

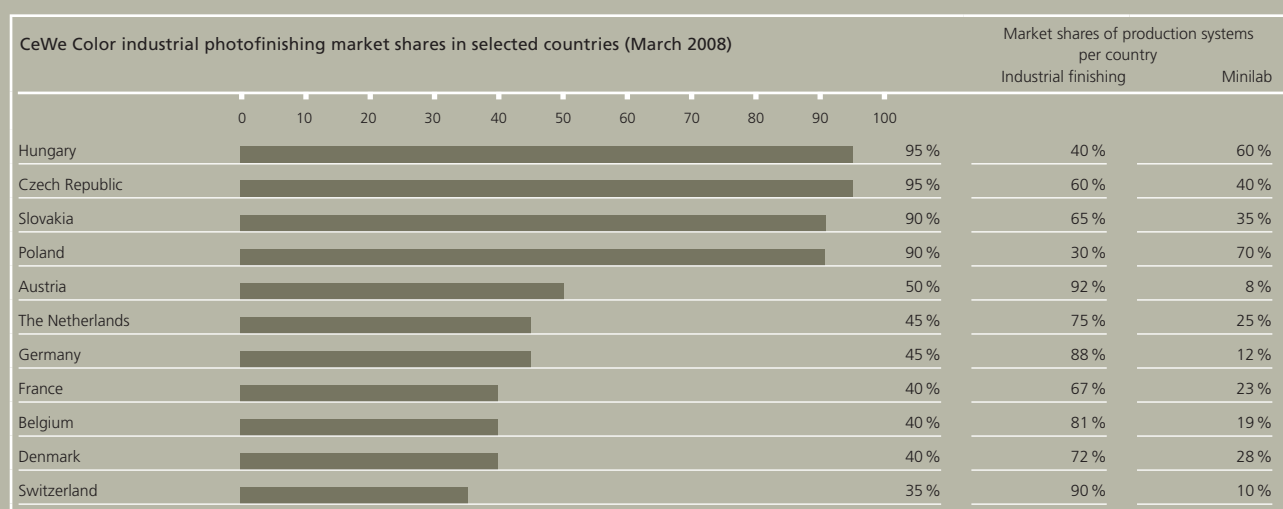


Annual Report 2007

 **cewe color**
Holding AG

The CeWe Color Group – Overview

	2006	2007	Change
1. Revenues (in thousand euros)	396,035	413,451	4.4 %
– Central Europe	236,753	233,544	–1.4 %
– Rest of Europe	159,282	179,907	12.9 %
2. Sales and employees			
Number of colour prints (in million units)	2,879	2,792	–3.0 %
– of which digital prints (in million units)	1,114.4	1,514.5	35.9 %
– of which prints from films (in million units)	1,765.0	1,277.3	–27.6 %
Number of developed films (in million units)	48.8	36.1	–26.0 %
Image CDs (in thousand units)	4,113	2,848	–30.8 %
Employees (extrapolated on a full-time basis)	3,131	3,124	–0.2 %
Personnel expenses (in thousand euros)	111,475	108,356	–2.8 %
3. From the Consolidated Balance Sheet (in thousand euros)			
Noncurrent assets	124,607	137,925	10.7 %
Current assets	132,808	126,877	–4.5 %
Total assets	257,415	264,802	2.9 %
Borrowing	130,053	144,227	10.9 %
Equity	127,362	120,575	–5.3 %
4. From the Profit and Loss Account (in thousand euros)			
Earnings before interest, taxes, depreciation and amortization (EBITDA)	63,229	52,800	–16.5 %
Result from operating activities (EBIT)	26,389	14,342	–45.7 %
Profit before tax (EBT)	21,110	12,819	–39.3 %
Income taxes	1,024	5,491	436.2 %
Profit after tax (EAT)	17,869	5,894	–67.0 %
Net profit/loss (after minority interests)	14,033	5,891	–58.0 %
5. Earnings per share (in euros)			
– undiluted	2.61	0.83	–68.2 %
– diluted	2.39	0.83	–65.3 %
6. Cash flow (profit after tax + amortization / depreciation) (in million euros)	54.7	44.4	–18.9 %
7. Free cash flow (cash flow – capital expenditure) (in million euros)	22.2	8.9	–60.0 %
8. Cash flow from financing activities (in million euros)	–14.0	–18.1	–29.3 %
9. Capital expenditure (in million euros)	32.5	35.5	9.3 %
10. Dividend per share (in euros)	1.20	1.20	0.0 %
11. Dividend return on year-end price (in %)	3.64	4.44	22.0 %



Note: When reference is made in these financial statements to digital prints, the figure always includes CEWE PHOTOBOOK prints.

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.

