AGFA-GEVAERT

ANNUAL REPORT

2015

AGFA

The words in *italic* are explained in the Glossary p 173-176

Dear Shareholder,

We are proud of the strong set of figures we are able to present to you in this 2015 annual report. Notwithstanding the further economic slowdown in several growth markets and the unstable geopolitical situation, we succeeded in stopping the top line erosion. Indeed, for the first time since 2012, we were able to grow our revenue. The modest growth was not only supported by the weaker Euro, but also by the good performance of our growth engines, including Agfa Graphics' inkjet business and Agfa HealthCare's Direct Radiography and IT solutions. This trend reversal is a very positive sign for the future.

CHRISTIAN REINAUDO
CEO OF THE AGFA-GEVAERT GROUP

JULIEN DE WILDE,
CHAIRMAN OF THE BOARD OF DIRECTORS

Besides stopping the top line erosion, we also delivered on the other main targets we set ourselves. Mainly due to the improvement of our gross profit margin, we managed to bring our recurring EBITDA percentage closer to 10 percent of revenue. Our operational improvements and the success of our efficiency programs contributed to the improvement of our profitability. As a result of all this, we delivered a net profit for the third year in a row. Together with the strict management of working capital, the net profit led to a positive cash flow generation and a strong decrease in our net financial debt. This set of results strengthens our belief that the Agfa-Gevaert Group is on the right track to achieve profitable growth in the years to come.

In 2015, we again introduced a number of new products that demonstrate our technological leadership. For its new Enterprise Imaging products, Agfa HealthCare already has a well-filled order book. Also in the healthcare sector, we are building a strong position with our Direct Radiography equipment and the related MUSICA *image-processing software*. In May, we completed this portfolio with the state-of-the-art, fully automated DR 600 X-ray room.

Agfa Graphics showed its ambition to play a major role in the *inkjet* segment of the printing market through the launch of the Jeti Tauro and Jeti Mira *wide-format* print engines. They are the result of three years of intensive development and reflection on our product strategy. These world-class print engines received several awards at different trade shows and continue to convince printers all over the world of their excellent print quality and high production speed. In the *prepress* segment of the printing market, Agfa Graphics introduced the next-generation *chemistry-free violet printing plate* N95-VCF for the newspaper segment. The new plate offers improved robustness and much higher run lengths.

Agfa Specialty Products continued its consolidating strategy in the classic film market segments, which still account for a large part of the business group's recurring revenues. At the same time, the business group is investing in the creation and expansion of future-oriented product families, based on its know-how related to *PET*, coating and chemicals. In 2015, Agfa Specialty Products joined forces with MGI Digital Technology to develop and launch the world's first industrial inkjet solution for the printed electronics market. It also entered into an alliance with Electra Polymers for the development of inkjet solder mask technology.

Let us now take a closer look at the results of our three business groups.

Agfa Graphics

Agfa Graphics succeeded in reversing the downward revenue trend, despite the softness in the emerging markets and the political instability in certain regions.
The top line of the business group was supported by positive currency effects, as well as by the double-digit growth of the inkjet segment, which was mainly due to the successful launch of the new generation of wide-format print solutions and the significant improvement in ink volumes. The strong competitive pressure in the offset markets continued to weigh on the prepress segment's digital *computer-to-plate (CtP)* business. However, the volume trend in the CtP business started to improve towards the end of the year. The analog *computer-to-film (CtF)* business continued to decline strongly.
As Agfa Graphics' structural efficiency measures counterbalanced the competitive pressure effects and the adverse raw material effects, the gross profit margin of the business group remained stable.

Agfa HealthCare

Driven by the business group's growth engines and by positive currency effects, Agfa HealthCare posted a 2.8% revenue growth.
In the Imaging segment's *digital radiography* business (consisting of *Computed Radiography (CR), Direct Radiography (DR)* and the *hardcopy* business), the DR product range posted strong revenue growth.
The hardcopy film product range performed well in the first three quarters of the year. In the fourth quarter, this business was influenced by measures to align the inventory policy at the distributors' level with the economic situation in the emerging markets in general and China and Latin America in particular.
In the IT segment, the Healthcare Information Solutions range performed well. In the field of Imaging IT Solutions, Agfa HealthCare is building momentum with its new Enterprise Imaging solution, especially in North America and Europe.
Mainly due to the success of its efficiency programs, Agfa HealthCare's gross profit margin improved by 1.3%.

Agfa Specialty Products

Agfa Specialty Products' revenue reached 189 million Euro. The good performances of the future-oriented businesses, such as Orgacon Electronic Materials and Synaps Synthetic Paper, as well as the *Printed Circuit Board* business partly counterbalanced the decline of the traditional film product lines.

Trends for the future

In the graphic arts industry, we see a trend towards more customization, especially in the sign & display and the packaging segment of the market. Marketeers are using inkjet printing to boost the creativity of their offering. But also in the info printing segment, printers are looking for a way to move to other technologies, including inkjet. There will still be a need for offset for the long run length printing of newspapers, magazines or books. But when it comes to personalization, customization and flexibility, we see that inkjet is becoming the technology of choice. The Agfa Graphics business group now has a decent market position with its leading wide-format inkjet technology. Starting from this know-how we can cautiously broaden our inkjet activities over time for further profitable growth.

In the healthcare sector, we see that the *Picture Archiving and Communication System* is almost a tool of the past. This radiology software is gradually becoming a part of the global ICS activities of the hospital. When we look at Agfa HealthCare's successes in the US, the UK and the Nordic countries, we can rightly say that we have anticipated very well on this trend.
A second trend in the healthcare sector is what we call integrated care, in which the delivery of care becomes patient centric. This kind of care is not only limited to the hospital environment, but is also taking place outside the hospital, including the GP's medical practice and the patient's home. It is important to capture this trend in an early stage. With our recent investments in TIP Group, an Austrian based specialist in healthcare Business Intelligence and ERP applications, and the US based MPHRx company, a healthcare technology developer focusing on integrated care, we are convinced that Agfa HealthCare has made an important first step.

Looking forward

The Agfa-Gevaert Group has set itself two clear targets for 2016. Firstly, we will build on the achievements of 2015 to reach the ten percent of revenue EBITDA target we have set ourselves for 2016. In spite of the uncertain geopolitical conditions and the continuous economic slowdown in several important growth markets, the second target is to achieve further top line growth. Based on the success of the growth engines, as well as on targeted acquisitions and partnerships, we expect that we will be able to grow our full year revenue to three billion Euro in the medium term.
All our business groups have technology leading products and solutions. We also have the right people and know-how to be successful in our markets. All these elements, combined with the historically low financial debt, will allow us to nurture our external growth initiatives. Therefore, we are confident that we will succeed in growing our company in a profitable way.

We sincerely thank our customers and our distributors for the confidence in our Company. We are committed to continue to serve all of them with the most advanced, high-quality and reliable products and services. We also wish to thank our employees for their strong contribution to the success of the Company and in realizing the 2015 results. Furthermore, we are grateful to our shareholders for their support and their confidence. The good results of the past year clearly demonstrate that we are following the right track with our growth strategy for the successful transformation of the Company. This has also been picked up by the financial markets in 2015, resulting in a positive impact on the valuation of our Company which was translated in a strong performance of the Agfa share. For the continuation of our strategy, we will need all existing financial resources. Therefore, the Board of Directors will propose to the Annual General Assembly of Shareholders not to pay a dividend for 2015.

Julien De Wilde
Chairman of the Board of Directors

Christian Reinaudo
CEO of the Agfa-Gevaert Group

KEY FIGURES

MILLION EURO	**2015**	2014	2013	2012	2011
PROFIT OR LOSS					
Revenue	**2,646**	**2,620**	**2,865**	**3,091**	**3,023**
Change vs. previous year	1.0%	(8.6)%	(7.3)%	2.2%	2.5%
Graphics	1,358	1,355	1,491	1,652	1,596
Share of group sales	51.3%	51.7%	52.0%	53.5%	52.8%
HealthCare	1,099	1,069	1,160	1,212	1,177
Share of group sales	41.5%	40.8%	40.5%	39.2%	38.9%
Specialty Products	189	197	214	227	250
Share of group sales	7.2%	7.5%	7.5%	7.3%	8.3%
Gross profit	842	807	834	869	842
Results from operating activities	161	136	163	96	36
Net finance costs	(74)	(59)	(71)	(85) (3)	(84)
Income tax expense	(16)	(18)	(43)	(20)	(23)
Profit (loss) for the period	**71**	**59**	**49**	**(9)** (3)	**(71)**
Attributable to owners of the company	62	50	41	(19) (3)	(73)
Attributable to non-controlling interests	9	9	8	10	2
Results from operating activities	161	136	163	96	36
Restructuring/non-recurring expenses	(19)	(16)	19	(43)	(93)
Recurring EBIT	180	152	144	139	129
Recurring EBITDA	240	222	224	225	218
CASH FLOW					
Net cash from (used in) operating activities	149	151	107	32	(27)
Capital expenditures (1)	(37)	(37)	(40)	(44)	(60)
STATEMENT OF FINANCIAL POSITION - DECEMBER 31					
Equity	268	146	368	169 (4)	995
Net financial debt	58	126	217	291	267
Net working capital (2)	622	550	699	808	762
Total assets	2,402	2,548	2,568	2,830	2,949
SHARE INFORMATION (EURO)					
Earnings per share (eps)	0.37	0.30	0.25	(0.11) (3)	(0.44)
Net operating cash flow per share	0.89	0.90	0.64	0.19	(0.16)
Gross dividend	0	0	0	0	0
Book value per share	1.36	0.87	2.19	1.01 (3)	5.93
Number of ordinary shares outstanding at year-end	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190
EMPLOYEES (AT YEAR END EXCL. TEMPORARY CONTRACTS)					
Full time equivalent permanent (active)	10,241	10,506	11,047	11,408	11,728

(1) For intangible assets and property, plant and equipment.
(2) Current assets minus current liabilities.
(3) During 2013, the Group has consistently applied its accounting policies used in the previous year, except for its post-employment benefit plans where the measurement of the defined benefit cost and the net defined benefit liability has changed due to the amendments of IAS 19 as stated in in IAS 19 (Revised 2011). As a result, other finance expense for 2012 has been restated by 22 million Euro from 99 million Euro to 77 million Euro. This restatement also impacted the 2012 EPS calculation from minus 0.24 Euro to minus 0.11 Euro.
(4) During 2013, the Group has consistently applied its accounting policies used in the previous year, except for its post-employment benefit plans where the measurement of the defined benefit cost and the net defined benefit liability has changed. The changes fully result from the application of the amendments to IAS 19 as stated in IAS 19 (Revised 2011). As such, the net defined benefit liability at January 1, 2013 has increased by 786 million Euro, being 767 million Euro for the Group's material countries and 19 million Euro for the other countries. This impact has been recorded in equity via retained earnings to the extent related to the changes in the determination of the defined benefit cost for 2012 resulting in an increase of 22 million Euro, the remainder i.e. minus 808 million Euro has been reflected in a separate line item in equity called 'Post-employment benefits: remeasurements of the net defined benefit liability'. The impact of the changes in accounting policy are also reflected in the restated opening balances at January 1, 2012 and the closing balances at December 31, 2012 as well as in the result over 2012. The impact on the closing balances at December 31, 2012 equals the impact at January 1, 2013. The opening balances at January 1, 2012 comprise remeasurements of the net defined benefit liability amounting to 704 million Euro being 687 million Euro for the Group's material countries and 17 million Euro for the other countries.

02

Company Profile

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

Global production and sales network

Agfa's headquarters and parent company are located in Mortsel, Belgium. The Group's operational activities are divided in three independent business groups: Agfa Graphics, Agfa HealthCare and Agfa Specialty Products. All business groups have strong market positions, well-defined strategies and full responsibilities, authority and accountability. Agfa's largest production and research centers are located in Belgium, the United States, Canada, Germany, France, China and Brazil. Agfa is commercially active worldwide through wholly owned sales organizations in more than 40 countries. In countries where Agfa does not have its own sales organization, the market is served by a network of agents and representatives.

02

Agfa Graphics

Agfa Graphics provides commercial, newspaper and packaging printers with the most extensive range of integrated *prepress* solutions, from complete *computer-to-plate* systems and printing plates to color management, workflow automation and security design software. Agfa Graphics also supplies a wide range of *wide-format* digital printing solutions to sign & display companies. Agfa's print engines combine high speed with exceptional print quality and are part of a complete package including dedicated inks as well as workflow automation software. Enabling manufacturers to integrate print into their production processes, Agfa Graphics also develops and manufactures high-performance inks and fluids for various industrial *inkjet* printing applications.

Agfa HealthCare

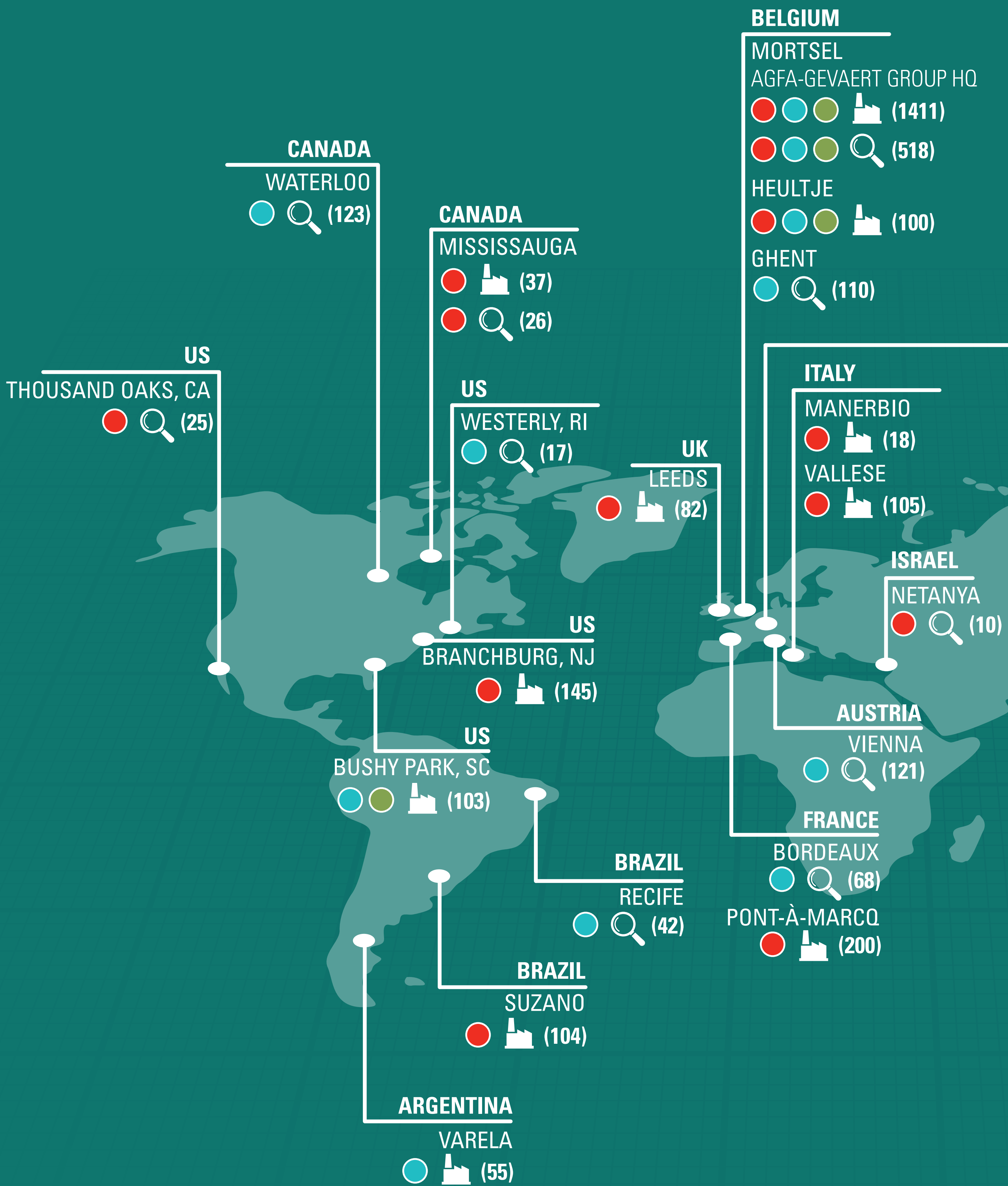
Agfa HealthCare is a leading provider of diagnostic imaging and healthcare IT solutions for hospitals and care centers around the world. The business group is a major player on the diagnostic imaging market, providing analog and digital technology, as well as IT solutions to meet the needs of specialized clinicians. The business group is also a key player on the healthcare information solutions market, integrating the administrative, financial and clinical workflows of individual hospitals and hospital groups. Today, care organizations in over 100 countries rely on Agfa HealthCare's leading technologies, solutions and services to optimize their efficiency and improve patient care.

Agfa Specialty Products

Agfa Specialty Products supplies a wide variety of products to large business-to-business customers outside the graphic and healthcare markets. On the one hand, the business group produces classic film-based products, such as film for *non-destructive testing* and aerial photography, as well as microfilm and film for the production of *printed circuit boards*. On the other hand, Agfa Specialty Products targets promising growth markets with innovative solutions. Examples are synthetic papers, conductive *polymers*, materials for the production of high-security ID documents and *membranes* for hydrogen production.

Agfa,
all over the world

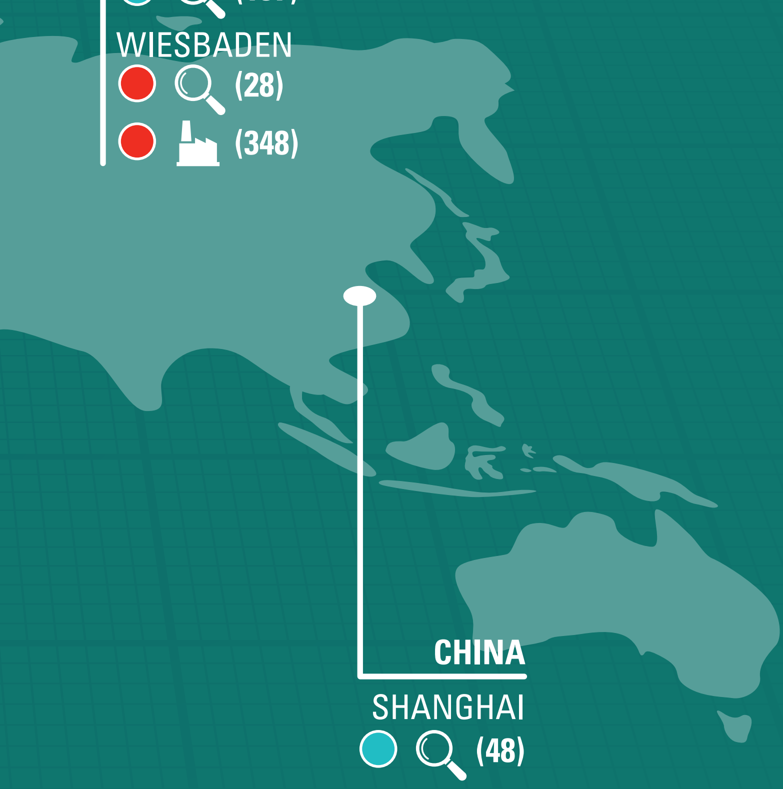
AGFA'S MAJOR MANUFACTURING AND R&D CENTERS



"Agfa is committed to its mission: to be the partner of choice in imaging and information systems in all the markets in which it operates, be it the graphics industry, the healthcare sector or the industrial specialty markets. We do this by offering leading edge technologies, affordable solutions, innovative ways of working, based on our in-depth understanding of the businesses and individual needs of our customers. Investing in innovation and delivering top quality solutions are key in this.

Operating in a responsible, sustainable and transparent way is as important. We are convinced that this is the right approach for the long-term success of our company."

CHRISTIAN REINAUDO,
CEO OF THE AGFA-GEVAERT GROUP



GERMANY

BONN
(17)

MUNICH
(78)

PEISSENBERG
(248)

PEITING
(78)

ROTTENBURG
(21)

SCHROBENHAUSEN
(89)

TRIER
(137)

WIESBADEN
(28)
(348)

CHINA

SHANGHAI
(48)

WUXI (PRINTING)
(134)

WUXI (IMAGING)
(55)

AGFA GRAPHICS

AGFA HEALTHCARE

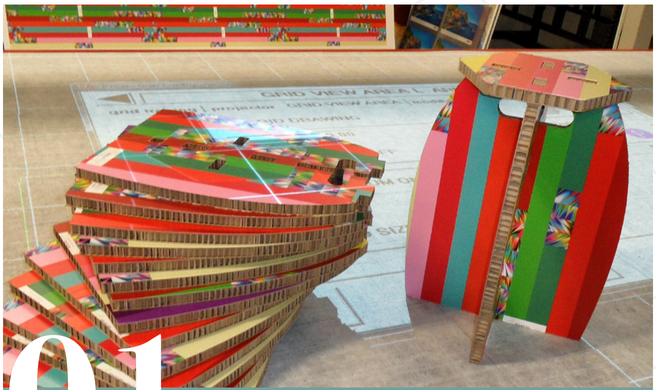
AGFA SPECIALTY PRODUCTS

MANUFACTURING

R&D

(123) **NR OF EMPLOYEES IN R&D OR MANUFACTURING**

Highlights 2015



01

Agfa Graphics adds the Acorta automatic cutting plotter to its Anapurna and Jeti *wide-format* printer portfolio.

03

Agfa HealthCare and Santeos win the contract for the Médiale project, which aims at creating a registry for the medical images produced in care facilities in the French Lorraine region.

04

Agfa Graphics launches the Jeti Tauro and Jeti Mira wide-format print engines. Both *inkjet* print systems combine high productivity with high-quality output.

05

Agfa HealthCare launches the DR 600 fully automated digital X-ray room.

07

Prime Healthcare Services (USA) and Agfa HealthCare sign a multi-million dollar contract for the installation of a minimum of 50 mobile Direct Radiography units.

09

Agfa Graphics introduces N95-VCF, the next-generation *chemistry-free violet printing plate* for the newspaper segment of the industry. It offers improved robustness and much higher run lengths.

09

Agfa HealthCare is selected as one of the approved suppliers in the NHS framework that will speed up and simplify the healthcare IT systems tender process for healthcare providers in the UK.

09

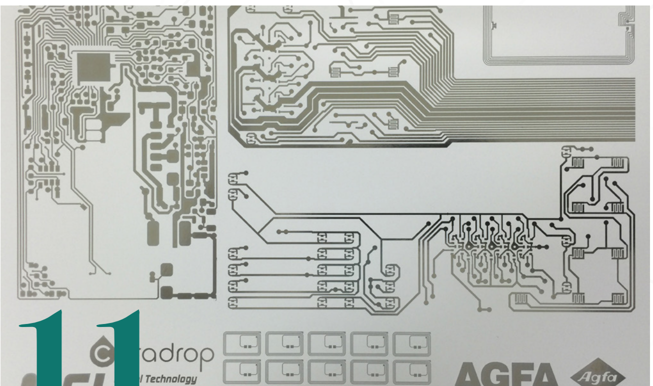
Agfa Specialty Products signs an agreement with Blue Rhine General Trading for the distribution of the Synaps synthetic paper range in the United Arab Emirates.

11

At SGIA Expo, Agfa Graphics wins three Product of the Year awards in the UV category with its Anapurna M2540i, Jeti Mira and Jeti Tauro print engines.

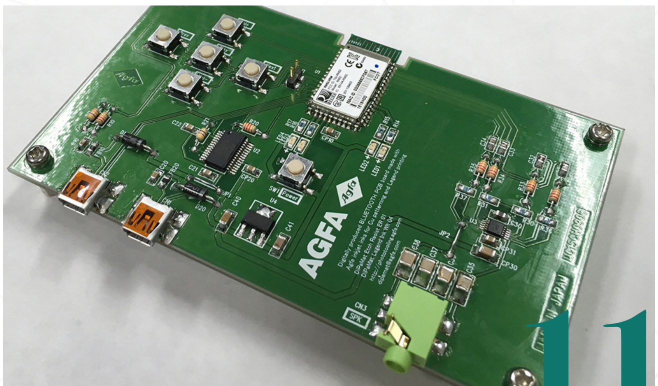
11

Agfa HealthCare announces that it already acquired over 250 agreements for its new Enterprise Imaging solution.



11

Agfa Specialty Products joins forces with MGI Digital Technology to develop and launch the world's first industrial inkjet solution for the printed electronics market.



11

Agfa Specialty Products enters into an alliance with Electra Polymers for the development of inkjet solder mask technology.

Growth

For over 100 years, Agfa-Gevaert has been one of the world leaders in the imaging industry. Since the beginning of this century, however, the industry has been undergoing radical changes. In this period, its analog, film based core technology is largely digitized. This fundamental transformation process has had a lot of implications for the organization, the business model, the innovation policy and the human resources of the company. The transition of the analog film technology to digital solutions is an undeniable fact, although some branches of industry and regions move faster than others. In the graphics industry and the healthcare sector, the analog film markets continue to shrink. This trend was even accelerated by the high raw material prices – silver in particular – in the period 2010-2012. Obviously, it was imperative to adapt the cost structure of our film manufacturing sites to these structural changes in the film industry.

Due to the global economic crisis, the importance of the emerging countries for the growth strategy of Agfa's digital solutions has further increased. Again, this urges Agfa to adapt its human resources, product portfolio and cost structure to these demanding markets. Despite the adverse economic conditions, Agfa-Gevaert has drawn up a targeted growth strategy which is to be realized through organic growth, and – wherever possible – through targeted and well-considered acquisitions.

In the knowledge that its traditional markets are declining, Agfa strives to use its experience and expertise that it has been building over the years, to enter into and grow further in new business domains. In this context, the company invests strongly in the industrial inkjet and healthcare IT growth engines.

Stay Ahead. With Agfa Graphics

Notwithstanding the increasing competition of electronic alternatives, print will remain a powerful and essential value-adding communication tool. Agfa Graphics will therefore continue to promote the position of print in the total communication mix. The business group addresses the trends in the rapidly evolving info printing, sign & display and industrial printing segments of the graphic market with well-defined strategies.

Info printing: offset will remain dominant for years to come

The info printing segment of the graphics industry is the habitat of newspaper printers and commercial printers, which produce magazines, brochures and books. The info printing market is evolving at high pace. While printers in some emerging countries are still converting their *prepress* operations from *computer-to-film (CtF) to computer-to-plate (CtP)* technology, digital printing presses are beginning to find their way to commercial printers in developed countries. Meanwhile, newspapers and magazine publishers also adapt their content to meet the expectations of the users of digital devices such as smartphones and tablets.

In spite of the increasing competition of digital printing technologies on the one hand and digital media on the other hand, offset will remain the dominant technology in the info printing segment for years to come. Print volumes will continue to increase on a global scale. This growth is fully driven by the emerging markets, where the printing industry follows the evolution of the literacy rate and the gross domestic product (GDP).

In addition, companies are outsourcing non time-sensitive print jobs to low-cost countries. In the mature economies, *printing plate* consumption is supported by the increased use of colors and the trend towards more local versions. Today, printing houses continue to invest in new, conventional offset equipment, offering higher efficiency and an improved return on investment. Due to the high costs and the limited range of applications of the current generation of digital printing alternatives, *offset printing* still is the preferred technology for higher volume info printing.

Sign & Display and Industrial printing: inkjet technology is gaining market share

In the Sign & Display industry, the traditional printing technologies are under pressure from *wide-format inkjet* technology. New businesses start with digital printing and existing printing businesses install advanced digital systems, in addition to or in replacement of their traditional technologies. The new technologies help them to boost their efficiency and expand the range of services for their customers. It is commonly accepted that inkjet has won the battle to become the technology of choice for the major part of the industry. Although electronic billboards are also in the ascendant, Agfa Graphics is confident that wide-format inkjet technology will continue its steady growth in the years to come. For industrial printing applications, it is believed that the push of innovative inkjet technologies will be even stronger. After all, glasswork, furniture, flooring, curtains, packaging and labels cannot be replaced by electronic alternatives.

Agfa Graphics' strategy: Innovation, Growth, Cost Efficiency

To be successful in the challenging graphic industry, Agfa Graphics has drawn a clear strategy, based on three pillars: innovation, growth and cost efficiency.

Innovation

Agfa Graphics invests in improving and extending its innovative product offering and its technology position in the fields of prepress and inkjet. In prepress, Agfa Graphics' market-driven innovations are focused on cost efficiency, ecology and convenience. The business group invests in efficient and powerful solutions that allow customers to improve their competitiveness, achieve profitable growth and decrease their ecological footprint.

In inkjet, Agfa Graphics invests in improving and extending its broad range of versatile, high-speed and high-quality wide-format systems and in its extensive range of inks for industrial inkjet applications. Developing high-quality, yet affordable inkjet solutions is key.

Growth

Agfa Graphics is convinced that the prepress market will see further consolidation waves in the years to come. As a current market leader in CtP printing plates, the business group aims to be the driving force behind the consolidation, and to expand its share in a market under pressure. Agfa Graphics also anticipates similar consolidation dynamics in the market for wide-format inkjet systems and strives to expand its market share in this segment. With its range of wide-format solutions, Agfa Graphics has the ambition to become a top three player in the UV-inkjet based sign & display market. Furthermore, the business group aims to establish a solid position with its digital printing inks for industrial applications.

Cost efficiency

Customers rightly demand the highest quality at competitive prices. Therefore, cost efficiency is one of Agfa Graphics' major focus points. A lot of effort goes into structural reforms in its operations, supply chain and distribution channels. The business group continually adapts its operational structure to the evolution in its markets.

Agfa HealthCare: visualising the future of healthcare

Care providers continuously aim for better quality, faster service and increased patient satisfaction. At the same time, however, multiple societal drivers pressure them to do this at a lower cost. Although certain governments are scaling down their healthcare budgets, it is generally acknowledged that digitization and IT are essential to balance quality of care, patient safety and cost-efficiency.

A key driver for the transformation of healthcare is the evolution of the world population. According to forecasts of the United Nations, the world population could grow to over 9.7 billion by 2050. Furthermore, it is expected that by 2050, the percentage of people aged 60 and above could increase from ca. 24% today to ca. 33% in more developed regions and from ca. 10% to ca. 20% in less developed regions. As the need for care is highly correlated with age, this evolution puts pressure on healthcare systems all over the globe to increase productivity in order to manage the growing patient flow in a cost-efficient manner.

Related with the ageing population and the dramatic changes in people's lifestyles is the rapid development of chronic diseases, which results in a paradigm shift from curative healthcare to preventive healthcare and a growing volume of medical diagnostic imaging procedures. Conscious of the need to find solutions that combine quality with cost effectiveness, governments and local authorities are promoting the introduction of digital technologies, IT, *e-health* solutions and integrated care solutions. This is not only the case in the Western world, but also in emerging markets with strong economic growth rates.

IT systems that bundle all relevant patient data, deliver them to the medical staff in a well-organized manner and support the medical decision processes, have become a cornerstone of today's healthcare provision. As a result, authorities and care providers are increasingly investing in *Electronic Patient Records* and *Electronic Health Records* (EPR/EHR).

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

Imaging

Agfa HealthCare strives to leverage its favorable point of departure in radiology departments to assist existing and new customers in their transition from analog systems to *digital radiography* and IT systems. Agfa HealthCare continues to invest in the further expansion of its already broad portfolio of digital radiography solutions to cover the needs of all care providers, from independent imaging centers and small hospitals in emerging countries to leading university hospitals with multiple imaging departments. With its solutions – as well as with its support and service – the business group wishes to give every care organization the opportunity to migrate to digital imaging. With its leading-edge and cost-effective systems for digital radiography, efficiency enhancing software solutions and generic *contrast media*, Agfa HealthCare helps to keep medical imaging affordable for its customers.

IT

Imaging IT Solutions

It is Agfa HealthCare's ambition to be the partner of choice for all types of customers, from small hospitals that want to install digital workflow in their radiology departments to large regional hospital networks in search of optimizing their productivity across their facilities. The business group strives to actively support all its customers to manage their imaging workflow. Furthermore, Agfa HealthCare develops vendor neutral solutions that image-enable the Electronic Health Record (EHR), thus enabling efficient multi-disciplinary collaboration, speeding up diagnosis, and ultimately improving patient care. Furthermore, Agfa HealthCare anticipates on the demand for less invasive visualization technologies with a growing range of revolutionary solutions, such as *virtual colonoscopy* software.

Healthcare Information Solutions

With its *Hospital Information and Clinical Information Systems (HIS/CIS)* and its Enterprise Content Management systems (ECM), Agfa HealthCare helps hospitals to manage their organization in all its aspects. The strategy in Healthcare Information Solutions is twofold. On the one hand, Agfa HealthCare will further enrich its solutions with clinical functionalities and mobile workflows to meet the needs of even the most demanding customers. On the other hand, the business group strives to consolidate its position in its current markets and to gradually introduce its solutions into additional countries.

Integrated Care

In order to deal with the major demographic challenges in modern society and to keep healthcare sustainable, Agfa HealthCare strives to play an important role in the ascent of Integrated Care solutions. These solutions integrate all healthcare providers, social care organizations, patients, and other stakeholders of whole regions and countries in a virtual network. They collect and analyze data from all stakeholders in order to predict and prevent possible healthcare-related complications, including over and under capacity in hospitals and medical errors. They can play a major role in the management of chronic diseases and they can make it possible to detect developing health issues in a population in an early stage. In the future, Integrated Care solutions will help to keep healthcare costs under control, improve the operational efficiencies of care providers and to improve patient care and satisfaction.

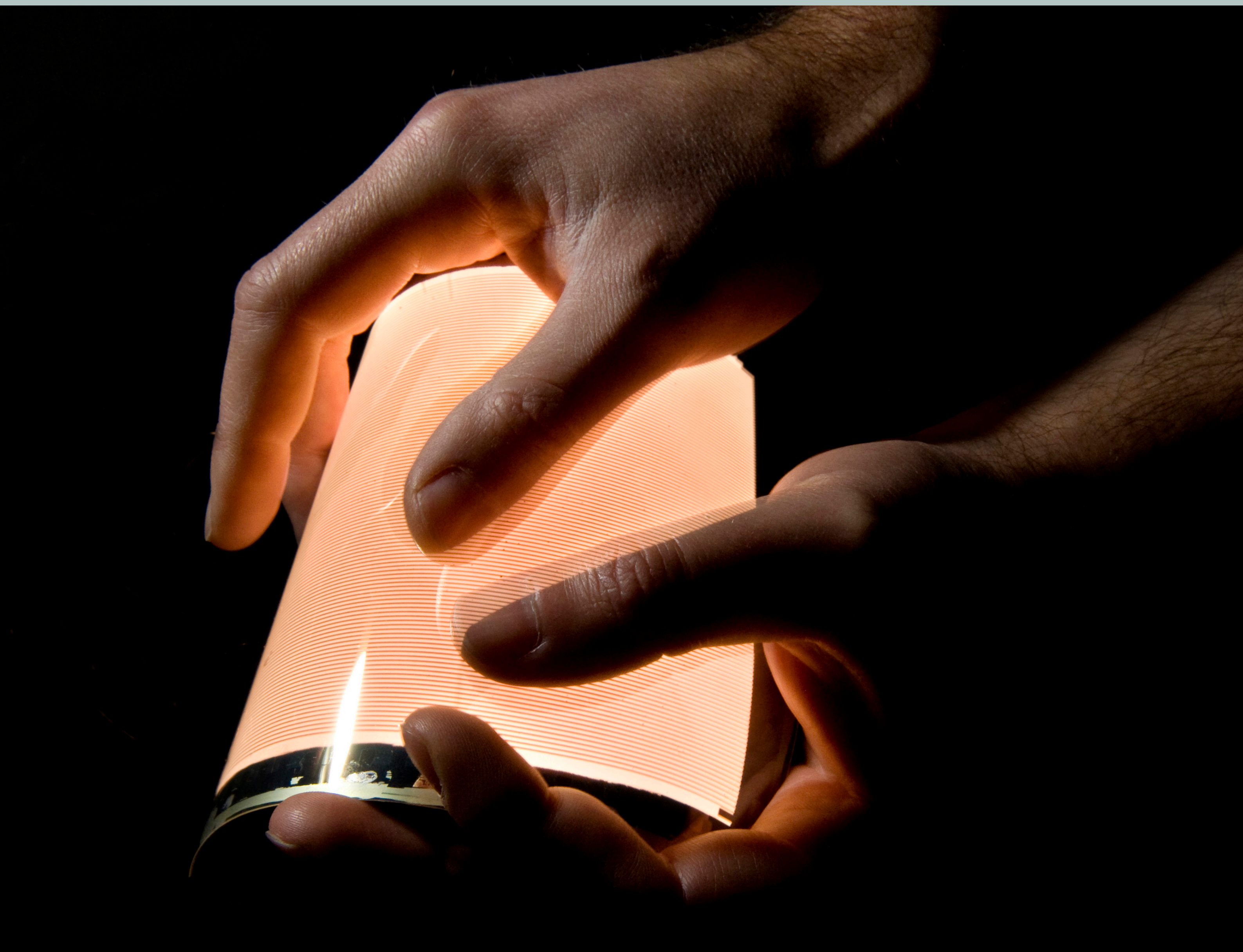
In January 2016, Agfa HealthCare reinforced its ambition to drive the development of integrated care solutions through the acquisition of the Austrian TIP Group and a strategic alliance with the US-based My Personal Health Record Express Inc.

Agfa Specialty Products: Expertise and Innovation.

For most industrial applications, classic film-based technologies are being replaced by digital alternatives. Some industries are ahead of others, but mostly the decline of the film business is continuing steadily. In order to tackle the challenges in its markets, Agfa Specialty Products developed a clear strategy, focused along two axes.

Firstly, Agfa Specialty Products aims at consolidating its position in the Classic Film market segments, which still account for a large part of the business group's recurring revenues. In order to be able to continue to sell its film products in the declining markets, Agfa Specialty Products focuses on cost efficiency and lean manufacturing without compromising on quality. Offering the remaining customers a good product at a competitive price is key. For this purpose, Agfa Specialty Products also entered into long-term supply agreements for film and chemicals with selected business partners.

Secondly, Agfa Specialty Products is investing in the creation and expansion of future-oriented product families, based on its know-how related to *PET*, coating and chemicals. The activities in the fields of Functional Foils and Advanced Coatings & Chemicals are gradually creating a substantial and profitable flow of revenues to complement the recurring revenues from the more traditional film based consumables. In this context, the business group will continue to invest in research and development, marketing and production capabilities.



04

Innovation

Agfa considers innovation as key to realizing its growth strategy, which is described in the previous chapter of this report. Every year, Agfa spends between five and six percent of its revenue on R&D. In recent years, the company also received loans or grants from various international and national organizations and governments to support its R&D strategy. This enabled Agfa to invest in new R&D infrastructure, to start up new projects and to attract new researchers.

04

Agfa Graphics

In 2015, Agfa Graphics further extended and improved its very broad portfolio of *prepress* and *inkjet* products and solutions.

Prepress

In prepress, Agfa Graphics is a major innovator in the field of *thermal* and *violet printing plate* technology, equipment and software.
In the past ten years, the business group has established a position as technology leader in *chemistry-free computer-to-plate (CtP)* technology. This technology reduces the environmental footprint of its users and enhances the efficiency and convenience of their prepress activities.

In 2015, the business group introduced N95-VCF, the next-generation chemistry-free violet printing plate for the newspaper segment of the industry. Among other advantages, the new plate offers improved robustness and much higher run lengths. Also for newspaper printers, Agfa Graphics launched a new range of high-speed equipment, including the Attiro VHS *clean-out unit* for chemistry-free printing plates and the Advantage N TR VHS *platesetter*. Producing up to 400 printing plates per hour, the platesetter allows publishers to use their equipment more efficiently and to deliver their latest news and last-minute offers with sharper production deadlines.

Targeted at both the commercial printing and the sign & display markets, Agfa Graphics launched a new version of its StoreFront cloud-based web-to-print workflow system. StoreFront allows printers to set up e-stores and to reach new markets on-line.

Agfa Graphics is also an innovator in the security printing industry. In 2015, the business group introduced two major innovations in this field. Fortuna 9 is a new version of the unique design software for high-end security printing of – among other applications – passports, ID documents, tax stamps and lottery tickets. The new Arziro plugin for Adobe Illustrator is the ideal design software for companies involved in the secure design and production of applications such as packaging and labels, tickets, post stamps, bank cards, certificates and diplomas.

Inkjet

The most eye-catching additions to the inkjet range are the Jeti Tauro and Jeti Mira *wide-format* print engines, which are aimed at the mid- and higher-end segment of the sign & display market. Both systems combine high productivity with high-quality output. Designed for both rigid and flexible material printing, the Jeti Tauro UV hybrid system prints on virtually anything: banners, posters, signage, wood, decoration materials, ceramics and much more. The versatile Jeti Mira *flatbed* print engine is built for heavy workloads.

Early in 2015, Agfa Graphics introduced the new Asanti 2.0 wide-format *workflow management software*, which controls the entire printing process, from the prepress stage to production and finishing.
Another important innovation is the Acorta automatic cutting and finishing plotter, which helps sign & display printers turn a wide variety of printed rigid and flexible sheet media into finished decoration, containers, banners, etc. Agfa Graphics also launched a number of new *UV-curable inks* for its Jeti and Anapurna systems, as well as new inkjet media.

Customers and industry experts alike praise Agfa Graphics' wide-format print engines for their production speeds, reliability and print quality. At SGIA Expo, the business group won no less than three Product of the Year awards in the UV category with its Anapurna M2540i, Jeti Mira and Jeti Tauro print engines. Furthermore, Agfa Graphics won EDP Awards for its Anapurna M3200i RTR wide-format printer and its Asanti workflow software. Each year, the European Digital Press Association grants these awards to the best products introduced in the European market.

At the InPrint trade show in Hannover, Germany, Agfa Graphics demonstrated how inkjet technology can enable businesses to integrate print into their industrial manufacturing lines. In this field, Agfa Graphics' strengths lie in the development of inkjet ink formulations for specific applications and in its profound knowledge of the integration of all elements (ink, print heads, printing presses) in an industrial inkjet printing process.

Agfa HealthCare

Agfa HealthCare aims to offer integrated solutions tailored to the needs of the customer. The business group continuously invests in its imaging and IT systems, in order to drive the innovation of the healthcare sector. In its pursuit for more qualitative, efficient and patient-centric care procedures, Agfa HealthCare teams up with universities, research centers, hospitals, and governments. Exemplary for Agfa HealthCare's innovation culture, is its EUREKA program. Launched in 2011, the program aims to unlock the creative potential within staff by creating an environment in which people can innovate and share their ideas. The goals of the program include the instigation of both incremental innovations and disruptive innovations that will have a significant impact on healthcare. EUREKA has already yielded numerous project proposals. Several projects have already gone on to the prototyping or development phase.

Medical imaging

For medical imaging, Agfa HealthCare offers a complete portfolio of traditional X-ray film products; *hardcopy* film and printers; and *computed radiography (CR)* and *direct radiography (DR)* solutions. Today, Agfa HealthCare's film products contain less silver than the products of its competitors. The business group strives to further reduce the silver content in its film products and to make these products even more environmentally-friendly and cost efficient.

Furthermore, Agfa HealthCare invests in the development of innovative digital imaging solutions. In 2015, the business group extended its innovative DR range with new floor mounted and ceiling suspended solutions. Both systems offer a broad range of options that allow hospitals to tailor their solution to their needs.

One of the main focus points of Agfa HealthCare's R&D efforts for imaging is the reduction of the X-ray dose without compromizing on image quality. In 2015, the business group introduced a new version of its proven MUSICA *image processing software* with dedicated functions for neonatal imaging. MUSICA for Neonatal assists caregivers in controlling and reducing the radiation dose for these highly sensitive patients, while offering very high image quality and consistency.

Imaging IT solutions

Agfa HealthCare also invests in R&D and cooperates with academic and business partners to continually improve its imaging IT solutions. A good recent example is the cooperation agreement that was signed with the Institut und Poliklinik für Radiologische Diagnostik of the university hospital in Cologne.

In 2015, Agfa HealthCare added functionalities to its innovative Enterprise Imaging solution. Enterprise Imaging makes image-enabled *Electronic Health Records* a reality, as it creates a true imaging record for every patient, containing all possible medical images of the patient, regardless of the hospital department and the facility that created them. Care organizations can implement the solution at their own pace. They can opt for a comprehensive solution that spans all departments working with medical images, or choose to install a dedicated Enterprise Imaging for Radiology suite or Enterprise Imaging for Cardiology suite, the latter of which was launched in 2015. At the *RSNA* event in November, Agfa HealthCare announced that it had been identified as the Number 1 Enterprise Imaging IT vendor based on an industry survey of over 500 healthcare providers. Another important imaging IT innovation is the Agfa HealthCare Portal, which gives a patient-centric overview of patient information from different sources, to different stakeholders in the patient's care, including referring physicians, patients and care delivery organizations. By doing so, it is the first step towards a fully integrated care model.

Finally, Agfa HealthCare permanently evaluates and improves its Healthcare Information Solutions, including its *Hospital Information System (HIS)/ Clinical Information System (CIS)* platform and its Enterprise Content Management solutions. As adapting these comprehensive core international systems to the requirements of countries' national healthcare systems demands vast R&D efforts, Agfa HealthCare only gradually introduces these solutions into new markets.

Agfa Specialty Products

All Research & Development activities related to materials of the Agfa-Gevaert Group have been centralized in the Agfa Materials Technology Center. Based on its core competencies in polyester and coating and well-defined technology platforms, the center is supporting the innovation and research for all business groups of the Agfa-Gevaert Group. Through the Agfa-Labs initiative, the center's know-how and research infrastructure are also made available to third parties in a context of open innovation.

Sustainability

For Agfa, sustainability is an element of business designed to create long-term value for all stakeholders. Around the world, the company invests in waste and recycling programs, sustainable energy production, sustainable logistics, as well as packaging and water recycling.

05

A global approach

As a global entrepreneur Agfa recognizes the necessity to continuously improve its environmental performance, as well in its own operations as in its customers operations, through offering them eco-designed products and systems. A combination which allows Agfa to optimize the balance between profit and social and environmental impact, thus striving for sustainable entrepreneurship.

Agfa has a long tradition of good citizenship. The company strives for profitable growth, but at the same time attaches great value to the impact that its activities have on the environment, to the health and safety of its employees and to the relations with all stakeholders. For many years, Agfa has been doing this voluntarily and in many cases the company goes beyond mere legal compliance.

Agfa does so because its management and its staff firmly believe that – with the right mindset – it does not take more effort to do business in a responsible, sustainable and transparent way. At the same time, entrepreneurs who are willing to think 'out of the box' will see new opportunities arising.

Agfa products are designed, developed and manufactured in such a way that the environmental impact of production, storage, transport, the use of the products and the waste treatment at the end of the life is limited.

SAFETY, HEALTH AND ENVIRONMENT POLICY

The general principles of Agfa's policy are:

- Comprehensive environmental protection and maximum safety are given the same priority as product quality and operational efficiency.
- Products are designed, developed and manufactured so that the production process, the transportation, the storage and the use of products, as well as the waste treatment at the end of the life cycle have minimal impact upon the environment.
- Agfa is committed to systematically developing safe and environmentally acceptable products and production processes.
- Agfa advises its customers, its employees and the relevant authorities with an evaluation of its products and manufacturing processes, in all matters pertaining to health, safety and environment.

