

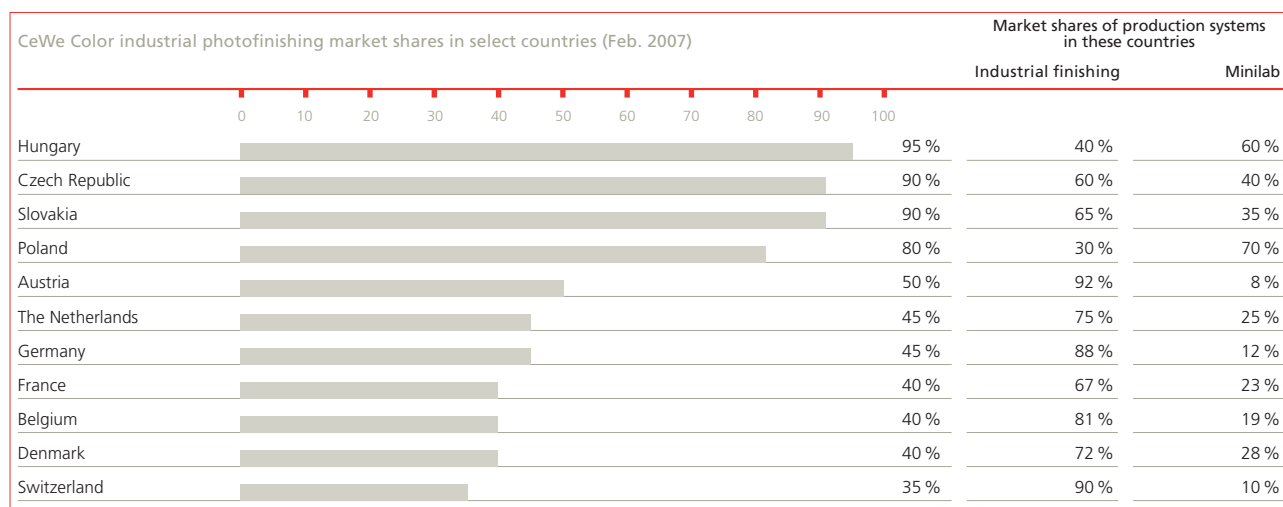


Annual Report 2006

 **cewe color**  
Holding AG

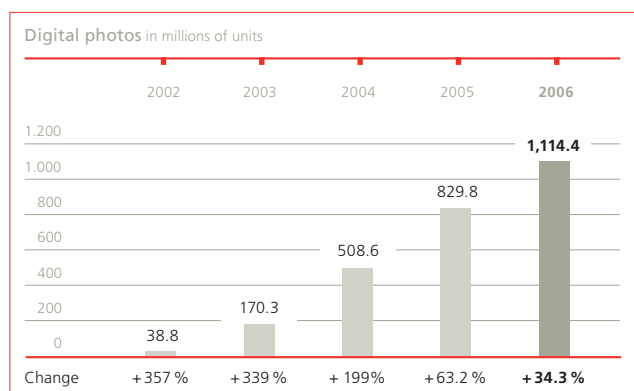
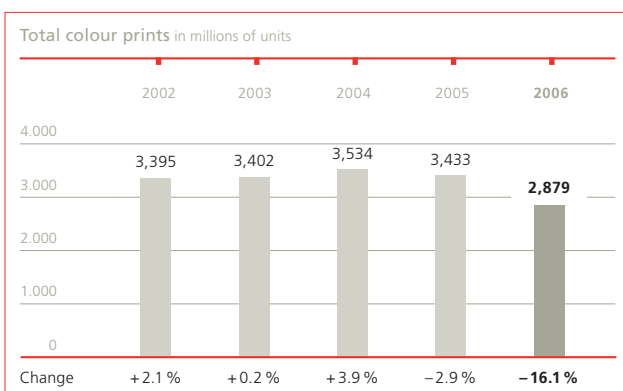
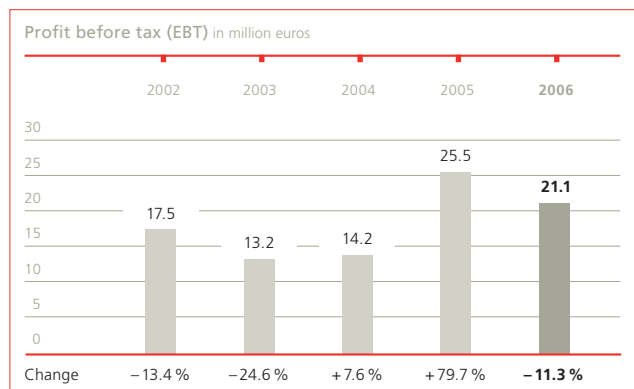
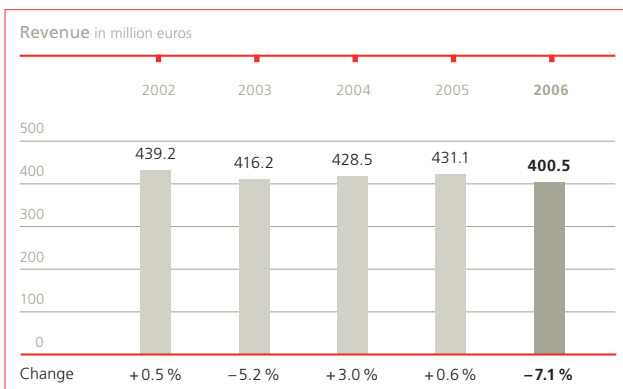
## The CeWe Color Group – Overview

	2005	2006	Change
<b>1. Revenues (in thousand euros)</b>	<b>431,130</b>	<b>400,531</b>	<b>-7.1 %</b>
- Central Europe	261,593	241,249	-7.8 %
- Rest of Europe	169,537	159,282	-6.0 %
<b>2. Sales and employees</b>			
Number of colour prints (in million units)	3,433	2,879	-16.1 %
- of which digital prints (in million units)	829.8	1,114.4	34.3 %
Number of developed films (in million units)	70.7	48.8	-31.0 %
Image CDs (in thousand units)	4,825	4,113	-14.8 %
Employees (extrapolated on a full-time basis)	3,730	3,131	-16.1 %
Personnel expenses (in thousand euros)	131,092	111,475	-15.0 %
<b>3. From the Consolidated Balance Sheet (in thousand euros)</b>			
Assets Noncurrent assets	129,726	124,607	-3.9 %
Current assets	128,717	132,808	3.2 %
Total assets	261,300	257,415	-1.5 %
Borrowing	109,596	96,978	-11.5 %
Equity	113,045	127,362	12.7 %
<b>4. From the Profit and Loss Account (in thousand euros)</b>			
EBITDA earnings before interest, taxes, depreciation and amortisation	68,578	63,229	-7.8 %
Result from operating activities (EBIT)	28,725	26,389	-8.1 %
Profit before tax (EBT)	25,531	21,110	-17.3 %
Income taxes	11,612	1,024	-91.2 %
Profit after tax (EAT)	11,502	17,869	55.4 %
Net profit/loss (after minority interests)	7,087	14,033	98.0 %
<b>5. Earnings per share (in euros)</b>			
- undiluted	1.29	2.61	102.3 %
- diluted	1.43	2.39	67.1 %
<b>6. Cash flow (profit after tax (EAT)+amortization/depreciation) (in million euros)</b>	<b>51.4</b>	<b>54.7</b>	<b>6.5 %</b>
<b>7. Free Cash flow (Cash flow – capital expenditure) (in million euros)</b>	<b>15.2</b>	<b>22.2</b>	<b>46.1 %</b>
<b>8. Cash Flow from financing activities (in million euros)</b>	<b>6.3</b>	<b>13.2</b>	<b>309.5 %</b>
<b>9. Capital expenditure (in million euros)</b>	<b>36.2</b>	<b>32.5</b>	<b>-10.4 %</b>
<b>10. Dividend per share (in euros)</b>	<b>1.20</b>	<b>1.20</b>	<b>+/-0.0 %</b>
<b>11. Dividend return on year-end price (in %)</b>	<b>2.90</b>	<b>3.64</b>	<b>25.5 %</b>



**Here's looking at the digital future.** CeWe Color is the largest European photographic services company and we developed and marketed more than **2.9 billion color photos** in fiscal year 2006.

Digital photography has never before enjoyed such a high share of the market. **1.1 billion photos** – almost **39 %** – were digital. CeWe Color is a first mover when it comes to launching new digital technologies and products, thus reacting to changed customer needs. In order to continue expanding this technology leadership, in fiscal year 2006 CeWe Color again invested **33 million euros** in innovative technologies and services.



## Company Portrait

CeWe Color is the service partner for top retail brands on the European photographic market. We supply both stores and Internet trading companies (e-commerce) with photographic products.

Every day, more than **1,300 external express messengers** supply more than **60,000 retail partners** in 23 European countries. **3,000 employees** work in our **20 production facilities** across Europe – with highly automated industrial production. We use state-of-the-art machines, some of which we developed ourselves, in order to achieve high efficiency and permanently advance production.

We supply consumers through retail stores. In 2006, we developed **2.9 billion color prints** from both films and digital image data. In December 2006, we recorded **59 % of our revenues with digital products** and services. This proportion will grow to more than **65 %** by December 2007.

CeWe Color stands for both **innovation and continuity** – our company is characterized by highly dedicated and experienced managers and employees, constant manageable growth and consistently high earnings and dividends. We are the technology and cost leader with a market share of **approx. 40 %** in 23 European countries, and we have succeeded in significantly expanding our competitive position. CeWe Color is the **European market leader** in industrial photofinishing.

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## Dear shareholders!

### Successful 2006

2006 was an excellent fiscal year for CeWe Color. We expanded our position as the European market leader for photofinishing, successfully marketed new digital products, in particular the CeWe photobook, grew our Internet business to drive our growth, and recorded top financial results. CeWe Color was and is successful. The company is healthy, its performance is top of the range.

CeWe Color had an excellent base with 20 highly-effective production facilities, 60,000 distribution partners (stores/POS) in 23 European countries, strong expertise for technology and the Internet, and – above all – 3,000 highly motivated employees. CeWe Color has the necessary human and financial resources to be able to invest in medium-term profitable growth as a digital photographic service provider.

However, before we deal with the future, let's look back at 2006. The boom in digital camera sales is believed to have peaked in 2006 – with sales of 7.8 million cameras in Germany. The sale of analog cameras fell to 0.5 million units.

CeWe Color was able to increase its sales of digital prints by 34.3 % to 1.1 billion. Our investment in 10,000 order stations (DigiPhoto Makers) in stores made a major contribution to this growth.

At the same time, we made massive investments in the Internet. We increased staffing for research and development, product management and marketing and also invested in software – which allowed us to significantly enhance the Internet presence of both CeWe Color and our customers. We substantially increased our marketing budget for approaching consumers – in particular via the Internet. As a result and also thanks to the further spread of broadband Internet connections (DSL) in households, we were able to generate growth of 59.3 % for Internet photo orders.

And we are particularly pleased that growth rates in the fourth quarter were significantly higher than the rates for 2006 as a whole. CeWe Color was able to increase the total number of all digital photos and prints by 41.7%, and the number of digital prints ordered via the Internet was even up 76.7%.

We are also very pleased with the growth enjoyed by CeWe photobooks. Our user-friendly software – which is easy to use and yet versatile and flexible – as well as the high quality printing have met with very positive feedback from consumers and retailers. Why not take a look at CeWe photobooks on our Web site: [www.cewe-photobook.com](http://www.cewe-photobook.com). This highly attractive added-value product is a top seller on the photographic market, and brings excellent profits for CeWe Color. The substantial investments in digital printers, book binding machines and software are bearing fruit.

In addition to our look at the future-proof field of digital photos and digital prints (CeWe photobook, calendars, etc.), we also have to turn our attention to the traditional sector for prints from films. The downturn in prints from films was higher than expected (down 32.2 % to 1.8 billion prints), which means that the downturn in the total number of prints (digital and analog) totaled 16.1 % in 2006. The photographic sector and also CeWe Color are thus still in the middle of a process of transformation.

We have mastered the technology migration, significantly increased the intensity of our marketing, adjusted our capacity in 2006 – and now we're ready to face 2007. We closed our facilities in Lille (France), Århus (Denmark), Marseille (France) and Worms (Germany) in 2006. We cut our employees from 3,700 to 3,000. Unfortunately, we will have to close two newly acquired facilities in Poland, one in France and two in Germany (Berlin and Nuremberg) in 2007. In 2006, restructuring costs totaled 6.2 million euros (anticipated net figure for 2007: 10 million euros).

As a result of the pleasing marketing of digital prints and CeWe photobooks and the substantial reduction in costs in 2006, CeWe Color was able to record profit before tax (EBT) totaling 21.1 million euros (-17.3 %) despite the restructuring costs incurred in the amount of 6.2 million euros. These earnings exactly match the forecasts made at the start of 2006 and during the year. We were able to compensate for the stronger than expected downturn in prints from film in our revenues and earnings as a result of the additional revenues from CeWe photobooks and cost cuts.

Earnings after taxes are particularly positive at 17.9 million euros (+55.4 %) as a result of two one-off extraordinary tax effects. These were the use of tax loss carry forwards in France (tax advantage 5.5 million euros) and the capitalization in the amount of 4.2 million euros for corporation tax credits for the coming 11 years.

In 2007, CeWe Color will work with vigor on building digital product and marketing competence. We will drive the process of consolidation within our sector organically by adjusting capacity – and externally via corporate acquisitions. In 2007, CeWe Color will optimize its foundations for profitable growth in the years to come.

We are glad that you are joining CeWe Color in shaping the future of digital photofinishing.

Oldenburg, February 23, 2007

*Rolf Hollander*



Dr. Rolf Hollander, Chairman of the Managing Board of CeWe Color Holding AG and the Neumüller CeWe Color Foundation

### Statement by Dr. Rolf Hollander

We are increasingly investing in product development and marketing. CeWe Color is becoming a successful bricks-and-clicks company with a broad distribution base.

## Report of the Supervisory Board

The Supervisory Board of CeWe Color Holding AG comprised the following members up to August 31, 2006:

- Hubert Rothärmel (Chairman)
- Hartmut Fromm (Deputy Chairman)
- Prof. Hans-Jürgen Appelrath
- Dr. Manfred Bodin
- Dr. Fritz Kröger
- Andreas F. Schubert

Andreas F. Schubert exited the Supervisory Board as of August 31, 2006. In his place, Neumüller CeWe Color Foundation appointed Sebastian Freitag as a member of CeWe Color Holding AG's Supervisory Board as of September 1, 2006. Subsequent to the date of the annual report, Sebastian Freitag resigned his position on the Supervisory Board on February 8, 2007 and Neumüller CeWe Color Foundation appointed lawyer Otto Korte to the Supervisory Board with effect from February 9, 2007. Sebastian Freitag did not participate in the resolutions regarding the Annual Financial Statements for 2006.

During fiscal year 2006, the Supervisory Board performed its statutory duties and its duties according to the company's articles of incorporation and made the associated decisions.

It monitored and advised the company's Managing Board. It was informed in detail by the Managing Board in regular quarterly written reports and verbally and in writing at the Supervisory Board's meetings. The Supervisory Board discussed these reports with the Managing Board in depth.

The Managing Board regularly informed the Chairman of the Supervisory Board about key decisions and developments.

Five meetings of the Supervisory Board were held in fiscal year 2006. These took place on March 15, 2006, April 5, 2006, June 1, 2006, September 20, 2006 and November 9, 2006. The meeting on April 5, 2006 was dedicated to the Audit Committee's tasks.

Once again, discussions focused on developments in digital photography. The Managing Board informed the Supervisory Board in detail of all of the company's strategic and key operating activities that are connected with the market's migration from analog to digital photography.

The Supervisory Board is convinced of the intensity and seriousness of these efforts, and was pleased to ascertain that at the end of 2006 58.8% of the company's revenues

were already being recorded with digital products and services. In addition, the Supervisory Board dealt in particular detail with the following topics:

### Geographic expansion

The Managing Board kept the Supervisory Board constantly up-dated on initial activities to penetrate new markets, namely the United Kingdom, Croatia, Slovenia, Rumania and Lithuania.

### Acquisition negotiations

The Managing Board regularly informed the Supervisory Board of ongoing negotiations. On a case-by-case basis, and with the approval of the remaining members of the Supervisory Board, these negotiations are given legal support by a member of the Supervisory Board.

### France

Once again, the Supervisory Board dealt in depth with the ongoing consolidation of the CeWe Color's French company. It continued to support the Managing Board's activities to reorganize operations on this difficult market, and viewed the significant reduction of losses from operating business positively.

### Risk management

The Supervisory Board was informed in detail by the Managing Board and the auditors regarding the risk early warning system that the company operates. The Supervisory Board is convinced that the risk management is effective.

### Shareholder

The Supervisory Board received regular reports from the Managing Board on the changes to the shareholder structure, and discussed the possible consequences with the Managing Board.

### Compliance and Corporate Governance

In line with its by-laws at all of its meetings, the Supervisory Board dealt with the issue of Corporate Governance, and in particular received a report on and was advised on the issues of "an effective early warning system, conflicts of interests, key transactions and increasing the efficiency of its activities". All members of the Managing Board issued a written declaration to the Chairman of the Supervisory Board during the last meeting in the calendar year that no conflicts of interest had occurred. The members of the Supervisory Board also declared that they do not perform any other tasks for the company's key competitors, and also that no conflicts of interest arose.





**Hubert Rothärmel**

**Chairman of the Supervisory Board of CeWe Color Holding AG and member of the Board of Trustees of Neumüller CeWe Color Foundation**

The Supervisory Board regularly received reports from the Compliance Officer, and is convinced that no forbidden insider transactions were conducted.

The Annual Financial Statements of CeWe Color Holding AG prepared by the Managing Board including the Management Report as well as the Consolidated Financial Statements including the group Management Report, each as of December 31, 2006, were audited by Commercial Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft Oldenburg, which was appointed as auditor by the general meeting on June 1, 2006, and were issued with an unqualified audit opinion.

The Annual Financial Statements and Management Report of CeWe Color Holding AG and the Consolidated Financial Statements including the group Management Report together with the auditors' reports were issued to all members of the Supervisory Board in good time prior to the meeting to discuss these Financial Statements on March 13, 2007.

The signing auditors participated in the Supervisory Board's consultations on the documents to be reviewed and informed the Supervisory Board of their audit's key findings. The Supervisory Board was already informed of the planned audit activities during the year. The auditors were available to answer all of the Supervisory Board's questions. The Supervisory Board agreed with the auditors' audit; there were no objections.

The Supervisory Board reviewed the Annual Financial Statements and Management Report of CeWe Color Holding AG as well as the Consolidated Financial Statements and group Management Report including the proposal for the appropriation of net profits. After the final results of its own review, the Supervisory Board approved the Annual Financial Statements of CeWe Color Holding AG prepared by the Managing Board. These Financial Statements are thus adopted within the meaning of Section 172 of the Aktiengesetz (AktG – German Public Limited Companies Act). The Supervisory Board approved the Managing Board's proposal for the appropriation of CeWe Color Holding AG's net profits.

In addition, the auditors audited the Managing Board's report on relationships with affiliated companies for fiscal year 2006 within the meaning of Section 312 of the AktG. This report did not result in any objections.

The auditors audited this report, reported on the results of its audit, and issued the following opinion within the meaning of Section 313 (3) of the AktG:

“Having duly examined and assessed this report in accordance with professional standards, we confirm that:

1. the report is free from factual misrepresentations; and
2. the company did not pay any excessive consideration with regard to the transactions identified in the report.”

The Supervisory Board approved the dividend policy and the amount of the reserves. The Supervisory Board concurs with the proposal for the appropriation of net profits, which includes an addition to reserves totaling 500 thousand euros and a dividend of 1.20 euros per no-par value share.

The Supervisory Board would like to thank all of CeWe Color's employees and its Managing Board for their high level of commitment and consistent work in fiscal year 2006. In addition, the Supervisory Board would also like to thank CeWe Color Holding AG's shareholders for the trust they have placed in the company.

Oldenburg, March 2007

The Supervisory Board of  
**CeWe Color Holding AG**

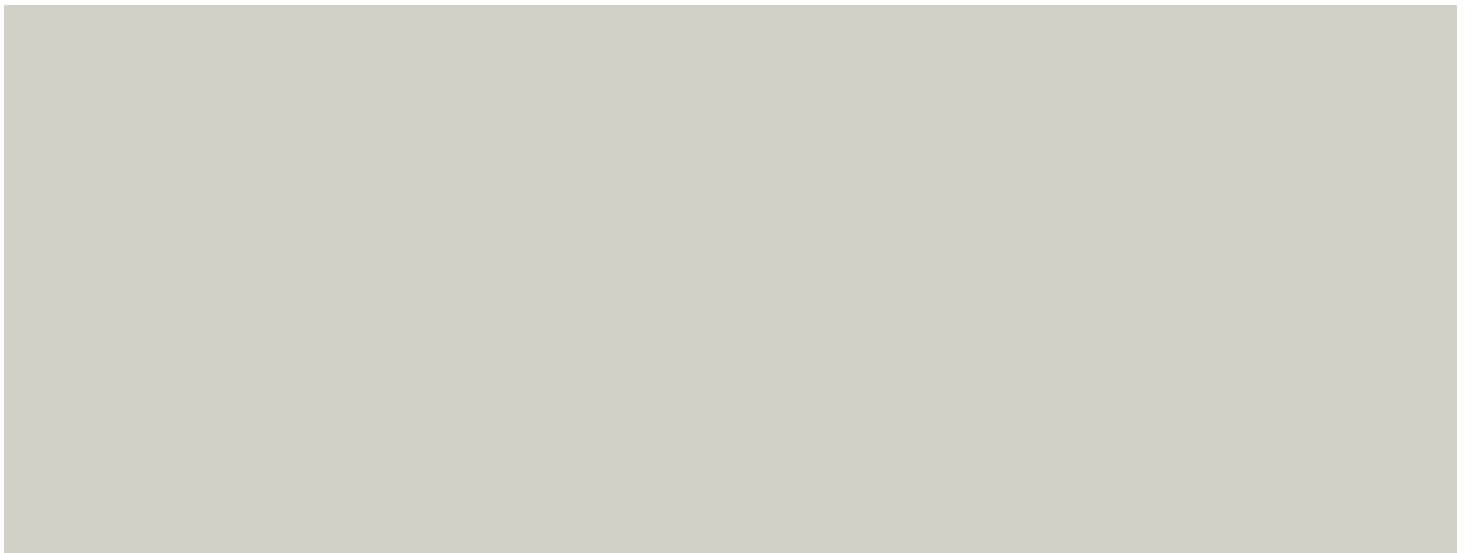
A handwritten signature in dark ink, appearing to read 'Rothärmel', written in a cursive style.

Hubert Rothärmel

58.8%

... of revenues in December 2006 recorded with  
digital products and services

**MANAGEMENT REPORT**



## The Photographic Market

### Boom from digital cameras

The photographic industry has experienced a major shift thanks to the technology migration from analog to digital photography. This is clear to see if we take a look at sales of cameras and films.

4.0 million analog cameras were sold every year in Germany in the 1990s. This figure fell to 0.5 million cameras in 2006. However, in the same year retailers sold an additional 7.8 million digital cameras. Sales of digital cameras probably peaked in Germany in 2006. Household saturation reached almost 50.0 % in 2006.

### Two thirds of the maximum possible film downturn already successfully mastered

As a result of surge in use of digital cameras, fewer analog cameras are being used and thus less photographic film is being consumed. 187.0 million films were sold in Germany in 2001. 64.0 million were sold in 2006. That equates to a slump to one third of the original volume over a five-year period. The good news: CeWe Color has already mastered two thirds of the maximum possible downturn in the market by expanding and developing its digital products and services business.

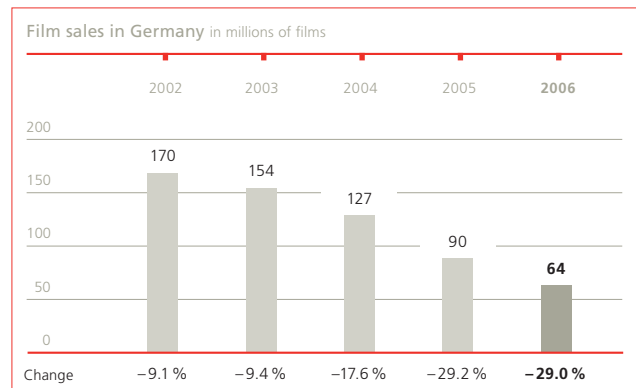
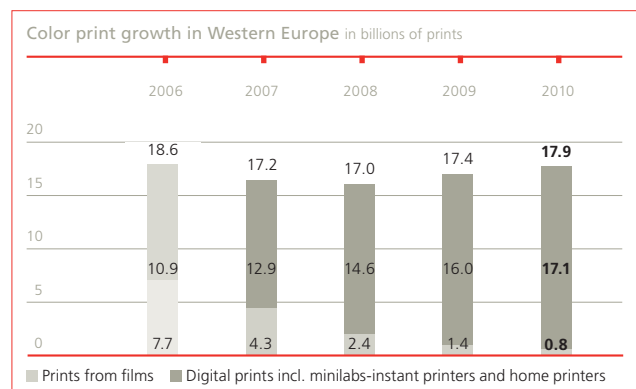
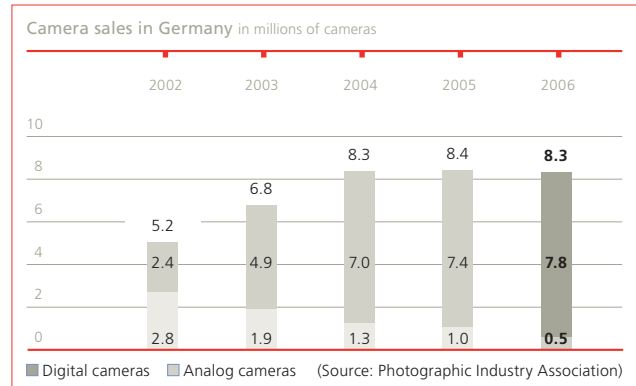
### The print market is divided in two

The photographic print market is divided into two parts: a slumping market for prints from film, and a high-growth market for digital prints. There are two production methods for prints from film: production in industrial photo finishing laboratories and production using in-store development machines in photographic stores – so-called minilabs. Industrial photo finishing can offer significantly lower unit costs as a result of larger quantities produced (economies of scale), minilabs can generally offer finished photos in just one hour – however at significantly higher prices. Industrial photo finishing has a much larger market share compared to minilab production in countries with strong retailers. CeWe Color leads the market in almost all countries with European delivery areas. Its average market share is more than 40.0 %.

### Industrial photo finishing offers cost advantages for digital photos

There are two additional production systems for digital prints: home printing using consumers' printers, and instant printing with thermosublimation printers or inkjet printers in photographic stores. Both systems offer prints quickly, but at a high price. Industrial photofinishing offers significantly lower-priced digital prints on high quality photographic paper. However, CeWe Color is now facing new, aggressively priced competitors that have entered the fray for industrial photofinishing, and which exclusively accept orders for digital prints via the Internet.

As a result of its position on the market, CeWe Color also has a competitive advantage in this area. The total volume of prints (analog and digital) has fallen since 2001 as a result of the stronger downturn in the number of films, and will continue to fall in 2007. Market researchers believe that the market for prints will bottom out in 2008. In 2009, growth in digital prints will more than compensate for the downturn in prints from film.



Costs per digital print in cents	Industrial photo finishing	Minilab	Instant printing in stores	Home printers
Entry-level price per digital print	9 – 15	25 – 49	25 – 39	29 – 60

Market shares of production systems for digital prints 2006 in %	Germany (GfK) <sup>1)</sup>	Western Europe (U&S) <sup>2)</sup>
Industrial finishing (stores + Internet)	67 %	61 %
Minilab	4 %	
Instant printing	8 %	6 %
Home printers	21 %	33 %

Source: <sup>1)</sup> GfK = Gesellschaft für Konsumforschung (German market research company)  
<sup>2)</sup> U&S = Understanding & Solutions



## Sales and Revenue

### More than 1 billion digital prints

During fiscal year 2006, CeWe Color passed the billion-print mark in this segment for the first time with 1.1 billion digital prints (up 34.3 %). The dynamism behind this growth becomes even clearer in that the growth rate in the fourth quarter was 41.7 % – even higher than the average for the year. This tremendous growth was due in particular to Internet orders, which grew by 59.3 % over the year as a whole, and by 76.7 % in the fourth quarter. CeWe photobooks in particular accounted for 6.9 % of digital prints during the year as a whole, and 12.1 % in the fourth quarter. CeWe Color geared itself to growth in digital prints early on – and that's paying off.

As in previous years, prints from films fell. 1.8 billion prints from films were produced in fiscal year 2006 (2005: 2.6 billion prints). In the fourth quarter, they accounted for just 51 % (333 million photos), which means that the proportion of digital prints is forecast to account for more than 50 % for the first time in fiscal year 2007.

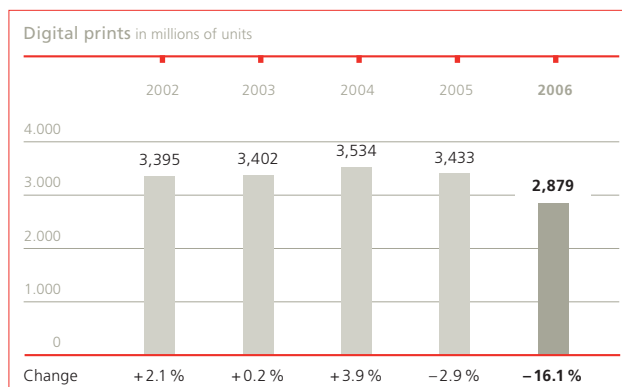
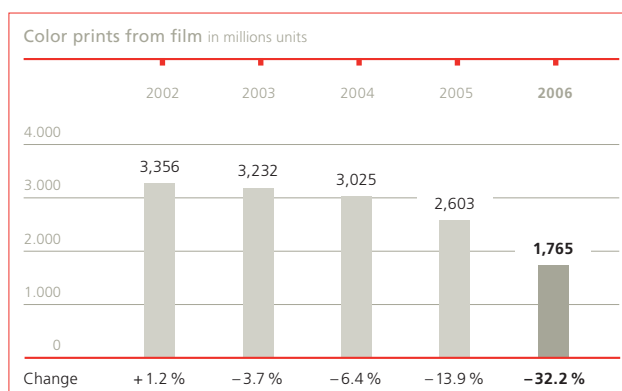
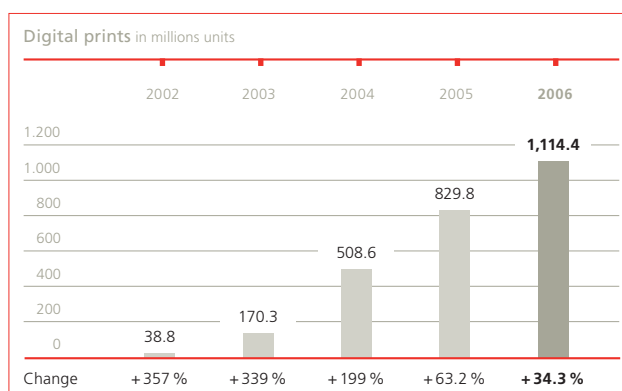
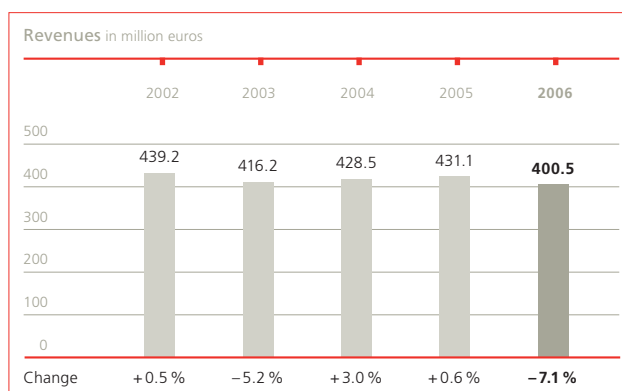
### 2.9 billion color prints mean revenues of 400.5 million euros

The market for prints from film has plummeted faster than had generally been expected, with 2.9 billion color prints produced – down 16.1 % on the previous year's figure of 3.4 billion. The increase in the proportion of sales from digital prints has been very pleasing, in particular for photobooks, and this means that revenues have only fallen by 7.1 % to 400.5 million euros.

This shift towards higher-margin digital products illustrates the excellent opportunities that the migration from analog to digital photography offers. The accelerated pace of the downturn in the market for prints from film will lead to a shrinking market for pictures in 2007 and 2008, but market researchers believe that, after the market has bottomed out in 2008, there will again be pleasing growth rates on the pictures market as a result of the proportion of digital prints, which will then constitute a clear majority.

CeWe Color recognized the opportunities digitalization offers at an early stage, and is a pacemaker for the process of transformation in this sector. The new products such as the CeWe photobook or attractive fun products are already making a very pleasing contribution to sales and earnings. CeWe Color also plans to exploit these new opportunities for sales in future and, at the same time, openings on the market that result from increasing overlaps between the realms of photography and printing, to develop new potential growth.

IV. quarter	2005	2006	Change
Revenues	102.6	100.9	-1.7 %
Digital prints (in millions units)	226.7	321.2	41.7 %
Color prints from film (in millions of units)	480.0	333.0	-30.6 %
<b>Total color prints (in millions of units)</b>	<b>707.0</b>	<b>655.0</b>	<b>-7.4 %</b>



## Digital Products and Services

In 2006, CeWe Color produced and marketed 1.1 billion digital prints including photobook prints (+ 34.3 %). Of this total, 711 million digital prints were ordered in stores (+ 23.3 %) and 404 million prints were ordered via the Internet (+ 59.3 %).