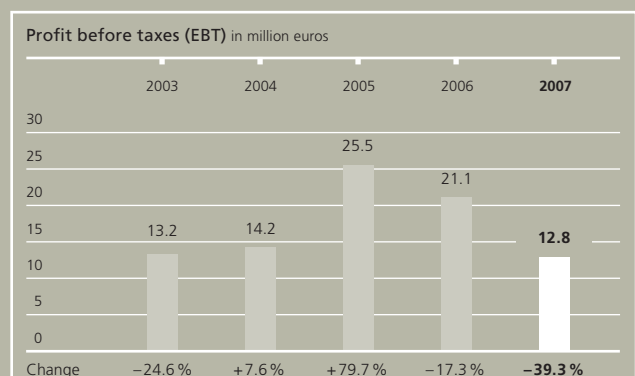
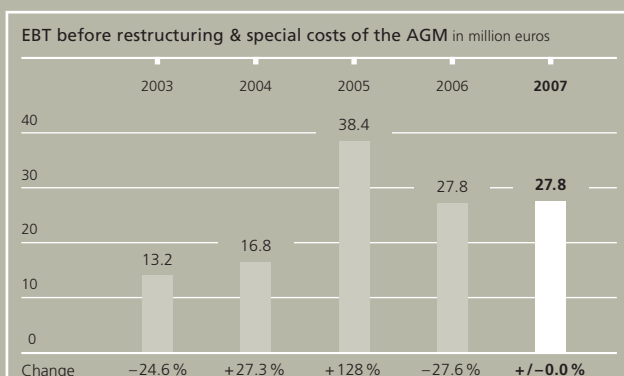
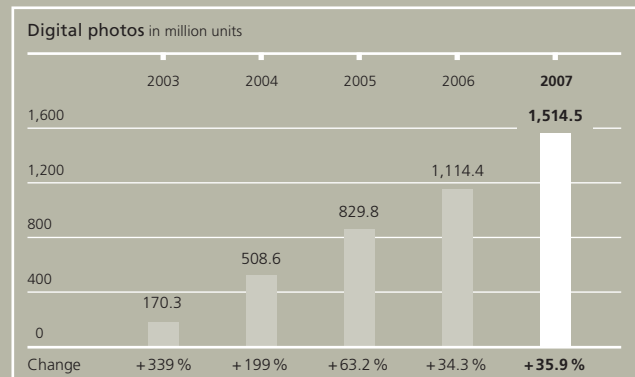
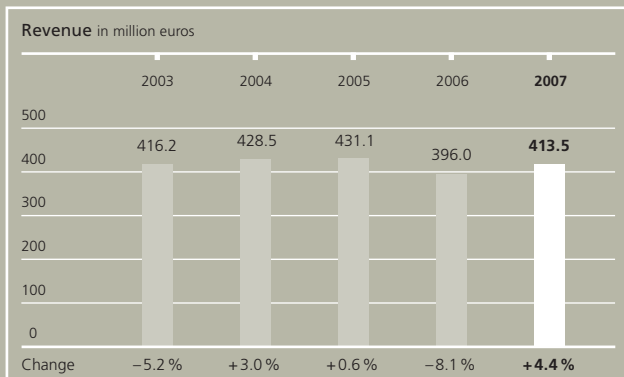
Every day, more than 1,300 external express messengers supply more than 50,000 retail partners in 23 European countries. 3,000 employees work in our 17 production facilities across Europe – with highly automated industrial production. We use state-of-the-art machines, some of which we developed ourselves, in order to achieve high efficiency and permanently advance production.

We supply consumers through retail stores. In 2007, we developed 2.8 billion colour prints from both films and digital image data. In December 2007, we recorded 73 % of our revenues with digital products and services. This proportion will grow to more than 80 % by December 2008.

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.

Here's looking at the digital future. CeWe Color is the largest European photographic services company and we developed and marketed **2.8 billion colour photos** in fiscal year 2007.

Digital photography has never before enjoyed such a high share of the market: **1.5 billion photos** – more than **54 %** – 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 2007 CeWe Color again invested **more than 35 million euros** in innovative technologies and services.





Contents

4	Letter to Shareholders
6	Report of the Supervisory Board
10	A Photo on a Trip

MANAGEMENT REPORT

22	The Photographic Market
23	Sales and Revenue
25	Digital Products and Services
28	Marketing
31	Investments and Depreciations
33	Fiscal Year 2007 – Results
34	Consolidated Balance Sheet
36	Report by Groups of Countries
39	Retail
41	Research and Development
42	Administration and EDP
43	Purchasing
44	Employees and Training
46	Social Commitment
46	Environmental Protection and Quality Management
47	Legal Structure of the Company
48	Risk Management
51	Investor Relations
54	Corporate Governance
56	Remuneration Report
59	Details According to Section 315 (4) HGB
61	Details on Relations to Related Parties
61	SpecialEvents After the End of the Business Year
63	Outlook 2008
64	Managing Board and Managing Directors

CONSOLIDATED FINANCIAL STATEMENTS

68	Consolidated Balance Sheet
70	Consolidated Profit and Loss Account
71	Consolidated Cash Flow Statement
72	Consolidated Statement of Changes in Equity
74	General Notes
80	Accounting and Valuation Principles
85	Notes to the Consolidated Profit and Loss Account
94	Notes to the Balance Sheet
120	Other Notes
128	Auditors' Opinion
129	Structure and Executive Bodies

FINANCIAL STATEMENTS OF CEWE COLOR HOLDING AG

132	Income Statement of CeWe Color Holding AG
133	Balance Sheet of CeWe Color Holding AG
134	10-Year Overview
136	Production Plants and Distribution Branches

Financial Diary (inside cover)



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

Dear shareholders,

2007 successfully mastered

CeWe Color has successfully mastered a difficult business year in 2007. The technological change from analog to digital photography has again been actively designed by the company in 2007. The discontinuation of the former business area – the development of films and the exposure of analog photos – could completely be compensated for by new products and business areas.

CeWe Color could again reach a growth of turnover (+4.4 %) in 2007, among others due to a strong fourth quarter. The early orientation towards digital photography already in the nineties, the establishment of digital production capacities as well as the investments in the Internet and the presentation on the market made the company the leading European service provider for digital photos by far.

CeWe Color has become a high-performance Internet company with a broad distribution basis of more than 50,000 trading partner POS for personalized photo products. Investments of more than 30 million euros every year in technology, product development and marketing competences help to increase market shares, productivity and the value of the company.

Let me illustrate the current development of the company with some figures: While in 2006 the decrease of the sum of analog and digital photos amounted to –16.1 %, this decrease could be reduced to –3.0 % in 2007 for CeWe Color. 2.8 billion photos were produced and sold. This included 1.5 billion digital photos (+35.9 % in comparison to the previous year). For the first time, the digital photos outnumbered the analog photos, which amounted to 1.3 billion (–27.6 % in comparison to the previous year). We could especially push the business with digital photos and prints in CEWE PHOTOBOOKS which are distributed via the Internet. 642 million digital photos (+58.9 %) could be delivered via the mail order service and the sales counters of our trade partners.