Agfa Graphics

In the field of environmental sustainability, the Agfa Graphics business group is a forerunner in the graphics industry. The business group offers its customers the means to eliminate toxic chemicals, reduce waste, lower ink and water consumption and save energy. Its *chemistry-free printing plates* are the perfect example of eco-friendly products that really make a difference. Agfa Graphics is proud to be the technology and market leader for chemistry-free printing plates. In 2015, Agfa Graphics commemorated the 10th anniversary of its Azura technology. Agfa Graphics' customers that are using the Azura plates for their printing, were placed in the spotlight with a virtual tour. During IGAS, the largest print media trade fair in Asia, the campaign ended. Printers appreciate the Azura plate not only because of its low impact, but also because it is a user and maintenance-friendly product with a very stable exposure process. The system is not only environmentally friendly but also sustainable in several ways.

In addition to its *inkjet* equipment, Agfa Graphics also continues to develop *UV curable* inkjet inks. Contrary to solvent inks, Agfa Graphics' UV curable inks are free of solvents and VOC's. Furthermore, only a limited amount of energy is needed to 'dry' UV curable inks, which is an important advantage over water based inks. When selecting the reactive monomers for its UV curable inks, Agfa Graphics carefully considers the possible health & safety issues of these compounds.

Agfa Graphics' software solutions are powerful tools for printers aiming for efficiency, quality and sustainability. Agfa Graphics continuously introduces additions to its workflow management suites for commercial and newspaper printers. These additions offer commercial and newspaper printers solutions that save time, money and waste, for instance by eliminating paper job jackets, or to realize ink consumption reduction by up to 25%. They also allow printers to use less drying powder and shorten the start-up time for their presses, resulting in substantially reduced paper and ink waste volumes. Furthermore, the tools lead to more stable print-runs.

With its innovative and sustainable solutions, Agfa Graphics actively support its customers in their shift to greener practices. In North America, for instance, the business group created the Environmental Recognition Awards Program. With the program, Agfa Graphics recognizes and honors printers that integrate, support and promote environmentally sound practices in their activities. Since 2007, Agfa Graphics has recognized close to 200 printers in the US and Canada.

Agfa HealthCare

With the growing world population in mind, the Agfa HealthCare business group continuously invests in the development of imaging and IT solutions that help to keep healthcare affordable and sustainable for the generations to come. It actively supports hospitals in their efforts to adopt innovative imaging systems and information systems that connect all their medical departments and administrative departments into one virtual network. The digitization of healthcare not only brings advantages in terms of efficiency and costs. Agfa HealthCare's innovative solutions also help to reduce the ecological footprint of the healthcare industry. For instance, they reduce the use of consumables and chemistry, and eliminate the need to transport files on film and paper from one department or site to another.

Agfa HealthCare is committed to develop and market products and solutions that generate less waste, improved X-ray dose hygiene, and to enhance or extend the life of hospitals' existing healthcare infrastructure. Over the years, Agfa HealthCare has evolved from a provider of X-ray film to a specialist in *digital radiography* and healthcare IT. Agfa HealthCare actively supports its clients in their transition from analog to digital radiography and thus from chemically processed film to dry film, combined with a substantial X-ray dose reduction.

Thanks to Agfa HealthCare's *image processing software*, radiologists have high-quality optimized digital images at their disposal, which are suitable for onscreen diagnosis.
With its Enterprise Imaging solution, Agfa HealthCare offers radiology, cardiology and other image-intensive departments the tools to efficiently store, manage and distribute digital medical images from various imaging *modalities*.

Care organizations can also link all their image intensive departments into one digital network, even if those departments are based at various hospital sites. With Agfa HealthCare's Enterprise Imagine VNA (Vendor Neutral Archive) technology, it is even possible to centrally store the data from all image intensive departments of all care organizations in entire

regions. Digital radiography and advanced imaging IT solutions reduce the use of resources and energy, as the copying of files and the transportation of data on physical media are eliminated.

Agfa HealthCare also goes beyond medical imaging. With its ORBIS *Hospital Information System/Clinical Information System* and HYDMedia Enterprise Content Management, the company is also active in the Enterprise IT market. With these systems, Agfa HealthCare is able to connect medical departments and administrative departments of hospitals in one virtual network. The Enterprise IT solutions not only allow hospitals to increase productivity, improve the delivery of care and save cost. They also help care facilities to reduce their ecological footprint by cutting back the use of paper documents and reducing the need for physical archiving space.

Agfa Specialty Products

The Agfa Specialty Products business group strives to offer durable products to its industrial customers. Furthermore, the business group cooperates with various partners to develop products for eco-oriented industries.

Agfa Specialty Products offers materials for a wide range of markets and applications. When products are developed or enhanced, durability, recyclability and reusability are key focus points. Several of the business group's products are used in environment-friendly applications.

Agfa commercializes its Synaps papers for a growing range of printing applications. Synaps is based on *PET* film and can be completely recycled and re-used. For the smartcard market, Agfa offers its range of PETix materials. Also based on PET technology, the PETix materials are very reliable and robust. PETix substantially extends the lifetime of smartcards, thereby significantly reducing the ecological footprint of the cards produced.

Agfa Specialty Products commercializes its Zirfon Pearl separator *membranes* for hydrogen production. Modern hydrogen production facilities use the Zirfon Pearl membranes to improve their efficiency and productivity. Relying on its key competencies in polyester substrates and chemical coatings, Agfa Specialty Products is developing building blocks for renewable energy applications, such as the production of Agfa's Arzona backsheet foils for solar modules.

Working @ Agfa

The Agfa-Gevaert Group is still in the midst of an extensive transformation process. From a market leader in analog imaging, the company is developing into an international player in digital imaging and printing systems and IT solutions. Its main markets are the graphics industry and the healthcare sector.

In the course of this transformation process, Agfa increasingly leaves the familiar domain of film based imaging technology and enters further into new, rapidly evolving, technological domains. At the same time, the company moves from selling only consumables to selling comprehensive solutions, including equipment, services and consumables. It goes without saying that this has a strong impact on the required employee profiles. Innovation, flexibility, technical skills, market knowledge and entrepreneurship are key.

Innovation is essential to develop new products and solutions. To introduce these products and to successfully enter new markets is impossible without adequate entrepreneurial skills. It also demands people who are receptive for mobility and change. In one word: flexibility.

Agfa's HR policy is aimed at the development of a number of processes in the fields of leadership, internal mobility, performance management and permanent training. Furthermore, a lot of attention is given to safety, communication and equal rights.

In 2012, the internal mobility program was launched on a global level throughout the company as a fundamental component of Agfa's staffing strategy. Agfa aims to have the right employee in the right position at the right time and location for the right cost. In order to do so, Agfa is continuously looking for a good balance between attracting competencies from the outside, developing competencies internally, and increasing overall employability by stimulating employees to move successfully from one position to another.

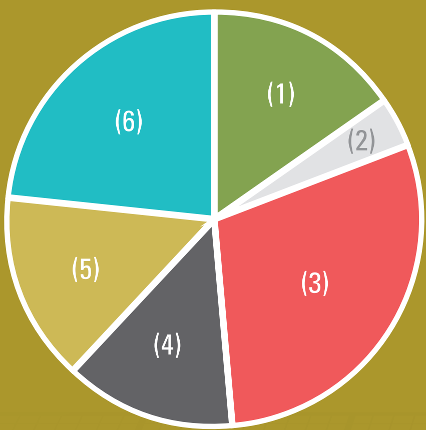
Furthermore, the implementation of the Leading@Agfa training and development program was continued. The program is aimed at all Agfa managers. It gives them access to a range of tools for self-analysis, packages for self-training and group training sessions covering the various aspects of leadership.

On Agfa's intranet, the Academy Learning Platform was created and made available to all Agfa colleagues. In this online training catalog, they find product related training tools, as well as training programs in the field of communication, management and client orientation.

Finally, the Performance Management process supports the further development of Agfa's employees. In this process, the targets of each employee are aligned to the overall targets of the company. Furthermore, the employee is more involved in the assessment process. A lot of attention also goes to the personal development plan.

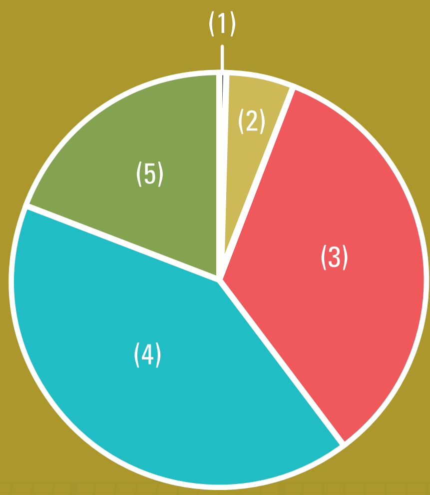
HR
key figures

EMPLOYEES PER CORPORATE FUNCTION

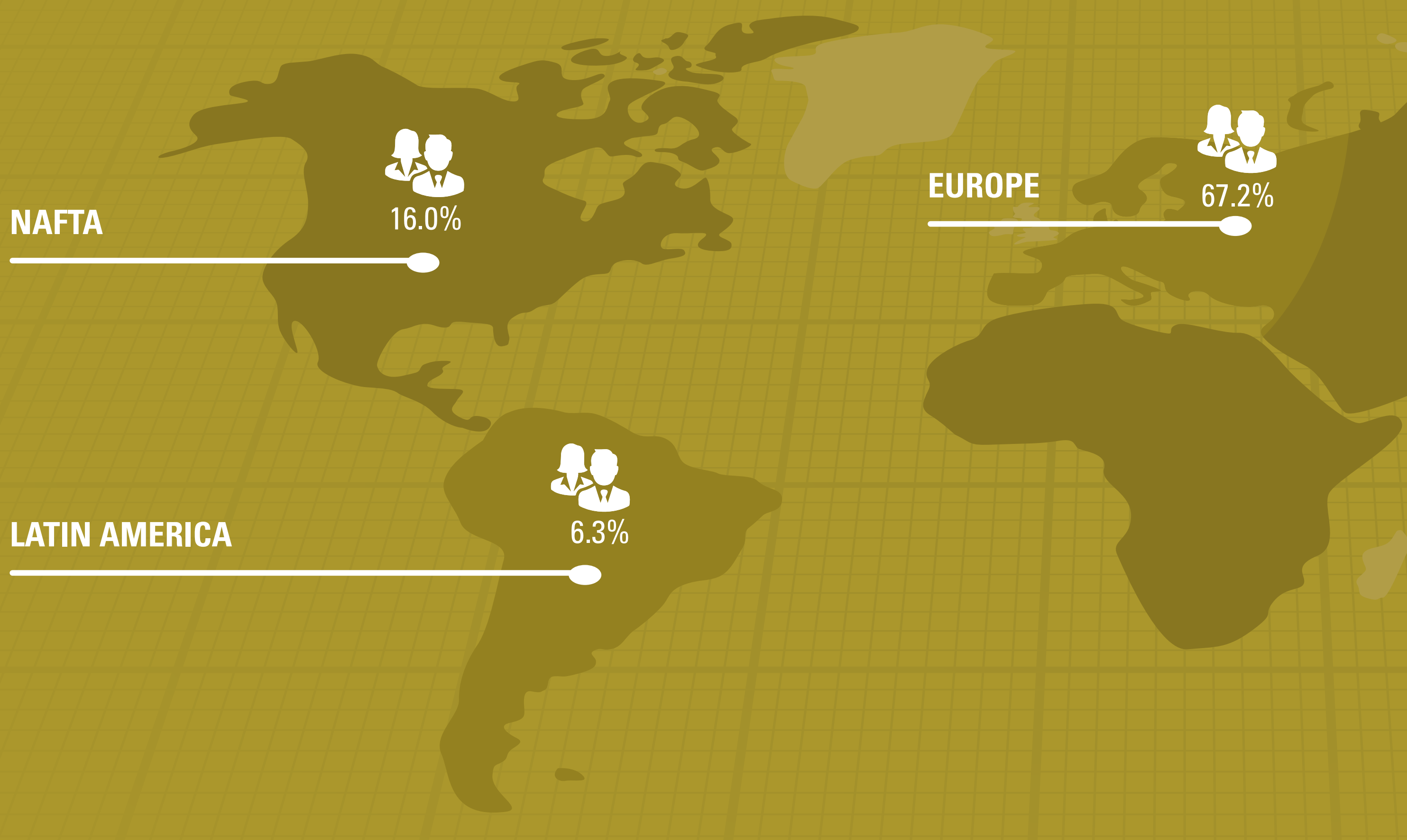


(1) GENERAL & ADMINISTRATION **15.51%**
(2) LOGISTICS & SUPPLY CHAIN **3.84%**
(3) MANUFACTURING **29.43%**
(4) RESEARCH & DEVELOPMENT **13.42%**
(5) SALES **14.69%**
(6) SERVICE **23.11%**

ALLOCATION OF EMPLOYEES



(1) COPORATE CENTERS **0.56%**
(2) GLOBAL SHARED SERVICES **5.53%**
(HR, ICS, PURCHASING,...)
(3) AGFA GRAPHICS **33.64%**
(4) AGFA HEALTHCARE **41.18%**
(5) AGFA SPECIALTY PRODUCTS **19.09%**



NR OF EMPLOYEES
A TOTAL OF 10,951 IN 2015
OR 10,565.7 FTE'S

66% OF EMPLOYEES FOLLOWED
AT LEAST ONE TRAINING IN 2015

761 NEW HIRES JOINED
THE COMPANY IN 2015

1,019 EMPLOYEES LEFT
THE COMPANY IN 2015

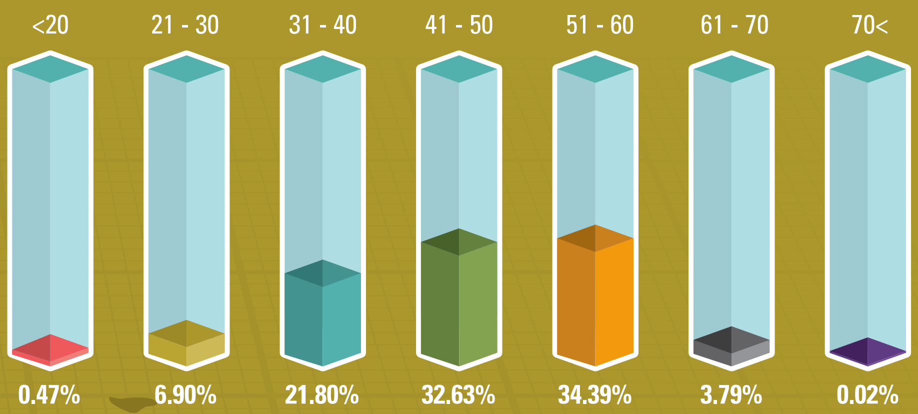
PERCENTAGE OF MALE/FEMALE WORKFORCE

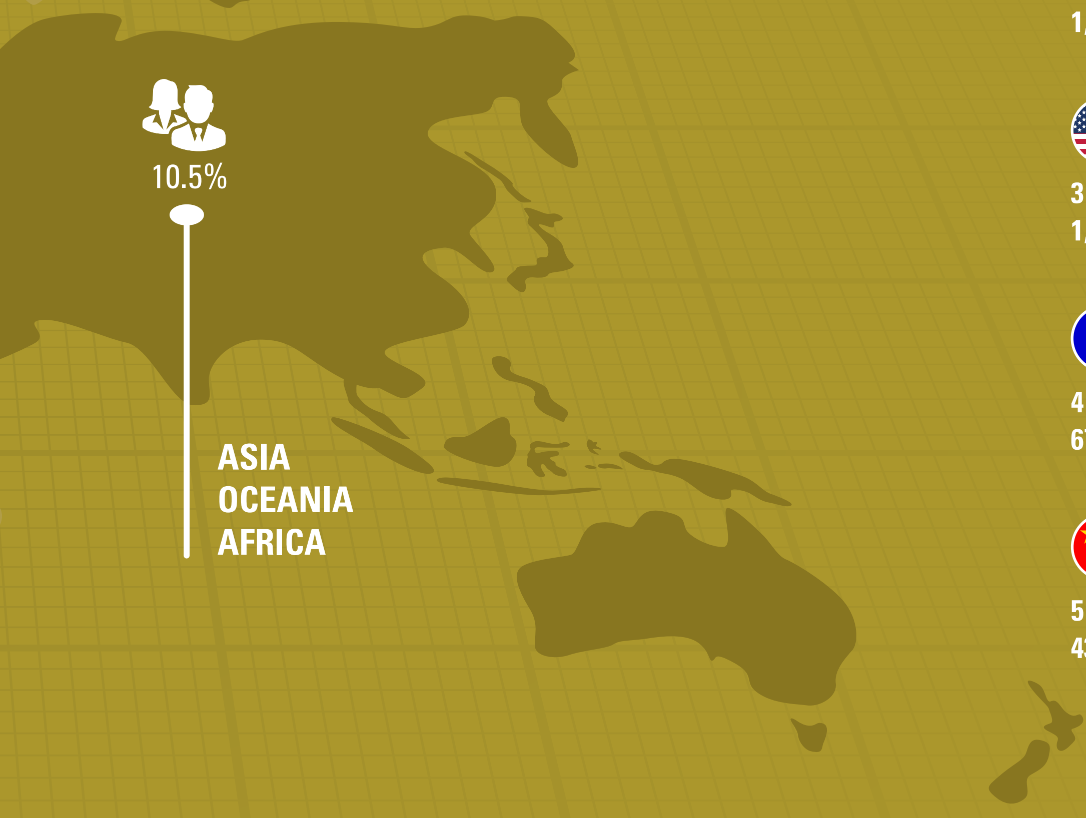
78.3% (male) 21.7% (female)

PERCENTAGE OF MALE/FEMALE MANAGEMENT POSITIONS

18.7% (female) 81.3% (male)

EMPLOYEES PER AGE CATEGORY





WE COUNT 79 NATIONALITIES IN THE AGFA-GEVAERT GROUP THE TOP 5 ARE:

1 - BELGIAN
3,186 EMPLOYEES

2 - GERMAN
1,134 EMPLOYEES

3 - US
1,081 EMPLOYEES

4 - FRENCH
671 EMPLOYEES

5 - CHINESE
437 EMPLOYEES

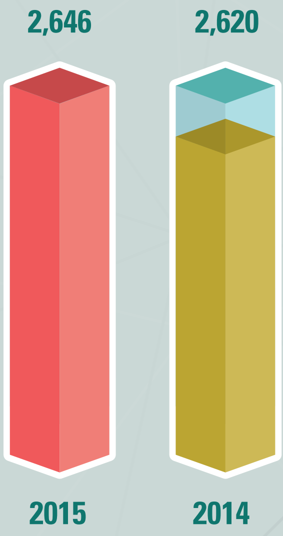
07

Annual Report of the Board of Directors to the Shareholders of Agfa-Gevaert NV

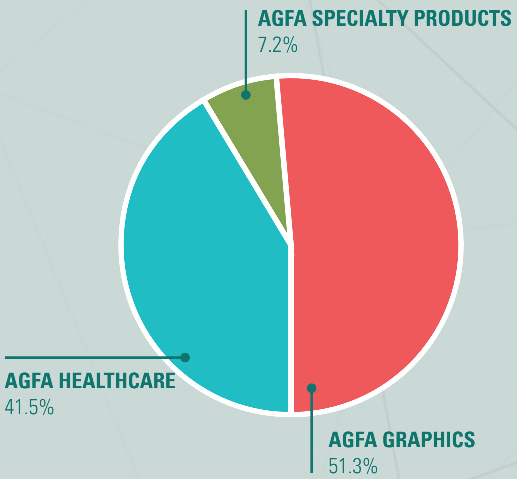
The Board of Directors of Agfa-Gevaert NV has the honor to present you the combined annual report for the financial year ending December 31, 2015, in accordance with articles 96 and 119 of the Belgian Code of Companies. This annual report includes a corporate governance statement and a remuneration report.

07

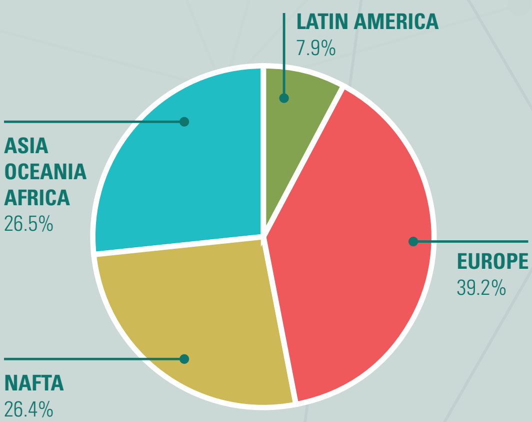
REVENUE (MILLION EURO)



SHARE OF GROUP REVENUE 2015 BY BUSINESS GROUP



SHARE OF GROUP REVENUE 2015 BY REGION



Comments on the Consolidated Financial Statements

Revenue

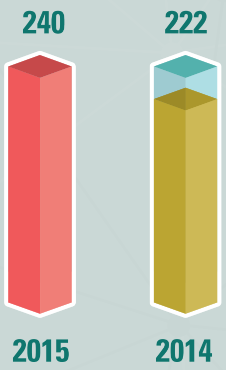
The Agfa-Gevaert Group's revenue grew by 1.0 percent to 2,646 million Euro (2,620 million Euro in 2014). The top line growth was supported by the good performance of most of the growth engines (including the Agfa Graphics business group's *inkjet* business and the Agfa HealthCare business group's Direct Radiography and IT solutions), as well as by the improved exchange rate situation. Adverse elements were the continuous decline of the traditional film businesses, the economic weakness in several emerging markets and the unstable geopolitical situation.

Agfa Graphics' revenue increased by 0.2% to 1,358 million Euro (2014: 1,355 million Euro). Agfa Graphics succeeded in reversing the downward revenue trend, despite the softness in the emerging markets and the political instability in certain regions. The top line was supported by positive currency effects, as well as by the double-digit growth of the inkjet segment, which was mainly due to the successful launch of the new generation of *wide-format* print solutions and the significant improvement in ink volumes. The strong competitive pressure in the *offset* markets continued to weigh on the *prepress* segment's digital *computer-to-plate (CtP)* business. However, the volume trend in the CtP business started to improve towards the end of the year. The analog *computer-to-film (CtF)* business continued to decline strongly.

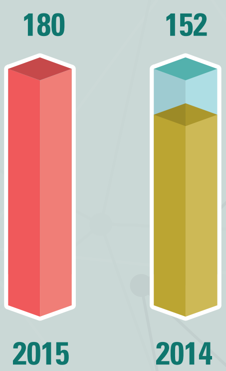
Driven by the business group's growth engines and by positive currency effects, Agfa HealthCare realized revenue of 1,099 million Euro, an increase of 2.8 percent compared to 2014 (1,069 million Euro).
In the Imaging segment's *digital radiography* business (consisting of *Computed Radiography (CR), Direct Radiography (DR)* and the *hardcopy* business), the DR product range posted strong revenue growth. The hardcopy film product range performed well in the first three quarters of the year. In the fourth quarter, this business was influenced by measures to align the inventory policy at the distributors' level with the economic situation in the emerging markets in general and China and Latin America in particular. In the IT segment, the HealthCare Information Solutions range performed well. In the field of Imaging IT Solutions, Agfa HealthCare is building momentum with its new Enterprise Imaging solution, especially in North America and Europe.

Agfa Specialty Products' revenue reached 189 million Euro (2014: 197 million Euro). The good performances of the future-oriented businesses, such as Orgacon Electronic Materials and Synaps Synthetic

RECURRING EBITDA [1] (MILLION EURO)

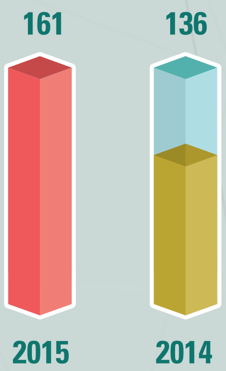


RECURRING EBIT [1] (MILLION EURO)

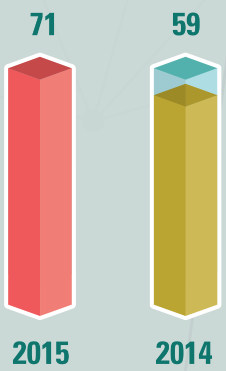


(1) Before restructuring and non-recurring items

RESULTS FROM OPERATING ACTIVITIES (MILLION EURO)



RESULT FOR THE PERIOD (MILLION EURO)



Paper, as well as the *Printed Circuit Board* business partly counterbalanced the decline of the traditional film product lines.

With 51.3% of revenue, Agfa Graphics remains the largest business group. Agfa HealthCare represents 41.5% and Agfa Specialty Products 7.2% of Group sales.

In 2015, Europe accounted for 39.2% of Group revenue (2014: 40.1%), NAFTA for 26.4% (2014: 24.7%), Asia/Oceania/Africa for 26.5% (2014: 26.0%) and Latin America for 7.9% (2014: 9.2%).

Results

Targeted efficiency programs more than counterbalanced the adverse raw material effects (which mainly impacted the Agfa Graphics business group). As a result, the Group improved its gross profit margin from 30.8% in 2014 to 31.9% in 2015.

As Agfa Graphics' structural efficiency measures counterbalanced the competitive pressure effects and the adverse raw material effects, the gross profit margin remained stable at 28.3% of revenue. Recurring EBITDA amounted to 94.7 million Euro (7.0% of revenue), versus 100.4 million Euro (7.4% of revenue) in 2014. Recurring EBIT reached 65.3 million Euro (4.8% of revenue) compared to 70.0 million Euro (5.2% of revenue).

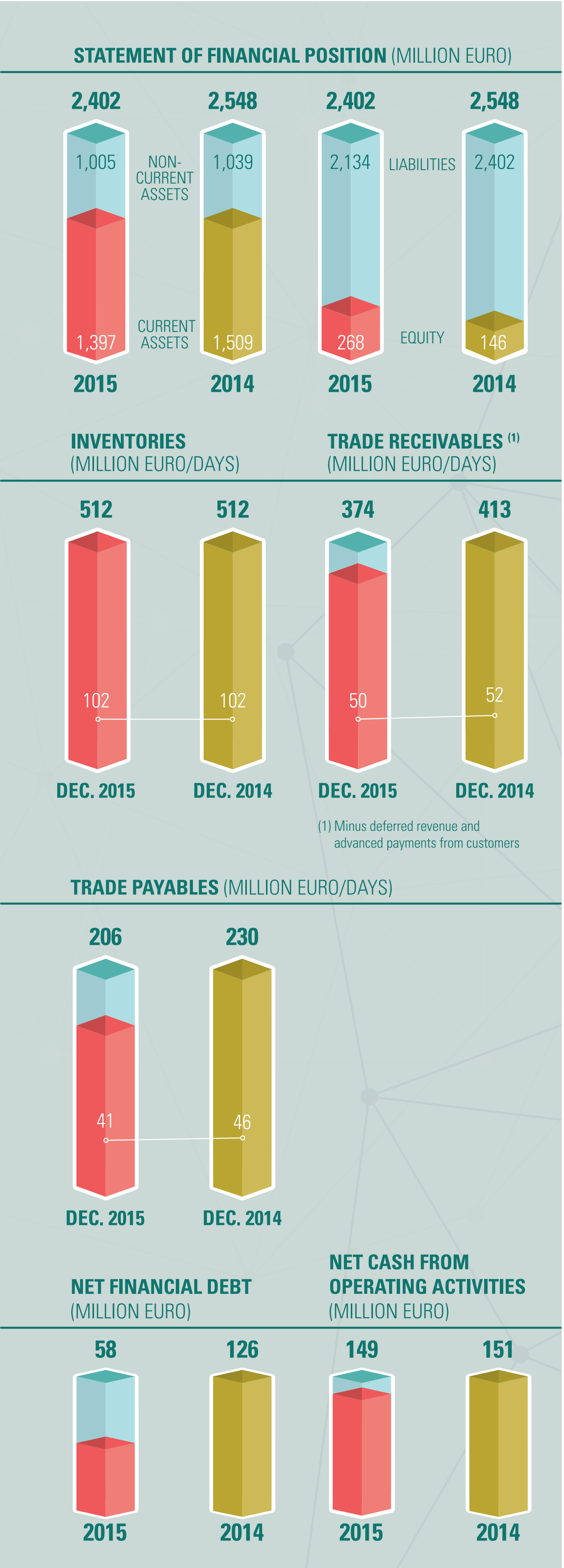
Mainly due to the success of its efficiency programs, Agfa HealthCare's gross profit margin improved from 36.6% of revenue in 2014 to 37.9% in 2015. Recurring EBITDA improved from 114.4 million Euro (10.7% of revenue) in 2014 to 134.0 million Euro (12.2% of revenue) in 2015. Recurring EBIT increased from 79.4 million Euro (7.4% of revenue) to 107.4 million Euro (9.8% of revenue).

Agfa Specialty Products' recurring EBITDA reached 16.7 million Euro (8.8% of revenue). Recurring EBIT increased to 12.7 million Euro (6.7% of revenue).

As a percentage of revenue, Selling and General Administration expenses remained almost stable at 19.7% of revenue.

R&D expenses amounted to 144 million Euro, or 5.4% of revenue.

Recurring EBITDA (the sum of Graphics, HealthCare, Specialty Products and the unallocated portion) reached 9.1% of revenue, versus 8.5%in 2014. Recurring EBIT improved by one percentage point to 6.8% of revenue.



The expense related to the restructuring and non-recurring items amounted to 19 million Euro, versus 16 million Euro in 2014.

The net finance costs amounted to 74 million Euro, versus 59 million Euro in 2014. A substantial amount of this amount – about 20 million Euro – is due to a reclassification in the fourth quarter from translation reserve to profit or loss with regard to the closure of two production plants. This reclassification has no cash impact.

Income taxes resulted in an expense of 16 million Euro, versus an expense of 18 million Euro in the previous year.

The results from operating activities increased from 136 million Euro in 2014 to 161 million Euro in 2015. The profit before taxes thus reached 87 million Euro in 2015 (77 million Euro in 2014).

As a result of the elements above, the Agfa-Gevaert Group posted a strong net profit of 71 million Euro versus 59 million Euro in 2014, an increase with 20.3%.

Statement of financial position

At the end of 2015, total assets were 2,402 million Euro, compared to 2,548 million Euro at the end of 2014.

Working capital

Inventories amounted to 512 million Euro, or 102 days. Trade receivables (minus deferred revenue and advanced payments from customers) amounted to 374 million Euro, or 50 days and trade payables were 206 million Euro, or 41 days.

Financial debt

Net financial debt decreased again to a historically low level of 58 million Euro, versus 126 million Euro at the end of 2014. At the end of 2015, the Group's gearing ratio amounted to 22% versus 86% at the end of 2014.

Pension liabilities

In 2015, net pension liabilities for the material countries decreased by 61 million Euro, due to a lower discount rate and an increase in value of plan assets.

Equity

Equity amounted to 268 million Euro, against 146 million Euro at the end of 2014.

Cash flow

In 2015, net cash from operating activities, which also takes into account the changes in working capital, reached 149 million Euro. Capital expenditure totalled 37 million Euro.

Conclusion

Although 2015 was characterized by the further economic slowdown in several growth markets, Agfa succeeded in stopping the top line erosion. The revenue growth was supported by the weaker Euro, as well as by the good performance of our growth engines, including Graphics' *inkjet* business and HealthCare's Direct Radiography and IT solutions. Furthermore, the company also delivered on its other main targets. Mainly due to the improvement of our gross profit margin, the company managed to bring its recurring EBITDA percentage closer to 10% of revenue.
Agfa will build on this achievement to reach the 10% target it has set itself for 2016. The company's operational improvements and the success of its efficiency programs contributed to the improvement of the profitability. As a result of all this, Agfa delivered a positive net result for the third year in a row. Together with the strict management of working capital, the net profit led to a positive cash flow generation and a strong decrease in the company's net financial debt. This set of results strengthens the company's belief that it is now set to achieve profitable growth in the years to come.

For 2016, the Agfa-Gevaert Group has set itself two clear targets. Firstly, the Group aims to deliver a recurring EBITDA percentage of 10% of revenue. In spite of the uncertain geopolitical conditions and the continuous economic slowdown in several important growth markets, the second target is to achieve further top line growth. Based on the success of the growth engines, as well as on targeted acquisitions, the Group expects that it will be able to grow its full year revenue to 3 billion Euro in the medium term.

Comments on the Statutory Accounts of Agfa-Gevaert NV

The Annual Accounts as will be presented to the General Meeting of Shareholders of May 10, 2016, were tested against the valuation rules by the Board of Directors, and approved in that form.

The following points, in particular, will be submitted to the General Meeting of Shareholders for approval: the Annual Accounts close with a loss for the accounting year 2015 of 15,197,439.46 Euro.

It is proposed to allocate the loss as follows: deduction of the loss of 15,197,439.46 Euro from the result carried forward. As a result hereof the result carried forward will amount to 369,841,504.93 Euro.

Based on the profit or loss account, the Board of Directors concludes that the Company has suffered a loss for two consecutive years. Article 96, 6° of the Code of Companies requires that the Board of Directors justifies the accounting principles in the assumption of going concern. As the going concern assumption of a holding company, such as Agfa-Gevaert, basically depends on the group as a whole, the Board refers to the further decrease of the net financial debt at group level due to a strong net operating cash flow realized in 2015 and the undrawn credit facilities available at balance sheet date. Furthermore, in 2015, the Group succeeded in realizing revenue growth and bringing its recurring EBITDA percentage on the Group's level closer to 10 percent of consolidated revenue.

Explanation of the most significant entries of the Annual Accounts

In 2015, the Company achieved a revenue of 494.0 million Euro. This means a decrease of 3.0% compared to the revenue of 2014 (509.5 million Euro). The decrease was mainly caused by a decrease of the sales prices (-2.5%), a decrease of volume/mix (-5.8%) and a positive currency exchange rate difference (+5.3%).

The 2015 operating profit amounts to 59.6 million Euro. This represents an increase of 30.4 million Euro compared to 2014. This is the result of an improved gross margin (lower operational costs) that more than compensates the decrease in revenue.

The financial result is 19.3 million Euro higher than in 2014, resulting in an increase of the profit from operating activities before taxes by 49.7 million Euro versus 2014 (2015: +3.0 million Euro versus 2014: -46.7 million Euro).

Because of a more unfavourable exceptional result (a difference of -17.1 million Euro compared to 2014) and a difference in tax cost (-2.4 million Euro compared to 2014), the result of the financial year 2015 is 30.2 million Euro higher than in 2014 (2015: -15.4 million Euro versus 2014: -45.6 million Euro).

In 2015, the company spent an amount of 12.8 million Euro on research and development in Belgium.

In 2015, the number of Agfa-Gevaert NV employees in Belgium decreased by 23, to 2,233 employees on December 31, 2015. This decrease is the result of the recruitment of 63 new employees and 86 employees leaving the company.

In 2015, the permanent establishment of the Company in the UK booked a loss of 5.8 million Euro.

Agfa Graphics

Agfa Graphics aims to be the number one supplier of integrated prepress solutions for commercial and newspaper printing, as well as a leading supplier of digital printing solutions for sign & display and industrial printing. Its mission is to enable graphic businesses to achieve profitable growth and stay ahead of their competition. Agfa Graphics delivers integrated solutions, which excel by being innovative and reliable, as well as sustainable and price-competitive. By doing so, the business group enables its customers to cost-effectively adjust to new market demands. Agfa Graphics' range of consumables, hardware, software and services combines in-house and leading manufacturers' technologies and know-how.

MILLION EURO	2015	2014	% change
Revenue	**1,358**	1,355	0.2%
Recurring EBITDA (1)	**94.7**	100.4	-5.7%
% of revenue	7.0%	7.4%	
Recurring EBIT (1)	**65.3**	70.0	-6.7%
% of revenue	4.8%	5.2%	
Results from operating activities	**55.8**	55.1	1.3%

(1) Before restructuring and non-recurring items

Agfa Graphics in 2015

In 2015, Agfa Graphics' revenue increased slightly by 0.2% to 1,358 million Euro. The business group succeeded in reversing the downward revenue trend, despite the softness in the emerging markets and the political instability in certain regions. The top line was supported by positive currency effects, as well as by the double-digit growth of the *inkjet* segment, which was mainly due to the successful launch of the new generation of *wide-format* print solutions and the significant improvement in ink volumes. The strong competitive pressure in the *offset* markets continued to weigh on the *prepress* segment's digital *computer-to-plate (CtP)* business. However, the volume trend in the CtP business started to improve towards the end of the year. The analog *computer-to-film (CtF)* business continued to decline strongly.

As Agfa Graphics' structural efficiency measures counterbalanced the competitive pressure effects and the adverse raw material effects, the gross profit margin remained stable at 28.3% of revenue. Recurring EBITDA amounted to 94.7 million Euro (7.0% of revenue), versus 100.4 million Euro (7.4% of revenue) in 2014. Recurring EBIT reached 65.3 million Euro (4.8% of revenue) compared to 70.0 million Euro (5.2% of revenue) in 2014.

A trusted partner for professional printers

Agfa Graphics is a leading supplier of integrated prepress solutions and advanced inkjet systems. All over the world, professional printers and publishers rely on the business group's experience and first-rate technology.

Prepress

The term prepress is used for the chain of processes that precede the actual printing process. Prepress activities begin after the print layout decisions have been made and end where the printing process itself begins. In these preparatory stages, text and images are combined in a layout, colors are quality controlled, pages are correctly positioned and a number of digital *proofs* are made. When approved, these pages will be prepared for the printing process. In case of offset printing, pages are exposed onto a *printing plate*, either directly, with computer-to-plate (CtP) technology, or via an intermediate film, with computer-to-film (CtF) technology. Following this process, the exposed plate is mounted on the printing press. Printers rely on Agfa Graphics' equipment, consumables (such as graphic film and printing plates), software and services for almost every stage in the preparatory process. The business group's software packages include *workflow management software*, cloud-based web-to-print solutions, technology for digital *proofing* and *screening*, as well as tools for managing color and quality consistency. The software tools are a key element in the total solution offered to printers. They automate the prepress processes, guarantee better quality and improve cost efficiency. Although Agfa Graphics' prepress solutions mainly target the info printing segment of the graphics industry, the business group also supplies prepress technology to customers specializing in offset and *flexo* printing for packaging purposes.

Over 100,000 commercial printing companies use Agfa Graphics' prepress technology and one in two newspapers in the world are produced with Agfa Graphics' technology. The business group supplies almost one third of the industry's digital printing plates worldwide and it is the clear market leader in the field of eco-friendly *chemistry-free* printing plates. In addition, Agfa Graphics is one of the few remaining suppliers of graphic film.

Inkjet

Most people associate the term 'inkjet' with the home and office printers that they use every day. That, however, is not the market Agfa Graphics is operating in. Agfa Graphics supplies state-of-the-art wide-format inkjet print engines, *UV-curable inks* and media. Sign & display print houses, as well as customers specializing in industrial print work use Agfa Graphics' solutions to print on a wide variety of substrates, for an ever-growing range of applications, such as signs, posters and displays, promotional materials, packaging, and decorative materials. Currently, inkjet has become the most important alternative for *screen printing* and flexo printing technologies. For signage, displays and some decorative applications, wide-format inkjet technology is even able to offer solutions that cannot be answered with conventional equipment.

Commercial successes

In 2015, Agfa Graphics' innovative prepress and inkjet solutions again convinced numerous new customers all over the globe.

Prepress

In the commercial printing segment, Agfa Graphics consolidated its position as the technology and market leader in chemistry-free computer-to-plate (CtP) solutions. In order to improve their environmental credentials, customers often order complete prepress solutions from Agfa Graphics, consisting of state-of-the-art Avalon *platesetters*, Apogee software and consumables. At the center of these solutions is the Azura range of chemistry-free printing plates. At the IGAS trade fair (Tokyo, Japan), Agfa Graphics concluded its 'Ten Years of Azura' commercial campaign, which celebrated the 10th anniversary of the Azura technology. During the 12-month long campaign, Azura users from all around the globe – including Korea, Hong Kong, Russia, Dubai, South Africa, the UK, the USA, Canada, Chile, and Brazil – were put in the spotlight. In its ten years of existence, Azura has become the most used chemistry-free printing plate in the world.

Furthermore, Agfa Graphics continued to expand its customer base in the field of workflow management software. At the end of the year, more than 8,000 Apogee systems were installed at commercial print houses around the world.

In 2015, eye-catching commercial prepress contracts were signed with – among other companies – Albe de Coker (Belgium), Stephens & George (UK), Sattler Media Press (Germany), Bluemedia (Germany), Daeryuk Can (South Korea), Gulf News (United Arab Emirates), Caxton (South Africa), Impresos Especificos (Mexico), Nexo Industria Gráfica (Argentina) and Impresora Polo (Uruguay).

Just like in the commercial printing segment, printers in the newspaper segment are discovering the advantages of eco-friendly prepress technology. Chemistry-free CtP systems result in a smaller environmental footprint of their operations, as well as in efficiency gains and lower costs. As in the commercial segment, Agfa Graphics is setting the standard. Since the launch of the N94-VCF printing plate in 2011, more than 70% of Agfa Graphics' newspaper customers worldwide have made the switch to chemistry-free technology.

Agfa Graphics is also the world's leading supplier of prepress workflow software for the automation of the production of printed newspapers. Publishers can operate these Arkitex workflow systems in their local prepress departments, but Agfa Graphics also offers the software as a cloud solution.

One of the most extensive newspaper contracts of 2015 was signed with the Südwestdeutsche Medienholding, which is one of the largest media companies in Germany. The company decided to upgrade three of its production sites using Agfa Graphics' Advantage platesetters, Attiro *clean-out units*, chemistry-free printing plates and Arkitex software.

Other important newspaper groups that selected Agfa Graphics to meet their prepress needs included Nikkei (Japan), Editorial Prensa Ibérica (Spain), Maeil Business Newspaper (South Korea), GrupoSinos (Brazil), InfoGlobo (Brazil) and Editorial Rio Negro (Argentina).

Inkjet

The Anapurna and Jeti wide-format print engines and the related ink portfolio continued to convince sign & display printers all over the world of their excellent print quality and high production speeds. The dedicated Asanti workflow software which streamlines operations and guarantees color consistency across the board is often named by customers as an important advantage over the competition.

In the low-end segment of the sign & display market, the installed base for the Anapurna wide format printers continued to grow steadily. Aimed at the mid- and higher-end segment of the market, the Jeti printers also continued their success. The new showpieces of the Jeti range are the Jeti Tauro and Jeti Mira engines. Immediately after their release in the first quarter of 2015, both machines found their way to numerous customers around the globe. Among the first Jeti Tauro customers were the French PVP company and the German Comdatek company. The Australian Longbeach Printing company was the first to commit to a Jeti Mira machine. Often, new and existing customers decide to combine their print engine with an Acorta cutting and finishing plotter and Asanti workflow software. A good example is the contract signed with the Danish Scanprint A/S company (part of Stibo Graphics). Already being Agfa Graphics' largest commercial prepress customer in Scandinavia, Scanprint A/S now also selected the business group's inkjet solutions – including the Jeti Tauro print engine, the Acorta plotter and the Asanti software – for its new wide-format production department.

By the end of 2015, more than 3,000 Anapurna and Jeti printers were installed at customer sites all over the world.

In addition to its solutions for sign & display customers, Agfa Graphics also markets a unique range of high-performance UV-curable inks for a broad range of industrial applications. The number of system integrators, OEM customers and other manufacturing specialists that use Agfa Graphics' inks continued to grow steadily in 2015.

Agfa HealthCare

Agfa HealthCare is using new technologies and traditional know-how to create solutions that meet the ever evolving needs of healthcare providers. Its medical imaging solutions open up new views to caretakers. Its IT solutions exceed individual hospital boundaries and move into regional networks. Agfa HealthCare builds on its deep knowledge of imaging technology and clinical needs to deliver affordable solutions to healthcare professionals.

By supporting them in the migration process from analog to digital and by connecting all healthcare stakeholders through seamless integration, Agfa HealthCare helps its customers to improve the quality and efficiency of their patient care. This is how Agfa HealthCare delivers healthcare excellence.

MILLION EURO	2015	2014	% change
Revenue	**1,099**	1,069	2.8%
Recurring EBITDA (1)	**134.0**	114.4	17.1%
% of revenue	12.2%	10.7%	
Recurring EBIT (1)	**107.4**	79.4	35.3%
% of revenue	9.8%	7.4%	
Results from operating activities	**97.5**	71.5	36.4%

(1) Before restructuring and non-recurring items

Agfa HealthCare in 2015

Driven by the business group's growth engines and by positive currency effects, Agfa HealthCare posted a 2.8% revenue growth in 2015. In the Imaging segment's *digital radiography* business (consisting of *Computed Radiography (CR), Direct Radiography (DR)* and the *hardcopy* business), the DR product range posted strong revenue growth. The hardcopy film product range performed well in the first three quarters of the year. In the fourth quarter, this business was influenced by Agfa HealthCare's measures to align the inventory policy at the distributors' level with the economic situation in the emerging markets in general and Latin America and China in particular. In the IT segment, the Healthcare Information Solutions range performed well. In the field of Imaging IT Solutions, Agfa HealthCare is building momentum with its new Enterprise Imaging solution.

Mainly due to the success of its efficiency programs, Agfa HealthCare's gross profit margin improved from 36.6% of revenue in 2014 to 37.9%. Recurring EBITDA improved from 114.4 million Euro (10.7% of revenue) in 2014 to 134.0 million Euro (12.2% of revenue). Recurring EBIT increased from 79.4 million Euro (7.4% of revenue) to 107.4 million Euro (9.8% of revenue).

An expert in medical imaging and healthcare IT

Agfa HealthCare is a global provider of diagnostic imaging and healthcare IT solutions. The business group supports hospitals and healthcare facilities with products and systems for capturing, managing and processing diagnostic images and data, as well as solutions for streamlining and managing the overall clinical and administrative information flow. Clinicians in care facilities all over the world rely on Agfa HealthCare to help meet the challenges of modern day healthcare. The Agfa HealthCare business group is organized in two business divisions: Imaging and IT.

Imaging

The Imaging division supplies traditional X-ray film, hardcopy film and printers, digital radiography equipment, *image processing software* and *contrast media*. Agfa HealthCare's roots are in traditional medical imaging, but in today's healthcare market, traditional analog X-ray film technology is rapidly being replaced by digital radiography. Due to the competition of softcopy diagnosis, the market for hardcopy film – on which digital images are printed – is also declining in the US and Western Europe. In the emerging countries, this market segment is still growing.

Besides hardcopy film, Agfa HealthCare also supplies hardcopy printers that enable clinicians to print digital images made by general radiography equipment, as well as images made by other *modalities*, including *CT* and *MRI* scanners. Agfa HealthCare's range of advanced printers includes both high quality tabletop solutions and network printers for large volume needs.

In digital radiography, Agfa HealthCare is active with both Computed Radiography (CR) and Direct Radiography (DR) systems. Compatible with traditional radiography equipment, CR offers image intensive departments an affordable entry to digital imaging. The systems convert analog images to digital, allowing departments to improve their efficiency and increase overall patient throughput. In the past years, Agfa HealthCare has also built a strong portfolio of DR equipment. DR is often the technology of choice for hospital departments demanding a higher throughput and immediate availability of high-quality digital images. Furthermore, the technology allows reducing the radiation dose without compromizing image quality. Many hospitals combine CR and DR technologies to cover all their X-ray imaging needs. As a technology leader in both areas, Agfa HealthCare is in a unique position to offer tailor-made solutions to healthcare facilities planning to invest in digital imaging.