Our concerted efforts in 2006 – from increasing our capital expenditure for product development, technical capacity and our presence on the market – are bearing fruit. In the fourth quarter, we grew the total quantity of digital photos by 41.7 %, and were even able to increase the number of prints ordered via the Internet once again to 76.7 %.

This positive growth is the result of investments in our new sales fixtures and 10,000 order terminals (DigiPhoto Makers) in stores as well as intensifying our Internet activities. We increased the size of our R+D department to 65 employees and invested 6.5 million euros – mostly in Internet software and product development – thus extending CeWe Color’s technology advantage. At the same time we gave our (Internet) marketing a strong boost. This has made CeWe Color a strong Internet marketer for its major European retail partners.

Growing revenues with digital products don’t just materialize on their own – they need investment. In 2007, CeWe Color will once again reinforce its team – with at least 20 new R+D and marketing experts, and we will again invest in software, our market presences and a further 10,000 DigiPhoto Makers.

### Primary channels for digital print sales:

#### 1. Internet enjoys increasing popularity

CeWe Color provides its retail partners with end-to-end e-commerce solutions for ordering digital prints, i.e., CeWe Color supplies Internet site design, computer capacity and software. Internet photo providers, Internet portals and drugstores are the strongest users of these CeWe Color services.

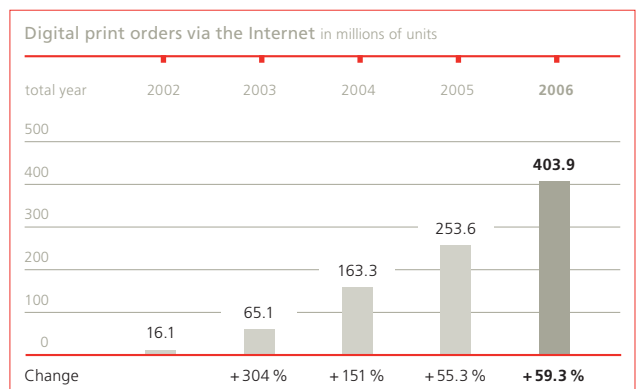
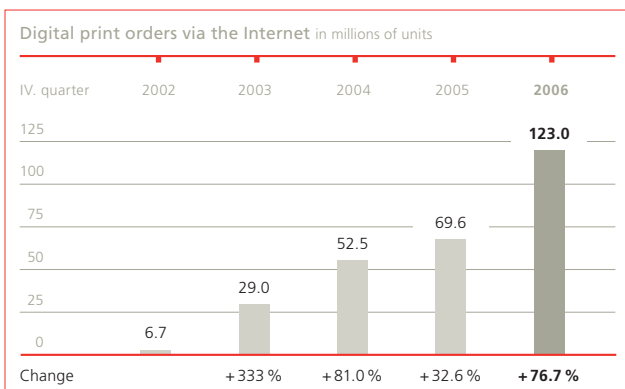
Photographic consumers order digital prints, CeWe photobooks, fun products, calendars and greeting cards from CeWe Color via retail partners’ Internet sites. Younger consumers in particular increasingly prefer to order prints in comfort using their home PCs.



www.dm-digifoto.de



www.schlecker.de





**2. Three channels for ordering digital prints in stores:**

- 2.1** Consumers take their camera cards to the stores and order their prints from CeWe Color's order terminals (DigiPhoto Makers). The digital data and the order are burned on a DigiFilm CD. The CDs are also used to issue the order. Later, they can be used as an excellent, permanent storage device to back-up the consumer's picture data. The camera cards can be used again straight away.
- 2.2** Customers put their camera card straight in the photographic pouch to order their prints. This channel is currently enjoying substantial growth, as prices for camera cards continue to fall.
- 2.3** Consumers burn their image data onto CDs at home and hand these in at the retailer.

**Three ways of ordering digital prints in stores:**



At the same time, 10,000 next-generation DigiPhoto Makers were installed in stores and a further 10,000 units will follow in 2007. Consumers thus have greater opportunities to easily place their orders for low-price digital prints.

**The newest star: My CeWe Photobook**

Now consumers can put their own digital photos together in a personalized photobook. They can design their customized photobook at home using their own computer. The easy-to-use software for the CeWe photobook can be downloaded free from [www.cewe-photobook.com](http://www.cewe-photobook.com) or obtained on a CD from stores supplied by CeWe Color.

**Designed in just three minutes**

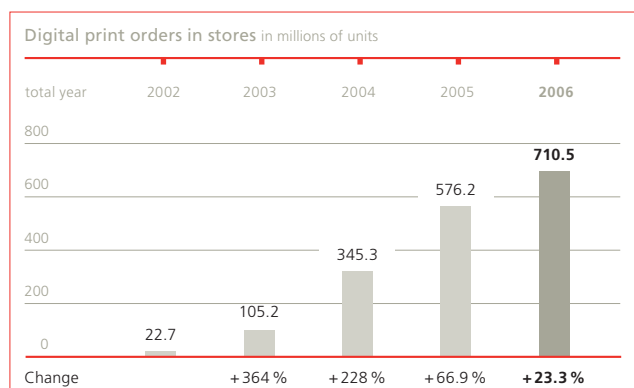
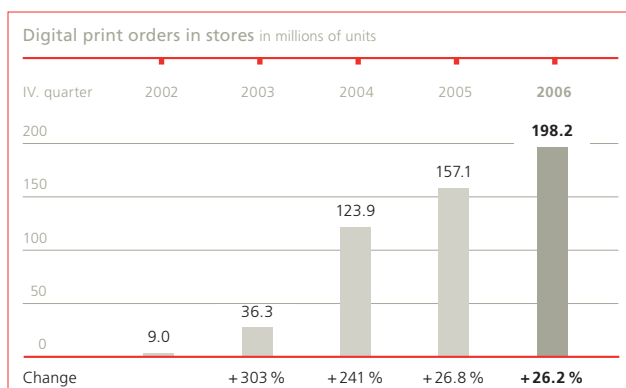
The software developed by CeWe Color includes a wizard that allows consumers to design their individual photobook from start to finish in just three minutes. Consumers can vary the number and size of their photos, add text to the images and use various designs (such as backgrounds, number of pages, book sizes).

**A highly attractive, added-value product**

CeWe photobooks are digitally printed and professionally bound. CeWe photobooks were launched as a brand product in November 2005 with a media campaign. It is equally attractive for consumers and retailers as a value-added product. We are very pleased with the positive recognition the CeWe photobook has found. In a product test by the photographic magazines Colorfoto and Chip, the CeWe photobook won the first place thanks to its excellent quality, the user-friendly software and the wide range of possible designs. CeWe Color will generate more than 10.0 % of its digital print revenues with CeWe photobooks in 2007 (more than 1.0 million photobooks).

**CeWe digital prints at highly attractive prices**

CeWe Color's digital product offering is characterized by both its high quality and particularly competitive pricing. Entry-level prices for CeWe digital prints are generally 9 cents, and are thus significantly cheaper than home prints and instant prints from in-store printers (25-60 cents). Consumers are currently being made aware of these low prices via increased advertising.





My

# CEWE PHOTOBOOK

Your digital photos as a real book!



Making your personal photobook on your PC just couldn't be easier. Simply send your photobook file across online or burn it onto CD and hand it in at your local photo retail shop. After a few days, you will receive your ready-printed photobook.



**cewe**  
simply beautiful photos

Free downloads  
and updates at:

[www.cewe-photobook.com](http://www.cewe-photobook.com)

My Cewe Photobook is available via authorized photo dealers and at





## Marketing

### Marketing drive

In view of the aggressive price competition resulting from new industrial photofinishers entering the market and offering exclusively Internet-based service, in 2006 CeWe Color started a broad-scale marketing drive on various levels. The aim: To increase sales of digital prints via a mix of differentiated price policy and specific marketing instruments for the sale of our products via our retail partners.

#### The individual activities were:

- Across-the-board offering of low-price digital photos from 9 cents.
- Investing in 10,000 order terminals (DigiPhoto Makers) to accept digital print orders in bricks-and-mortar retail outlets in 2006. A further 10,000 DigiPhoto Makers will be installed in 2007.
- Installing illuminated displays, advertising posters and new shop elements in stores.
- Launching new, attractive Web sites and intensifying Internet marketing with and for our retail customers.

As a result of our successful, across-the-board roll-out of the new order terminals for digital prints (DigiPhoto Makers), our customer relationship management activities in the Internet (e.g., newsletter for specific customer groups) and traditional advertising activities, at CeWe Color we were able to successfully reinforce cross-selling and up-selling for our products.

Our marketing activities were flanked by Internet-based communication activities such as relaunching the CeWe Color Web site, as well as Web sites for European partners and in-depth traditional communication for the branded article “CeWe photobook”.

All of our marketing and communication activities led to a substantial increase in Internet software downloads. CeWe photobooks are equally attractive for consumers and retailers as a value-added product. Thanks to its core competences (strong distribution, efficient technology and logistics), CeWe Color has reached its target of becoming the market leader for customized photobooks. In order to make it easier for consumers to use our software and individually design this highly emotive product, CeWe Color set up an Internet community in 2006.

### Expansion of the fun product range

We reworked and expanded our range of fun products in 2006, and actively advertised these products in stores and in the Internet. Today, consumers can have the likes of photo mugs, mouse pads, T-shirts, calendars, playing cards and teddy bears with their personal photographs produced at one of our European production facilities. In addition, we also offer linen-backed photographs. Our fun product range is still highly seasonal. However, it rounds out our overall product range and offers new opportunities for growth for CeWe Color.

### Successful presence at photokina 2006

CeWe Color had its own stand (1,000 m<sup>2</sup>) at photokina for the first time in 2006 and successfully presented CeWe's products and order channels – with highly positive feedback from existing customers and potential new customers. And this is not just because CeWe Color has focused on offering retailers extensive help when marketing photographic services.



# 32.5

... million euros invested in equipment, operating lines  
and corporate acquisitions.



## Capital Expenditure and Amortization/Depreciation

### To date: 200 million euros invested in digital sales

Over the last ten years, CeWe Color has invested more than 380 million euros – mostly in equipment, operating lines and corporate acquisitions. Of this total, 200 million euros were employed to generate new digital photography revenues with investments in digital printers and IT. All of our CeWe plants are fully equipped with a digital production infrastructure. This forms the foundations for supplying consumers and retailers highquality digital photographic services on a quick turnaround.

### CeWe industrial photofinishing technology installed in the UK in 2006

State-of-the-art industrial photofinishing technology was installed in the new CeWe facility in Warwick (United Kingdom) in 2006. The customer base in the United Kingdom will be expanded in 2007.

### Successful investments in CeWe photobooks

Digital printing is an exceedingly important area for investment for our future growth. We installed a total of 15 digital electro-ink printers at eight of CeWe's facilities in 2006. These are used to produce CeWe photobooks as well as photographic greeting cards, personalized photo-calendars and other printed photographic products. CeWe photobooks are meeting with tremendous feedback from retailers and consumers alike. We will continue to expand our investments in digital printing.

We will augment our existing product range by adding additional products that consumers and commercial customers can order via the Internet and that we can produce using our digital printing technology and distribute via our existing sales channels (Web to print).

### Investments in the market

During our "analog" past, we invested almost exclusively in our production capacity. Now we also have to invest in the market to generate new revenues and income. As a result, we will install 10,000 DigiPhoto Makers in stores in 2007. In addition, we will offer retailers attractive furniture to present the photographic products.

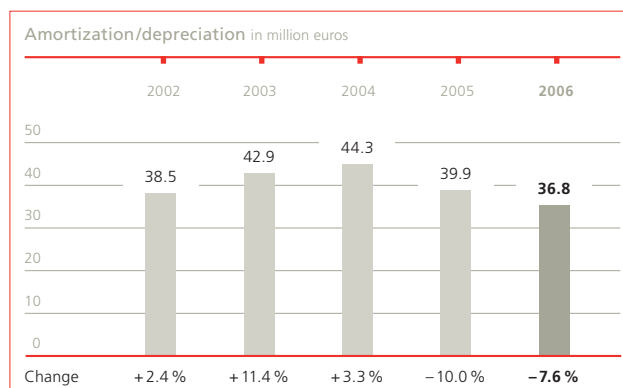
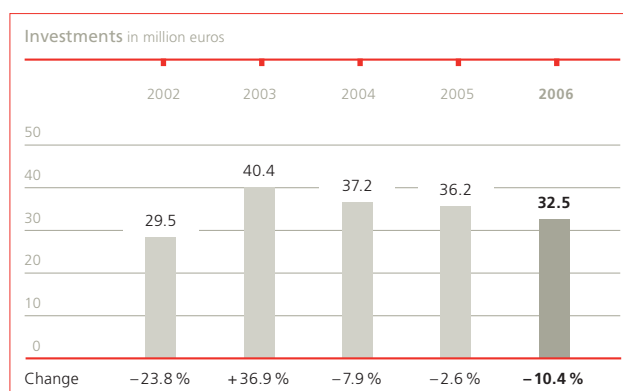
We are particularly committed to developing e-commerce with photographic products. We are making moderate investments in our customers' Web sites and Internet marketing. Product development and software are accounting for increasing proportions of our capital expenditure budget, however they are also driving CeWe Color's future growth and performance.

### Medium-term investments of 150 to 200 million euros

According to our current forecast, we will invest 150 to 200 million euros over the medium term. Approx. 30 million euros will be needed each year for product development and digital production capacity. CeWe Color has earmarked 50 million euros for corporate acquisitions to consolidate the market and augment the product range.

### Amortization and depreciation down 7.6 %

We were able to cut amortization/depreciation by 7.6 % to 36.8 million euros in 2006. There was no impairment of goodwill in 2006.



## Fiscal year 2006 – Results

### Second-best earnings in the past six years

In 2006, CeWe Color recorded its second-best earnings in the past six years with EBIT of 26.4 million euros (–8.1 %) and EBT of 21.1 million euros (–17.3 %). Earnings after taxes totaled 17.9 million euros – our best ever result.

### One-off tax factors reduce tax rate

Our earnings after taxes were impacted by two one-off extraordinary factors that greatly reduced the tax rate.

1. As a result of a receivables waiver vis-à-vis our French company, we were able to use tax loss carryforwards and, in this connection, save 5.5 million euros in domestic taxes. We reported on this after the third quarter of 2006.
2. CeWe Color has a long-term tax refund claim in Germany in the amount of 5.6 million euros, which had a one-off positive impact on the tax result from discounting in the amount of 4.2 million euros. This refund will accrue to the company over the next eleven years. This one-off factor was initiated by a change to the law at the end of 2006 and was not known when we prepared our report on the third quarter of 2006.

### Pleasing fourth quarter thanks to fun products

CeWe Color enjoyed a very pleasing fourth quarter in 2006. December in particular helped to ensure that EBT in the fourth quarter was up 1.2 million euros year-on-year. Christmas business with CeWe photobooks, photo-calendars, photographic greeting cards and other fun presents are becoming increasingly important in digital photography. However, in return the share contributed by the first quarter is down compared to the year as a whole.

### High earnings despite restructuring

CeWe Color's management and employees are proud to have achieved this excellent EBIT of 26.4 million euros. We recorded this first-class result despite a downturn of 32.2 % in prints from film and a 16.1 % downturn in the total number of photos. In addition, we had to book restructuring costs of 6.2 million euros in 2006.

How were we able to achieve these results – up significantly on the figures from 2001 to 2005 – in the midst of a difficult period of transformation?

### Dual-pronged financial success:

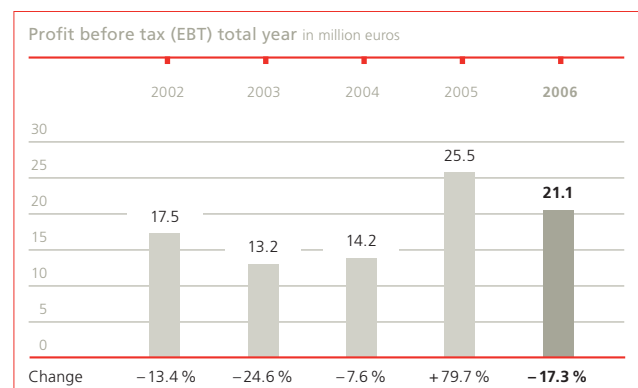
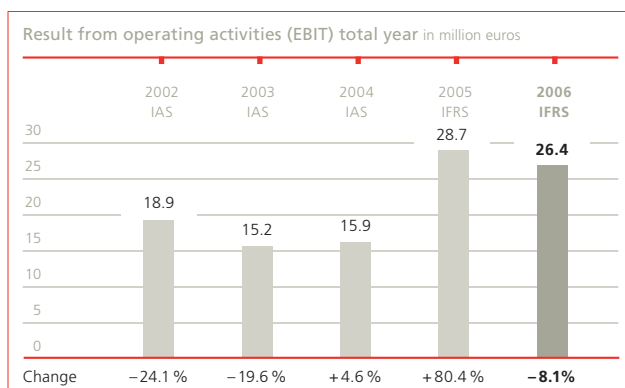
#### 1. Successful marketing of digital photo products

CeWe Color started its energetic development and marketing of digital photo products at an early stage. Our profitable growth in this area is income-generating, and will also lead to increases in value over the medium to long term.

#### 2. In-depth restructuring

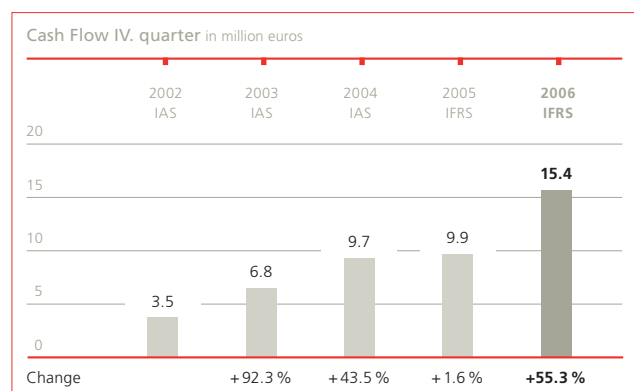
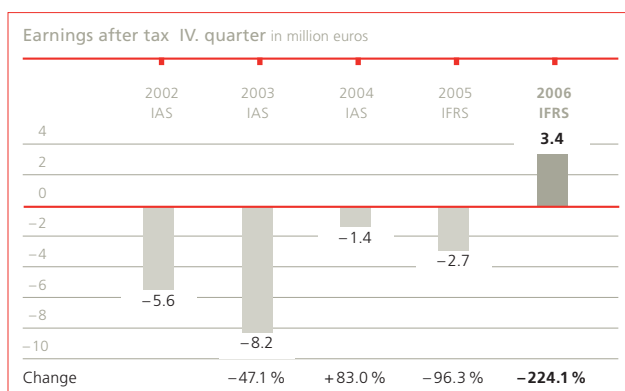
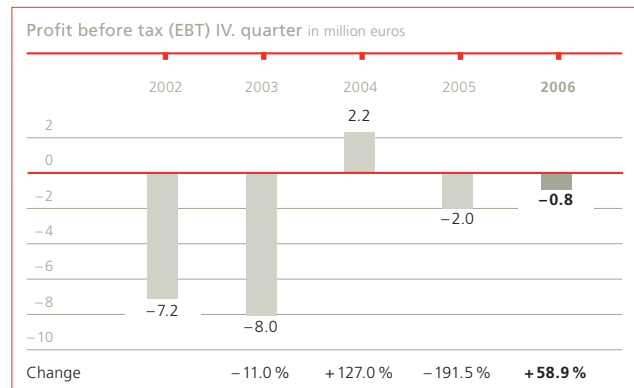
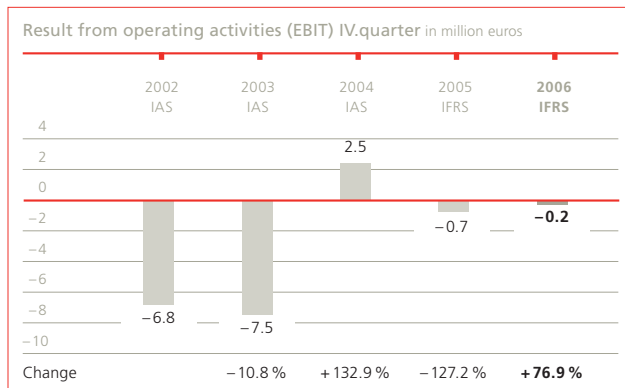
CeWe Color has worked intensively in restructuring the company – and will continue to do so. We have achieved significant cost cuts: we slashed our cost of materials by 13.6 million euros (–8.8 %), personnel expenses by 19.6 million euros (–15.0 %), amortization/depreciation by 3.0 million euros (–7.6 %) and other operating costs by 6.9 million euros (–6.0 %).

Earnings total year in million euros	2005	2006	Change
Earnings before interest and taxes (EBIT)	28.7	26.4	–8.1 %
Profit before tax (EBT)	25.5	21.1	–17.3 %
Earnings after taxes	11.5	17.9	+55.4 %
Cash flow (earnings after taxes + amortization/depreciation – deferred taxes)	51.4	54.7	+6.5 %
Free Cash Flow	15.2	22.2	+46.1 %





## IV. quarter – Results



# 257.4

... million euros total assets on December 31, 2006



## Consolidated Balance Sheet

The CeWe Color Holding group's total assets fell during fiscal year 2006 from 261.3 million euros by 1.5 % to 257.4 million euros on December 31, 2006.

This downturn on the assets side was stronger for current assets (2.4 %) than for noncurrent assets, which only fell by 0.6 % and now constitute 51.4 % of total assets (previous year: 51.0 %). Capital expenditure was once again lower than amortization/depreciation, which led to a significant downturn in property, plant and equipment by 5.0 %. The increase in financial assets is mostly due to the Balance Sheet date. The strong increase in noncurrent other receivables and assets is, in contrast, mostly due to an increase in non-current receivables from customers and other assets.

The stronger reduction in current assets is due to the lower inventories (34.2 million euros compared to 39.0 million euros in 2005) and, to a greater extent, to the downturn in cash and cash equivalents, which fell substantially by 47.1 % to 14.5 million euros (previous year: 27.4 million euros). In this regard it must be noted that the previous year's cash and cash equivalents were given a strong boost as a result of the insurance payment received shortly before the Balance Sheet date as a result of the fire at our production facility in Lille. In addition, cash and cash equivalents were also reduced by the ongoing share buy-back.

Cash and cash equivalents typically peak in December due to the seasonal nature of the photographic sector; in contrast, net cash is significantly negative in the spring and summer as a result of capital expenditure.

On the equity and liabilities side, some items underwent significant changes, primarily as a result of the conversion of the former silent partnership of Neumüller CeWe Color Stiftung. As a result of this conversion, equity increased by 13.4 million euros (12.7 %) to a current total of 126.5 million euros (previous year: 113.0 million euros). As the silent partnership no longer exists, above all the minority interests fell. These now total just 0.04 million euros after 13.7 million euros in 2005. There was an increase, in particular, in subscribed capital and the share premium which more than doubled, and totaled 58.6 million euros on December 31, 2006 (previous year: 29.2 million euros).

Noncurrent liabilities fell by 47.8 % to 21.1 million euros, compared to 40.3 million euros on December 31, 2005. The bulk of this downturn was due to the significant reduction in noncurrent other liabilities by 93.7 % – totaling just 0.9 million euros compared to 14.2 million euros in 2005. On December 31, 2005, the bulk of this item was due to liabilities to other shareholders, and was booked to equity as part of the conversion of the atypical silent partnership. In the previous year, these liabilities primarily related to untouched profit shares which were booked to the share premium during the conversion. There was also a significant reduction in financial liabilities, which fell from 10.1 million euros to 5.6 million euros.

Current liabilities increased from 107.9 million euros to 109.9 million euros. This was impacted, above all, by an increase in current financial liabilities from 7.2 million euros to 17.3 million euros. Current other liabilities fell as of the balance sheet date from 78.1 million euros to 73.5 million euros. As a result of the restructuring activities implemented, current other liabilities fell from 14.0 million euros to 11.1 million euros. This includes restructuring provisions for plants in France, Germany and Denmark.

Balance Sheet in million euros and in %			
Assets	2005	2006	Liabilities
	261.3	257.4	
Noncurrent assets	133.2 million euros 51.0 %	132.4 million euros 51.4 %	Equity
Current assets	128.1 million euros 49.0 %	125.0 million euros 48.6 %	Noncurrent debt
			Current debt
	261.3	257.4	
	113.0 million euros 43.3 %	127.4 million euros 49.5 %	
	40.3 million euros 15.4 %	20.4 million euros 7.9 %	
	108.0 million euros 41.3 %	109.6 million euros 42.6 %	

## Report by Groups of Countries

### CeWe Color leads the European photofinishing market

In 2006, CeWe Color operated 20 industrial photo laboratories and supplied consumers and 60,000 retail partners (POS) in 23 countries with photographic services. We also made postal deliveries to other European countries as a result of Internet orders.

Our average market share of more than 40 % in the 23 primary countries we supply makes us the European market leader for (digital) photofinishing.

### Central Europe is main earner

In Central Europe, which includes Germany, Austria, Switzerland and Scandinavia, CeWe Color had to record a 7.8 % downturn in revenues to 241.2 million euros as a result of the slump in films developed and prints from films.

After adjustment for one-off factors, EBT totaled 30.8 million euros in 2006 (previous year: 40.0 million euros). This means that the original home market continues to be the main earner. It was only possible to retain this strong position as a result of across-the-board deliveries practically throughout Europe. Being a true key supplier for the major European retail groups really does depend on a European network. CeWe Color supplies each of its ten largest retail partners in several of the country groups listed. This also bolsters our competitive position in Central Europe.

### Adjustment for high one-off factors

Earnings in the country groups for 2005 and 2006 must be discussed with regard to major one-off factors in the third quarter.

Extraordinary factors in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
<b>Central Europe</b>		
Receivables waiver	0	-14,545
Restructuring*	-3,817	-2,963
Other extraordinary factors	-4,823	-497
<b>Total extraordinary factors</b>	<b>-8,640</b>	<b>-18,005</b>
<b>Western Europe (France)</b>		
Receivables waiver	0	14,545
Customer sale	1,890	0
Insurance compensation	13,936	0
Restructuring*	-9,030	-3,230
Other extraordinary factors	-1,832	0
<b>Total extraordinary factors</b>	<b>4,964</b>	<b>11,315</b>

\*) Total restructuring costs totaled 6.2 million euros (previous year: 12.8 million euros)

Capital expenditure by region in million euros	2005	2006	Change
Central Europe	261.6	241.2	-7.8 %
Western Europe	52.0	49.1	-5.6 %
Benelux*	48.7	42.4	-12.9 %
Central Eastern Europe	68.8	67.8	-1.5 %
<b>Group</b>	<b>431.1</b>	<b>400.5</b>	<b>-7.1 %</b>

Capital expenditure by regions in million euros	2005	2006	Change
Central Europe	22.1	25.6	15.8 %
Western Europe	8.6	4.4	-48.8 %
Benelux*	1.0	0.1	-90.0 %
Central Eastern Europe	4.5	2.4	-46.7 %
<b>Group</b>	<b>36.2</b>	<b>32.5</b>	<b>-10.2 %</b>

\*) Only with sales branches

CeWe Color's market share in industrial photofinishing in select countries (February 2007)	Market shares of production systems per country	
	Industrial photofinishing	Minilab
Hungary	95 %	60 %
Czech Republic	90 %	40 %
Slovakia	90 %	35 %
Poland	80 %	70 %
Austria	50 %	8 %
The Netherlands	45 %	25 %
Germany	45 %	12 %
France	40 %	23 %
Belgium	40 %	19 %
Denmark	40 %	28 %
Switzerland	35 %	10 %

During the third quarter of 2006, CeWe Color AG & Co. OHG, located in Central Europe, waived receivables totaling 14.5 million euros from the French CeWe Color S.A.S. This led to corresponding positive extraordinary effects in France, and at the same time negative extraordinary effects in the same amount in Central Europe. In 2005, there were also positive extraordinary effects in France as a result of insurance compensation from the fire at the plant in Lille and the sale of the Belgian customers. These were countered by restructuring costs (in particular for social plans) in both 2005 and 2006. The total extraordinary effects were negative in both 2005 and 2006 in Central Europe (2005: –8.6 million euros; 2006: 18.0 million euros).

In France, the balance of the extraordinary effects were positive in both years: 5.0 million euros in the third quarter 2005 and 11.3 million euros in the third quarter 2006.

Since the acquisition of the photofinishing company Standard Photographic (Warwick) in 2005, Western Europe comprises France and the United Kingdom. Operations in Warwick were expanded in 2006 and industrial photofinishing technology was installed. Setting up these technical workflows was mostly completed during the second half of the year. We have started to develop this market in great depth since the new year. We incurred start-up losses totaling 2.3 million euros in 2006.

### Major restructuring progress in France

Restructuring has made great progress in France. A significantly lower level of costs was achieved after closing the facilities in Paris (Konica Photo Service France), Lille and Marseille, and cutting staff from more than 700 to 363. It was thus possible to halve EBT after adjustment for extraordinary factors from –11.8 million euros to –5.0 million euros, despite the substantial downturn in revenues in France. The acquisition of a key account in the fourth quarter of 2006 will also significantly lift the capacity uptake in the French facilities in 2007. The company's internal target for France for 2007 is to move into the black – for the operating result before restructuring.

### Earnings up 314.3 % in Benelux

Our earnings in Benelux were up by 314.3 % to 2.9 million euros despite a downturn in revenues of 12.9 % to 42.4 million euros. CeWe Color operates distribution companies in the Benelux states. Production for The Netherlands and Belgium is located in the German plants in Oldenburg and Mönchengladbach. This means that a major percentage of value added for the Benelux states is generated in the Central Europe group of countries.

### Contribution to profits up in Central Eastern and Southern Eastern Europe

In Central Eastern and Southern Eastern Europe, CeWe Color's market covers Poland, the Czech Republic, Slovakia and Hungary, and since 2005 it has also included Rumania, Croatia, Slovenia and Lithuania. Here too, the downturn in the number of films processed led to a slight fall in sales of 1.5 % to 67.8 million euros. By increasing profitable digital growth, we were able to increase our profit before taxes (EBT) by 225.0 % to 1.3 million euros.

Earnings before taxes and extraordinary factors by regions 2006 in million euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	Elimination	CeWe Color Group
Segment earnings before taxes (EBT)	12.8	2.9	4.1	1.3	0.0	21.1
Year-on-year change in %	–59.2	314.3	159.4	225.0	100.0	–17.6
Adjustment for extraordinary factors	18.0	0.0	–11.3	0.0	0.0	6.7
<b>EBT adjusted for extraordinary factors</b>	<b>30.8</b>	<b>2.9</b>	<b>–7.2</b>	<b>1.3</b>	<b>0.0</b>	<b>27.8</b>
<b>Year-on-year change in %</b>	<b>–23.0</b>	<b>314.3</b>	<b>39.5</b>	<b>225.0</b>	<b>0.0</b>	<b>–4.8</b>

Earnings before taxes and extraordinary factors by regions 2005 in million euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	Elimination	CeWe Color Group
Segment earnings before taxes (EBT)	31.4	0.7	–6.9	0.4	0.0	25.6
Adjustment for extraordinary factors	8.6	0.0	–5.0	0.0	0.0	3.6
<b>EBT adjusted for extraordinary factors</b>	<b>40.0</b>	<b>0.7</b>	<b>–11.9</b>	<b>0.4</b>	<b>0.0</b>	<b>29.2</b>

## Retail



### Capacity uptake for photofinishing and development facility for new services and products

Retail also enjoyed satisfactory growth in fiscal year 2006 after the restructuring program and the corresponding re-positioning of the retail chains in Poland, the Czech Republic, Slovakia and Scandinavia. We recorded retail revenues of 74.8 million euros in fiscal year 2006. The 207 stores (previous year: 214 stores) thus recorded 18.7 % of consolidated revenues.

In future, the CeWe Color Group will not pursue a strategy of further expanding its bricks-and-mortar retail operations. However, our own stores which operate under the brands of Fotojoker, Fotolab, Multiphoto and Japan Photo in their respective countries still have a key function for the entire group.

One of these companies' key tasks is to ensure better capacity uptake for the production facilities located in their respective markets. The alternative scenario in these countries would be to fully withdraw from these markets, which would lead to substantial short-term costs from discontinuing operations, but would also negate any future opportunities on these high-growth markets.

In addition, our group's retail activities are also a pace-maker with regard to the digitalization of these photographic markets – and also with regard to developing new marketing concepts for the group as a whole. Compared to the overall market, there is a high proportion of digital cameras, memory cards, digital photographic work, photobooks and fun articles, and this allows key conclusions to be drawn regarding future developments and the optimum orientation of future marketing efforts and product drives.

Other digitally sensitive areas, such as – above all – CeWe Color's Internet-based business, enjoy great benefits from this experience.

The Telecommunications division has been successfully launched in Scandinavia in particular. This division focuses on camera-phones and enjoyed positive growth in fiscal year 2006. This gives CeWe Color key information on future developments and possible opportunities for new products.

Sales to external third parties in million euros	2005	2006	Change
Photofinishing	358.9	325.7	-9.3 %
Retail	72.2	74.8	3.6 %
<b>Total</b>	<b>431.1</b>	<b>400.5</b>	<b>-7.1 %</b>

Sum segment assets* in million euros	2005	2006	Change
Photofinishing	219,330	212,870	-2.9 %
Retail	35,334	37,462	6.0 %
<b>Total</b>	<b>254,664</b>	<b>250,332</b>	<b>-1.7 %</b>

\* Without financial assets

Investments in long-term assets in thousand euros	2005	2006	Change
Photofinishing	33,942	31,183	-8.1 %
Retail	2,281	1,277	-44.0 %
<b>Total</b>	<b>36,223</b>	<b>32,460</b>	<b>-10.4 %</b>

Number of retail stores in units	2003	2004	2005	2006
Poland	119	103	102	94
Czech Republic	87	80	70	69
Slovakia	31	26	21	23
Scandinavia	37	21	21	21
<b>Total</b>	<b>274</b>	<b>230</b>	<b>214</b>	<b>207</b>



## Research and Development

Research and development spending on software totaled 9.5 million euros (2005: 7.1 million euros). In this area, CeWe Color has focused on further developing the technical laboratory platform, DigiPhoto Makers, online services and expanding its range of digital products in order to accelerate the technology migration.