Although we had to cope with a decrease of turnover of –7 % with our German photofinishing companies, we registered a plus of turnover of +35.9 % in Central Eastern Europe as a result of the acquisition of two competitive companies and the sales successes of our own retail stores. The growth of turnover of our Norwegian photo retail chain, the photo products of which are produced in Germany, could restrict the decrease of revenues in Central Europe (Germany, Switzerland, Austria and Scandinavia) to –1.4 %. We are happy about a growth of turnover of +1.7 % in France in 2007 and about a balanced result before restructuring measures in our Western neighboring country. In England, with a loss (EBT) of 2.8 million euros, we are currently still in a phase of setup.

Statement Dr. Rolf Hollander

“CeWe Color is a high-performance Internet company with a broad distribution basis of more than 50,000 POS, which intensively invests in product development and marketing competences.”

The group earnings (EBT) before restructuring measures and special costs in 2007 amounts to 27.8 million euros, as in the previous year. Restructuring costs for company closures for the adaptation to the decrease of film developments to the amount of 12.2 million euros were necessary (6.2 million euros in the previous year). The special costs for the general meeting and legal consulting in 2007 amounted to 2.75 million euros. The earnings before taxes (EBT) amounted to 12.8 million euros (-39.3 %) and the earnings after taxes are accounted for with 5.9 million euros (-67.0 %).

Thus, the result 2007 is burdened with the costs of the reduction of capacity. Also in 2008, company closures will be necessary. According to the current planning, the restructuring of the company will be completed in 2009. Then, CeWe Color will have substituted its previous business model of photo film development by a new model which is characterized by reduced capacities, new technologies, digital products and modern ways of distribution via the Internet. We will then offer attractive products to our customers, a growth of turnover and value to our shareholders and, last but not least, safe work places to our highly committed employees.

Thank you for your support.

Oldenburg, March 17, 2008

A handwritten signature in black ink that reads "Rolf Hollander". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Report of the Supervisory Board

The business year 2007 of CeWe Color Holding AG was characterized by developments of the shareholder structure which also issued a challenge to the Supervisory Board of the company. Until February 8, 2007, the Supervisory Board was composed as follows:

- Hubert Rothärmel (Chairman)
- Hartmut Fromm (Deputy Chairman)
- Prof. Dr. Dr. h.c. Hans-Jürgen Appelrath
- Dr. h.c. Manfred Bodin
- Sebastian Freitag
- Dr. Fritz Kröger

On February 8, 2007, Sebastian Freitag laid down his supervisory mandate. In his place, the Neumüller CeWe Color Foundation appointed the lawyer Otto Korte to the Supervisory Board of CeWe Color Holding AG on February 9, 2007. In the general meeting on April 26, 2007, the following persons were reelected for another term of office:

- Prof. Dr. Dr. h.c. Hans-Jürgen Appelrath
- Dr. h.c. Manfred Bodin
- Hartmut Fromm
- Dr. Fritz Kröger



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

The Neumüller CeWe Color Foundation also appointed Otto Korte and Hubert Rothärmel to the Supervisory Board for another term of office. In the constitutive meeting of the new Supervisory Board on April 26, 2007, directly after the general meeting, Hubert Rothärmel and Hartmut Fromm were reelected by the Supervisory Board as the chairman and deputy chairman.

Prof. Dr. Michael Paetsch was elected as a substitutional member of the Supervisory Board by the general meeting on April 26, 2007. Since Dr. Fritz Kröger laid down his mandate as per December 31, 2007, Prof. Dr. Michael Paetsch has been a regular member of the Supervisory Board since January 1, 2008.

In the business year 2007, the Supervisory Board fulfilled the tasks incumbent to it according to the law and articles of association with special intensity and made the associated decisions. In doing so, the board could comprehensively rely on the internal control system of the company as well as on the reports of the respective office-holders. The Supervisory Board has consensually taken note of the company planning.

The Supervisory Board supervised and advised the company's Managing Board. It was comprehensively informed by the Managing Board in written reports and orally and in writing during its Supervisory Board meetings. The Supervisory Board intensively discussed such reports with the Managing Board.

The Chairman of the Supervisory Board in addition was informed about important decisions and developments by the Managing Board. In justified individual cases, the Supervisory Board called in external experts for advice.

In order to do justice to the scope of the current topics, the Supervisory Board held eight meetings in 2007, namely on January 19, February 20, March 13, April 16, April 26, June 6, September 19 and November 7. In 2008, meetings were held on March 10 and April 1.

Due to its limited number of members, the Supervisory Board decided also in 2007 to exercise the duties of an Audit Committee. The meeting regarding the balance sheet in 2007 was held on March 13, 2007, and on April 1 in 2008.

The presence in the meetings of the Supervisory Board was outstanding. One member of the Supervisory Board was absent twice, two members did not attend one meeting. Three members of the Supervisory Board have not been absent in any of the eight meetings in 2007.

"The Supervisory Board thanks all the employees and the Managing Board for their high commitment and the consistent work in the business year 2007. Moreover, the Supervisory Board wants to thank the shareholders of CeWe Color Holding AG for their confidence in the company."

Again, the transition from analog to digital photography was in the focus of the discussions. It was with satisfaction that the Supervisory Board found that already by the end of the year 2007, 72.6 % of the company's revenue were reached with digital products and services. The Internet share grew to 45.9 % of the digital turnover.

Furthermore, the Supervisory Board very intensively dealt with the following topics:

Geographic expansion

The Supervisory Board evaluates the expansion of the business in Central and Eastern Europe as extremely positive.

Takeover negotiations

The Managing Board regularly informed the Supervisory Board on ongoing discussions and new initiations as well as completed takeovers.

France

Again, the reorganization of the activities in France was a key issue. The Supervisory Board appreciates the progress made in 2007 and encourages the Managing Board to quickly and rigorously carry out the necessary restructuring measures.

Risk management

The Managing Board and the certified accountant comprehensively informed the Supervisory Board on the early detection system for risks and the internal control system. The Supervisory Board convinced itself of the efficiency of the risk management and the control system, amongst others by randomized verification of individual cases.