All Agfa HealthCare's CR and DR systems are offered with the business group's leading MUSICA image processing software and its MUSICA workstation for image identification, acquisition and quality control. In selected markets, Agfa HealthCare also supplies high-quality and cost efficient contrast media.

IT

Agfa HealthCare is a leading player in the healthcare IT market with both its imaging IT and healthcare information solutions. Agfa HealthCare offers care organizations the tools to improve the overall efficiency and quality of patient care. The ultimate goal is to connect all healthcare stakeholders through seamless integration. Today, IT already accounts for 42% of Agfa HealthCare's revenue.

Imaging IT Solutions

Agfa HealthCare's imaging IT solutions equal reliability and efficiency for care providers around the world. After the introduction of digital radiography in the early 1990's, Agfa HealthCare became one of the first companies to supply radiology departments with IT systems to efficiently store, manage, process and distribute digital medical images from various imaging modalities. These *Picture Archiving and Communication Systems (PACS)* are often linked to specialized information systems, such as Radiology Information Systems (RIS).

Based on its experience in radiology, Agfa HealthCare started developing a number of imaging IT solutions for other hospital departments that work intensively with medical images, including cardiology, orthopedics and nuclear medicine, as well as for certain specialized medical disciplines, such as women's care and digital pathology.

Whereas PACS and RIS solutions were originally linked to one hospital department, care organizations are now seeking imaging IT solutions that ensure that all clinically relevant images find their way to the patient's *Electronic Health Record*. Agfa HealthCare anticipated on this demand with its Enterprise Imaging solution, which creates a true imaging record for every patient, containing all possible images of the patient, regardless of the department and the facility that created them. As it makes images and the data linked to them instantly accessible throughout the hospital, the care organization, or even all care facilities included in a regional network, the Enterprise Imaging solution speeds up overall diagnosis and enhances patient care.

With its imaging IT solutions for radiology departments, Agfa HealthCare has a very strong position in Europe and a growing market share in the US, Canada, Europe and Latin-America. In the field of enterprise-wide and region-wide imaging IT solutions, Agfa HealthCare has a strong position worldwide.

Healthcare Information Solutions

Going beyond imaging, Agfa HealthCare has established itself as a leading player in the fast growing market for comprehensive enterprise-wide IT systems. Agfa HealthCare's leading *Hospital Information System (HIS)/ Clinical Information System (CIS)*, connects medical departments and administrative departments of hospitals into one virtual network. It offers immediate and complete access to all relevant patient information – including medical images, and clinical and administrative data – enabling quicker diagnosis and treatment. Furthermore, it supports administration, billing, planning of appointments and examinations, as well as financial reporting. The system can serve as a base for a full-blown *Electronic Patient Record (EPR)*. In short, it is designed to help care facilities to increase productivity, improve the delivery of care and save cost. Agfa HealthCare's step by step approach enables care organizations to implement the HIS/CIS solutions at their own pace, allowing the solution's various modules to be installed separately, tailored to the needs of the customer.

Another important system in Agfa HealthCare's Healthcare Information Solutions offering is its Enterprise Content Management solution. It enables hospitals and care facilities of all sizes to integrate all their paper-based and electronic documentation, creating a complete digital archive of patient records. The solution reduces the need for physical archiving space, cuts down information retrieval time and reduces associated costs.

Commercial successes

In 2015, Agfa HealthCare signed numerous eye-catching contracts with hospitals and hospital groups all over the world.

Imaging

Agfa HealthCare continued to extend the installed base for its technology-leading digital radiography solutions. At the end of the year, Agfa HealthCare had a global installed base of over 50,000 digital radiography solutions, all integrated with its gold standard MUSICA image processing software. Agfa HealthCare has been offering Computed Radiography (CR) solutions since 1993 and Direct Radiography (DR) solutions since 2009.

In the US, Agfa HealthCare signed several major DR and CR contracts in 2015. A new three-year group purchasing contract was signed with the leading healthcare improvement company Premier, Inc. The agreement allows Agfa HealthCare to offer its DR solutions to Premier's approximately 3,600 member hospitals and 120,000 other alternate healthcare sites. Furthermore, Agfa HealthCare entered into a sales and marketing agreement with Hitachi Medical Systems America Inc. Hitachi will promote Agfa HealthCare's complete digital radiography portfolio to its large community of MRI and CT customers in the US. Under the terms of a multi-million dollar imaging contract, Agfa HealthCare will install a minimum of 50 mobile DR units at the 34 acute care hospitals of the leading Prime Healthcare Services hospital management company. Rush University Medical Center (Chicago) will install four DR solutions.

In the UK, Agfa HealthCare won the contract to install a number of CR and DR solutions for the Plymouth Hospitals NHS Trust. The Bristol Royal Infirmary teaching hospital replaced its existing CR equipment with nine Agfa HealthCare CR solutions.

The Ministry of Health of Saudi Arabia ordered 29 mobile DR units. The systems will be employed in hospitals in the southern region of the country. In Jordan, Agfa HealthCare will supply 29 CR systems and hardcopy printers to digitize imaging in hospitals across the country. The business group also signed a contract for the implementation of 42 fully automated digital X-ray rooms in the State of West Bengal in India.

Agfa HealthCare's imaging technology is also used by veterinary clinics around the world. For the second year in a row, Agfa HealthCare was the technical sponsor of the Mobile Horse Vet Clinic for the annual Longines Global Champions Tour show jumping series. The 'Horse Ambulance Group' used the business group's CR and DR equipment to screen and care for the horses participating in the tour.

IT

In 2015, Agfa HealthCare's IT solutions again convinced numerous care organizations around the world, from large multi-site hospital organizations and regional care providers, to medium-sized facilities and small imaging centers.

Imaging IT Solutions

At the end of 2015, Agfa HealthCare's imaging IT solutions served over 3,000 care facilities worldwide.

In 2015, Agfa HealthCare focussed on the further global roll-out of its Enterprise Imaging solution. Agfa HealthCare acquired over 250 new agreements for the solution since its launch. One of the most eye-catching contracts in 2015 in this field was signed in Russia, where the Moscow City Department of Healthcare chose Agfa HealthCare's Enterprise Imaging as the central imaging and teleradiology solution for 63 care sites. In Sweden, Agfa HealthCare signed a framework agreement with Västra Götalandsregionen. The agreement lays out standard terms under which the 18 hospitals in the region can implement Agfa HealthCare's Enterprise Imaging for Radiology suite at their own pace. The first implementation will take place in Sahlgrenska University Hospital (Gothenburg), the largest hospital in Northern Europe. In Canada, eHealth Ontario – an agency of the Ontario Ministry of Health and Long-Time Care – selected Agfa HealthCare's technology to support its strategy to enable access to medical images and reports throughout the province. The decision will impact 28,000 physicians.

Other examples of leading institutions embracing Agfa HealthCare's Enterprise Imaging technology are Southern Ohio Medical Center (Ohio, USA), Nevada Regional Medical Center (Missouri, USA), Priscilla Chan and Mark Zuckerberg San Francisco General Hospital and Trauma Center (California, USA), Exeter Hospital (New Hampshire, USA), Northwestern Medicine (Illinois, USA), Birmingham Dental Hospital and School of Dentistry (UK), Sheffield Teaching Hospitals NHS Foundation Trust (UK), AZ Sint-Rembert (Belgium), and CHIREC Institute (Belgium). Currently, the solution is live in healthcare sites across 24 countries in South America, North America, Africa, Europe and the Middle East.

In France, GCS Télésanté Lorraine awarded Agfa HealthCare – in a consortium with Santeos – the contract for the Médiale project. The project aims at creating a registry for the medical images produced in care facilities in the Lorraine region. So far, 71 facilities will be part of the project, which will cover 95% of the regions medical image production. Another major imaging IT contract was signed in Austria, where Agfa HealthCare will install a central archive for the storage of the medical images and related data of 21 hospitals in the Lower Austria region. Furthermore, Agfa HealthCare was selected to update and upgrade the Radiology Information System (RIS) and imaging infrastructure of the Area Vasta Centro region in Tuscany, Italy. The region comprises five hospital groups.

Healthcare Information Solutions

In 2015, Agfa HealthCare strengthened its leading position in the European market with its Hospital Information Systems (HIS)/ Clinical Information Systems (CIS) and its Enterprise Content Management solution.

Agfa HealthCare confirmed the leading position of its HIS/ CIS solution in the German speaking countries of Europe. Among the care organizations that signed HIS/CIS contracts in this region are the Westpfalz-Klinikum Kaiserslautern, the Missionsärztliche Klinik Würzburg, KPlus Gruppe GmbH in Solingen, the private hospital group Schön in Prien am Chiemsee and the Psychiatrieverbunde St. Gallen.

Furthermore, Agfa HealthCare has been selected as one of the approved suppliers in the NHS Shared Business Services' Healthcare Clinical Information Systems Framework. This framework speeds up and simplifies the healthcare IT systems tender process for healthcare providers in the UK. In France, a major contract was signed with the Centre hospitalier intercommunal André Grégoire in Montreuil-sous-Bois.

At the end of 2015, the HIS/CIS solution was installed at over 1,350 care facilities across Europe.

The installed base for the Enterprise Content Management solution also continued to grow with numerous installations in – among other countries – France, Canada and Brazil.

10

Agfa Specialty Products

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

For the production of polymer substrates and chemical coatings, Agfa Specialty Products builds on the Agfa-Gevaert Group's longstanding expertise in film manufacturing and chemical formulations.

10

MILLION EURO	2015	2014	% change
Revenue	**189**	197	-4.1%
Recurring EBITDA (1)	**16.7**	10.9	53.2%
% of revenue	8.8%	5.5%	
Recurring EBIT (1)	**12.7**	6.6	92.4%
% of revenue	6.7%	3.4%	
Results from operating activities	**13.3**	5.8	129.3%

(1) Before restructuring and non-recurring items

Agfa Specialty Products in 2015

In 2015, Agfa Specialty Products' revenue reached 189 million Euro. The good performances of the future-oriented businesses, such as Orgacon Electronic Materials and Synaps Synthetic Paper, as well as the *Printed Circuit Board* business partly counterbalanced the decline of the traditional film businesses.

The business group's recurring EBITDA reached 16.7 million Euro (8.8% of revenue). Recurring EBIT increased to 12.7 million Euro (6.7% of revenue).

Innovative solutions for industrial applications

Agfa Specialty Products' activities are grouped in the subdivisions Classic Films, Functional Foils and Advanced Coatings & Chemicals. In addition, the Materials Technology Centre promotes an open innovation culture, offering third parties services in the field of materials and coating research.

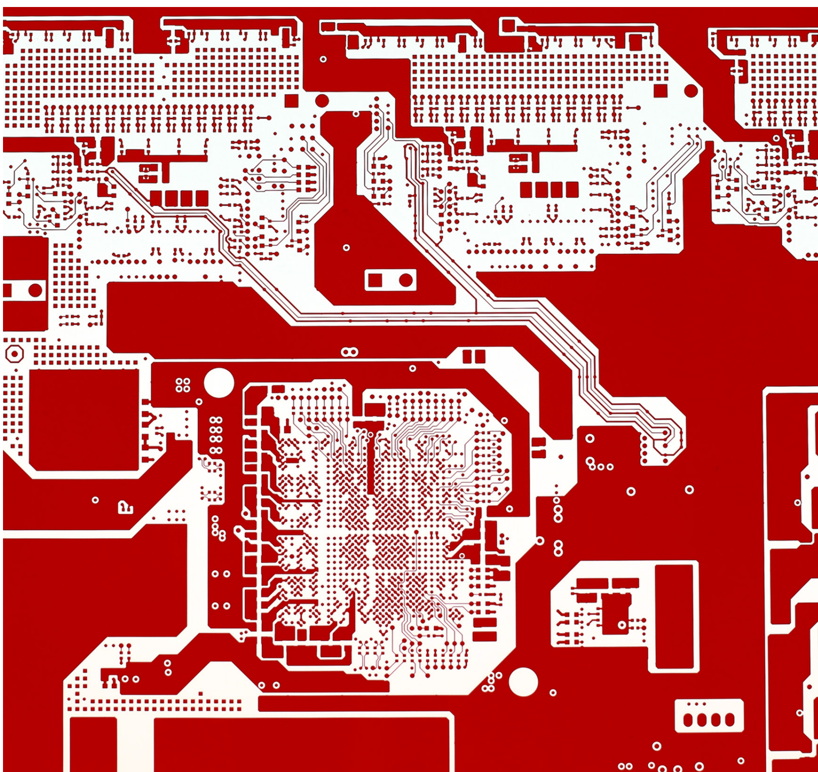
Classic Films

Agfa Specialty Products supplies traditional film-based consumables to imaging markets outside the scope of Agfa Graphics and Agfa HealthCare. In these markets, analog systems are gradually replaced by digital alternatives. In some segments, however, film is still the standard. It guarantees high resolutions and imaging quality and is easy to use, whereas the transition to digital technology often demands substantial investments. The business group's activities in these markets are broken down into the following main areas:

Non-Destructive Testing (NDT): Agfa Specialty Products produces high-quality X-ray film for *non-destructive testing* of – among others – welds in pipelines, steel structures and fuselages. When Agfa divested its NDT business group to the General Electric Company (GE) in 2003, both parties signed a long-term agreement under which Agfa continues to supply X-ray film to GE. Agfa now acts as the exclusive manufacturer of GE's NDT X-ray films and related chemicals. Due to the crisis in the industrial oil and gas markets, the demand for NDT film slightly decreased in 2015.

Aerial Photography: For the aerial photography industry, Agfa Specialty Products supplies films, chemicals, photo paper and software. In 2015, Agfa managed to keep its market share in the Aerial Photography market, but the revenue declined as a result of the digitization of the industry.

Microfilm: Agfa Specialty Products' microfilm is known for its high sensitivity and exceptional image quality. Due to the increasing digitization, the traditional microfilm market continues to decline. Agfa Specialty Products has a long-term exclusive supply agreement for microfilm with Eastman Park Micrographics (EPM). Under the agreement, Agfa manufactures microfilm and related chemicals for EPM. EPM distributes these products worldwide under its own brand name.



Functional Foils

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

Security: The ever increasing attention for security and identification incites authorities to invest in high-tech electronic ID documents of which the authenticity can be checked quickly and efficiently. Agfa Specialty Products responds to this need for fraud-proof ID documents with a portfolio of specialty films, targeting applications with high demands on durability and security (e.g. personal ID documents, banking/credit cards,…). These reliable and robust card materials are on the market under the PETix brand name. All PETix materials can be combined with state-of-the-art personalization and security techniques. 2015 showed stable revenue and project sales.

Print: Agfa Specialty Products developed a range of synthetic paper types as alternatives to coated paper for applications with high demands on durability. Marketed under the Synaps brand, the papers are noted for their exceptionally fast drying and their resistance to water, tearing and UV light. Synaps papers can be printed with standard inks, on *offset printing* presses as well as on dry toner printers. They are suitable for a wide variety of applications, including labels, indoor and outdoor displays, premium commercial printwork and certain types of packaging. In 2015, Agfa Specialty Products reported continued strong revenue growth for its synthetic paper business. Furthermore, the business group continued to expand its dealer network for this business. For instance, an agreement was signed with Blue Rhine General Trading for the distribution of the Synaps range in the United Arab Emirates.

PET films for solar panels: Agfa Specialty Products supplies a range of *PET* films to manufacturers of backsheets for photovoltaic solar panels. These films are marketed under the Arzona brand name.

Industrial Foils: Agfa Specialty Products supplies state-of-the-art PET film bases, chemical materials and high-tech (semi-)finished materials to industrial customers. These materials can be tailor-made according to customer specific requirements, for instance for the production of imaging products.

Advanced Coatings & Chemicals

Based on its core competencies in chemical formulations and in film coatings, Agfa Specialty Products is actively developing advanced products and materials for promising growth markets.

Materials for Printed Electronics: Agfa Specialty Products is an expert in the field of conductive *polymers* for use in an antistatic protection layer for films and components. Based on these products, Agfa has further developed its conductive Orgacon product line of printing inks, pastes and formulations for use in electronic devices and in – among other applications – *capacitive sensors*, touch screens and *membrane switches*. In 2014, Agfa Specialty Products introduced its highly innovative Nanosilver Inks for the production of printed electronics.

Typical applications are printed *RFID antennas*, but also sensors and touch screens. Continuing the trend of the previous years, the Orgacon product line reported a strong revenue growth in 2015.

Phototooling: Agfa Specialty Products is an important manufacturer of phototooling film for the production of printed circuit boards (PCB) for the electronics industry. Manufacturers of electronics use the film to register the extremely thin conductive lines on printed circuit boards. Also in 2015, phototooling film experienced a strong increase in revenue.

As inkjet is identified as a promising technology for future PCB manufacturing, Agfa Specialty Products is focusing its R&D efforts on the development of PCB inkjet solutions. In November, Agfa Specialty Products signed two development agreements in this area. Firstly, the business group joined forces with MGI Digital Technology to develop and launch the world's first industrial inkjet solution for the printed electronics market. Secondly, Agfa Specialty Products entered into an alliance with Electra Polymers for the development of inkjet solder mask technology.

Membranes: In cooperation with VITO (the Flemish institute for technological research), Agfa Specialty Products developed flat sheet *membranes* for hydrogen production. Zirfon Perl is a high quality, very durable separator membrane for use in alkaline water electrolysis systems.

Financial Statements

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

The Board of Directors and the Executive Management of Agfa-Gevaert NV, represented by Mr. Julien De Wilde, Chairman of the Board of Directors, Mr. Christian Reinaudo, President and Chief Executive Officer, and Mr. Kris Hoornaert, Chief Financial Officer, hereby declare that, to the best of their knowledge,

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

The accompanying notes are an integral part of these consolidated financial statements.

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF PROFIT OR LOSS

MILLION EURO	Note	2015	2014
Revenue	5	**2,646**	**2,620**
Cost of sales		(1,804)	(1,813)
Gross profit		**842**	**807**
Selling expenses		(352)	(336)
Research and development expenses		(144)	(146)
Administrative expenses		(170)	(172)
Other operating income	9	110	90
Other operating expenses	10	(125)	(107)
Results from operating activities	5	**161**	**136**
Interest income (expense) - net		**(11)**	**(15)**
Interest income	11	2	2
Interest expense	11	(13)	(17)
Other finance income (expense) – net		**(63)**	**(44)**
Other finance income	11	14	8
Other finance expense	11	(77)	(52)
Net finance costs		**(74)**	**(59)**
Profit (loss) before income taxes		**87**	**77**
Income tax expense	12	(16)	(18)
Profit (loss) for the year		**71**	**59**
Profit (loss) attributable to:			
Owners of the Company		62	50
Non-controlling interests		9	9
Earnings per share (Euro)			
Basic earnings per share (Euro)	31	0.37	0.30
Diluted earnings per share (Euro)	31	0.37	0.30

The accompanying notes on pages 58 to 136 are an integral part of these consolidated financial statements

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MILLION EURO	Note	2015	2014
Profit (loss) for the year		**71**	**59**
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences:		**10**	**18**
Exchange differences on translation of foreign operations	22.9	1	30
Exchange differences on disposal of foreign operations reclassified to profit or loss	22.6	20	-
Exchange differences on net investment hedge	22.9	(11)	(12)
Income tax on exchange differences on net investment hedge		-	-
Cash flow hedges:		**(3)**	**(1)**
Effective portion of changes in fair value of cash flow hedges	7.1.4/7.1.8	(27)	(14)
Change in fair value of cash flow hedges reclassified to profit or loss	7.1.4	6	5
Adjustments for amounts transferred to initial carrying amount of hedged items	7.1.8	18	8
Income taxes		-	-
Available-for-sale financial assets:		**3**	**-**
Changes in the fair value of available-for-sale financial assets	22.3	3	-
Income taxes		-	-
Items that will not be reclassified subsequently to profit or loss:		**64**	**(293)**
Remeasurements of the net defined benefit liability	22.5	65	(299)
Income tax on remeasurements of the net defined benefit liability	22.5	(1)	6
Total other comprehensive income for the period, net of tax:		**74**	**(276)**
Total comprehensive income for the period attributable to:		**145**	**(217)**
Owners of the Company		135	(232)
Non-controlling interests		10	15

The accompanying notes on pages 58 to 136 are an integral part of these consolidated financial statements

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MILLION EURO	Note	**December 31, 2015**	December 31, 2014
ASSETS			
Non-current assets		**1,005**	**1,039**
Intangible assets and Goodwill	13	622	615
Property, plant and equipment	14	214	234
Investments in associates		1	1
Financial assets	15	16	16
Deferred tax assets	12	152	173
Current assets		**1,397**	**1,509**
Inventories	16	512	512
Trade receivables	7	515	538
Current income tax assets	12	64	62
Other tax receivables	17	26	45
Other receivables	7/18	106	103
Other assets	19	44	51
Derivative financial instruments	7	2	2
Cash and cash equivalents	20	123	196
Non-current assets held for sale	21	5	-
TOTAL ASSETS		**2,402**	**2,548**
EQUITY AND LIABILITIES			
Equity	22	**268**	**146**
Equity attributable to owners of the Company		**228**	**93**
Share capital		187	187
Share premium		210	210
Retained earnings		771	709
Reserves		(92)	(92)
Translation reserve		(7)	(16)
Post-employment benefits: remeasurements of the net defined benefit liability		(841)	(905)
Non-controlling interests		**40**	**53**
Non-current liabilities		**1,359**	**1,443**
Liabilities for post-employment and long-term termination benefit plans	23	1,185	1,267
Other employee benefits	23	9	12
Loans and borrowings	24	137	125
Provisions	25	6	14
Deferred income		1	2
Deferred tax liabilities	12	21	23
Current liabilities		**775**	**959**
Loans and borrowings	24	44	197
Provisions	25	81	87
Trade payables	7	206	230
Deferred revenue & advance payments	26	141	125
Current income tax liabilities	12	60	61
Other tax liabilities	17	45	63
Other payables	27	46	49
Employee benefits	23	130	129
Other liabilities		5	4
Derivative financial instruments	7	17	14
TOTAL EQUITY AND LIABILITIES		**2,402**	**2,548**

The accompanying notes on pages 58 to 136 are an integral part of these consolidated financial statements

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		ATTRIBUTABLE TO OWNERS OF THE COMPANY										
MILLION EURO	Note	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Hedging reserve	Remeasurement of the net defined benefit liability	Translation reserve	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2014		**187**	**210**	**664**	**(82)**	**1**	**(10)**	**(617)**	**(28)**	**325**	**43**	**368**
Comprehensive income for the period												
Profit (loss) for the period		-	-	50	-	-	-	-	-	50	9	59
Other comprehensive income net of tax	22.9	-	-	-	-	-	(1)	(293)	12	(282)	6	(276)
Total comprehensive income for the period		**-**	**-**	**50**	**-**	**-**	**(1)**	**(293)**	**12**	**(232)**	**15**	**(217)**
Transactions with owners, recorded directly in equity												
Dividends	22.8	-	-	-	-	-	-	-	-	-	(5)	(5)
Total transactions with owners recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Reclassification remeasurement adjustments recognized in previous periods in other comprehensive income		**-**	**-**	**(5)**	**-**	**-**	**-**	**5**	**-**	**-**	**-**	**-**
Balance at December 31, 2014		**187**	**210**	**709**	**(82)**	**1**	**(11)**	**(905)**	**(16)**	**93**	**53**	**146**
Balance at January 1, 2015		**187**	**210**	**709**	**(82)**	**1**	**(11)**	**(905)**	**(16)**	**93**	**53**	**146**
Comprehensive income for the period												
Profit (loss) for the period		-	-	62	-	-	-	-	-	62	9	71
Other comprehensive income net of tax	22.9	-	-	-	-	3	(3)	64	9	73	1	74
Total comprehensive income for the period		**-**	**-**	**62**	**-**	**3**	**(3)**	**64**	**9**	**135**	**10**	**145**
Transactions with owners, recorded directly in equity												
Dividends	22.8	-	-	-	-	-	-	-	-	-	(23)	(23)
Total transactions with owners recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(23)**	**(23)**
Balance at December 31, 2015		**187**	**210**	**771**	**(82)**	**4**	**(14)**	**(841)**	**(7)**	**228**	**40**	**268**

The accompanying notes on pages 58 to 136 are an integral part of these consolidated financial statements

AGFA-GEVAERT GROUP - CONSOLIDATED STATEMENT OF CASH FLOWS

MILLION EURO	Note	2015	2014
Profit (loss) for the period		**71**	**59**
Adjustments for:			
Depreciation, amortization and impairment losses	13/14	61	69
Changes in fair value of derivative financial instruments		(2)	-
Granted subventions		(9)	(9)
(Gains) Losses on sale of non-current assets	9/10	(4)	(1)
Net finance costs	11	74	59
Income tax expense	12	16	18
		207	**195**
Changes in:			
Inventories		5	46
Trade receivables		31	64
Trade payables		(27)	(5)
Deferred revenue and advance payments		9	(3)
Other working capital		10	(15)
Non-current provisions		(85)	(89)
Current provisions		(7)	(18)
Cash generated from operating activities		**143**	**175**
Income taxes paid		6	(24)
Net cash from (used in) operating activities		**149**	**151**
Interest received		2	2
Dividends received		-	-
Proceeds from sale of intangible assets	13	2	4
Proceeds from sale of property, plant and equipment	14	7	4
Acquisitions of intangible assets	13	(2)	(1)
Acquisitions of property, plant and equipment	14	(35)	(36)
Changes in lease portfolio		(5)	6
Acquisitions of subsidiary, net of cash acquired	6	(7)	-
Changes in other investing activities		4	(6)
Net cash from (used in) investing activities		**(34)**	**(27)**
Interest paid		(18)	(17)
Dividends paid to non-controlling interests		(25)	(5)
Proceeds from borrowings		68	-
Repayment of borrowings	24	(205)	(22)
Other financial flows		(7)	(11)
Net cash from (used in) financing activities		**(187)**	**(55)**
Net increase (decrease) in cash and cash equivalents		**(72)**	**69**
Cash and cash equivalents at January 1		**194**	**125**
Effect of exchange rate fluctuations		**-**	**-**
Cash and cash equivalents at December 31	**20**	**122**	**194**

The accompanying notes on pages 58 to 136 are an integral part of these consolidated financial statements

1. REPORTING ENTITY

Agfa-Gevaert NV ('the Company') is a company domiciled in Belgium. The address of the Company's registered office is Septestraat 27, 2640 Mortsel.

The 2015 Consolidated Financial Statements of the Group include the Company and 101 consolidated subsidiaries (2014: 97 consolidated subsidiaries) controlled by the Company. Investments in subsidiaries and associates are listed in note 32.

Non-controlling interests have a material interest in seven subsidiaries in greater China and the ASEAN region. The financials are explained in note 22.8. In Europe, there are two subsidiaries in which non-controlling interests have an interest that is of minor importance to the Group.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union up to December 31, 2015.

Financial reporting standards applied for the first time in 2015

The consolidated statements of the Group as disclosed in this annual report take into account the impact of the following new or revised IFRSs, which are effective for the first time for annual periods beginning on January 1, 2015:

- IFRIC 21 *Levies*

In May 2013, the IASB issued the interpretation IFRIC 21 *Levies*. The interpretation covers the accounting for government-imposed levies with the exception of income taxes covered by IAS 12 *Income Taxes*. It also provides guidance on when to recognise a liability for a levy. In terms of the IFRS, the interpretation is effective for annual periods beginning on or after January 1, 2014. For companies in the European Union, application of the interpretation is mandatory for annual periods beginning on or after June 17, 2014. The interpretation is therefore applied as of January 1, 2015.

- *Annual Improvements* 2011-2013 Cycle

In December 2013, the IASB issued a next set of *Annual Improvements* to IFRSs effective for annual periods beginning on or after July 1, 2014. These amendments have been endorsed by the European Union in December 2014, effective for application in the EU as from January 1, 2015. They mainly consist of editorial changes to existing standards to clarify guidance and wording. These amendments define scope exclusion for formation of joint arrangements; clarify the scope of an exception in fair value measurement (IFRS 13) of financial assets and financial liabilities, with offsetting positions in market risk or counterparty credit risk and clarify the interrelationship between *Business Combinations* and *Investment Property*.

Above listed new or revised IFRSs didn't have a significant impact on the Company's consolidated financial statements of 2015.

The Group has not early adopted any new IFRS requirements that were not yet effective in 2015. Further information is provided in note 4 'New standards and interpretations not yet adopted'.

The consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2016.

2.2 BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value; and
- Plan assets attributable to the Company's defined benefit retirement plans and other post-employment benefit plans are measured at fair value.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Euro, which is the Company's functional currency.
All financial information presented in Euro has been rounded to the nearest million, except when otherwise indicated.

2.4 USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make certain judgments, assumptions and accounting estimates that may substantially impact the presentation of the Group's financial position and/or results of operations.

Accounting estimates and underlying assumptions are continually reviewed but may vary from the actual values.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are listed below with reference to the respective note(s) where more information is disclosed.

Area of judgments, assumptions and accounting estimates	Explanatory notes
The discounted cash flows used for impairment testing	Note 13 'Intangible assets and goodwill'
The useful lives of intangible assets with finite useful lives	Note 13 'Intangible assets and goodwill'
The assessment of the adequacy of provisions for pending or expected income tax audits over previous years	Note 12 'Income taxes'
The recoverability of deferred tax assets	Note 12 'Income taxes'
The actuarial assumptions used for the measurement of defined benefit obligations	Note 23 'Employee benefits'
Revenue recognition with regard to multiple-element arrangements	Note 26 'Deferred revenue and advance payments'

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF CONSOLIDATION

3.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power over the entity, i.e. the right that gives the Company the ability to direct the relevant activities of related entity, and is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Goodwill is not amortized but tested for impairment on an annual basis and whenever there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. The impairment testing process is described in the appropriate section of these policies. Goodwill is stated at cost less accumulated impairment losses. With respect to associates, the carrying amount of goodwill is included in the carrying amount of the investment.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.
Any contingent consideration payable is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration recognized as a liability are recognized in profit or loss.

Costs related to the acquisition are expensed as incurred.

3.1.2 Acquisitions of non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirees identifiable net assets at the date of acquisition.

3.1.3 Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power over the entity, i.e. the right that gives the Company the ability to direct the relevant activities of related entity, and is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the acquisition date until the date when the parent ceases to control the subsidiary.

3.1.3.1 Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary.
Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, shall be recognized in equity and attributed to the owners of the parent.

3.1.4 Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Investments in associates

An associate is an entity in which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. An investment in an associate is accounted for using the equity method from the date on which it becomes an associate and is recognized initially at cost. The cost of the investment includes transaction costs. On acquisition of the investment, any difference between the cost of the investment and the Company's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as follows:

- goodwill relating to an associate is included in the carrying amount of the investment;
- any excess of the Company's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Company's share of the associate's profit or loss in the period in which the investment is acquired.

If there is an indication that an investment in an associate may be impaired, the accounting policy with respect to impairment is applied.

3.1.5.1 Elimination of unrealized profits and losses on transactions with associates

Profits and losses resulting from upstream and downstream transactions between the Company – included its consolidated subsidiaries – and an associate must be eliminated to the extent of the Company's interest in the associate.

Upstream transactions are, for example, sales of assets from an associate to the Company.
Downstream transactions are, for example, sales of assets from the Company to an associate.

3.1.5.2 When an investment ceases to be an associate

From the date when the Company ceases to have significant influence over an associate, it accounts for related investment in accordance with IAS 39 from that date.
On the loss of significant influence, the Company measures at fair value any investment the Company retains in the former associate.

The Company recognizes in profit or loss any difference between:

- the fair value of any retained investment and any proceeds from disposing of the (partial) interest in the associate; and
- the carrying amount of the investment at the date when significant influence is lost.

3.1.6 Jointly controlled entities and jointly controlled operations

A joint arrangement is an arrangement of which two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Depending upon the rights and obligations of the parties to the arrangement, the joint arrangement is classified either as a joint operation or a joint venture.

3.1.6.1 Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

3.1.6.2 Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. The Group as joint venturer recognizes its interest in a joint venture as an investment that is accounted for using the equity method.

3.1.7 Transactions eliminated on consolidation

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 FOREIGN CURRENCY

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

3.2.1 Foreign currency transactions

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

3.2.2 Foreign operations

A foreign operation is an entity that is a subsidiary, associate, joint venture or branch of the Company, of which the activities are based or conducted in a currency other than the Euro.

The financial statements of foreign operations are translated for the purpose of the consolidation as follows:

- assets and liabilities are translated at the closing rate;
- income and expenses are translated at average year-to-date exchange rates; and
- equity components are translated at historical rates, excluding current year movements, which are translated at average year-to-date rates.

All resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity being 'Translation Reserve'. The amount attributable to any non-controlling interests is allocated to and recognized as part of non-controlling interests.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. When the disposal of a foreign operation relates to a subsidiary, the cumulative amount of the exchange differences that have been attributed to non-controlling interests are derecognized and reclassified to retained earnings.

On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to non-controlling interests in that foreign operation. Any other partial disposal of a foreign operation – related to an associate, joint venture or branch of the Company – results in a reclassification to profit or loss of the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income.

A partial disposal of an entity's interest in a foreign operation is any reduction in an entity's ownership interest in a foreign operation, except for those reductions resulting in:

- the loss of control of a subsidiary;
- the loss of significant influence over an associate;
- the loss of joint control over a joint arrangement.

These reductions are accounted for as disposals resulting in a reclassification from other comprehensive income to profit or loss of the cumulative amount of the exchange differences relating to that foreign operation.

3.2.3 Hedge of a net investment in a foreign operation

Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on the translation of the liability to the functional currency are recognized directly in other comprehensive income.

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

On the disposal of a foreign operation that is subject to a net investment hedge, the accumulated profits and losses of related financial instruments recognized at this time in equity are immediately reclassified to profit or loss.

3.3 REVENUE AND OTHER OPERATING INCOME

All revenues derived from the selling of products or rendering of services or from licensing agreements are recognized as revenue. Other operational revenues are recognized as other operating income.

Revenues are recorded net of sales taxes, customer discounts, rebates and similar charges.
The Group recognizes revenue in profit or loss when significant risks and rewards of ownership have been transferred to the buyer, when the amount of revenue can be measured reliably and there are no significant uncertainties regarding recovery of the consideration due, the associated costs or the possible return of goods and there is no continuing management involvement with the goods.

3.3.1 Sale of goods

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

3.3.2 Rendering of services

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

3.3.3 Royalties

Fees and royalties paid for the use of the Company's assets are recognized on an accrual basis in accordance with the terms and substance of the relevant agreement. In some cases, whether or not a license fee or royalty will be received is contingent on the occurrence of a future event. In such cases, revenue is recognized only when it is probable that the fee or royalty will be received, which is generally when the event has occurred.

3.3.4 Multiple-element arrangements

The Group also enters into arrangements combining multiple deliverables such as software, hardware/equipment and services, including training, maintenance and post-contract customer support. Such arrangements are assessed to determine whether the deliverables represent separate units of accounting. The delivered elements are subject to separate recognition only if:

- they have value to the customer on a stand-alone basis;
- there is objective and reliable evidence of the fair value of the undelivered element(s); and
- in case a general right of return exists relative to the delivered element(s), delivery or performance of the undelivered element(s) is considered probable and in the control of the Company.

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

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

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

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

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

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

3.4 INCOME FROM LEASE ARRANGEMENTS

3.4.1 Finance leases

Receivables from finance leases in which the Company as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognized at an amount equal to the discounted future minimum lease payments. Finance lease income – reported under 'Other operating income' – is subsequently recognized based on a pattern reflecting constant periodic rate of return on the net investment using the effective interest method. On manufacturing leases, a selling profit component is recognized on the basis of the policy for sale of goods. This means that the Company recognizes revenue and related profit margin at the moment a manufacturing organization or any related company invoices Agfa Finance at commencement of the lease contract with the external customer. The major portion of the finance lease agreements in which the customer is to be regarded as the economic owner, are concluded by Agfa Finance (i.e. Agfa Finance NV, its subsidiaries, Agfa Finance Corp. and Agfa Finance Inc.). Multiple-element arrangements that are subject to a finance lease arrangement follow the same revenue recognition policy as if no financing agreement has been included. A commercial contract whereby a certain piece of equipment is financed by means of a medium or long-term agreement under which the customer commits to purchase a certain level of consumables at a mark-up price is called a 'bundle deal'. Finance lease payments made under bundle deal contracts are apportioned between the reduction of the outstanding receivable and consideration from consumables sold on the basis of their relative fair values.

3.4.2 Operating leases

Operating lease income for rental of business accommodation and equipment – reported under 'Other operating income' – is recognized on a straight-line basis over the lease term. An arrangement that is not in the legal form of a lease is accounted for as a lease if it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

3.4.3 Sale and leaseback transactions

Profit from sale and leaseback transactions is recognized immediately if significant risks and rewards of ownership have passed to the buyer, the leaseback results in an operating lease and the transaction is established at fair value.

3.5 RESEARCH AND DEVELOPMENT EXPENSES

For accounting purposes, research expenses are defined as costs incurred for current or planned investigations undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development expenses are defined as costs incurred for the application of research findings or specialist knowledge to plans or designs for the production, provision or development of new or substantially improved products, services or processes, respectively, prior to the commencement of commercial production or use.

Research and development expenses are incurred in the Agfa-Gevaert Group for in-house research and development activities as well as numerous research and development collaborations and alliances with third parties.

Research and development expenses include, in particular the running costs of the research and development departments such as personnel expenses, material costs and depreciation of fixed assets as well as the costs of laboratories, costs of applications development facilities, engineering departments and other departments carrying out research and development tasks, costs of contacts with universities and scientific institutes including expenses incurred for commissioned research and development work.

Research costs cannot be capitalized. The conditions for capitalization of development costs are closely defined: an intangible asset must be recognized if, and only if, there is reasonable certainty of receiving future cash flows that will cover an asset's carrying amount. Additional information about the capitalization of development expenses is provided in note 3.9.1.

3.6 NET FINANCE COSTS

Interest income (expense) - net comprises interests receivable/payable in relation to items of the net financial debt position. Net financial debt is defined as current and non-current loans and borrowings less cash and cash equivalents.
Other finance income (expense) - net comprises:

- interest received/paid on other assets and liabilities not part of the net financial debt position such as the net interest cost of defined benefit plans and the interest component of long-term termination benefits;
- exchange results on non-operating activities;
- changes in the fair value of derivative instruments hedging non-operating activities;
- impairment losses recognized on available-for-sale financial assets;
- results on the sale of marketable securities; and
- other finance income (expense).

Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset. Dividend income is recognized in profit or loss on the date that the dividend is declared.

All interest and other costs incurred in connection with borrowings are expensed as incurred using the effective interest rate. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

The net interest cost of defined benefit plans is determined by multiplying the net defined benefit liability by the discount rate that is used to measure the defined benefit obligation, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

The interest component of long-term termination benefits comprises the impact of unwinding the liability as well as the impact of the changed discount rate.

3.7 INCOME TAX

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

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

3.7.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

3.7.2 Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.
A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized.
Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7.2.1 Deferred tax on defined benefit plans

Defined benefit plans could give rise to either taxable or deductible temporary differences depending on whether the tax base exceeds the carrying amount of the liability (taxable difference) or the opposite (deductible difference). For defined benefit liabilities resulting in a deductible temporary difference, a deferred tax asset is recognized when assumed recoverable within the foreseeable future.

When the accumulated remeasurements – being the impact of the first time adoption of the 2011 amendment to IAS 19 and all subsequent remeasurements – of the net defined benefit liability represent a debit balance in OCI and due to the accumulated remeasurements the defined benefit liability results in a deductible temporary difference with deferred tax asset recognition, the impact is reflected in OCI to the extent it is related to the accumulated remeasurements. If in subsequent years a deferred tax asset recognized in OCI decreases, the impact will also be presented in OCI.

When the accumulated remeasurements of the net defined benefit liability would represent a credit balance in OCI and due to the accumulated remeasurements the defined benefit liability results in a taxable temporary difference with deferred tax liability recognition, the impact is reflected in OCI to the extent it is related to the accumulated remeasurements. If in subsequent years a deferred tax liability recognized in OCI decreases, the impact will also be presented in OCI.

The total balance of accumulated remeasurements of the net defined benefit liability is reflected in OCI, net of tax.

3.8 GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.1 'Business combinations'.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Intangible assets with indefinite useful lives, such as trademarks, are stated at cost less accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized. Instead, they are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.

3.9 INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

3.9.1 Recognition and measurement

Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses.

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

In accordance with IFRS 3 *Business Combinations*, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the entity.

3.9.2 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.9.3 Amortization

Intangible assets with finite useful lives, such as acquired technology and customer relationships are amortized on a straight-line basis over their estimated useful lives, generally for periods ranging from five to 15 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.10 PROPERTY, PLANT AND EQUIPMENT

3.10.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period;
- capitalized borrowing costs.

For self-constructed assets, directly attributable costs are direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used in construction. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to construction and capitalized borrowing costs.

3.10.2 Subsequent expenditure

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

3.10.3 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

3.10.4 Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the item, except where the declining-balance basis is more appropriate in light of the actual utilization pattern from the date they are available for use.
For leased assets, the depreciation period is the estimated useful life of the asset, or the lease term if shorter.

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

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.11 IMPAIRMENT TESTING OF GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually and upon the occurrence of an indication of impairment.

The impairment tests are performed annually at the same time each year and at the cash-generating unit level.
The Group defines its cash-generating units based on the way that it monitors its goodwill and will derive economic benefit from the acquired goodwill and intangibles.
The impairment tests are performed by comparing the carrying value of the assets of these cash-generating units with their recoverable amount, based on their future projected cash flows discounted at an appropriate pre-tax rate of return.
The discount rate used in calculating the present value of the estimated future cash flows is based on a weighted average cost of equity and debt capital (WACC), using a debt-equity ratio of an average market participant. An additional risk premium was added to the cost of equity.
The cost of debt is based on conditions on which comparable companies can obtain long-term financing. The forecasting risk related to silver and aluminum is reflected in the cash flow projections.

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

Consideration is given at each reporting date to determine whether there is any indication of impairment of the carrying amounts of the Group's property, plant and equipment and intangible assets with finite useful lives.
If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss and the carrying amount of related asset is reduced through use of an allowance account.

The recoverable amount of the Group's property, plant and equipment and intangible assets with finite useful lives is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

3.12 NON-DERIVATIVE FINANCIAL ASSETS

Non-derivative financial assets include primary financial instruments such as cash, receivables and equity and debt instruments in another entity.

The Group initially recognizes loans and receivables on the date that they are originated. All other non-derivative financial assets are recognized on the trade date when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. In a transaction where an entity neither transfers nor retains substantially all of the risks and rewards of ownership of a financial asset, the related asset is derecognized in case the entity lost control of the asset. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
The Group has the following categories of non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available for sale financial assets.

3.12.1 Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or if it is designated as such upon initial recognition. These assets are measured at fair value with changes in fair value recognized in profit or loss.
Non-derivative financial assets at fair value through profit or loss comprise investments in mutual funds.

3.12.2 Held-to-maturity financial assets

If the Group has a positive intent to hold debt securities with fixed or determinable payments and fixed maturity till maturity date, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are initially recognized at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses (see note 3.13). Held-to-maturity financial assets comprise debt securities with a short term maturity and are consequently presented under 'Cash and cash equivalents' as well as debt securities with a longer maturity date that are presented under 'Financial assets'.

3.12.3 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognized at fair value plus any directly attributable transaction costs.
Subsequent to initial recognition, these financial assets are carried at amortized cost using the effective interest rate method, less any impairment losses (see note 3.13).
Loans and receivables comprise trade receivables, lease and other receivables, cash on hand, demand deposits and checks as well as loans and receivables included in financial assets.
Cash and cash equivalents categorized under loans and receivables comprise cash balances, demand deposits and checks with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Group in the management of its short-term commitments.

3.12.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and not classified in any of the previous categories. Available-for-sale financial assets are stated at fair value plus any directly attributable transaction costs, except for unquoted equity instruments whose fair value cannot be estimated reliably. These investments are carried at cost. A gain or loss arising from a change in fair value of an investment classified as available-for-sale is recognized in other comprehensive income except for foreign exchange gains and losses on available-for-sale monetary items and impairment losses on all available-for-sale financial assets, which are recognized in profit or loss. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. When the investment is sold, collected, or otherwise disposed of, or when the carrying amount of the investment is impaired, the gains or losses previously accumulated in other comprehensive income are reclassified to profit or loss.

3.13 IMPAIRMENT OF NON-DERIVATIVE FINANCIAL ASSETS

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. When indication for impairment exists, the asset's recoverable amount is estimated.

3.13.1 Financial assets measured at amortized cost

The recoverable amount of the Group's loans and receivables and held-to-maturity financial assets is the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.
When the carrying amount of a financial asset is higher than its recoverable amount, an impairment loss is recognized in profit or loss and the carrying amount of related asset is reduced through use of an allowance account.

An impairment loss recognized in prior periods on financial assets measured at amortized cost shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

For trade accounts receivable, the Company assesses at least on a quarterly basis the biggest outstanding accounts receivable (totalling +/- 70% of total accounts receivable) individually for collectability.

Adjustments to the allowance account are made based on professional judgment and taking into account following general principles:

- all receivables of which the collection is handled by the legal department are fully impaired;
- the remaining outstanding receivables – receivables not individually assessed or handled by the legal department – are impaired based on the number of days overdue;
- doubtful accounts receivable that are credit insured are only impaired based on the risk that is contractually retained by the Group;
- outstanding amounts covered by a letter of credit are not impaired.

To cover the credit risk of the lease receivables, the Company assesses at least on a quarterly basis all lease receivables individually for collectability.
Adjustments to the allowance account are generally made based on the number of days overdue. Deviations however remain possible based on supporting evidence from the Credit and Collections department. In assessing the recoverability of the lease receivables, management considers remarketing values, credit insurance and the existence of a letter of credit.

3.13.2 Available-for-sale financial assets

Available-for-sale financial assets comprise investments in equity and debt securities, other than investments in associates and are stated at fair value, except for unquoted equity instruments whose fair value cannot be estimated reliably.

Impairment losses on available-for-sale financial assets that are measured at fair value are recognized by reclassifying the losses accumulated in 'Revaluation reserve' in other comprehensive income to profit or loss.

The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.
However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

3.14 CURRENT AND OTHER TAX RECEIVABLES AND LIABILITIES

Current income tax for current and prior periods are, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset. Income tax assets and income tax liabilities are both carried at cost.

Other tax receivables and liabilities relate to other tax, such as VAT and other indirect taxes. They are carried at cost.

Both current and other tax receivables are offset against current tax liabilities, respectively other tax liabilities when they relate to taxes levied by the same taxation authority and are intended to be settled on a net basis.

3.15 OTHER ASSETS

Other assets comprise deferred charges and other non-financial assets. Deferred charges relate to payments made by the company before the balance sheet date in respect of the expenses of future periods (prepayments). Examples of deferred charges are payments of rent, interests and insurance premiums that were made before the balance sheet date but relate to a specific period after the balance sheet date.

Non-financial assets are carried at cost. Deferred charges are recognized in profit or loss by the straight-line method or according to performance of the services received.

3.16 DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into (trade date) and are subsequently remeasured at their fair value. In case cash flow hedge or net investment hedge accounting is applied, the effective portion of any gain or loss is recognized in OCI, the non-effective portion in profit or loss.