CeWe Color enjoys high growth rates for its Internet-based business and was able to increase the number of orders for prints placed via the Internet by 76.7 % to 123.0 million in the fourth quarter. In view of the strong increase in image data from digital cameras and network bandwidths, memory and availability were expanded and optimized. As a result, our data volume of 2,000 GB means that we can offer excellent, fast customer service even on peak days.

### **CeWe photobook: New and attractive products**

Demand for CeWe photobooks is growing constantly, which shows that the company knows how to use its core competences to penetrate attractive markets. After successfully launching CeWe photobooks in November 2005, we enhanced the design of the product last year to make it even more attractive, and we started to develop a product family. Now, CeWe photobooks are available with a lincover, hard cover or soft cover, as well as photo notebooks. CeWe photobooks bring high margins – and we are using them to focus on groups of customers in various segments.

We offer our customers a low-priced version with the entry-level “photo notebook”. We will penetrate a new distribution segment by developing a top-quality photobook for specialist photographic retailers and studios. Our CeWe Dg Photo Art product – which was honored with the 2006 “photokina STAR” award – has all the qualities of CeWe’s photobooks, but also allows large formats. This software will be supplied with more than 1,000 design templates – thus offering the greatest flexibility for professional users and advanced photographic consumers.

CeWe photobooks are digitally printed and professionally bound. We have expanded our production capacity and can now print CeWe photobooks and other printer products on a total of 15 printing presses at eight locations – on a fast turnaround and at top quality. This has allowed us to slash our lead times to our customers to just two days.

### **Web sites and ordering systems: better and simpler**

We have made our customer Web sites much more user-friendly and functional. For example, we completely reworked the software used to order all of the digital products CeWe offers. Our HomePhotoService (HPS) has become “CeWe-Fotowelt”. This software allows users to order photos and posters with a paper width of 9 to 50 cm, fun articles and all printed products including the CeWe photobook. Orders are placed using a CD which the customers burn themselves or via the Internet.

Our strategic alliance with Microsoft means that we have been able to further customize and simplify the sale of digital products. This strategic alliance includes a new order channel for photographic services in the **Windows Vista operating system**. The system and the strategic alliance were presented and made public in January 2007. In future, our customers will be able to send their orders for photos online directly from the Vista operating system via the Windows photo gallery – without having to start a separate ordering program – and they can collect their prints either in one of CeWe’s retail partner outlets or choose to have them sent by post.

### **Future markets and perspectives**

Our agenda for 2006 included developing new products and services that offer logical supplements to the current range, flexible product design and optimizing workflows. We focused on linking the opportunities offered by the digital market with core competences: strong distribution, logistics and efficient, low-cost production.

The further development of mobile phones to become multi-functional electronic companions and the evolution in landline telephones to become all-in-one mobile and landline units is also opening up new perspectives for our business. This is the result of an in-depth analysis across Europe. As a result, we concluded a strategic alliance with a mobile phone manufacturer last fiscal year. In future, mobile phone users will be able to order photographic services with their camera-phones directly via its operating system. We are currently testing this groundbreaking service in three countries.

## Administration and EDP

### Accounting and financial control support transformation to digital business

The increasingly dynamic process of transformation from prints from films to digital business also demands corresponding support from the finance and accounting departments and from financial control.

We permanently optimize workflows in our accounting, which means that the information needed to take decisions is available even earlier. During the year under review, a particular focus was placed on supporting the growth in our Internet-based business by further expanding our credit control. During this process, the efforts made in previous years have paid off, in that the newly formed, scalable structures mean that it is possible to adjust capacity at any time.

In 2006, financial control made a major contribution to the value-oriented management of our company. The high level of information on parameters that are key to value – together with increased control of our operating business – helped to optimize our profits. In both of the past two fiscal years, CeWe Color was able to achieve the best results in the past six years in the face of a difficult transformation on the market.

Of course, during this period of transformation, there are attractive opportunities for consolidation via an expanded product range, penetrating new areas of business or regional expansion. As a result, last fiscal year CeWe Color redoubled its efforts to prepare possible acquisitions. The new, value oriented analysis and forecasting instruments in our finance and financial control departments really proved their mettle in these processes in particular.

### Further EDP optimization

We supplemented our central IT systems that support the group's commercial processes in fiscal year 2006. The core item of our central IT continues to be the SAP system with the modules Financials (FI), Controlling (CO), Sales and Distribution (SD) and Consolidation (EC-CS) for finance and accounting and Materials Management (MM) for purchasing/materials management. Our sales department and repair and maintenance for our DigiPhoto Makers are now also supported by the Customer Service module (CS).

The central SAP system is to be used primarily by CeWe Color Group companies, with the exception of Japan Photo, which is exclusively a retail company. The SAP system was installed in the UK company newly acquired in November 2005 during fiscal year 2006. The launch of the SAP system at the Hungarian company in Budapest has already started – go-live is scheduled for June 2007 – means that the goal of reaching a group-wide uniform system has been reached.

A key IT project in 2006 was migrating invoicing to SAP SD. After corresponding preparatory work, the first customer invoices were already prepared using the new system in fiscal year 2006. This will be launched across the board for the remaining German and international customers in fiscal year 2007.

We will continue to operate photofinishing-specific processes with CeWe Color's own IT system "ICOS" (Integrated CeWe Color Organization System). "ICOS" focuses in particular on pricing/production of delivery notes, customer services and sales support. This system, which was mostly designed and realized by the company's own developers, allows us to meet our customer's requirements particularly quickly and flexibly, and gives CeWe Color a true competitive advantage. ICOS and the SAP system are both based on an Oracle database.



We again further optimized our system in fiscal year 2006, in particular for sales support (setting up a portal to allow B2B customers to communicate with the system) and electronic communication with our business partners (EDI = electronic data interchange).

During fiscal year 2006, CeWe Color improved the security of its central IT systems by making substantial expansion to our back-up computer center in Bad Schwartau. CeWe Color now has excellent back-up systems for both SAP and ICOS, as well as several incidental systems which can seamlessly take over from our main systems in the event that these should fail.

#### **Internal sales increasingly becoming a competitive factor**

The migration from analog to digital photography and the resulting trend to differentiated, wide-ranging forms of sales and order channels, as well as increasingly customized products place significantly greater demands on our internal sales employees. However, the requisite expert knowledge – in terms of breadth and depth – also puts us ahead of the competition, and our customers can tell the difference. In order to also be able to use this difference in future as a positive competitive factor, in 2006 CeWe Color introduced a Web-based knowledge database which is available online at any time for all of our authorized German and international employees. It contains the expert knowledge we have collated for the CeWe Color Group's entire range of services.

A further key target was to improve the cooperation between our internal and field sales. The aim was to improve the exchange of existing information via a large number of individual activities. These included new, Internet-based solutions for the coordinated planning of sales activities as well as developing tools to ensure the exchange of master customer data and prices while upholding the necessary security standards.



## Purchasing

### **Purchasing masters new challenges**

In the past few years, the focus was on optimizing working capital – in particular via consumption forecasting coordinated in precise detail with our suppliers. However, 2006 brought additional new challenges for central purchasing.

The successful sales enjoyed by CeWe photobooks and also the increasing marketing of fun articles meant that new raw materials and supplies had to be purchased – such as mugs, calendars, T-shirts and photo screens. CeWe Color had not previously dealt with these procurement markets – which are mostly located in Central Eastern Europe and Asia. We penetrated them by successfully analyzing and observing these markets. In this connection, we were greatly aided by a stronger cooperation with companies that – although active on similar procurement markets – do not compete directly with CeWe Color.

In fiscal year 2005, we had to close the gap in our deliveries of photographic paper left by the bankruptcy of Agfa Photo, and in fiscal year 2006 we had to act again when Konica-Minolta exited the market. As a result, we established new delivery relationships with a Chinese and a Japanese supplier. We now have an increased number of paper suppliers, which means that CeWe Color is at a better advantage than before the two previous suppliers exited the market.

In future, we will leverage opportunities to cut costs in our purchasing activities via the projects identified during fiscal year 2006 to optimize our logistics and administrative workflows. We were already able to cut these costs in 2006.

Despite new challenges, our central purchasing thus also made a major contribution to the success of CeWe Color Holding AG in fiscal year 2006.



## Employees and Training

### Employees

The number of employees in the CeWe Color Group fell on average over the year by 16.1 % to 3,131 employees (previous year: 3,730 employees). This downturn is primarily due to our capacity adjustments in Central and Western Europe to meet the changed conditions on the market: The strong downturn in sales from prints from films resulted in lower quantities and revenues for photofinishing.

The activities we put in place in 2005 to modify our employee structure came into effect in 2006: We closed our facilities in Worms (Germany) with 100 employees, Århus (Denmark) with 50 employees, Lille (France) with 69 employees, Marseille (France) with 36 employees and Le Blanc Mesnil (France) with 53 employees.

Staffing was adjusted enterprise-wide to the changed market conditions, and as a result the management was left with no other option but to close the production facility in Berlin (Germany) with 80 employees. This plant will be closed in February 2007. We also terminated limited-term and temporary employment agreements enterprise-wide.

Restructuring costs, including the necessary redundancy plans, totaled approx 6.2 million euros in 2006.

### Changes in collective agreement policy

From January 1, 2005, only the conditions of the collective agreement from the Bundesverband der fotomaterialverarbeitenden Betriebe e.V. in Düsseldorf will be applied in the German production plants. The collective agreement for wages and salaries was concluded anew in March 2006, and can be terminated at the earliest on January 31, 2008: wages and salaries subject to the collective agreement were increased by 2.0 % as of April 1, 2006.

### CeWe Color as a marketing and IT company

Our staff cuts in production are offset by a specific increase in the number of our employees in marketing and research and development. CeWe Color is moving, at an ever increasing pace, from a production company to become a marketing and IT company, and is flanking the transition to become a digitally oriented service provider with additional investments in employees and expertise. In addition to our retail marketing, which has been successful for many years, we are now specifically expanding our product marketing.

### Targeted promotion of executives

The systematic selection and promotion of high-performance, highly qualified junior management is essential for tomorrow's technologically demanding business. As a result, the CeWe Color Group systematically prepares qualified junior managers involved in the digital processing of image data, marketing and IT and printing to take over management responsibilities via top quality promotion and HR development programs – and it binds these employees to the company over the long term with attractive HR packages.

### Number of apprentices remains high

CeWe Color is one of the largest employers and vocational training companies in the photographic sector. Each year, we train more than 100 apprentices in our German production facilities – that equates to 6.5 % of our German employees. This high level of commitment goes far beyond our own requirements. CeWe Color wants to make it easier for these young men and women to take the first step on the career ladder, and it prepares them for their future professions with a well-founded apprenticeship. Our apprentices' examination results speak volumes about the excellent quality of CeWe Color's training. Year after year, our apprentices receive awards from the IHK for their excellent performance. In addition, we offer a large number of interns – including people from across Europe – the opportunity of taking a look at professional life so that they can make better decisions when choosing their own careers.

Employees by region	2005	2006	Change
Central Europe	2,136	1,797	-15.9 %
Western Europe	577	427	-26.0 %
Benelux*	65	36	-44.6 %
Central Eastern Europe	952	871	-8.5 %
<b>Group</b>	<b>3,730</b>	<b>3,131</b>	<b>-16.1 %</b>

\*) Only with sales branches

Apprentices in Germany	2005	2006	Change
Photo media laboratory employee	42	26	-38.1 %
Industrial clerk	39	35	-10.3 %
Photo laboratory employee	33	18	-45.5 %
Industrial electrician	18	17	-5.6 %
IT specialist	12	11	-8.3 %
Warehouse specialist	4	3	-25.0 %
Photographer	1	1	0.0 %
<b>Total</b>	<b>149</b>	<b>111</b>	<b>-25.5 %</b>



The CeWe Color Group also supports the “TeamArbeit in Deutschland” initiative called into life by the Federal Ministry for the Economy and Labor. CeWe Color created additional jobs as part of this project in 2006.

#### **Sustainable HR policy characterized by demographic change**

The CeWe Color Group’s sustainable HR policy is geared to the consequences of demographic change. The available potential number of employees will fall in the foreseeable future, and at the same time the average age of employees in Germany will rise. The CeWe Color Group has decided only to support partial retirement in well-founded exceptional cases. It is preparing its employees to work with the company until they reach the standard retirement age. At the same time, we have also laid the foundations to introduce a systematic company healthcare scheme. Over the coming years, we will constantly add additional HR activities, in particular for training and qualification, health and retirement benefits.

#### **Safety at work and health protection**

Occupational safety and health protection are a key component in the CeWe Color Group. There were no accidents with a reporting requirement. In addition, our group of companies had a constant low level of employees on sick leave at 1.6 %. During fiscal year 2006, we conducted analyses of the level of danger, rescue exercises and vaccination programs.

#### **A vote of thanks for all employees**

Cooperation with works councils and the union IG BCE, which is represented in our production plants, was once again trusting and constructive last year. As a result, together with our partners, we were able to find courses of action and solutions for the capacity adjustment decisions that had to be taken that equally took into account the interests of our employees and our company.

In 2006, our employees once again demonstrated a high level of personal dedication and extraordinary commitment. At this juncture, we would like to thank all of our employees for their excellent performance, their flexibility and their dedication last year – in particular in view of the conditions on the market which were not always easy and the modifications which we had to make.

The Managing Board promises the company’s employees that it will continue to do everything in its powers to ensure that the company grows and that jobs are retained in 2007. We will continue to invest in product development, technology and the market for the good of our employees.



## Social Commitment

The CeWe Color Group is a European company with more than 3,000 employees. Our company's culture is characterized by our dedication when it comes to social, cultural and corporate activities at a local, regional and European level. We focus in particular on promoting science and training.

### Fachhochschule für Mediengestaltung und Design

We have decided to sponsor two to three scholarship per semester at the Fachhochschule für Mediengestaltung und Design (University for Applied Technology for Media Design and Design) in Cologne, thus in particular retaining and promoting photographic expertise in industrial photofinishing. In addition, we also make non-cash donations to the university by donating developing and processing equipment for photofinishing. We support dissertations and allow students to work in our facilities as interns.

### In-depth promotion of high potentials and education

Our company constantly informs school pupils and students about opportunities for training at a European service company in the photographic sector with a large number of initiatives and educational activities. These activities – an interface for the recruitment of high potentials, education and PR – allows us to establish our company with these young target groups as a key player in the regions in which we operate.

Every year, we train more than 100 apprentices in seven different professions in our German production facilities (ratio of apprentices: 6.5 %). This high level of commitment goes far beyond our own requirements. In addition, we offer a large number of interns – including people from across Europe – the opportunity of taking a look at professional life so that they can make better decisions when choosing their own careers.

### Social sponsoring and individual commitment

The CeWe Color Group is in constant dialog with representatives from the worlds of politics, business, associations and relevant groups, and participates actively in the relevant public debates.

In addition to our employees' individual commitments for social issues, which we promote, we focus our social sponsoring activities on promoting up-and-coming photographers with non-cash and cash donations to help them start their businesses. We also support a large number of projects that have close links to photography.

### Neumüller CeWe Color Foundation

This family foundation's task includes charitably promoting up-and-coming technicians and scientists in the photographic sector. According to its articles of association, its charitable purpose can be fulfilled as follows:

- Grants to the Photo & Medienforum Kiel;
- Scholarships for particularly well-qualified students at the University for Applied Technology in Cologne, Photography Department, or at comparable institutions;
- The promotion and financial support of dissertations for degree examinations, which specifically deal with further developing technical and scientific photography;
- Awarding the Heinz-Neumüller prize for the best dissertation or the best degree results for the year at the institutions named above.

### Impact on consolidated earnings

The Neumüller CeWe Color foundation holds a 0.25 % interest in CeWe Color AG & Co. OHG, Oldenburg. The earnings due to the Neumüller CeWe Color Foundation are thus shown in the consolidated financial statements as "Profits due to other shareholders". Payouts for charitable purposes are made exclusively by the Neumüller CeWe Color foundation from earnings, and thus do not impact the consolidated results of CeWe Color Holding AG.



## Environmental Protection and Quality Management

At the CeWe Color Group, we believe that profitable growth and environmental protection are not a contradiction in terms, but that these supplement each other. We treat our resources with care, and at the same time we optimize our efficiency.

Environmental protection at CeWe Color goes beyond just avoiding waste, reducing the quantity of waste water and pollutants in waste water, as well as preventing accidents that could pollute the ground, water and air. It is much rather the case that we view environmental protection as being an ongoing process in which environmentally-friendly, health-protecting production methods are integrated in all of our workflows – from their design through to going-live.

We are involved in legislative issues, such as the new European chemicals act REACH, which will come into effect in June 2007. CeWe Color leads the European pack when it comes to using processes and chemicals that minimize complexing agents that are difficult to biologically degrade from entering waste water. We also represented the photofinishing industry for this project at the German Federal Environmental Agency and will continue to play a pioneering role in Europe. In line with this policy, at our new laboratory in Birmingham (United Kingdom) we have introduced the development of digital photos with minimal quantities of waste water, biologically degradable bleach baths and formaldehyde-free finishing baths.

At CeWe Color, quality management for photo production itself starts when we receive the order. Digital image data are played onto our print engines in optimized quality. Films are checked in our automated checkers even before they are developed. This allows us to optimize our total quality even before the prints are made. We constantly improve the photographic paper and chemicals we use, and also our printing paper and inks, in close cooperation with our suppliers. That is why we are able to produce top-quality, convincing products that, of course, only make their way to the customer after a final quality check. And last but not least, this is confirmed by the latest top test results for our newest product – the CeWe photobook.

## Dependent Company Report

The Managing Board of CeWe Color Holding AG presented the Supervisory Board with dependent company report within the meaning of section 312 (1) of the Aktiengesetz (German Public Limited Companies Act). The report concludes with a declaration that the company and its affiliated companies received reasonable compensation for each legal transaction according to the circumstances which were known at the time at which the legal transactions took place.

## Legal Structure of the Company

There were the following changes to the CeWe Color Group of consolidated companies in fiscal year 2006: At the start of fiscal year 2006, One-WebPhoto GmbH & Co. KG, Oldenburg, was merged with CeWe Color AG & Co. OHG, Oldenburg. Zweite CeWe Color Beteiligungsgesellschaft AG, Dübendorf (Switzerland), was formed in March 2006. The joint venture formed in the spring of 2005 to penetrate the Ukrainian market was terminated when it was liquidated. For further information on the group of consolidated companies, please see the comments in the notes on page 52.

With effect from July 21, 2006, CeWe Color Holding AG reduced its share capital by withdrawing 600,000 treasury shares which it held on this date from 15.6 million euros to 14.0 million euros. As a result, the number of no-par value shares fell to 5.4 million, each with a theoretical interest of 2.60 euros.

On August 8, 2006, the company announced that it planned to acquire up to 10 % of the share capital as treasury shares as a result of the authorization issued by the general Meeting on June 1, 2006. As a result, CeWe Color Holding AG held 185,166 treasury shares on December 31, 2006.

In its declaration dated December 15, 2006, the heirs of the company's founder Senator Heinz Neumüller exercised their option to subscribe to shares against the transfer of their atypical silent partnership in CeWe Color AG & Co. OHG granted to them in Section 2.3 of the Articles of Incorporation of CeWe Holding AG with effect from December 31, 2006. As a result, the share capital was increased by issuing 1,980,000 new no-par value shares to 19,188,052 euros. Of this total, 7,890,000 shares are bearer shares, and 20 are registered shares. The newly issued shares carry dividend participation rights from fiscal year 2007. As the increased number of shares is compensated for by the removal of the atypical silent partnership with a corresponding proportion of earnings, the portion of earnings due to each share is not impacted by this measure.

On February 2, 2007, CeWe Color Holding AG's Managing Board resolved to terminate the share buy-back program on the stock exchange and to make a public buy-back offer which runs until March 6, 2007. After the company bought back 209,529 shares via the buy-back program which had been running from August 8, 2006, the public buy-back offer aims to acquire a further up to 390,000 shares.

The operating business of the CeWe Color Group is located in CeWe Color AG & Co. OHG. Neumüller CeWe Color Foundation is responsible for the management of this company.

## Risk Management

An international company such as the CeWe Color Group is, by its very nature, subject to entrepreneurial and industry-specific risks. CeWe Color's risk management system aims to identify risks at an early stage, to evaluate these, prevent risks that could endanger the company's continued existence and to put corresponding counter-measures in place. Consciously managing opportunities and risks will also be an integral component of our company's management in future as it was in the past. As a result, at the CeWe Color Group, risk management is viewed as being the responsibility of not just the Managing Board, but of all employees.

In order to manage risks, in addition to adequate insurance solutions, individual measures to combat and manage risks have been put in place in each case. Our internal auditors review the components of our risk management system enterprise-wide, and include this in their reporting or, if required, report this directly to the Managing Board.

The following sections summarize the individual risk areas into the three categories of opportunities and risks from future growth, financial risks and strategic risks.

### 1. Opportunities and risks from future growth

The market for films and analog images has been falling for several years – on occasion more rapidly than had been anticipated. In contrast, the market for digital cameras is enjoying strong growth – leading to more

photos per camera. However, at present the increase in the number of digital photos produced cannot compensate for the downturn in analog images. So-called “fun articles” such as mugs and T-shirts with pictures and, in particular, the strong growth in photobooks, result in new opportunities for growth. However, their future growth depends on the **future consumer behavior** of digital camera users. In addition, the **economy** has a major impact on photographs as a vacation and leisure-time product. Current economic forecasts (e.g., from the ifo Institute) believe that economic growth in 2007 will be slightly lower than in 2006.

Further consolidation is forecast for providers of industrial laboratory products, with smaller players increasingly exiting the market. A third **competitor** in France has now closed its last laboratory, which means that we will be able to record corresponding revenue growth on this market. On the other hand, new competitors are entering the market for Internet mail order. Some of these competitors are attempting to gain high volumes via aggressive consumer pricing.

A gap materialized among the ranks of photographic paper manufacturers as a result of the bankruptcy of Agfa Foto and Konica Minolta exiting the market. We were able to close this gap by expanding our relationship with our Chinese photographic paper supplier and with a new Japanese photographic paper manufacturer. We reduced our **procurement risk** for compact discs and investment goods via new suppliers and sufficient capacity with other suppliers. In addition, we aim to compensate for increasing energy prices by correspondingly reducing consumption – at least in part.

Our **dependency on key accounts** has increased as a result of the increased focus in the retail sector. However, the fact that our five largest customers account for 60% of our revenues with their various sales channels is typical for many large companies.

There were no violations of environmental regulations to report with regard to **environmental risk** in 2006. It is much rather the case that CeWe Color aims to voluntarily set high standards.

During the past fiscal year, at the request of the Supervisory Board, our commercial and technical IT systems were again audited by external auditors in order to further improve **IT security** and make sure that new developments upheld CeWe security standards.

Change in GDP year-on-year in %	2003	2004	2005	2006*	2007*
Germany	-0.1	1.6	0.9	2.4	1.2
Switzerland	-0.4	1.8	1.9	2.7	1.9
Austria	0.8	2.4	2.0	3.1	2.6
Denmark	0.4	2.1	3.0	3.0	2.3
Sweden	1.5	3.7	2.9	4.0	3.3
Norway	0.4	2.8	2.3	3.0	2.4
<b>Central Europe</b>	<b>0.1</b>	<b>1.9</b>	<b>1.4</b>	<b>2.7</b>	<b>1.6</b>
The Netherlands	-0.9	1.7	1.5	3.0	2.9
Belgium	1.3	2.6	1.1	2.7	2.3
<b>Benelux</b>	<b>-0.1</b>	<b>2.0</b>	<b>1.3</b>	<b>2.9</b>	<b>2.7</b>
France	0.5	2.3	1.9	2.7	2.6
United Kingdom	2.5	3.2	1.2	2.2	2.3
<b>Western Europe</b>	<b>1.5</b>	<b>2.7</b>	<b>1.5</b>	<b>2.4</b>	<b>2.4</b>
Poland	3.8	5.3	3.5	5.2	4.7
Hungary	3.0	4.6	4.2	4.0	2.4
Czech Republic	3.7	4.4	6.1	6.0	5.1
Slovakia	4.0	5.5	6.0	6.7	7.2
<b>Central Eastern Europe</b>	<b>3.7</b>	<b>5.0</b>	<b>4.3</b>	<b>5.3</b>	<b>4.6</b>

\* Forecast  
Source: ifo Institut für Wirtschaftsforschung

## 2. Financial risks

As CeWe Color only records around 20 % of its revenues outside the eurozone, and as it has its own production facilities in the respective countries, no risks that could threaten the company's continued existence are to be expected as a result of currency risks. However, we have hedged some loans to subsidiaries outside the eurozone via currency swaps.

The opportunities from higher silver income as a result of the significant increase in the price of silver in fiscal year 2006 were offset by corresponding price hedges at the prior year's lower level. Reversing these led to higher financial expenses. In total, silver income was up 1.5 million euros year-on-year to 8.1 million euros.

The risk of changes to interest rates is limited as a result of the solid equity ratio and additional medium-term financing at fixed interest rates.

There is insurance for receivables risks in line with their importance. All recognizable risks of default in excess of these amounts were taken into sufficient account last fiscal year via individual write-downs.

The investment budget for the past fiscal year included a certain degree of latitude for subsequent additions. Despite regular investment control, the 2006 investment forecast was exceeded as a result of additional investments in digital printing capacity for CeWe photobooks and terminals in stores (DigiPhoto Makers) to exploit our opportunities on the market.

## 3. Strategic opportunities and risks

As a result of the migration from analog to digital business and the further increase in the importance of the Internet as an ordering channel, we have further reinforced our Internet programming and developing capacity in this regard. We work together with external agencies and software companies for specialty applications to ensure that we further expand our lead against our competitors.

We incurred start-up losses as a result of our acquisition of Standard Photographic in the United Kingdom in November 2005 (now CeWe Color Limited). This company is now geared for further growth now that production has been converted to the CeWe Color standard. The goodwill from corporate acquisitions capitalized at the end of the year totaled just 0.9 million euros.

With regard to our shareholder structure, after the conversion of the atypical silent partnership by the heirs of Senator Heinz Neumüller to 1,980,000 shares, the risk of the withdrawal of liquidity as a result of actions geared to the shortterm against the management's will has fallen.

We cannot currently ascertain any legal risks that would threaten our continued existence from ongoing litigation or other disputes.

Our risk early warning system was audited by Commercial Treuhand GmbH. It fully meets the requirements of Section 91 (2) of the AktG.

# 19,663

... CeWe Color shares were traded on average each day at German stock exchanges





## Investor Relations

### Stock market year 2006

Following on from 2005, which was a pleasing year on the stock market, the stock markets initially performed stably at the start of 2006. During the course of the year, favorable economic forecasts and convincing corporate data supported the markets. The DAX enjoyed a clear year-end rally, closing the year with a positive performance of 22.0 % at almost 6,600 points. The other key German stock indices also performed positively during the course of the year: MDAX + 25 %, SDAX + 28 % and TecDAX + 17 %.

### CeWe Color shares perform positively despite the difficult market

Shares of CeWe Color have enjoyed a constant increase in interest among retail and institutional investors since 2002. The stronger market position, the growth of digital products, and increase in earnings have been honored by the stock market. The trading volume increased from an average of 17,805 shares traded per day (2005) by 10.4 % to 19,663 (2006).

The CeWe Color Group's sales and earnings growth had a positive impact on our share price despite the difficult market during the past year. CeWe Color's share price has increased over the past five years from 10.40 euros to 33.00 euros (Xetra trading on December 31, 2006) – a performance of 217.3 %. This means that our market capitalization totals 243.5 million euros. Our share price peaked in 2006 at 41.97 euros, and the lowest price was 26.35 euros.

There is consensus among analysts that the price target is 39.00 euros. We believe that the market capitalization at the end of 2006 does not yet sufficiently reflect CeWe Color's earnings power and the potential offered by our

markets – especially given that, over the last few years, CeWe Color has been able to position itself as the largest photo finisher in 23 European countries with a market share of more than 40.0 %.

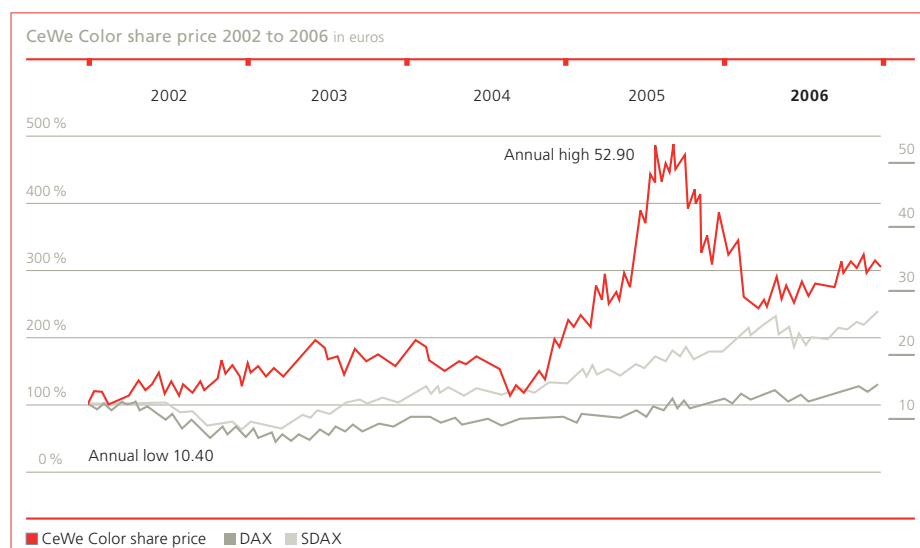
On the whole, shares of CeWe Color are an attractive investment – in particular for investors with a long-term horizon. In financial circles, our shares are repeatedly regarded as an attractive dividend-bringing equity and as a valuable long-term investment.

### Treasury shares

At our general Meeting on June 1, 2006, we had the buy-back of a total of 600,000 own shares approved. These are to be used for purposes including compensation for the acquisition of equity participations in companies or parts of companies. 200,000 shares have been earmarked for a Stock Option Plan (conditions are detailed in the notes on page 80). As of December 31, 2006, 185,166 own shares were acquired via Deutsche Börse at an average price per share of 32.60 euros. As a result, the company held a 2.5 % interest in the share capital in treasury shares.

### Further spread in shareholder structure

CeWe Color Holding AG's investor relations strategy aims to constantly increase the group of potential investors. Over the past few years, this strategy has been successful, with our shares being acquired by German, French and US asset and fund managers. The proportion of institutional investors increased to more than 70.0 % in 2006. Approx. 27.0 % of CeWe Color shares are held by private shareholders.



Key share indicators	
Securities type	No-par value share
Market segment	regulated market PRIME STANDARD
Index	SDAX
ISIN	DE 0005403901 and DE 000A0LR902
Symbol	CWC
Reuters	CWCG.DE
Bloomberg	CWC GR
Date of initial listing	March 24, 1993
Number of shares	7,380,020
Daily volume	19,663 units
Annual high	41.97 euros
Annual low	26.35 euros
Closing rate	33.00 euros
Market capitalization	243.5 million euros

Our excellent investor relations activities are also reflected in the number of analysts who actively track CeWe Color Holding AG. As a smaller SDAX share, CeWe Color shares are covered by five analysts. Our shares were analyzed and monitored by well-known banks and investment companies in comprehensive studies. The most common recommendation is: “buy”. You can find all of the studies and recommendations on our Web site [www.cewecolor.com](http://www.cewecolor.com) under the Investor Relations section.

#### **Capital markets communication – fair disclosure principles**

The CeWe Color Group’s capital market communication is guided by the principles of fair disclosure: up-to-the-minute, continuous, credible and equal treatment. It is geared to the long term and is thus in line with the group’s strategies, which are oriented to sustained value growth. In addition to the analysts’ meetings, which are held annually, in 2006 the CeWe Color Group also presented the company to investors and analysts in all of the key European and US financial centers. In addition, our company presented itself at investor fairs and conferences, such as the Eigenkapital Forum (equity forum). Many shareholders, banks and investment advisers also took us up on our offer of visiting our production plants in Europe to convince themselves of our corporate strategy and its sustained value right there on site.

#### **The Internet is a key communication tool**

In 2006, the Internet became even more important for the CeWe Color Group’s communication with the capital market. It offers ideal conditions to simultaneously provide all of the market players with open information. The CeWe Color Group’s Internet investor relations site ([www.cewecolor.com](http://www.cewecolor.com)) regularly received excellent valuations from external institutes in their relevant rankings. We will further optimize our online offering of information and services for investors and analysts in 2007.

#### **Personal, open capital market communication**

A personal and open communication with investors, analysts, interested investors and the business press is strongly anchored in our corporate policy. For this purpose, we have prepared items including a fact book. This offers a very extensive insight into the photographic sector and our corporate group. Hardly any other company provides such an extensive, up-to-date insight into its business. The fact book is available for all investors and interested investors from our Web site.

#### **67.0 million media contacts in 2006**

Our efforts to bring about greater transparency and acceptance are meeting with excellent feedback. Just a few years ago, shares of CeWe Color were still an equity that only a small number of interested business journalists reported on. Our heightened, in-depth public relations work has allowed us to increase our presence in daily newspapers, financial magazines as well as radio and TV. Last year, we reached a media presence of 67.0 million contacts.

#### **General Meeting: central forum for personal dialog**

Our general Meeting on June 1, 2006 was our most important investor relations event – in particular for private investors – with capital represented totaling 37.1%. The general Meeting focuses on personal dialog with shareholders. We have a large number of faithful shareholders in north western Germany who are interested in our company. The general Meeting approved all of the proposals on the agenda with a substantial majority.