Shareholder structure

The Managing Board regularly reported to the Supervisory Board about the development of the shareholder structure and the appeals raised in connection with the general meeting of April 26, 2007.

The Supervisory Board noticed with satisfaction that the request for preliminary proceedings filed with the public prosecutor's office Oldenburg against the Chairman of the Managing Board and the Chairman of the Supervisory Board was abandoned due to a lack of suspicion.

Compliance and Corporate Governance

The Supervisory Board dealt with the topics of Corporate Governance and Compliance in every meeting. The board convinced itself of the competent compliance with and observation of the relevant regulations. The Supervisory Board evaluated itself with prepared questionnaires in order to increase efficiency. It discussed the results and positively included them in its work. In fiscal 2007, the company received consulting services from the law firm of the Deputy Chairman of the Supervisory Board, Mr Fromm. The Supervisory Board granted its consent to all consulting services, which, pursuant to a review of the Supervisory Board, related exclusively to specific legal advice and are not covered by the activity of the Supervisory Board. During the last meeting in the calendar year, all the members of the Managing Board issued a written declaration to the Chairman of the Supervisory Board that there were no conflicts of interest. The members of the Supervisory Board also declared that they do not assume further tasks with important competitors and that no conflicts of interest arose, either.

The Supervisory Board consensually took note of the Corporate Governance report, the declaration of conformity and the remuneration report.

The Compliance Officer regularly reported to the Supervisory Board, and the Supervisory Board 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, 2007, were audited and issued with an unqualified audit certificate by Commercial Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft Oldenburg, which had again been appointed as auditor by the general meeting on April 26, 2007.

The Annual Financial Statements and the Management Report of CeWe Color Holding AG as well as 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 regarding the balance sheet on April 1, 2008.

The undersigned auditors participated in the Supervisory Board's discussion of the documents to be audited and reported on the essential results of their audit to the Supervisory Board. The Supervisory Board had already been informed about the planned auditing activities during the year. The auditors were available to answer all of the Supervisory Board's questions. The Supervisory Board agreed with the result of the audit and there were no objections.

The Supervisory Board reviewed the Annual Financial Statements the CeWe Color Holding AG, prepared by the Managing Board, as well as the Consolidated Financial Statements and the 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, which are thus adopted in accordance with Section 172 Aktiengesetz (AktG – German Public Limited Companies Act). The proposal of the Managing Board regarding the appropriation of net profits of CeWe Color Holding AG is approved.

The auditors also audited the Managing Board's report on relations to related parties in accordance with IAS 24 for the business year 2007. This report did not give rise to any objections.

The Supervisory Board approved the dividend policy as well as the withdrawal from the reserves. The Supervisory Board accedes to the proposal for the appropriation of net profits, which in addition to a withdrawal of 3,800,000.00 euros from the reserves includes a dividend of 1.20 euros per no-par value share.

The Supervisory Board thanks all the employees and the Managing Board for their high commitment and the consistent work in the business year 2007. Moreover, the Supervisory Board wants to thank the shareholders of CeWe Color Holding AG for their confidence in the company.

Oldenburg, April 1, 2008

The Supervisory Board of
CeWe Color Holding AG



Hubert Rothärmel
(Chairman)



A Photo on a Trip

Digital photography has stirred up the photo market. It has made people enjoy taking photos. Never has it been so easy to quickly make perfect pictures. Whether young or old people, newcomers or ambitious amateurs most of them capture the most beautiful moments of their life digitally.

Meanwhile, more than 60% of German households have digital cameras, and especially the sector of digital single lens reflex cameras is gaining strong momentum. This shows us that people not only enjoy taking photos but also pay attention to high-quality pictures. They want to hold their photos in their hands as a paper print or in the form of photo books.

We at CeWe Color assist people in doing so by offering them an easy and fast way to design their photos. With our broad product range – from prints on genuine photographic paper to CEWE PHOTOBOOKS and a great variety of photo gifts – we present our customers the unique CEWE PHOTO WORLD.



How to order ...

... from home



Often, the PC at home gives a first correct impression of one's digital photos. This quickly results in the desire to have the best shots as genuine photo prints. Owing to the Internet, consumers are only a few mouse clicks away from having their desire fulfilled. Starting the homepage of one of our retail partners, uploading the pictures and indicating the format – the order is complete. A few days later, the photos are ready to be collected at the retailer's or are delivered directly to your door.



... in a store



Most people still want to view their most beautiful shots on genuine photographic paper. In addition, paper prints are the safest method to archive photos in the long term and without colors fading.

CeWe Color offers its customers several options of having developed paper prints from their photos. You can place your burnt CD or memory card in an order envelope as you would normally do. In addition, CeWe Color has set up more than 25,000 DigiFoto Maker automats in the stores of its retail partners. They read the data from the memory card and copy it onto CD-ROM. You place this CD in an order envelope to have the image data printed on paper. One thing remains the same in all options: within a few days you hold the most beautiful moments as a photo in your hands.