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

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

3.16.1 Fair value hedges

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

3.16.2 Cash flow hedges

When a derivative financial instrument hedges the variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction, the effective portion of any resulting gain or loss on the hedging instrument is recognized directly in other comprehensive income.

When the forecasted transaction results in the recognition of a non-financial asset or a non-financial liability the cumulative gain or loss is reclassified from other comprehensive income to the initial carrying amount of the asset or liability and subsequently recognized in profit or loss when the asset acquired or the liability assumed affects profit or loss. When the hedge relates to financial assets or liabilities, the cumulative gain or loss on the hedging instrument is reclassified from other comprehensive income to profit or loss in the same period during which the hedged forecasted cash flow affects profit or loss (for instance when the forecasted transaction takes place or when the variable interest expense is recognized). The gain or loss relating to any ineffective portion is recognized immediately in profit or loss.
When a hedging instrument expires or is sold, terminated or

exercised, or when a hedge no longer meets the criteria for hedge accounting but the hedged transaction is still expected to occur, the cumulative gain or loss (at that point) remains in other comprehensive income and is reclassified in accordance with the above policy when the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognized in other comprehensive income is immediately recognized in profit or loss.

3.17 INVENTORIES

Raw materials, supplies and goods purchased for resale are valued at purchase cost.

Work in progress and finished goods are valued at the cost of production. The cost of production comprises the direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used for production. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to production. Administrative costs are included where they are attributable to production.

Inventories are valued using the weighted-average cost method.

If the purchase or production cost is higher than the net realizable value, inventories are written down to net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The cost of inventories may not be recoverable in following situations:

- Obsolete inventory: this is determined based on a list of non-moving or slow-moving inventory-items, including items approximating the expiry date;
- Damaged or expired inventory items or products showing quality problems;
- Declining selling prices.

Within the Group, write-downs of inventories mainly result from obsolescence.

3.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, checks received, and balances with banks and companies. Cash equivalents are highly liquid short-term financial investments that are subject to an insignificant risk of changes in value, are easily convertible into a known amount of cash and have a maturity of three months or less from the date of acquisition or investment.

3.19 NON-CURRENT ASSETS HELD FOR SALE

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

3.20 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from retained earnings.

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity under the caption ‘Reserve for own shares’. Cancelled treasury shares are transferred from ‘Reserve for own shares’ to ‘Retained earnings’.

3.21 EMPLOYEE BENEFITS

For the accounting treatment of post-employment plans, IFRS distinguishes defined contribution plans and defined benefit plans. The classification depends on which party – Company or employee – bears the actuarial and investment risk. In case of a defined contribution plan, the employee bears all the risks and therefore the Company does not recognize a liability in its statement of financial position except for any unpaid contribution. In case of a defined benefit plan, the Company bears the actuarial and investment risk and should consequently recognize a liability in its statement of financial position. Some hybrid plans that incorporate features of both defined contribution and defined benefit plans are not covered by the current accounting standard IAS 19 *Employee Benefits*. An example of these hybrid plans are the Belgian defined contribution plans with return guaranteed by law. In the absence of a specific accounting policy in IFRS for this type of plans, management has developed a relevant and reliable accounting policy for these plans.

3.21.1 Defined contribution plans

Contributions to defined contribution pension plans are recognized as an expense in profit or loss as incurred. They are allocated among functional costs: cost of sales, research and development expenses, selling and administrative expenses, following the functional area of the corresponding profit and cost centers to which related employees are attributed.

3.21.2 Belgian defined contribution plans with return guaranteed by law

Belgian defined contribution plans are subject to the Law of April 28, 2003 on occupational pensions (hereafter 'the *WAP*'). According to article 24 of this Law, the employer has to guarantee an average minimum return of 3.75% on employee contributions and of 3.25% on employer contributions. Article 24 of the WAP obliges the employer to ensure that plan members receive at the date of leaving the plan at least the amount of the contributions capitalized at aforementioned statutory guaranteed minimum returns. Because of its nature, employee benefit plans with a promised return on contributions do not meet the definition of defined contribution plans under IFRS and have to be classified by default as defined benefit plans, requiring the measurement of an obligation. For estimating this obligation, management applies an intrinsic value approach.
This method consists in calculating the obligation in the statement of financial position as the sum of any individual differences between the mathematical reserves, i.e. the reserves calculated by capitalizing all premiums paid at the interest rate guaranteed by the insurer – also taking account of profit sharing, and the minimum reserves as determined by Article 24 of the WAP.
This measurement also considers any balance of financing funds that could be attributed to related plans. Management considers this approach more appropriate than a method based on the Projected Unit Credit (PUC) method that IFRS requires to apply for 'pure' defined benefit plans. The PUC method is explained in more detail under note 3.21.3 'Defined benefit plans'.

When applying the PUC method for measuring the obligation, the obligation should cover the whole career of each participating employee as from the entry date. With an employee benefit plan with a promised return on contributions, the sponsoring employer should ensure that plan members receive at the date of leaving the plan at least the amount of the contributions capitalized at the statutory guaranteed minimum returns applicable as of that date. Each funding gap that might exist at that date has to be immediately funded. As from that date the sponsoring employer no longer has a commitment towards its former employees.
This is not the case with 'pure' annuity based defined benefit plans. Additionally, the assumptions that are generally applied in the PUC method would result in an important provision at financial reporting date as at each reporting date the funding gap should be provided for. Management believes that the application of the PUC method on Belgian defined contribution plans with return guaranteed by law does not give a true and fair insight in the commitments of the sponsoring employers nor does it provide the reader of the financial statements with relevant information.

Contributions to Belgian defined contribution plans with return guaranteed by law are recognized as an expense in profit or loss as incurred. The defined contribution cost is allocated among functional costs: cost of sales, research and development expenses, selling and administrative expenses, following the functional area of the corresponding profit and cost centers to which related employees are attributed.

3.21.3 Defined benefit plans

For defined benefit plans, the amount recognized in the statement of financial position is determined as the present value of the defined benefit obligation less the fair value of any plan assets. Where the calculation results in a net surplus, the recognized asset does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.
The present value of the defined benefit obligations (DBO) and the service costs are calculated by a qualified actuary using the

Projected Unit Credit (PUC) method. Under this method projected benefits that are payable each future year are discounted to the reporting date at the assumed interest rate. The resulting total benefit obligation is then allocated to past service, presenting the DBO and year-in-service, presenting the service cost. The assumed interest rate is the discount rate based on yields at reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. In determining the net present value of the future benefit entitlement for service already rendered (DBO), the Group considers future compensation and benefit increases. The DBO also comprises the present value from the effects of taxes payable by the plan on contributions or benefits relating to services already rendered.

The amount charged to profit or loss consists of current service cost, past service cost, gain or loss on settlement, net interest cost and administrative expenses and taxes. Current service costs as well as administrative expenses and taxes, which are borne by the employer(s) participating to the plan, are allocated among functional costs: cost of sales, research and development expenses, selling and general administrative expenses, following the functional area of the corresponding profit and cost centers to which related employees are attributed.

Past service cost and settlement gains (losses) are recognized immediately in profit or loss under 'Sundry other operating income' or 'Sundry other operating expense' when the plan amendment, curtailment or settlement occurs. Administrative expenses which are related to the management of plan assets and taxes directly linked to the return on plan assets – borne by the plan itself – are included in the return on plan assets and are recognized in 'Other comprehensive income, net of income taxes (OCI)'.

Net interest cost is recognized in profit or loss under 'Other finance expense'. It is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability. The net interest cost is broken down into interest income on plan assets and interest cost on the defined benefit obligation. The difference between the return on plan assets and the interest income on plan assets is included in line item 'Post-employment benefits: remeasurements of the net defined benefit liability' and recognized in 'Other comprehensive income, net of income taxes'.
Next to the difference between the actual return and the interest income on plan assets, the line item 'Post-employment benefits: remeasurements of the net defined benefit liability' also comprises actuarial gains and losses resulting for example from an adjustment of the discount rate. These changes are all presented in 'Other comprehensive income, net of income taxes'.

Pre-retirement pension plans are treated as termination benefits (see note 3.21.4).

3.21.4 Termination benefits

Termination benefits are recognized as a liability and an expense when a Group company is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy and to the extent it is probable that the employees will accept the offer.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using a discount rate which is the yield at reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

The interest impact of unwinding and remeasuring long-term termination benefits at adjusted discount rates at financial reporting date is reflected in profit or loss under 'Other finance expense' whereas the impact of increases and decreases of the Group's commitments are presented under 'Other operating expenses' – Restructuring expenses.

3.21.5 Other long-term employee benefits

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

Unlike the accounting treatment of post-employment defined benefit plans, remeasurements of other long-term employee benefits are not reflected in other comprehensive income. Instead, the impact of remeasurements is recognized in profit or loss.

3.21.6 Current employee benefits

Current employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid within twelve months if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.22 PROVISIONS

Provisions are recognized in the statement of financial position when a Group company has a present obligation (legal or constructive) as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.22.1 Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. Future operating costs are not provided for.

3.22.2 Environmental protection

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognized when the land is contaminated.

3.22.3 Trade-related

Trade-related provisions primarily include provisions for bonuses and rebates related to goods and services purchased by customers in the accounting period, commissions to agents, warranty provisions, commercial litigations and onerous contracts.
A provision for product warranty is made at the time of revenue recognition and reflects the estimated cost of replacement that will be incurred by the Group.

3.22.4 Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Provisions are established under 'Trade-related provisions' for impending losses on purchase or sales contracts at the amount of the anticipated losses.

3.23 NON-DERIVATIVE FINANCIAL LIABILITIES

Non-derivative financial liabilities comprise debentures, uncommitted bank facilities, revolving and other credit facilities, trade and other payables.

Financial liabilities are recognized initially at fair value on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

3.24 DEFERRED REVENUE AND DEFERRED INCOME

Amounts invoiced in accordance with contractually agreed terms but unearned are presented as deferred revenue. They typically relate to multiple-element arrangements and maintenance contracts. Deferred revenue is recognized in profit or loss in compliance with the basic revenue recognition criteria as described in 3.3.

Similar to deferred revenue, deferred income relates to unearned other operating income. Deferred income is presented in following captions of the consolidated statement of financial position: 'Deferred income – non-current liabilities' and 'Other liabilities – current liabilities'.

Government grants are a typical example of deferred income.
Government grants are recognized in profit or loss when there is reasonable assurance that the conditions attached to the grants will be or are complied with and the grants will be received. Grants that compensate the Group for expenses incurred are recognized in profit or loss under the same functional reporting line item as the corresponding expenses. They are recognized as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated.
Grants awarded for the purchase or production of assets (Intangibles or Property, plant and equipment) are recognized initially as deferred income and then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.
Government grants for future expenses are recorded as deferred income.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new IFRS standards, amendments to IFRS standards and interpretations issued, were not yet effective for the year ended on December 31, 2015 and have not been applied in preparing the consolidated financial statements. The Group shall adopt these standards after endorsement by the European Union. It relates to:

- IFRS 9 *Financial Instruments*

In November 2009, the IASB issued IFRS 9 *Financial Instruments*, amending the classification and measurement of financial assets, effective for annual periods beginning on or after January 1, 2018. The standard has not yet been endorsed by the European Union.

According to IFRS 9, an entity shall subsequent to initial recognition, measure financial assets at either amortized cost or at fair value on the basis of an entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Gains or losses on financial assets measured at fair value and not part of a hedging relationship are recognized in profit or loss unless the financial asset is an investment in an equity instrument. Gains and losses on financial assets measured at amortized cost and not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, impaired or reclassified.

In October 2010, the IASB reissued IFRS 9, to incorporate new requirements for the classification and measurement of financial liabilities and to incorporate existing derecognition requirements.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model and to introduce new requirements for the accounting and presentation of an entity's own debt when measured at fair value. With the introduction of the new hedge accounting model, an amendment to IFRS 7 *Financial Instruments: Disclosures*, was issued requiring additional hedge accounting disclosures.

In July 2014, the IASB issued an amendment incorporating requirements for impairment, general hedge accounting and derecognition. The impairment model is based on accounting for expected losses.

The implementation of IFRS 9 is not expected to have a material impact on the consolidated financial statements, but it will change the presentation of the consolidated financial statements.

- *Annual Improvements* 2010-2012 Cycle

In December 2013, the IASB issued a next set of *Annual Improvements* to IFRSs effective for annual periods beginning on or after July 1, 2014. These amendments have been endorsed by the European Union in December 2014 with effective date for use within the European Union set at February 1, 2015. The Group will apply these amendments for annual periods beginning on or after February 1, 2015. They mainly consist of editorial changes to existing standards to clarify guidance and wording. These amendments address the definition of vesting and other conditions (IFRS 2); clarify the accounting for contingent consideration in

business combinations (IFRS 3); clarify the requirement to disclose the judgments used in applying the aggregation criteria to operating segments and clarify when reconciliations of segment assets are required (IFRS 8); clarify the fair value measurement of short-term receivables and payables (IFRS 13); clarify the revaluation method for property, plant and equipment and intangible assets; clarify that an entity providing key management personnel services is a related party to the reporting entity (IAS 24).
These amendments will not have an impact on the consolidated financial statements.

- Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans : Employee Contributions*

In November 2013, the IASB issued a narrow-scope amendment to IAS 19 *Defined benefit plans – employee contributions*, applicable for annual periods beginning on or after July 1, 2014. These amendments have been endorsed by the European Union in December 2014 with effective date for use within the European Union set at February 1, 2015. The Group will apply these amendments for annual periods beginning on or after February 1, 2015. These amendments address the accounting for contributions from employees or third parties to defined benefit pension plans that are independent of the number of years of service rendered, for example where the contributions are a fixed percentage of salary throughout the period of employment. Such contributions may be accounted for as a reduction in current service cost in the period in which the related service was rendered instead of attributing them to the periods of service.
The changes are not expected to have a material impact on the Group's consolidated financial statements.

- IFRS 14 *Regulatory Deferral Accounts*

In January 2014, the IASB issued a standard IFRS 14, applicable to first-time adopters of IFRS, effective for annual periods beginning on or after January 1, 2016. The standard has not yet been endorsed by the European Union.
This standard is not applicable to entities that already prepare financial statements according to IFRS and will not have an impact on the consolidated financial statements of the Group.

- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible assets: Clarification of Acceptable Methods of Depreciation and Amortization*

In May 2014, the IASB issued amendments to existing standards IAS 16 and IAS 38 effective for annual periods beginning on or after January 1, 2016. This amendment has been endorsed by the European Union in December 2015, effective as from January 1, 2016. These amendments clarify that revenue-based depreciation and amortization is not appropriate. This amendment will not have an impact on the consolidated financial statements.

- Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*

In May 2014, the IASB issued an amendment to IFRS 11 effective for annual periods beginning on or after January 1, 2016.
This amendment was endorsed by the European Union in November 2015, effective as from January 1, 2016. The amendment clarifies whether the acquirer of interests in joint operations should apply IFRS 3 *Business Combinations* on initial recognition of the interest or should account for it as an acquisition of a group of assets. The impact on the consolidated financial statements will depend on future acquisitions of interests in joint ventures.

- IFRS 15 *Revenue from Contracts with Customers*

In May 2014, the IASB issued a new standard IFRS 15 on revenue recognition. In September 2015, an amendment to this standard was issued deferring the effective first-time application date to annual periods beginning on or after January 1, 2018.
This standard has not yet been endorsed by the European Union. This standard introduces a five-step approach to be applied in revenue recognition for all contracts with customers: first the contract with the customer should be identified; then the performance obligations in the contract should be identified; as a third step the transaction price should be determined; then the transaction price should be allocated to the performance obligations in the contract; and finally revenue is recognized when the performance obligation is satisfied. The standard moreover specifies whether revenue should be recognized at a certain point in time or over a period of time.

The standard introduces increased requirements for the disclosure of revenue.

The Group is currently investigating whether the application of the new standard will have a material effect on the consolidated financial statements.

- Amendments to IAS 16 *Property, Plant & Equipment* and IAS 41 *Agriculture: Agriculture - Bearer Plants* effective for annual periods on or after January 1, 2016

This amendment has been endorsed by the European Union in November 2015, effective as from January 1, 2016. This amendment is not applicable to the Group.

- *Equity method in Separate Financial Statements* (amendment to IAS 27)

In August 2014, the IASB issued a narrow-scope adjustment to IAS 27, effective for annual periods beginning on or after January 1, 2016. This amendment has been endorsed by the European Union in December 2015, effective as from January 1, 2016. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment is not applicable to the consolidated financial statements.

- *Annual Improvements to IFRSs 2012-2014 cycle*

In September 2014, the IASB issued a next set of Annual Improvements to IFRSs effective for annual periods beginning on or after January 1, 2016. These improvements have been endorsed by the European Union in December 2015, effective as from January 1, 2016. These improvements add specific guidance to IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution, adds additional guidance to disclosure requirements of servicing contracts, adds guidance to IAS 19 by clarifying that the discount rate for high quality corporate bonds used in determining the discount rate should be denominated in the same currency as the benefits to be paid, clarifies some terminology of IAS 34. These changes will not have a material impact on the consolidated financial statements.

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (amendments to IFRS 10 *Consolidated Financial Statements* and to IAS 28 *Investments in Associates and Joint Ventures*)

In September 2014, the IASB issued a narrow-scope amendment to clarify an inconsistency between IFRS 10 and IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.
It clarifies when a full gain or loss is recognized. An amendment issued in December 2015, indefinitely defers the effective date of the September 2014 amendments, which were originally intended to be applied for annual periods beginning on or after January 1, 2016.
A new application date has to be set by the IASB.
The amendment will not have a material impact on the consolidated financial statements.

- *Investment Entities: Applying the Consolidation Exception* (amendments to IFRS 10, IFRS 12 and IAS 28)

In December 2014, the IASB issued amendments clarifying which subsidiaries should be consolidated by an investment entity and which subsidiaries should be recognized at fair value through profit or loss. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments have not yet been endorsed by the European Union. These changes are not expected to have an impact on the consolidated financial statements of the Group.

- *Disclosure Initiatives* (amendments to IAS 1)

In December 2014, the IASB issued amendments to IAS 1 *Presentation of Financial statements*, effective for annual periods beginning on or after January 1, 2016.
These amendments have been endorsed by the European Union in December 2015, effective as from January 1, 2016. The amendments clarify that materiality principles apply to all sections of the financial statements, also even when a specific disclosure is required.
These amendments also specify that line items in the statement of financial position, statement of profit or loss and statement of comprehensive income can be aggregated or disaggregated as relevant. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.
The Group will present disclosures in accordance with these amendments.

- IFRS 16 *Leases*

In January 2016, the IASB issued a new standard for lease accounting, applicable for annual periods beginning on or after January 1, 2019. The standard has not yet been endorsed by the European Union.
This new standard replaces the current IAS 17 standard on lease accounting. IFRS 16 eliminates the classification of leases as either operating or finance leases for a lessee and introduces a single lessee accounting model. All leases, except leases with a term of less than twelve months or low-value leases, are capitalised by recognising the present value of the lease payments and presenting them as a right-of-use asset in the statement of financial position of the lessee. Lease payments that are made over time should be presented as a financial liability. In the statement of profit or loss, the depreciation charge for the lease asset will be presented separately from the interest expense on the lease liability. IFRS 16 does not change substantially lease accounting for lessors. A lessor will continue to classify leases as either operating or financial leases and account for those two types of leases differently. The Group is currently investigating the impact that the application of the new standard will have on the consolidated financial statements.

- IFRS 12 *Income taxes Recognition of deferred tax assets for unrealised losses*

In January 2016, the IASB issued an amendment to IAS 12 *Recognition of deferred tax assets for unrealised losses*, applicable for annual periods beginning on or after January 1, 2017.
This amendment has not yet been endorsed by the European Union. This amendment clarifies the accounting treatment for deferred tax assets related to debt instruments measured at fair value.
This amendment will not have an impact on the consolidated statements of the Group.

- Amendments to IAS 7 *Statements of Cash Flow: Disclosure Initiative*

In January 2016, the IASB published amendments to IAS 7 *Statements of Cash Flow* as part of its Disclosure Initiative, applicable for annual periods beginning on or after January 1, 2017. This amendment has not yet been endorsed by the European Union. This amendment requires disclosure of changes in liabilities arising from financing activities, including changes arising from cash flow and non-cash changes. The Group will present disclosures in accordance with these amendments.

5. REPORTABLE SEGMENTS

The Group's management identified three operating segments: Agfa Graphics, Agfa HealthCare and Agfa Specialty Products. All operating segments have strong market positions, well-defined strategies and full responsibility, authority and accountability.

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

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

Agfa Graphics

Agfa Graphics provides commercial, newspaper and packaging printers with the most extensive range of integrated *prepress* solutions, from complete computer-to-plate systems and *printing plates* to color management, workflow automation and security design software.
Agfa Graphics also supplies a wide range of *wide-format* digital printing solutions to sign & display companies. Agfa's print engines combine high speed with exceptional print quality and are part of a complete package including dedicated inks as well as workflow automation software. Enabling manufacturers to integrate print into their production processes, Agfa Graphics also develops and manufactures high-performance inkjet inks & fluids for various industrial inkjet printing applications.

Agfa HealthCare

Agfa HealthCare is a leading provider of diagnostic imaging and healthcare IT solutions for hospitals and care centers around the world. The business group is a major player on the diagnostic imaging market, providing analog and digital technology, as well as IT solutions to meet the needs of specialized clinicians. The business group is also a key player on the healthcare information solutions market, integrating the administrative, financial and clinical workflows of individual hospitals and hospital groups. Today, care organizations in over 100 countries rely on Agfa HealthCare's leading technologies, solutions and services to optimize their efficiency and improve patient care.

Agfa Specialty Products

Agfa Specialty Products supplies a wide variety of products to large business-to-business customers outside the graphic and healthcare markets. On the one hand, this segment produces classic film-based products, such as film for non-destructive testing and aerial photography, as well as microfilm and film for the production of *printed circuit boards*. On the other hand, Agfa Specialty Products targets promising growth markets with innovative solutions. Examples are synthetic papers, conductive *polymers*, materials for the production of high-security ID documents and *membranes* for hydrogen production.

5.1 PRINCIPLES APPLIED IN DETERMINING SEGMENT RESULTS, SEGMENT ASSETS AND LIABILITIES

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. There are no transactions between operating segments.

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. They do not comprise current income tax receivables and payables and deferred taxes.

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

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

The production unit Materials produces film and chemicals worldwide for Agfa Graphics, Agfa HealthCare and Agfa Specialty Products. Therefore operating assets assigned to the production unit Materials are owned by the three reportable segments. This is an exception to the abovementioned principle that a single asset is always owned by a single reportable segment.

Operating income and expenses and operating assets and liabilities that relate to film consumables, Corporate Center and Global Shared Services are allocated to the different reportable segments using allocation keys.

The results, assets and liabilities related to inactive employees cannot be allocated on a reasonable basis to one or more reportable segments. The data are included in the reconciling items between the total reportable segment information and the consolidated profit or loss, total assets and total liabilities (see note 5.3). Inactive employees are defined as permanently retired employees, former employees with vested rights, and other employees who are not expected to return to active status, e.g. early retirement. Employees who are in principle only temporarily inactive, e.g. long-term disability or illness, maternity leave, military service, etc. are treated as active employees and are consequently assigned to one of the reportable segments. The reconciling items also comprise balances in connection with the sale of the Group's former Consumer Imaging business to the AgfaPhoto Group of companies in 2004.

5.2 KEY DATA BY BUSINESS

Key data for the reportable segments have been calculated as follows:

- recurring EBIT is the result from operating activities before restructuring and non-recurring items. Non-recurring items comprise results from the sale of land and buildings, past service costs related to defined benefit obligations and impairment losses;
- % of revenue is the ratio of recurring EBIT to revenue;
- segment result is the profit from operating activities;
- segment assets are those operating assets that are employed by a reportable segment in its operating activities;
- segment liabilities are those operating liabilities that result from the operating activities of a reportable segment;
- net cash from (used in) reportable segments is the excess of cash receipts over cash disbursements from activities that result from a reportable segment. The financial flows, the interest received and cash flows from other investing activities are not attributed to a reportable segment;
- segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year;
- other non-cash items include impairment losses and reversal of impairment losses of receivables, write downs of inventories and reversals of write downs, past service costs (credits) and gains and losses on settlements of defined benefit liabilities, granted subventions and additions and reversals of provisions, excluding provisions for income tax, to the extent reflected in results from operating activities.

Reportable Segment	Agfa Graphics		Agfa HealthCare		Agfa Specialty Products		TOTAL	
MILLION EURO	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Revenue	1,358	1,355	1,099	1,069	189	196	2,646	2,620
Change	0.2%	(9.1)%	2.8%	(7.8)%	(3.6)%	(8.4)%	1.0%	(8.6)%
Recurring EBIT	65	70	107	79	13	7	185	156
% of revenue	(7.1)%	5.2%	35.4%	7.4%	85.7%	3.6%	18.6%	6.0%
Segment result	56	55	98	72	13	6	167	133
Segment assets	713	741	1,137	1,164	106	112	1,956	2,017
Segment liabilities	376	394	466	483	44	57	886	934
Net cash from (used in) reportable segments	54	62	120	125	13	22	187	209
Capital expenditures	17	20	18	15	2	2	37	37
Amortization and depreciation	29	31	27	35	4	4	60	70
Impairment losses recognized on fixed assets	-	-	1	-	-	-	1	-
Impairment losses reversed on fixed assets	-	(1)	-	-	-	-	-	(1)
Other non-cash items	81	87	94	104	16	12	191	203
Research and development expenses	45	42	90	97	9	7	144	146
Average number of employees (Full time equivalents) (1)	4,237	4,350	5,544	5,761	645	615	10,426	10,726

(1) The figures comprise permanent and temporary contracts.

5.3 RECONCILIATION OF REVENUE, RECURRING EBIT, PROFIT OR LOSS, ASSETS, LIABILITIES AND CASH FLOWS

MILLION EURO	2015	2014
Revenue		
Revenue for reportable segments	2,646	2,620
Consolidated revenue	**2,646**	**2,620**
Recurring EBIT		
Recurring EBIT for reportable segments	185	156
Recurring EBIT not allocated to a reportable segment (1)	(5)	(4)
Consolidated recurring EBIT	**180**	**152**
Profit or loss		
Segment result	167	133
Profit (loss) from operating activities not allocated to a reportable segment (1)	(6)	3
Results from operating activities	**161**	**136**
Other unallocated amounts:		
Interest income (expense) - net	(11)	(15)
Other finance income (expense) - net	(63)	(44)
Consolidated profit (loss) before income taxes	**87**	**77**
Assets		
Total assets for reportable segments	1,956	2,017
Operating assets not allocated to a reportable segment (1)	1	2
Financial assets	16	16
Investment in associates	1	1
Deferred tax assets	152	173
Receivables under finance leases	82	79
Derivative financial instruments	2	2
Cash and cash equivalents	123	196
Other unallocated receivables	69	62
Consolidated total assets	**2,402**	**2,548**
Liabilities		
Total liabilities for reportable segments	886	934
Operating liabilities not allocated to a reportable segment (1)	977	1,053
Loans and borrowings	181	322
Deferred tax liabilities	21	23
Derivative financial instruments	4	-
Other unallocated liabilities	65	70
Consolidated total liabilities	**2,134**	**2,402**
Cash flows		
Net cash from (used in) reportable segments	187	209
Operating cash flows not allocated to a reportable segment (1)	(78)	(81)
Net interest and dividend paid to non-controlling interests	(41)	(20)
Net repayments from borrowings	(137)	(22)
Other financial flows	(7)	(11)
Change in other investing activities	4	(6)
Consolidated net increase (decrease) in cash and cash equivalents	**(72)**	**69**

(1) Operating results, assets and liabilities and cash flows, not allocated to a reportable segment, relate mainly to inactive employees.

5.4 RECONCILIATION OF OTHER MATERIAL ITEMS FOR 2015 AND 2014

The segmented other material items as presented in the table under note 5.2 can be reconciled with the consolidated figures as follows:

Other material items 2015

MILLION EURO	Note	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures (cash outflows)	13/14	37	-	37
Amortization and depreciation	13/14	60	-	60
Impairment losses recognized on fixed assets	13/14	1	-	1
Other non-cash items		191	-	191
Research and development expenses		144	-	144

Other material items 2014

MILLION EURO	Note	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures (cash outflows)	13/14	37	-	37
Amortization and depreciation	13/14	70	-	70
Impairment losses reversed on fixed assets	13/14	(1)	-	(1)
Other non-cash items		203	(7) [1]	196
Research and development expenses		146	-	146

(1) This non-cash income relates to a settlement gain resulting from a pension buy-out project related to the Agfa-Gevaert Fabriekspensioen Plan.

5.5 GEOGRAPHICAL INFORMATION FOR 2015 AND 2014

The Group distinguishes four geographical regions: Europe, NAFTA, Latin America and Asia/Oceania/Africa. The Group's country of domicile is Belgium.

Geographical information 2015

MILLION EURO	Revenue by market [1]	Non-current assets [2]
Europe	1,038	482
of which related to home market Belgium	40	131
NAFTA	698	321
Latin America	209	22
Asia/Oceania/Africa	701	28
TOTAL	**2,646**	**853**

(1) Location of customers
(2) Excluding deferred tax assets based on the location of the assets

Geographical information 2014

MILLION EURO	Revenue by market [1]	Non-current assets [2]
Europe	1,051	485
of which related to home market Belgium	40	131
NAFTA	647	318
Latin America	240	30
Asia/Oceania/Africa	682	33
TOTAL	**2,620**	**866**

(1) Location of customers
(2) Excluding deferred tax assets based on the location of the assets

6. ACQUISITIONS

ACQUISITIONS 2015

In December 2015, the Group acquired all of the shares of TIP GROUP Holding GmbH, a specialized supplier of Business Intelligence and ERP solutions for hospitals with business activities in Austria, Germany and Switzerland. The TIP GROUP Holding GmbH holds a 100% investment in three subsidiaries located in Austria, Germany and Switzerland. The acquisition will enlarge Agfa HealthCare's portfolio with Business Intelligence and brings a solution that is tailored to the data integration and analysis needs of the hospital.
The purchase price amounts to 7 million Euro.
Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Identifiable assets acquired and liabilities assumed are as follows:

MILLION EURO	Note	TIP GROUP Holding GmbH and subsidiaries
Acquired technology	13	1
Acquired customer relationships	13	6
Trade accounts receivable		2
Other tax receivables		1
Other tax liabilities		(1)
Deferred revenue		(2)
Liabilities to banks		(1)
Deferred tax liabilities		(2)
TOTAL IDENTIFIABLE NET ASSETS ACQUIRED		**4**

Acquired technology and acquired customer relationships are both amortized over a period of 15 years. The fair value of intangible assets acquired has been determined using a discounted cash flow model. Trade receivables comprise gross contractual amounts of 2 million Euro and are expected to be collected.
A goodwill amount of 3 million Euro was recognized as a result of the acquisition and is calculated as follows:

MILLION EURO	Note	TIP GROUP Holding GmbH and subsidiaries
Total consideration transferred		7
Fair value of identifiable net assets		(4)
Goodwill amount recognized	13	**3**

The goodwill on acquisition mainly relates to operating synergies. The total amount of goodwill is not deductible for tax purposes.
Acquisition related costs relate to external fees and due diligence costs. They are immaterial and are reflected in 'administrative expenses'. The Group's profit or loss does not include any amounts of revenue or profit or loss of the acquiree due to the fact that the TIP GROUP Holding GmbH was acquired at December 31, 2015.

ACQUISITIONS 2014

During 2014 there were no acquisitions.

7. FINANCIAL RISK MANAGEMENT

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

In managing these risks the Group may use derivative financial instruments. The use of derivative financial instruments is subject to internal controls and uniform guidelines set up by the Group's Treasury Committee.

Derivatives used are over-the-counter instruments, particularly forward exchange contracts.
Since a few years, the Group also concludes metal swaps.

7.1 MARKET RISK

7.1.1 Foreign currency risk

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

The Group incurs foreign currency transaction risk on accounts receivable, accounts payable and other monetary items that are denominated in a currency other than the Company's functional currency. Foreign currency transaction risk in the Group's operations also arises from the variability of cash flows in respect of forecasted transactions.

Foreign operations which do not have the Euro as their functional currency give rise to a translation risk. The foreign currency economic risk is the risk that future cash flows and earnings generated by foreign operations may vary. Foreign currency economic risk is highly connected with other factors such as the foreign operations' competitive position within an industry, its relationship with customers and suppliers.
In monitoring the foreign currency risk exposures, the central treasury department focuses on the transaction and translation risk exposures whereas business management seeks to manage the foreign economic risk through natural hedges.
Each of the above types of foreign currency risk exposure impacts the financial statements differently.
The central treasury department monitors and manages foreign currency exposure from the view of its impact on either the statement of financial position or profit or loss.

7.1.2 Foreign currency transaction risk in the statement of financial position

The currencies that primarily impact the net foreign currency exposure on the statement of financial position are as follows:

MILLION FOREIGN CURRENCY	Net exposure of receivables and payables	Hedging		Net position
		Cash, cash equivalents loans & deposits	Derivative Financial Instruments	
December 31, 2015				
USD	68.6	(131.6)	73.8	10.8
RMB	75.0	(72.7)	-	2.3
GBP	3.2	(36.8)	33.1	(0.5)
CAD	(3.6)	(4.1)	-	(7.7)
INR	567.4	-	(608)	(40.6)
HKD	56.5	(53.8)	-	2.7
KRW	6,393	-	(8,600)	(2,207)
PLN	29	(25.2)	-	3.8
AUD	11.0	(9.3)	-	1.7
December 31, 2014				
USD	77.7	(139.7)	78.1	16.1
RMB	75.8	(58.2)	(2.7)	14.9
GBP	6.1	(39.9)	28.3	(5.5)
CAD	(1.2)	(0.4)	-	(1.6)
INR	473.7	-	(454.3)	19.4
HKD	51.3	(30.4)	-	20.9
KRW	4,283	-	(3,184)	1,099
PLN	17.5	(12.8)	-	4.7
AUD	11.7	(9.2)	-	2.5

The aim of Group's management regarding transaction exposure in the statement of financial position is to minimize, over the short term, the revaluation results – both realized and unrealized – of items in the statement of financial position that are denominated in a currency other than the Company's functional currency.

In order to keep the exposures within predefined risk adjusted limits, the central treasury department economically hedges the net outstanding monetary items in the statement of financial position in foreign currency using derivative financial instruments such as forward exchange contracts. As of December 31, 2015, the outstanding derivative financial instruments are mainly forward exchange contracts with maturities of generally less than one year.

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

7.1.3 Foreign currency translation risk in the statement of financial position

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

All subsidiaries and associates have as functional currency the currency of the country in which they operate. The currencies giving rise to the Group's translation risk in the statement of financial position are primarily the US Dollar, Canadian Dollar, Pound Sterling, Chinese Renminbi, Venezuelan Bolivar and Brazilian Real.

MILLION FOREIGN CURRENCY	Net investment in a foreign entity	
	December 31, 2015	December 31, 2014
USD	199	210
CAD	205	207
RMB	581	713
GBP	(43)	(6)
VEF	(106)	107
BRL	100	100

The central treasury department monitors the translation exposure in the statement of financial position of the Group at least on a quarterly basis. The Treasury Committee proposes corrective actions if needed to the Executive Management.

The foreign currency exposure of the Group's net investment in one of its subsidiaries in the United States (Agfa Corporation) is hedged using forward exchange contracts (120 million US Dollar). As of December 31, 2015, the hedge of the net investment in Agfa Corporation (US) has been determined to be effective and as a result the effective portion of the gain on the hedging instruments has been recognized directly in 'Other comprehensive income' (Translation reserve: 7 million Euro).

At the end of 2015, an amount of 20 million Euro was reclassified from translation reserve to financial result on disposal of two foreign operations, being the closure of two production facilities for which a restructuring expense amounting to 8 million Euro was booked in 2015.

7.1.4 Foreign currency risk in profit or loss

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

The currencies that primarily impact the net foreign currency exposure in profit or loss are US Dollar, currencies highly correlated to the US Dollar – i.e. Hong Kong Dollar and Chinese Renminbi – Canadian Dollar, Pound Sterling, Australian Dollar, Korean Won and Indian Rupees.

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

In the course of 2015, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in Pound Sterling related to highly probable forecasted revenue over the following 12 months.

The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2015: 0 million Euro). During 2015, losses amounting to 2 million Euro have been recognized in 'Other comprehensive income'. An amount of 6 million Euro losses has been reclassified from 'Other comprehensive income' and included in deduction of 'Revenue'.

In the course of 2014, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in Pound Sterling and US Dollar related to highly probable forecasted revenue over the following 12 months.
The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2014: minus 4 million Euro). During 2014, losses amounting to 9 million Euro have been recognized in 'Other comprehensive income'.
An amount of 5 million Euro losses has been reclassified from 'Other comprehensive income' and included in deduction of 'Revenue'.

7.1.5 Sensitivity analysis

A strengthening/weakening of the Euro by 10% against the currencies listed hereafter with all other variables held constant, would have increased (decreased) profit or loss by the amounts shown below. The analysis has been carried out on the budgeted net exposure for the year 2015, net of the use of cash flow hedges.

The budgeted USD exposure has increased compared to 2014, due to the fact that management decided not to conclude cash flow hedges on the USD during 2015.

	Profit or loss			
	2015		2014	
MILLION EURO	**Strengthening of the Euro by 10%**	**Weakening of the Euro by 10%**	Strengthening of the Euro by 10%	Weakening of the Euro by 10%
USD and currencies highly related to the USD – HKD – RMB	(16.4)	16.4	(0.8)	0.8
CAD	0.4	(0.4)	1.7	(1.7)
GBP	(3.1)	3.1	(1.8)	1.8
AUD	(3.3)	3.3	(3.3)	3.3
INR	(3.3)	3.3	(2.3)	2.3
KRW	(2.6)	2.6	(2.9)	2.9

7.1.6 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to changes in interest rates primarily relates to the Group's net financial debt position, including the FX-swaps and its interest component that economically hedge intercompany loans and deposits. For the most important currencies the following interest rate profile exists at the reporting date:

	2015		2014	
	Outstanding amount		Outstanding amount	
MILLION EURO	At floating rate	At fixed rate	At floating rate	At fixed rate
EUR	(20)	125	(93)	297
USD	43	-	30	-
GBP	(46)	-	(36)	-
RMB	(39)	-	(43)	-
CAD	-	-	(3)	-
AUD	(4)	-	(4)	-
JPY	11	-	8	-
Other	(12)		(30)	-
TOTAL	**(67)**	**125**	**(171)**	**297**
NET FINANCIAL DEBT	**58**		**126**	

7.1.7 Sensitivity analysis

A change of 100 basis points in interest rates at December 31, 2015 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit or loss	
	100 bp increase	100 bp decrease
December 31, 2015		
Net impact	0.7	(0.7)
December 31, 2014		
Net impact	1.7	(1.7)

7.1.8 Commodity price risk

The Group's most important raw material exposures relate to silver and aluminum. The Group's commodity price risk – i.e. the risk that its future cash flows and earnings may vary because of changed material prices – is highly connected with other factors such as the Group's competitive position within an industry, its relationship with customers and suppliers.

In order to prevent negative effects from potential future price rises or price volatility of aluminum, the Group applies for aluminum a strategy of purchasing at spot rates combined with a system of 'Rolling layered forward buying'.

This 'Rolling layered forward buying' model has been set up mainly for increasing the predictability with respect to raw material prices. According to this model, the Group purchases a predefined % of the planned yearly consumption. The Commodities Steering Committee periodically reviews the commodity purchasing and hedging strategy. Deviations from the predefined 'Rolling layered forward buying' model are possible in which case the Chief Executive Officer takes the final decision.

This 'Rolling layered forward buying' is partly achieved by means of forward contracts that are entered into with commodity suppliers for the delivery of commodities in accordance with the Group's expected usage requirements and by means of metal swap agreements. These metal swap agreements are concluded with investment banks and are designated as 'cash flow hedges', hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum. These commodity contracts are held for the purpose of the receipt of commodities in accordance with the Group's expected usage requirements. The portion of the gain or loss on the swap contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2015: minus 14 million Euro; December 31, 2014: minus 7 million Euro). During 2015, losses amounting to 25 million Euro have been recognized in 'Other comprehensive income'. An amount of 18 million Euro has been reclassified from 'Other comprehensive income' and has been included in the initial carrying amount of 'Inventory'.

It should also be noted that the Group's management will react on increased raw material prices by mitigating this impact through sales price adaptations and cost efficiency measures amongst other measures, depending on the size of the price increases of the raw materials and considering currency evolutions and the general market circumstances.

7.2 CREDIT RISK

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

The exposure to credit risk from customer receivables is monitored on an ongoing basis by the Credit Committee. Credit limits are set for each customer based on its creditworthiness and are reviewed periodically by the Credit Committee. In monitoring the credit risk, customers are grouped in risk categories according to their financial characteristics. It is the Group's policy to cover a portion of the receivables portfolio through credit insurance to cover default risk.

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

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

7.2.1 Exposure to credit risk

As a result of the Group's broad customer portfolio, there were no significant concentrations of credit risk at December 31, 2015. The maximum exposure is kept within predefined limits.

The carrying amounts of the financial assets, including derivative financial instruments, in the statement of financial position reflect the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date per class of financial asset is as follows:

MILLION EURO	Note	**2015**	2014
Available-for-sale financial assets			
Included in Financial assets	15	15	13
Held-to maturity investments			
Included in Cash & cash equivalents	20	8	24
Financial assets at fair value through profit or loss			
Included in Financial assets	15	-	2
Derivatives not part of a hedging relationship - assets	7.5	2	2
Loans and receivables			
Trade receivables	7	515	538
Other receivables	18	106	103
Included in Financial assets	15	1	1
Cash on hand, demand deposits and checks	20	115	172

7.2.2 Impairment losses

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

The ageing of trade receivables and receivables under finance lease at the reporting date was:

MILLION EURO	2015			2014		
	Gross value	**Impairment loss**	**Net**	Gross value	Impairment loss	Net
Trade receivables						
Not past due	459	(1)	458	473	(3)	470
Past due 0 – 30 days	25	(1)	24	26	(1)	25
Past due 31 – 90 days	13	(1)	12	16	(1)	15
Past due more than 90 days	82	(61)	21	88	(60)	28
TOTAL TRADE RECEIVABLES	**579**	**(64)**	**515**	**603**	**(65)**	**538**
Receivables under finance leases						
Not past due	80	(1)	79	78	(1)	77
Past due 0 – 30 days	1	-	1	1	-	1
Past due 31 – 90 days	2	-	2	1	-	1
Past due more than 90 days	1	(1)	-	1	(1)	-
TOTAL RECEIVABLES UNDER FINANCE LEASES	**84**	**(2)**	**82**	**81**	**(2)**	**79**

Past due amounts are not impaired when collection is still considered likely or sufficient collaterals have been obtained.
The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk.

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

MILLION EURO	**2015**	2014
Balance at January 1	**67**	**66**
Additions/reversals charged to profit and loss	2	6
Deductions from allowance [1]	(3)	(7)
Exchange differences	-	2
Balance at December 31	**66**	**67**

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

7.3 LIQUIDITY RISK

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

The Group ensures that it has sufficient liquidity to meet its liabilities.
Liquidity risk is managed by maintaining a sufficient degree of diversification of funding sources.
The Group has a policy in place to limit concentrations related to liquidity risk.
The total share of gross drawn term debt and all undrawn committed facilities provided by one bank or bank group should not exceed predetermined limits. Risk concentrations are monitored on an ongoing basis by the Treasury Committee.

In managing its liquidity risk the Group has a revolving credit facility it can access to meet its liquidity needs.

In the course of 2015, this credit facility was renegotiated. The notional amount of this renewed credit facility amounts to 400 million Euro with maturity date July 17, 2020.

Drawdowns under these lines are made for shorter periods but the Group has the discretion to roll-over the liability under the existing committed loan agreement. In the liquidity analysis, repayments of the committed facilities are included in the earliest time band the Group could be required to repay its liabilities.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments based on conditions existing at the reporting date, i.e. exchange rates and interest rates. With regard to derivatives, the maturity analysis comprises liabilities arising from derivatives and all gross settled forward exchange contracts. The contractual cash flows for forward exchange contracts are determined using forward rates.

2015

MILLION EURO	Carrying amount	Contractual cash flows				
		TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	41	51	-	2	49	-
Revolving credit facility [1]	38	40	40	-	-	-
EIB loan	84	91	15	15	61	-
Other loans	18	18	8	10	-	-
Trade payables	206	206	206		-	-
Other payables	46	46	46		-	-
Derivative financial liabilities						
Forward exchange contracts designated as hedge of a net investment:						
Outflow	(1)	(109)	(109)	-	-	-
Inflow	-	108	108	-	-	-
Forward exchange contracts designated as cash flow hedges:						
Outflow	-	(9)	(9)	-	-	-
Inflow	-	9	9	-	-	-
Other forward exchange contracts:						
Outflow	(3)	(205)	(205)	-	-	-
Inflow	1	203	203	-	-	-
Swap contracts designated as cash flow hedges:						
Outflow	(13)	(13)	(2)	(10)	(1)	-
Inflow	-					

(1) Transaction costs are included in the initial measurement of the financial liability (2 million Euro).

2014

MILLION EURO	Carrying amount	Contractual cash flows				
		TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	188	206	-	155	51	-
Revolving credit facility (1)	(1)	-	-	-	-	-
EIB loan	110	121	15	15	91	-
Other loans	25	25	20	5	-	-
Trade payables	230	230	230		-	-
Other payables	49	49	49		-	-
Derivative financial liabilities						
Forward exchange contracts designated as hedge of a net investment:						
Outflow	(2)	(97)	(97)	-	-	-
Inflow		95	95	-	-	-
Forward exchange contracts designated as cash flow hedges:						
Outflow	(4)	(40)	(40)	-	-	-
Inflow		36	36	-	-	-
Other forward exchange contracts:						
Outflow	(1)	(163)	(161)	(2)	-	-
Inflow	1	162	160	2	-	-
Swap contracts designated as cash flow hedges:	(7)	(7)	-	(6)	(1)	-

(1) Transaction costs are included in the initial measurement of the financial liability (1 million Euro). At December 31, 2014, there were no drawdowns under this facility.

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

2015

MILLION EURO	Fair value	TOTAL	Expected cash flows 3 months or less	3-12 months	1-5 years	More than 5 years
Derivative financial instruments designated as cash flow hedges and hedge of a net investment						
Forward exchange contracts:						
Outflows	(1)	(118)	(118)	-	-	-
Inflows	-	117	117	-	-	-
Swap contracts:						
Outflows	(13)	(13)	(2)	(10)	(1)	-
Inflows	-	-	-	-	-	-

2014

MILLION EURO	Fair value	TOTAL	Expected cash flows 3 months or less	3-12 months	1-5 years	More than 5 years
Derivative financial instruments designated as cash flow hedges and hedge of a net investment						
Forward exchange contracts:						
Outflows	(6)	(137)	(137)	-	-	-
Inflows	-	131	131	-	-	-
Swap contracts:						
Outflows	(7)	(7)	-	(6)	(1)	-
Inflows	-	-	-	-	-	-

7.4 CAPITAL MANAGEMENT

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

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

In previous years, the Group purchased its own shares in the market. These shares are intended to be used for issuing shares under future option plans that the Group would issue.
The Group does not have a defined share buy-back plan.