**Earnings per share**

In 2006, CeWe Color recorded earnings per share of 2.61 euros, up 102.3 % year-on-year. Our cash flow per share was 7.41 euros (-13.4 %) and our return on equity after corporation tax was 14.0 %. The return on total capital was 6.9 %.

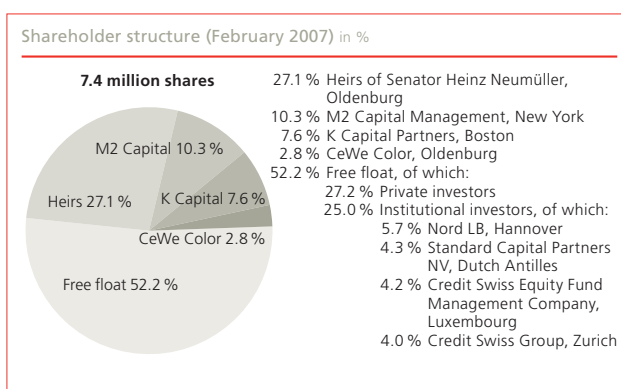
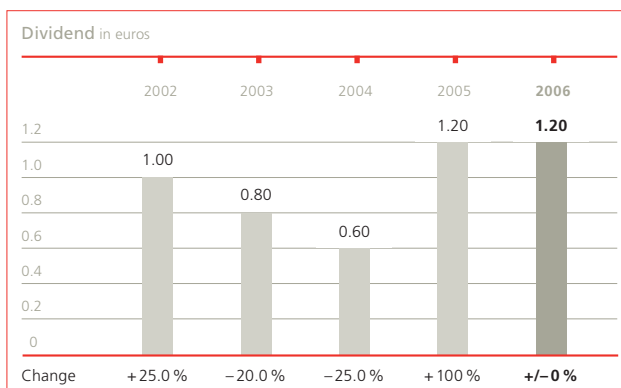
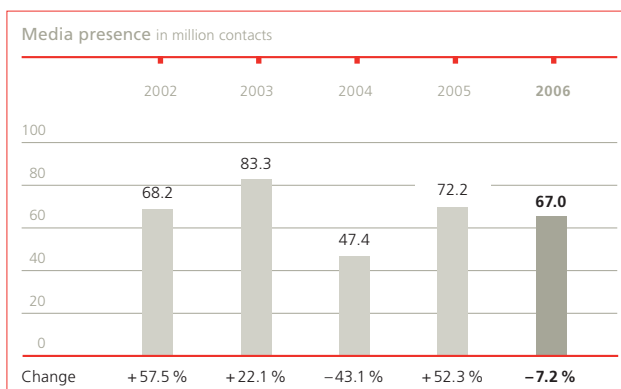
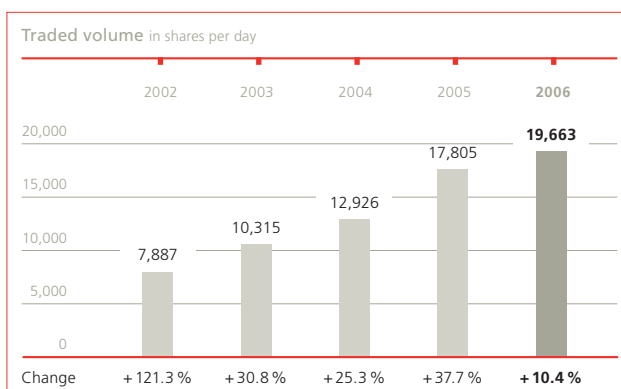
**Dividend payment of 1.20 euros**

CeWe Color Holding AG’s Supervisory Board and Managing Board will make a proposal to the company’s general Meeting on April 26, 2007 to pay a dividend of 1.20 euros per share for fiscal year 2006. We want our shareholders to continue to participate in the company’s earnings with a dividend which is higher than the average on the equities market. At the same time, it expresses our confidence in our company’s future earnings.

As of December 31, 2006, the members of the Managing Board held a total of 11,000 shares (previous year: 11,100 shares), the members of the Supervisory Board held 25,000 shares (previous year: 25,000 shares). The free float currently totals 52.2%.

**Annual Report honored for information quality and design**

Our annual report has once again been honored with major national and international awards. The Handelsblatt newspaper issued its ranking of Annual Reports with the best information quality. CeWe Color ranked among the top ten German award-winning reports and gained third place for the SDAX. In the American Design Awards, CeWe Color took second place among 1,400 companies in the “Annual Reports” category, the only European company.



## Corporate Governance

The Board of Management issues the following report – also for the Supervisory Board – in line with Item 3.10 of the German Corporate Governance Code:

Both the Board of Management and the Supervisory Board have been committed to the principles of modern Corporate Governance for many years. In view of the importance of these principles for investors, customers and employees for their faith in the governance of the company, Michael Wefers, Managing Director of CeWe Color AG & Co. OHG and member of the Managing Board of CeWe Color Holding AG was appointed as our Corporate Governance officer at the end of 2002.

We want to confirm and further bolster the confidence that has been placed in us by investors, the financial markets, business partners, employees and the general public. That is why we put organizational measures in place at an early stage. We believe that these are needed to meet the requirements:

- Declaration of conformity almost completely in line with the recommendations
- Online publication of all information relevant to the stock market
- Active, open and transparent communication
- Close cooperation between the Managing and Supervisory Boards
- Responsible risk management

### **Declaration of conformity again almost completely in line with the recommendations**

CeWe Color regularly reviews its implementation of the Corporate Governance Code based on the government commission's current code and modifies this accordingly. CeWe Color Holding AG states its position on the applicable Corporate Governance principles on its Web Site. The principles of Corporate Governance deviate from the German Corporate Governance Code in the version dated June 12, 2006 in just a few exceptional cases resulting from the nature of the company.

### **Online publication of all information relevant to the stock market**

We regularly inform our shareholders of key dates on our Web site [www.cewecolor.com](http://www.cewecolor.com) and in our Quarterly Reports with a financial diary. As part of our investor relations activities, we provide analysts and institutional investors with information in regular meetings. In addition to our annual analysts' conference, we hold roadshows and telephone conferences for analysts in particular when we publish our quarterly results.

For many years, we have organized and held our Annual general Meeting with the aim of providing all of our shareholders with fast, comprehensive and effective information both before and during the event and to make it easier for them to exercise their rights. This also includes offering our shareholders our usual service for proxies and voting instructions for everything to do with the general Meeting.

### **Active, open and transparent communication**

In order to ensure the greatest possible transparency and fairness, we provide all of our target groups with the same information at the same time. Both institutional and private investors can find up-to-the-minute information about current developments at the group on our Web site. We publish all of our press releases and ad hoc disclosures as well as our articles of incorporation on our home page. Interested parties can all subscribe to our press clippings which include the latest news on the group.

According to Section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), members of the Managing and Supervisory Boards and certain executives and their related parties must disclose the acquisition and sale of shares and financial instruments based thereon. We did not have any reports of any securities transactions carrying a reporting requirement for fiscal year 2006. The transactions conducted in 2007 can be viewed at [www.cewecolor.com](http://www.cewecolor.com) under the Investor Relations section.

### **Close cooperation between the Managing and Supervisory Boards**

The Managing and Supervisory Boards cooperate closely to benefit the company: Their common goal is a sustained increase in enterprise value. The Management Board reports to the Supervisory Board regularly, in good time and comprehensively regarding all of the issues relevant to the company's plans and further strategic development, the course of business and the group's position including its risk situation.

### **Responsible risk management**

Best of breed Corporate Governance also means that the company must deal responsibly with risks. Systematic risk management ensures that risks are recognized and quantified at an early stage. The Managing Board expressly informs the Supervisory Board of relevant risks and the risk management system in each meeting.



The auditor, Commercial Treuhand Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Oldenburg, informs the Chairman of the Supervisory Board without delay of any reasons for exclusion or impartiality that arise during the audit to the extent that these cannot be immediately rectified. The auditor also reports immediately on all of the key findings and events that are material for the duties of the Supervisory Board and which result during the audit. In addition, the auditor must inform the Supervisory Board if, during the audit, the auditor identifies facts that are not in line with the declaration of conformity issued by the Managing and Supervisory Boards within the meaning of Section 161 of the AktG.

#### Information on Stock Option Plans

CeWe Color AG set up a Stock Option Plan for its top-level executives in Germany and abroad in line with the resolution passed by the 2005 general Meeting. In the period from September 9 to 23, 2005, more than 80 managers were able to acquire a total of up to 200,000 stock options. The Stock Option Plan met with great interest. It was oversubscribed by almost 19 % with more than 237,500 shares.

CeWe Color Holding AG offered its executives one Stock option at a subscription price of 0.50 euros. The stock Option Plan runs for five years from October 1, 2005, i.e., until September 30, 2010. Option rights can first be exercised after a waiting period of two years, i.e., after September 30, 2007. The options may be redeemed if the average spot rate for shares of CeWe Color in Deutsche Börse's Xetra trading on ten successive stock market days is at least 115 % of the underlying price. The underlying price has been fixed at 48.00 euros per share. As a result, the performance target is 55.20 euros. For CeWe Color Holding AG's Board of Management, the Supervisory Board set the underlying price at 50.00 euros – with a performance target of 57.50 euros – in contrast to the other participants.

CeWe Color will service the stock options from its own shareholdings (buy-back program).

## Remuneration Report

### Disclosure according to Sections 289 (2) no. 5 and 315 (2) no. 4 of the Handelsgesetzbuch (HGB – German Commercial Code)

#### Remuneration report for the Managing Board

The remuneration for members of the Managing Board of CeWe Color Holding AG, Oldenburg, is set by the Supervisory Board. This comprises fixed and performance-related variable components. The fixed remuneration comprises a fixed salary and non-cash remuneration, the performance-related component comprises bonuses and long-term incentives. The total remuneration is measured based on the duties in the Managing Board and personal performance as well as the performance of the entire Managing Board and the economic success and comparative environment of the CeWe Color Group.

The fixed salary is paid as a constant monthly salary. In addition, the members of the Managing Board receive non-cash remuneration which is measured according to the taxable amounts. This mainly relates to the use of a company car and professional insurance; non-cash remuneration is taxed by the individual members of the Managing Board and is available to them to the same extent.

The performance-related bonuses form part of the total remuneration and are based on the CeWe Color Group's earnings and cash flow. The third Stock Option Plan 2005 which is currently running constitutes an additional performance-related remuneration component. The members of the Managing Board participated in this Stock Option Plan in 2005 by purchasing a total of 36,000 options. This participation and the amount of options purchased was voluntary for the members of the Managing Board. The participants had to pay 0.50 euros for each option. The fair value per option within the meaning of IFRS 2.10 et seq. totaled 15.04 euros for the Managing Board members on the date the options were granted. In fiscal year 2005, two members of the Managing Board received proceeds from exercising options from the second Stock Option Plan in the total amount of 187 thousand euros. The structure of the Stock Option Plan is detailed in the notes on equity in the notes to the Annual Financial Statements on page 56.

The total remuneration, non-performance related and performance-related (bonuses) remuneration of the members of the Managing Board of CeWe Color Holding AG, Oldenburg, in fiscal year 2006 for performing their duties in the parent company and subsidiaries totaled 1.271 million euros. This is broken down as shown in the table on page 41.

The proportionate distribution of the fair value of the existing options over the period of the respective lock-up period according to IFRS 2.10 et seq. results in additional personnel expenses for Dr. Rolf Hollander, Andreas F.L. Heydemann and Michael Wefers in the amount of 90.2 thousand euros each, or a total of 271 thousand euros (previous year: 68 thousand euros). For information on the identification of the present value of the options and the resulting personnel expenses, please refer to the comments on personnel expenses in the notes on the Annual Financial Statements on page 67.

CeWe Color Holding AG does not have any agreements with members of the Managing Board for the event of premature termination of their employment relationships.

There are pension obligations for members of the company's Managing Board and for their activities as Managing Board members/managing directors of Neumüller CeWe Color Foundation. Re-insurance contracts have been concluded to cover some of these obligations. The amount of the pension commitments is given by two ninths of the last fixed remuneration received for each five years as a member of the Managing Board of CeWe Color Holding AG and as a member of the Managing Board/managing director of Neumüller CeWe Color foundation in each case, however, at the most six ninths. The remuneration for Dr. Rolf Hollander comprises his fixed remuneration for his activities as a member of the Managing Board of CeWe Color Holding AG and the Neumüller CeWe Color Foundation. The respective fixed remuneration for their activities as members of the Managing Board of CeWe Color Holding AG apply for Andreas F.L. Heydemann, Wulf-D. Schmidt-Sacht and Michael Wefers.

The pension commitments come into effect when the regular retirement age is reached. These commitments do not include survivors' benefits. The past service cost for pension benefits in 2006 is as follows with an interest rate of 4.25 % in line with the projected unit credit method according to IAS/IFRS (see page 41).

In addition to their obligations as members of the Managing Board, Dr. Rolf Hollander, Andreas F.L. Heydemann and Wulf-D. Schmidt-Sacht will receive an old-age pension from the age of 65 when they leave the company as part of the standard company pension scheme from a direct pension commitment. In each case, this includes survivors' benefits in the amount of 50% of the respective pension. Michael Wefers receives an old-age pension with an equivalent economic value as part of the standard company pension scheme from an employer-financed pension fund. The commitments are broken down as shown in the table on page 41.

Finally, as part of the company pension scheme, life insurance with a capital payment in the event of their premature death as benefits for survivors or as retirement benefits in the event of their survival has been concluded for all members of the Managing Board with an insured amount of 38 thousand euros in each case. The annual expenditure in this regard totals 1 thousand euros per member of the Managing Board (previous year: 1 thousand euros).

The payments to former members of the Managing Board are calculated in line with the calculation described above for active members of the Managing Board. The first payment of retirement benefits is made upon reaching the regular retirement age.

#### **Remuneration report for the Supervisory Board**

According to the articles of incorporation, the Supervisory Board comprises six members. The remuneration for the members of the Supervisory Board is stated in the articles of incorporation and comprises one fixed and two variable components. The fixed remuneration totals 4.0 thousand euros per year. In addition, each member receives dividend-related remuneration. The Chairman of the Supervisory Board receives one and a half times the stated amounts, the Deputy Chairman receives one and a quarter times these amounts. Finally, each member receives 0.5 thousand euros for participating at each Supervisory Board meeting. None of the Supervisory Board members held any options. Their individual remuneration is shown in the table on page 41.

#### **Other**

The company has a third party liability insurance policy for pecuniary loss for all members of the Managing Board, managing directors and executives of the CeWe Color Group in Germany and abroad. This is concluded or extended annually. The insurance covers the risk of personal liability for pecuniary loss in the event that a claim is made against this group of people when performing their activities.

Managing Board Remuneration, Shareholdings, Options <small>Figures in thousand euros</small>	2006				
	Fixed remuneration	Variable remuneration	Total remuneration	Shareholdings	Option rights
Dr. Rolf Hollander (Chairman)	412	195	607	11,000	12,000
Andreas F.L. Heydemann	158	58	216	0	12,000
Wulf-D. Schmidt-Sacht <small>(until December 31, 2006)</small>	181	58	239	0	0
Michael Wefers	151	58	209	0	12,000
<b>Managing Board (total)</b>	<b>902</b>	<b>369</b>	<b>1.271</b>	<b>11,000</b>	<b>36,000</b>

Figures in thousand euros	2006			
	Pension entitlements Dec. 31, 2005	Pension entitlements acquired 2006	Pension entitlements Dec. 31, 2006	Provision Dec. 31, 2006
Dr. Rolf Hollander	178	89	267	114
Andreas F.L. Heydemann	11	12	23	16
Wulf-D. Schmidt-Sacht	11	12	23	19
Michael Wefers	0	0	0	13
<b>Managing Board (total)</b>	<b>200</b>	<b>113</b>	<b>313</b>	<b>162</b>

Figures in thousand euros	2006			
	Pension entitlements Dec. 31, 2005	Pension entitlements acquired 2006	Pension entitlements Dec. 31, 2006	Provision Dec. 31, 2006
Dr. Rolf Hollander	3	0	3	1
Andreas F.L. Heydemann	3	0	3	1
Wulf-D. Schmidt-Sacht	3	0	3	1
Michael Wefers	3	0	3	1
<b>Managing Board (total)</b>	<b>12</b>	<b>0</b>	<b>12</b>	<b>4</b>

Supervisory Board, Shareholdings, Options <small>Figures in thousand euros</small>	2005						2006					
	Fixed remuneration	Meeting fees	Amounts dependent on dividends	Total remuneration	Shareholdings	Option rights	Fixed remuneration	Meeting fees	Amounts dependent on dividends	Total remuneration	Shareholdings	Option rights
Hubert Rothärmel (Chairman)	6.0	2.5	5.3	13.8	25,000	0	6.0	2.5	14.3	22.8	25,000	0
Hartmut Fromm (Deputy Chairman)	5.0	2.5	4.4	11.9	0	0	5.0	2.0	11.9	18.9	0	0
Dr. h.c. Manfred Bodin	4.0	2.0	3.5	9.5	0	0	4.0	2.0	9.5	15.5	0	0
Dr. Fritz Kröger	4.0	2.5	3.5	10.0	0	0	4.0	2.0	9.5	15.5	0	0
Prof. Dr. Hans-Jürgen Appelrath	4.0	2.0	3.5	9.5	0	0	4.0	2.5	9.5	16.0	0	0
Andreas F. Schubert <small>(to Aug. 31, 2006)</small>	4.0	2.5	3.5	10.0	0	0	2.5	1.5	9.5	13.5	0	0
Sebastian Freitag <small>(from Sept. 1, 2006 to Feb. 8, 2007)</small>	0.0	0.0	0.0	0.0	0	0	1.5	1.0	0.0	2.5	0	0
<b>Supervisory Board (total)</b>	<b>27.0</b>	<b>14.0</b>	<b>23.6</b>	<b>64.6</b>	<b>25,000</b>	<b>0</b>	<b>27.0</b>	<b>13.5</b>	<b>64.1</b>	<b>104.6</b>	<b>25,000</b>	<b>0</b>

## Compliance Report

### Stock Option Plan 2005

CeWe Color AG set up a further stock option plan for its top-level executives in Germany and abroad in line with the resolution passed by the 2005 general Meeting.

In the period from September 12 to 23, 2005, more than 80 managers were able to acquire a total of up to 200,000 stock options. The stock option plan met with great interest. It was oversubscribed by almost 19 % with more than 237,500 shares. Shares may only be sold at the earliest after the expiration of the two-year lock-up period after the performance target of 55.20 euros or 57.50 euros has been reached, i.e., after September 30, 2007.

### Employee shares

Employees may only dispose of the employee shares offered in 2005 after a one-year lock-up period ending on June 5, 2006. If employee shares from previous years have been disposed of, nothing points towards insider information having been used.

### Director's Dealings

Director's dealings have been tightened since 2004 with the new German Investor Protection Act. Section 15 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) includes a new, significantly lower materiality threshold for all members of executive bodies. This must be observed for specific securities transactions:

All transactions for which the total value (based on the total number of transactions performed by the person with the reporting requirement and their related parties) exceeds 5,000.00 euros in a single calendar year must be reported.

If this materiality threshold is exceeded, the executive bodies with a reporting requirement or their family

members undertake to send a written report to us, the issuer as well as the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Financial Supervisory Authority) within five days of conclusion of the transactions.

CeWe Color Holding AG upholds its undertaking by publishing these reports immediately on the [www.cewe-color.com](http://www.cewe-color.com) Web site, in the Corporate Governance section under the Director's dealings item for a period of at least one month and by sending a report to BaFin. After one month, the information is filed in an Internet archive.

Corresponding notices from persons with a reporting requirement can be read in this archive at any time. No securities transactions with a reporting requirement were conducted in 2006. The transactions conducted in 2007 can be viewed in the Investor Relations section of the Web site ([www.cewe-color.com](http://www.cewe-color.com)).

### Insider directory

In Section 13 of the WpHG, the term insider information – which directly affects issuers themselves – was re-defined in 2004. According to Section 15b of the WpHG, we have logged all persons who have corresponding access to insider information in an insider directory, which is constantly updated. We have informed the persons included in the directory.

### Information within the meaning of section 315 (4) of the Handelsgesetzbuch (HGB – German Commercial Code)

#### Composition of the subscribed capital, restrictions that affect voting rights or the transfer of shares (Section 315 (4) nos. 1 and 2 of the HGB)

The subscribed capital of CeWe Color Holding AG, Oldenburg, comprises the following share classes:

Share type	ISIN	Form of share	Number in class	Interest in subscribed capital in euros	Interest in subscribed capital in %	Rights and obligations
Bearer shares	DE 0005403901	shares without a par value	5,400,000	14,040,000.00	73.1705 %	- the shares carry full dividend and voting rights, to the extent that there are no compulsory regulations in the AktG to the contrary (e.g. treasury shares)
Bearer shares	DE 000AOLR902	shares without a par value	1,980,000	5,148,000.00	26.8292 %	- new shares, issued as part of the conversion of subscription right commitment certificates - the new shares carry full voting rights upon their issue - the new shares carry dividend rights for the first time from fiscal year 2007 - the separate listing of the shares will remain in place until the end of the next ordinary general Meeting and then be included in the listing for the existing shares
Registered shares	DE 0005403950	shares without a par value	18	46.80	0.00024 %	- the shares carry full voting and dividend rights to the extent that there are no compulsory regulations in the AktG to the contrary
Registered shares	DE 0005403927	shares without a par value	2	5.20	0.00003 %	- registered shares with transfer restrictions that can only be transferred with the approval of the Supervisory Board - each share grants the right to appoint a member to the Supervisory Board - the shares carry full voting and dividend rights to the extent that there are no compulsory regulations in the AktG to the contrary
			7,380,020	19,188,052.00	100.0000 %	

The company is not aware of any voting rights or restrictions on transfers that go beyond the above.

#### **Direct or indirect interests in capital (Section 314 (4) no. 3 of the HGB)**

Party with reporting obligation	Type of interest	Proportion of notified voting rights in the subscribed capital
Neumüller heirs, Oldenburg, comprising Alexander Neumüller and Caroline Neumüller, Oldenburg Otto Korte and Helmut Hartig, Oldenburg, in the capacity as executors of the will for the Neumüller heirs	direct	27.1 %
Otto Korte and Helmut Hartig, Oldenburg in their capacity of executors for the community of Neumüller heirs	indirect	27.1 %
M2 Special Opportunities Master, L.P., George Town, Grand Cayman, Cayman Islands, British West Indies	direct	10.29 %
M2 Capital Management L.P. New York (USA)	indirect	10.29 %
M2 Capital Management, L.L.C., New York (USA)	indirect	10.29 %
David Marcus, New York (USA)	indirect	10.29 %

#### **Bearers of shares with special rights (Section 315 (4) no. 4 of the HGB)**

Two of the registered shares have restricted transferability, and can only be transferred with the approval of the Supervisory Board of CeWe Color Holding AG, Oldenburg. These shares are linked to the right to appoint a member of the Supervisory Board. The Neumüller CeWe Color Foundation, Oldenburg, holds these shares.

#### **Type of control of voting rights in the event of employee participations (Section 315 (4) no. 5 of the HGB)**

To the extent that employees of the CeWe Color Group participate in CeWe Color Holding AG as shareholders, as far as the company is aware there are no peculiarities to their exercising their voting rights. There are neither joint holdings of one or several shares by employees (Section 69 (1) of the AktG), nor are there agreements binding a partner to exercise their voting rights in a prescribed manner between employee shareholders.

#### **Legal requirements and requirements in the articles of incorporation regarding the appointment and dismissal of members of the Managing Board and changes to the articles of incorporation (Section 315 (4) no. 6 of the HGB)**

Members of the Managing Board are appointed and their number is determined by the Supervisory Board according to Article 5.2 of the articles of incorporation. This also applies to the appointment of a Chairman or Spokesperson for the Managing Board and deputy members of the Managing Board. Otherwise the statutory provisions apply regarding the appointment and dismissal of members of the Managing Board (Sections 84 and 85 of the AktG).

The requirements for changing the articles of incorporation are set out in Sections 133 and 179 of the AktG. In addition, Article 3.3.1 of the articles of incorporation stipulates that resolutions by the General Meeting can be passed with a simple majority of votes cast to the extent that the law or

the articles of incorporation do not compulsorily require a greater majority or other requirements. In the cases in which a capital majority is required, the simple majority of the share capital represented when the resolution is passed is required. The simple majority of the share capital represented when the resolution is passed is also sufficient for resolutions on changes to the articles of incorporation and capital increases, to the extent that the law does not compulsorily require a higher majority.

#### **Authorization for the Managing Board to issue and buy back shares (Section 315 (4) no. 7 of the HGB)**

According to Article 2.4.1, the Managing Board is authorized, with the approval of the Supervisory Board, to increase the company's registered share capital on one or several occasions before June 24, 2009, however, by a maximum amount of 7,800,00.00 euros against cash or non-cash contributions by issuing new shares; in the case of non-cash contributions, the shareholders' subscription rights are excluded.

In addition, according to Section 2.3 of the articles of incorporation, the share capital is contingently increased by an amount of up to 52,000.00 euros comprising 20,000 no-par value bearer shares as a result of the resolutions by the general Meeting on June 16, 1992, June 17, 1999 and June 24, 2004. Neumüller CeWe Color Foundation holds a subscription right for this contingent capital in the nominal amount of a further 52,000.00 euros, only to the extent that the foundation thus exchanges its limited partner's interest of 52,000.00 euros in CeWe Color AG & CO. OHG, Oldenburg, against shares of this company and brings about a merger of the interest in this company.

Persons other than the holders of subscription rights detailed above are excluded from the subscription rights for the contingent capital. This contingent capital is only used to the extent that Neumüller CeWe Color Foundation makes use of its right of exchange. The resolution by the general Meeting dated June 16, 1992 regulates the further execution details.



According to the resolution of the general Meeting dated June 1, 2006, the Managing Board is authorized, up to December 1, 2007, to acquire up to 600,000 own shares.

- This authorization has been issued in order to offer for sale the shares to the employees and members of management of the company and its group companies within the meaning of Section 18 of the AktG by granting further options according to the resolutions passed by the general Meeting on June 30, 2005 for agenda items 6 and 3a) (Stock Option Plan II);
- to offer these to third parties with the approval of the Supervisory Board as part of company mergers or for the acquisition of companies, parts of companies or interests in companies, including increasing existing shareholdings;
- to withdraw these with the approval of the Supervisory Board;
- to re-sell these on the stock exchange;
- to offer these to shareholders for subscription as part of an offer made to all shareholders;
- with the approval of the Supervisory Board to sell these in another manner than via the stock exchange or by an offer to all shareholders.

**Key agreements that are subject to the condition of a change in control as a result of an acquisition offer (Section 315 (4) no. 8 of the HGB)**

There are no agreements between CeWe Color Holding AG, Oldenburg, with third parties that are subject to the condition of a change of control as a result of an acquisition offer and which could have an impact by themselves or in their entirety.

**Compensation agreements (Section 315 (4) No. 9 of the HGB)**

There are no agreements between CeWe Color Holding AG, Oldenburg, and members of the Managing Board or other employees in the event of a takeover bid that could lead to compensation or other payments by the company.

**Events after the end of the fiscal year**

**Application for calling an Extraordinary general Meeting**

CeWe Color Holding AG received a letter dated January 25, 2007 which includes a request to call a general meeting by M2 Special Opportunities Master, L.P., according to Section 122 (1) of the AktG. This letter calls for an Extraordinary general Meeting to be called to resolve on the following agenda items: “Dismissal of members of the Supervisory Board”, “Elections to the Supervisory Board” and “Vote of no confidence in the members of the Managing Board”.

The Managing Board of CeWe Color Holding AG responded to this letter in its press release dated January 30, 2007 in which it clearly stated its position. The hedge fund then confronted the Managing Board with a letter including numerous accusations which are unfounded and are most likely to fail as M2 Capital wants to remove massive amounts of capital from the company. Prior to this, hedge funds had demanded credit-financed extraordinary disbursements totaling 37 million euros to 120 million euros in several letters and discussions. In order to achieve this goal, M2 Capital threatened to call an Extraordinary general Meeting in which the Supervisory Board members are dismissed and a vote of no confidence is issued for the members of the Managing Board. The company did not allow itself to be put under pressure as the liquidity is required as a strategic reserve.

In the company's opinion, the legitimate interests of customers, employees and investors with a long-term horizon should not be sacrificed for short-term interests. During the process of transformation from analog to digital photography which has been successfully mastered to date, and in which the two best results in the past six years have been achieved, all of the available funds and opportunities for borrowing are needed to develop new growth potential for the company and thus also for the shareholders with investments in new products and new areas of business.

On the date this report was prepared, no conclusive decision has been taken on the letter and the application filed therein.

#### **CeWe Color consolidating market in Central Eastern Europe**

On February 15, 2007, CeWe Color announced the acquisition of its Polish industrial photofinishing competitor FOTO CLASSIC, Tarnbrzeg, with two photographic laboratories, as well as the Czech competitor FotoStar s.r.o., Teplice. Prior to these acquisitions, CeWe Color already held 50 % of the Czech market and 40 % of the Polish market, and it has thus substantially bolstered its position on both of these markets. The Czech company recorded photofinishing revenues totaling 7 million euros in fiscal year 2006, and the two Polish laboratories recorded revenues of 3.5 million euros over the same period. As CeWe Color already has two facilities in Poland, over the short term production is to be focused on two of its four laboratories to leverage synergies.

#### **Nuremberg facility to be closed**

In order to modify production capacity in Central Europe, on February 15, 2007 the Managing Board also resolved to close the Nuremberg facility with its around 170 employees. By making this closure, together with a further restructuring activity in France which has not been specified in greater detail, CeWe Color is reacting to the falling demand for analog photos which cannot be fully compensated by the strong growth in digital business.

#### **Share buy-back on the stock market replaced by public buy-back offer**

On February 2, 2007, CeWe Color Holding AG's Managing Board resolved to terminate the share buy-back program on the stock exchange, and to make a public buy-back offer which runs until March 6, 2007. After the company bought back 209,529 shares via the buy-back program which had been running from August 8, 2006, the public buy-back offer aims to acquire a further up to 390,000 shares at an offer price of 36.07 euros per share.

# 24.5

... million euros in earnings before taxes and restructuring in 2007



## Outlook for 2007

In 2005 and 2006, CeWe Color recorded the best results we have seen in the past six years with earnings (EBT) of 25.5 million euros and 21.5 million euros, respectively. This is thanks to focusing at an early stage on developing digital photographic products, a high level of capital expenditure and intensifying our marketing activities.

We were able to produce and sell 1.1 billion digital photos and prints in 2006. These results were achieved smack bang in the middle of the migration from analog to digital photography. In 2006, CeWe Color lost 0.8 billion prints from films (down from 2.6 billion to 1.8 billion), and won 0.3 billion digital prints (up from 0.8 billion to 1.1 billion). This resulted in a total downturn in the number of prints of 16.1 % from 3.4 billion to 2.9 billion prints.

As a result of this downturn in quantities, our management is restructuring the company. We closed four facilities in 2006, and will close five further plants in 2007. The restructuring costs incurred in this regard are expected to depress earnings in 2007 in the net amount of 10 million euros, however, these will lead to a more efficient cost structure over the medium term.

We must assume a further reduction in prints from films of 32 % in 2007, and are forecasting 26 % growth for digital photos and prints. In total, this means that the total quantity of all prints will fall by 10 %. As a result of higher income for prints in photobooks, we will have to accept a lower downturn in revenues of 5 %.

Our pre-restructuring earnings are forecast at 24.5 million euros, EBT after restructuring is forecast at 14.5 million euros, and earnings after taxes are forecast at 7.0 million euros.

Investments (without corporate acquisitions) will once again be up year-on-year at 36.0 million euros. We will redouble our product development activities and intensify our investments in the market. Corporate acquisitions to consolidate the market and expand our successful digital print program will also ensure profitable medium-term growth.

Market researchers believe that the market for prints will bottom out in 2008. The market for pictures will then grow again – with the digital prints accounting for the lion's share.

Our management and employees are preparing our company – with a broad distribution base (60,000 stores), leading (Internet) technology and an interesting product range – to continue to be a successful and attractive partner for our customers, employees and shareholders.

