	120
Increase / (Decrease) in trade accounts payable	83	7	(17)	52	(7)
Movement in short-term provisions	(34)	(9)	14	(61)	(45)
Movement in other working capital	(13)	(11)	(63)	16	(105)
Net cash provided by operating activities	**305**	**522**	**611**	**738**	**436**
Cash outflows for additions to intangible assets	(12)	(28)	(41)	(26)	(21)
Cash outflows for additions to property, plant and equipment	(100)	(150)	(126)	(160)	(194)
Cash inflows from disposals of intangible assets	1	-	1	1	10
Cash inflows from disposals of property, plant and equipment	55	8	58	50	84
Cash inflows from disposals	129	241	-	-	19
Cash inflows (outflows) from equity and debt instruments	6	6	(72)	(36)	(101)
Cash outflows for acquisitions	(122)	-	(178)	(65)	(116)
Interests and dividends received	18	24	48	45	64
Net cash provided by/(used in) investing activities	**(25)**	**101**	**(310)**	**(191)**	**(255)**
Capital contributions	-	-	-	-	2
Dividend payments to stockholders	(95)	(67)	(32)	(63)	(46)
Repurchase of own shares	-	(253)	(12)	-	-
Net issuances of debt	(231)	19	(261)	(336)	96
Interest paid	(39)	(56)	(87)	(106)	(139)
Other financial flows	(22)	(1)	16	(40)	(10)
Net cash used in financing activities	**(387)**	**(358)**	**(376)**	**(545)**	**(97)**
Change in cash and cash equivalents due to business activities	(107)	265	(75)	2	84
Change in cash and cash equivalents due to change in consolidation scope	-	-	1	-	4
Change in cash and cash equivalents due to exchange rate movements	3	(12)	(8)	1	2
Cash and cash equivalents at end of year	**290**	**394**	**141**	**223**	**220**

Shareholder information

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

Shareholder structure

2%	Treasury Shares
10 %	Highfields Capital Management
27 %	Gevaert
61 %	Free Float



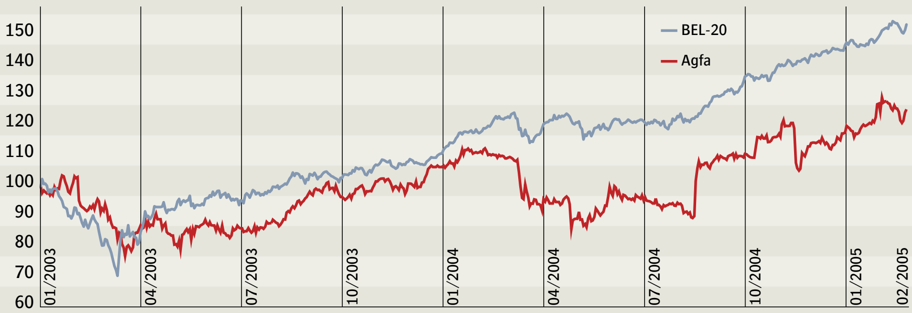
Share information

First day of listing	June 1, 1999
Number of shares outstanding on Dec. 31, 2004	126,054,680
Market capitalization on Dec. 31, 2004	3,215 Mio Euro

IN EURO	2004	2003	2002	2001	2000
Earnings per share (net result)	(1.14)	2.44	1.39	(2.06)	1.21
Net operating cash flow per share	2.42	3.95	4.38	5.27	3.11
Gross dividend	0.60	0.75	0.50	0.23	0.45
Year end price	24.96	22.60	21.25	15.19	25.39
Year's high	25.90	22.71	21.41	25.85	29.16
Year's low	18.24	16.35	12.95	10.90	17.07
Average volume of shares traded/day	364,220	207,507	156,681	136,710	225,084
Weighted average number of ordinary shares*	126,008,540	132,045,438	139,611,425	139,927,261	140,000,000

* shares outstanding, non including treasury shares

Agfa share price against BEL-20



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Financial calendar 2005-2006

Annual General Meeting	April 26, 2005 at 11.00 AM
Extraordinary General Meeting	April 26, 2005 - following on AGM
Payment of Dividend 2004	April 27, 2005
First quarter 2005 results	May 12, 2005
Half year 2005 results	August 18, 2005
Third quarter 2005 results	November 17, 2005
Full year 2005 results	March, 2006
Annual General Meeting	April 25, 2006 at 11.00 AM