7.5 ACCOUNTING CLASSIFICATION AND FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All derivative financial instruments are recognized at fair value in the statement of financial position.

The Group aggregates its financial instruments into classes based on their nature and characteristics. The following table shows the carrying amounts and fair values of financial assets and liabilities by category and a reconciliation of the corresponding line items in the statement of financial position.

2015

MILLION EURO	Note	Financial assets/liabilities – Measured at Fair value: Held for trading	Fair value - hedging instruments	Designated at fair value through profit or loss	Available-for-sale	Measured at Amortized cost: Held-to-maturity	Loans and receivables	Carrying amount in the statement of financial position	Fair value
Assets									
Financial assets	15	-	-	-	15	-	1	16	16
Trade receivables	7	-	-	-	-	-	515	515 (1)	
Other receivables			-						
Receivables under finance lease	18	-	-	-	-	-	82	82 (1)	
Other financial assets	18	-	-	-	-	-	24	24 (1)	
Derivative financial instruments:			-						
Forward exchange contracts used for hedging		-	-	-	-	-	-	-	
Other forward exchange contracts		1	-	-	-	-	-	1	1
Other swap contracts		1	-	-	-	-	-	1	1
Cash and cash equivalents	20	-	-	-	-	8 (2)	115	123	123
TOTAL ASSETS		2	-	-	15	8	737	762	
Liabilities									
Loans and borrowings	24								
EIB-loan		-	-	-	-	-	84	84	86
Other bank liabilities		-	-	-	-	-	56	56	56
Debenture		-	-	-	-	-	41	41	44
Trade payables	7	-	-	-	-	-	206	206 (1)	
Other payables	27	-	-	-	-	-	46	46 (1)	
Derivative financial instruments:			-						
Swap contracts used for hedging		-	13	-	-	-	-	13	13
Forward contracts used for hedging		-	1	-	-	-	-	1	1
Other forward exchange contracts		3	-	-	-	-	-	3	3
TOTAL LIABILITIES		3	14	-	-	-	433	450	

(1) The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade payables and other payables as these assets and liabilities are short-term receivables and payables for which the carrying amount is an approximation of fair value.
(2) The fair value of the financial assets classified as held-to-maturity approximates the carrying amount.

2014

MILLION EURO	Note	Financial assets/liabilities						Carrying amount in the statement of financial position	Fair value
		Measured at Fair value				Measured at Amortized cost			
		Held for trading	Fair value - hedging instruments	Designated at fair value through profit or loss	Available - for-sale	Held-to-maturity	Loans and receivables		
Assets									
Financial assets	15	-	-	2	13	-	1	16	16
Trade receivables	7	-	-	-	-	-	538	538 (1)	
Other receivables			-						
Receivables under finance lease	18	-	-	-	-	-	79	79 (1)	
Other financial assets	18	-	-	-	-	-	24	24 (1)	
Derivative financial instruments:			-						
Forward exchange contracts used for hedging		-	-	-	-	-	-	-	
Other forward exchange contracts		1	-	-	-	-	-	1	1
Other swap contracts		1	-	-	-	-	-	1	1
Cash and cash equivalents	20	-	-	-	-	24 (2)	172	196	196
TOTAL ASSETS		2	-	2	13	24	814	855	
Liabilities									
Loans and borrowings	24								
EIB-loan		-		-	-	-	110	110	113
Other bank liabilities		-		-	-	-	24	24	24
Debenture		-		-	-	-	188	188	192
Trade payables	7	-		-	-	-	230	230 (1)	
Other payables	27	-		-	-	-	49	49 (1)	
Derivative financial instruments:									
Swap contracts used for hedging		-	7	-	-	-	-	7	7
Forward contracts used for hedging		-	6	-	-	-	-	6	6
Other forward exchange contracts		1	-	-	-	-	-	1	1
TOTAL LIABILITIES		1	13	-	-	-	601	615	

(1) The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade payables and other payables as these assets and liabilities are short-term receivables and payables for which the carrying amount is an approximation of fair value.
(2) The fair value of the financial assets classified as held-to-maturity approximates the carrying amount.

7.5.1 Basis for determining fair values

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

7.5.1.1 Available-for-sale financial assets

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

7.5.1.2 Financial assets and liabilities at fair value through profit or loss

The fair value of forward exchange contracts and swap contracts is valued using observable forward exchange rates and yield curve data at reporting date.

7.5.1.3 Loans and receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value of trade and other receivables and trade and other payables is not disclosed as it relates to short-term receivables and payables for which their carrying amount is a reasonable approximation of fair value. The fair value of lease receivables is based on the present value of future minimum lease receivables discounted at a market rate of interest for similar assets.

7.5.1.4 Financial liabilities at amortized cost

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at market rates of interest at the reporting date. The fair value of the debenture is the quoted market price at the reporting date.
The fair value for the current bank liabilities approximates nominal amounts excluding transaction costs, as drawdowns are made for short periods.

7.5.1.5 Fair value hierarchy table

Fair value measurements related to financial instruments carried at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.
The fair value hierarchy has following levels:

- Level 1: quoted prices (unadjusted) in active markets;
- Level 2: inputs other than quoted prices but that are observable for the related asset or liability; either directly (as prices) or indirectly (derived from prices);
- Level 3: inputs not based on observable market data (unobservable inputs).

	December 31, 2015			December 31, 2014		
	Fair value hierarchy			Fair value hierarchy		
MILLION EURO	**level 1**	**level 2**	**level 3**	level 1	level 2	level 3
A. Available-for-sale financial assets						
Carried at fair value	15	-	-	13	-	-
B. Financial assets/liabilities carried at fair value through profit or loss						
B.1. Classified as held for trading						
Derivatives not part of a designated hedging relationship:						
Assets	-	2	-	-	2	-
Liabilities	-	(3)	-	-	(1)	-
B.2. Designated at fair value through profit or loss	-	-	-	2	-	-
C. Fair value - hedging instruments						
Forward exchange contracts designated as hedge of a net investment:						
Assets	-	-	-	-	-	-
Liabilities	-	(1)	-	-	(2)	-
Swap contracts designated as cash flow hedges:						
Assets	-	-	-	-	-	-
Liabilities	-	(13)	-	-	(7)	-
Forward exchange contracts designated as cash flow hedges:						
Assets	-	-	-	-	-	-
Liabilities	-	-	-	-	(4)	-

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

	2015					
MILLION EURO	Loans and receivables	Held-to-maturity Investments	Available-for-sale financial assets	Derivatives	Financial liabilities carried at amortized cost	**TOTAL**
Interest income	2	-	-	1	-	3
Interest expense	-	-	-	(4)	(13)	(17)
Finance lease income	7	-	-	-	-	7
Impairment charges	(5)	-	-	-	-	(5)
Income from reversal of impairment losses	3	-	-	-	-	3
Change in fair value of financial instruments not part of a hedging relationship	-	-	-	(2)	-	(2)
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	-	-	-	-	-

	2014					
MILLION EURO	Loans and receivables	Held-to-maturity Investments	Available-for-sale financial assets	Derivatives	Financial liabilities carried at amortized cost	**TOTAL**
Interest income	2	-	-	-	-	2
Interest expense	-	-	-	(3)	(17)	(20)
Finance lease income	7	-	-	-	-	7
Impairment charges	(9)	-	-	-	-	(9)
Income from reversal of impairment losses	3	-	-	-	-	3
Change in fair value of financial instruments not part of a hedging relationship	-	-	-	(1)	-	(1)
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	-	-	-	-	-

8. INFORMATION ON THE NATURE OF EXPENSES

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

MILLION EURO	Note	**2015**	2014
Cost of raw materials, goods purchased for resale and production related costs		1,142	1,121
Cost of services purchased		78	73
Personnel expenses		877	859
Amortization & depreciation	13/14	60	70
Impairment losses (reversed) on intangible assets & property, plant and equipment	14	1	(1)
Write-downs of inventories	16	21	22
Impairment losses on loans and receivables	10	5	9

Cost of raw materials, goods purchased for resale and production related costs cover the total amount on third party supplies (including purchases of electricity and other utilities) to the extent reflected in the cost of sales as comprised in profit or loss for the year.

Cost of services purchased cover the external preliminary work for the processing or manufacturing of products and projects on behalf of the company to the extent reflected in the cost of sales as comprised in profit or loss for the year.
Personnel expenses in 2015 amounted to 877 million Euro compared to 859 million Euro in 2014
In 2015 the decrease by 300 of the average number of employees (full time equivalent) has resulted in a decrease of the personnel expenses, which has been more than compensated by a negative currency impact.

The breakdown of personnel expenses is as follows:

MILLION EURO	**2015**	2014
Wages and salaries	675	660
Social security contributions	137	137
Expenses for post-employment	49	41
Personnel related restructuring expenses	16	21
TOTAL	**877**	**859**

Expenses for post-employment relate in this context to active employees and comprise:

MILLION EURO	Note	**2015**	2014
Defined contribution plans			
Material countries excluding Belgium	23	6	5
Non-material countries		4	4
Total employer contributions related to defined contribution plans		**10**	**9**
Belgian Defined contribution plans with return guaranteed by law - contributions paid			
Total employer contributions related to Belgian defined contribution plans with return guaranteed by law	**23**	**12**	**12**
Defined benefit plans			
Material countries	23	25	19
Non-material countries		2	1
Total service cost related to defined benefit plans excluding settlement and curtailment gains		**27**	**20**
TOTAL		**49**	**41**

The average number of employees in equivalent heads for 2015 amounted to 10,426 (2014: 10,726). Classified per corporate function, this average comprising permanent and temporary contracts can be presented as follows:

	2015	2014
Manufacturing/Engineering	3,124	3,240
Research & Development	1,408	1,461
Sales & Marketing/Service	4,094	4,147
Administration	1,800	1,878
TOTAL	**10,426**	**10,726**

9. OTHER OPERATING INCOME

MILLION EURO	2015	2014
Exchange gains on operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	62	32
Recharge to customer	14	14
Reversal of unutilized provisions recognized in previous years	8	9
Reversal of impairment losses on loans and receivables	3	3
Finance lease income	7	7
Gains from curtailments and settlements of defined benefit plans	1	7
Impact remeasurements long term disabillity plan US	2	0
Gains on the sale of property, plant & equipment	4	1
Other income	9	17
TOTAL	**110**	**90**

Income from recharge to customers mainly reflects the recharge of freight and research and development expenses.

Finance lease income mainly comprises interest income and income from the sale of receivables under finance lease.

In 2015, a restructuring took place in a foreign operation in France that resulted in a curtailment gain amounting to 1 million Euro.
In 2014, a settlement gain amounting to 7 million Euro, resulting from a pension buy-out project with regard to the 'Agfa-Gevaert Fabriekspensioen Plan', has been recorded.
Additional information about this project is provided in note 23.1.3.

10. OTHER OPERATING EXPENSES

MILLION EURO	2015	2014
Exchange losses on operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	69	38
Restructuring expenses	17	18
Impairment losses on loans and receivables	5	9
Provisions	6	6
Withdrawal from a multi-employer pension plan in the US	0	6
Bank charges	3	3
Operating and finance lease expenses	1	2
Other expenses	24	25
TOTAL	**125**	**107**

In 2015, the Group has recorded restructuring expenses of 17 million Euro (2014: 18 million Euro) of which 16 million Euro (2014: 21 million Euro) relates to employee termination costs and 1 million Euro to non-employee related costs (2014: 3 million Euro relates to reversal of impairment losses on inventory and property, plant and equipment).

11. NET FINANCE COSTS

MILLION EURO	2015	2014
Interest income		
on bank deposits	2	2
TOTAL INTEREST INCOME	**2**	**2**
Interest expense on financial liabilities measured at amortized cost		
on bank loans	(8)	(9)
on debentures	(5)	(8)
TOTAL INTEREST EXPENSE	**(13)**	**(17)**
Other finance income		
Exchange gains on non-operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	5	3
Financial assets at fair value through profit or loss		
Held for trading	1	-
Loans and receivables:		
Interest income on trade and other receivables	-	-
Other	8	5
TOTAL OTHER FINANCE INCOME	**14**	**8**
Other finance expense		
Net periodic pension cost treated as other finance income (expense) and interest portion on other interest-bearing provisions (1)	(29)	(36)
Exchange losses on non-operating activities net of change in fair value of derivative financial instruments not part of a hedging relationship	(12)	(5)
Exchange differences on disposal of foreign operations reclassified to profit or loss	(20)	-
Financial assets at fair value through profit or loss		
Held for trading	(4)	(3)
Other	(12)	(8)
TOTAL OTHER FINANCE EXPENSE	**(77)**	**(52)**
NET FINANCE COSTS	**(74)** (2)	**(59)** (2)

(1) The interest portion of other interest-bearing provisions primarily comprises the allocation of interest on provisions for pre-retirement.
(2) The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss.

Total interest income on financial assets	2	2
Total interest expense on financial liabilities	(13)	(17)

12. INCOME TAXES

The breakdown of the income tax expenses by origin is as follows:

MILLION EURO	**2015**	2014
Taxes paid or accrued	(3)	18
Related to this year	20	18
Related to prior years	(23)	-
Deferred tax expense (income)	19	-
From temporary differences	7	39
From tax loss carryforwards and tax credits	12	(39)
Income tax expense	**16**	**18**

For some of the Group's entities the tax audit over prior years resulted in a positive settlement during 2015. The Group re-assessed the tax audit risk for the open tax years and made adequate accruals.

Further information on the major components of tax expense (income) is provided in the table reflecting the reconciliation between the theoretical tax rate and the effective tax rate in note 12.3.2.

12.1 CURRENT INCOME TAX ASSETS AND LIABILITIES

Current income tax assets amount to 64 million Euro (2014: 62 million Euro) and current income tax liabilities amount to 60 million Euro (2014: 61 million Euro).

Current income tax for current and prior periods are, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The Group is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretations of complex tax regulations in the respective countries. The Group establishes accruals for anticipated tax audit issues based on reasonable estimates of whether additional taxes will be due, considering various factors such as experience with previous tax audits and differing legal interpretations by the taxable entity and the responsible tax authority. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors as explained above.

Current income tax assets are offset against current income tax liabilities when they relate to taxes levied by the same taxation authority and are intended to be settled on a net basis.

12.2 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry-forward of unused tax losses and the carry-forward of unused tax credits.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

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

MILLION EURO	**December 31, 2015**			December 31, 2014		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
Intangible assets and goodwill	58	29	29	69	30	39
Property, plant and equipment	8	19	(11)	9	20	(11)
Investments in associates and non-current financial assets	-	-	-	2	-	2
Inventories	22	2	20	16	6	10
Receivables	3	1	2	3	2	1
Provisions and liabilities for post-employment benefits	27	3	24	32	1	31
Other current assets & other liabilities	4	1	3	7	2	5
Deferred tax assets and liabilities related to temporary differences	**122**	**55**	**67**	**138**	**61**	**77**
Tax loss carry-forwards	61	-	61	69	-	69
Excess tax credits	3	-	3	4	-	4
Deferred tax assets/liabilities	**186**	**55**	**131**	**211**	**61**	**150**
Set off of tax	(34)	(34)	-	(38)	(38)	-
Net deferred tax assets/liabilities	**152**	**21**	**131**	**173**	**23**	**150**

The movement in temporary differences during 2014-2015 is disclosed in note 12.4.

Deferred tax assets are recognized where it is sufficiently probable that taxable income will be available in the future to enable the deductible temporary differences, tax loss carry forwards and tax credits to be utilized.
The Group's management regularly assesses the recoverability of its deferred tax assets, mainly based on the long-term business plans for the operating segments Agfa Graphics and Agfa HealthCare and considering historical profitability and projected future taxable income of the individual consolidated entities that are involved. Other parameters such as the expected timing of the reversals of existing temporary differences and tax planning strategies are considered as well in this assessment. Material changes to business plans and/or business (goods and services) flows impacting the taxable profit or loss of certain entities of the Group may influence the realization of deferred tax assets. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate reversing certain deferred tax assets resulting in an increase of the Group's effective tax rate.

Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority.

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

- tax loss carry-forwards: 310 million Euro (2014: 304 million Euro);
- tax credits: 37 million Euro (2014: 34 million Euro);
- temporary differences: 258 million Euro (2014: 309 million Euro).

The remeasurements of the net defined benefit liability (IAS 19R) has a significant effect on the unrecognized deferred tax assets in respect of temporary differences.
The impact is situated in entities of the Group for which the Group's management estimated that it is not sufficient probable that the related tax benefit would be realized. The unrecognized deferred tax assets related to the impact of the 2011 amendment of IAS 19 and the subsequent remeasurements of the net defined liability amount to 169 million Euro and would impact OCI when recognized.

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

MILLION EURO	Temporary differences	Tax losses	Tax credits	TOTAL
Expiry in:				
2016	-	-	-	-
2017	-	5	1	6
2018	-	1	13	14
2019	-	-	-	-
2020	-	-	-	-
after	-	12	1	13
No expiry	258	292	22	572
TOTAL	**258**	**310**	**37**	**605**

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

12.3.1 Summary 2015

MILLION EURO	
Profit (loss) before income taxes	87
Income tax expense	16
Tax rate	18.39%

12.3.2 Reconciliation of effective tax rate

MILLION EURO	
Profit (loss) before income taxes	87
Theoretical income tax expense (income)	25
Theoretical tax rate (1)	**28.74%**
Disallowed items	4
Impact of tax credits and other deductions from tax basis	(9)
Tax losses of the year for which no deferred tax asset has been recorded	16
Reclassification from translation reserve to profit or loss	6
Impact of non-taxable reversal of deferred tax balances recorded in previous years, primarily related to tax credits	3
Reversal of deductible temporary differences for which no deferred tax asset had been recognized	(6)
Net tax income due to the re-assessment of tax provisions	(5)
Net tax income due to tax audits	(16)
Other	(2)
Income tax expense	**16**
Effective tax rate	**18.39%**

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

During 2015 there were no changes in the applicable tax rates compared to the previous accounting period which materially impacted the income tax expense (income).

12.3.3 Summary 2014

MILLION EURO	
Profit (loss) before income taxes	77
Income tax expense	18
Tax rate	**23.38%**

12.3.4 Reconciliation of effective tax rate

MILLION EURO	
Profit (loss) before income taxes	77
Theoretical income tax expense (income)	21
Theoretical tax rate (1)	**27.27%**
Disallowed items	4
Impact of tax credits and other deductions from tax basis	(6)
Tax losses of the year for which no deferred tax asset has been recorded	25
Tax losses used in 2014 for which no deferred tax asset had been recorded	(7)
Tax income recorded on losses of previous years	(8)
Net reversal of deferred tax balances recorded in previous years	11
Reversal of deductible temporary differences for which no deferred tax asset had been recognized	(24)
Other	2
Income tax expense	**18**
Effective tax rate	**23.38%**

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

12.4 MOVEMENT IN TEMPORARY DIFFERENCES DURING 2014-2015

MILLION EURO	December 31, 2013	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	December 31, 2014	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	**December 31, 2015**
Intangible assets and goodwill	65	-	(26)	-	-	39	(2)	(9)	-	1	29
Property, plant and equipment	(11)	-	1	-	(1)	(11)	-	-	-	-	(11)
Investments in associates and non-current financial assets	2	-	-	-	-	2	-	(2)	-	-	-
Inventories	8	-	2	-	-	10	-	7	-	3	20
Receivables	(1)	-	2	-	-	1	-	1	-	-	2
Provisions and liabilities for post-employment benefits	(34)	-	59	6	-	31	-	(5)	(1)	(1)	24
Other current assets & other liabilities	4	-	1	(1)	1	5	-	1	-	(3)	3
Deferred tax assets and liabilities related to temporary differences	33	-	39	5	-	77	(2)	(7)	(1)	-	67
Tax loss carry-forwards	105	-	(39)	1	2	69	-	(11)	-	3	61
Excess tax credits	4	-	-	-	-	4	-	(1)	-	-	3
Deferred tax assets/liabilities	142	-	-	6	2	150	(2)	(19)	(1)	3	131

The deferred tax asset on provisions and liabilities for post-employment benefits which is recognized in other comprehensive income is related to the remeasurements of the net defined benefit liability (IAS 19R). The accounting policy on the deferred tax recognition related to these remeasurements is explained in note 3.7.2.1.

13. INTANGIBLE ASSETS AND GOODWILL

		Intangible assets								
		Indefinite useful lives	Finite useful lives							
MILLION EURO	Goodwill	Trademarks	Capitalized development costs	Technology	Contractual customer relationships	Trademarks	Management information systems	Industrial property rights and other licences	Advance payments to acquire intangible assets	TOTAL
Cost at December 31, 2013	**591**	**17**	**42**	**213**	**105**	**13**	**109**	**72**	**-**	**1,162**
Exchange differences	21	-	-	1	2	1	5	-	-	30
Change in consolidation scope	-	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	4	-	4
Retirements	-	-	-	-	-	-	(3)	(10)	-	(13)
Transfers	-	-	-	-	-	-	-	1	-	1
Cost at December 31, 2014	**612**	**17**	**42**	**214**	**107**	**14**	**111**	**67**	**-**	**1,184**
Exchange differences	7	-	-	(2)	1	-	4	1	-	11
Change in consolidation scope	3	-	-	1	6	-	-	-	-	10
Capital expenditures	-	-	-	-	1	-	1	3	-	5
Retirements	-	-	-	-	-	-	-	(9)	-	(9)
Transfers	-	-	-	-	-	-	4	-	-	4
Cost at December 31, 2015	**622**	**17**	**42**	**213**	**115**	**14**	**120**	**62**	**-**	**1,205**
Accumulated amortization and impairment losses December 31, 2013	**88**	**4**	**39**	**162**	**76**	**8**	**103**	**64**	**-**	**544**
Exchange differences	4	-	-	1	2	-	4	-	-	11
Change in consolidation scope	-	-	-	-	-	-	-	-	-	-
Amortization during the year	-	-	3	10	4	1	3	2	-	23
Impairment loss during the year	-	-	-	-	-	-	-	-	-	-
Retirements	-	-	-	-	-	-	(3)	(6)	-	(9)
Transfers	-	-	-	-	-	-	-	-	-	-
Accumulated amortization and impairment losses December 31, 2014	**92**	**4**	**42**	**173**	**82**	**9**	**107**	**60**	**-**	**569**
Exchange differences	1	-	-	(2)	1	-	4	1	-	5
Change in consolidation scope	-	-	-	-	-	-	-	-	-	-
Amortization during the year	-	-	-	5	4	1	3	2	-	15
Impairment loss during the year	-	-	-	-	-	-	-	-	-	-
Retirements	-	-	-	-	-	-	-	(6)	-	(6)
Transfers	-	-	-	-	-	-	-	-	-	-
Accumulated amortization and impairment losses December 31, 2015	**93**	**4**	**42**	**176**	**87**	**10**	**114**	**57**	**-**	**583**
Carrying amount December 31, 2013	**503**	**13**	**3**	**51**	**29**	**5**	**6**	**8**	**-**	**618**
Carrying amount December 31, 2014	**520**	**13**	**0**	**41**	**25**	**5**	**4**	**7**	**-**	**615**
Carrying amount December 31, 2015	**529**	**13**	**0**	**37**	**28**	**4**	**6**	**5**	**-**	**622**

In 2015, the capital expenditures for intangible assets amount to 5 million Euro (2014: 4 million Euro). Cash outflows for additions to intangible assets amount to 2 million Euro (2014: 1 million Euro) in the consolidated statement of cash flows. The difference of 3 million Euro (2014: 3 million Euro) relates to attributed Combined Heat and Power (CHP) certificates and emission rights which did not result in a cash outflow.

At year-end 2015 and 2014, the Group has tested its goodwill and intangible assets with indefinite useful lives for impairment. It relates to trademarks with indefinite useful life that are fully attributed to the operating segment Agfa HealthCare. In addition, the Group assessed whether there was an indication of impairment for intangible assets with finite useful lives. These tests did not result in the recording of any impairment loss.

The Group's management has reviewed the appropriateness of the useful lives of its major intangible assets at year-end 2015. This review has not resulted in revised amortization periods. More information on the underlying assumptions of the useful lives is provided in section 13.3 of this note.

13.1 IMPAIRMENT TESTS FOR GOODWILL

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

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

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

The value in use is determined as the present value of estimated future cash flows that are derived from the current long-term planning of the Group. The discount rate used in calculating the present value of the estimated future cash flows, is based on an average market participant's weighted average cost of equity and debt capital (WACC).
The WACC considers a debt/equity ratio for an average market's participant increased with an additional risk premium to the cost of equity. The cost of debt is based on the conditions on which comparable companies can obtain long-term financing.

The discount rate is calculated for each cash-generating unit independently, considering the debt/equity ratio of each peer group. The pre-tax discount rates are derived from the WACC by means of iteration.
It should be noted that the Group's management will react on increased raw material prices by mitigating this impact through sales price adaptations and cost efficiency measures amongst other measures, depending on the size of the price increases of the raw materials and considering currency evolutions and the general market circumstances.

13.1.1 CGU Agfa Graphics

At December 31, 2015, the carrying amount of the CGU Agfa Graphics comprises goodwill of 38 million Euro.
At year-end 2015, the Group tested its goodwill of the CGU Agfa Graphics for impairment. Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU Agfa Graphics has been determined based on estimated cash flow projections covering the next five years.
The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors.
After the business plan period a terminal value is computed using a growth rate of -2.0% for the prepress business, 0.0% for the inkjet business and 0.0% for the packaging business. These growth rates are derived from respective market information.

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

Key assumptions are:

- after-tax WACC: 6.36% (2014: 6.30%);
- pre-tax discount rate: 8.20% (2014: 8.64%);
- terminal growth rate (after five years): -2.0% (2014: 0.0%) for the prepress business, 0.0% (2014: 0.0%) for the inkjet business and 0.0% (2014: 1.0%) for the packaging business;
- aluminum: range between 1,519-1,578 Euro/Ton (2014: 1,563 Euro/Ton);
- silver: 17 USD/Troz. (2014: range between 18-19 USD/Troz.);
- exchange rate US dollar/Euro: 1.115 (2014: 1.30);
- revenue and gross margin: revenue and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

Sensitivity analyses on changes in key assumptions, i.e. substantially increased raw material prices (silver and aluminum) and WACC changes, have been performed. The sensitivity analysis was based on an increase of the silver and aluminum price and a 100 basis points increase in the weighted average cost of capital. Based upon these sensitivity analyses, management is of the opinion that a reasonable, possible change in these assumptions would not trigger an impairment loss to occur.

13.1.2 CGU Agfa HealthCare

At December 31, 2015, the carrying amount of the CGU Agfa HealthCare comprises goodwill of 491 million Euro. At year-end 2015, the Group tested its goodwill of the CGU Agfa HealthCare for impairment.

Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU Agfa HealthCare has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors.
After five years a terminal value is computed using a growth rate in the division Information Technologies (IT Solutions) of 1.97% and a growth rate in the division Imaging Systems of 0.36%. These growth rates are derived from respective market information.

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

Key assumptions are:

- after-tax WACC: 8.36% (2014: 8.29%);
- pre-tax discount rate: 10.13% (2014: 10.61%);
- terminal growth rate (after five years): 1.97% for IT Solutions (2014: 2%) and 0.36% for Imaging Systems (2014: 1.03%);
- silver: 17 USD/Troz. (2014: range between 18-19 USD/Troz.);
- exchange rate US dollar/Euro: 1.115 (2014 :1.30);
- revenue and gross margin: revenue and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

Sensitivity analyses on changes in key assumptions, i.e. substantially increased silver prices and WACC changes, have been performed. The sensitivity analysis was based on a substantially increased silver price (+ 8 USD/Troz. over the long term horizon) and a 100 basis point increase in the weighted average cost of capital. These sensitivity analyses have not revealed any risk for impairment loss. Based upon these sensitivity analyses, management is of the opinion that a reasonable, possible change in one of these key assumptions would not trigger an impairment loss to occur.

13.1.3 CGU Agfa Specialty Products

At December 31, 2015, the carrying amount of the CGU Agfa Specialty Products comprises no goodwill.

13.2. IMPAIRMENT TESTS FOR INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

At year-end 2014 and 2015, the Group has tested its intangible assets with indefinite useful lives for impairment. It relates to trademarks with indefinite useful lives that are fully attributed to the operating segment Agfa HealthCare. These tests did not result in the recording of any impairment loss.

13.3 USEFUL LIVES OF INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Group. Acquired technology and customer relationships are the most crucial recognized intangible assets with finite useful lives for the Group.

For acquired technology, the estimation of the remaining useful life is based on the analysis of factors such as typical product life cycles in the industry and technological and commercial obsolescence arising mainly from expected actions by competitors or potential competitors.

At December 31, 2015, the net carrying amount of the Group's acquired technology amounted to 37 million Euro (2014: 41 million Euro). The Group's acquired technology has an estimated weighted average remaining useful life of approximately nine years. The useful lives are periodically reviewed and revised if necessary.

For acquired contractual customer relationships, the estimated remaining useful life is assessed by reference to customer attrition rates. For the estimation of appropriate customer attrition rates, the Group assesses the probability that existing contracts will be renegotiated.

For the assessment of the probability that existing contracts can be renegotiated, demand as well as competition and other factors such as technological lock-in and related sunk costs are of importance.

At December 31, 2015, the net carrying amount of the Group's acquired contractual customer relationships amounted to 28 million Euro (2014: 25 million Euro).

The Group's acquired contractual customer relationships have an estimated weighted average remaining useful life of approximately nine years. The useful lives are periodically reviewed and revised if necessary.

While the Group believes that the assumptions (such as attrition rates and product life cycles) used for the determination of the useful lives of aforementioned intangibles are appropriate, significant differences in actual experience would affect the Group's future amortization expense.

14. PROPERTY, PLANT AND EQUIPMENT

MILLION EURO	Land, buildings and infrastructure	Machinery and technical equipment	Furniture, fixtures and other equipment	Construction in progress and advance payments to vendors and contractors	TOTAL
Cost at December 31, 2013	**353**	**1,515**	**225**	**13**	**2,106**
Exchange differences	7	27	4	0	38
Change in consolidation scope	-	-	-	-	-
Capital expenditures	2	10	11	14	37
Retirements	(3)	(30)	(30)	(1)	(64)
Transfers	1	7	2	(11)	(1)
Cost at December 31, 2014	**360**	**1,529**	**212**	**15**	**2,116**
Exchange differences	4	17	(1)	-	20
Change in consolidation scope	-	-	-	-	-
Capital expenditures	1	11	12	13	37
Retirements	(13)	(29)	(10)	-	(52)
Transfers	(7)	7	1	(14)	(13)
Cost at December 31, 2015	**345**	**1,535**	**214**	**14**	**2,108**
Accumulated depreciation and impairment losses December 31, 2013	**265**	**1,396**	**203**	**-**	**1,864**
Exchange differences	4	24	4	-	32
Change in consolidation scope	-	-	-	-	-
Amortization during the year	7	29	11	-	47
Impairment loss reversed during the year	-	(1)	-	-	(1)
Retirements	(2)	(30)	(28)	-	(60)
Transfers	-	-	-	-	-
Accumulated depreciation and impairment losses December 31, 2014	**274**	**1,418**	**190**	**-**	**1,882**
Exchange differences	2	17	-	-	19
Change in consolidation scope	-	-	-	-	-
Amortization during the year	7	28	10	-	45
Impairment loss during the year	-	1	-	-	1
Retirements	(12)	(29)	(8)	-	(49)
Transfers	(4)	-	-	-	(4)
Accumulated depreciation and impairment losses December 31, 2015	**267**	**1,435**	**192**	**-**	**1,894**
Carrying amount December 31, 2013	**88**	**119**	**22**	**13**	**242**
Carrying amount December 31, 2014	**86**	**111**	**22**	**15**	**234**
Carrying amount December 31, 2015	**78**	**100**	**22**	**14**	**214**

In 2015, capital expenditure for property, plant and equipment amount to 37 million Euro (2014: 37 million Euro), of which 13 million Euro (2014: 14 million Euro) relates to construction in progress mainly for production efficiency, maintenance and IT-related projects in Belgium, Germany, France and UK.

Cash outflows for addition to property, plant and equipment amount to 35 million Euro in the consolidated statement of cash flows. The difference of 2 million Euro relates to assets transferred from inventory which did not result in a cash outflow.

The Group, as lessor, included assets subject to operating leases in its statement of financial position under the caption 'Other Equipment'. At the end of December 2015, the assets subject to operating leases have a total net carrying amount of 2 million Euro (2014: 3 million Euro). The future minimum lease income under non-cancellable operating leases is presented in note 28.

During 2015, an amount of 5 million Euro was transferred from land, buildings and infrastructure to non-current assets held for sale. More information is provided in note 21.

15. FINANCIAL ASSETS

MILLION EURO	**2015**	2014
Held-to-maturity investments	-	-
Financial assets designated at fair value through profit or loss	-	2
Available-for-sale financial assets	15	13
Loans and receivables	1	1
TOTAL	**16**	**16**

At December 31, 2015, available-for-sale financial assets comprise investments in quoted companies and an investment in a fixed income investment fund. The financial assets are carried at fair value with changes in fair value recognized in equity.

In 2014, financial assets designated at fair value through profit or loss, comprised an investment in a mutual fund designated as such upon initial recognition. In the course of 2015, this investment was sold.

16. INVENTORIES

MILLION EURO	**2015**	2014
Raw materials and auxiliaries	69	74
Work in progress & semi-finished goods	121	112
Finished goods	47	50
Goods purchased for resale including spare parts	213	212
Inventory in transit & other inventory	62	64
TOTAL	**512**	**512**

In 2015, inventories are written down to net realizable value for an amount of 21 million Euro (2014: 22 million Euro). These write-downs relate to obsolete, damaged or expired inventory. The cost of those inventory items has been fully written down. As a consequence the Group has no inventory carried at fair value less cost to sell at December 31, 2015.

Write-downs of inventories are included in cost of sales in the consolidated statement of profit or loss.

17. OTHER TAX RECEIVABLES AND OTHER TAX LIABILITIES

Other tax receivables amount to 26 million Euro (2014: 45 million Euro) and other tax liabilities amount to 45 million Euro (2014: 63 million Euro).

Other tax receivables and liabilities relate to other tax, such as VAT and other indirect taxes.

Other tax receivables are offset against other tax liabilities when they relate to taxes levied by the same taxation authority and are intended to be settled on a net basis.

18. OTHER RECEIVABLES

Other receivables as presented in the statement of financial position amounted to 106 million Euro (2014: 103 million Euro) and comprise: receivables under finance leases 82 million Euro (2014: 79 million Euro), uninstalled leases 9 million Euro (2014: 9 million Euro), payroll receivables 2 million Euro (2014: 3 million Euro) and other 13 million Euro (2014: 12 million Euro).

MILLION EURO	**2015**	2014
Receivables under finance leases	82	79
Uninstalled leases (1)	9	9
Payroll receivables	2	3
Other	13	12
TOTAL	**106**	**103**

(1) Leased equipment not yet installed at the client's premises.

18.1 RECEIVABLES UNDER FINANCE LEASES

Lease agreements in which the other party, as lessee, is to be regarded as the economic owner of the leased assets give rise to accounts receivable in the amount of the discounted future lease payments. These receivables amounted to 84 million Euro as of December 31, 2015 (2014: 81 million Euro) and will bear interest income until their maturity dates of 8 million Euro (2014: 8 million Euro).

As of December 31, 2015, the impairment losses on the receivables under finance leases amounted to 2 million Euro (2014: 2 million Euro).

The receivables under finance leases are as follows:

MILLION EURO	**2015**			2014		
	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
Not later than one year	38	4	34	37	4	33
Between one and five years	53	4	49	52	4	48
Later than five years	1	-	1	-	-	-
TOTAL	**92**	**8**	**84**	**89**	**8**	**81**
Impairment losses			(2)			(2)
Receivables under finance leases			**82**			**79**

The Group leases out its commercial equipment under finance leases mainly via Agfa Finance (i.e. Agfa Finance NV, its subsidiaries, Agfa Finance Corp. and Agfa Finance Inc.) and via Agfa sales organizations in New Zealand and Australia.

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

The major part of the leases concluded with Agfa Finance typically run for a non-cancellable period of four years. The contracts generally include an option to purchase the leased equipment after that period at a price that generally lies between 2% and 5% of the gross investment at the inception of the lease.

Sometimes, the fair value of the leased asset is paid back by means of a purchase obligation for consumables at a value higher than its market value, in such a way that this mark-up is sufficient to cover the amount initially invested by the lessor. In these types of contracts the mark-up and or the lease term can be subject to change.

Agfa Finance offers its products via its subsidiaries in France and Italy and its branches in Europe (Spain, Switzerland, Benelux, Germany, UK and the Nordic countries), via Agfa Finance Corp. in the US and Agfa Finance Inc. in Canada. As of December 31, 2015, the present value of the total future lease payments before impairement losses for Agfa Finance amounted to 82 million Euro (2014: 78 million Euro).
Agfa sales organizations in Australia and New Zealand offer customer financing of graphical equipment with an average remaining term of 12 months. As of December 31, 2015, the present value of the total future lease payments before impairement losses for these sales organizations amounted to 2 million Euro (2014: 3 million Euro).

During 2015, the Group has sold receivables under finance lease amounting to 6 million Euro (2014: 8 million Euro).

19. OTHER ASSETS

Other assets comprise deferred charges and other non-financial assets. Deferred charges mainly comprise long-term service contracts that relate to future periods.
Other assets can be presented as follows:

MILLION EURO	**2015**	2014
Deferred charges	32	34
Advances on costs (mainly related customs broker)	6	7
Guarantees and deposits	6	5
Other	-	5
TOTAL	**44**	**51**

20. CASH AND CASH EQUIVALENTS

The reconciliation of cash and cash equivalents with its corresponding items in the statement of financial position can be presented as follows:

MILLION EURO	**2015**	2014
Marketable securities and other instruments	8	24
Cash on hand, demand deposits and checks	115	172
Cash collateral derivative financial instruments (metal swaps)	9	3
Other cash on hand, demand deposits and checks	106	169
Total cash and cash equivalents as reported in the consolidated statement of financial position	**123**	**196**
Accounts receivable under cash management agreements (reported under other receivables)	-	-
Liabilities under cash management agreements (reported under other payables)	(1)	(2)
Total cash and cash equivalents as reported in the consolidated statement of cash flows	**122**	**194**

21. NON-CURRENT ASSETS HELD FOR SALE

The non-current assets classified as held for sale relate to the planned sale of the site of the closed *offset printing plate* factory in Banwol, South Korea, belonging to the Agfa Graphics segment. The sale of these assets will take place in 2016.

Related land, buildings and infrastructure are measured at their carrying amount at December 31, 2015, which is lower than the fair value less costs to sell.

22. EQUITY

The various components of Equity and the changes therein from January 1, 2014 to December 31, 2015 are presented in the Consolidated Statements of Changes in Equity.

22.1 SHARE CAPITAL AND SHARE PREMIUM

At December 31, 2015, the issued capital of the Company amounts to 187 million Euro, represented by 171,851,042 fully paid ordinary shares.

22.2 RESERVE FOR OWN SHARES

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group.
At December 31, 2015, the Group held 4,099,852 (2014: 4,099,852) of the Company's shares.

22.3 REVALUATION RESERVE

The revaluation reserve mainly comprises the revaluation of the Group's investment in Digital Illustrate Inc. classified as available-for-sale financial asset.

22.4 HEDGING RESERVE

As of December 31, 2015, the hedging reserve comprises the effective portion of the cumulative net change in fair value of metal swap agreements and foreign exchange contracts designated as cash flow hedges.

During 2015 and 2014, the Group concluded a number of metal swap agreements with an investment bank. These swap agreements have been designated as 'cash flow hedges'; hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of commodities. It relates to commodity contracts that were entered into and continue to be held for the purpose of the receipt of commodities in accordance with the Group's expected usage requirements.
The portion of the gain or loss on the swap contracts that is determined to be an effective hedge is recognized directly in other comprehensive income (December 31, 2015: minus 14 million Euro, December 31, 2014: minus 7 million Euro).

In the course of 2015, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in Pound Sterling related to highly probable forecasted revenue over the following 12 months. During 2014, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in USD and in Pound Sterling related to highly probable forecasted revenue over the following 12 months.
The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in other comprehensive income (December 31, 2015: 0 million Euro, December 31, 2014: minus 4 million Euro).

22.5 REMEASUREMENT OF THE NET DEFINED BENEFIT LIABILITY

Remeasurements of the net defined benefit liability comprise both the impact of the first time adoption of the 2011 amendment of IAS 19 and all subsequent remeasurements of the net defined benefit liabilities.

Remeasurements of the net defined benefit liability primarily relate to actuarial gains and losses and return on plan assets, excluding the amounts included in net interest on the net defined benefit liabilities.

The evolution for the year 2015 is as follows:

MILLION EURO	Dec. 31, 2014	Remeasurement of the net defined benefit liability	Tax impact	**Dec. 31, 2015**
		Note 23.1.3	Note 12.5	
Remeasurement of the net defined benefit liability				
Related to material countries	(884)	62	(1)	(823)
Related to non-material countries	(21)	3	-	(18)
TOTAL	**(905)**	**65**	**(1)**	**(841)**

The movement of the year, net of tax amounts to 64 million Euro. Deferred taxes related to the effects of remeasurements are also recognized in other comprehensive income.
The tax effect is further explained in note 12.4.

22.6 TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial instruments that hedge the Company's net investment in a foreign subsidiary. The Group utilized forward exchange contracts to hedge the foreign currency exposure of the Group's net investment in one of its subsidiaries in the United States (note 7.1.3).

During 2015, an amount of 20 million Euro was reclassified from translation reserve to financial result on disposal of two foreign operations, being the closure of two production facilities for which a restructuring expense amounting to 8 million Euro was booked in 2015.

22.7 DIVIDENDS

In 2014, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 13, 2014. In 2015, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 12, 2015. For 2016, no dividend has been recommended by the Board of Directors.

22.8 NON-CONTROLLING INTERESTS

Non-controlling interests have a material interest in seven subsidiaries of the Group in greater China and the ASEAN region (December 31, 2015: 39 million Euro, December 31, 2014: 52 million Euro). In Europe, there are two subsidiaries in which non-controlling interests have an interest that is of minor importance to the Group (December 31, 2015: 1 million Euro, December 31 2014: 1 million Euro).

In greater China and the ASEAN region, the Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd combined as of 2010 their activities aiming at reinforcing the market position in this region. Shenzhen Brother Gao Deng Investment Group Co., Ltd has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties.
The subsidiaries of Agfa Graphics Asia Ltd. are

- Agfa (Wuxi) Printing Plate Co. Ltd.
- Agfa ASEAN Sdn. Bhd.
- Agfa Imaging (Shenzhen) Co. Ltd.
- Agfa Singapore Pte. Ltd.
- Agfa Taiwan Co Ltd.
- Shanghai Agfa Imaging Products Co., Ltd.

Based on the current governance structure, the Group has determined that it has control over these subsidiaries. At December 31, 2015, the accumulated amount of non-controlling interests attributable a Shenzhen Brother Gao Deng Investment Group Co., Ltd amounts to 39 million Euro. The profit allocated to non-controlling interests of this business partner amounts to 9 million Euro. Exchange differences on translation of foreign operations attributable to non-controlling interests amount to 1 million Euro.

In the course of 2015, dividends due to Shenzhen Brother Gao Deng Investment Group Co., Ltd (2015: 25 million Euro, 2014: 5 million Euro) have been paid. In the consolidated statements of changes in equity, dividends to Shenzhen Brother Gao Deng Investment Group Co., Ltd are presented at historical rate, being 23 million Euro. The difference of 2 million Euro presented in Other Comprehensive Income attributable to non-controlling interests.

The following table presents financial information for the companies in which the business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd has a non-controlling interest of 49%, prepared in accordance with IFRS.
The information is before intercompany eliminations with other companies in the Agfa-Gevaert Group.

MILLION EURO	**2015**	2014
Current assets	85	103
Non-current assets	17	18
Current liabilities	22	15
Non-current liabilities	1	1
Net assets Agfa Graphics Asia Ltd. and its subsidiaries (consolidated)	**79**	**105**
Net assets attributable to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries	**39**	**52**
Revenue	139	133
Profit for the year	18	18
Profit attributable to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries	**9**	**9**
Other Comprehensive Income: translation differences	18	15
Other Comprehensive Income attributable to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries	**9**	**8**
Total Comprehensive Income attributable to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries	**18**	**17**
Cash Flows from operating activities	28	33
Cash Flows from investing activities	-	-
Cash Flows from financing activities	(50)	(9)
Dividends paid to non-controlling interests during the year [(1)]	**(25)**	**(5)**

(1) Included in cash flows from financing activities

22.9 OTHER COMPREHENSIVE INCOME, NET OF TAX

2015

MILLION EURO	Attributed to owners of the Company						Non-controlling interests	TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	Retained earnings	TOTAL		
Exchange differences on translation of foreign operations	-	-	-	-	-	-	1	1
Net gain (loss) on hedge of net investment in foreign operation, net of tax	(11)	-	-	-	-	(11)	-	(11)
Exchange differences on disposal of foreign operations reclassified to profit or loss	20	-	-	-	-	20	-	20
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(27)	-	-	-	(27)	-	(27)
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	6	-	-	-	6	-	6
Net changes in fair value of cash flow hedges transferred to initial carrying amount of hedged items, net of tax	-	18	-	-	-	18	-	18
Net change in fair value of available-for-sale financial assets	-	-	3	-	-	3	-	3
Remeasurement of the net defined benefit liability, net of tax	-	-	-	64	-	64	-	64
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**9**	**(3)**	**3**	**64**	**-**	**73**	**1**	**74**

2014

MILLION EURO	Attributed to owners of the Company						Non-controlling interests	TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	Retained earnings	TOTAL		
Exchange differences on translation of foreign operations	24	-	-	-	-	24	6	30
Net gain (loss) on hedge of net investment in foreign operation, net of tax	(12)	-	-	-	-	(12)	-	(12)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(14)	-	-	-	(14)	-	(14)
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	5	-	-	-	5	-	5
Net changes in fair value of cash flow hedges transferred to initial carrying amount of hedged items, net of tax	-	8	-	-	-	8	-	8
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability	-	-	-	(293)		(293)	-	(293)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**12**	**(1)**	**-**	**(293)**	**-**	**(282)**	**6**	**(276)**

23. EMPLOYEE BENEFITS

MILLION EURO	December 31, 2015	December 31, 2014
Non-current liabilities	**1,194**	**1,279**
Liabilities for post-employment and long-term termination benefit plans	1,185	1,267
Liabilities for post-employment benefits	1,135	1,201
Long-term termination benefit plans	50	66
Other employee benefits	9	12
Current liabilities	**130**	**129**
Liabilities for social expenses	28	28
Payroll liabilities	9	8
Other personnel commitments	93	93

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

Agfa-Gevaert Group companies provide retirement benefits in most countries in which the Group operates. Retirement benefits are organized through defined contribution plans as well as defined benefit plans.

At December 31, 2015, the Group's total net liability for post-employment and long-term termination benefit plans amounted to 1,185 million Euro (1,267 million Euro at December 31, 2014), comprising the following.

MILLION EURO	December 31, 2015	December 31, 2014
Liabilities for post-employment benefits	**1,135**	**1,201**
Net liability for material countries	1,094	1,155
Net liability for non-material countries	41	46
Long-term termination benefit plans	**50**	**66**
TOTAL NET LIABILITY	**1,185**	**1,267**

The Group's material countries are: Belgium, Germany, UK and US. The principle for determining the Group's material countries is based on the level of the post-employment benefit expense. The material countries represent more than 95% of the Group's total post-employment benefit expense.