Targets for 2007			Change
Colour prints	from films	1.2 billion units	-32 %
	digital prints	1.4 billion units	+26 %
	<b>total</b>	<b>2.6 billion units</b>	<b>-10 %</b>
Revenues		380 million euros	-5 %
Earnings before taxes and restructuring		24.5 million euros	-10 %
Earnings from operating activities (EBIT)		15.3 million euros	-32 %
Earnings before taxes (EBT)		14.5 million euros	-31 %
Earnings after taxes		7.0 million euros	-61 %
Cash flow		41.2 million euros	-25 %
Free cash flow		5.2 million euros	-77 %
Capital expenditure		36.0 million euros	+11 %

Oldenburg, February 23, 2007

CeWe Color Holding AG  
– The Managing Board –



Dr. Rolf Hollander  
(Chairman of the Managing Board)



Dr. Reiner Fageth



Andreas F.L. Heydemann



Michael Wefers

## Managing Board and Managing Directors

### Managing Board of CeWe Color Holding AG



**Dr. Rolf Hollander**

Chairman of the Board of Management of CeWe Color Holding AG and the Neumüller CeWe Color Foundation



**Dr. Reiner Fageth**

Managing Director of the Neumüller CeWe Color Foundation (since January 1, 2007), heads the Research and Development divisions



**Andreas F.L. Heydemann**

Member of the Board of Management of CeWe Color Holding AG and Managing Director of the Neumüller CeWe Color Foundation, responsible for the Finance and Accounting, Materials Management, EDP and Auditing divisions



**Wulf-D. Schmidt-Sacht**

Member of the Board of Management of CeWe Color Holding AG and Managing Director of the Neumüller CeWe Color Foundation, responsible for the Technology and Research and Development divisions (until December 31, 2006)



**Michael Wefers**

Member of the Board of Management of CeWe Color Holding AG and Managing Director of the Neumüller CeWe Color Foundation, responsible for the Human Resources, Legal and Investor Relations divisions



## Managing Board and Managing Directors of Neumüller CeWe Color Foundation



**Dr. Michael Fries**

Managing director of Neumüller CeWe Color Foundation, responsible for coordinating German plants and logistics



**Harald H. Pirwitz**

Neumüller CeWe Color Foundation Managing Board member, responsible for sales and marketing in Germany, Austria and Switzerland



**Hans-Joachim Prziklang**

Neumüller CeWe Color Foundation Managing Board member and recipients' representative



**Felix Thalmann**

Managing Board member of Neumüller CeWe Color Foundation, responsible for the rest of world and expansion

60,000

... retail partners in 23 European countries

**CONSOLIDATED FINANCIAL STATEMENTS**



## Consolidated Balance Sheet

as of December 31, 2006

of CeWe Color Holding AG, Oldenburg (IFRS/IAS)

Assets Figures in thousand euros	Dec. 31, 2005	Dec. 31, 2006	Change	Notes   Page
I. Property, plant and equipment	116,381	110,596	-5.0 %	22   76
II. Goodwill	2,461	2,461	0.0 %	23   76
III. Intangible assets	8,995	9,421	4.7 %	24   77
IV. Financial assets At Equity	500	0	-100.0 %	25   77
V. Financial assets	1,389	2,129	53.3 %	26   77
VI. Noncurrent receivables from income tax refunds	0	4,218	100.0 %	27   77
VII. Noncurrent receivables and assets	616	496	-19.5 %	28   78
VIII. Deferred tax assets	2,857	3,092	8.2 %	29   78
<b>A. Noncurrent assets</b>	<b>133,199</b>	<b>132,413</b>	<b>-0.6 %</b>	
I. Inventories	38,960	34,152	-12.3 %	30   78
II. Current trade receivables	53,358	56,429	5.8 %	31   78
III. Current receivables from income tax refunds	438	6,892	1,473.5 %	32   78
IV. Current other receivables and assets	7,992	13,054	63.3 %	33   79
V. Cash and cash equivalents	27,353	14,475	-47.1 %	34   79
<b>B. Current assets</b>	<b>128,101</b>	<b>125,002</b>	<b>-2.4 %</b>	
	<b>261,300</b>	<b>257,415</b>	<b>-1.5 %</b>	

Shareholders' Equity and Liabilities <small>Figures in thousand euros</small>	Dec. 31, 2005	Dec. 31, 2006	Change	Notes   Page
I. Subscribed capital	15,600	19,188	23.0 %	35   79
II. Share premium	29,175	58,603	100.9 %	40   84
III. Treasury shares	-10,424	-6,036	42.1 %	41   84
IV. Revenue reserves and net retained profits	65,015	55,571	-14.5 %	42   86
V. Minority interests	13,679	36	-99.7 %	43   86
<b>A. Equity</b>	<b>113,045</b>	<b>127,362</b>	<b>12.7 %</b>	
I. Noncurrent special tax-allowable reserves for investment grants	1,006	866	-13.9 %	44   86
II. Noncurrent provisions for pensions	8,692	9,290	6.9 %	45   87
III. Noncurrent deferred tax liabilities	1,985	1,543	-22.3 %	46   87
IV. Noncurrent other provisions	4,373	2,226	-49.1 %	47   87
V. Noncurrent financial liabilities	10,131	5,572	-45.0 %	48   88
VI. Noncurrent other liabilities	14,150	898	-93.7 %	49   88
<b>B. Noncurrent liabilities</b>	<b>40,337</b>	<b>20,395</b>	<b>-49.4 %</b>	
I. Current special tax-allowable reserves for investment grants	202	140	-30.7 %	
II. Current provisions for taxes	8,436	7,884	-6.5 %	50   88
III. Current other provisions	13,965	11,126	-20.3 %	51   88
IV. Current financial liabilities	7,176	17,250	140.4 %	52   89
V. Current other liabilities	78,139	73,258	-6.2 %	53   89
<b>C. Current liabilities</b>	<b>107,918</b>	<b>109,658</b>	<b>1.6 %</b>	
	<b>261,300</b>	<b>257,415</b>	<b>-1.5 %</b>	



## Consolidated Profit and Loss Account

for the period from January 1, 2006 to December 31, 2006

for CeWe Color Holding AG, Oldenburg (IFRS/IAS)

Figures in thousand euros	2005	2006	Change	Notes   Page
<b>1. Revenues</b>	431,130	400,531	-7.1 %	10   66
2. Change in inventory	-123	-75	39.0 %	
3. Other own work capitalized	1,531	896	-41.5 %	
4. Other operating income	34,565	20,369	-41.1 %	11   66
5. Cost of materials	-153,114	-139,578	8.8 %	12   67
<b>6. Gross profit</b>	<b>313,989</b>	<b>282,143</b>	<b>-10.1 %</b>	
7. Personnel costs	-131,092	-111,475	15.0 %	13   67
8. Amortization of intangible assets and depreciation of property, plant and equipment	-39,853	-36,840	7.6 %	14   68
9. Other operating expenses	-114,319	-107,439	6.0 %	15   68
<b>10. Earnings before interest and taxes (EBIT)</b>	<b>28,725</b>	<b>26,389</b>	<b>-8.1 %</b>	
11. Financial results (IAS)	-3,194	-5,279	-65.3 %	17   69
<b>12. Profit before tax (EBT)</b>	<b>25,531</b>	<b>21,110</b>	<b>-17.3 %</b>	
13. Income taxes	-11,612	-1,024	91.2 %	18   70
14. Other taxes	-2,417	-2,217	8.3 %	19   72
<b>15. Profit after tax (EAT)</b>	<b>11,502</b>	<b>17,869</b>	<b>55.4 %</b>	
16. Minority interest	-4,415	-3,836	13.1 %	20   72
<b>17. Net profit for the period</b>	<b>7,087</b>	<b>14,033</b>	<b>98.0 %</b>	
<b>Basic earnings per share</b> (in euros)				
- undiluted	1.29	2.61	102.3 %	21   73
- diluted	1.43	2.39	67.1 %	21   73

# Consolidated Cash Flow Statement

as of December 31, 2006

for CeWe Color Holding AG, Oldenburg

Figures in thousand euros	2005	2006
<b>Result from ordinary activities (EBIT)</b>	<b>28,725</b>	<b>26,389</b>
+ Amortization of intangible assets and depreciation of property, plant and equipment	39,853	36,840
+ Addition to provisions without addition to provision for taxes	13,675	10,229
– Reversal of provisions without provision for taxes/reversal of special tax-allowable reserves	–4,168	–2,796
– Other non-cash transactions	–1,680	4,380
<b>= Cash flow after non-cash transactions</b>	<b>76,405</b>	<b>75,042</b>
+ Income from the disposal of noncurrent assets	1,732	1,890
± Increase (+)/decrease (–) in inventories, receivables and other assets	10,600	–14,112
– Decrease in consumption of provisions without provision for taxes	–5,877	–12,023
– decrease (–) in trade payables, other liabilities and other equity and liabilities	–16,876	–35,613
<b>= Net cash received from operating activities</b>	<b>–10,421</b>	<b>–59,858</b>
– Income tax paid	–12,982	–6,452
– Other taxes paid	–2,417	–2,108
<b>= Cash flow from operating activities</b>	<b>50,585</b>	<b>6,624</b>
<b>Investing activities</b>		
– Net cash used in the acquisition of companies plus acquired net cash and cash equivalents	–1,775	0
– Acquisition of property, plant and equipment	–33,985	–32,667
– Own work capitalized	–1,531	–896
+ Income from the disposal of assets	2,977	747
<b>= Cash flow from investing activities</b>	<b>–34,314</b>	<b>–32,816</b>
<b>Financing activities</b>		
– Dividends paid	–3,314	–6,480
– Acquisition of treasury shares	–361	–10,176
+ Processing of 2nd Stock Option Plan	2,169	0
+ Valuation of 2005 Stock Option Plan (IFRS 2)	559	1,834
+ Changes in equity by exercise of subscription rights	0	27,225
± Non-cash market valuation of hedge transactions taken directly to equity	–582	379
± Non-cash currency differences from the translation of long-term intra-group loans (IAS 21.132) and for currency differences for deferred taxes offset against equity	390	–6
+ Income from taking out loans	9,671	9,992
– Payments from redeeming liabilities to banks	–12,990	–4,476
– Net interest without amortization of financial assets and non-cash valuations of hedging and forward transactions	–1,862	–5,071
<b>= Cash flow from financing activities (–)/(+)</b>	<b>–6,320</b>	<b>13,221</b>
<b>= Net change in cash and cash equivalents</b>	<b>9,951</b>	<b>–12,971</b>
+ Change in cash and cash equivalents due to exchange rate changes	187	93
+ Cash and cash equivalents start of period	17,215	27,353
<b>= Cash and cash equivalents end of period</b>	<b>27,353</b>	<b>14,475</b>

Notes to the Cash Flow Statement can be found on page 92

## Consolidated Statement of Changes in Equity

for CeWe Color Holding AG, Oldenburg

Consolidated Statement  
of Changes in Equity  
January 1 – December 31,  
2006 (IFRS/IAS)  
Figures in thousand euros

	Subscribed capital	Share premium	Consolidated equity generated	Market valuation of hedge transactions	Special tax-allowable reserve for Stock Option Plan	Adjustment item for currency translation
Balance on January 1, 2006	15,600	29,175	64,421	-582	559	797
Dividend paid	0	0	-6,480	0	0	0
Capital reduction/withdrawal of own shares	-1,560	1,560	-14,564	0	0	0
Exertion of conversion rights <sup>1</sup>	5,148	27,868	-5,791	0	0	0
Acquisition of treasury shares	0	0	0	0	0	0
Ergebnis nach Steuern	0	0	17,868	0	0	0
Profit/loss attributable to minority interests	0	0	-3,835	0	0	0
Valuation of Stock Option Plan (IFRS 2)	0	0	0	0	1,834	0
Market valuation of hedge transactions	0	0	0	379	0	0
Currency translation	0	0	0	0	0	1,401
<b>Balance on December 31, 2006</b>	<b>19,188</b>	<b>58,603</b>	<b>51,619</b>	<b>-203</b>	<b>2,393<sup>2)</sup></b>	<b>2,198</b>

1) Please see the notes on equity.

2) This item includes the option premiums received for the stock options plan in the amount of 97 thousand euros

3) The remaining earnings for minority interests in the consolidated earnings are carried under liabilities to shareholders. The earnings carried here total less than 500 thousand euros.

Consolidated Statement  
of Changes in Equity  
January 1 – December 31,  
2005 (IAS)  
Figures in thousand euros

	Subscribed capital	Share premium	Consolidated equity generated	Market valuation of hedge transactions	Special tax-allowable reserve for Stock Option Plan	Adjustment item for currency translation
Balance on January 1, 2005	15,600	29,175	60,509	0	0	-75
Acquisition	0	0	0	0	0	0
Dividend paid	0	0	-3,314	0	0	0
Profit after tax	0	0	11,502	0	0	0
Profit/loss attributable to minority interests	0	0	-4,415	0	0	0
Processing of Stock Option Plan	0	0	139 <sup>1)</sup>	0	0	0
Processing of Stock Option Plan (IFRS 2)	0	0	0	0	559 <sup>2)</sup>	0
Market valuation of hedge transition	0	0	0	-582	0	0
Currency translation	0	0	0	0	0	872
<b>Balance on December 31, 2005</b>	<b>15,600</b>	<b>29,175</b>	<b>64,421</b>	<b>-582</b>	<b>559</b>	<b>797</b>

1) Of this item, 88 thousand euros relates to the difference between the book value and the compensation from exercising the stock option plans and 51 thousand euros relates to the option premiums received.

2) This item relates to the premiums received for the issued options in the amount of 100 thousand euros and the fair values of the estimated services received for the option purchasers in the amount of 459 thousand euros according to IFRS 2.10

3) The remaining earnings for minority interests in the consolidated earnings are carried under liabilities to shareholders. The earnings carried here total less than 500 thousand euros.

Deferred taxes for currency differences in equity	Equity from Consolidated Balance Sheet less treasury shares	Parent company		Minority interests			Consolidated equity
		Treasury shares that are not earmarked for withdrawal	Accumulated other consolidated earnings Consolidated equity	Minority interests	Adjustment item for currency translation	Minority interests	
-180	109,790	-10,424	99,366	13,430	249	13,679	113,045
0	-6,480	0	-6,480	0	0	0	-6,480
0	-14,564	14,564	0	0	0	0	0
0	27,225	0	27,225	-13,379	-267	-13,646	12,704
0	0	-10,176	-10,176	0	0	0	-10,176
0	17,868	0	17,868	0	0	0	17,868
0	-3,835	0	-3,835	0 <sup>3)</sup>	0	0	-3,835
0	1,834	0	1,834	0	0	0	1,834
0	379	0	379	0	0	0	379
-256	1,145	0	1,145	0	3	3	1,148
-436	133,362	-6,036	127,326	51	-15	36	127,362

Deferred taxes for currency differences in equity	Equity from Consolidated Balance Sheet less treasury shares	Parent company		Minority interests			Consolidated equity
		Treasury shares that are not earmarked for withdrawal	Accumulated other consolidated earnings Consolidated equity	Minority interests	Adjustment item for currency translation	Minority interests	
-73	105,136	-12,093	93,043	13,430	-32	13,398	106,441
0	0	-361	-361	0	0	0	-361
0	-3,314	0	-3,314	0	0	0	-3,314
0	11,502	0	11,502	0	0	0	11,502
0	-4,415	0	-4,415	0 <sup>3)</sup>	0	0	-4,415
0	139	2,030	2,169	0	0	0	2,169
0	559	0	559	0	0	0	559
0	-582	0	-582	0	0	0	-582
-107	765	0	765	0	281	281	1,046
-180	109,790	-10,424	99,366	13,430	249	13,679	113,045

## A. General Notes

- 1 | Principles for the preparation of the Consolidated Financial Statements**
- The Consolidated Financial Statements of CeWe Color Holding AG for the fiscal year from January 1 to December 31, 2006 were prepared according to IFRS/IAS as these are to be applied in the EU, and also according to the provisions of Section 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) as are to be applied as a supplement.
- The income statement is prepared using the total cost (type of expenditure) method. All figures are in thousands of euros if not otherwise specified.
- 2 | Key differences between IFRS/IAS and HGB**
- The group does not prepare Financial Statements according to the accounting, valuation and carrying methods set out in the German Commercial Code (HGB). It is thus not possible to show differences between the total assets and net income compared to HGB figures. There are the following key differences:
- The formation of deferred taxes liabilities based on the balance sheet liability method and the capitalization of deferred tax assets from tax losses carried forward (IAS 12)
  - Modification of the useful lives of property, plant and equipment, the uniform application of straight line amortization/depreciation and the consideration of the residual value of property, plant and equipment (IAS 16)
  - Valuation of provisions for pensions according to the projected unit credit method taking into account future salary trends and the corridor rule (IAS 19)
  - Valuation of provisions at the amount of the best estimate of the present obligation according to the amount at which this is most likely to be taken up, with noncurrent provisions being discounted (IAS 37).
  - Individual valuation of receivables (IAS 32; removal of lump-sum write-downs)
  - Waiver of the formation of provisions for expenses
  - Capitalization of internally generated intangible non-current assets at cost (IAS 38)
  - Valuation and disclosure of treasury shares according to IAS 32.33
  - Comprehensive allocation and valuation requirements for company acquisitions and mergers and the capitalization requirement for goodwill in this regard (IFRS 3, IAS 36 and 38)
  - Fair value measurement of hedge transactions (IAS 39)
  - Valuation of Stock Option Plans with indirect consideration of the lower of cost or market for the equity instruments selected (IFRS 2)
- 3 | Group of consolidated companies**
- The group of consolidated companies includes CeWe Color Holding AG as the parent company, 4 German and 17 foreign companies. For the individual companies in which a majority of voting rights is held – directly or indirectly – by CeWe Color Holding AG, please see the list of shareholdings (see page 91).
- There have been the following changes to the company since the Financial Statements on December 31, 2005:
- OneWebPhoto Verwaltungs GmbH, Oldenburg as the limited partner of OneWebPhoto GmbH & Co. KG, Oldenburg, was merged with CeWe Color AG & Co. OHG, Oldenburg with effect from January 1, 2006. This means that the latter company also holds the limited partners' shares of OneWebPhoto GmbH & Co. KG, Oldenburg (Germany).
  - Zweite CeWe Color Beteiligungsgesellschaft AG, Dübendorf (Switzerland), was formed with effect from March 14, 2006.
  - Fotolab a.s., Prague (Czech Republic), changed its name to CeWe Color a.s., Prague (Czech Republic).



- The former company Fotolab Slovakia a.s., Bratislava (Republic of Slovakia), also changed its name to CeWe Color a.s., Bratislava (Republic of Slovakia).
- A.R. Bott & Sons Limited, Warwick (United Kingdom), changed its name to CeWe Color Limited, Warwick (United Kingdom).
- The company Fotolux CeWe Color Ltd., Dnipropetrovsk (Ukraine), formed jointly in the spring of 2005 with OOO “Invest”, Dnipropetrovsk (Ukraine), was terminated and liquidated as of September 21, 2006, the equity-accounted investment was deconsolidated. The CeWe Color Group did not suffer any economic damage as a result of its withdrawal from the joint venture, as the joint venture company had not yet conducted any activities.
- The bearers of subscription right commitment certificates exercised their subscription rights in December 2006 by converting their atypical silent partnership in CeWe Color AG & Co. OHG, Oldenburg for a total of 1,980,000 shares with a nominal value of 5,148 thousand euros in CeWe Color Holding AG. The conversion was effective as of December 31, 2006. For further information please see the section on Contingent Capital (page 80). As of December 31, 2006, CeWe Color Holding AG, Oldenburg, thus holds an interest of 99.75 % in CeWe Color AG & Co. OHG, Oldenburg.

With effect from February 1, 2007, i.e., without impacting the group of consolidated companies for these Consolidated Financial Statements, CeWe Color a.s., Prague (Czech Republic) acquired a 100% interest in Foto Star s.r.o., Teplice (Czech Republic). The purchase price totaled 2.861 million euros (81.500 million CZK). Together with this company, the company also acquired Bohemia Foto, spol. s.r.o., Teplice (Czech Republic) and FotoStar Slovakia spol. S.r.o., Trnava (Republic of Slovakia). Foto Star s.r.o., Teplice (Czech Republic) holds a 100% interest in both of these companies.

With effect as of February 12, 2007, CeWe Color sp.z.o.o, Kedzierzyn-Kozle (Poland) acquired a 100 % interest in FOTO CLASSIC, Tarnobrzeg (Poland). The purchase price totaled 800 thousand euros.

The group of consolidated companies does not include Dipinto Limited, Warwick (United Kingdom) and INet Distribution Limited, Warwick (United Kingdom) as a result of their non-material economic importance. As of December 31, 2006, the assets of both companies totaled 207 thousand euros, liabilities totaled 5 thousand euros. The earnings for the period and income both totaled 0 thousand euros.

#### 4 | Principles of consolidation

The consolidated financial statements were prepared based on the audited single-entity Financial Statements of the companies included.

The Balance Sheet date for the single-entity Financial Statements for all of the companies included in the Consolidated Financial Statements is the same as the Balance Sheet date for the Consolidated Financial Statements – December 31, 2006.

To the extent that goodwill resulted during first-time consolidation as part of the back calculation to March 30, 2004, this is carried as goodwill according to IAS 22.41 – which applied at that time – to the extent that this was not amortized over other identifiable assets and/or liabilities. Goodwill which had not been fully amortized by December 31, 2004 is no longer subject to scheduled amortization as a result of the changes to IAS 38. These items are now amortized via unscheduled write-downs resulting from an impairment test in line with IAS 36.

The impairment tests to be conducted annually for goodwill are conducted according to the discounted cash flow method. In so doing, the cash flows to be anticipated in future from the latest management forecasts are extrapolated using long-term sales growth rates and assumptions on growth for margins and earnings, and discounted using the costs of capital for the company unit. The tests are conducted at a cash generating unit level (IAS 36). In addition, an impairment test is conducted during the year if events mean that it can be assumed that the asset has been permanently impaired.

Badwill from initial consolidation was either recognized in income directly according to IAS 22.62 up to March 30, 2004 or was deducted from the goodwill resulting from initial consolidation according to IAS 22.64.

First-time consolidations after March 31, 2004 use the purchase method set out in IFRS 3.14. In so doing, the assets and liabilities acquired are revalued according to the principles of IFRS. The remaining undistributed positive goodwill is carried as goodwill within the meaning of IFRS 3.51 et seq.

If badwill results from initial consolidation, this has been recognized in income immediately in line with IFRS 3.56.

In the case of additions of interests in companies already included as part of full consolidation, these additions are carried under equity according to ED IAS 27 (draft to amend IAS 27). The carrying amounts of the assets, liabilities and goodwill of the companies already consolidated are not changed.

Revenues, expenses and income as well as loans, receivables and liabilities within the group between the consolidated companies are eliminated. Inter-company profits from group deliveries are consolidated to the extent that these are material for the presentation of the financial position and results of operations. Inter-group deliveries and performance are calculated based on market prices and also in line with the principle of dealings at arm's length. To the extent required, deferred taxes were formed for consolidation which affected income.

Effects from the fair value measurement (IFRS 2) of equity instruments issued (Stock Option Plans) for future work are distributed as expenses over their term, carried under personnel expenses, and booked against equity (other revenue reserves). To the extent that the option conditions are not fulfilled, the item is to be reversed directly in equity.

Associated companies over which a significant influence is held but for which there are no opportunities for influence and control, are consolidated at equity (IAS 28.6). These are valued on their date of acquisition using the acquisition cost method, with proportionate hidden reserves and liabilities taken into account. In subsequent valuations, the carrying amount is continued including scheduled amortization/depreciation of hidden reserves, the increase or reduction by the proportion of the annual earnings, the dividends received and any proportionate capital increases or decreases that had been performed.

Companies that are no longer to be classified as being consolidated companies were excluded from consolidation. The date was determined by the date on which the company exited the group, i.e., the date on which control was lost or, in the case of companies consolidated at equity, the date on which the significant influence was lost. Income and expenses resulting from the consolidated company were included in the Consolidated Income Statement until the date it exited the group. All of the assets and liabilities representing the company or, in the case of companies consolidated at equity, all of the effects which increase and decrease equity directly prior to the company exiting the consolidated group, were regarded as the disposal value. The impact on income from final consolidation results from comparing the sale or liquidation income with the disposal value.

The consolidation methods applied are unchanged year-on-year.

## 5 | Currency translation

The financial statements of the foreign group companies are translated to euros using the functional currency concept (IAS 21). The functional currency of the subsidiaries is the respective national currency. As our subsidiaries operate their business independently in financial, economic and organizational terms, as a rule the functional currency is identical with the company's respective national currency. The group's reporting and functional currency is the euro.

Assets and liabilities of the companies to be included are translated at the mean rate of exchange on the balance sheet date, income and expenses are translated at the annual average of the respective mean rate of exchange.

Goodwill which results for foreign subsidiaries from capital consolidation is carried at historical acquisition costs. Equity is also translated at historical exchange rates. The resulting currency translation differences are not carried in the income statement, but under a separate equity item. Currency differences from the translation of long-term loans to group companies are also carried directly under equity in line with IAS 21.32.

Currency translation is based on the following key exchange rates:

Currency translation Figures in thousand euros	Balance Sheet rate	2005 Profit and Loss Account rate	Balance Sheet rate	2006 Profit and Loss Account rate
Swiss francs	1.55480	1.54830	1.60840	1.57310
Czech crowns	29.02000	29.77240	27.47000	28.34030
Danish crowns	7.46000	7.45170	7.45570	7.45910
Hungarian forint	252.90000	248.06070	251.50000	264.21820
Norwegian crowns	7.99900	8.01190	8.24550	8.04660
Polish zloty	3.86500	4.03000	3.83500	3.89570
Swedish crowns	9.39200	9.28020	9.04300	9.25400
Slovakian crowns	37.87000	38.58990	34.53000	37.21920
Croatian kuna	7.36670	7.40710	7.34870	7.32500
British pounds sterling	0.68630	0.68400	0.67130	0.68190

## B. Accounting and Valuation Principles

### 6 | General information

As a rule, the annual financial statements of the companies included are prepared using uniform accounting and valuation methods. The accounting and valuation options in the Consolidated Financial Statements are exercised in the same manner as in the single-entity Financial Statements. The accounting and valuation methods applied are unchanged year-on-year.

### 7 | Recognition of income and expense

Revenues and other operating income are recognized when the service is provided or when risk is transferred to the customer. Operating expenses are recognized in income when the service is taken up or when these are caused. Revenue-related expenses or provisions are taken into account when the corresponding revenues are recognized. Interest income and expense are accrued.

### 8 | Assets

**Intangible assets** acquired against payment are carried at cost less straight line amortization in line with their useful lives.

Intangible assets carried under IFRS 3 are amortized taking into account the reworked IAS 38.

Internally generated intangible assets from which future economic benefits will flow to the group and which can be reliably valued (IAS 38) are capitalized at their production cost. These mostly relate to sales and production-specific software systems which can be used throughout the group. These systems are regularly modified in line with the changing technical requirements, with the useful life being re-determined on a regular basis. Production costs comprise all directly allocable costs as well as reasonable amounts of the production-related overheads. Financing costs are not capitalized (IAS 23). Other development costs are also not capitalized.

The goodwill included in intangible assets is not subject to scheduled amortization. Impairment tests (IAS 36) are conducted for the individual items. If write-downs were required, extraordinary write-downs were performed.

**Property, plant and equipment** is carried at cost and, if these are wasting assets, less scheduled straight line depreciation. Production costs comprise all directly allocable costs as well as reasonable amounts of the production-related overheads. Financing costs are not capitalized (IAS 23.10 et seq.). The basis for depreciation is less an estimated residual value which the companies can anticipate realizing at the end of the useful life less the costs of disposal (IAS 16.6, 38.7). The residual value on the Balance Sheet date is calculated as if the respective asset already has the age and degree of wasting on the date of the supposed disposal (IAS 16 BC 29). There is no revaluation of assets according to IAS 16.31 and IAS 38.75. Only depreciation resulting from tax regulations is not applied.

Low value assets with an individual acquisition value of up to 410.00 euros are written off in full in the year of their acquisition.

Scheduled amortization/depreciation of non-current assets is mostly calculated based on the following uniform group useful lives:

Standard useful lives Useful life in years	Dec. 31, 2005	Dec. 31, 2006
<b>Asset</b>		
Software and other intangible assets	3 to 7	3 to 7
ERP software	8	5
Buildings	25 to 40	25 to 40
<b>Machinery</b>		
Printers	4 to 7	4 to 7
Splicers	5 to 6	5 to 6
Film development machines	6 to 8	6 to 8
Sorting lines	5 to 8	5 to 8
EDP equipment	3 to 7	3 to 7
Cars	5	5
Office furniture	13	13

Standard operating useful lives are determined based on previous experience of using the asset, its current and expected opportunities for use, and specific technical developments.

Extraordinary amortization/depreciation within the meaning of IAS 36 was performed according to IAS 16.63 if there was reason to believe that the recoverable amount of the asset was significantly less than its book value, for example if market values fell more strongly than normal.

**Financial assets** are measured at cost. No **extraordinary amortization** was performed as a result of expected permanent impairment. Joint venture companies are consolidated at equity and carried under financial assets at equity. Upon initial consolidation they are carried at cost or, if the participation is via a non-cash contribution, at their present value; in the case of non-cash contributions the portions of hidden reserves due to the partner company are taken into account.

**Inventories** are carried at cost. Cost includes material and production unit costs as well as material and production overheads to a reasonable extent. Administrative costs are taken into account to the extent that these are attributable to production. If the net selling value was lower on the Balance Sheet date, this is applied. There were no long-term production contracts. Purchased items of inventory were measured at their weighted average value using the average value method.

As a rule, **receivables** and **other assets** are carried at their face value. If there is doubt surrounding the collection of receivables, these are carried at the lower amount which can be received. In addition to the required individual write-downs, recognizable risks from the general credit risk are taken into account by forming lump-sum individual write-downs. Non-interest bearing receivables and other assets are discounted to the extent that these are noncurrent. The treasury shares held are deducted from equity on the face of the Balance Sheet in a separate item according to IAS 32.33.

**Cash in hand, bank balances and checks** are carried at amortized cost. Cash in hand and balances in foreign currencies are translated at the exchange rate on the Balance Sheet date (see page 79).

According to IAS 12, **deferred tax assets and liabilities** are formed for all temporary differences for assets and liabilities between the tax base and the IFRS/IAS financial statements, for tax credits and losses carried forward. The national tax rates applicable on the Balance Sheet date or in future are applied respectively. The impact of changes in the tax rate on deferred taxes is recorded when the statutory change comes into effect. Deferred tax assets from losses carried forward are only taken into account to the extent that their realization is sufficiently concrete and probable.

## 9 | Liabilities and shareholders' equity

Subscribed capital is carried at its nominal amount under **equity**. The premium from the initial share issue is measured as the share premium at the difference between the nominal amount of the bearer shares issued and the issuing amount generated. The company received compensation for the new shares issued as part of conversion rights being exercised. The amount of this compensation is disclosed in the amount of its nominal value under subscribed capital and in the amount of the premium in excess of this amount under the share premium. Subscribed capital and the share premium relate to CeWe Color Holding AG, Oldenburg, and are disclosed as for this company. In line with IAS 32.33, treasury shares are carried in the amount of their full original acquisition costs on the date of their re-purchase in the special item for treasury shares. The revenue reserves and the net retained profits are formed according to statutory provisions and the articles of association, and are carried at their face value. In addition, they include the differences to IFRS/IAS accounting that result in excess of the HGB results. In addition, effects are disclosed that result from the fair value measurement of hedging transactions within the meaning of IAS 39 and the valuation of Stock Option Plans according to IFRS 2 (see page 80). The option premiums received as part of the option rights issued are also carried under revenue reserves.

**Provisions for pensions** are taken into account in line with the projected unit credit method prescribed by IAS 19 for performance-related pension commitments. When valuing provisions for pensions and calculating pension costs, the 10 % corridor rule was not applied. That means that all actuarial gains and losses are recognized in income immediately. Actuarial calculations are based on the following assumptions of trends:

Actuarial parameters for the growth of pension provisions Figures in %	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Valuation using the projected unit credit method (figures p.a.)		
Interest rate	4.25	4.40
Salary trend	2.50	2.50
Pension trend	1.50	1.50
Average fluctuation	1.50	1.50

Calculations based on: 2005 mortality table from G. Heubeck-Richttafeln GmbH, Cologne, for 2005  
Pension age selected: advance take-up according to RRG 1999

Mortality rates are calculated according to the current mortality tables published by Heubeck or comparable foreign mortality tables. There is re-insurance in the event that extraordinary payments are required. There were no fund assets to be offset and which could be used to repay the commitments.



Government grants for assets are carried in the item **special tax-allowable reserve for investment grants** as a deferred liability. Investment grants and investment subsidies are recognized in income proportionately as these are taken up in line with amortization/depreciation for the subsidized assets.

**Deferred tax liabilities** are carried under provisions. These are formed based on the standard international liability method (IAS 12) and show the tax impact of valuation differences between the individual companies' tax bases and the consolidated financial statements. Neither deferred tax assets nor deferred tax liabilities are discounted. The deferrals are calculated using the tax rates which are to be expected when the temporary differences are reversed according to current knowledge. The underlying tax rates total approx. 38.2 % in Germany and are between 16.0 % and 33.9 % in the rest of the world.

Average tax rates for the calculation of deferred taxes Figures in %	2005	2006
Germany	38.20	38.20
The Netherlands	31.50	29.60
Belgium	33.99	33.99
France	33.83	34.43
Switzerland	25.00	25.00
Denmark	28.00	28.00
Norway	28.00	28.00
Poland	19.00	19.00
Slovakia	19.00	19.00
Czech Republic	24.00	24.00
Hungary	16.00	16.00
Croatia	20.00	20.00
United Kingdom	30.00	30.00

Other **provisions for taxes** and **other provisions** are formed to the extent that there is a commitment resulting from a past event. This is conditional upon it being probable that this commitment will lead to a future outflow of resources and the charges can be reliably estimated (IAS 37). These are carried if the probability is greater than 50% based on the fulfillment amount with the highest probability of occurrence. Provisions for liabilities that will probably not lead to charges in the following year are formed in the amount of the cash value of the anticipated outflow of resources, to the extent that this is material. The discount rates correspond to the standard capital market rates. The carrying amount of the provisions is reviewed on every Balance Sheet date.

**Liabilities** are carried at amortized cost (IAS 39), items denominated in foreign currency are measured at the mean rate of exchange on the Balance Sheet date.

**Contingent liabilities** are used to disclose obligations from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events, and for which the threatened outflow of resources is not sufficiently probable or for which the amount of the outflow of resources cannot be reliably estimated (IAS 37). Compensation obligations to the minority shareholder of CeWe Color AG & Co. OHG, Oldenburg, are carried at their fair value (IAS 32 in connection with ED IAS 32). This figure is geared to the stock market price of shares of CeWe Color Holding AG, Oldenburg, as this company itself does not conduct its own activities and is merely a holding company.

As a rule, contingent liabilities are not carried on the Balance Sheet. The volume of contingent liabilities stated in the notes corresponds to the amount on the Balance Sheet date. The carrying amount of the contingent liabilities is recalculated on every Balance Sheet date.