Our digital photo production



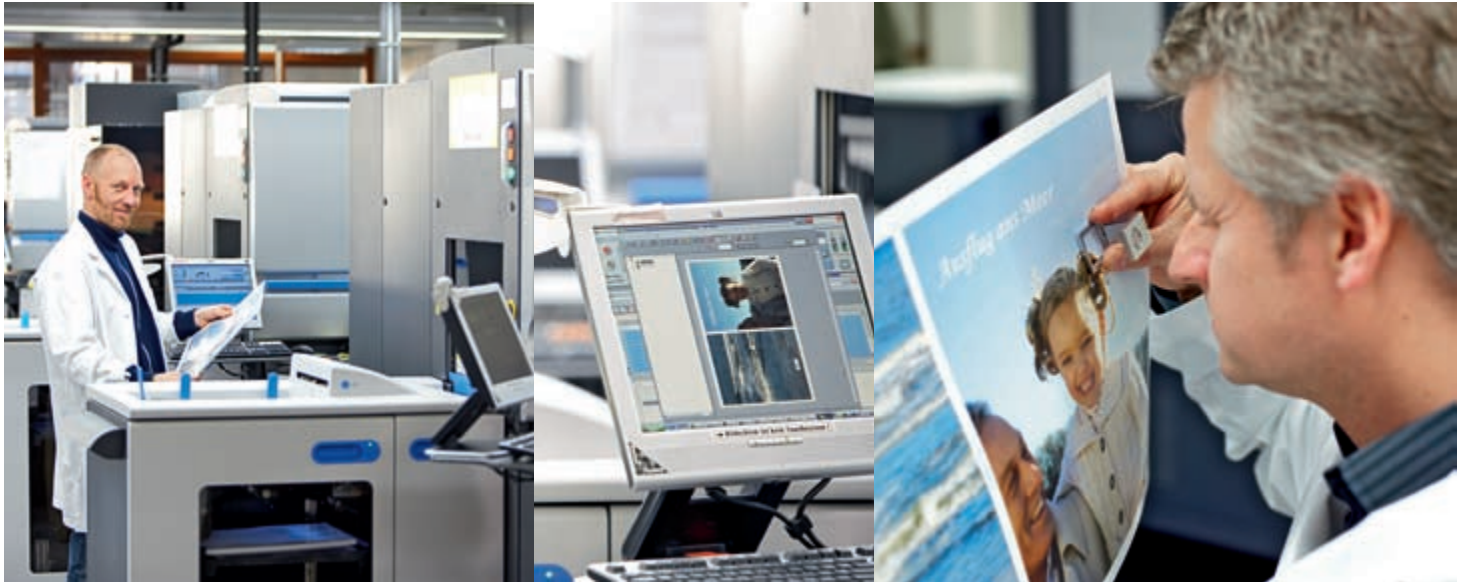
In the modern photo world, everything revolves around digital photos. CeWe Color has invested more than 200 million euros in digital production capacity in the last ten years. Every day, more than 1,300 express messengers supply more than 50,000 retail partners in 23 European countries. More than 3,000 employees work in our 17 production facilities with highly automated industrial production. We use state-of-the-art machines, some of which were developed by ourselves, in order to achieve high efficiency and permanently advance productivity. We supply consumers through retail stores. In 2007, we developed 2.8 billion photos from both films and digital image data. With this result, we are the technology, cost and market leader in photofinishing.

CeWe Color will continue to invest in capacities, product development, market appearance and acquisitions.



Our advanced industrial photo laboratories receive films and image data of customers either by courier service or via the Internet. Following sorting of incoming orders, the data is read out and transferred to the printer. The printer that produces the photos then filters and optimally corrects a volume of 20,000 image data per hour before exposing the photo paper. The exposed photo paper is fed through the development bath and dried in the form of a finished photo strip. The photos are fed on rollers to the packaging machine, where the photos are cut and packaged. Subsequently, the pricer prints the label with the current price of the relevant retail partner on the order envelope. Scanning stations and conveyor systems sort the order envelopes automatically into customer sections. Then they are packed, loaded and delivered to the retail partners via courier service or sent by mail directly to your door.

Our CEWE PHOTOBOOK production



The highlight of our product range is the CEWE PHOTOBOOK. CeWe Color produced and sold more than one million photo books in fiscal year 2007. The key to success is our award-winning order software, which can be downloaded free via the Internet on www.cewe-photobook.de or obtained on CD in stores. With this user-friendly software, consumers obtain the complete layout for a fully personalized CEWE PHOTOBOOK within three minutes. Of course, everybody can design his very own customized CEWE PHOTOBOOK; the software offers numerous options of realizing creative ideas. In addition, there is a broad range of covers and sizes. The CEWE PHOTOBOOK offers the optimum solution for all kinds of tastes and demands.



After the user has finished the CEWE PHOTOBOOK on the PC, the data is sent via the Internet pages of any of our 50,000 retail partners to CeWe Color or burnt onto a CD and handed over to a retail store. The data is read out on the data splicer in our industrial photo laboratories, before it is printed on paper by high-end printers. The individual print sheets are subject to strict quality control before they are processed to a complete CEWE PHOTOBOOK by automatic cutting, binding and laminating machines. To fulfill rising demands and to make CEWE PHOTOBOOKS increasingly attractive, CeWe Color has made comprehensive investments in new high-tech production lines. With the CEWE PHOTOBOOK we offer our customers the most beautiful method to capture their memories and to make themselves – and others – happy with a very personal gift.

The result

Digital photography gives people a multitude of options of capturing their most beautiful moments as a picture. CeWe Color also provides them with a manifold product offering to retain these moments permanently: whether as a print on genuine photographic paper, in a CEWE PHOTOBOOK or through one of our many products from the CEWE PHOTO WORLD. Photo gifts such as puzzles, calendars or mugs give free range to our consumers' ideas. Posters in large formats, which are printed on exclusive canvas, are particularly amazing. For easiest access to the entire CEWE PHOTO WORLD, use our award-winning order software on the internet on www.cewe.de. Just try it!