23.1.1 Defined contribution plans

In the case of defined contribution plans, Agfa-Gevaert Group companies pay contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the Group companies have no further payment obligation, except for possible shortfalls of the minimum guaranteed return on the Belgian pension plans as discussed below. The regular contributions constitute an expense for the year in which they are due.
In 2015, the Group has recognized for its defined contribution plans in Germany, UK and US an expense amounting to 6 million Euro (5 million Euro in 2014).

23.1.2 Belgian defined contribution plans with return guaranteed by law

Belgian defined contribution plans are subject to the Law of April 28, 2003 on occupational pensions (hereafter 'the WAP'). According to article 24 of this Law, the employer has to guarantee an average minimum return of 3.75% on employee contributions and of 3.25% on employer contributions. Article 24 of the WAP obliges the employer to ensure that plan members receive at the date of leaving the plan at least the amount of the contributions capitalized at aforementioned statutory guaranteed minimum returns. For contributions as from 2016, the forementioned percentages are replaced by one single percentage that will evolve depending on the returns on the markets, with a minimum of 1.75% and a maximum of 3.75%. The percentage for 2016 is 1.75%.

Within the Group, all Belgian defined contribution plans with return guaranteed by law are funded through insurance companies.
The last few years, insurance companies have been reducing their technical interest rates – i.e. a committed return excluding profit-sharing on contributions paid as from a particular date – to a level, generally below the statutory guaranteed minimum return. Some insurance companies, however, achieve the statutory guaranteed minimum rates of return by means of profit-sharing. Because the employer has to guarantee the statutory minimum return on these plans, not all actuarial and investment risks relating to these plans are transferred to the insurance company managing the plans. Therefore these plans do not meet the definition of defined contribution plans under IFRS and have to be classified by default as defined benefit plans. IAS 19 *Employee Benefits*, however does not envisage the accounting treatment of employee benefit plans with a promised return on contributions.

In the absence of a specific accounting policy in IFRS for this type of plans, management has applied an intrinsic value approach in determining whether or not a liability should be recognized at financial reporting date.
This method consists in calculating the liability in the statement of financial position as the sum of any individual differences between the mathematical reserves, i.e. the reserves calculated by capitalizing all premiums paid at the interest rate guaranteed by the insurer – also taking account of profit-sharing, and the minimum reserves as determined by Article 24 of the WAP. This measurement also considers any balance of financing funds that could be attributed to related plans. At December 31, 2015 management's estimate of the intrinsic value of the net liability comprises an estimate of the impact of profit-sharing over 2015 as actual data on profit-sharing will become available later. The intrinsic value approach as described above did not reveal a shortfall and therefore no liability has been recorded at December 31, 2014 and 2015. The calculation of the liability takes into account the guaranteed minimum return only until the financial reporting date. The fact that the guaranteed minimum return must also be achieved in the future can have an impact on future cash flows.

In 2015, the annual employer contributions paid for the Group's Belgian defined contribution plans with return guaranteed by law amounted in total to 12 million Euro (2014: 12 million Euro).
They constitute an expense for the year in which they are due. The Group expects to contribute a similar amount for the next fiscal year 2016.

The Company has concluded different defined contribution plans with different insurance companies:

- **Top Performance Plan:** These plans concern deferred compensation for bonuses attributed to employees of Agfa-Gevaert NV, Agfa Graphics NV, Agfa HealthCare NV and Agfa Finance NV;
- **Pension plan for employees of Agfa HealthCare NV** (a particular group of employees);
- **Pension plan for executives of Agfa-Gevaert NV** (a particular group of executives);
- **Group insurance plan for executives:** Participating employers are Agfa-Gevaert NV, Agfa HealthCare NV, Agfa Graphics NV and Agfa Finance NV; and
- **Group insurance plan for employees of Agfa HealthCare NV,** formerly managed by a pension fund called 'A2P': the reserves of this fund have been transferred to the insurer in the course of 2014.

All these plans are fully financed by employer contributions except for the Group insurance plan for executives which is financed by both employer and employee contributions.

In 2015, insurance companies have applied technical interest rates that range between 1.00% and 4.75% (1.75% to 4.75% in 2014). Decisive factors in this context are the date an employee joins a plan and whether the insurer guarantees an interest rate on future premiums. The Company estimates the mathematical reserves at December 31, 2015 to be at least the statutory minimum guaranteed amounts in the individual accounts when taking account of the expected profit-sharing for 2015 and the balance of financing funds.

For each of the aforementioned defined contribution plans, the following table presents information on the amount of the mathematical reserves, the minimum guaranteed reserves compliant with article 24 of the WAP and the shortfall in funding in the individual accounts – if any – that would not be covered by any financing fund. The overview also comprises information on the type of return guaranteed by the insurer, the evolution of the guaranteed interest rates during 2015 and previous years as well as the proposed minimum interest rates for 2016.

MILLION EURO				Minimum guaranteed return				
Description of the plan	Sum of mathematical reserves	Minimum garanteed reserves	Shortfall in funding in the individual accounts, not covered by any financing fund	Type of guaranteed return	2013	2014	2015	2016
Top Performance Plan	61	59	-	Guaranteed return on reserves	3.25%, excl. profit sharing	2%, excl. profit sharing	1.5% excl. profit sharing	1%, excl. profit sharing
Pension plan employees Agfa HealthCare NV	2	2	-	Guaranteed return on reserves and future premiums	3.25%, incl. profit sharing for premiums paid until 31/12/2012; 1.75% for new entries as from January 2013 and premiums due between 31/12/2012 and 30/06/2015; 1.5% for new entries and premiums due as from July 2015			
Pension plan for executives of Agfa-Gevaert NV	1	1	-	Guaranteed return on reserves	2.25%, excl. profit sharing	2.25%, excl. profit sharing	2.25%, excl. profit sharing until 1/07/2015; 1.5% as from July 2015	
Group insurance plan for executives	91	91	-	Guaranteed return on reserves and future premiums	3.25%, excl. profit sharing, on both employer and employee contributions paid until 31/12/2012; 1.75% for new entries as from January 2013 and premiums due between 31/12/2012 and 31/03/2015; 1.00% for new entries and premiums due as from april 2015			
Group insurance plan for employees of Agfa HealthCare NV	21	21	-	Guaranteed return on reserves	N/A	2.25%, excl. profit sharing	1.5%, excl. profit sharing	1.5%, excl. profit sharing
TOTAL	**176**	**174**	**-**					

23.1.3 Defined benefit plans

The Group's post-employment defined benefit plans include retirement benefits and other post-employment benefits.
Other post-employment benefit plans primarily relate to German employees.

The Group Pension Committee, created as a subcommittee of the Executive Committee (Exco) of the Group assists the Exco in the oversight and supervision of the different pension plans and other post-employment arrangements that exist within the Group.
The Committee advises the Exco on benefit plan design matters such as amendment to or termination – in whole or in part – of the benefit plans and their respective funding arrangements. Next to providing advice to the Exco, the Group Pension Committee is also responsible for controlling local management, i.e. local management of the pension funds as well as local management of the sponsoring employers of the benefit plans – in fulfilling their responsibilities in relation to pension matters.

The Group Pension Committee has set a strategic asset allocation for its major plans that are financed through a separate pension fund. The committee reviews the asset allocation targets regularly to ensure that they remain appropriate to the pension fund liability profiles. In this respect, the duration of the defined benefit obligation (DBO) of the Group's major plans should be mentioned: it varies between 12 and 20 years (between 11 and 20 years in 2014).

For the management of the plan assets, the Group Pension Committee is assisted by the Group Pension Investment Committee. The Group Pension Investment Committee has issued a Group Investment Guideline which was approved by the Group Pension Committee. The Group Pension Committee monitors the proper application of this guideline.

The Group, through its Group Pension Committee, investigates liability reduction solutions and seeks to de-risk the Group's post-employment benefit liabilities. Investment risk and longevity risk are two risks that are specifically examined. In recent years, the Group Pension Committee has proposed different measures that have been realized, among which the withdrawal of the post-retirement medical benefit plan in the US (2013), the offer to pay out lump sums to non-active participants with deferred vested rights in the Agfa Corporation Pension Plan (2013) and the pension buyout project related to the Agfa-Gevaert Fabriekspensioen Plan in Belgium (2014).

The Group's major defined benefit plans generally cover all employees and generally provide benefits that are related to an employee's remuneration and years of service.
Its characteristics and associated risks are explained in more detail hereafter.

Belgium

In Belgium, more than 95% of the defined benefit obligation is related to a basic plan called 'Fabriekspensioen' that is financed through contributions paid to an external Organization for Financing Pensions (OFP). This fund has the duty to foresee the payments of the pensions promised by its participating employers, being Agfa-Gevaert NV, Agfa Graphics NV, Agfa HealthCare NV and Agfa Finance NV to the beneficiaries of the plan.

The 'Fabriekspensioen' covers the majority of employees of aforementioned employers.
New entrants of Agfa Europe NV whose business has been transferred to either its legal successor Agfa HealthCare NV or Agfa Graphics NV, accrue as from January 2000 benefits under a defined contribution plan. The same defined contribution plan applies to new entrants of Agfa HealthCare NV.

For the 'Fabriekspensioen', the plan participants are eligible for a benefit based on a last yearly income formula. As this funded pension plan is still open to new entrants and the accrual of new benefits, the plan exposes the Company to a salary increase risk, next to an interest rate risk, an investment risk and a longevity risk. Although this plan has been set up as an annuity plan, more than 95% of the members choose for the option of a lump sum pension payment at the retirement age.
The legal and regulatory framework for the 'Fabriekspensioen' is based on the applicable Belgian law, i.e. the law of October 27, 2006 on the supervision of institutions for occupational retirement provision and the law on supplementary pensions (WAP), applicable as from January 1, 2004. Based on this legislation a funding valuation is prepared annually. The valuation method, used to determine the contributions to the Belgian OFP, is the 'aggregate cost method'. The contribution is expressed as an annual fixed percentage of payroll in order to finance the total service liability. The funding level at December 31, 2015 of the 'Fabriekspensioen' is satisfactory and therefore no recovery plan is required.

The Board of Directors of the 'Pensioenfonds Agfa-Gevaert OFP' bears the ultimate responsibility for the management of the assets and liabilities of the 'Fabriekspensioenplan'. They have delegated investment oversight of the plan's assets to the Local Investment Committee who in turn operates within the framework set by the Group Pension Committee. The Statement of Investments Principles (SIP), prepared by the Local Investment Committee in accordance with the Group Investment Guidelines, has been formally ratified at the Extraordinary General Meeting of the 'Pensioenfonds Agfa-Gevaert OFP' on February 7, 2014. Deviations are subject to prior permission of the Group Pension Committee. The Local Investment Committee needs to ensure that plan assets are invested effectively and prudently, in full compliance with all applicable laws, and for the benefit of plan participants and beneficiaries.

In the second half of 2014 a pension buy-out project took place. In this project current retirees were given a one-time opportunity to transfer their annual pension in to one lump sum payment. In 2015, this has resulted in 15 million Euro settlement payments from plan assets.

Germany

In Germany, no legal or regulatory minimum funding requirements apply, and as such the Group's German defined benefit retirement plans are all unfunded plans.

The German pension plans include a basic plan related to pension relevant salary up to the Social Security Ceiling (SSC) and a supplementary plan covering benefits attributed on pension relevant salary above the Social Security Ceiling.

In Germany we distinguish the 'old pension plan' that was closed to new entries as from 2005 and closed to future accruals as from 2010 and the 'new pension plan' applicable to employees joining as from 2005. In 2010 the population that benefited from the former 'old pension plan' that was closed to future accruals as of December 31, 2009 also joined the 'new pension plan', however comprising supplementary benefit entitlements compared with the employees joining as from 2005. Both plans comprise a basic and supplementary plan.

Additionally, Agfa is obliged to provide pension plans according to the Collective Labour Agreement (CLA) regulation of the Chemical Sector.

Under the 'old pension plan', the basic plan is managed by the Bayer Pensionskasse (Penka). The Bayer Pensionskasse is a multi-employer plan accounted for as if it were a defined contribution plan (IAS 19.34 (a)). The plan is a defined benefit plan under control of the Group's former parent company Bayer AG. It is accounted for as a defined contribution plan as the Group has no right to obtain the necessary data for defined benefit plan accounting. In case of a deficit, this plan may expose the Group to investment and actuarial risk. The Group however considers these risks as insignificant.

From 2004 onward, Agfa has been responsible to adjust the pension payments processed by the Bayer Pensionskasse according Sec. 16, 1 and 2 of the German Pension Act (BetrAVG – Betriebsrentengesetz).

The base pension including the adjustments processed according to the aforementioned legal regulations up to the year 2003 are paid by the Penka directly. Consequently, the liability in the books of Agfa resulting from this basic plan solely relate to the responsibility of Agfa to adjust the pension payments.

The benefits accrued under the supplementary plan are accounted for as a defined benefit plan. They are based on 'contributions' [1] calculated as a fixed percentage of pension relevant salary above the SSC. Then, an age independent factor is used for converting those 'contributions' [1] into individual pension entitlements.

The pension entitlements based on the 'old pension plan' are closed to future accruals as of December 31, 2009.

The old pension plan is only applicable for employees with entry date prior to 2005.

They have stopped accruing additional benefits in the Bayer Pensionskasse at the end of 2009. As of 2010, these employees started participating in the new pension plan (Rheinische Pensionskasse).

The 'new pension plan' also includes a basic pension plan, i.e. benefits entitlements on the pension relevant salary up to the SSC, and a supplementary pension plan accruing benefits on pension relevant salary above the SSC. The basic plan is funded through contributions paid to the Rheinische Pensionskasse. Employees partly (50%) contribute to the Rheinische Pensionskasse by deferred compensation. Once the contributions have been paid to the Rheinische Pensionskasse, in principle the group companies have no further payment obligation. This plan is consequently accounted for as a defined contribution plan. The new supplementary plan, which is also accounted for on the balance sheet as a direct pension commitment, foresees no upper ceiling for pension relevant salary.

The benefits accrued under the supplementary plan are based on 'contributions' [1] calculated as a fixed percentage of pension relevant salary above the SSC. Contrary to the old pension plan, 'contributions' [1] are then converted into pension entitlements based on age-dependent pension factors and considering a pre-determined annual increase of those entitlements.

As of 2012, the plan foresees an option to pay out lump sums instead of monthly pension payments.

Employees who previously benefited from the 'old pension plan' that was closed to future accruals as of December 31, 2009,

(1) 'Contributions' in this context means a calculation base which is used to finally determine the pension entitlements.

got supplementary pension entitlements based on a matching 'fifty-fifty' approach meaning that the employer pays contributions to the extent of the employee contributions. The structure itself is similar to the new supplementary pension plan as described above.

The pension plan according to the CLA of the Chemical Sector is based on 'contributions' [(1)] that are converted into individual pension entitlements using age-dependent pension factors. Employees also partly contribute to this plan by deferred compensation.

In Germany, Agfa provides to a minor extent also benefits that are related to plans which result from former acquisitions. The related plans are all closed to future accruals.

The defined benefit liability in Germany also includes pension plans that are fully based on deferred compensation models. The benefits accrued under these plans are based on the annually deferred compensation amount of each beneficiary converted into pension entitlements and in some cases additionally considering a pre-determined annual increase of those entitlements.
For a part of the workforce, i.e. HealthCare IT employees, there are pension plans managed by different external funds (Pensionskassen). These plans are mainly financed by deferred compensation models and are accounted for as defined contribution plans.

Additionally, top management of Agfa HealthCare IT in Germany is provided with a salary related pension scheme, processed by a congruently funded multi-employer plan (kongruent rückgedeckte Unterstützungskasse).
The contributions, fully paid by Agfa, amount to 5% of the pension relevant income.

The different closed defined retirement benefit plans as well as the plans that remain open expose the Company to actuarial risks such as interest rate risk, pension indexation risk and longevity risk.

UK

In the UK, the defined benefit retirement plan called Agfa UK Pension Plan was closed to new entrants with effect from June 30, 2002. On January 1, 2010 the decision was taken to close the defined benefit pension scheme to further accruals. As from 2010, members are able to accrue benefits under a defined contribution retirement plan.

The closed Agfa UK Pension Plan is financed through contributions paid by its participating employers, being at year-end 2015: Agfa-Gevaert NV, Agfa HealthCare UK Ltd and Agfa Graphics Ltd. The plan members are eligible for a benefit based on a final average pay formula. From the age of 55, benefits accrued under this plan can be paid partly in cash with the remainder paid in monthly payments. If the benefit is taken before the normal retirement age of 65 there is an actuarial reduction of the benefit's value.

Deferred plan members are entitled to an inflation increase, based on CPI (Consumer Price Index), of their accrued benefits until retirement payments are taken. Pension payment increases are in line with RPI (Retail Price Index) with a minimum increase of 3% and a maximum increase of 5%. Next to inflation risk, the frozen defined benefit plan exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.
The defined benefit plan is governed by a benefit trust whose decision making body is a Board of Trustees. They have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust rules and UK law. The required funding is determined by a funding valuation carried out every three years based on legal requirements and funding valuation assumptions that meet the UK regulatory body's current requirements and are also agreed between the Company and the Trustees. Following the latest funding valuation which took place in 2013, Agfa entered into an agreement with the trustees to contribute an annual fixed payment for the next 13 years, beginning in 2014.

US

In the US, Agfa Corporation sponsors have one major defined benefit plan, the Agfa Corporation Pension Plan, which is frozen to new entrants and the accrual of new benefits. Agfa HealthCare Corporation, Agfa Materials Corporation and Agfa Finance Corporation are participating employers in said pension plan.

(1) 'Contributions' in this context means a calculation base which is used to finally determine the pension entitlements.

The plan participants are eligible for a benefit based on a final average pay formula. This frozen defined benefit plan exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.
The defined benefit plan assets are held in a trust. The Board of Directors of Agfa Corporation, the plan sponsor, delegates investment decisions and oversight of the plan's assets to a local investment committee, the Benefits Plan Investment Committee (BPIC). The BPIC members have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust agreement and US law. The legal and regulatory framework for the plan is based on the applicable US legislation Employee Retirement Income Security Act (ERISA). Based on this legislation a funding valuation is prepared annually. Participant-beneficiaries do not contribute to the plan. The plan sponsor and participating employers contribute such amounts as are deemed necessary on an actuarial basis to provide sufficient funds to meet the benefits to be paid to plan members.

Minimum contributions are based on the requirements prescribed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and the Pension Protection Act of 2006 (PPA). Pursuant to the PPA, each year the actuary is required to certify the Plan's funded percentage. The plan received its most recent certification for the 2015 plan year using actuarial assumptions mandated by the Internal Revenue Service (IRS), and the actuary determined that the funded percentage was 94.8% (2014: 81.3%).

In 2013, the Group has decided to withdraw its US post-retirement medical plan as of January 1, 2014.

Evolution net liability during 2015 and previous year

The change in net liability recognized during the years 2015 and 2014 is set out in the table below.

	2015			2014		
MILLION EURO	**Retirement plans**	**Other post-employment and long-term benefit plans**	**TOTAL**	Retirement plans	Other post-employment and long-term benefit plans	**TOTAL**
Net liability at January 1	**1,149**	**6**	**1,155**	**875**	**8**	**883**
Defined benefit cost included in profit or loss	54	-	54	44	-	44
Total remeasurements included in OCI	(62)	-	(62)	289	-	289
Net transfer in	1	-	1	-	-	-
Cash flows						
Employer contributions	(36)	-	(36)	(40)	-	(40)
Benefits paid directly by the company	(43)	(1)	(44)	(44)	(2)	(46)
Currency effects: charge (or credit)	26	-	26	25	-	25
Net liability at December 31	**1,089**	**5**	**1,094**	**1,149**	**6**	**1,155**

MILLION EURO	2015 Retirement plans	2014 Retirement plans
Service cost		
Service cost, exclusive of employee contributions	25	19
Past service cost	-	-
(Gain) loss on settlements	-	(7)
Total service cost	**25**	**12**
Net interest cost		
Interest expense on DBO	65	75
Interest (income) on plan assets	(37)	(44)
Total net interest cost	**28**	**31**
Remeasurements of other long term benefits	-	-
Administrative expenses and taxes	**1**	**1**
DEFINED BENEFIT COST INCLUDED IN PROFIT OR LOSS	**54**	**44**
Actuarial losses (gains)		
Experience losses (gains) on plan liabilities	(9)	(8)
Demographic assumptions	(19)	20
Financial assumptions	(56)	318
Total actuarial losses (gains)	**(84)**	**330**
Return on plan assets excl. Interest income	**22**	**(41)**
TOTAL REMEASUREMENTS INCLUDED IN OCI	**(62)**	**289**
TOTAL DEFINED BENEFIT COST RECOGNIZED IN PROFIT OR LOSS AND OCI	**(8)**	**333**

Defined benefit costs for 2015 and 2014
The total defined benefit cost for 2015 for the Group's material countries amounted to a credit of 8 million Euro (2014: 333 million Euro income). Of this amount, 54 million Euro expense is reflected in the Group's Consolidated Statement of Profit or Loss over 2015 (2014: 44 million Euro expense). The balance, being 62 million Euro credit for 2015 (a cost of 289 million Euro credit for 2014) is reflected in 'Other Comprehensive Income' under 'Remeasurements of the net defined benefit liability'. These remeasurements originate from changes in demographic and financial assumptions as well as from experience adjustments on both the defined benefit obligation and the fair value of assets. Details are provided below.

In 2014, the defined benefit cost in profit or loss for the Group's material countries includes a settlement gain amounting to 7 million Euro, resulting from a pension buyout project related to the 'Agfa-Gevaert Fabriekspensioenplan'.

Expected defined benefit costs and cash flows for 2016
The Group expects for the defined benefit plans of its material countries for 2016 a total defined benefit cost in profit or loss of 53 million Euro, comprising of 23 million Euro service and administrative expenses and taxes and 30 million Euro net interest costs.

During the next fiscal year 2016, the Group expects to contribute 74 million Euro for its material retirement and other post-employment plans. This is lower than the Company's cash out for 2015 which amounted to 80 million Euro, i.e. employer contributions amounting to 36 million Euro and 44 million Euro benefit payments that were paid directly by the Company. This evolution is fully attributable to further funding relief actions in the US.

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

December 31, 2015, the total defined benefit obligation for the Group amounted to 2,250 million Euro (2,286 million Euro at December 31, 2014).Of this amount, 1,525 million Euro (1,502 million Euro at December 31, 2014) is related to wholly or partly fund plans and 725 million Euro (784 million Euro at December 31, 2014) is related to unfunded plans.

MILLION EURO	2015			2014		
	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	**2,280**	**6**	**2,286**	**1,881**	**8**	**1,889**
Service cost						
Current service cost, exclusive of employee contributions	25	-	25	19	-	19
Past service cost	-	-	-	-	-	-
(Gain) Loss on settlements	-	-	-	(7)	-	(7)
Interest expense	65	-	65	75	-	75
Cash flows						
Benefit payments	(130)	(1)	(131)	(110)	(2)	(112)
Premiums Paid	(2)	-	(2)	-	-	-
Remeasurements						
Effect of changes in demographic assumptions	(19)	-	(19)	20	-	20
Effect of changes in financial assumptions	(56)	-	(56)	317	1	318
Effect of experience adjustments	(9)	-	(9)	(7)	(1)	(8)
Currency effects: charge (or credit)	91	-	91	92	-	92
Defined benefit obligation at December 31	**2,245**	**5**	**2,250**	**2,280**	**6**	**2,286**
Change in Plan Assets						
Fair value of assets at January 1	**1,131**	**-**	**1,131**	**1,006**	**-**	**1,006**
Interest income	37	-	37	44	-	44
Employer contributions	79	1	80	84	2	86
Benefit payments	(130)	(1)	(131)	(110)	(2)	(112)
Administrative expenses and taxes	(1)	-	(1)	(1)	-	(1)
Premiums Paid	(2)	-	(2)	-	-	-
Transfer out	(1)	-	(1)	-	-	-
Return on plan assets (excluding interest income)	(22)	-	(22)	41	-	41
Currency effects: (charge) or credit	65	-	65	67	-	67
Fair value of assets at December 31	**1,156**	**-**	**1,156**	**1,131**	**-**	**1,131**
Funded status at December 31						
Funded status	1,089	5	1,094	1,149	6	1,155
Effect of asset ceiling/onerous liability	-	-	-	-	-	-
Net liability (asset) at December 31	**1,089**	**5**	**1,094**	**1,149**	**6**	**1,155**

Principal actuarial assumptions at the reporting date

The liabilities and defined benefits cost of the Group's retirement plans are determined using actuarial valuations that involve several actuarial assumptions. At the end of the reporting periods 2015 and 2014, the following principal actuarial assumptions (weighted averages) have been used.

	December 31, 2015	December 31, 2014
Discount rate	3.2%	2.8%
Future salary increases	2.2%	2.1%

The above stated average discount rate and salary increases have been determined based on the actuarial assumptions applied in the different defined benefit plans of the Group's material countries weighted by the defined benefit obligation of the respective plans.

The discount rates used are determined by reference to the rates available on high-quality corporate bonds, that have a credit rating of at least AA from a main rating agency, that have maturity dates approximating the terms of the Group's obligations.

Sensitivity analysis

The following information illustrates the sensitivity to a change as at December 31, 2015 in certain assumptions for the retirement plans of the Group's material countries.

MILLION EURO	Effect on 2016 pre-tax expected net periodic pension cost	Effect on December 31, 2015 Defined benefit obligation
25 bp decrease in discount rate	1	78
25 bp increase in discount rate	(1)	(73)
Improvement in mortality table, assuming employees live one year longer	2	72

History of asset values, defined benefit obligation and deficit for 2015 and previous four annual periods

MILLION EURO	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Fair value of plan assets	1,156	1,131	1,006	1,023	936
Present value of defined benefit obligation	2,250	2,286	1,889	2,192	2,027
Surplus (Deficit) in the plan	**(1,094)**	**(1,155)**	**(883)**	**(1,169)**	**(1,091)**

Fair value of assets, split by major asset class

MILLION EURO	December 31, 2015	December 31, 2014
Cash, cash equivalents and other	13	23
Equity instruments	493	474
Debt instruments	650	634
TOTAL	**1,156**	**1,131**

At year-end 2015 and 2014, the fair value of assets does not comprise equity or debt instruments of the Company or its subsidiaries.

23.1.4 Long-term termination benefit plans

Long-term termination benefits result from the Company's commitment to either terminate the employment before the normal retirement date, or provide termination benefits as a result of an offer made to encourage voluntary redundancy.

At December 31, 2015, long-term termination benefits amounted to 50 million Euro (66 million Euro at December 31, 2014) and mainly relate to severance payments in connection with early retirement arrangements with employees of the Company's Belgian entities. The balance at December 31, 2015 is expected to be settled, gradually over the next five years.

23.2 OTHER EMPLOYEE BENEFITS – NON-CURRENT LIABILITIES

Liabilities under this caption of the statement of financial position result from long-term commitments relating to the workforce in the broadest sense that cannot be included in liabilities for post-employment and long-term termination plans.

At December 31, 2015, other employee benefits amounted to 9 million Euro (12 million Euro at December 31, 2014). This amount comprises a long-term disability plan in the US amounting to 5 million Euro (7 million Euro at December 31, 2014). The evolution is mainly due to a reduction in 2015 of the number of participants receiving benefits. Remeasurement of this long-term disability plan is presented in 'Sundry other operating income'.
The remaining balance of 4 million euro mainly relates to long service leave and service awards.

23.3 EMPLOYEE BENEFITS – CURRENT LIABILITIES

Liabilities under this caption of the statement of financial position result from short-term commitments relating to the workforce in the broadest sense.

At December 31, 2015, employee benefits presented under current liabilities amounted to 130 million Euro (129 million Euro at December 31, 2014). They are mainly recorded for annual vacation leave, annual bonus payments, variable one-time payments and individual performance awards. They also comprise severance payments and short-term disability benefits. Liabilities for social expenses and payroll amounted 37 million Euro at December 31, 2015 (36 million Euro at December 31, 2014) and are also presented in this caption of the statement of financial position.

24. LOANS AND BORROWINGS

MILLION EURO	**2015**	2014
Non-current liabilities	**137**	**125**
Revolving credit facility	38	(1)
Liabilities to banks	58	85
Debentures	41	41
Current liabilities	**44**	**197**
Liabilities to banks	44	50
Debentures	-	147
Liabilities under finance lease agreements	-	-

24.1 REVOLVING CREDIT FACILITY

In 2015, the Company renegotiated a revolving credit facility with a notional amount of 400 million Euro having a maturity date July 2020. In general, drawdowns under these lines are made for short periods, but the Group has the discretion to rollover the liability under the existing committed loan agreement. These loan facilities are unsecured.
At December 31, 2015, drawdowns under this facility amounted to 40 million Euro. Transaction costs of 2 million Euro have been included in the initial measurement of the financial liability, and are amortized using the effective interest method over the duration of the facility.
At December 31, 2014, there were no drawdowns under this facility. Transaction costs amounting to 1 million Euro were included in the initial measurement of the financial liability.

The split over the relevant periods is as follows:

MILLION EURO	Notional amount		Outstanding amount			Interest rate	
Maturity date	**2015**	2014	**2015**	2014	Currency	**2015**	2014
2016	-	445	-	(1)	EUR	-	-
2020	400	-	38	-	EUR	1.1%	-
TOTAL	**400**	**445**	**38**	**(1)**			

24.2 LIABILITIES TO BANKS

24.2.1 Long-term facilities

Maturities of long-term unsecured facilities were as follows:

MILLION EURO	2015		2014	
Maturing	**Outstanding amount**	**Interest rate**	Outstanding amount	Interest rate
between 1-5 years: EIB loan	58	4.33% - 4.36%	84	4.33% - 4.36%
between 1-5 years: other facilities	-	-	1	7%
> 5 years	-	-	-	-
TOTAL	**58**		**85**	

Long-term facilities mainly comprise the loan agreement with the European Investment Bank (EIB) that the Group concluded in the fourth quarter of 2010. The EIB is lending 130 million Euro to finance research, development and innovation (RDI) projects in HealthCare IT and imaging technology of the Group, undertaken from 2010 up to 2013. The amount of the loan shall not exceed 50% of the total costs of the projects.
A first amount of 70 million Euro has been withdrawn in 2011, maturing until August 2018. A second amount of 60 million Euro has been withdrawn in 2012, maturing until February 2019. The long-term portion of the EIB loan amounts to 58 million Euro.

In the course of 2014, the Company negotiated a loan agreement with the Export Development Canada (EDC) for a nominal amount of 50 million Euro. EDC is lending 50 million Euro to finance research and development activities by Agfa HealthCare Inc. (Canada), with maturity date June 2019. The funds can be requested over a commitment period of two years. At December 31, 2015, no funds have been withdrawn.

24.2.2 Short-term facilities

Short-term facilities comprise the short-term portion of the EIB loan (26 million Euro) and other local bank facilities, which are mainly unsecured. The weighted average interest rate of these other local bank facilities is 7.92% (2014: 6.34%).

24.3 DEBENTURES

In May 2005, the Company issued a bond with nominal value of 200 million Euro.
The bond carries a 4.375% coupon and matures in June 2015. Interests are payable annually in arrear. The issue price was 101.956%. The bond is carried at amortized cost.
During previous years an amount of 11 million Euro was redeemed by the Company.

In May 2014, the Company launched a public exchange offer on aforementioned bond.
The holders of the existing bond were able to exchange their existing bonds for new bonds with a nominal amount of 1,000 Euro having a gross coupon of 5.35% per annum maturing in June 2019. Existing bonds for an aggregate amount of 42 million Euro were tendered into the exchange offer. Existing bonds for an aggregate nominal amount of 147 million Euro have been repaid in June 2015.

25. PROVISIONS

25.1 NON-CURRENT

As of December 31, 2015, non-current provisions amounted to 6 million Euro (2014: 14 million Euro).

MILLION EURO	Environmental	Restructuring	Other	TOTAL
Provisions at December 31, 2014	**2**	**1**	**11**	**14**
Provisions made during the year	-	-	2	2
Provisions used during the year	-	(1)	(8)	(9)
Provisions reversed during the year	(1)	-	(1)	(2)
Exchange differences	-	-	1	1
Transfers	-	-	-	-
Provisions at December 31, 2015	**1**	**-**	**5**	**6**

Other non-current provisions comprise a provision for onerous rent, a provision for demolition costs and a provision for pension insurance that is payable after one year. During 2015 the withdrawal liability from a multi-employer plan in the US has been settled.

25.2 CURRENT

As of December 31, 2015, current provisions amounted to 81 million Euro (2014: 87 million Euro).

MILLION EURO	Environmental	Trade-related	Restructuring	Other	TOTAL
Provisions at December 31, 2014	**5**	**44**	**19**	**19**	**87**
Provisions made during the year	1	57	15	5	78
Provisions used during the year	(1)	(51)	(16)	(7)	(75)
Provisions reversed during the year	-	(5)	(3)	(1)	(9)
Exchange differences	-	1	-	(1)	-
Transfers	-	1	-	(1)	-
Provisions at December 31, 2015	**5**	**47**	**15**	**14**	**81**

Provisions for environmental protection relate to future re-landscaping, landfill modernization and the remediation of land contaminated by past industrial operations.

Provisions for trade-related commitments at closing date and related flows during the year primarily include provisions for bonuses and rebates related to goods and services purchased by customers in the accounting period, commissions to agents, warranty provisions, commercial litigations and onerous contracts.

Provisions for restructuring mainly comprise employee termination costs.

Other current provisions comprise the current portion of commitments resulting from the sale of logistics operations to the group H. Essers, provisions for onerous rent, legal claims from former staff and a legal claim regarding import duties. Other current provisions also relate to litigations resulting from the divestment of the Consumer Imaging (CI) business in 2004. These provisions primarily relate to commercial litigations and litigations with former CI-employees that transferred to AgfaPhoto.

25.3 MEASUREMENT OF PROVISIONS WITH RESPECT TO THE INSOLVENCY OF AGFAPHOTO GMBH – FORMER CONSUMER IMAGING ACTIVITIES

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

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

Agfa Finance is still involved in lawsuits, both as plaintiff and as defendant, in cases relating to leasing contracts for minilabs. While some cases could be settled or are in the process of being settled, the currently still pending cases are in conformity with the Group's risk assessments and provisions. The Group has adequately constituted provisions for AgfaPhoto related claims.

The Group recognizes provisions for estimated loss contingencies when it assesses that a loss is probable and the amount of the loss can be reasonably estimated. Provisions for contingent losses are based upon assumptions and estimates, and advice of legal counsel regarding the probable outcomes of the matter.
As new developments occur or more information becomes available, it is possible that the assumptions and estimates in these matters will change.

Further information is provided in note 29.

26. DEFERRED REVENUE AND ADVANCE PAYMENTS

Deferred revenue comprises amounts invoiced in accordance with contractually agreed terms but unearned whereas advance payments reflect the amounts paid by customers who have not yet received an invoice and to whom the Company still has to fulfil its commitment, i.e. delivery of goods and/or services.

As of December 31, 2015, deferred revenue and advance payments amounted to 141 million Euro (2014: 125 million Euro) and primarily result from milestone billing in arrangements combining multiple deliverables such as software, hardware, services, … (multiple-element arrangements) and from the advance billing of service and maintenance contracts.

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

27. OTHER PAYABLES

Other payables can be presented as follows:

MILLION EURO	**2015**	2014
Accrued expenses	28	29
Accrued interest on liabilities	3	8
Other	15	12
TOTAL	**46**	**49**

The Group's exposure to currency and liquidity risk related to other payables is disclosed in note 7.
Other payables mainly relate to invoices to receive and liabilities under cash management.

28. OPERATING LEASES

28.1 LEASES AS LESSEE

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

MILLION EURO	**2015**	2014
Not later than one year	44	45
Between one and five years	94	103
Later than five years	13	18
TOTAL	**151**	**166**

28.2 LEASES AS LESSOR

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

MILLION EURO	**2015**	2014
Not later than one year	2	2
Between one and five years	2	4
Later than five years	-	-
TOTAL	**4**	**6**

29. COMMITMENTS AND CONTINGENCIES

29.1 CONTINGENT LIABILITIES

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

MILLION EURO	**2015**	2014
Bankguarantees	46	50
Other	1	1
TOTAL	**47**	**51**

Total purchase commitments in connection with major capital expenditure projects for which the respective contracts have already been awarded or orders placed amounted to 1 million Euro as of December 31, 2015 (2014: 1 million Euro).

29.2 LEGAL RISKS/CONTINGENCIES

The Group is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency.

AgfaPhoto

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

Subsequent to the divestment, insolvency proceedings have been opened with respect to AgfaPhoto GmbH and a number of its subsidiaries in both Germany and other countries. The Group had been sued through lawsuits or other actions in various countries in connection with a number of disputes. The Group believes that it has meritorious defensesin these lawsuits and other actions and is defending itself vigorously.

With respect to this divestment, the receiver of AgfaPhoto GmbH initiated various arbitration proceedings before the ICC International Court of Arbitration in Paris. In the only arbitration proceeding still pending, the receiver claims alleged damages suffered as a result of inter alia, undercapitalization of AgfaPhoto GmbH and causation of the insolvency of AgfaPhoto GmbH. The Group believes that it has meritorious defenses with respect to these claims and is defending itself vigorously. Due to what we believe to be a highly speculative nature of the claims asserted by the receiver of AgfaPhoto GmbH, we deem it impossible to arrive at a reliable estimate of the financial implications of this arbitration proceeding.

30. RELATED PARTY TRANSACTIONS

30.1 TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE MANAGEMENT (KEY MANAGEMENT PERSONNEL)

Key management personnel compensation (excluding employer's social contribution) included in profit or loss can be detailed as follows:

	2015		2014	
MILLION EURO	**Directors**	**Executive Management**	Directors	Executive Management
Short-term employee benefits	0.5	4.0	0.6	3.9
Post-employment benefits	-	0.3	-	0.3
Share-based payment	-	-	-	-
TOTAL	**0.5**	**4.3**	**0.6**	**4.2**

As of December 31, 2015, there were no loans outstanding neither to members of the Executive Management nor to members of the Board of Directors.

Pension provisions for members and retired members of the Executive Management, amounting to 18 million Euro, are reflected in the statement of financial position of the Group at December 31, 2015. Key management personnel remuneration is also included in the Remuneration Report see pages 153-158.

30.2 OTHER RELATED PARTY TRANSACTIONS

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

The Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd. combined as of 2010 their activities aiming at reinforcing bot partner's market position in Greater China and ASEAN region.

Shenzhen Brother Gao Deng Investment Group Co., Ltd. has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties.

See also note 22.8 Non-controlling Interests.

The following table summarizes the transaction values and the outstanding balances between the Group and Shenzhen Brother Gao Deng Investment Group Co., Ltd. In the course of 2015 Shenzhen Brother Gao Deng Investment Group Co., Ltd. received a dividend of 25 million Euro (49%).

	Transaction value for the year ended 31 December		Balance outstanding at 31 December	
MILLION EURO	**2015**	2014	**2015**	2014
Sales to Shenzhen Brother Gao Deng Investment Group Co., Ltd.	32	46	5	6
Purchases from Shenzhen Brother Gao Deng Investment Group Co., Ltd.	44	20	1	1
Dividend	25	5	-	-

31. EARNINGS PER SHARE

31.1 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at December 31, 2015, was based on the profit (loss) attributable to owners of the Company of 62 million Euro (2014: 50 million Euro (restated)) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2015, of 167,751,190 (2014: 167,751,190).

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

Number of ordinary shares at January 1, 2015	Effect of options excercised during 2015	Weighted average number of ordinary shares at December 31, 2015
167,751,190	-	167,751,190

EURO	**2015**	2014
Basic earnings per share	0.37	0.30

31.2 DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at December 31, 2015 was based on the profit (loss) attributable to owners of the Company of 62 million Euro (2014: 50 million Euro (restated)) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2015 of 167,751,190 (2014: 167,751,190). It should be noted that there are no options outstanding at December 31, 2015.

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

Number of ordinary shares at January 1, 2015	Effect of stock options on issue	Weighted average number of ordinary shares at December 31, 2015
167,751,190	-	167,751,190

EURO	**2015**	2014
Diluted earnings per share	0.37	0.30

The average fair value of one ordinary share during 2015 was 2.91 Euro per share.

32. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES AGFA-GEVAERT GROUP

The ultimate parent of the Group is Agfa-Gevaert NV (BE 0404 021 727), Mortsel (Belgium).

The Company is the parent company for the following significant subsidiaries.

Consolidated companies, December 31, 2015		
Name of the company	**Location**	**Effective interest %**
Agfa (Pty.) Ltd.	Isando/Rep. of South Africa	100
Agfa (Wuxi) Imaging Co., Ltd.	Wuxi/PR China	99.16
Agfa (Wuxi) Printing Plate Co. Ltd.	Wuxi/PR China	51
Agfa ASEAN Sdn. Bhd.	Petaling Jaya/Malaysia	51
Agfa Corporation	Elmwood Park/United States of America	100
Agfa de Mexico S.A. de C.V.	Mexico D.F./Mexico	100
Agfa Finance Corp.	Wilmington/United States of America	100
Agfa Finance Inc.	Toronto/Canada	100
Agfa Finance Italy SpA	Milano/Italy	100
Agfa Finance NV - BE 0436 501 879	Mortsel/Belgium	100
Agfa Finco NV - BE 0810 156 470	Mortsel/Belgium	100
Agfa Graphics Argentina S.A.	Buenos Aires/Argentina	100
Agfa Graphics Asia Ltd.	Hong Kong/PR China	51
Agfa Graphics Ecuador CIA. LTDA	Quito/Ecuador	100
Agfa Graphics Ltd.	Leeds/United Kingdom	100
Agfa Graphics Middle East Fzco	Dubai/United Arab Emirates	100
Agfa Graphics NV - BE 0456 366 588	Mortsel/Belgium	100
Agfa Graphics S.r.l.	Milano/Italy	100
Agfa HealthCare - Knightsbridge GmbH	Vienna/Austria	60
Agfa HealthCare AG	Dübendorf/Switzerland	100
Agfa HealthCare Argentina S.A.	Buenos Aires/Argentina	100
Agfa HealthCare Australia Limited	Scoresby/Australia	100
Agfa HealthCare Brasil Importacao e Servicos Ltda.	Sao Paulo/Brazil	100
Agfa HealthCare Chile Ltda.	Santiago de Chile/Chile	100
Agfa HealthCare Colombia Ltda.	Bogota/Colombia	100
Agfa HealthCare Corporation	Greenville/United States of America	100
Agfa HealthCare Denmark A/S	Copenhagen/Denmark	100
Agfa HealthCare France S.A.	Artigues près Bordeaux/France	100
Agfa Healthcare Equipments Portugal Lda.	Oeiras/Portugal	100
Agfa HealthCare Finland Oy AB	Espoo/Finland	100
Agfa HealthCare Germany GmbH	Bonn/Germany	100
Agfa HealthCare Ges.mbH	Vienna/Austria	100
Agfa HealthCare GmbH	Bonn/Germany	100
Agfa HealthCare Hellas A.E.B.E.	Peristeri/Greece	100
Agfa HealthCare Hong Kong Ltd.	Hong Kong/PR China	100
Agfa HealthCare Hungary Kft.	Budapest/Hungaria	100
Agfa HealthCare Imaging Agents GmbH	Cologne/Germany	100
Agfa HealthCare Inc.	Mississauga/Canada	100
Agfa HealthCare India Private Ltd.	Thane/India	100

Agfa HealthCare Luxembourg S.A.	Bertrange/Luxemburg	100
Agfa HealthCare Malaysia Sdn. Bhd.	Kuala Lumpur/Malaysia	100
Agfa HealthCare Mexico S.A. de C.V.	Mexico D.F./Mexico	100
Agfa HealthCare Norway AS	Oslo/Norway	100
Agfa HealthCare NV - BE 0403 003 524	Mortsel/Belgium	100
Agfa HealthCare Saudi Arabia Company Limited LLC	Riyadh/Saudi Arabia	100
Agfa HealthCare (Shanghai) Co Ltd.	Shanghai/PR China	100
Agfa HealthCare Singapore Pte. Ltd.	Singapore/Republic of Singapore	100
Agfa HealthCare Solutions LLC	Dubai/United Arab Emirates	100
Agfa HealthCare South Africa Pty. Ltd.	Isando/Rep. of South Africa	100
Agfa HealthCare Spain S.A.U.	Barcelona/Spain	100
Agfa HealthCare Sweden AB	Kista/Sweden	100
Agfa HealthCare Systems Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa HealthCare UK Limited	Brentford/United Kingdom	100
Agfa Imaging (Shenzhen) Co. Ltd.	Shenzhen/PR China	51
Agfa Inc.	Mississauga/Canada	100
Agfa Industries Korea Ltd.	Kyunggi-do/South Korea	100
Agfa Limited	Dublin/Ireland	100
Agfa Materials Corporation	Wilmington/United States of America	100
Agfa Materials Japan Ltd.	Tokyo/Japan	100
Agfa Materials Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa Scots Ltd.	Edinburgh/United Kingdom	100
Agfa Singapore Pte. Ltd.	Singapore/Republic of Singapore	51
Agfa Solutions SAS	Rueil-Malmaison/France	100
Agfa Sp. z.o.o.	Warsaw/Poland	100
Agfa Taiwan Co. Ltd.	Taipei/Taiwan	51
Agfa-Gevaert A.E.B.E.	Athens/Greece	100
Agfa-Gevaert Aktiengesellschaft für Altersversorgung	Cologne/Germany	100
Agfa-Gevaert Argentina S.A.	Buenos Aires/Argentina	100
Agfa-Gevaert B.V.	Rijswijk/Netherlands	100
Agfa-Gevaert Colombia Ltda.	Bogota/Colombia	100
Agfa-Gevaert de Venezuela S.A.	Caracas/Venezuela	100
Agfa-Gevaert do Brasil Ltda.	Sao Paulo/Brazil	100
Agfa-Gevaert Graphic Systems GmbH	Cologne/Germany	100
Agfa-Gevaert HealthCare GmbH	Cologne/Germany	100
Agfa-Gevaert Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited	Scoresby/Australia	100
Agfa-Gevaert Limited	Brentford/United Kingdom	100
Agfa-Gevaert Ltda.	Santiago de Chile/Chile	100
Agfa-Gevaert GmbH	Cologne/Germany	100
Agfa-Gevaert NZ Ltd.	Auckland/New Zealand	100
Agfa-Gevaert S.A.	Rueil-Malmaison/France	99.99
Agfa-Gevaert S.p.A.	Milan/Italy	100
Agfa HealthCare Imaging Agents France S.r.l.	Marcq en Baroeul/France	100
Lastra Attrezzature S.r.l.	Manerbio/Italy	60
Litho Supplies (UK) Ltd.	Derby/United Kingdom	100
Luithagen NV - BE 0425 745 668	Mortsel/Belgium	100
New ProImage America Inc.	Princeton/United States of America	100
New ProImage Ltd.	Netanya/Israel	100

OOO Agfa Graphics	Moscow/Russian Federation	100
OOO Agfa Health IT	Moscow/Russian Federation	100
OOO Agfa	Moscow/Russian Federation	100
Plurimetal do Brazil Ltda.	Rio de Janeiro/Brazil	100
Shanghai Agfa Imaging Products Co., Ltd.	Shanghai/PR China	51
Agfa HealthCare Algérie Sarl	Alger/Algeria	100
Agfa HealthCare Kazakhstan LLP	Almaty/Republic of Kazakhstan	100
Agfa HealthCare Ukraine LLC	Kyiv/Ukraine	100
PT Gevaert-Agfa HealthCare Indonesia	Jakarta/Indonesia	100
TIP GROUP Holding GmbH	Graz/Austria	100
TIP Unternehmensberatung Gesellschaft mbH	Graz/Austria	100
TIP Management AG	Zürich/Switzerland	100
TIP Group Deutschland GmbH	Düsseldorf/Germany	100

Associated companies, December 31, 2015		
Name of the company	**Location**	**Effective interest %**
PlanOrg Informatik GmbH	Jena/Germany	24.50

33. EVENTS SUBSEQUENT TO DECEMBER 31, 2015

There are no subsequent events.