CeWe Color uses **derivative financial instruments** such as interest rate and foreign currency options, interest rate swaps, combined interest and currency swaps, as well as commodities forwards (silver) to hedge currency, interest rate and commodity price risks. According to the risk management principles, no derivative financial instruments are held for trading purposes.

Derivative financial instruments are initially carried on the Balance Sheet at cost and then at their market values. Gains and losses are recorded depending on the type of item hedged. On the date a hedge transaction is concluded, the derivatives are either classified as hedges for a planned transaction (cash flow hedge), hedges for the fair value of a disclosed asset or liability (fair value hedge) or hedges for a net investment in an economically independent foreign subsidiary.

The change in the market value of derivatives which are used for and are suitable for use as cash flow hedges, and which prove to be fully effective, are carried under equity. If these are not 100% effective, the ineffective changes in value are recognized in income. The gains and losses accumulated in equity are recognized in income in the same period in which the hedged transaction impacts the income statement. In the case of derivative financial instruments which are used to hedge fair value, the results from the derivative and the corresponding gain or loss from the hedged item are recognized in income immediately.

Changes to the market value of derivatives to hedge the market value of a future underlying transaction which are not suitable for hedge accounting within the meaning of IAS 39, are recognized in income immediately.

Hedging for foreign net items is disclosed correspondingly as cash flow hedges. If the hedging instrument is a derivative, the actual currency gains and losses from the derivative or from the translation of the credit are carried under equity.

The relationships between the hedge instruments and the hedged items and the risk management targets for the hedge transaction are documented when the transaction is concluded. This approach links all derivatives classified as hedges with specific planned transactions. In addition, the assumption is documented regarding whether the derivative used as a hedge is highly effectively balanced out in the changes in cash flow for the hedged transaction.

The market values of cross-currency swaps are calculated based on market conditions on the Balance Sheet date. Recognized valuation models are used to determine the market value.

IFRS 2 is taken into account for the accounting treatment of **Stock Option Plans** as a special type of remuneration via real options, for which the company has to supply treasury shares to the option holders when these are exercised. The fair value of the options on the grant date is identified based on market prices (prices at Deutsche Börse AG, Frankfurt) taking into account the issuing conditions and generally recognized valuation techniques for financial instruments. The following are included in valuation: the strike price, the term, the current market value of the subject of the option (shares of CeWe Color), the anticipated volatility of the market price, the anticipated dividends for the shares and the risk-free interest rate for the term of the options. In addition, the following special features are taken into account: the necessary lock-up period and, if required, the earliest possible exercise of the option by the holder. The identified value of the stock options is then distributed as an expense over the term taking into account the assumed length of service or fluctuation in option holders. This is disclosed under personnel expenses and in equity under other revenue reserves.

## C. Notes to the Consolidated Profit and Loss Account

### 10 | Revenues

Revenues by segment Figures in thousand euros	2005	2005	2006	2006
Photofinishing revenues	358,927	83.3 %	325,667	81.3 %
Retail revenues	72,203	16.7 %	74,864	18.7 %
<b>Total revenues</b>	<b>431,130</b>	<b>100.00 %</b>	<b>400,531</b>	<b>100.00 %</b>

Revenue is carried after all sales allowances have been deducted. Other income is carried under other operating income.

### 11 | Other operating income

Other operating income Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Income from insurance compensation	6,683	8,139
Income from silver sales	2,979	3,305
Income from the reversal of provisions	3,754	2,594
Income from oncharged expenses	1,031	835
Currency translation gains	454	526
Income from the sale of property, plant and equipment	633	475
Income from the receipt of written-down receivables	14,079	429
Income from the reversal of special tax-allowable reserves for investment grants	286	270
Other operating income	4,666	3,796
<b>Total other operating income</b>	<b>34,565</b>	<b>20,369</b>

Income from the sale of silver stems from selling recovered and purified silver as well as income from silver hedges. A total of 32.6 tons were sold during the fiscal year (previous year: 34.0 tons); the average price received totaled 244.98 euros per kg (previous year: 186.04 euros per kg).

The income from the reversal of provisions mostly stems from the return of deferrals for revenue-related expenses and operating personnel costs.

A key item in insurance compensation in 2005 was the compensation payment for the fire damage at the plant in Lille (France) in the amount of 13,936 million euros (IAS 16.74d).

Income from the reduction of write-downs for receivables relate to Germany in particular. Currency gains mostly include gains from exchange rate changes between the time the transaction arises and the date of payment and valuation on the Balance Sheet date. These also include income from translation for consolidation purposes. Currency losses from these translations are carried under other operating expenses (see page 68).

Other operating income includes, in particular, income from vehicle use, income from the consolidation of income and expense and income from oncharging disposal costs. As in the previous year, the company did not receive any government grants in fiscal year 2006.

## 12 | Cost of materials

Cost of materials Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Raw materials, consumables and supplies and merchandise	- 151,232	- 138,395
Cost of purchased services	- 1,882	- 1,183
<b>Total cost of materials</b>	<b>- 153,114</b>	<b>- 139,578</b>

The costs of raw materials, consumables and supplies and for purchased goods in the photo-finishing segment include, in particular, the purchase of photographic paper, photo pouches, chemicals and other packaging, and the purchase of merchandise in the retail segment. Expenses for purchased services include third-party work in the photofinishing segment.

## 13 | Personnel expenses

Personnel expenses Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Wages and salaries	- 109,046	- 92,200
Social security	- 21,108	- 17,763
Expenses for pension plans and benefits	- 938	- 1,512
<b>Total personnel expenses</b>	<b>- 131,092</b>	<b>- 111,475</b>

Wages for blue-collar employees totaled 30.148 million euros (previous year: 37.542 million euros), salaries for white-collar employees totaled 43.997 million euros (previous year: 46.166 million euros).

Expenses for pension plans and benefits mostly relate to additions to provisions for pensions: 243 thousand euros (previous year: 57 thousand euros) were added for members of the executive bodies of CeWe Color Holding AG, Oldenburg; the difference compared to the previous year is due to staffing changes in the Managing Board at the holding company and the foundation's Managing Board and management. Please also see the comments on noncurrent provisions for pensions (see page 87).

The initial measurement upon recognition of the current Stock Option Plan (IFRS 2.10 et seq.) gives a present value of 3.674 million euros, which is taken into account on a pro-rata basis totaling 1.834 million euros (previous year: 459 thousand euros) as other personnel expenses. The offsetting entry is made in equity under other revenue reserves. The structure of the current stock option plan is detailed in the comments on equity (see page 80 et seq.). A Monte Carlo simulation was used for valuation. During this process, the log-normally distributed process for the price of shares of CeWe Color is simulated in order to map the performance target in the form of an increase in the average closing price of at least 15 % compared to the underlying price on ten successive trading days.

The possibility of advance exercise is also taken into account in the simulation using a modified version of the method proposed by Hull and White, taking into account the exercise window and the so-called advance exercise behavior of the participants. In the simulation, 2.79 % of the stock options were exercised immediately after the lock-up period if this is possible as a result of holders exiting the company. The risk-free interest rate for the term was assumed as being 2.71 % as of September 30, 2005. Discrete dividends were included in the calculation, with publicly available estimates being used as the basis for calculation. Finally, the historical volatility was included, and estimated at 36.52 % as of September 30, 2005. There were no direct payments for benefits.

Number of employees Figures in employees	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
White-collar employees	1,899	1,702
Blue-collar employees	1,682	1,318
Apprentices	149	111
<b>Total employees</b>	<b>3,730</b>	<b>3,131</b>

Number of employees by segment Figures in employees	IAS Dec. 31, 2005	IFRS Dec. 31, 2006
Central Europe	2,136	1,797
Western Europe	577	427
Benelux	65	36
Central Eastern Europe	952	871
<b>Total employees</b>	<b>3,730</b>	<b>3,131</b>

Figures are based on annual averages. As of December 31, 2006, the group had a total of 3,049 employees (December 31, 2005: 3,512 employees).

#### 14 | Amortization of intangible assets and depreciation of property, plant and equipment

The breakdown of amortization/depreciation can be seen in the statement of changes in noncurrent assets. There was no non-scheduled amortization of goodwill in fiscal year 2006 (previous year: 4.823 million euros for CeWe Color S.A.S., Paris, France). In addition to the scheduled amortization/depreciation, there was additional amortization of 610 thousand euros as a result of the shorter remaining periods for software developed in-house that is soon to be replaced and the ERP software used by the group. The extraordinary depreciation for property, plant and equipment totaled 2.096 million euros (previous year: 1.494 million euros). This mostly relates to machinery and equipment that is used in the production of analog photofinishing orders, or assets that stem from a plant closure or which only have a significantly lower market value than the carrying amount.

#### 15 | Other operating expenses

Other operating expenses Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Sales and marketing costs	-57,070	-59,113
Office costs	-16,048	-15,258
Administrative costs	-14,795	-14,835
Operating costs	-7,733	-6,317
Vehicle costs	-3,224	-2,928
Amortization/depreciation and write-downs for current assets	-2,254	-1,309
Currency translation losses	-1,213	-1,042
Sundry operating expenses	-11,982	-6,637
<b>Total other operating expenses</b>	<b>-114,319</b>	<b>-107,439</b>

Sales and marketing costs are the key item, including expenses for courier services in the photofinishing branch business. The adjustments to the value of the current assets mostly relate to individual write-downs for receivables (2006: 1.185 million euros, 2005: 1.734 million euros), which result from estimating defaults for future returns.

Fees for the auditors of the Consolidated Financial Statements total 301 thousand euros (previous year: 420 thousand euros) and are carried under administrative expenses. The following individual amounts were invoiced for the individual consulting services (Section 314 (1) no. 9 of the HGB):

Auditors' fees Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Audit of Financial Statements	105	96
Other consulting services	66	45
Tax advice	195	99
Other consulting	54	61
<b>Total</b>	<b>420</b>	<b>301</b>



The audit fees include fees for the audit of the Consolidated Financial Statements as well as the audit of the Financial Statements of CeWe Color Holding AG, Oldenburg, as well as its German subsidiaries. Other consulting and valuation services include the auditor's review of interim reports. Tax advice services include the preparation of tax returns, the review of tax notices, if necessary submitting objections, support during external tax audits and other tax issues.

The other, irregular other and non-period operating expenses in the year under review include additions to provisions for exchange rate losses (986 thousand euros), losses from the disposal of noncurrent assets (1.395 million euros), warranty expenses (19 thousand euros), canteen costs (137 thousand euros), personnel recruitment costs (140 thousand euros), part of the research and development costs (296 thousand euros) and incidental costs of monetary transactions (1.020 million euros).

Currency losses mostly include currency losses from exchange rate changes between the time the transaction arises and the date of payment and valuation on the Balance Sheet date. These also include expenses from translation for consolidation purposes. Currency gains from these transactions are carried under other operating expenses (see page 66).

Non-capitalized research and development expenses for intangible and other assets were incurred in the amount of 7.577 million euros (previous year: 5.447 million euros). This mostly comprises other operating expenses and personnel expenses.

## 16 | Restructuring expenses

Ongoing personnel and material expenses were incurred during fiscal year 2006 as in 2005 as part of the modification to and restructuring of the group. These relate to the partial closure (Paris, France) and closure (Berlin, Germany) of facilities. In 2006, these closures depressed income in the amount of 6.2 million euros (previous year: 12.8 million euros), of which 5.2 million euros (previous year: 7.7 million euros) are still carried as a liability under provisions for restructuring. The expenses mostly relate to social plans for compensation payments. A total of around 339 employees were affected by the closures (previous year: 310 employees), with 215 of these employees already included in the previous year's figure.

## 17 | Financial results

Financial results Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Other interest and similar income	798	469
Interest and similar expenses	-2,660	-2,031
<b>Net interest</b>	<b>-1,862</b>	<b>-1,562</b>
Expenses from hedges and derivatives/amortization of financial assets	-1,332	-3,717
<b>Total other financial result</b>	<b>-1,332</b>	<b>-3,717</b>
<b>Total financial result</b>	<b>-3,194</b>	<b>-5,279</b>

The amortization of financial assets does not include any effects to be recognized in income from the valuation at fair value that result from the portion that is identified as being ineffective of a currency swap hedge for a net investment in an economically independent foreign subsidiary of 304 thousand euros (previous year: 66 thousand euros). There were also no hedge forward transactions to hedge income from the sale of silver, for which the fair value measurement could impact expenses (previous year: expenses 1.001 million euros). The reversal of the silver hedge transactions, which had a negative impact given the significant increase in silver prices, led to expenses of 3.413 million euros.

**18 | Income taxes**

Effective and deferred expenses for income taxes Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Effective taxation Germany <sup>1)</sup>	14,955	937
Effective taxation Rest of Europe <sup>2)</sup>	433	1,033
<b>Total effective taxation</b>	<b>15,388</b>	<b>1,970</b>
Deferred taxes Germany	-2,551	-806
Deferred taxes Rest of Europe	-1,225	-140
<b>Total deferred taxes</b>	<b>-3,776</b>	<b>-946</b>
<b>Total income taxes</b>	<b>11,612</b>	<b>1,024</b>
<sup>1)</sup> of which non-period	-868	-3,864
<sup>2)</sup> of which non-period	-65	36

Income taxes in Germany include corporation tax including the solidarity surcharge as well as trade tax; in the rest of the world the corresponding comparable taxes for the subsidiaries are included.

There were no key changes to the tax expenses resulting from changes to the respective national tax rates. The introduction of new national taxes also did not have a major impact. No tax expenses were incurred in connection with extraordinary expenses and the closure of business segments.

The disclosed income tax expense is broken down as follows (based on anticipated income tax expenses):

Reconciliation of income tax Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Profit before tax (EBT)	23,114	18,893
Theoretical tax rate	39,0 %	39,0 %
Theoretical income tax expense	9,014	7,368
Increase and decrease in income tax charges from:		
- Different local interest rate	-268	-496
- Non-application of deferred tax assets for losses carried forward	3,292	1,056
- Tax reduction from tax-free income	-1,494	-2,612
- Tax increases from non-deductible expenses	2,508	2,600
- Tax reductions from uptake of tax losses carried forward for which no deferred taxes were formed in prior periods	-231	-2,071
- Non-tax deductible amortization of goodwill	1,659	0
- Subsequent tax payments or tax refunds from previous years	933	821
- Change in deferred taxes	-3,776	-945
- Corporation tax credit	0	-4,649
- Other	-25	-48
<b>Total income taxes</b>	<b>11,612</b>	<b>1,024</b>

A theoretical tax rate of 39.0 % (previous year: 39.0 %) is used to calculate the anticipated income tax expense. This comprises 25.0 % for corporation tax (previous year: 25.0 %), 5.5 % for the solidarity surcharge on corporation tax liabilities (previous year: 5.5 %) and 17.0 % for trade tax (previous year: 17.0 %).

In the previous year there were deferred tax refund claims totaling 6.036 million euros which result from retained earnings accrued in previous years and taxed at a higher rate of corporation tax. The figure fell by 5.605 million euros compared to the previous year. This is a result of the subsequent impact of the external tax audit concluded during fiscal year 2006 for the years 2000 to 2005 including the resulting subsequent effects up to 2006; there was also a refund of 431 thousand euros as a result of the disbursement for 2005. As the refund claim as of December 31, 2006 is to be paid in equal annual installments from 2008 over a ten-year

period as a result of the Gesetz über steuerliche Begleitmaßnahmen zur Einführung der Europäischen Gesellschaft und zur Änderung weiterer steuerlicher Vorschriften (SEStEG – act regarding fiscal measures intended to accompany the introduction of the European Company and the subsequent modification of other fiscal provisions), this is to be capitalized and reflected in income – however, as this does not bear interest over the refund period it is to be carried at its cash value. The claim which is discounted at a rate of 4.40 % totals 4.218 million euros and leads to a reduction in the income tax result in this amount. This will result in an annual reduction of 560 thousand euros for CeWe Color Holding AG, Oldenburg.

The deferred taxes can be allocated to the following items:

Deferred taxation Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Losses carried forward and tax credits	933	1,013
Depreciation of property, plant and equipment	51	36
Amortization of intangible assets	254	60
Receivables	1,160	1,251
Provisions for pensions	381	493
Other provisions	2,284	1,663
Special tax-allowable reserve for investment grants (investment subsidies)	172	127
Consolidation	1,408	1,586
Other	500	474
<b>Total deferred tax assets (gross)</b>	<b>7,143</b>	<b>6,703</b>
<b>Netting</b>	<b>-4,286</b>	<b>-3,611</b>
<b>Total deferred tax assets (net)</b>	<b>2,857</b>	<b>3,092</b>
Depreciation of property, plant and equipment	4,193	3,425
Amortization of intangible assets	1,066	746
Provisions for pensions	95	0
Consolidation	821	898
Other	96	85
<b>Total deferred tax liabilities (gross)</b>	<b>6,271</b>	<b>5,154</b>
<b>Netting</b>	<b>-4,286</b>	<b>-3,611</b>
<b>Total deferred tax liabilities (net)</b>	<b>1,985</b>	<b>1,543</b>

According to IAS 12, deferred tax assets and liabilities are netted to the extent that these are to the same tax authority and have the same term.

The total carry forward for tax losses not yet used totaled 23.921 million euros (previous year: 23.557 million euros) and mostly relates to our company in France.

Of the loss carryforwards, 21.154 million euros (previous year: 20.084 million euros) can be carried forward without restriction. During the third quarter of 2006, CeWe Color AG & Co. OHG, Oldenburg, located in Central Europe, waived receivables totaling 14.5 million euros from the French CeWE Color S.A.S., Paris, France. This led to corresponding positive extraordinary effects in France and to negative extraordinary effects in the same amount for CeWe Color AG & Co. OHG, Oldenburg, which waived the receivables. The charges for the German company led to a corresponding significant reduction in profit before tax and thus to a reduction in the consolidated tax result of approx. 5.6 million euros. The remaining loss carryforwards can be carried forward at the longest until 2011. The ability to realize deferred taxes for loss carryforwards in future is material for their capitalization. This mostly depends on the future tax profits during the periods in which the tax losses carried forward can be asserted. For capitalization, we assume the profit forecasts that we regard as being more probable than improbable. As a result, no deferred taxes were formed for tax loss carryforwards totaling 21.394 million euros (previous year: 20.172 million euros).

In addition to the income taxes recognized in income, there is also the following total tax expense under equity:

Total income tax expense in equity Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Income tax expense disclosed in Profit and Loss Account	11,612	1,024
Tax expense disclosed directly under equity	180	436
<b>Total income tax expense in equity</b>	<b>11,792</b>	<b>1,460</b>

#### 19 | Other taxes

Other taxes for the group include in particular land and vehicle tax as well as various foreign taxes. Of this total, 928 thousand euros (previous year: 1.213 million euros) is due to the “taxe professionnelle” in France.

#### 20 | Profit/loss attributable to minority interests

The profit/loss attributable to minority interests includes the share of other shareholders in the earnings of subsidiaries included in consolidation in proportion to the interests they hold. The bulk of this item is the portion of earnings for an atypical silent partnership in the group company CeWe Color AG & Co. OHG, Oldenburg. The shareholders' share of profits is subject to individual income tax. The minority interests for this portion are disclosed for the last time in 2006, as the conversion right associated with the atypical silent partnership was exercised to subscribe for new shares with effect from December 31, 2006 (see page 79). The converted new shares do not carry dividend rights for fiscal year 2006.

## 21 | Earnings per share

Earnings per share Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Consolidated earnings after minority interests	7,087	14,033
Weighted average basic number of shares (in shares)	5,484,999	5,377,229
<b>Basic earnings per share (in euros)</b>	<b>1.29</b>	<b>2.61</b>
Consolidated earnings	7,087	14,033
+ minority interests who have subscription rights	4,415	3,855
+ interest expense from shareholder loan to OHG	754	993
– current and deferred taxes	– 1,527	– 1,279
Adjusted consolidated earnings	10,729	17,602
Weighted average diluted number of shares (in shares)	7,484,999	7,377,229
<b>Diluted earnings per share (in euros)</b>	<b>1.43</b>	<b>2.39</b>

The **basic earnings per share** are calculated as the consolidated earnings divided by the weighted average number of shares in circulation during the fiscal year; as the new 1,980,000 no-par value shares do not carry dividend rights, these are not to be included in this figure.

In calculating the **diluted earnings per share**, the new no-par value shares that were issued when the subscription rights were exercised at the end of the year from the subscription right commitment certificates are added to the weighted average number of shares in circulation as well as any for which the conversion right was not exercised (page 80). The consolidated earnings are adjusted accordingly for the portions of interest and earnings due to the participants, as well as for the resulting tax impact. Treasury shares are not included when calculating the diluted earnings per share (IAS 33.19). The subscription rights issued as part of the 2005 Stock Option Plan are also not considered, as the average stock market price of shares of CeWe Color has not passed the exercise price since the subscription rights were issued. The diluted result is disclosed as a corresponding effect occurred during the fiscal year. The previous year's figure is shown although there was no dilutive effect in fiscal year 2005.



## D. Notes to the Balance Sheet

### Total noncurrent assets

CeWe Holding AG Group Assets	Acquisition/Historical costs						Balance on Dec. 31, 2006
	Carry- forward Jan. 1, 2006	Change to group of consolidated companies	Price modi- fication	Additions	Reclassifica- tions	Disposals	
Figures in thousand euros							
<b>I. Property, plant and equipment</b>							
1. Land, land rights and buildings, including buildings on third-party land	63,322	0	556	1,224	223	149	65,176
2. Technical equipment and machinery	309,075	0	819	20,488	1,813	31,659	300,536
3. Other equipment, operating and office equipment	57,368	0	212	5,524	296	5,043	58,357
4. Advance payments and assets under construction	2,957	0	16	776	-2,338	13	1,398
	<b>432,722</b>	<b>0</b>	<b>1,603</b>	<b>28,012</b>	<b>-6</b>	<b>36,864</b>	<b>425,467</b>
<b>II. Goodwill</b>	<b>37,697</b>	<b>0</b>	<b>-157</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,540</b>
<b>III. Intangible assets</b>							
1. Industrial property rights and similar rights	31,779	0	42	3,793	179	948	34,845
2. Advance payments	252	0	0	655	-173	0	734
	<b>32,031</b>	<b>0</b>	<b>42</b>	<b>4,448</b>	<b>6</b>	<b>948</b>	<b>35,579</b>
<b>IV. Noncurrent financial investments At Equity</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>0</b>
<b>V. Noncurrent financial investments</b>							
1. Noncurrent interests in affiliates	1,122	0	2	30	0	26	1,128
2. Noncurrent other loans	552	0	0	1,073	0	339	1,286
	<b>1,674</b>	<b>0</b>	<b>2</b>	<b>1,103</b>	<b>0</b>	<b>365</b>	<b>2,414</b>
	<b>504,624</b>	<b>0</b>	<b>1,490</b>	<b>33,563</b>	<b>0</b>	<b>38,677</b>	<b>501,000</b>

Carry-forward Jan. 1, 2006	Change to group of consolidated companies	Amortization/Depreciation					Balance on Dec. 31, 2005	Depreciated book value	
		Price modi- fication	Additions	Reclassi- fications	Disposals	Write-ups		Book value Dec. 31, 2006	Book value Dec. 31, 2005
28,413	0	72	2,899	0	84	0	31,300	33,876	34,909
248,640	0	652	22,961	3	30,732	0	241,524	59,012	60,435
39,288	0	30	7,055	-3	4,323	0	42,047	16,310	18,080
0	0	0	0	0	0	0	0	1,398	2,957
<b>316,341</b>	<b>0</b>	<b>754</b>	<b>32,915</b>	<b>0</b>	<b>35,139</b>	<b>0</b>	<b>314,871</b>	<b>110,596</b>	<b>116,381</b>
<b>35,236</b>	<b>0</b>	<b>-99</b>	<b>0</b>	<b>0</b>	<b>58</b>	<b>0</b>	<b>35,079</b>	<b>2,461</b>	<b>2,461</b>
23,036	0	40	3,925	0	843	0	26,158	8,687	8,743
0	0	0	0	0	0	0	0	734	252
<b>23,036</b>	<b>0</b>	<b>40</b>	<b>3,925</b>	<b>0</b>	<b>843</b>	<b>0</b>	<b>26,158</b>	<b>9,421</b>	<b>8,995</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>
285	0	0	0	0	0	0	285	843	837
0	0	0	0	0	0	0	0	1,286	552
<b>285</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285</b>	<b>2,129</b>	<b>1,389</b>
<b>374,898</b>	<b>0</b>	<b>695</b>	<b>36,840</b>	<b>0</b>	<b>36,040</b>	<b>0</b>	<b>376,393</b>	<b>124,607</b>	<b>129,726</b>

**22 | Property, plant and equipment**

For changes to noncurrent assets, please refer to the statement of changes in noncurrent assets above (see page 74). The amortization/depreciation of noncurrent assets included in this table is carried in the income statement under the item amortization of intangible assets and depreciation of property, plant and equipment. For extraordinary amortization/depreciation see page 68.

The carrying amount of the temporarily unused property, plant and equipment is not material, this also applies to property, plant and equipment which is finally no longer used. There were no pledged items of property, plant and equipment. The amount of commitments for the acquisition of property, plant and equipment (order obligations) totaled 645 thousand euros (previous year: 200 thousand euros).

**Leases**

There were no finance leases within the meaning of IAS 17. CeWe Color also did not act as a lessor for finance leases.

It is much rather the case that there are passive rental and lease relationships, which constitute operating leases in terms of their economic content. This means that the leased assets are not to be allocated to CeWe Color, but to the lessor. These are mostly agreements for the use of production and office facilities, vehicles, and in individual cases agreements for office equipment and IT hardware. The total future minimum lease expenses as a lessee from operating leases which cannot be terminated are as follows:

Lease payments Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Total future minimum lease payments – due within one year	6,782	6,308
Total future minimum lease payments – due between one and three years	20,626	19,649
Total future minimum lease payments – due after more than three years	6,871	6,612

Assets which are leased under operating leases have a total book value of 2.861 million euros (previous year: 4.745 million euros). The total future minimum lease income as a lessor from operating leases which cannot be terminated is as follows:

Lease income Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Total future minimum lease payments – due within one year	2,520	1,940
Total future minimum lease payments – due in one to three years	4,918	3,788
Total future minimum lease payments – due after more than three years	1,290	994

This relates to the rental of commercial areas as well as equipment – some of which are rented out to customers. The payments received during the fiscal year totaled 2.425 million euros (previous year: 2.498 million euros).

**23 | Goodwill**

Goodwill includes sums from the acquisition of business operations and from capital consolidation. The key individual figures from capital consolidation relate to:

Changes in goodwill Figures in thousand euros	Balance on Jan. 1, 2006	Additions	Scheduled amortization	Balance on Dec. 31, 2006
Standard Photographic, Warwick/United Kingdom	953	0	0	953
Other goodwill	1,508	0	0	1,508
	<b>2.461</b>	<b>0</b>	<b>0</b>	<b>2.461</b>

There is no longer any goodwill for CeWe Color S.A.S., Paris (France), after an extraordinary write-down last year in the amount of 4.823 million euros. An impairment test for fiscal year 2006 did not require any further write-downs. Impairment testing at the respective subsidiaries takes an income-oriented perspective for the entire cash-generating unit. When determining the value, it was assumed that the companies being valued react on separate regional markets. When estimating the cash flow, quantity and value forecasts for the relevant market were assumed on which the operating budget was also based. Calculations for the amount that can be generated were based on the financial forecasts for the cash-generating unit and an additional estimate period totaling five years. Forecasts and estimates are assumptions regarding the growth of quantities on the sales side, growth in selling prices, purchase price growth, changes in personnel costs, changes in interest rates and general technical developments on the relevant market. Risk-free discounting is based on a discount rate of 4.40 % (previous year: 4.25 %) plus a risk premium of 4.00 % (thus totaling 8.40 %). The discount rate has changed compared to the previous year in line with the valuation of pension provisions; the risk premium has fallen to 91 % (previous year: 98 %).

The corresponding expenses from the previous year are carried in the income statement under the item amortization/depreciation.

#### 24 | Intangible assets

Software and similar industrial property rights relate to acquired ERP software, various Office products for workstations as well as new capitalizations and subsequent capitalizations of internally generated assets for own use and to support the market for production, sales and digital photography (invoicing, pricing, ICOS, DWH/VIS, PhotoWorld, Offline-Client, OPS software, DigiFilm Maker). For extraordinary amortization of intangible assets see page 68.

There was an order commitment for intangible assets totaling 186 thousand euros (previous year: 408 thousand euros).

#### 25 | Financial assets at equity

Last year, this item was used to carry Fotolux-CeWe Color Limited, Dnipropetrovsk (Ukraine), which was formed jointly with OOO "Invest", Dnipropetrovsk (Ukraine). This interest was carried as a joint venture at equity in summarized form. It was carried in the amount of the contribution still to be paid according to the agreement. Additional at equity consolidations (IAS 28) were not possible as there was no material influence on the financial and business policy decisions at affiliated companies.

Fotolux-CeWe Color Limited, Dnipropetrovsk (Ukraine) was liquidated on September 21, 2006 and the joint venture ended. No expenses resulted for the group during deconsolidation, as the company had not conducted any activities before it was liquidated. The change to the group of consolidated companies resulting from the deconsolidation of Fotolux-CeWe Color Ltd., Dnipropetrovsk (Ukraine), only impacts the Consolidated Financial Statements as of December 31, 2006 in that the at-equity carrying amount of the participation is booked out, and the contribution obligation in the same amount (500 thousand euros) was removed. There was no impact on the Consolidated Income Statement.

#### 26 | Financial assets

The group's financial assets include interests in non-consolidated affiliated companies totaling 843 thousand euros (previous year: 837 thousand euros). The other loans totaling 1,286 thousand euros (previous year: 552 thousand euros) relate in particular to the repurchase value of the operating re-insurance and loans issued. Affiliated companies are a company in which CeWe Color AG & Co. OHG, Oldenburg, holds a 10 % interest.

#### 27 | Noncurrent receivables from income tax refund

The corporation tax balance of 5.605 million euros due to the company is to be discounted as it does not bear interest and as a result of the refund period. The cash value of the claim to be capitalized totals 4.218 million euros. For details please refer to Note 18, Income Taxes (page 70).

**28 | Noncurrent other receivables and assets** The noncurrent other receivables and assets include noncurrent receivables from customers, prepaid expenses and other assets.

**29 | Deferred tax assets**

Deferred tax assets Composition and changes	Balance on Jan. 1, 2006	Reversal	Addition	Balance on Dec. 31, 2006
Figures in thousand euros				
From temporary differences	2,022	-157	214	2,079
From tax losses carried forward	835	-62	240	1,013
<b>Total deferred tax assets</b>	<b>2,857</b>	<b>-219</b>	<b>454</b>	<b>3,092</b>

Deferred tax assets mostly relate to valuation differences for provisions for pensions and other provisions and the impact on earnings from consolidation; loss carryforwards only led to capitalizations to a low extent. For further information please see the notes on income taxes (page 71).

**30 | Inventories**

Inventories	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Figures in thousand euros		
Raw materials, consumables and supplies	17,589	10,736
Work in progress	38	36
Finished goods and merchandise	21,325	23,374
Advance payments	8	6
<b>Total inventories</b>	<b>38,960</b>	<b>34,152</b>

The downturn in raw materials, consumables and supplies is due to the consumption of strategic stocks of photographic paper in the previous year and a downturn in income from photo finishing. The increase in finished goods and merchandise is based on the increase in retail revenues.

The depreciation of finished goods, work in progress and merchandise is carried in the income statement under the item cost of materials. Inventories were not written up. As in the previous year, no inventories are pledged.

**31 | Current trade receivables**

Current trade receivables	IAS Dec. 31, 2005	IFRS Dec. 31, 2006
Figures in thousand euros		
Trade receivables before write-downs	62,339	64,601
Write-downs for trade receivables	-8,981	-8,172
<b>Total current trade receivables</b>	<b>53,358</b>	<b>56,429</b>

Direct trade accounts receivable are all of a short-term nature and are vis-à-vis external third parties. Defaults for write-downs of trade receivables are carried in the income statement under other operating expenses; in fiscal year 2006 this totaled 122 thousand euros (previous year: 298 thousand euros).

**32 | Current receivables from income tax refunds**

This mostly relates to refund claims from advance tax payments made during the current year for fiscal year 2006.



### 33 | Current other receivables and assets

Current other receivables and assets Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Current receivables other taxes	2,014	1,818
Current prepaid expenses	1,712	1,706
Current loans to customers	1,747	1,502
Current receivables from employees	403	305
Current receivables from suppliers	249	389
Current sundry other receivables	1,867	7,337
<b>Total current other receivables and assets</b>	<b>7,992</b>	<b>13,055</b>

### 34 | Cash and cash equivalents

This item is used to disclose bank balances which are exclusively current in nature, as well as cash in hand. Balances in euros at various banks bore average interest rates of between 0.34 % and 2.50 % (previous year: between 0.29 % and 1.75 %). Balances in foreign currency (9.990 million euros, previous year: 7.127 million euros) bore interest in line with the specific rates negotiated; they are measured at the exchange rate on the Balance Sheet date.

### 35 | Subscribed capital

The group's subscribed capital and the share premium relate to CeWe Color Holding AG, Oldenburg, and are disclosed as for this company.

Share capital totals 19.188 million euros and comprises 7,380,000 no-par value bearer shares and 20 no-par value registered shares, or a total of 7,380,020 no-par value shares. Two of the registered shares carry the right to appoint two members to the Supervisory Board of CeWe Color Holding AG, Oldenburg.

During fiscal year 2006, the subscribed capital changed as follows:

Figures in euros	Number of shares	Nominal capital
<b>January 1, 2006</b>	6,000,020	15,600,052.00
Capital reduction	- 600,000	-1,560,000.00
<b>July 27, 2006</b>	5,400,020	14,040,052.00
New shares from conversion	1,980,000	5,148,000.00
<b>December 31, 2006</b>	<b>7,380,020</b>	<b>19,188,052.00</b>

Based on the authorization of the general Meeting, on May 29, 2006 the Managing Board, with the approval of the Supervisory Board in its meeting on June 1, 2006, resolved to withdraw the 600,000 treasury shares held by CeWe Color Holding AG, Oldenburg, via a capital reduction. The capital reduction was executed and entered in the Oldenburg commercial register on July 27, 2006.