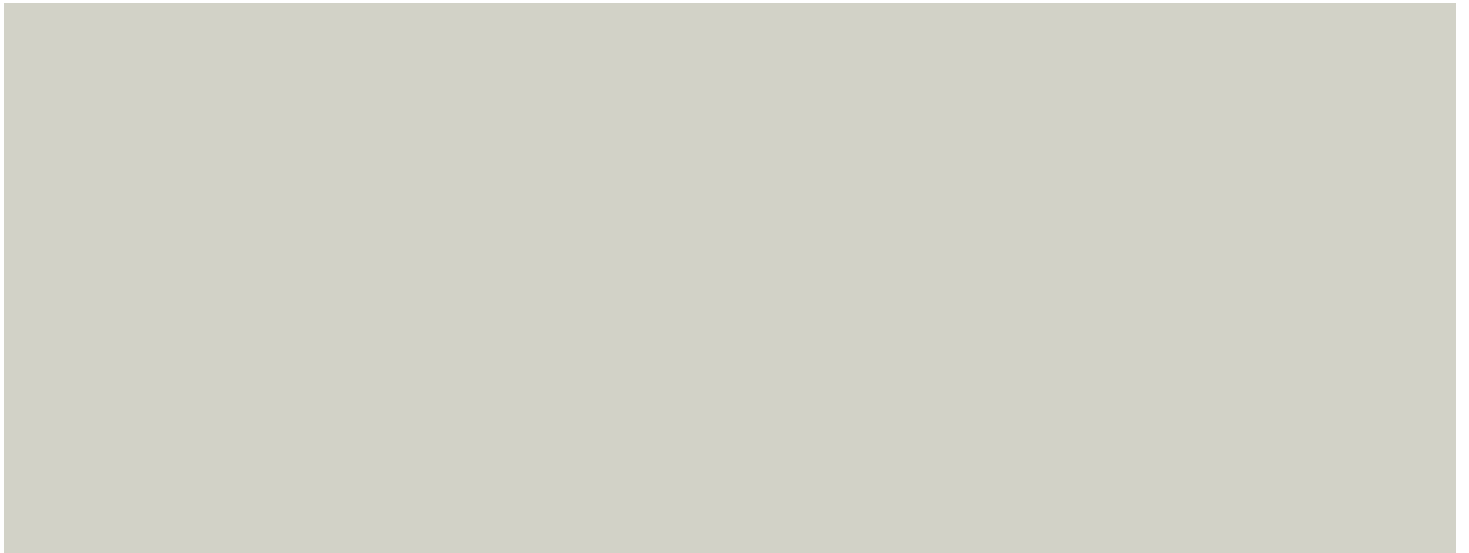




72.6%

... of revenues in December 2007 were recorded
with digital products and services

MANAGEMENT REPORT



The Photographic Market

Continuous Boom with Digital Cameras

In the last ten years, the photo industry has experienced an enormous upheaval due to the technological change from analog to digital photography. This becomes particularly clear when one regards the sales of cameras and films.

In 2007, 138 million cameras were sold worldwide – of which 91 % were digital cameras. According to the Photo-industrie Verband (German Association of Industrial Photography) and the Gesellschaft für Konsumforschung (market research institute, GfK), the sales of digital cameras increased by almost 10 % to 8.6 million digital cameras. The share of reflex cameras increased overproportionally and thus led to a positive development for manufacturers and the trade thanks to its higher value. Studies of the GfK and the American NPD Group additionally have shown that the number of cameras as per household considerably increases. Also the continuously increasing number of camcorders and mobile telephones with a photo function is interesting, which lead to a – however slow – increase of sales of digital photos from industrial laboratories.

Successfully Mastered Three Quarters of the Possible Maximum Decrease of Film Sales

As a consequence of the increased use of digital cameras, a smaller number of analog cameras are used and

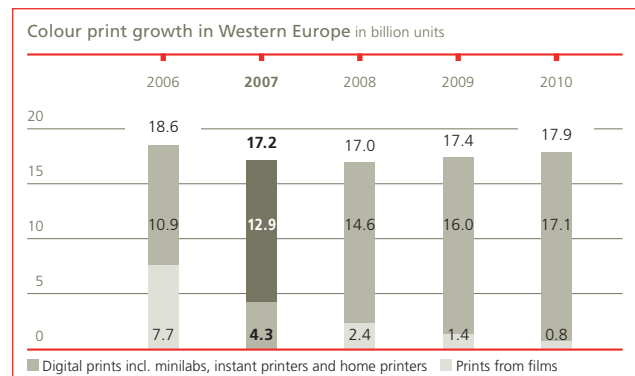
thus fewer films are needed. The sales of films in Germany amounted to 187.0 million units in 2001, which was the absolute peak. In 2007, 41.5 million units were sold. This represents a decrease to less than a quarter of the initial sales volume within a period of six years. The good news: CeWe Color already successfully compensated three quarters of the maximally possible market decrease of films by the establishment and development of a digital product and services business.

CeWe Color is the European Market Leader

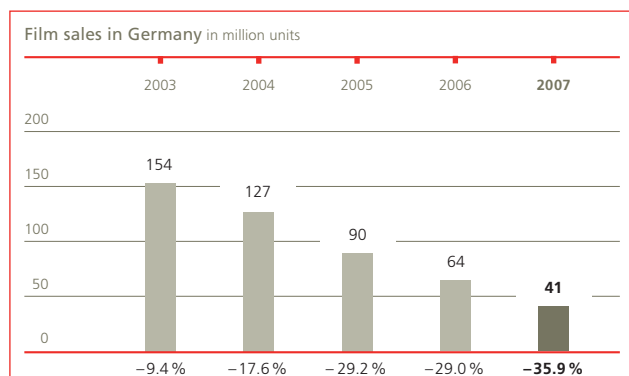
In the photo industry, the photo market is divided into a shrinking market for photos from films and a growth market for digital photos and photo books. For photos from films, there are two ways of production: the development in large laboratories of the industrial photofinishing sector and the production with development devices (minilabs) in the specialized photo trade. Due to high production quantities, the industrial photo finishing offers a considerable advantage in terms of unit costs. In contrast to this, the minilab can deliver finished photos already after half an hour but at clearly higher prices. In countries with strong retail providers, the industrial photofinishing has an average market share of 85 % to 90 %. CeWe Color is the market leader in almost all European countries. The market share amounts to an average of more than 40 %.