34. INFORMATION ON THE AUDITOR'S ASSIGNMENTS AND RELATED FEES

The following fees for the services of KPMG Bedrijfsrevisoren/ Réviseurs d'Entreprises were recognized as an expense:

EURO	**2015**	2014
Fees of the independent auditor with respect to the statutory audit mandate for the Company and the Group (Belgium)	538,544	538,544
Fees for non-audit services rendered by the independent auditor to the Company and the Group		
Other attestation	34,450	53,788
Tax	156,183	75,248
Other non-audit	327,290	575,733
SUBTOTAL	**1,056,467**	**1,243,313**
Fees of independent auditor's network with respect to a statutory audit mandate at the level of the Group (foreign operations)	1,183,283	1,105,595
Fees for non-audit services rendered by the independent auditor's network to the Group (foreign operations)		
Other attestation	65,861	108,948
Tax	29,588	78,779
Other non-audit	155,858	263,411
SUBTOTAL	**1,434,590**	**1,556,733**
TOTAL	**2,491,057**	**2,800,046**

The fees for the auditing of financial statements comprise those for the audits of the consolidated financial statements of the Agfa-Gevaert Group and the financial statements of its subsidiaries in Belgium and abroad. Other non-audit fees mainly relate to advice and due diligence assistance.

Statutory auditor’s report to the general meeting of Agfa-Gevaert NV as of and for the year ended December 31, 2015

In accordance with the legal requirements, we report to you in the context of our statutory auditor’s mandate. This report includes our report on the consolidated financial statements as of and for the year ended December 31, 2015, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements - unqualified opinion

We have audited the consolidated financial statements of Agfa-Gevaert NV (‘the Company’) and its subsidiaries (jointly ‘the Group’), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 2,402 million Euro and the consolidated statement of profit or loss shows a profit for the year of 71 million Euro.

Board of directors’ responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the statutory auditor considers internal control relevant to the Group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at December 31, 2015 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.
In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify the scope of our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Kontich, April 7, 2016

KPMG Bedrijfsrevisoren
Statutory Auditor
represented by

Filip De Bock
Bedrijfsrevisor

Statutory accounts

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

Only the Consolidated Annual Financial Statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Agfa-Gevaert Group. The Statutory Auditor's Report is unqualified and certifies that the non-consolidated financial statements of Agfa-Gevaert NV for the year ending December 31, 2015 give a true and fair view of the financial position and results of the Company in accordance with all legal and regulatory dispositions.

INCOME STATEMENTS

MILLION EURO		2015	2014
I. Operating income			
A.	Turnover	494	509
B.	Stocks of finished goods, work and contracts in progress (increase +, decrease -)	14	(4)
C.	Own work capitalised	20	18
D.	Other operating income	106	118
TOTAL OPERATING INCOME		**634**	**641**
II. Operating charges			
A.	Raw materials, consumables		
	1. Purchases	255	269
	2. Stocks (increase -, decrease +)	(5)	4
B.	Services and other goods	93	104
C.	Remuneration, social security costs and pensions	210	218
D.	Depreciation of and other amounts written off formation expenses,	26	28
	intangible and tangible fixed assets		
E.	Amounts written off stocks, contracts in progress and trade debtors	2	1
	(appropriations +, write-backs -)		
F.	Provisions for liabilities and charges	(13)	(17)
	(appropriations +, uses and write-backs -)		
G.	Other operating charges	6	5
TOTAL OPERATING CHARGES		**574**	**612**
III.	**Operating profit/Loss**	**60**	**29**
IV.	**Financial income**	**128**	**60**
V.	**Financial charges**	**(185)**	**(136)**
VI.	**Gain/ Loss on ordinary activities before taxes**	**3**	**(47)**
VII.	**Extraordinary income**	**2**	**1**
VIII.	**Extraordinary charges**	**(21)**	**(2)**
IX.	**Gain/ Loss for the period before taxes**	**(16)**	**(48)**
IXbis.	**Transfer from deferred taxes**	**0**	**0**
X.	**Income taxes**	**1**	**2**
XI.	**Gain/ Loss of the period**	**(15)**	**(46)**
XII.	**Transfer to untaxed reserves**	**0**	**0**
XIII.	**Gain/ Loss of the period available for appropriation**	**(15)**	**(46)**
Appropriation account			
A.	Profit to be appropriated	370	385
	1. Gain/Loss of the period available for appropriation	(15)	(46)
	2. Profit/Loss brought forward	385	431
B.	Withdrawels from capital and reserves	0	0
C.	Transfers to capital and reserves	0	0
D.	Profit to be carried forward	370	385
F.	Profit to be distributed	0	0

FINANCIAL POSITION

MILLION EURO		**December 31, 2015**	December 31, 2014
Assets			
I.	Formation expenses	3	2
II.	Intangible fixed assets	32	32
III.	Tangible fixed assets	16	16
IV.	Financial fixed assets	3,186	3,109
V.	Amounts receivable after more than 1 year	0	0
VI.	Stocks and contracts in progress	107	89
VII.	Amounts receivable within one year	271	282
VIII.	Current investments	23	25
IX.	Cash at bank and in hand	27	65
X.	Deferred charges and accrued income	3	3
		3,668	**3,623**
Liabilities			
I.	Capital	187	187
II.	Share premium account	211	211
IV.	Reserves	416	417
V.	Accumulated profits	370	385
VI.	Investment grants	1	1
		1,185	**1,201**
VII.	Provisions and deferred taxes	49	61
VIII.	Amounts payable after more than one year	144	50
IX.	Amounts payable within one year	2,279	2,296
X.	Accrued charges and deferred income	11	15
		3,668	**3,623**

12 Corporate Governance Statement

The Company has decided to apply the Belgian Corporate Governance Code 2009 as reference code. The Code can be consulted on the website www.corporategovernancecommittee.be.

Unless otherwise stated in the relevant sections of this Statement, the Company is completely in line with the Belgian Corporate Governance Code 2009. The complete Corporate Governance Charter of the Company is published on the website: www.agfa.com/investorrelations.

This Corporate Governance Statement is also in line with the Law on Corporate Governance of April 6, 2010, as published in the Belgian State Gazette on April 23, 2010. The Law on Corporate Governance can be consulted on the website of the Belgian State Gazette www.staatsblad.be.
The Remuneration Report is part of this Corporate Governance Statement.

The governance structure of the Company is built up round the Board of Directors, the Chief Executive Officer (CEO) and the Executive Committee (Exco). The Board of Directors is assisted by a Nomination and Remuneration Committee and an Audit Committee.

Board of Directors

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

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

The articles of association determine that the Board of Directors meets whenever the interest of the Company so requires or following a request by two directors.
In 2015, eight effective meetings took place, as well as a couple of short discussions per conference call.

In the course of 2015, the Board of Directors discussed and decided upon, inter alia: defining the corporate strategy and key policies, the perspectives for 2016 and the action plans for the years to come, recommendations from the various Committees to the Board of Directors, risk management, the approval of budgets, cost control scenarios, the evolution of important litigations and the approval of the annual accounts.

Directors likely to have conflicting interests with regard to any item on the agenda must disclose the conflict before any deliberation and must abstain from deliberating and voting on that item. More particularly, the directors must not put themselves in conflict situations as described in the Corporate Governance Charter of the Company. Should such an event occur against their will, they must disclose it before any deliberation relating to the conflicting item and must abstain from deliberating and voting on that item.
In 2015, there were no occurrences where a director had directly or indirectly conflicting interests with a decision made by the Board of Directors.

Composition of the Board of Directors

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

The mandates as a director of Messrs. Julien De Wilde and Christian Leysen, were to expire immediately following the General Meeting of Shareholders of May 12, 2015. Only Mr. Julien De Wilde sought re-election.

During the General Meeting of Shareholders of May 12, 2015, the shareholders reappointed Mr. Julien De Wilde for a new four-year term. The shareholders also appointed Mrs. Viviane Reding and Mrs. Hilde Laga as independent directors for a period of four years.

Hence, as from May 12, 2015, the Board of Directors consists of the following seven members:

- Julien De Wilde, Chairman, member since 2006, Director of companies
- Pamica NV [1], with permanent representative Michel Akkermans, member since 2008, Director of companies
- Mercodi BVBA, with permanent representative Jo Cornu, member since 2002, Director of companies
- Willy Duron [1], member since 2008, Director of companies
- Hilde Laga [1], member since 2015, Director of companies
- Viviane Reding [1], member since 2015, Director of companies
- CRBA Management BVBA, with permanent representative Christian Reinaudo, CEO, member since 2010, Director of companies

(1) Independent director in accordance with article 526ter of the Belgian Code of Companies.

CV's of the members of the Board of Directors

Julien De Wilde joined Agfa-Gevaert's Board of Directors in 2006. In April 2008, he became Chairman of the Board of Directors.

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

Current mandates

- Chairman of the Board of Directors Nyrstar NV.
- Honorary Chairman Agoria.
- Chairman ION NV.

Christian Reinaudo joined the Agfa-Gevaert Board of Directors in 2010. As from May 1, 2010, he is CEO of Agfa-Gevaert.

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

Alcatel-Lucent and he joined the Board of Directors of Alcatel-Lucent (Belgium). Early 2008, he joined Agfa-Gevaert to be President of Agfa HealthCare.

Michel Akkermans joined the Agfa-Gevaert Board of Directors in 2008.

Michel Akkermans (°1960 - Belgian) holds a master of sciences in electronic engineering and computer sciences and a degree in economics and finance from the Catholic University of Leuven (Belgium). He is a serial entrepreneur and investor. He held management positions in a series of international banks and technology companies before founding FICS, a leading software provider in the field of online banking and regulatory financial reporting, in 1989. In 1999, FICS merged with Security First Technologies, creating S1 Corporation, the market leader in internet banking, with Michel Akkermans as its Chairman. In 2001, Michel Akkermans became Chairman and CEO of Clear2Pay, an innovative e-finance company focused on delivering globally applicable solutions for secure electronic payments. In 2014, Clear2Pay was acquired by FIS.

Current mandates

- Director Quest for Growth, Capricorn ICT Arkiv, Citymesh, Approach, Awingu, nCentric, NGData, Connective, Seaters, ThreeAndMore, Eagle Eyes, Intix, Cashforce, Imec International, Belcham, miDiagnostic.

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

Jo Cornu (°1944 - Belgian) graduated as an engineer specializing in electro-technology and mechanics from the Catholic University of Leuven (Belgium) and later obtained a PhD in electronics from the Carlton University in Ottawa (Canada). Jo Cornu was CEO of Mietec from 1982 to 1984 and later General Manager for Bell Telephone until 1987. From 1988 to 1995 he was member of the Executive Board of Alcatel NV and from 1995 to 1999 he was COO for Alcatel Telecom. Later he became an advisor to the Chairman of the Board of Directors of Alcatel. From 2005 to 2007, Jo Cornu was Chairman of the ISTAG Group (Information Society Technologies Advisory Group) of the European Commission. From the beginning of March 2007 to the end of January 2008, he was Chairman of Medea +, the Eureka Cluster for micro electronics research in Europe. From December 2012 until November 2013, he was chairman of the Board of Directors of Electrawinds SE. In November 2013, he was appointed CEO of the NMBS, the National Belgian Railway Company.

Current mandates

- CEO NMBS.

Willy Duron joined the Agfa-Gevaert Board of Directors in 2008.

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

Current mandates

- Director of Tigenix, Van Breda Risk & Benefits, Windvision.
- Chairman of the Supervisory Board of 'Van Lanschot Bankiers'.

Hilde Laga joined the Agfa-Gevaert Board of Directors in 2015.

Hilde Laga (°1956 - Belgian) is recognized as a Belgian authority in the corporate law advisory field. Until 2014 she combined client work as a lawyer with an esteemed academic career. After obtaining a PhD in Law at the University of Leuven, she founded the law firm Laga, which she led as managing partner and as head of the corporate M&A practice until 2013, and that comprises approximately 150 qualified lawyers. As a professor at the university of Leuven, Hilde Laga lectured corporate law, a subject on which she has written numerous national and international publications. Currently, she is connected as visiting professor. Hilde Laga is a member of the Belgian Corporate Governance Committee and served several years as a member of the Supervisory Board of the Belgian Financial Services and Markets Authority (former CBFA).

Current mandates

- Director of Barco NV, Greenyard Foods NV, GIMV NV, K.U. Leuven and its university hospital.

Viviane Reding joined the Agfa-Gevaert Board of Directors in 2015.

Viviane Reding (°1951 – Luxembourger) obtained a PhD degree (University Sorbonne, Paris) after which she acted as a professional journalist during twenty years. In 1999, having served ten years in the Luxembourg Parliament and ten years in the European Parliament, she became the European Commissioner for Education, Culture, Youth and Sport. In 2004, she became EU Commissioner for Information Society and Media. In that period, she was instrumental in the reform of the European telecom sector, opening the internal market to competition, as well as in the reform of the European research area, reinforcing the technological research platforms. In 2010, she became the first Vice-President and EU Commissioner responsible for Justice, Fundamental Rights and Citizenship.

Committees established by the Board of Directors

Audit Committee (AC)

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

As from May 12, 2015, the Audit Committee consists of the following three non-executive Directors: Mr. W. Duron, Chairman, Mr. J. De Wilde and Mrs. H. Laga. Two of them are independent directors. They all meet the requirements described in article 526bis§2 of the Belgian Code of Companies, with respect to the expertise in the field of accounting and audit.

The Committee held five meetings in 2015. Amongst other items the following topics were discussed: the verification of the annual accounts 2014, the quarterly results of 2015 and the reports of the internal audit department, the follow-up of important legal issues such as the AgfaPhoto file and the evaluation of risk management in the Group.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee has been entrusted by the Board of Directors with responsibilities concerning the nomination for appointment, reappointment or dismissal of Directors and members of the Executive Management, the remunerations policies and the individual remuneration of the Directors and the members of the Executive Management. Operation and functions of the NRC are described extensively in chapter 5.2 of the Corporate Governance Charter. The Nomination and Remuneration Committee consists exclusively of non-executive Directors.

Since May 12, 2015, the Nomination and Remuneration Committee consists of the following three non-executive directors: Mr. J. Cornu, Mr. M. Akkermans and Mrs. V. Reding. Two of them are independent directors. The Committee had three meetings in 2015 and the following items, amongst others, were discussed: composition of the Board of Directors and the Committees, the compensation and benefits philosophy, performance and remuneration of the Executive Management and Senior Executives, pension obligations and drafting of the Remuneration Report.

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

	Board	AC	NRC
Mr. Julien De Wilde (1)	8/8	4/5	2/2
Mr. Christian Reinaudo	8/8		
Mr. Michel Akkermans	6/8		3/3
Mr. Jo Cornu (2)	7/8	2/2	2/3
Mr. Willy Duron (3)	8/8	5/5	2/2
Mr. Christian Leysen (4)	4/4		2/2
Mrs. V. Reding (5)	5/5		1/1
Mrs. H. Laga (6)	5/5	3/3	

(1) Member of the NRC until May 11, 2015.
(2) Member of the AC until May 11, 2015.
(3) Member of the NRC until May 11, 2015.
(4) Director and member of the NRC until May 11, 2015
(5) Director and member of the NRC since May 12, 2015
(6) Director and member of the AC since May 12, 2015

Management of the Company

CEO and Executive Committee (Exco)

The Executive Management is at present entrusted to a Managing Director/CEO, CRBA Management BVBA, with permanent representative Mr. Christian Reinaudo, assisted by an Exco. Together they form the Executive Management.

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

In order to allow the Board of Directors to exercise its control, the CEO regularly reports about his activities and about the development of the subsidiaries and affiliated companies.

Since February 29, 2012, the Exco is composed as follows:

- Mr. Kris Hoornaert, Chief Financial Officer,
- Mr. Stefaan Vanhooren, President Agfa Graphics,
- Mr. Luc Delagaye, President Agfa Materials,
- Mr. Luc Thijs, President Agfa HealthCare.

Internal control and risk management systems in relation to financial reporting

Agfa's Executive Management is responsible for the Group's internal control and risk system including those regarding financial reporting as approved by the Board of Directors. Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. The Audit Committee reviews the effectiveness of the internal control and risk management systems.

Control environment

Agfa's control environment comprises of central finance functions such as consolidation and reporting, tax, treasury, investor relations on the one hand and finance functions at the level of the three business groups on the other hand.

All finance functions report (in-)directly to the Chief Financial Officer. All Group entities follow uniform central accounting policies and reporting requirements which are described in Agfa's Group Consolidation Accounting Manual.

Risk management

Based on monthly review meetings with the central functions and business group management, the Executive Management has a process in place to identify, assess and follow-up on risks including those with regard to the financial reporting process on a regular basis and reports on those risks to the Audit Committee. These risks are being reviewed by the Audit Committee who might define further actions to the Executive Management.

Control activities

Each business group is responsible for the monitoring of the financial performance and forecasting and reports to the Executive Management on a monthly basis. The consolidation process, based on a more extensive reporting, is performed on a quarterly basis and reviewed by the Executive Management and the Audit Committee who might define actions to the business groups and the central functions.

Information and communication

All entities use uniform central reporting tools and report in accordance with the instructions and reporting guidelines set out by the central reporting department. Financial information (including key performance indicators) is prepared on a consistent basis for each business group and at consolidated level and reviewed by the appropriate responsible. The Executive Management reports to the Audit Committee on all key risk factors on a regular basis.

Monitoring

One of the responsibilities of the Corporate Controlling and Accounting department is to improve the procedures used to prepare and process financial information. Regular reviews are conducted on the key control procedures in the preparation of financial information in the subsidiaries and at Group level in order to ensure proper application of instructions and guidelines with regards to financial reporting.
Internal Audit performs reviews on the monitoring of internal policies, guidelines and controls both relating to financial reporting and operational matters such as sales, production and R&D. Internal Audit reports to the Audit Committee which monitors the effectiveness.
The Company Secretary has been appointed as Compliance Officer to monitor the Directors' and other designated persons' compliance with the Group's policy with regard to insider dealing and market manipulation.

Risk factors description

Market, technology and competition risks

As with any company, Agfa is continually confronted with market and competition risks. Its traditional imaging business in Graphics as well as in HealthCare is faced with rapid changes in technology and has in the past been characterized by price erosion.

The economic crisis has an impact on the demand for our products, as well as for the products of our competitors. This is primarily the case for investment goods, but for Agfa Graphics and Agfa Specialty Products, the crisis also negatively affects the demand for consumables.

Agfa is also introducing many new technologies, such as industrial inkjet for Agfa Graphics and computed and direct radiography as well as information systems for Agfa HealthCare. The digital imaging and information marketplace, in which Agfa is increasingly operating, is highly competitive and subject to rapid change.

Cost of raw materials

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

Product liability

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

Environmental matters

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

Proprietary technology

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

Litigation

Agfa is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency, which are commented in detail under note 25.2 and 25.3 on p.129, and under note 29.2 on p.131 of the financial statements.

Miscellanea

Furthermore, certain risks should be taken into account which could have a negative impact on the Company and its activities. Examples are risks concerning the continuity of production, extraordinary impairment of assets, pension obligations, changes in currency exchange rates and acquisitions.

Evaluation of the Board of Directors and its Committees

The major features of the evaluation process for the Board of Directors and its Committees include assessing how the Board of Directors and its Committees operate, checking that the important issues are suitably prepared and discussed, evaluating the actual contribution of each Director's work and their involvement in discussions and decision-making. The complete evaluation process is extensively dealt with in the chapters 3, 4 and 5 of the aforementioned Corporate Governance Charter.

The last formal evaluation occurred in 2013, in which an internal evaluation process has taken place on the initiative of the Chairman of the Board and in collaboration with the Chairman of the Nomination and Remuneration Committee, involving contacts with the members of the Board of Directors and of the Executive Management in order to evaluate the functioning of the Board and the Executive Management (on individual level as well as on a corporate body level) on the one hand and the cooperation and relation between both bodies on the other hand.

The criteria taken into consideration for the evaluation concerned the size, composition and performance of the Board of Directors and the Committees as well as the quality of the interaction between the Board of Directors and the Executive Management. The results were based on answers given to a questionnaire (containing about seventy questions divided into ten chapters) on the one hand and the feedback provided during individual interviews on the other hand.

In the years where no formal evaluation is scheduled, the Chairman of the Board will informally inquire the Members of the Board and of the Executive Management at regular intervals regarding the functioning of the various corporate bodies.

Policy regarding gender diversity

The Board of Directors has taken note of the Belgian Law of July 28, 2011, regarding gender diversity on Board level. By appointing Mrs. Hilde Laga and Mrs. Viviane Reding as Directors, Agfa-Gevaert NV meets the legal requirements of that Law.

Policy regarding the appropriation of the result

The Board of Directors' proposals to the General Meeting of Shareholders with regard to the allocation and distribution of the result take into consideration several factors, such as the Company's financial situation, the operating results, the current and expected cash flows and the plans for expansion.

Policy regarding the dealing in shares of the Company

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

Taking into account the Law of August 2, 2002, and the Royal Decree of March 5, 2006, concerning market abuse, Agfa-Gevaert has changed this Code to make it compliant with the current legal regulations. The adapted version of the Code is available on the Company's website as part of the Corporate Governance Charter.

Information related to major events subsequent to December 31, 2015 and information on circumstances that could significantly impact the development of the Group

No such events occurred.

Information on the R&D activities

See chapter Innovation p. 20 through 23.

Information related to the existence of branches of the Company

Agfa-Gevaert NV has a branch office in the United Kingdom (Agfa Materials UK).

Information related to the use of derivative financial instruments

In order to minimize the risk of fluctuations in exchange rates and interest rates, the appropriate hedge contracts were implemented. These mainly include short-term transactions in foreign currencies, option contracts and interest swaps. Their implementation occurs according to uniform guidelines, is subject to internal audits, and is limited to cover for the operational activities, and related money investments and financial transactions. Further detail hereon is provided in the 'Notes to the Consolidated Financial Statements'.

Auditor

Agfa-Gevaert NV's Statutory Auditor is KPMG Bedrijfsrevisoren, represented by Mr. Filip De Bock. The Statutory Auditor was reappointed at the General Meeting of Shareholders of May 14, 2013, for another three-year term. Hence, the mandate will expire immediately following the General Meeting of Shareholders of May 10, 2016.

At the occasion of the General Meeting of Shareholders, a proposal will be made to appoint KPMG Bedrijfsrevisoren, represented by Mr. Harry Van Donink as Statutory Auditor for an additional three-year period.

World-wide fees in relation to services provided by KPMG Bedrijfsrevisoren amounted to 2,491,057 Euro in 2015. This amount comprises fees of 1,721,827 Euro for the audit of the annual financial statements, 100,311 Euro for other audit services, 185,771 Euro for tax services and 483,148 Euro for other non-audit related services.

Information with regard to important participations

According to the information available to the Company by virtue of the transparency declarations received in accordance with the relevant legal and statutory stipulations, the main shareholders on date of this Annual Report are the following:

- **Classic Fund Management AG** with between 5% and 10% of the outstanding stock as from September 1, 2008;
- **Dimensional Fund Advisors LP** with between 3% and 5% of the outstanding stock as from September 5, 2011;
- **Norges Bank** with between 3% and 5% of the outstanding stock as from January 4, 2016.

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 77.61% and 86.61%.

Information related to the implementation of the EU takeover directive

The Board of Directors hereby states that the Annual Report has been drafted in accordance with article 34 of the Royal Decree of November 14, 2007. In this respect the Board of Directors explains that:

- A complete overview of the capital structure dated March 15, 2015, is included in the Annual Financial Report;
- There are no statutory restrictions with respect to the transfer of securities of the Company or to the exercise of voting rights;
- There are no special rights attached to the issued shares of the Company;
- The Company has entered into certain financial agreements which would either become effective, be amended and/or terminated due to any change of control over the Company as a result of a public takeover bid;
- The Company is not aware of the existence of shareholder agreements resulting in restrictions on the transfer of securities and/or on the voting rights;
- The procedure for the appointment and replacement of Members of the Board and the amendment of the Articles of Association of the Company are extensively described in the Articles of Association and the Corporate Governance Charter of the Company, both of which can be consulted on the Investor Relations page of the website www.agfa.com;
- The powers of the Board of Directors regarding issuing and purchasing stock are extensively described in article 7 and 14 of the Articles of Association of the Company;
- All important agreements entered into as from the date of the Royal Decree mentioned above, to which the Company is a party and which contain a 'change of control' clause, have been submitted for approval to the respective annual meetings;
- The agreements with the members of the Executive Management no longer contain a 'change of control' clause, following which they would receive compensation if their agreement with the Company would terminate as a result of a change of the control over the Company.

General information about the Company

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

The full and annotated financial data and statements are available via the website of the Company, www.agfa.com, or at the registered office of the Company itself. Information with respect to environmental matters can be found in the Sustainability Report of the Company which is integrated in this Annual Report.

Availability of information

The Company's Articles of Association are available at the clerk's office of the commercial court of Antwerp (Belgium) and at the registered office of the Company. They can also be found on the website of the Company, www.agfa.com.

The Corporate Governance Charter and the Code of Dealing can be found on the Investor Relations page of the website, www.agfa.com.
The annual accounts are filed with the National Bank of Belgium. The annual accounts, together with the related reports, are communicated every year to the holders of registered shares and upon request to any interested party.

The Annual Report, containing the statutory and consolidated annual accounts, and including the report of the auditor, can be found on the website www.agfa.com and at the registered office.

The convocation to the General Meeting of Shareholders is published in the financial press and can also be found on the website. As regards financial information, the financial results and the other required information are published on the website of the Company, in compliance with the guidelines of the Financial Services and Markets Authority (FSMA).

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

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

The Annual Report is available on the website www.agfa.com, in Dutch and English.

13

Remuneration Report

The Nomination and Remuneration Committee (NRC) meets at least three times a year to, among others, draw up proposals for the Board of Directors regarding the remuneration policy and remuneration levels for the Directors and the members of the Executive Management.

13

The remuneration criteria aim to recruit, retain and motivate Directors and Executive Management members complying with the profile determined by the Board of Directors. The remuneration of the non-executive directors takes into account their general role as Board Member and their specific roles as Chairman of the Board, Chairman or Member of a Committee, as well as their responsibilities and time needs resulting from these functions.

The NRC determines the level and structure of the remuneration of the Executive Management members in function of the recruitment, retaining and motivation of qualified and competent professionals, taking into account the nature and extension of their individual responsibilities.

Remuneration Policy

As a global positioning for its remuneration policy for management employees, Agfa uses a 'market rate' which is based on a comparison of the yearly 'Total Target Cash' salary with the '67th percentile of the General Market'.

'Total Target Cash' is the sum of the yearly base salary, other fixed arrangements, the 'Global Bonus Plan', sales commissions and other variable arrangements.

The '67th percentile of the General Market' corresponds on average with the midpoint of the two industries in which Agfa is active: the chemical industry and the IT industry.

To measure the individual positioning against the General Market, Agfa uses the CompaRatio, being the percentage of the current salary package divided by the market rate.

This positioning allows Agfa to:

a. adopt the same global strategy in all countries;
b. attract and retain talent by differentiating our positioning versus the midpoint of the market;
c. contain the cost and
d. benefit from a global view of the market, not limited to a few companies. Only in exceptional circumstances and after due process, some other positioning can be allowed.

In order to have clear information about the market, Agfa uses both the job evaluation method and the global salary surveys provided by Hay.

After and besides its global positioning on the 67th percentile of the General Market, Agfa wants to:

- include in the 'Total Target Cash' an increasing variable part positioned at least at the third quartile of the General Market for general management positions (Global Bonus Plan);
- compare its policies to the midpoint of the General Market for other components like pension, death or medical benefits, company cars.

The global budget allowed for Merit Increases is established annually and is based on different elements:

- the Company's global and local financial situation (cost containment);
- the average positioning of Agfa's population vs. the local market. To measure the individual positioning against the market, Agfa applies the CompaRatio's;
- the market trends in each country (and in certain cases even sub-country);
- the legal constraints;
- the respect of the merit budget allowed the year(s) before.

Agfa is committed to 'Pay for Performance'. As such, the compensation evolution should be based on the following criteria:

- overall performance rating;
- criticality of competencies and skills of an employee to the organization;
- conform to market references: internal and external equity;
- available budget;
- compensation history (recent important salary package increases/promotions).

Variabilization. 'Total Target Cash' needs to be in line with Agfa's global policy, internal and external equity in a long term vision. 'Variable' compensation reflects the collective and individual performance:

- collective: through the financial results of the Agfa-Gevaert Group, Business Group or Region in comparison with the objectives;
- individual: through the performance appraisal.

The members of the Executive Management are eligible for the 'Executive Management Global Bonus Plan'. This plan is based on three steps:

- on target variable;
- global budget definition (funding ratio);
- allocation between Group and Individual Performance.

On target variable: the 'on target variable' is established in the individual contracts of the members of the Executive Management, and it is the policy of the Company that, upon hiring, this typically is minimum 40% of their yearly base salary.

Global budget definition: an overall bonus envelop (or funding ratio) is determined at the level of the Agfa-Gevaert Group. The bonus funding ratio determines the portion of the total-on-target-bonus that will be paid out. The bonus envelop is distributed to the Business Groups based on a weighted multiplier. The bonus envelop is a closed envelope, meaning that pay-out can never exceed the 200% that will be paid out when EBITDA results attain at least 150% of the EBITDA budgeted for.

The determination of the overall bonus envelope will follow these rules:

EBITDA (results vs budget)	Pay-out
131% - 150%	Accelerated 131% - 200% (maximum cap)
Between 100% and 130%	Linear from 100% to 130%
Between 70% and 100%	Linear from 70% to 100%
< 70%	0% (1)

(1) In those cases where the bonus envelop would be 0, the Board of Directors still may decide to reward exceptional (individual) performance.

The current Global Bonus Plan for Executive Management foresees that the payout is split in two parts.

- For 80% of the 'on target variable' of the members of the Executive Management, the pay-out reflects performance compared to a number of financial targets as set by the Board of Directors (with a maximum of 200%*80% when EBITDA results attain at least 150% of the EBITDA budgeted for). For the Presidents of Graphics and HealthCare, a Business Group multiplier will be applied that is based on the performance of such Business Group in comparison with the budget targets.

  The parameters taken into account for assessing such Business Group performance compared to budget are
  a. EBITDA/Sales% (weight: 50%),
  b. Revenue (weight: 30%) and
  c. Average Net Working Capital of the four Quarters/Sales% (weight: 20%).

  The maximum Business Group multiplier will be 1.5 and the minimum Business Group multiplier will be 0.5, but together the Business Group multiplier is corrected to ensure that it never exceeds 1 (to ensure that pay-out always remains capped to the level of the global bonus envelope).
  For Materials, Specialty Products, the Global Shared Services and the Corporate Center, there is no Business Group multiplier (hence it therefore is set at 1).

- For 20% of the 'on target variable' of the members of the Executive Management, the pay-out reflects the appraisal by the Board of Directors of a number of Individual Performance Targets that are established each year for the different members of the Executive Management. For these Individual Performance Targets, the pay-out is capped at 100%.

As a result, the pay-out for members of the Executive Management is capped at [(200%*80%) + (100%*20%)] or 180% of their 'on target variable'.

Upon recommendation of the Nomination & Remuneration Committee, the Board has decided to review the Global Bonus Plan of the Executive Management, with the objective to also integrate a medium to long term component in such plan. The Board believes that this will constitute an important change to the remuneration policy for members of the Executive Management.

The new Global Bonus Plan for EMM consists out of four elements:

- a 3-year target that will be applied for 25% of the on-target bonus. The 3-year parameter for 2017 is a combination of top line result and EBITDA/Sales%. Both elements will be equally weighed, so both applied for 12.5% of the on target bonus. For both elements, a bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. A linear approach will be used between the bottom and top threshold.
- a 2-year target that also will be applied for 25% of the on-target bonus. The 2-year parameter for 2016 is EBITDA/Sales%. A bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. A linear approach will be used between the bottom and top threshold.
- a 1-year collective performance target that will be applied for 40% of the on-target bonus. The 1-year parameter is EBITDA. A bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. Pay-out is linear between the bottom threshold and 130% of the target. As from 131% of the target, pay-out is accelerated.
- 1-year individual performance targets that will be applied for 10% of the on-target bonus. The individual performance targets can be achieved up to a maximum of 100%.

As the performance towards the 2016 and 2017 targets only will be known later, a certain gradual transition from the current system towards the new system will be applied. This gradual transition implies that for performance year 2016, the 1-year components of the plan still will represent 75% of the total plan instead of 50%. As of performance year 2017, the 40/10/25/25 allocation will be fully applied.

Remunerations

Board of Directors

There is no automatic adjustment of the remuneration levels, but they are being reviewed on a regular basis in order to verify whether they are still in line with the policy. The latest adjustment for the members of the Board of Directors was done on the occasion of the Annual Meeting of 2006.
The remuneration of the Chairman was defined at the time of his appointment in 2008.

A fix, annual standard remuneration is foreseen, which is different for the Board meetings on the one hand and the Committee meetings on the other hand. There is also a distinction between the remuneration of the Chairman and that of the members. The remuneration covers a predetermined number of meetings. When this number is exceeded on an individual basis, an additional fee per additional meeting is foreseen.

The following standard remunerations are provided:

Board of Directors (for a maximum of seven meetings per calendar year)	
Chairman [1]	180,000 Euro
Members	50,000 Euro
AC (for a maximum of five meetings per calendar year)	
Chairman	25,000 Euro
Members	12,500 Euro
NRC (for a maximum of three meetings per calendar year)	
Chairman	15,000 Euro
Members	7,500 Euro

(1) This remuneration is comprehensive, meaning that it includes the remuneration related to the mandate in the NRC and the AC as well as the possible variable remunerations provided for the number of meetings exceeding the set maximum.

Additional fix remuneration

of 2,500 Euro for every meeting exceeding the set maximum of seven, five or three meetings per calendar year, for respectively the fixed remuneration for the Board, AC or NRC.

Performance related remuneration

Non-executive directors do not receive any performance related remuneration.

The annual individual remuneration for the members (executives as well as non-executives) of the Board of Directors for the exercise of their mandate for 2015 is as follows:

EURO	Board of Directors	Commitees	TOTAL
Mr. Michel Akkermans [1]	50,000.00	7,500.00	57,500.00
Mr. Jo Cornu [2]	50,000.00	14,167.00	64,167.00
Mr. Julien De Wilde	180,000.00	-	180,000.00
Mr. Willy Duron	52,500.00	27,500.00	80,000.00
Mrs. Hilde Laga	33,333.00	8,333.00	41,666.00
Mr. Christian Leysen	16,667.00	5,000.00	21,667.00
Mrs. Viviane Reding	33,333.00	5,000.00	38,333.00
Mr. Christian Reinaudo [3]	52,500.00	-	52,500.00
TOTAL	**468,333.00**	**67,500.00**	**535,833.00**

(1) Permanent representative of PAMICA NV.
(2) Permanent representative of MERCODI BVBA.
(3) Executive director and permanent representative of CRBA Management BVBA.

CEO

After the Annual General Meeting of April 27, 2010, the Board of Directors appointed CRBA Management BVBA, represented by Mr. Christian Reinaudo, as Managing Director/CEO.
The agreement with CRBA Management BVBA does not provide for an automatic adjustment. The remuneration is reviewed on a regular basis in order to verify whether it is still in line with the policy. The fix annual remuneration of the CEO, CRBA Management BVBA, represented by Mr. Christian Reinaudo, was set at 1,136,800 Euro. This remuneration also comprises the remunerations of Mr. Reinaudo as a Director in certain Agfa subsidiaries. A variable remuneration 'on target' of 435,500 Euro has also been provided for. The variable remuneration of CRBA Management BVBA depends on the following parameters:

- for 20%: individual targets as annually defined by the Board of Directors;
- for 80%: financial targets, which for the CEO are based on the EBITDA results versus budget (funding ratio as explained above).

For 2015, the remuneration for the CEO was:

- fix remuneration: 1,136,800.00 Euro [(1)];
- variable remuneration: 396,741.00 Euro;
- compensation for transport, rent and various insurances: 71,184.00 Euro.

(1) Incl. the remunerations of Mr. Reinaudo as a director in certain Agfa subsidiaries.

No pension or group insurance contributions were paid for the CEO.

The cash component of the variable remuneration was earned to the full in the short term (max. one year). As a consequence there was no performance related remuneration earned in the long term.

Exco

There is no automatic adjustment of the remuneration levels, but they are being reviewed on a regular basis in order to verify whether they are still in line with the policy.

The overall gross fix remuneration for the Exco in 2015 amounts to 1,614,880.60 Euro (excluding employers' social contributions). The total annual 'on target' variable remuneration amounts to 807,422.00 Euro, which generally represents 50% of the gross fix remuneration and – as a consequence – close to 25% of the global annual remuneration. The payment of this variable fee is depending on the following parameters:

- for 20%: individual targets as annually defined by the Board of Directors;
- for 80%: financial targets, which for CFO and the President Materials are based on the EBITDA results versus budget (funding ratio as explained above) and which for the President Graphics and the President HealthCare are in addition depending on their respective Business Group parameters (as explained above).

For 2015, the global variable compensation amounts to 745,411.00 Euro (excluding employers' social security contributions). For the members of the Exco, depending on their personal situation, part of this compensation is converted into a pension allowance.
The pension contributions paid for these members amounted to 318,977.00 Euro and 55,144.00 Euro as benefits in kind.

The cash component of the variable remuneration was earned to the full in the short term (max. one year). As a consequence there was no performance related remuneration earned in the long term.
The benefits in kind, which may vary from member to member, include a company car, a representation allowance and various insurances (directors' liability, travel and medical insurance, private accidents).
In 2015, no severance payments were made to the Executive Management. In the agreements with the Executive Management members, there is no contractual recovery right for a variable remuneration granted on the basis of incorrect financial data.

Shares and options

Nor the CEO, nor the members of the Exco were granted shares as part of their remuneration. As in previous years, the Board of Directors decided not to grant options to the Executive Management for 2015.

There are no longer share options or other rights to acquire shares that have been granted to the members of the Executive Management.

During the 2014 Annual General Shareholders' meeting, the Shareholders decided to approve the proposal of the Board of Directors to activate under certain conditions tranche no. IX of the Long Term Incentive Plan. As mentioned above, the key parameters of this tranche are that it is a Long Term Incentive Plan for eligible persons among the members of the Executive Management, executives at Level I and II and certain other employees, where an estimated number of 4,060,000 options can be granted as from the moment that the closing stock price of the shares on Euronext Brussels exceed 3.45 Euro/share during the last 30 calendar days preceding the offering date. As the NRC started a reflection on the question whether a share option plan is the best form of a Long term Incentive Plan for the Agfa-Gevaert Group, the Board has not yet activated this tranche no. IX, although all conditions needed for such activation were met in the course of 2015. Alternatives to a share option plan being considered include stock appreciation rights and phantom stock options.

Severance

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

The Board of Directors can withdraw the appointment of CRBA Management BVBA, represented by Mr. C. Reinaudo, with immediate effect. In such case, CRBA Management BVBA will be entitled to an indemnity equal to nine months of remuneration. The amount is to be calculated on the fixed income that CRBA Management BVBA and Mr. Christian Reinaudo earn yearly from the Agfa-Gevaert Group worldwide, with the exception of any director's fee paid by Agfa-Gevaert NV to CRBA Management BVBA or to Mr. Reinaudo. In case of withdrawal of the appointment for an Event of Serious Fault (being established and confirmed after compliance with a certain internal Board procedure), no indemnity will be due.

In case of termination by the Company (and except for an Event of Serious Fault), Messrs. Hoornaert and Thijs will be entitled to a notice period calculated in conformity with the minimum of art. 82§5 of the Law of July 3, 1978 (three months per five years of seniority, with a minimum of 12 months for Mr. Hoornaert) corrected, as appropriate, in conformity with the provisions of the Law of December 26, 2013. Mr. Vanhooren has no explicit contractual severance clause and falls under the application of general Belgian law.

In case of termination by the Company (and except for an Event of Serious Fault), Mr. Delagaye will be entitled to a notice period calculated in conformity with a certain schedule corrected, as appropriate, in conformity with the provisions of the Law of December 26, 2013. This schedule foresees a minimum notice period of six months and a maximum of 15 months upon retirement.

Furthermore, in those cases where they are to comply with the contractual non-compete arrangement, Messrs. Hoornaert, Vanhooren, Delagaye and Thijs will be entitled to an additional indemnity equal to 75% of their gross remuneration for the 12 months of the non-compete.


14
Sustainability
Report
14

Environment

ENVIRONMENTAL, SAFETY AND ENERGY MANAGEMENT SYSTEMS

Agfa is committed to the conservation of natural resources, to the safe operation of its facilities and to minimizing the environmental impact of its activities and products. To this end, Agfa installed quality, environmental and safety management systems according to the international standards ISO 9001, ISO 13485, ISO 14001, ISO 50001 and OHSAS 18001. The world map on the next page gives an overview of the certificates that are obtained by the different Agfa sites.

In the course of 2015, the Agfa Graphics site in Banwol, South Korea has been closed. The Mortsel site includes the sites in the Belgian towns of Mortsel, Wilrijk, Edegem and Westerlo (Heultje). For all sites shown on the world map, all data refer to the full year 2015.

Production-related environmental protection

Production of film and synthetic paper

Only the Mortsel site produces polyester film base and synthetic paper. Other *polymer* bases are purchased from external suppliers. The film base is coated with emulsion layers. The production of these emulsions is a separate process. Some of the chemical components of the emulsion layers are also produced at some of the other sites. The final step in film production comprises converting (cutting-to-size) and packaging.

Production of printing plates and imaging plates

The base for most printing plates is aluminum sheet, which is purchased from external suppliers and further pre-treated and coated at the plate manufacturing sites. Most coatings do not contain silver, but there are some exceptions. The final steps in the production of printing plates and imaging plates are, as for film, converting and packaging.

Production of chemicals

After the exposure of films or printing plates to a light source by the customer, they need to be chemically developed in order to obtain a visible image. An increasing share of exposed film is developed using heat. Contrary to more classic processes using developing chemicals, a significant share of printing plates are now being developed in *chemistry-free* baths. Agfa Graphics also produces a range of *prepress* chemicals used in the printing process.

Production of inks

For its inkjet growth market, Agfa Graphics produces a dedicated range of inks. The production of inks comprises the mixing of ingredients, bottling and packaging.

Production of equipment

Production of equipment includes the design and assemby of mechanics, electronics, optics and software.

Environmental impact

The environmental impact of production operations mainly consists of emissions to air and water, the use of resources and the generation and consumption of energy. Equally important are the safety aspects of the operations and the efforts to avoid environmental incidents and complaints.

Environmental indicators

In line with above considerations, Agfa has selected the following indicators to evaluate its environmental performance.

Water consumption	m^3/year
Specific water consumption	m^3/tonne of product
Water consumption excluding cooling water	m^3/year
Specific water consumption excluding cooling water	m^3/tonne of product
Waste water loads	tonnes/year
Specific waste water loads	tonnes/tonne of product
CO_2 emissions to air	tonnes/year
Specific CO_2 emissions to air	tonnes/tonne of product
NO_x, SO_2, VOC, VIC emissions to air	tonnes/year
Specific NO_x, SO_2, VOC, VIC emissions to air	tonnes/tonne of product
Specific VOC emissions to air	tonnes/tonne of product
Waste volumes	tonnes/year
Specific waste volumes	tonnes/tonne of product
Specific hazardous waste volumes	tonnes/tonne of product
Energy consumption	*TeraJoule*/year
Specific energy consumption	GigaJoule/tonne of product
Environmental incidents and complaints	number

Summary of environmental achievements

Compared to 2014, the global production volume – expressed in weight – of film, *printing plates* and chemicals decreased by 13%, while the production volume of equipment in units decreased by 16%. The global production volume in tonnes thus declined worldwide by 13%. The downward trend in production volumes reflects the general trend in the world market where analog film-based solutions are more and more being replaced by digital solutions.

The global production volume expressed in m^2 of the film factories decreased by approximately 9%. Agfa HealthCare's film production decreased by 15%. The global production of Agfa Graphics' printing plates, expressed in m^2, also decreased by 7%.

In 2015, the number of machines produced by Agfa HealthCare decreased by 17%, while the number of machines produced by Agfa Graphics decreased by 8%.

The consumption of water and energy, the waste water volume, the emissions to air and the waste volumes also decreased, but to a lesser extent than the production volumes. The reason is that these parameters are not solely dependent on the production volumes. By the decline of the latter, they are more affected by the headcount. Headcount does not follow the same downward trend as the production volumes do. The consequence of this is that all the specific environmental indicators are showing an increasing trend.

The specific water consumption excluding cooling water, increased by 8.4%. The specific wastewater volume increased by 4.4%. The specific waste water load excluding aluminum sludge increased by almost 8%.

The global specific energy consumption increased by 4%. In the film factories, the specific energy consumption decreased by almost 5%, while in the sites of Agfa HealthCare and Agfa Graphics the specific energy consumption increased significantly.

In the field of emissions to air, specific emissions including and excluding CO_2 increased. VOC emissions in the manufacturing process of printing plates and inks remained virtually stable. In the film factories, they followed the declining production.

The specific waste volumes increased by 11.6%. They increased significantly in the film factories, due to an increased amount of non-recyclable film waste such as an increased amount of solvent containing material, resulting from the introduction of new products.

The specific waste volume of Agfa HealthCare and Agfa Graphics decreased by approximately 10%.

Environmental performance of the Agfa-Gevaert Group

In the comments below, the environmental performance in 2015 is compared with the performance in 2014. The graphs and tables illustrate the general trends since 2005.