In a letter dated December 15, 2006, the heirs of Senator Heinz Neumüller exercised their subscription rights to convert the atypical silent partnership in CeWe Color AG & Co. OHG, Oldenburg, to shares with a total amount of 1,980,000 no-par value shares with a nominal value of 5.148 million euros in CeWe Color Holding AG, Oldenburg. In line with the conditions of the subscription rights, the conversion became effective as of midnight on December 31, 2006. The participating interest was regarded as an equity instrument in previous years as a result of IAS 32.21 et seq.

According to the conditions of the conversion rights, the compensation to be paid for the subscription of the new shares was independent of the current stock market price and was based on the amounts contributed by the atypical silent partner and the reserve accounts held. In total, these corresponded to the fixed proportionate capitalization of CeWe Color Holding AG, Oldenburg. This amount has initially been provisionally identified based on the equity of CeWe Color Holding AG, Oldenburg as of December 31, 2006. To the extent that distributions were made by CeWe Color Holding AG, Oldenburg, for fiscal year 2006, the compensation is reduced in the same ratio.

**36 | Contingent capital**

As a result of the conversion, the original contingent capital was reduced from 5.200 million euros by 5.148 million euros.

Contingent capital thus remains in the amount of 52 thousand euros to secure the remaining option rights of the holders of subscription right commitment certificates. The contingent capital comprises 20,000 no-par value bearer shares with profit participation rights from the start of the fiscal year following the subscription right being exercised (Section 160 (1) no. 5 of the Aktiengesetz – German Public Limited Companies Act).

When the options are exercised, the interests held in CeWe Color & Co. OHG, Oldenburg, by other shareholders fall in the same amount, as only specific other shareholders are authorized to exercise the option. This does not result in a change in the earnings per share. These interests are carried as financial liabilities according to IAS 32 in connection with ED IAS 32.

**37 | Authorized capital**

The Managing Board is authorized, with the approval of the Supervisory Board, to increase the company's registered share capital on one or several occasions, however, by a maximum of up to 7.8 million euros against cash or non-cash contributions by issuing new shares. In the case of non-cash contributions, shareholders' subscription rights are excluded.

**38 | Stock Option Plans**

Stock Option Plans I and II have been concluded. The conditions of the first Stock Option Plan were not fulfilled. The second Option Plan commenced on September 1, 2000 and ended at midnight on August 31, 2005. The performance target was 27.50 euros (25 % above the strike price of 22.00 euros) and this amount was exceeded in a qualified manner in March 2005. All of the option holders then exercised their rights between April and June 2005, which means that CeWe Holding AG, Oldenburg thus sold 98,500 shares at a strike price of 22.00 euros.

As a result of a resolution by the general Meeting on June 30, 2005, the basis for further Stock Option Plans (Stock Option Plan II) has been created. The 2005 Stock Option Plan has been set up accordingly via resolutions by the Managing and Supervisory Boards. The subscription rights for employees were offered to the participants on September 9, 2005 and to members of the Managing Board on September 21, 2005, and these could be accepted up to the end of September. During the acquisition period, senior employees bought a total of 124,000 of the options offered during the acquisition period from September 12 to 23, 2005, the Managing Board and managing directors bought a total of 75,500 options in the acquisition period from September 23 to 29, 2005, or a total of 37.8 % of the total of 199,500 options granted. The condition of the resolution by the general Meeting of June 30, 2005 that up to 50 % of the total volume of option rights may be given to the company's Managing Board and the board members and managing directors of group companies, was thus upheld. In line with the conditions of the 2005 Stock Option Plan, the lock-up period ran through fiscal year 2006. This lock-up period will last until September 30, 2007.

Total scope of the Stock Option Plans

The following options were issued as part of the 2005 Stock Option Plan:

Stock Option Plan	Term	Total options	of which			Exercise price in euros	can be exercised		Options exercised
			Managing Board	CeWe Color Group managing directors	Other CeWe Color Group executives		From	to	
3.	2005 to 2010	199,500	36,000	39,500	124,000	57.50 55.20	2007	2010	no

No stock options were issued at any time to members of the Supervisory Board or to members of other supervisory bodies for the company.

Structure of the 3rd  
Stock Option Plan 2005

The options were offered to top-level executives in Germany and abroad at an option premium of 0.50 euros per option. After expiration of the two-year lock-up period, starting with the term of the option on October 1, 2005, the options may only be exercised if the closing auction prices of shares of CeWe Color in Xetra trading by Deutsche Börse AG have totaled at least 115 % of the underlying prices on ten consecutive stock market trading days (performance target).

Strike prices and exercise periods

The 3rd Stock Option Plan 2005 runs for five years and commenced on October 1, 2005. It thus ends at the latest at midnight on September 30, 2010. The two-year lock-up period ends at midnight on September 30, 2007. The underlying prices have been defined as 50.00 euros for options for Managing Board members, and 48.00 euros for participating employees; this means that the performance target for Managing Board members is 57.50 euros and 55.20 euros for participating employees (each 115 % up on the underlying price).

Exercise periods

After the lock-up period has expired and the performance target has been reached, options can only be exercised within six four-week exercise periods. This is also the case for the later sale of shares from option transactions. The exercise periods commence in each case with the publication of the results of the past fiscal year, the financials press conference, the ordinary general Meeting and the dates on which quarterly figures are published. The CeWe Color Group's Compliance Officer ensures that these periods are upheld.

For information on the calculation of the present value of the 2005 Stock Option Plan (IFRS 2.10 et seq.) please see the comments under personnel expenses (see page 67).

39 | Reports on  
shareholdings

The following reports \*) on shareholdings in CeWe Color Holding AG, Oldenburg, were made to the company:

Reporting date	Shareholder	Interest	From
23.02.2006	Fidelity International (FMR Corp.), Boston (§ 22 Abs. 1 S. 2 i.V.m. § 22 Abs. 1 S. 1 Nr. 6)	4.22 %	22.02.2006
23.02.2006	K Capital Partners, L.L.C., Boston (§ 21 Abs. 1, § 22 Abs. 1 S. 1 Nr. 6)	11.633 %	22.02.2006
09.05.2006	CeWe Color Holding AG, Oldenburg (§ 25 Abs. 1 S. 3)	6.18 %	09.03.2000
09.05.2006	CeWe Color Holding AG, Oldenburg (§ 25 Abs. 1 S. 3)	10 %	10.02.2006
10.05.2006	Credit Suisse Equity Fund Management Company, Luxemburg (§ 21 Abs. 1)	5.11 %	03.05.2006
24.05.2006	M2 Capital Management, L.P., New York (§ 21 Abs. 1 i.V.m. § 22 Abs. 1 S. 1 Nr. 6)	10.15 %	25.04.2006
24.05.2006	M2 Special Opportunities Master, L.P., New York (§ 22 Abs. 1 S. 1 Nr. 6)	(10.15 %)	25.04.2006
24.05.2006	Reservoir Master Fund, L.P., New York (§ 22 Abs. 1 S. 1 Nr. 6)	(10.15 %)	25.04.2006
24.05.2006	Pierce Diversified Strategy Master Fund, L.L.C. Series MME, New York (§ 22 Abs. 1 S. 1 Nr. 6)	(10.15 %)	25.04.2006
14.06.2006	Credit Suisse Group, Zürich (§ 22 Abs. 1 S. 1 Nr. 1)	5.20 %	28.04.2006
14.06.2006	Credit Suisse, Zürich (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	(5.20 %)	28.04.2006
14.06.2006	Credit Suisse Group, Zürich (§ 22 Abs. 1 S. 1 Nr. 1)	6.04 %	26.05.2006
14.06.2006	Credit Suisse, Zürich (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	(6.04 %)	26.05.2006
14.06.2006	Credit Suisse Securities (Europe) Limited, England (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	(6.04 %)	26.05.2006
14.06.2006	Credit Suisse (International) Holding AG (§ 22 Abs. 1 S. 1 Nr. 1)	(6.04 %)	26.05.2006
14.06.2006	Credit Suisse Investments (UK) (§ 22 Abs. 1 S. 1 Nr. 1)	(6.04 %)	26.05.2006
14.06.2006	Credit Suisse Investment Holdings (UK) (§ 22 Abs. 1 S. 1 Nr. 1)	(6.04 %)	26.05.2006
14.06.2006	David Marcus, New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	5.36 %	02.11.2005
14.06.2006	M2 Capital Management, L.L.C., New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	(5.36 %)	02.11.2005
14.06.2006	M2 Capital Management, L.P., New York (§ 21 Abs. 1 i.V.m. § 22 Abs. 1 S. 1 Nr. 6)	(5.36 %)	02.11.2005
14.06.2006	M2 Special Opportunities Master, L.P., New York (§ 21 Abs. 1 i.V.m. § 22 Abs. 1 S. 1 Nr. 6)	(5.36 %)	02.11.2005
14.06.2006	David Marcus, New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	10.15 %	25.04.2006
14.06.2006	M2 Capital Management, L.L.C., New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	(10.15 %)	25.04.2006
14.06.2006	M2 Special Opportunities Master, L.P., New York (§ 22 Abs. 1 S. 1 Nr. 6)	(10.15 %)	25.04.2006
14.06.2006	Reservoir Master Fund, L.P., New York (§ 22 Abs. 1 S. 1 Nr. 6)	(10.15 %)	25.04.2006
14.06.2006	Pierce Diversified Strategy Master Fund, L.L.C. Series MME, New York (§ 22 Abs. 1 S. 1 Nr. 6)	(10.15 %)	25.04.2006
14.06.2006	David Marcus, New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	8.74 %	02.06.2006
14.06.2006	M2 Capital Management, L.L.C., New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	(8.74 %)	02.06.2006
14.06.2006	M2 Capital Management, L.P., New York (§ 21 Abs. 1 i.V.m. § 22 Abs. 1 S. 1 Nr. 6)	(8.74 %)	02.06.2006
14.06.2006	M2 Special Opportunities Master, L.P., New York (§ 22 Abs. 1 S. 1 Nr. 6)	(8.74 %)	02.06.2006
03.08.2006	Credit Suisse Group, Zürich (§ 22 Abs. 1 S. 1 Nr. 1)	5.40 %	28.07.2006
03.08.2006	Credit Suisse, Zürich (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	(5.40 %)	28.07.2006
03.08.2006	Credit Suisse Securities (Europe) Limited, England (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	(5.40 %)	28.07.2006
03.08.2006	Credit Suisse (International) Holding AG (§ 22 Abs. 1 S. 1 Nr. 1)	(5.40 %)	28.07.2006
03.08.2006	Credit Suisse Investments (UK) (§ 22 Abs. 1 S. 1 Nr. 1)	(5.40 %)	28.07.2006
03.08.2006	Credit Suisse Investment Holdings (UK) (§ 22 Abs. 1 S. 1 Nr. 1)	(5.40 %)	28.07.2006
09.08.2006	Luma Holdings Corporate Ltd., British Virgin Islands (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. S. 2)	6.16 %	02.05.2006
09.08.2006	Standard Capital Partners N.V., Netherlands Antilles (§ 22 Abs. 1 S. 1 Nr. 6)	(6.16 %)	02.05.2006
16.10.2006	Luma Holdings Corporate Ltd., British Virgin Islands (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. S. 2)	6.16 %	02.05.2006
16.10.2006	Standard Capital Partners N.V., Netherlands Antilles (§ 22 Abs. 1 S. 1 Nr. 6)	(6.16 %)	02.05.2006
13.12.2006	M2 Group Partners, L.L.C., New York (§ 22 Abs. 1 S. 1 Nr. 1)	11.71 %	01.09.2006
13.12.2006	M2 Special Opportunities Master, L.P., New York (§ 22 Abs. 1 S. 1 Nr. 6)	(11.71 %)	01.09.2006
05.01.2007	K Capital Partners, L.L.C., Boston (§ 22 Abs. 1 S. 1 Nr. 6)	7.594 %	01.01.2007
11.01.2007	David Marcus, New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	8.97 %	01.09.2006
11.01.2007	M2 Group Partners, L.L.C., New York (§ 22 Abs. 1 S. 1 Nr. 6)	(8.97 %)	31.12.2006
11.01.2007	M2 Capital Management, L.L.C., New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2)	(8.97 %)	31.12.2006
11.01.2007	M2 Capital Management, L.P., New York (§ 21 Abs. 1 i.V.m. § 22 Abs. 1 S. 1 Nr. 6)	(8.97 %)	31.12.2006
11.01.2007	M2 Special Opportunities Master, L.P., New York	(8.97 %)	31.12.2006
19.01.2007	Erbengemeinschaft Neumüller (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 27,10%)	27.10 %	05.01.2007
19.01.2007	Korte, Otto (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 27,10%)	(27.10 %)	05.01.2007
19.01.2007	Hartig, Helmut (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 27,10%)	(27.10 %)	05.01.2007
06.02.2007	David Marcus, New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 S. 2 WpHG: 10,29%)	10.29 %	02.02.2007
06.02.2007	M2 Capital Management L.P., New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 10,29%)	(10.29 %)	02.02.2007
06.02.2007	M2 Capital Management L.L.C., New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. Abs. 1 S. 2 pHG: 10,29%)	(10.29 %)	02.02.2007
07.02.2007	Credit Suisse Equity Fund Management Company, Luxemburg	4.15 %	29.01.2007
14.02.2007	Norddeutsche Landesbank	5.7317 %	14.02.2007

\*) Information according to Section 160 (1) no. 8 of the AktG





**40 | Share premium**

The share premium changed as follows:

Changes in share premium		Dec. 31, 2005
Figures in thousand euros		
<b>January 1, 2006</b>		<b>29,175</b>
Addition to the share premium according to Section 240 of the AktG as part of the capital reduction		1,560
<b>July 27, 2006</b>		<b>30,735</b>
Amount of capital reserve as part of the conversion		27,868
<b>December 31, 2006</b>		<b>58,603</b>

At the start of fiscal year 2006, the premium is shown that was generated in excess of the nominal amount of the shares (29.175 million euros) for the issue of the 600,002 bearer shares (after the 1:10 share split implemented in 1999 now 6,000,020 bearer shares). As part of the capital reduction via the withdrawal of 600,000 no-par value shares, 1.560 million euros were then added to the share premium according to Section 237 (3) and (5) of the AktG.

The conversion of the atypical silent partnership to 1,980,000 no-par value shares of CeWe Color Holding AG, Oldenburg, which became effective as of December 31, 2006, resulted in an addition to the share premium in the amount of 27.868 million euros in excess of the subscribed capital. This amount is from the premium which was paid for issuing the new shares.

**41 | Treasury shares**

Treasury shares are carried under a separate equity item as a so-called counter-equity item (IAS 32). These are measured at their original acquisition costs and incidental acquisition costs and thus reduce equity (cost method).

Treasury shares				
Figures according to section 160 (1) no. 2 of the German Stock Corporation Law (AktG)				
	Total	Sale	4th buyback	Total
	Balance Sheet date Dec. 31, 2004	Apr. 27, 2005 – May 30, 2005	Dec. 23, 2005 – Dec. 30, 2005	Balance Sheet date Dec. 31, 2005
Buyback period				
Number of treasury shares held	575,200	–98,500	9,490	486,190
Interest in share capital on Balance Sheet date in thousand euros	1,496	–256	25	1,264
Interest in share capital on Balance Sheet date in %	9.59 %	–1.64 %	0.16 %	8.10 %
Average purchase price per share in euros	21.12	21.11	38.08	21.44
Total value of shares bought back in thousand euros	12,143	–2,080	361	10,425

To service the first and second Stock Option Plans, the company bought back a total of 400,000 no-par value shares in 1999 and 2000. In line with the authorization by the general Meeting from June 20, 2002, the company then acquired a further 175,200 treasury shares in the period from October 1, 2002 to June 28, 2003. This resolution stipulated that all treasury shares, to the extent that these are not needed for Stock Option Programs and employee programs, can also be used as compensation for the acquisition of equity interests in companies or parts of other companies.

During implementation of the third Stock Option Plan, the company sold a total of 98,500 own shares at an underlying price of 22.00 euros in the period from April 27 to May 30, 2005. In line with the resolution by the general Meeting on June 30, 2005, the company bought back a further 9,490 no-par value shares in the period from December 23, 2005 to December 31, 2005.

At the start of the new fiscal year 2006, the company bought a further 113,810 no-par value shares by February 10, 2006, which means that a total of 600,000 treasury shares were held (corresponds to 1.560 million euros of the share capital or 10.0 %). The capital of CeWe Color Holding AG, Oldenburg, was reduced by withdrawing these shares.

Based on the new authorization by the general Meeting dated June 1, 2006, a new buyback program was commenced on August 31, 2006. The company bought back 185,166 no-par value shares by December 31, 2006. The new authorization by the general Meeting allows the Managing Board to acquire up to 10 % of the issued no-par value shares, but at the most 600,000 shares, to offer the acquired treasury shares to employees and members of the management as part of Stock Option Plans, to offer them to third parties as compensation during the acquisition of companies, to reduce capital by withdrawing these shares, to re-sell these shares via the stock exchange while upholding the principle of equal treatment, to offer them to shareholders for subscription, or to sell these in another manner.

At the start of fiscal year 2007, in continuation of the current buyback program, the company had bought back a further 24,363 no-par value shares by February 2, 2007. The buyback on the stock exchange was discontinued as of February 5, 2007. After that date, buy-backs will be via a public purchase offer. The offer period runs from February 5, 2007 to March 6, 2007. The offer is for 390,000 shares at a price of 36.07 euros. As of February 23, 2007, the company held a total of 209,529 no-par value shares as treasury shares.

5th buyback	Status prior to capital reduction	Capital reduction	Status after capital reduction	6th buyback	Total	7th buyback	Total
Jan. 1, 2006 – Feb. 10, 2006	as at June 30, 2006	July 26, 2006	from July 26, 2006	Aug. 31, 2006 – Dec. 31, 2006	Balance sheet date Dec. 31, 2006	Jan. 1, 2006 – Feb. 2, 2006	Balance sheet date Feb. 23, 2006
113,810	600,000	-600,000	0	185,166	185,166	24,363	209,529
296	1,560	-1,560	0	481	481	63	544
1.90 %	10.00%	-10.00%	0.00%	2.51 %	2.51 %	0.33 %	2.84 %
36.38	24.27	-24.27	0.00	32.60	32.60	34.08	32.77
4,140	14,565	-14,565	0	6,036	6,036	830	6,867

**42 | Revenue reserves and net retained profits**

Revenue reserves and net retained profits are compounded to form a single item in the consolidated financial statements.

The group's net retained profits do not include minority interests totaling 3.836 million euros (previous year: 4.415 million euros).

The net retained profits of CeWe Color Holding AG, Oldenburg, under HGB accounting are taken as a basis for disbursements. As of December 31, 2006, after addition to the revenue reserves within the meaning of Section 58 (2) of the AktG, CeWe Color Holding AG's net retained profits totaled 6.588 million euros. There are disbursement blocks for the treasury shares held by the company (209,529 no-par value shares, previous year: 486,190 no-par value shares) as well as for the new shares issued as a result of conversion (1,980,000 no-par value shares; page 80).

The item other revenue reserves is used to carry items including changes to the fair value of hedge transactions that correspond to the hedge accounting conditions set out in IAS 39. During fiscal year 2006, changes in the fair value totaling 379 thousand euros (previous year: -582 thousand euros) were taken directly to equity for hedges for net investments for economically independent foreign subsidiaries. In addition, hedges were realized in net investments in economically independent foreign subsidiaries in the amount of 97 thousand euros (previous year: 66 thousand euros) and insofar as they have proved to be ineffective with regard to IAS 39.

The conversion differences between the HGB and IAS/IFRS income/loss portion proportionate to the participating interests in previous years for the atypical silent partner in the group's subsidiaries were offset with the revenue reserves and taken directly to equity.

**43 | Minority interests**

This item is used to disclose the interests held by third-party shareholders in the capital of group companies (total 36 thousand euros; previous year: 13,679 thousand euros). The bulk of the minority interests carried last year related to the interests of the heirs of Senator Heinz Neumüller in the form of an atypical silent partnership in the capital of CeWe Color AG & Co. OHG, Oldenburg. As part of the conversion right, these atypical silent partnerships were exchanged for 1,980,000 no-par value shares. As a result, this portion of the minority interests was booked to subscribed capital (page 80) and the share premium (page 84). In addition, minority interests are still carried for Fotolab a.s., Prague (Czech Republic) (32 thousand euros; previous year: 30 thousand euros) and Fotolab Slovakia a.s., Bratislava (Republic of Slovakia) (4 thousand euros; previous year 4 thousand euros).

For information on the changes in equity please see the statement of changes in shareholders' equity.

**44 | Noncurrent special tax-allowable reserve for investment grants**

The special tax-allowable reserve is used to disclose investment grants and investment subsidies from the common task "improvement to the regional economic structure" that have already been granted (IAS 20.24). This item is broken down by maturities according to IAS 1.60. During the previous year, a provision was formed in the amount of 222 thousand euros for repayment commitments. It is now unlikely that this will be used, and as a result the amount was reversed and recognized in income.

#### 45 | Noncurrent provisions for pensions

The provisions for pensions throughout the group changed as follows:

Provisions for pensions Figures in thousand euros	IAS/IFRS Dec. 31, 2005	IAS/IFRS Dec. 31, 2006
Carryforward	8,293	8,692
Consumption	-347	-566
Addition	861	1,164
Reversal	-115	0
<b>Final total</b>	<b>8,692</b>	<b>9,290</b>

The maturities of the provisions for pensions in the entire group were as follows:

Provisions Figures in thousand euros	IAS/IFRS Dec. 31, 2005	Of which due in following year	IAS/IFRS Dec. 31, 2006	Of which due in following year
Provisions for pensions and similar commitments	8,692	556	9,290	535

Pension commitments are performance-oriented direct commitments within the meaning of IAS19.48 et seq. They mostly comprise individual commitments to the Managing Board and managing directors, and also to executives from previous pension commitments. The commitments include benefits for surviving dependents. Pension payments in foreign countries are granted depending on the specific circumstances in those countries.

The defined benefit obligations according to IAS 19 total 10.773 million euros for commitments made in Germany (previous year: 10.631 million euros). Pension obligations are measured using the projected unit credit method.

During the fiscal year, pensions totaling 254 thousand euros were paid to former members of the executive bodies. The defined benefit obligations under IAS 19 for this group of people total 2.968 euros (previous year: 3.107 million euros).

No more direct commitments have been made to executives since fiscal year 2000. Instead, new executives receive a commitment which is economically equivalent based on a performance-oriented plan from the pension fund of Allianz Lebensversicherung AG. Expenses for this totaled 59 thousand euros in fiscal year 2005 (previous year: 56 thousand euros).

#### 46 | Noncurrent deferred tax liabilities

Deferred tax liabilities Figures in thousand euros	Balance as of Jan. 1, 2006	Currency difference	Consump- tion	Addition	Reversal	Balance on Dec. 31, 2006
Noncurrent deferred tax liabilities	1,985	-2	0	331	-771	1,543

The changes in deferred taxes relate to factors including changes from concluded external tax audits, mostly for noncurrent assets. The changes led to slight differences between the tax base and the IAS/IFRS financial statements. The maturities of the deferred taxes are almost exclusively between 1 and 5 years.

#### 47 | Noncurrent other provisions

Noncurrent other provisions Figures in thousand euros	Balance as of Jan. 1, 2006	Consump- tion	Addition	Reversal	Balance on Dec. 31, 2006
Employee commitments	495	-270	0	0	225
Provisions for threatened losses	3,878	-1,877	0	0	2,001
<b>Total noncurrent other provisions</b>	<b>4,373</b>	<b>-2,147</b>	<b>0</b>	<b>0</b>	<b>2,226</b>

This item mostly includes provisions for threatened losses, formed for long-term contracts for the laboratory in Hamburg closed in 2002. They relate to the risk of losses from sub-leases given the best possible estimate of the respective local commercial property markets. The present value of the obligations is calculated by discounting, for which the interest rate corresponds to the valuation of noncurrent provisions for pensions (4.40 %, previous year: 4.25 %).

#### 48 | Noncurrent financial liabilities

Noncurrent financial liabilities Figures in thousand euros	Balance as of Dec. 31, 2005	Balance as of Dec. 31, 2006	Of which residual period	
			1 to 5 years	more than 5 years
<b>Total noncurrent financial liabilities</b>	<b>10,131</b>	<b>5,572</b>	<b>5,564</b>	<b>8</b>

Financial liabilities are exclusively to banks. This item is broken down by maturities according to IAS 1.60. Interest rates for the current medium- and long-term loan agreements are between 2.67 % and 5.65 % (previous year: between 2.67 % and 5.65 %). For further information please see the item current financial liabilities (see page 89).

#### 49 | Noncurrent other liabilities

The bulk of the liabilities to other shareholders included in the previous year was booked to equity as part of the conversion of the shareholders interests (see page 56). These include profit shares that were contributed as a premium.

#### 50 | Current provisions for taxes

This item includes deferred income tax obligations and obligations for other taxes. These changed as follows:

Current provisions for taxes Figures in thousand euros	Balance as of Jan. 1, 2006	Currency difference	Consumption	Addition	Reversal	Balance on Dec. 31, 2006
Income taxes	8,260	-4	-2,190	1,438	-14	7,490
Other taxes	176	2	0	216	0	394
<b>Total current provisions for taxes</b>	<b>8,436</b>	<b>-2</b>	<b>-2,190</b>	<b>1,654</b>	<b>-14</b>	<b>7,884</b>

#### 51 | Current other provisions

Current other provisions Figures in thousand euros	Balance as of Jan. 1, 2006	Currency difference	Consumption	Addition	Reclassification	Reversal	Balance as of Dec. 31, 2006
Employee commitments	6,487	-25	-5,524	4,415	0	-216	5,137
Legal and consulting costs	78	0	-55	74	5	0	102
Expenses for members of the board of trustees	24	0	-24	64	0	0	64
Warranties and goodwill	370	0	-63	15	0	-228	94
Provisions for threatened losses	416	0	-63	0	0	0	353
Supervisory Board remuneration	24	0	-24	64	0	0	64
Audit of Financial Statements including internal costs of Financial Statements	300	0	-306	313	32	-4	335
Sundry other commitments	6,266	47	-3,273	4,120	-37	-2,146	4,977
<b>Total other provisions</b>	<b>13,965</b>	<b>22</b>	<b>-9,332</b>	<b>9,065</b>	<b>0</b>	<b>-2,594</b>	<b>11,126</b>

Provisions for personnel liabilities include, in particular, provisions for social plans as well as claims vested as part of partial retirement, vacation entitlements still outstanding from the fiscal year, claims to bonuses, claims from overtime, outstanding contributions to insurance companies (e.g., institutions for statutory accident insurance and prevention), etc. Other current provisions relate to warranty commitments, ongoing litigation and other commitments. Restructuring was via the partial closure (Paris, France) and closure (Berlin, Germany) of facilities. In total, obligations totaling 5.1 million euros (previous year: 7.7 million euros) are carried as provisions for restructuring.

## 52 | Current financial liabilities

Current financial liabilities are shown in the following table:

Current financial liabilities Figures in thousand euros	Balance as of Dec. 31, 2005	Balance as of Dec. 31, 2006
Loans from banks in euros	4,882	4,964
Current accounts with banks	2,294	12,286
<b>Total current liabilities</b>	<b>7,176</b>	<b>17,250</b>

As of December 31, 2006, the CeWe Color Group had the following credit lines:

Credit lines Figures in million euros	Total credit lines as of Dec. 31, 2005	Of which residual period		Total credit lines as of Dec. 31, 2006	Of which residual period	
		up to one year	more than one year		up to one year	more than one year
Germany	78,66	57,66	21,00	77,77	56,77	21,00
Rest of Europe	0,13	0,13	0,00	0,13	0,13	0,00
<b>Total</b>	<b>78,79</b>	<b>57,79</b>	<b>21,00</b>	<b>77,90</b>	<b>56,90</b>	<b>21,00</b>

Of these credit lines, 70.620 million euros (previous year: 71.680 million euros) have not been drawn down.

## 53 | Current other liabilities

Current other liabilities Figures in thousand euros	Balance as of Dec. 31, 2005	Balance as of Dec. 31, 2006
Advance payments received on account of orders	1	1
Liabilities from the acceptance of bills drawn	15	0
Trade payables	45,673	46,896
Liabilities to affiliated companies	500	0
Liabilities to shareholders	2,912	3,363
Other liabilities	29,038	22,998
<b>Total liabilities</b>	<b>78,139</b>	<b>73,258</b>

Part of the liabilities totaling 2.685 million euros (previous year: 3.506 million euros) was calculated using best-possible estimates, e.g., using orders still open. These mostly relate to future charges and the resulting payments for deliveries and performance already received.



## 54 | Financial instruments

There were the following derivative transactions:

Derivatives Figures in thousand euros	Nominal volume		Remaining maturity > 1 year		Fair value	
	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006
<b>Currency derivatives</b>						
Interest rate/ currency swaps	6,620	6,200	6,620	6,200	-518	-569
<b>Interest rate derivatives</b>						
Option transactions	6,848	5,948	5,846	5,000	59	64
<b>Commodity derivatives</b>						
Forwards/ futures	8,908	0	2,083	0	-1,001	0

There are hedges within the meaning of IAS 39 above all to hedge interest-rate and currency risks from noncurrent loans to group companies with foreign functional currencies and from noncurrent liabilities. When interpreting the positive and negative fair values of the financial instruments, it should be noted that they are offset by underlying transactions with corresponding risks. Irrespective of their purpose, all derivative financial instruments are measured at their fair value. The maturities of derivatives are based on the term of the underlying transaction and are thus, without exception, short to mediumterm. The nominal volume of the derivatives discussed below is not netted. It shows the total of all bid and sell amounts on which the loans are based. The amount of the nominal volume allows conclusions to be drawn regarding the scope of the use of derivatives, however, it does not reflect the group's risk from the use of derivatives. Risks from changes to interest rates and currencies for the derivatives are measured using the value-at-risk method in line with international banking standards. Based on historical volatilities, the maximum potential loss that could result from a change in market prices is calculated with a confidence interval of 99 % and a holding period of one day.

## E. Other Notes

### 55 | Shareholdings

Shareholdings	2005 fixed capital	2005 equity	2006 fixed capital	2006 equity
Figures in thousand euros				
1. CeWe Color AG & Co. OHG, Oldenburg (1)	99.66 %	161,681	99.75 %	149,934
2. Fotocolor GmbH, Eschbach (Freiburg)	99.66 %	1,628	99.75 %	1,599
3. CeWe Color Beteiligungsgesellschaft mbH, Oldenburg	99.66 %	43,476	99.75 %	33,796
4. Foto und Bild Vertriebs-GmbH, Leipzig	99.66 %	142	99.75 %	85
5. OneWebPhoto GmbH & Co. KG, Oldenburg	99.66 %	168	99.75 %	0*) <sup>3</sup>
6. OneWeb GmbH, Oldenburg	99.66 %	28	99.75 %	0*) <sup>3</sup>
7. CeWe Color S.A.S., Paris (France)	99.66 %	707	99.75 %	5,747
8. CeWe Color Belgium N.V., Brussels (Belgium)	99.66 %	769	99.75 %	860
9. Rainbow Color N.V., Kontich (Belgium)	0.00 %	0*) <sup>1</sup>	–	–
10. Rainbow Color BVBA, Kontich (Belgium)	99.66 %	88	99.75 %	24*) <sup>5</sup>
11. CeWe Color Nederland B.V. Nunspeet (The Netherlands)	99.66 %	840	99.75 %	2,495
12. Print Partners Nederland B.V., Veenendaal (The Netherlands)	99.66 %	0*) <sup>2</sup>	–	–
13. CeWe Color Magyarország Kft., Budapest (Hungary)	99.66 %	2,098	99.75 %	2,207
14. Fotolab a.s., Prague (Czech Republic)	99.18 %	10,598	99.31 %	11,091
15. Fotolab Slovakia a.s., Bratislava (Slovak Republic)	99.09 %	846	99.74 %	954
16. CeWe Color Fotoservice AG, Dübendorf (Switzerland)	99.16 %	2,840	99.25 %	3,463
17. CeWe Color-Nordcolor Beteiligungsgesellschaft mbH, Bad Schwartau	0.00%	0*) <sup>3</sup>	–	–
18. CeWe Color Danmark A/S, Skødstrup (Denmark)	99.66 %	504	99.75 %	–63*) <sup>4</sup>
19. Fotojoker Sp. z o.o., Kozle (Poland)	99.66 %	4,497	99.75 %	9,633
20. CeWe Color Sp. z o.o., Kozle (Poland)	99.66 %	4,862	99.75 %	5,401
21. Japan Photo Holding Norge AS, Oppegard (Norway)	99.66 %	4,132	99.75 %	4,145
22. Japan Photo Danmark A/S, Kopenhagen (Denmark)	99.66 %	7	99.75 %	–14*) <sup>4</sup>
23. Jubii Foto Aps, Esbjerg (Denmark)	99.66 %	0 *) <sup>1</sup>	–	–
24. Japan Photo Sverige AG, Malmö (Sweden)	99.66 %	128	99.75 %	136
25. CeWe Color Zagreb d.o.o. (Croatia)	99.66 %	7*) <sup>4</sup>	99.75 %	–100*) <sup>4</sup>
26. A.R. Bott & Sons Limited, Warwick (United Kingdom)	99.66 %	–26*) <sup>4</sup>	99.75 %	–416*) <sup>4</sup>
27. Zweite CeWe Color Beteiligungsgesellschaft AG, Dübendorf (Switzerland)	–	–	99.75 %	928

The participating interests are as follows:

(1) Directly held affiliated company; all other participating interests held indirectly via the investment company CeWe Color AG & Co. OHG, Oldenburg.