Source: German Association of Industrial Photography



Source: Understanding & Solutions



Source: German Association of Industrial Photography

Costs per digital print in cents	Industrial photo-finishing	Minilab	Instant printers in stores	Home printers
Entry-level price per digital print	7–15	25–49	25–39	29–60

Source: CeWe Color

Market shares of production systems for digital prints 2007 in %	Germany (acc. to GfK) ¹⁾	Western Europe (acc. to U&S) ²⁾
Industrial finishing (stores + Internet)	67 %	61 %
Minilab	4 %	-
Instant printers	8 %	6 %
Home printers	21 %	33 %

Source: ¹⁾ GfK = Gesellschaft für Konsumforschung ²⁾ U&S = Understanding & Solutions

Industrial Finishing of Digital Photos with Sustainable Cost Advantages

In the area of digital photos, there are two additional production systems: home printing on printers of the consumers and immediate printing with thermal sublimation or inkjet printers in photo retail stores. Both of the systems deliver quickly, but the photos are relatively expensive. In contrast to this, industrial finishing offers considerably cheaper digital photos on high-quality photo paper within 1–2 days of delivery. While the figures of home printing are decreasing, the number of photo exposures in the industrial laboratory and via so-called kiosk systems grows.

Photo Book – Central Product of the Photographic Market

The triumph of digital photography meanwhile is essentially influenced by personalized photo books. In the last year alone, 7 million photo books have been sold in Western Europe. For this, the impelling sales markets are Germany, England, France and the Netherlands.

Sales and Revenue

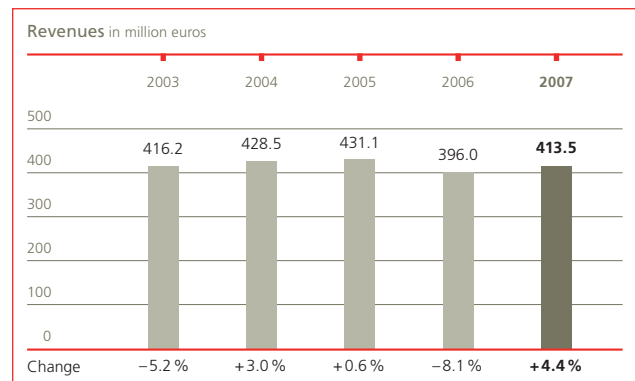
Sales Trend Reversal Achieved

In the business year 2007, CeWe Color has reached a trend reversal with regard to revenue: the proceeds increased by 4.4 % to 413.5 million euros (2006: 396.0 million euros). This puts an end to the decrease of sales which characterized the business year 2006 (–35.1 million euros).

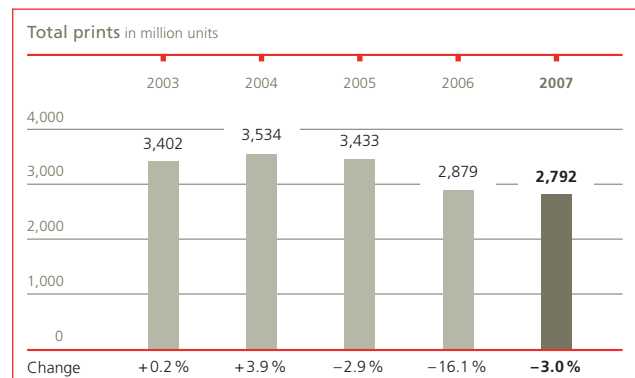
CeWe Color has restructured the positions “sales” and “other operating incomes” from 2006 to 2007 so that now all the CeWe Color services of the core business are summarized. This also includes the proceeds from transfers of the mail order business which were passed on to the final customers, since such proceeds usually make up an essential part of the business with mail order providers. The other operating incomes include silver sales, liquidations of reserves, effects from currency conversions, insurance indemnifications and also all the proceeds for CeWe Color services for which only a cost coverage shall be reached. These are primarily proceeds from maintenance contracts for order terminals at the POS, the sale of archive CD blank discs and participations in the costs for courier services. Further details can be found in the Notes on page 85.



www.schlecker.de



www.dm-digifoto.de



This clear allocation led to a new calculation of the sales value and the value of the other operating incomes of the year 2006, which was carried out in order to ensure a comparability of the values from 2007. Thus, the sales 2006 changed from 400.5 million euros to now 396.0 million euros and the other operating incomes 2006 from 20.4 million euros to now 24.9 million euros. This restructuring measure does not affect the earnings (EBT).

Retail, Company Acquisitions and Digital Photos Strengthen the Sales

The positive sales development in 2007 is mainly due to the retail which increased by 19.8 % from 74.9 million euros in 2006 to 89.7 million euros in 2007. In contrast to this, the sales of photofinishing only slightly increased from 321.2 million euros in 2006 to 323.8 million euros in 2007, whereupon this development was mainly supported by the acquisitions of FotoStar s.r.o., Teplice in the Czech Republic and FOTO CLASSIC Sp. z o.o., Tarnobrzeg in Poland, while the photofinishing sales 2007 in Germany even decreased by 7 %. Furthermore, digital photos (incl. CEWE PHOTOBOOK prints) and gifts were especially successful in the fourth quarter 2007.

The Fourth Quarter Becomes Stronger and Stronger

The increased importance of retail with its traditionally strong fourth quarter in terms of sales as well as the increased importance of photo gifts underline the importance of the last quarter of the year for the business year. Besides the seasonal sales peak of the summer vacation months, there is a second peak at the end of the year. This leads to the fact that the fourth quarter 2007 with 110.5 million euros of sales exceeds the sales of the comparative quarter of the previous year (100.4 million euros) by 10.2 %.

Only 3.0 % Decrease of Colour photos

In the overall year, we registered a decrease in the area of colour photos by – 3.0 % from 2,879.5 million photos in 2006 to 2,791.8 million photos in 2007. In the previous year, the decrease amounted to – 16.1 %. The decelerated decrease became especially clear in the fourth quarter: Here, the decrease only amounted to – 0.1 % from 654.6 million photos in 2006 to 654.0 million photos in 2007. So the stronger Christmas business also shows in the photo figures.