Production volumes

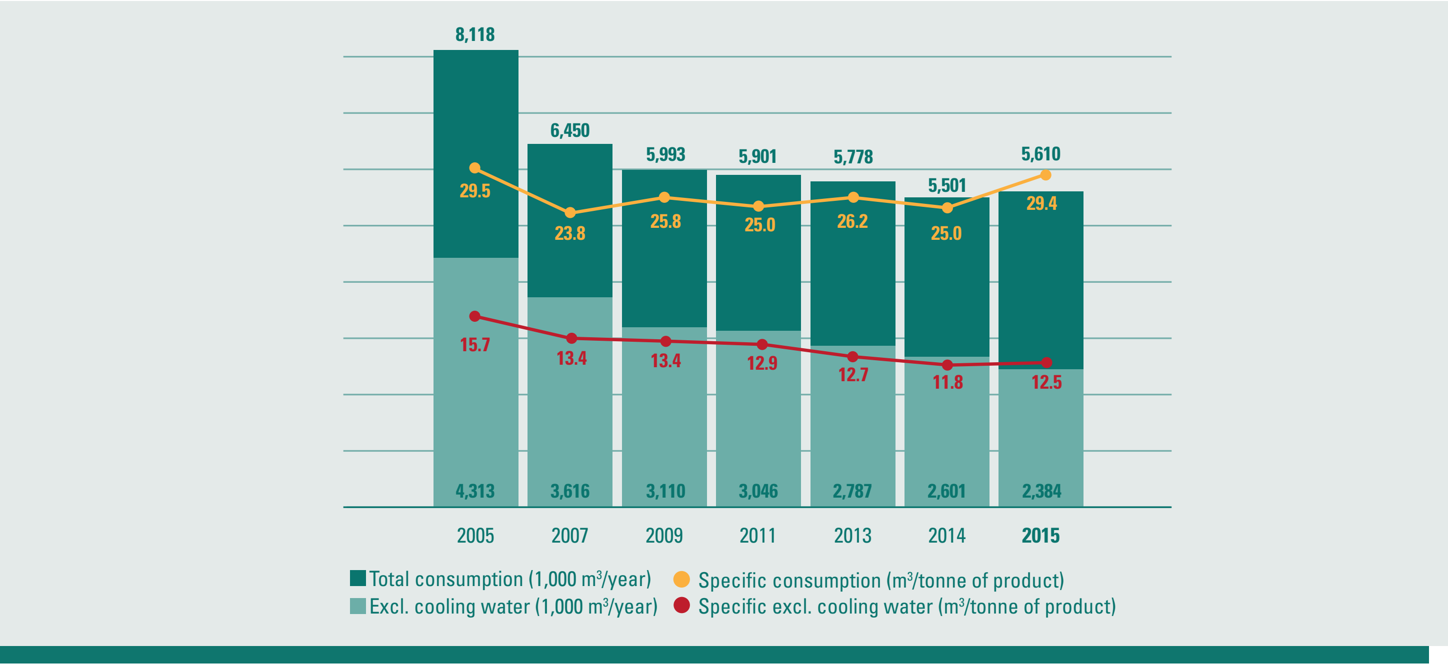
The table below gives an overview of the Group's production volumes expressed in tonnes per year over the past eleven years.

	2005	2007	2009	2011	2013	2014	**2015**
Tonnes/year	**274,978**	270,567	232,434	235,783	220,240	224,859	190,671

The decrease in production volumes by 13% in 2014 reflects the general trend in the world market, where analog film-based solutions are more and more being replaced by digital solutions.

Compared to 2014, the film production volume decreased by almost 5%: the production of chemicals by more than 13%. Agfa Graphics' printing plate production volume decreased by 6.9%. The production of equipmet decreased by 8%. The production of chemicals and printing plates at the site in Banwol (Korea) was consolidated into existing production sites. Agfa HealthCare's film production decreased by 15%, which illustrates the increasing digitization. The production of equipment decreased by 17%.

Water consumption



In 2015, the overall water consumption increased by approximately 2% compared to 2014. Combined with the lower production, the specific water consumption increased by more than 17% to 29.4 m^3/tonne.

This increase is mainly attributable to the printing plate factory in Suzano (Brazil). It results from the factory's own production of demineralised water through reverse osmosis techniques and the production of steam, whereas in previous years this demineralised water was sourced externally.

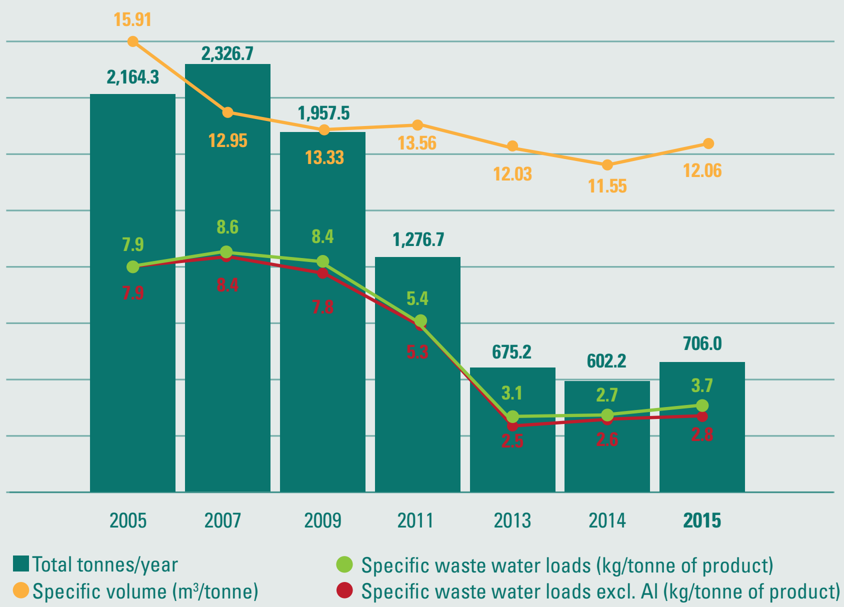
Cooling water not included, water consumption decreased by 8.4%. This resulted in a specific water consumption (not including cooling water) of 12.5 m^3/tonne. That is over 5% higher than in 2014 and is thus at almost the same level as in 2013. The increase in specific water consumption excluding cooling water is mainly due to the fact that the workforce does not decrease to the same extent as the production volumes. After all, the specific process water consumption remains constant at 6.8 m^3/tonne produced material.

Waste water volume and loads

	2005	2007	2009	2011	2013	2014	**2015**
Specific volume (m³/tonne of product)	**15.91**	**12.95**	**13.33**	**13.56**	**12.03**	**11.55**	**12.06**
COD	1,952.4	1,967.8	1,580.4	1,101.5	473.1	492.3	464.9
N	196.8	94.1	116.1	46.1	20.4	17.9	15.8
P	13.3	203.9	112.2	97.6	66.5	56.4	54.2
AOX	1.1	1.3	1.2	0.6	0.5	0.4	0.3
Heavy metals exl. Al	0.7	0.6	0.5	0.4	0.5	0.3	0.4
Aluminum	0.0	59.0	147.1	30.5	114.2	34.9	170.4
TOTAL (TONNES/YEAR)	**2,164.3**	**2,326.7**	**1,957.5**	**1,276.7**	**675.2**	**602.2**	**706.0**

Compared to 2014, the waste water volume globally decreased by 9.4%, resulting in an increase in the specific waste water volume by 4.4% to 12.06 m³ of water per tonne of manufactured product. This is the same level as in 2013.

Waste water volume and loads

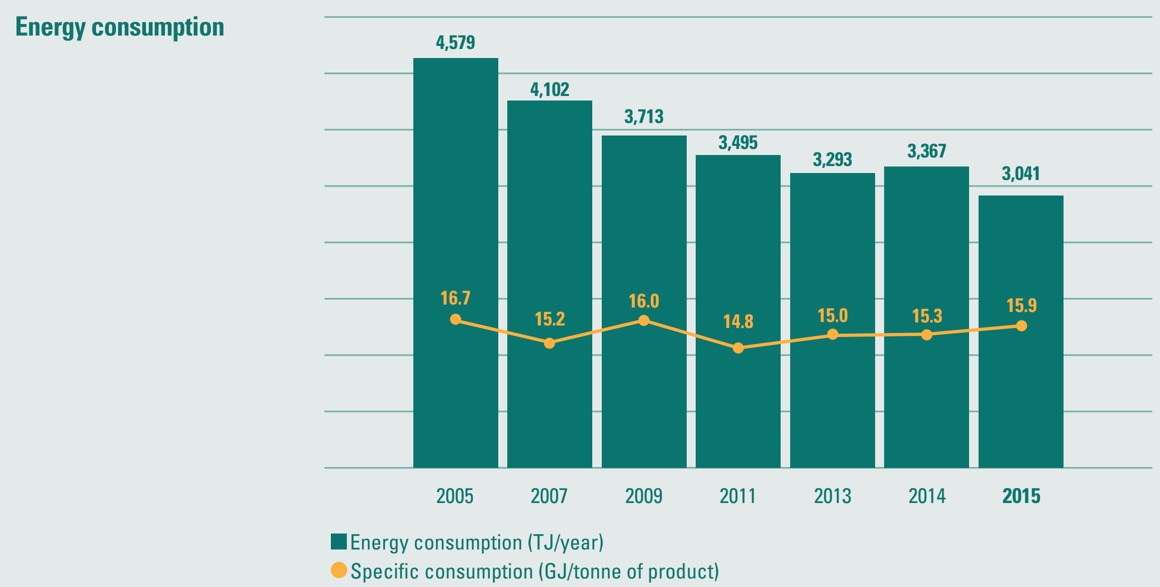


The waste water load on the other hand, increased by more than 17% to approximately 706 tonnes. This results in an increase of the specific waste water load to 3.7 kg/tonne of manufactured product.

The described increase is mainly the result of the fact that the aluminum containing sludge of the printing plate factories was difficult to sell for processing in e.g. cement factories. It therefore had to be discharged to a waste water treatment plant.

Not including the aluminum load of the waste water, the specific waste water load of 2.8 kg/tonne of manufactured product is virtually at the same level as the previous two years.

Energy consumption



Total energy consumption decreased by more than 9%. The specific energy consumption increased by 4% to 15.9 GJ per tonne of manufactured product.

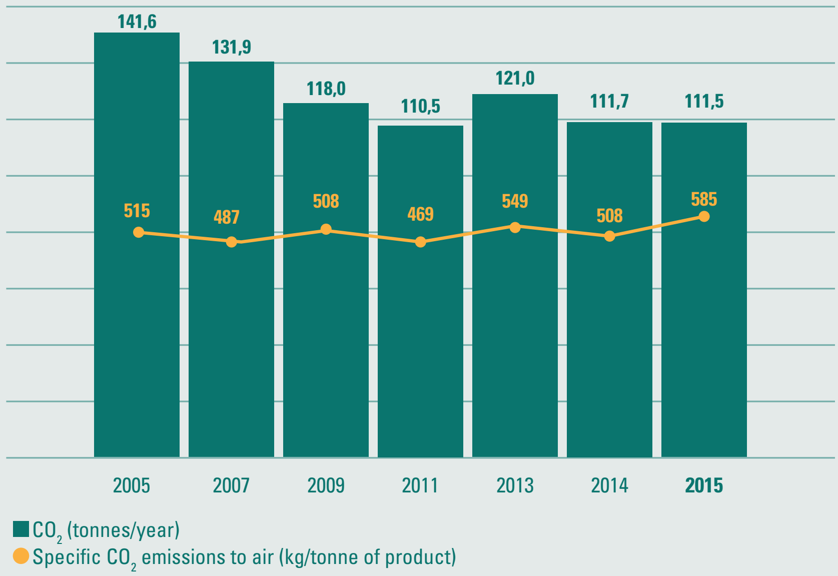
The energy consumption in the film factories decreased by almost 14% worldwide, the specific energy consumption by almost 5%. This is the result of energy saving investments and measures in the Belgian sites which are part of the power plan that was drawn up under the Energy Policy Agreement (EnergieBeleidsOvereenkomst - EBO) with the federal government.

Agfa HealthCare's energy consumption increased by 1.8%. As a consequence, the specific energy consumption increased from 17.7 to 23.1 GJ/tonne. This increase is due to the fact that the energy consumption of administrative buildings does not follow the lower production volumes.

A decrease of 3.2% in the energy consumption of Agfa Graphics has resulted in an increase in the specific energy consumption of 14% compared to 2014. Especially in the sites of Suzano and Wiesbaden an increase in the specific energy consumption was noted. This is mainly due to the fact that from 2015 on, Suzano produces its own steam and Wiesbaden produces steam which it sells through the heat network of the industrial site on which it is located.

CO_2 emissions to air

CO_2 emissions to air

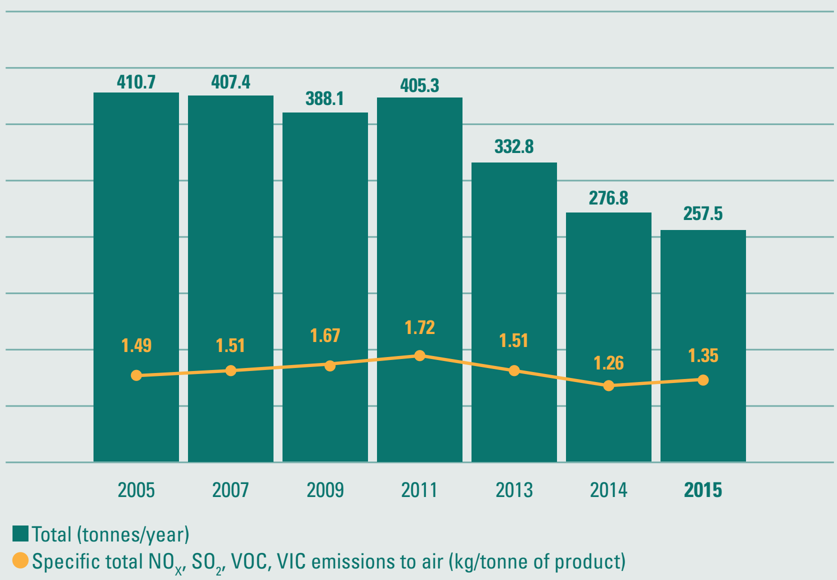


Worldwide, the local CO_2 emissions remained virtually at the same level as in 2014. Due to the decrease in production volumes, the specific emissions increased by 15% to 585 kg per tonne of manufactured product.

NO_x, SO_2, VOC, VIC emissions to air

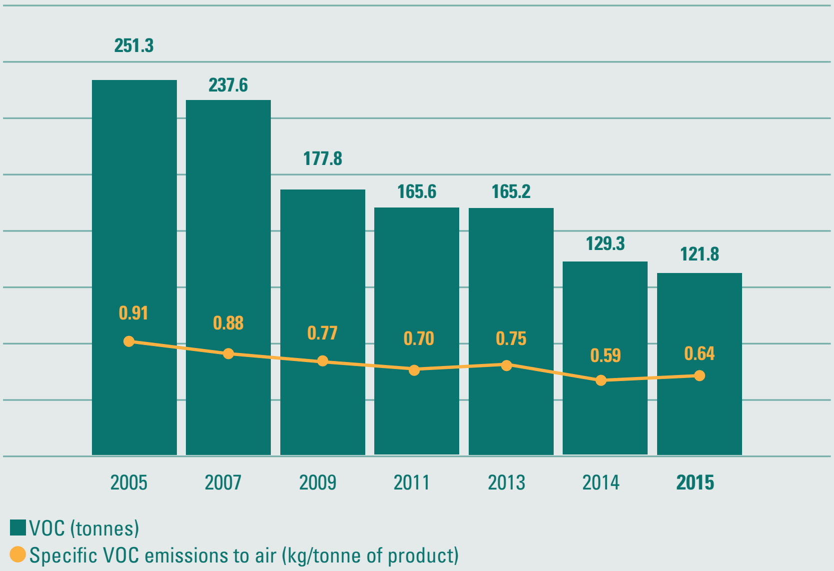
	2005	2007	2009	2011	2013	2014	2015
NO_x	136.7	157.3	156.5	150.5	141.6	140.4	132.3
SO_2	11.0	7.8	49.6	40.7	23.5	5.1	1.5
VOC	251.3	237.6	177.8	165.6	165.2	129.3	121.8
VIC	11.7	4.7	4.2	48.5	2.5	2.0	1.9
TOTAL (TONNES/YEAR)	**410.7**	**407.4**	**388.1**	**405.3**	**332.8**	**276.8**	**257.5**

NO_x, SO_2, VOC, VIC emissions to air



The emissions to air excluding CO_2 continued to decrease by 7% in 2015. As the volume of production decreased more (about 13%), the specific air emissions excluding CO_2 increased by 7.2% to 1.35 kg per tonne of product.

VOC emissions to air



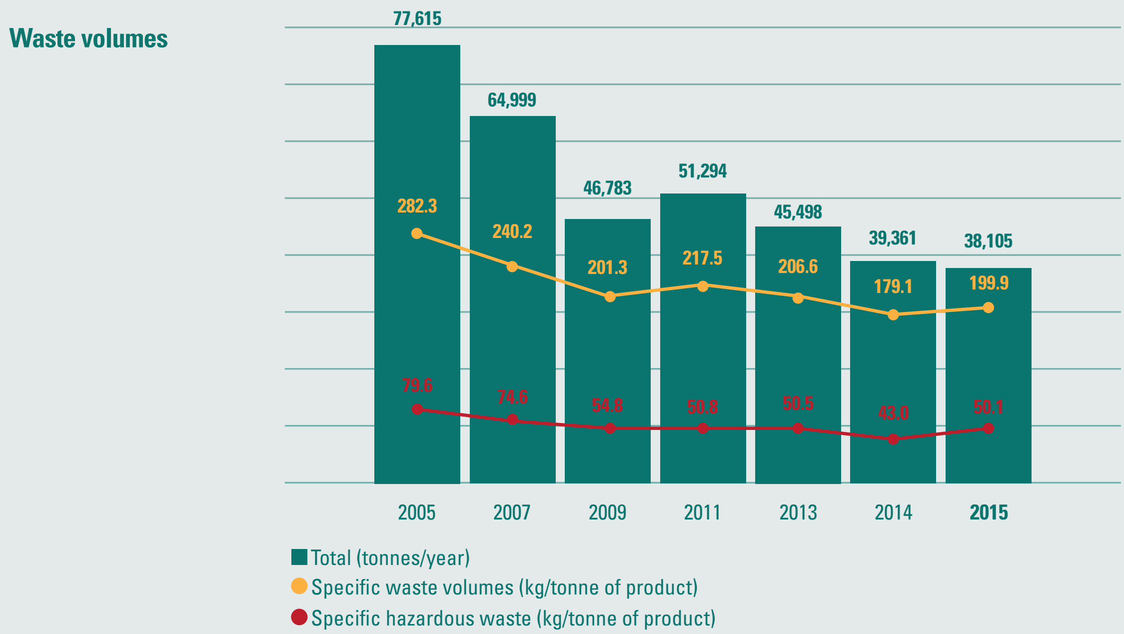
VOC emissions also further decreased by 5.9%. The specific VOC emissions increased to 0.64 kg per tonne of product. VOC emissions in the printing plate and ink manufacturing sites remained almost constant, while VOC emissions in the film factories decreased consistent with the decline in production.

Waste

	2005	2007	2009	2011	2013	2014	**2015**
Landfill	8,721	2,110	1,590	6,147	4,103	4,214	3,586
Incineration	843	262	192	387	217	327	227
Recycling	60,687	56,580	40,267	39,813	37,220	30,879	29,939
Energy recovery	1,792	2,032	1,301	1,484	1,257	1,173	1,438
Physico-chemical treatment	1,552	813	781	701	431	187	119
Valorization	4,020	3,202	2,652	2,762	2,270	2,581	2,796
TOTAL (TONNES/YEAR)	**77,615**	**64,999**	**46,783**	**51,294**	**45,498**	**39,361**	**38,105**
Non-hazardous	**72%**	**69%**	**73%**	**77%**	**75%**	**76%**	**75%**
Hazardous	**28%**	**31%**	**27%**	**23%**	**25%**	**24%**	**25%**

The global waste volume decreased by 3.2% compared to 2014. However, given the decrease in production volumes, the specific waste volume increased by 11.6% to 200 kg per tonne of manufactured product.

The specific hazardous waste volume increased to 50 kg/tonne of manufactured product, which is the level as in 2013. Since 2013, the ratio of non-hazardous and hazardous waste remains virtually constant at 3/1.



The increase in hazardous waste is exclusively due to the increase of solvent containing waste in the film factories. The new solvent based film types are taking up an increasing share of the product portfolio. As a consequence, the specific waste volumes of the film factories increased by more than 20% to 12.6 kg/tonne.

In Agfa HealthCare, the specific waste volume decreased by approximately 10%. In Agfa Graphics, it increased by 8.3%. The latter is due to the fact that the aluminum containing sludge could not be used as a secondary raw material.

The total waste usage (recycling, energy recovery, physico-chemical treatment and valorization) is 90%. 78% of the waste is recycled. Only 9% of the waste is evacuated to landfill.

Environmental incidents, complaints and fines

- **Incidents**

In 2015, Mortsel reported nine environmental incidents to the Flemish authorities. They mainly concerned violations of the waste water permit, particularly with respect to silver in the waste water. Research led to an adjustment of the sewage system. Leeds reported one incident to the British authorities concerning a leakage of biocide. This incident had no environmental impact. The other production sites did not report any incidents.

- **Complaints**

Mortsel reported 14 complaints in 2015. These complaints mainly concerned noise pollution due to several one-time events.

- **Fines**

Branchburg received a fine of 2,304 Euro for a failed performance test of the Regenerative Thermal Oxidizer.

Occupational health & safety

Each Agfa site has health & safety standards in place to protect the employees and all other people on site in accordance with all the specific legal requirements.

Health & safety information is presented in the monthly management team meetings. During the quarterly review meetings of the Corporate Safety, Health and Environment (SH&E) department, this information is discussed and measures are taken. Each year, the SH&E Management Committee reviews the SH&E Policy, the organization, the management systems and the objectives.

Each reported incident, near miss and accident is investigated to the root cause in order to implement the most appropriated measures. Important issues are communicated immediately to all the sites as SH&E alerts and lessons learned.
Analysis of the root causes are made to implement specific actions targeted at SH&E performance improvement.

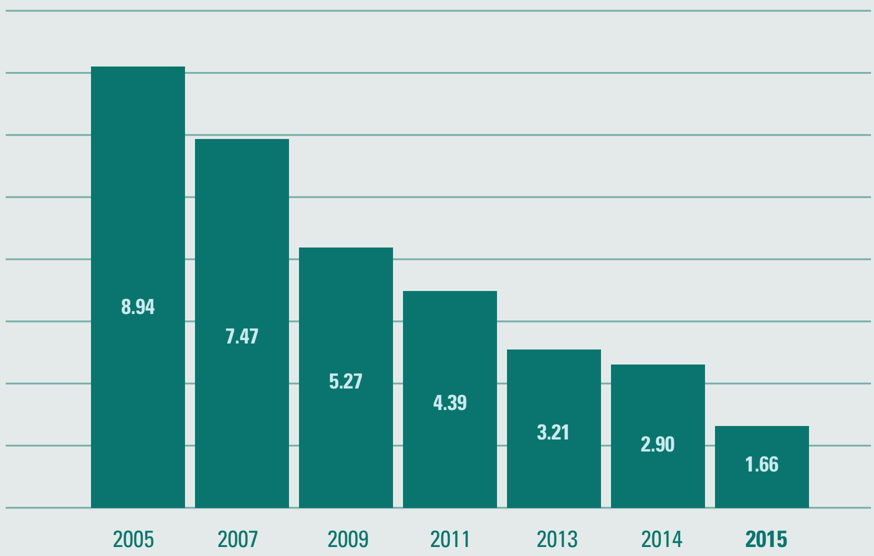
In 2015, the frequency rate of the reportable accidents decreased by 43% from 2.90 in 2014 to 1.66 in 2015. This corresponds to 14 accidents worldwide versus 25 in 2014.

The frequency rate of accidents that cause more than one lost working day decreased by 18% from 5.65 in 2014 to 4.64 in 2015. This represented 39 accidents. Agfa Graphics was able to reduce the number of lost time accidents by more than half.

The severity rate of accidents with more than one lost working day decreased significantly by 38% from 0.147 in 2014 to 0.092 in 2015. This represents 772 lost calendar days.

Of the 18 different production sites recorded, seven reported zero accidents with lost working days.

Reportable accidents
(per million working hours)



Organization

Without interfering with the different business groups' identities, the Global Shared Service Human Resources provides a common approach of the Group's HR policy, making optimum use of all synergy opportunities. This approach enhances efficiency and facilitates an exchange of best practices in the HR domain. Moreover, it offers Agfa's employees a broad employability in a multitude of functions across all business groups.

Naturally, the HR policy is tuned to the specific needs of each business group. To this end, HR business partners support the management teams of the business groups in order to detect the specific regarding in order of staff numbers, competencies, reorganizations etc.

Taking into account Agfa's worldwide presence, the HR organization also relies strongly ons the HR colleagues in the different countries and regions.

Next to this, the HR organization counts three Centers of Excellence and an HR Process Office.
The Centers of Excellence cover three main activities:

- Compensation & Benefits;
- Learning & Development, including Performance Management;
- Staffing.

They are responsible for the launch of new rules or policies which can be used worldwide in Agfa's different organizations.
This approach brings a lot of regarding cost efficiency, transparency and uniformity benefits.

The HR Process Office manages the HR operational tools and processes.

Programs and policies

Performance Management

Performance Management is a recurring and ongoing business process of goal setting, development and evaluation focused on realizing the strategy of the Company through the performance of the employees.

Agfa's performance management processes ensure that employees are evaluated and receive formal and informal feed-back on their achievements against a number of agreed targets.
Financial rewards to employees are to some extent based on the outcome of the performance management process. The evaluation focuses on both the evaluation of the achieved results (What) and the behaviors shown to achieve those results (How).

Competency Management

Competency Management is a program that facilitates managers and employees to create personal development plans that are in line with the business objectives and the employee's professional aspirations.

Generic competencies, as well as an increasing number of job specific competencies, have been defined and are measured against a predefined proficiency level. Any skills gaps are prioritized and addressed through development targets.

The Academy Learning Platform is accessible to all employees. It offers a wide variety of technical and non-technical training options to employees.

Talent Management

At least once a year all senior managers participate in People Reviews to proactively identifykey talents in the organization, organize mobility or job rotations and to deal with retention of key employees.

A Global Leadership Program has been implemented to increase the visibility, coaching and development of global talent. On top of this, various regions have also local talent programs in place.

Reward policy and practices

The employment of people is a long term investment. Today, global organizations face more and more competitive pressure in attracting and retaining staff. Therefore, Agfa offers competitive Compensation & Benefits packages to all employees. Most management employees have a variable share in their total salary package. Payout of this variable bonus depends on the performance of the Agfa-Gevaert Group, the respective business group and region and the individual performance (Global Bonus Plan).

In order to ensure that compensation is in line with the market, Agfa uses a formal job evaluation system and participates in salary surveys to continuously benchmark its pay policy.

Agfa uses a Total Target Cash level on average at the 67th percentile of thegeneral Market as a reference wage for its employees. The package of individual employees is differentiated based on performance and the level of expertise of the employee.

Agfa aims to offer competitive but cost effective short term and long term benefits. The most important benefits are: a pension plan, life insurance, disability insurance and medical coverage. The benefits that are offered may vary significantly across countries depending on local regulations and practices.

Labor practices

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

Diversity

To Agfa diversity is an important concern and the Company h as implemented policies and procedures in this respect. They are described in the Company's Code of Conduct and in the non-discrimination policy as described in the Ethical Business Policy Statement.

Freedom of association

By adhering to the overall principles of the International Declaration of Human Rights, Agfa supports and respects the employees' right to associate with unions or other organizations legally representing employees in their relation to Agfa as employer. In every country where it is present, Agfa participates in the dialogue with representatives of the employees. Typically in most European countries, Works Councils will take the role of employee representation bodies. At a European level a European Works Council is in place. For Health & Safety issues, local committees, consisting of representatives of employees and the employer, are often in place.

Employee assistance programs

Besides the rigorous implementation of the Code of Conduct, the large majority of Agfa's subsidiaries have a formal system in place to assist employees who wish to report problems such as harassment, discrimination or specific conflicts of interest cases. Complaints are handled in a systematic and confidential manner and dedicated and autonomous contact persons are in place. Local HR contacts are also available for every site so that employees can address individual concerns – if needed – in a confidential manner.

Internal communication

In order to ensure proper one-voice internal communication, Agfa has set up specific communication channels to inform its personnel in a professional and objective manner on all company related matters.

To this aim, the Agfa intranet is used as an important internal medium that groups all corporate or departmental information, on a local or global basis. The information covers all the levels of the Agfa organization. No activity is excluded. Colleagues, who don't have access to the intranet at their workplace, are being informed via alternative media such as printed newsletters.

Secondly, all employees receive an update on the quarterly results and any other important business topics, through the quarterly Infotour presentations that are organized at every site. During these meetings, the Company's as well as the business groups' performance and results are commented in detail. Participants are invited to discuss these and related topics with their management at these occasions.

Finally, local communication initiatives, such as staff magazines, newsletters, staff meetings, … complement the above communications.

Glossary

AOX
Sum of organic halogen compounds in water that can be adsorbed by activated carbon under standardized conditions.

capacitive sensor
A capacitive sensor detects anything that is conductive or has a dielectric different from that of air. Capacitive sensors replace mechanical buttons.

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

clean-out unit
A clean-out unit is a high-speed unit that removes all non-imaged areas from the printing plate, using a gum that is sprayed on the plate.

Clinical Information System (CIS)
These comprehensive, integrated IT solutions are designed for collecting, storing, manipulating and making available clinical information important to the healthcare delivery process. Clinical Information Systems may be limited in extent to a single area (e.g. laboratory systems, ECG management systems) or they may be more widespread and include virtually all aspects of clinical information (e.g. electronic patient records).

CO_2
Carbon dioxide, generated by combustion of fuel.

COD
Chemical oxygen demand, the amount of oxygen needed for chemical oxidation of constituents of water.

computed radiography (CR)
The technology of making X-ray images with conventional X-ray equipment but whereby the images are captured on reusable image plates, instead of X-ray film. The information on the plates is read by a digitizer and provides a digital image. Glossary Agfa-Gevaert - Annual Report 2014 Glossary 185 Dedicated image processing software (such as Agfa HealthCare's MUSICA) can be used to automatically maximize the quality of the images for diagnostic purposes. The digital images can also be completed with manual inputs (annotations, measurements, etc.) and are ready for archiving on a Picture Archiving and Communication System. see also direct radiography

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

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

contrast media
Can be administered to the patient before a medical imaging examination with X-ray, CT and MRI, to highlight specific anatomical structures (mostly vessels).

CT (computed tomography)
A CT scanner uses a series of X-rays to create image 'slices' of the body. Agfa's product portfolio does not include CT scanners, but its Picture Archiving and Communication Systems (PACS) are used for the management and the (3D) visualization of the digital images. Agfa's hardcopy printers are used to produce high quality prints of the images.

CtF
see computer-to-film

CtP
see computer-to-plate

digital radiography
A form of X-ray imaging, where digital technology is used instead of traditional photographic X-ray film. The most commonly used digital radiography technologies are computed radiography and direct radiography.

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

e-health
Term used to describe the application of information and communication technologies in the health sector.

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

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

flatbed (printer)
With flatbed presses, the paper (or other material) is put on a flat surface, while the printing heads move over it to print the image.

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

hardcopy
A hardcopy is the printed version of a digital image. Agfa HealthCare's hardcopy printers are used for printing medical images from various sources: CT scans, MRI scans, computed radiography (CR), direct radiography (DR) etc. Agfa produces both the so-called 'wet' and 'dry' printers. Wet laser technology implies the use of aqueous chemical solutions to develop the image. The environmentally friendly dry technology prints the image directly from the computer onto a special film by thermal effect.

Hospital Information System (HIS)
These comprehensive, integrated IT solutions manage the medical, administrative, financial and legal aspects of a healthcare organization.

image processing software
These software applications analyze medical digital images and automatically apply image enhancement techniques to better visualize all details. They improve the workflow in the radiography department and allow the radiologist to work faster and more accurately. Agfa HealthCare's MUSICA software is generally accepted as a standard in the market.

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

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

membrane switch
A membrane switch is an electrical switch for turning a circuit on and off. Membrane switches are user-equipment interface uitilities which can be as simple as a tactile switch for controlling lightning, or as complex as membrane keyboards and switch panels for computers.

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

modalities
In this report this term is used for the various imaging systems, including radiography equipment, MRI scanners and CT scanners. These systems can all be connected to an Agfa HealthCare Picture Archiving and Communication System (PACS).

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

N
Nitrogen.

NO_x
Nitrogen oxide, generated for example as a result of combustion with air.

offset printing
Printing technique where thin aluminum printing plates are wrapped and fixed

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

OHSAS 18001
International standard for health and safety management systems (OHSAS stands for Occupational Health and Safety Assessment System).

P
Phosphor.

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

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

platesetter
A platesetter digitally images the pages or artwork of printed matter from the computer onto printing plates, which are then processed and mounted on a printing press.

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

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

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

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

- for computer-to-plate technology
Printing plate consisting of a high-quality grained and anodized aluminum substrate and a (silver or photopolymer) coating several thousand times more sensitive than that of CtF plates. The lasers used to expose these plates typically operate on thermal energy or visible light. The coatings respond to the laser energy creating chemical/physical changes to the plate surface. Just as with CtF plates, the CtP plates are chemically processed to create a press-ready plate, though some CtP plate technologies are effectively process-free.

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

Radiology Information System (RIS)
Agfa's RIS solutions are marketed under the name IMPAX. A RIS is a computerbased solution for the planning, follow-up and communication of all data relating to patients and their examinations in the radiology department, i.e. starting from the moment that an examination is requested up to the radiologist's report. The RIS is strongly linked with the Picture Archiving and Communication System (PACS) (for the images contained in the examinations).

RFID antenna
RFID stands for radio-frequency identification. It is the use of radio signals to transfer data from a tag attached to an object or embedded in an ID card, for the purposes of automatic identification. The system does not require physical contact between the tag and the identification device as the data are transmitted via an antenna, which is also embedded in e.g. the ID card.

RSNA
Radiological Society of North America. The RSNA's mission is to promote and develop the highest standards of radiology and related sciences through education and research. RSNA hosts the world's largest annual radiology meeting.

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

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

thermal (printing plate)
Technology where the platesetter uses thermal energy to expose the printing plates.

UV-curable ink
UV-curable inks consist mainly of acrylic monomers. After printing, the ink is transformed into a hard polymerized film by a high dose of UV light. The advantage of UV-curable inks is that they dry instantly, can print on a wide range of uncoated substrates and make a very robust image. The ink does not contain hazardous components such as Volatile Organic Compounds (VOC) or solvents and does not evaporate.

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

virtual colonoscopy
Examination using CT scans to detect polyps and cancerous tumors in the colon. Agfa HealthCare's software combines the CT images into a 3D reproduction of the interior of the colon. The radiologist has the possibility to virtually navigate through the colon to detect irregularities in the wall of the intestine. In contrast to conventional colonoscopy, this technology does not require the insertion of a tube into the patient's colon.

wide format (printer)
A wide format printer – sometimes also referred to as a large format printer – is a digital printer that prints on sheets or rolls 24-inches/60 cm wide or more.

workflow management software
Software that allows operators to control the prepress process with a software interface. It also streamlines the flow of work by automating individual steps in the process – thus saving time and reducing costs.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 2011-2015

MILLION EURO	2015	2014	2013	2012	2011
Revenue	**2,646**	**2,620**	**2,865**	**3,091**	**3,023**
Cost of sales	(1,804)	(1,813)	(2,031)	(2,222)	(2,181)
Gross profit	**842**	**807**	**834**	**869**	**842**
Selling expenses	(352)	(336)	(361)	(388)	(388)
Research and development expenses	(144)	(146)	(146)	(163)	(162)
Administrative expenses	(170)	(172)	(177)	(192)	(197)
Other operating income	110	90	163	131	136 (1)
Other operating expenses	(125)	(107)	(150)	(161)	(195) (1)
Results from operating activities	**161**	**136**	**163**	**96**	**36**
Interest income (expense) - net	(11)	(15)	(17)	(15)	(12)
Other finance income (expense) - net	(63)	(44)	(54)	(70) (2)	(72)
Net finance costs	**(74)**	**(59)**	**(71)**	**(85)** (2)	**(84)**
Profit (loss) before income taxes	**87**	**77**	**92**	11 (2)	**(48)**
Income tax expense	**(16)**	**(18)**	**(43)**	**(20)**	**(23)**
Profit (loss) for the year	**71**	**59**	**49**	**9** (2)	**(71)**
Profit (loss) attributable to	**71**	**59**	**49**	**9** (2)	**(71)**
Owners of the company	62	50	41	(19) (2)	(73)
Non-controlling interests	9	9	8	10	2
EARNINGS PER SHARE					
Basic earnings per share (Euro)	0.37	0.30	0.25	(0.11) (2)	(0.44)
Diluted earnings per share (Euro)	0.37	0.30	0.25	(0.11) (2)	(0.44)

(1) During 2012, the Group has consistently applied its accounting policies used in previous years, except for the presentation of exchange results. The Group has netted its exchange gains and losses per currency to better align with the Group's treasury and hedging policy. For the full year 2012 the resulting netting in operating and non-operating exchange gains and losses amounts to 150 million Euro respectively 74 million Euro. Comparative information for 2011 has been restated. For the full year 2011, the netting in operating exchange gains and losses amounts to 130 million Euro whereas the netting of exchange results in the net finance costs amounts to 145 million Euro. The Group believes that this revised presentation better matches with the Group's treasury policy and therefore provides information that is more relevant to users of the financial statements.

(2) During 2013, the Group has consistently applied its accounting policies used in the previous year, except for its post-employment benefit plans where the measurement of the defined benefit cost and the net defined benefit liability has changed due to the amendments of IAS 19 as stated in IAS 19 (Revised 2011). As a result, other finance expense for 2012 has been restated by 22 million Euro from minus 99 million Euro to minus 77 million Euro. This restatement also impacted the 2012 EPS calculation from minus 0.24 Euro to minus 0.11 Euro.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 2011-2015

MILLION EURO	**Dec. 31, 2015**	Dec. 31, 2014
ASSETS		
Non-current assets	**1,005**	**1,039**
Intangible assets and goodwill	622	615
Property, plant and equipment	214	234
Investments in associates	1	1
Financial assets	16	16
Deferred tax assets	152	173
Current assets	**1,397**	**1,509**
Inventories	512	512
Trade receivables	515	538
Current income tax assets	64	62
Other tax receivables	26	45
Other receivables	106	103
Other assets	44	51
Derivative financial instruments	2	2
Cash and cash equivalents	123	196
Non-current assets held for sale	5	-
TOTAL ASSETS	**2,402**	**2,548**
EQUITY AND LIABILITIES		
Equity	**268**	**146**
Equity attributable to owners of the Company	**228**	**93**
Share capital	187	187
Share premium	210	210
Retained earnings	771	709
Reserves	(92)	(92)
Translation reserve	(7)	(16)
Post-employment benefits: remeasurements of the net defined benefit liability	(841)	(905)
Non-controlling interests	**40**	**53**
Non-current liabilities	**1,359**	**1,443**
Liabilities for post-employment and long-term termination benefit plans	1,185	1,267
Other employee benefits	9	12
Loans and borrowings	137	125
Provisions	6	14
Deferred income	1	2
Deferred tax liabilities	21	23
Current liabilities	**775**	**959**
Loans and borrowings	44	197
Provisions	81	87
Trade payables	206	230
Deferred revenue and advance payments	141	125
Current income tax liabilities	60	61
Other tax liabilities	45	63
Other payables	46	49
Employee benefits	130	129
Other liabilities	5	4
Derivative financial instruments	17	14
TOTAL EQUITY AND LIABILITIES	**2,402**	**2,548**

In order to increase the transparency for the users of the Consolidated Financial Statements, management decided to present financial assets and liabilities, income tax and other tax assets and liabilities and employee benefits separately on the face of the Consolidated Statement of Financial Position. Comparative information for 2014 has been presented in the same way.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 2011-2015 (CONTINUED)

MILLION EURO	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
ASSETS			
Non-current assets	**1,066**	**1,156**	**1,221**
Intangible assets	618	654	681
Property, plant and equipment	242	277	301
Investments	11	10	15
Deferred tax assets	195	215	224
Current assets	**1,502**	**1,674**	**1,728**
Inventories	542	635	639
Trade receivables	585	636	672
Current tax assets	95	97	82
Other receivables and other assets	126	149	214
Deferred charges	25	27	20
Derivative financial instruments	3	3	1
Cash and cash equivalents	126	127	100
TOTAL ASSETS	**2,568**	**2,830**	**2,949**
EQUITY AND LIABILITIES			
Equity	**368**	**169** (1)	**995**
Equity attributable to owners of the company	**325**	**133** (1)	**960**
Share capital	187	187	187
Share premium	210	210	210
Retained earnings	664	623 (1)	642
Reserves	(91)	(85)	(90)
Translation reserve	(28)	6	11
Post-employment benefits: remeasurements of the net defined benefit liability	(617)	(808) (1)	-
Non-controlling interests	**43**	**36**	**35**
Non-current liabilities	**1,397**	**1,795** (1)	**988**
Liabilities for post-employment and long-term termination benefit plans	1,002	1,315 (1)	542
Other employee benefits	11	12	13
Loans and borrowings	319	410	352
Provisions	11	15	25
Deferred income	1	1	4
Deferred tax liabilities	53	42	52
Current liabilities	**803**	**866**	**966**
Loans and borrowings	24	8	15
Provisions	160	173	223
Trade payables	239	278	275
Deferred revenue and advance payments	121	138	145
Current tax liabilities	54	56	47
Other payables	95	109	149
Employee benefits	97	99	94
Deferred income	3	3	4
Derivative financial instruments	10	2	14
TOTAL EQUITY AND LIABILITIES	**2,568**	**2,830**	**2,949**

(1) During 2013, the Group has consistently applied its accounting policies used in the previous year, except for its post-employment benefit plans where the measurement of the defined benefit cost and the net defined benefit liability has changed. The changes fully result from the application of the amendments to IAS 19 as stated in IAS 19 (Revised 2011). As such, the net defined benefit liability at January 1, 2013 has increased by 786 million Euro, being 767 million Euro for the Group's material countries and 19 million Euro for the other countries. This impact has been recorded in equity via retained earnings to the extent related to the changes in the determination of the defined benefit cost for 2012 resulting in an increase of 22 million Euro, the remainder i.e. minus 808 million Euro has been reflected in a separate line item in equity called 'Post-employment benefits: remeasurements of the net defined benefit liability'. The impact of the changes in accounting policy are also reflected in the restated opening balances at January 1, 2012 and the closing balances at December 31, 2012 as well as in the result over 2012. The impact on the closing balances at December 31, 2012 equals the impact at January 1, 2013. The opening balances at January 1, 2012 comprise remeasurements of the net defined benefit liability amounting to 704 million Euro being 687 million Euro for the Group's material countries and 17 million Euro for the other countries.

CONSOLIDATED STATEMENT OF CASH FLOWS 2011-2015

MILLION EURO	2015	2014	2013	2012	2011
Profit (loss) for the period	**71**	**59**	**49**	**(9)** [(1)]	**(71)**
Adjustments for:					
- Depreciation, amortization and impairment losses	61	69	86	87	94
- Changes in fair value of derivative financial instruments	(2)	-	(1)	-	1
- Granted subventions	(9)	(9)	(10)	(11)	(7)
- (Gains) losses on sale of non-currrent assets	(4)	(1)	(1)	-	(1)
- Gain from bargain purchase	-	-	-	-	-
- Net finance costs	74	59	71	(85) [(1)]	84
- Income tax expense	16	18	43	20	23
	207	**195**	**237**	**172**	**123**
Changes in:					
- Inventories	5	46	73	(7)	(38)
- Trade receivables including cash inflows from securitization	31	64	26	29	6
- Trade payables	(27)	(5)	(36)	4	30
- Deferred revenue and advance payments	9	(3)	(11)	(7)	(16)
- Other working capital	10	(15)	1	(12)	(37)
- Non-current provisions	(85)	(89)	(158)	(103)	(74)
- Current provisions	(7)	(18)	(10)	(31)	(2)
Cash generated from operating activities	**143**	**175**	**122**	**45**	**(8)**
Income taxes paid	6	(24)	(15)	(13)	(19)
Net cash from (used in) operating activities	**149**	**151**	**107**	**32**	**(27)**
Interest received	2	2	2	3	3
Proceeds from sale of intangible assets	2	4	2	3	4
Proceeds from sale of property, plant and equipment	7	4	4	3	5
Proceeds from assets held for sale	-	-	-	-	-
Acquisition of intangible assets	(2)	(1)	(2)	(3)	(5)
Acquisition of property, plant and equipment	(35)	(36)	(38)	(41)	(55)
Changes in lease portfolio	(5)	6	11	12	4
Acquisition of subsidiary, net of cash acquired	(7)	-	-	-	(28)
Change in other investing activities	4	(6)	-	3	1
Net cash from (used in) investing activities	**(34)**	**(27)**	**(21)**	**(20)**	**(71)**
Interest paid	(18)	(17)	(19)	(29)	(14)
Dividends paid to non-controlling interests	(25)	(5)	-	-	-
Capital increase	-	-	-	-	-
Loans and borrowings	(137)	(22)	(70)	52	(23)
Other financial flows	(7)	(11)	11	(9)	(8)
Net cash from (used in) financing activities	**(187)**	**(55)**	**(78)**	**14**	**(45)**
Net increase (decrease) in cash and cash equivalent	**(72)**	**69**	**8**	**26**	**(143)**
Cash and cash equivalents at January 1	**194**	**125**	**125**	**98**	**238**
Effect of exchange rate fluctuations	**-**	**-**	**(8)**	**1**	**3**
Cash and cash equivalents at December 31	**122**	**194**	**125**	**125**	**98**

(1) During 2013, the Group has consistently applied its accounting policies used in the previous year, except for its post-employment benefit plans where the measurement of the defined benefit cost and the net defined benefit liability has changed due to the amendments of IAS 19 as stated in IAS 19 (Revised 2011). As a result, net finance costs for 2012 have been restated by 22 million Euro from 107 million Euro to 85 million Euro.

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

Shareholder structure (March 24, 2016)

According to the information available to the Company by virtue of the transparency declarations received in accordance with the relevant legal and statutory stipulations, the main shareholders currently are the following:

- **Classic Fund Management AG** with between 5% and 10% of the outstanding stock as from September 1, 2008;
- **Dimensional Fund Advisors LP** with between 3% and 5% of the outstanding stock as from September 5, 2011;
- **Norges Bank** with between 3% and 5% of the outstanding stock as from January 4, 2016.

The Company has 2.39% of its own stock as treasury stock.
Hence, the free float currently amounts between 77.61% and 86.61%.

Share Information	
First day of listing	June 1, 1999
Number of shares outstanding on December 31, 2015	167,751,190
Market capitalization on December 31, 2015	879 million Euro

EURO	**2015**	2014	2013	2012	2011
Earnings per share	0.37	0.30	0.25	(0.11) (1)	(0.44)
Net operating cash flow per share	0.89	0.90	0.64	0.19	(0.16)
Gross dividend	-	-	-	-	-
Year end price	5.24	2.09	1.76	1.33	1.23
Year's high	5.40	2.78	1.76	1.75	3.57
Year's low	1.994	1.73	1.28	1.18	1.03
Average volume of shares traded/day	389,059	260,663	279,601	283,723	599,290
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190

(1) During 2013, the Group has consistently applied its accounting policies used in the previous year, except for its post-employment benefit plans where the measurement of the defined benefit cost and the net defined benefit liability has changed due to the amendments of IAS 19 as stated in IAS 19 (Revised 2011). As a result, other finance expense for 2012 has been restated by 22 million Euro from minus 99 million Euro to minus 77 million Euro. This restatement also impacted the 2012 EPS calculation from minus 0.24 Euro to minus 0.11 Euro.

Shareholder queries

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Financial calendar 2016	
Annual General Meeting	May 10, 2016
First quarter 2016 results	May 10, 2016
Second quarter 2016 results	August 25, 2016
Third quarter 2016 results	November 10, 2016


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