\*)<sup>1</sup> The company was liquidated.

\*)<sup>2</sup> The company's assets were transferred to CeWe Color Nederland B.V., Nunspeet.

\*)<sup>3</sup> The companies were merged.

\*)<sup>4</sup> The company was affiliated.

\*)<sup>5</sup> The companies' assets were transferred to CeWe Color Belgium N.V., Kontich.

Amounts are carried as equity that are to be allocated to CeWe Color Holding AG as the parent company as a result of the participation structure.

## 56 | Notes to the Cash Flow Statement

The Cash Flow Statement shows how the cash and cash equivalents in the group changed during fiscal years 2006 and 2005. In line with IAS 7, the cash flow was broken down into the cash flow from operating activities, the cash flow from investing activities and the cash flow from financing activities. The cash and cash equivalents carried cover the balance sheet items bank balances and cash in hand including any fixed-term deposits. The non-cash transactions mostly relate to the corporation tax credit recorded in fiscal year 2006 (4.218 million euros). The change in the provision is mostly based on the take-up as part of restructuring projects.

During the previous year, the group acquired a 100 % interest in A.R. Bott & Sons Limited, now CeWe Color Limited, Warwick (United Kingdom), and Q.S.S. BVBA, Kontich (Belgium).

Figures in thousand euros	2005
Purchase price	1,820
Less cash and cash equivalents acquired	-45
<b>Net cash used in the corporate acquisition (IAS 7.42)</b>	<b>1,775</b>

## 57 | Information on segment report

Segment reporting is based on IAS 14. The following country groups are reported:

- Central Europe (Germany, Austria, Switzerland and Scandinavia)
- Benelux (Belgium and The Netherlands)
- Western Europe (France and the United Kingdom)
- Central Eastern Europe (Poland, the Czech Republic, Hungary and Slovakia)

In order to improve the presentation of the operating performance, we have voluntarily adjusted the segment earnings before taxes (EBT) (see c.) for material extraordinary factors in fiscal year 2006 and 2005 (s. lit. d. and e.).

Segment reporting 2006 Figures in thousand euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	Elimination	CeWe Color Group
a. Revenues with external third parties	241,249	42,373	49,077	67,832	0	400,531
Revenues with other segments	33,301	48	1,631	6,412	(41,392)	0
Other segment income	17,379	874	4,201	4,118	(7,243)	19,329
<b>Total revenues</b>	<b>291,929</b>	<b>43,295</b>	<b>54,909</b>	<b>78,362</b>	<b>(48,635)</b>	<b>419,860</b>
b. Segment result (IAS 14.16) <sup>(1)</sup>	31,260	2,742	(11,414)	1,545	(353)	23,780
c. Profit before segment tax <sup>(2)</sup>	12,864	2,871	4,077	1,298	0	21,110
d. Adjustment for extraordinary factors <sup>(7)</sup>	18,005	0	(11,315)	0	0	6,690
e. EBT adjusted	30,869	2,871	(7,238)	1,298	0	27,800
f. Total segment assets <sup>(3)</sup>	182,064	13,740	34,791	46,266	(26,529)	250,332
g. Segment liabilities <sup>(4)</sup>	81,959	10,494	30,456	18,862	(26,131)	115,640
h. Investments in noncurrent segment assets <sup>(5)</sup>	25,541	126	4,420	2,373	0	32,460
i. Amortization/depreciation per segment	27,638	252	5,255	3,566	129	36,840
j. Major non-cash income <sup>(6)</sup>	1,840	0	1,264	269	0	3,373
k. Major non-cash expenses <sup>(6)</sup>	808	90	310	121	0	1,329

(1) Earnings before financial result (net interest) and income taxes less other taxes

(2) The impact of consolidation in the group has been spread among the segments in order to make profit before segment tax comparable. If necessary, the allocation was estimated as best as possible.

(3) Noncurrent and current assets

(4) Liabilities and provisions

(5) Includes additions to noncurrent assets without financial assets

(6) e.g., exchange rate differences, reversal of provisions, depreciation not covered by f), income/expenses from value adjustments

(7) In order to reinforce equity at the French companies, CeWe Color AG & Co. OHG (Oldenburg) waived receivables totaling 14.5 million euros in the third quarter of 2006.

Segment reporting 2005 Figures in thousand euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	Elimination	CeWe Color Group
a. Revenues with external third parties	261,593	48,683	52,058	68,796	0	431,130
Revenues with other segments	44,928	115	454	5,706	(51,203)	0
Other segment income	15,252	1,433	23,244	3,402	(9,197)	34,134
<b>Total revenues</b>	<b>321,773</b>	<b>50,231</b>	<b>75,756</b>	<b>77,904</b>	<b>(60,400)</b>	<b>465,264</b>
b. Segment result (IAS 14.16) <sup>1)</sup>	39,868	854	(8,165)	472	(6,601)	26,428
c. Profit before segment tax <sup>2)</sup>	31,340	755	(6,985)	421	0	25,531
d. Adjustment for extraordinary factors <sup>7)</sup>	8,640	0	(4,964)	0	0	3,676
e. EBT adjusted	39,980	755	(11,949)	421	0	29,207
f. Total segment assets <sup>3)</sup>	196,649	11,919	35,115	48,875	(37,894)	254,664
g. Segment liabilities <sup>4)</sup>	98,406	10,758	31,646	28,686	(40,845)	128,651
h. Investments in noncurrent segment assets <sup>5)</sup>	22,140	996	8,580	4,507	0	36,223
i. Depreciation per segment	24,899	284	6,700	3,634	4,336	39,853
j. Major non-cash income <sup>6)</sup>	1,432	267	3,078	703	0	5,480
k. Major non-cash expenses <sup>6)</sup>	2,220	56	672	438	0	3,386

Secondary segment information 2006 Figures in thousand euros	Photofinishing	Retail	CeWe Color Group
a) Revenues with external third parties	325,667	74,864	400,531
b) Total segment assets <sup>1)</sup>	212,870	37,462	250,332
c) Investments in noncurrent segment assets <sup>2)</sup>	31,183	1,277	32,460

Secondary segment information 2005 Figures in thousand euros	Photofinishing	Retail	CeWe Color Group
a) Revenues with external third parties	358,927	72,203	431,130
b) Total segment assets <sup>1)</sup>	219,330	35,334	254,664
c) Investments in noncurrent segment assets <sup>2)</sup>	33,942	2,281	36,223

1) Noncurrent and current assets

2) Includes additions to noncurrent assets excl. financial assets

As a rule, sales and income between the segments are recorded at prices that would also be agreed with third parties. Administrative services are charged as cost allocations. The segment reports show segment earnings before taxes (EBT) as additional information. The effect on earnings from consolidation was distributed to the segments according to their causes; if necessary, a best-possible estimate was made.

The extraordinary factors in fiscal year 2006 relate to the waiver of receivables by the German company (Central Europe) in favor of the French company (Western Europe) in the amount of 14.5 million euros and restructuring expenses in the amount of 3.2 million euros (Western Europe) and 3.5 million euros (Central Europe). In the previous year, the extraordinary factors in Western Europe comprised the insurance compensation for the fire damage at the facility in Lille (France) in the amount of 13.9 million euros and restructuring expenses in the amount of 9.0 million euros. In Central Europe, the extraordinary effects in 2005 were mostly restructuring expenses (3.8 million euros) and the impairment of goodwill (4.8 million euros). The other segment income and the segment earnings within the meaning of IAS 14.16 were not adjusted for the insurance compensation in Western Europe in the amount of 13.9 million euros, because these covered operating expenses as a result of the fire in the facility in Lille (France) that are included in the segment result (social plan costs, extraordinary write-downs of noncurrent and current assets, costs of moving production).

**58 | Other explanatory notes**

There were contingent liabilities from issuing guarantees and warranties for third parties totaling 8.995 million euros (previous year: 2.403 million euros). These figures are nominal in each case.

**59 | Executive bodies**

Supervisory Board including Supervisory Board mandates and mandates in comparable German and foreign supervisory bodies

**Hubert Rothärmel**, Oldenburg (Chairman) – Merchant

- Chairman of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Member of the board of trustees of Neumüller CeWe Color Foundation, Oldenburg \*\*)
- Chairman of the Supervisory Board of Fotolab a.s., Prague/Czech Republic \*) \*\*)
- Chairman of the Supervisory Board of CeWe Color a.s., Bratislava/Slovakia \*) \*\*)
- Chairman of the Supervisory Board of CeWe Color S.A.S., Paris/France \*) \*\*)
- Chairman of the Supervisory Board of CeWe Color Danmark A/S, Skødstrup/Denmark \*) \*\*)
- Member of the Advisory Council of Wöltje Group, Oldenburg (until September 30, 2006) \*\*)
- Member of the Advisory Council of Gräper Holding GmbH, Ahlhorn \*\*)

**Hartmut Fromm**, Berlin (Deputy Chairman)

Lawyer and partner of the law firm Buse, Heberer, Fromm, Berlin

- Deputy Chairman of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Member of the Supervisory Board of All Welding Technologies AG, Hanau
- Chairman of the Supervisory Board of IMF Immobilien AG, Berlin
- Chairman of the Supervisory Board of Jack White Productions AG, Berlin
- Chairman of the Supervisory Board of M-Tech Technologie und Beteiligungs AG, Denkendorf
- President of the Board of Directors of Vermar Verwaltungs- und Marktstudien AG, Zurich/Switzerland \*\*)

**Dr. h.c. Manfred Bodin**, Pensioner, former CEO of the Management Board of Norddeutsche Landesbank, Girozentrale, Hannover

- Member of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Member of the Supervisory Board of Continental AG, Hanover
- Member of the Supervisory Board of VHV Versicherung Holding AG, Hanover

**Dr. Fritz Kröger**, Consultant, Berlin

- Member of the Supervisory Board of CeWe Color Holding AG, Oldenburg

**Andreas F. Schubert**, Hamburg (until August 31, 2006)

Chairman of the management of Carl Kühne KG (GmbH & Co), Hamburg

- Member of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Chairman of the Board of Directors of Kühne Benelux B.V., Ter Aar/The Netherlands \*) \*\*)
- Chairman of the Board of Directors of Kühne Nordic A/S, Ullerslev/Denmark \*) \*\*)
- Chairman of the Supervisory Board of Carl Kühne Fermantasyon ve Gıda Sanayi ve Ticaret A.S., Istanbul/Turkey \*) \*\*)
- Chairman of the Supervisory Board of Dansk Eddike Produktion A/S, Randers/Denmark \*) \*\*)

**Prof. Dr. Hans-Jürgen Appelrath**, University professor, Oldenburg

Chairman of the Oldenburger Forschungs- und Entwicklungsinstitut

Informatik-Werkzeuge und -Systeme (OFFIS), Oldenburg

- Member of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Member of the Supervisory Board of BTC Business Technology Consulting, AG, Oldenburg
- Chairman of the Supervisory Board of icsmed AG, Oldenburg

**Sebastian Freitag**, Frankfurt a. Main (from September 1, 2006 to February 8, 2007)

Managing Director Freitag & Co. GmbH, Frankfurt

- Member of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Chairman of the Supervisory Board of OSCAR AG, Rügen

**Otto Korte**, Oldenburg (from February 9, 2007)

Partner of lawyers' office Korte Dierkes Künnemann & Partner, Oldenburg

- Member of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Member of the board of trustees of Neumüller CeWe Color Stiftung, Oldenburg

\*) Group mandate

\*\*) Membership in the Supervisory Bodies of comparable German and foreign businesses

## Managing Board

**Dr. Rolf Hollander**, Oldenburg

- Chairman of the Managing Board of Neumüller CeWe Color Foundation
- Member of the Supervisory Board of CeWe Color S.A.S., Paris/Frankreich \*) \*\*)

**Andreas F.L. Heydemann**, Bad Zwischenahn

- Member of the Supervisory Board of CeWe Color S.A.S, Paris/France \*) \*\*)
- Member of the Board of Directors of CeWe Color Belgium N.V., Kontich/Belgium \*) \*\*)
- Member of the Supervisory Board of Rainbow Color BVBA, Kontich/Belgium \*) \*\*)
- Member of the Board of Directors of CeWe Color Fotoservice AG, Dübendorf, Zurich/Switzerland \*) \*\*)
- Member of the Board of Directors of Zweite CeWe Color Beteiligungs AG, Dübendorf, Zurich/Switzerland \*) \*\*)
- Member of the Supervisory Board of CeWe Color Danmark A/S, Skødstrup/Denmark \*) \*\*)
- Member of the Supervisory Board of Japan Photo Holding Norge AS, Oslo/Norway \*) \*\*)
- Member of the Supervisory Board of Japan Photo Sverige AB, Göteborg/Sweden \*) \*\*)
- Member of the Supervisory Board of Japan Photo Danmark A/S, Skødstrup/Denmark \*) \*\*)

**Wulf-D. Schmidt-Sacht**, Oldenburg (until December 31, 2006)

- Member of the Supervisory Board of CeWe Color a.s., Prague/Czech Republic \*) \*\*)

**Michael Wefers**, Oldenburg (until December 31, 2006)

no mandates

**Dr. Reiner Fageth**, Oldenburg (from January 1, 2007)

- Member of the Supervisory Board of CeWe Color a.s. Prague/Czech Republic \*) \*\*)

\*) Group mandate

\*\*) Membership in the Supervisory Bodies of comparable German and foreign businesses



Total remuneration for members of the Managing Board of CeWe Color Holding AG, Oldenburg for fiscal year 2006 for fulfilling their tasks in the parent company and the subsidiaries totaled 1.271 million euros (previous year: 1.338 million euros) for active members, and 254 thousand euros (previous year: 319 thousand euros) for former members. The Managing Board's shareholdings on December 31, 2006 totaled 11,000 no-par value shares (previous year: 11,100 euros no-par value shares). The members of the Managing Board also held a total of 36,000 options (previous year: 36,000 options).

During fiscal year 2006, variable remuneration totaled 369 thousand euros (previous year: 478 thousand euros), and was thus linked to the consolidated operating results in the amount of 29.0 % (previous year: 35.0 %). In the previous year, variable remuneration comprised 187 thousand euros from compensation from Stock Option Plan II, the remainder (281 thousand euros) was linked to the consolidated operating results. The fair value per option within the meaning of IFRS 2.10 et seq. totaled 15.04 euros for the Managing Board members on the date the options were granted. The proportionate distribution of the fair value of the existing options over the respective lock-up periods results in additional personnel expenses of 90.2 thousand euros per Managing Board member, or a total of 271 thousand euros (previous year: 68 thousand euros). For individual details of the personnel expenses please refer to page 67.

The total remuneration of the Supervisory Board totaled 104.6 thousand euros (previous year: 64.6 thousand euro in fiscal year 2006. This comprised fixed remuneration totaling 27.0 thousand euros (previous year: 27.0 thousand euros), meeting expenses of 13.5 thousand euros (previous year: 14.0 thousand euros) and additional remuneration depending on the resolved dividend of 64.1 thousand euros (previous year: 23.6 thousand euros). As of December 31, 2006, members of the Supervisory Board held a total of 25,000 no-par value shares (previous year: 25,000 no-par value shares) and no options (previous year: 0 options).

Consulting and brokerage services and other personal services by members of the Supervisory Board were provided in the amount of 18.8 thousand euros (previous year: 68.5 thousand euros).

There are no receivables from loans from members of the Managing Board or the Supervisory Board, neither were any liabilities entered into for this group of persons.

**60 | Proposal for the appropriation of net profits**

The net profits of CeWe Color Holding AG totaled 6,587,572.39 euros after the appropriation of 500,000 euros to revenue reserves. The Supervisory and Managing Boards make the following proposal to the general Meeting:

- that a dividend of 1.20 euros be disbursed per no-par value share, or 6,228,529.20 euros.
- carryforward to new account of 358,983.19 euros.

The above proposal for the appropriation of net profits takes into account the fact that the company holds 209,529 treasury shares with a proportionate interest in the share capital of 544,775.40 euros that do not carry dividend rights. If the number of shares carrying dividend rights change after the date on which the invitation to the general Meeting is published and before the date of the general Meeting, a correspondingly modified proposal will be submitted to the general Meeting, i.e., the theoretical amount due to the no-par value shares without dividend rights on the date of the general Meeting is carried forward to new account in each case.

**61 | Declaration concerning the German Corporate Governance Code**

The declaration of conformity with the German Corporate Governance Code required according to Section 161 of the AktG was issued by the Managing and Supervisory Boards and made available to shareholders via the Internet.

Oldenburg, February 23, 2007

**CeWe Color Holding AG,**  
- The Managing Board -



Dr. Rolf Hollander (Chairman)



Dr. Reiner Fageth



Andreas F.L. Heydemann



Michael Wefers

## Auditors' Opinion

“We have audited the Consolidated Financial Statements of CeWe Color Holding AG, comprising the Balance Sheet, income statement, statement of changes in shareholders' equity, Cash Flow Statement and notes to the Financial Statements as well as the group management report for the fiscal year from January 1 to December 31, 2006. The preparation of the Consolidated Financial Statements and the group Management Report in accordance with IFRS, as these are to be applied in the EU, and the supplementary provisions of the Handelsgesetzbuch (HGB – German Commercial Code) as set out in section 315a (1) of the HGB are the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the annual Consolidated Financial Statements and the consolidated Management Report.

We conducted our audit in accordance with Section 317 of the HGB and in compliance with the principles of proper auditing adopted by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether inaccuracies and violations are identified that could have a material effect on the view of the financial position and results of operations presented by the annual Consolidated Financial Statements with due regard to the accounting standards to be applied and by the group Management Report. The process of defining the audit procedures takes account of knowledge about the business activities and the economic and legal environment of the company, as well as expectations of possible errors. An audit includes examining, largely on a test basis, the effectiveness of the internal control system and evidence supporting the amounts and disclosures in the annual Consolidated Financial Statements and the group management report. An audit also includes assessing the annual Financial Statements of the companies included in the consolidation, the definition of the scope of consolidation, the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual Consolidated Financial Statements and the group management report. We are confident that our audit provides a sufficiently sound basis on which to make an assessment.

Our audit led to no objections.

In our opinion, based on the results of our audit, the Consolidated Financial Statements comply with IFRS as these are to be applied in the EU and the supplementary provisions of the HGB as stipulated by section 315a (1) of the HGB and the supplementary provisions of the Articles of Association, and convey a true and fair view of the group's situation. The group Management Report is in line with the Consolidated Financial Statements, provides an accurate picture of the group's situation and accurately reflects the opportunities and risks of future growth.”

Oldenburg, February 23, 2007

COMMERZIAL TREUHAND  
Gesellschaft mit beschränkter Haftung  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Dipl.-Kfm. Manfred Szuszies  
Wirtschaftsprüfer

Dipl.-Betriebswirt (FH) Holger Novy  
Wirtschaftsprüfer

## The CeWe Color Group – Structure and Executive Bodies

### Neumüller CeWe Color Foundation

#### Board of Trustees

- Wilfried Mocken, Rheinberg (Chairman)
- Otto Korte, Oldenburg (Deputy Chairman)
- Hubert Rothärmel, Oldenburg
- Helmut Hartig, Oldenburg
- Maximilian Ardel, Munich
- Wilfried Barnstedt, Oldenburg (until December 31, 2006)
- Dr. Peter Nagel, Bad Kreuznach (from January 1, 2007)

#### Managing Board

- Dr. Rolf Hollander, Oldenburg (Chairman)
- Hans-Joachim Prziklang, Oldenburg
- Harald H. Pirwitz, Oldenburg
- Felix Thalmann, Westerstede

#### Managing Directors

- Andreas F.L. Heydemann, Bad Zwischenahn
- Wulf-D. Schmidt-Sacht, Oldenburg (until December 31, 2006)
- Michael Wefers, Oldenburg
- Dr. Michael Fries, Oldenburg
- Dr. Reiner Fageth, Oldenburg

### CeWe Color Holding AG

#### Supervisory Board

- Hubert Rothärmel, Oldenburg (Chairman)
- Hartmut Fromm, Berlin (Deputy Chairman)  
Attorney and partner at the law firm Buse Heberer Fromm, Berlin
- Dr. h.c. Manfred Bodin, Hanover  
Former Chairman of the Managing Board of Norddeutsche Landesbank Girozentrale, Hanover
- Dr. Fritz Kröger, Berlin  
Vice President of A. T. Kearney GmbH, Berlin
- Andreas F. Schubert, Hanover  
Chairman of the management of Carl Kühne KG (GmbH & Co), Hamburg (until September 1, 2006)
- Prof. Hans-Jürgen Appelrath, Oldenburg  
University professor for information technology at the Carl von Ossietzky University, Oldenburg, Chairman of the Managing Board of Oldenburger Forschungs- und Entwicklungsinstitut für Informatik-Werkzeuge und -Systeme (OFFIS), Oldenburg
- Sebastian Freitag, Frankfurt am Main  
Managing Director of Freitag + Co., Frankfurt (until February 8, 2007)
- Otto Korte, Oldenburg  
Partner of the law firm Korte Dierkes Künnemann & Partner, Oldenburg (from February 9, 2007)

#### Managing Board

- Dr. Rolf Hollander, Oldenburg (Chairman)
- Dr. Reiner Fageth (from January 1, 2007)
- Andreas F.L. Heydemann, Bad Zwischenahn
- Wulf-D. Schmidt-Sacht, Oldenburg (to December 31, 2006)
- Michael Wefers, Oldenburg

# 20

... CeWe production sites in Europe

**FINANCIAL STATEMENTS  
OF CEWE COLOR HOLDING AG**





## Income statement of CeWe Color Holding AG

For the period from January 1 to December 31, 2006 (HGB)

Figures in euros	2005	2006
1. Income from investments	27,705,230.26	5,849,860.65
2. Other operating expenses	501,417.74	4,170.96
3. Personnel expenses		
a) Wages and salaries	-213,592.47	-205,817.84
b) Social security, pension and other benefit costs	-68,242.16	-220,059.25
	<b>-281,834.63</b>	<b>-425,877.09</b>
4. Other operating income	-837,449.71	-910,439.23
5. Other interest and similar income	2,979,638.03	3,558,954.51
6. Interest and similar expenses	-519,907.99	-55,810.63
<b>7. Result from ordinary activities</b>	<b>29,547,093.70</b>	<b>8,020,859.17</b>
8. Income taxes	-8,374,203.92	2,600,951.92
9. Other taxes	-23,502.05	0.00
	<b>-8,397,705.97</b>	<b>2,600,951.92</b>
<b>10. Net income for the year</b>	<b>21,149,387.73</b>	<b>10,621,811.09</b>
11. Profit carried forward from previous year	4,674,500.18	9,641,939.24
12. Withdrawal from revenue reserves		
Withdrawal from the reserve for own shares	1,372,750.22	14,616,427.58
13. Withdrawal of own shares	0.00	<b>-14,616,427.58</b>
14. Addition to capital reserves according to Section 240 of the AktG	0.00	<b>-1,560,000.00</b>
15. Income from capital reduction	0.00	<b>1,560,000.00</b>
16. Addition to revenue reserves		
a) to the reserve for own shares	0.00	-10,176,177.94
b) to other revenue reserves	-10,574,693.86	-500,000.00
c) to other revenue reserves according to the resolution by the general Meeting on June 1, 2006 (previous year: June 30, 2005)	-500,000.00	-3,000,000.00
<b>17. Net retained profits</b>	<b>16,121,944.27</b>	<b>6,587,572.39</b>

## Balance sheet of CeWe Color Holding AG

As of December 31, 2006 (HGB)

Assets		
Figures in euros	2005	2006
<b>A. Fixed assets</b>		
Financial assets		
Interests in affiliated companies	15,600,232.99	20,748,232.99
<b>B. Current assets</b>		
I. Receivables and other assets		
1. Receivables from affiliated companies	109,093,583.13	122,923,588.93
2. Other assets	36,467.88	8,023,856.44
	<b>109,130,051.01</b>	<b>130,947,445.37</b>
II. Securities		
Own shares	10,476,369.78	<b>6,036,120.14</b>
III. Checks, cash in hand and balances with banks	0.00	<b>360,207.70</b>
<b>C. Prepaid expenses</b>	<b>20,800.00</b>	<b>20,950.00</b>
	<b>135,227,453.78</b>	<b>158,112,956.20</b>
Liabilities and shareholders' equity		
Figures in euros	2005	2006
<b>A. Equity</b>		
I. Subscribed capital	15,600,052.00	19,188,052.00
II. Capital reserve	29,143,637.23	58,571,315.50
III. Revenue reserves		
1. Statutory reserve	1,533,880.76	1,533,880.76
2. Reserve for own shares	10,476,369.78	6,036,120.14
3. Other revenue reserves	58,346,272.55	61,846,272.55
	<b>70,356,523.09</b>	<b>69,416,273.45</b>
IV. Net retained profits	16,121,944.27	6,587,572.39
<b>Total equity</b>	<b>131,222,156.59</b>	<b>153,763,213.34</b>
<b>B. Provisions</b>		
1. Provisions for pensions and similar commitments	509,717.00	705,641.00
2. Provisions for taxes	2,717,049.99	2,852,009.99
3. Other provisions	276,625.00	404,378.00
	<b>3,503,391.99</b>	<b>3,962,028.99</b>
<b>C. Liabilities</b>		
1. Trade payables	41.38	41.38
2. Other liabilities	501,863.82	387,672.49
	<b>501,905.20</b>	<b>387,713.87</b>
	<b>135,227,453.78</b>	<b>158,112,956.20</b>

# Production Plants and Distribution Branches

## Production plants

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- Japan Photo Sverige AB  
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- Production Plants
- Distribution Branches



## 10-Year Overview Inside Cover

### Financial Diary 2007

March 14, 2007	Financials press conference, Bremen
March 14, 2007	Analysts' conference, Frankfurt
April 26, 2007	Annual general Meeting, Oldenburg
May 29, 2007	Capital Market Day CeWe Color, Oldenburg
May 29, 2007	Publication of the report on the I. quarter of 2007
August 30, 2007	Publication of the report on the I. – II. quarter of 2007
November 27, 2007	Publication of the report on the I. – III. quarter of 2007

This annual report is also available in German. We would be happy to send you a copy upon request.

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#### Auditor of the Consolidated Financial Statements COMMERZIAL TREUHAND

Gesellschaft mit beschränkter Haftung Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft  
Wilhelmshavener Heerstraße 79, D – 26125 Oldenburg

# 10-Year Overview

CeWe Color Group	HGB 1997	HGB 1998	HGB 1999	HGB 2000	HGB 2001
<b>Sales and employees</b>					
Number of colour prints (in million units)	2,456	2,787	3,047	3,132	3,326
- of which digital prints (in million units)	0.1	0.3	1.5	3.0	8.5
Number of developed films (in million units)	72.3	80.2	87.0	88.2	93.0
Image CDs (in million units)	0.0	0.0	0.0	364	1,531
Employees (extrapolated on a full-time basis)	3,226	3,431	3,506	3,681	4,002
<b>From the Consolidated Balance Sheet (in million euros)</b>					
<b>Assets</b>					
Noncurrent assets	92.4	98.5	109.9	119.3	125.9
Current assets	74.7	83.4	109.6	103.8	110.0
- Cash and cash equivalents	14.0	13.5	21.9	10.7	13.5
<b>Liabilities and Shareholders' Equity</b>					
Equity	79.3	84.0	90.9	93.3	94.1
Borrowing	91.4	102.1	131.6	131.8	143.7
- Liabilities to banks	7.0	10.0	15.2	14.0	18.6
Total assets	170.8	186.1	222.5	225.1	237.8
Capital Employed (CE)	-	-	-	-	-
<b>From the Consolidated Profit and Loss Account (in million euros)</b>					
Revenues	322.4	358.9	394.2	403.2	436.9
Amortization/depreciation	30.1	32.1	33.2	35.7	37.6
EBITDA	54.8	62.9	71.6	68.7	62.6
Result from operating activities (EBIT)	24.7	30.8	38.4	33.0	24.9
Profit before tax (EBT)	24.3	30.1	37.2	30.0	20.2
Earnings after tax (EAT)	12.0	16.2	19.4	13.7	9.9
<b>From the Cash Flow Statement (in million euros)</b>					
Cash flow (profit after tax (EAT) + amortization/depreciation)	43.1	50.8	54.1	54.5	51.8
Free Cash Flow (Cash flow – Capital expenditure)	4.0	9.0	11.4	7.5	14.2
Cash flow per share (in euros) <sup>1)</sup>	5.68	6.35	6.78	6.82	6.47
Capital expenditure	39.7	42.5	42.8	47.0	38.7
<b>Key indicators – financial position and results of operations (in %)</b>					
Proportion of noncurrent assets to total assets	54.1	52.9	49.4	53.0	53.0
Proportion of amortization/depreciation to total revenues	-9.3	-8.9	-8.4	-8.9	-8.6
Equity ratio <sup>3)</sup>	46.4	45.1	40.9	41.4	39.6
Liquidity ratio	8.2	7.3	9.8	4.8	5.7
<b>Profitability indicators (in %)</b>					
Return on equity after taxes <sup>3)</sup>	15.1	19.3	21.3	14.6	10.5
ROCE	-	-	-	-	-
Total return on capital after taxes	7.0	8.7	8.7	6.1	4.2
Return on revenues after taxes	3.7	4.5	4.9	3.4	2.3
<b>CeWe Color Holding AG</b>					
Net profit for the period (in million euros)	7.3	10.1	13.6	9.7	9.8
Number of shares (in units)	6,000,020	6,000,020	6,000,020	6,000,020	6,000,020
Earnings per share (in euros) <sup>2)</sup>	1.46	1.83	2.33	1.88	1.25
Number of treasury shares (in units)	-	-	200,000	400,000	400,000
Shares in circulation (in units)	6,000,020	6,000,020	5,800,020	5,600,020	5,600,020
Market capitalization at end-of-year (in million euros) (only shares in circulation)	116.06	90.50	118.90	103.60	64.40
Year-end price (in euros)	19.33	15.08	20.50	18.50	11.50
Annual high (in euros)	24.93	25.05	24.12	25.20	20.50
Annual low (in euros)	18.15	13.24	13.75	17.50	10.65
Dividend per share (in euros)	0.77	0.93	1.15	1.00	0.80
Dividend return on year-end price (in %)	4.00	6.20	5.61	5.41	6.96

HGB 2002	IAS 2002	IAS 2003	IAS 2004	IAS/IFRS 2004	IAS/IFRS 2005	IAS/IFRS Dec. 31, 2006
3,395	3,395	3,402	3,534	3,534	3,433	2,879
38.8	38.8	170.3	508.6	508.6	829.8	1,114.4
94.3	94.3	89.4	81.5	81.5	70.7	48.8
2,593	2,593	4,055	4,842	4,842	4,825	4,113
3,977	3,977	3,906	3,829	3,829	3,730	3,131
119.6	151.2	142.3	134.7	134.7	129.2	124.6
115.4	106.3	103.8	118.8	124.4	128.7	132.8
14.7	14.8	11.4	17.2	17.2	27.4	14.5
99.7	100.8	95.0	93.0	106.4	113.0	127.4
137.3	113.0	108.7	120.7	121.2	109.6	97.0
14.5	14.4	20.8	20.6	20.6	17.3	22.8
237.1	260.2	250.3	260.7	260.7	261.3	257.4
-	201.9	198.9	199.1	199.1	210.9	205.3
439.2	439.2	416.2	428.5	428.5	431.1	400.5
32.6	38.5	42.9	44.3	44.3	39.9	36.8
60.1	57.4	58.1	60.2	60.2	68.6	63.2
27.5	18.9	15.2	15.9	15.9	28.7	26.4
26.1	17.5	13.2	14.2	14.2	25.5	21.1
16.4	9.1	3.6	1.2	1.2	11.5	17.9
46.4	47.6	46.5	45.4	45.4	51.4	54.7
17.7	18.1	6.1	8.2	8.2	15.2	22.2
5.73	7.95	7.75	7.57	7.57	8.56	7.41
28.7	29.5	40.4	37.2	37.2	36.2	32.5
50.4	58.1	56.9	51.7	51.7	49.6	48.4
-7.4	-8.8	-10.3	-10.3	-10.3	-9.3	-9.2
42.1	38.8	38.0	35.7	40.8	43.3	49.5
6.2	5.7	4.6	6.6	6.6	10.6	5.6
16.4	9.0	3.8	1.3	1.1	10.2	14.0
-	9.4	7.7	8.0	8.0	13.6	12.9
6.9	3.5	1.4	0.5	0.5	4.4	6.9
3.7	2.1	0.9	0.3	0.3	2.7	4.5
-	9.4	7.7	8.0	8.0	13.6	12.9
12.9	12.9	11.0	14.5	14.5	21.1	10.6
6,000,020	6,000,020	6,000,020	6,000,020	6,000,020	6,000,020	7,380,020
2.19	1.22	0.41	0.04	0.04	1.29	2.61
554,340	554,340	575,200	575,200	575,200	486,190	185,166
5,445,680	5,445,680	5,424,820	5,424,820	5,424,820	5,513,830	7,194,854
98.19	98.19	101.99	120.76	120.76	228.00	237.43
18.03	18.03	18.80	22.26	22.26	41.35	33.00
18.03	18.03	21.50	22.26	22.26	52.90	41.97
10.28	10.28	15.35	12.30	12.30	22.26	26.35
1.00	1.00	0.80	0.60	0.60	1.20	1.20
5.55	5.55	4.25	2.25	2.25	2.90	3.64

- 1) 1994 – 2002 DVFA/SG less minority interests, 2002 – 2003 Profit after tax (EAT) plus amortization/depreciation divided by all shares  
2) 1994 – 2002 DVFA/SG, 2002 – 2003 IAS 33  
3) IFRS including minority interests