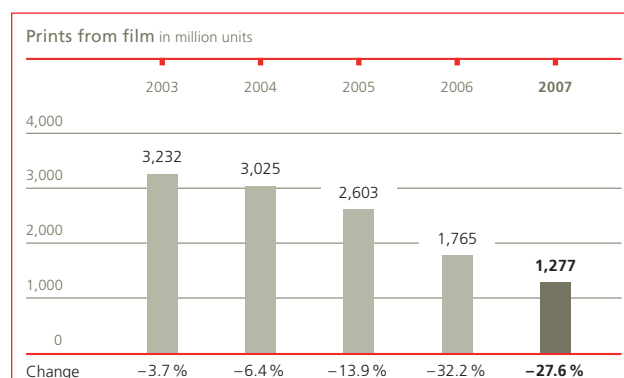
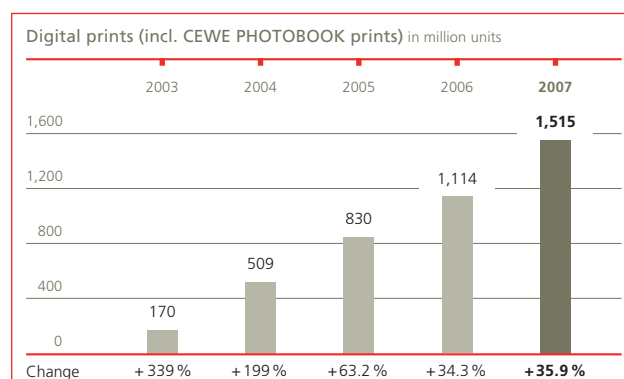
The decrease of the photos from film continues. In the overall year, we registered a decrease by – 27.6 % from 1,765.0 million photos in 2006 to 1,277.3 million photos in 2007. In this product category, CeWe Color has actively consolidated the market with the acquisitions of FotoStar and FOTO CLASSIC in 2007, purchased new market shares and at the same time opened market potential for digital photos.

Important Milestone:

Digital Photos Prevail for the First Time

In the year 2007, CeWe Color for the first time sold more digital photos (1,514.5 million photos) than photos from film (1,277.3 million photos) in a complete year. In the fourth quarter, the sales of digital photos (425.4 million photos) even almost doubled the number of photos from film (228.6 million photos).

The number of digital photos grew from 1,114.4 million photos in 2006 to 1,514.5 million photos in 2007. With an increase of 35.9 %, the relative growth in 2007 even exceeded the high speed of growth of the previous year (34.4 %). With this, CeWe Color has reached another important milestone of the transformation process from analog to digital photography. The consistent expansion of the digital product range and their marketing bears fruit. CeWe Color successfully masters the transformation.



IV. quarter	2006	2007	Change
Revenues (in million euros)	100.4	110.5	+ 10.1 %
Total prints (in millions of units)	654.6	654.0	- 0.1 %
- of which digital prints	321.2	425.4	32.4 %
- of which prints from film	333.4	228.6	- 31.4 %

Digital Products and Services

Primary Channels for Digital Photo Distribution

1. Internet enjoys increasing popularity

CeWe Color provides its trade partners with end-to-end e-commerce solutions for ordering digital photos: CeWe Color designs the Internet sites, coordinates the marketing, develops the software and operates computer centers for its trade partners. Internet photo providers, Internet portals and drugstores are the strongest of users of these CeWe Color services. This ordering via the Internet becomes more and more popular with the photo consumers.

2. Three Channels for Ordering Digital Photos in Stores:

2.1 DigiFoto Maker



The consumers order their photos with their memory cards at the order terminals (DigiFoto Makers) of CeWe Color. The digital data and the order are burned on a CD-ROM. These CDs first of all serve to place the order. Later, the consumers can use them as an excellent, permanent storage device to back up their picture data. The camera cards can be used again immediately.

2.2 Memory Card

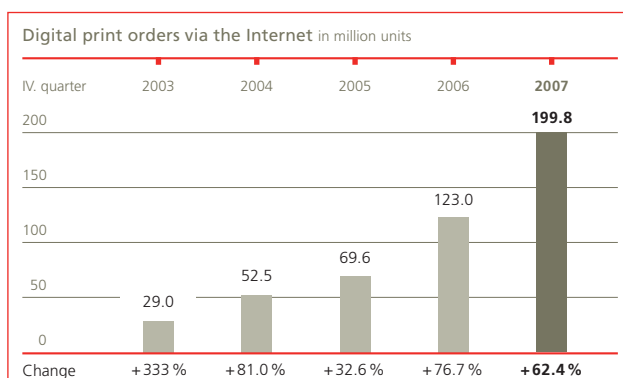
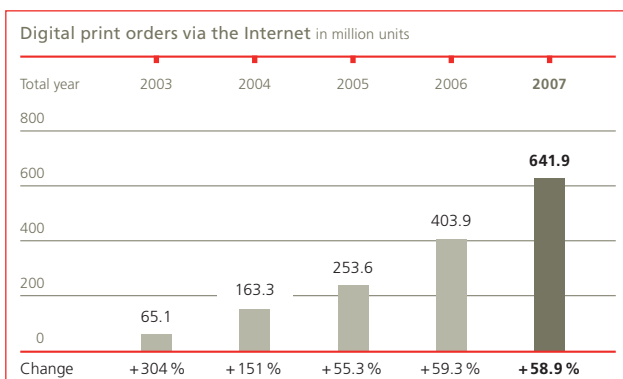


The consumers put their memory card directly in the photo pouch to order photos. With their finished photos, the consumers are returned their memory cards.

2.3 Home-burned CD



The consumers burn their image data on CD-ROMs at home and hand these in at the retailer's.





- Easy to design
- Ready in three minutes
- Huge choice available
- Top quality

My CEWE PHOTOBOOK

Your digital photos in a real book.

Design your own holiday souvenir: combine your photos with attractive backgrounds, your own texts and a personal page design to make a CEWE PHOTOBOOK.

Winner in a whole series of tests!



An original from the market leader – more than one million delighted customers!

Free download and updates at:

www.cele-photobook.com

My CEWE PHOTOBOOK at specialist dealers and at



* Recommended retail price for a CEWE PHOTOBOOK SMALL acc. to price list, plus a processing fee.

Internet Business Continues to Grow Strongly

Digital photos ordered via the Internet (641.9 million photos) clearly catch up in terms of quantity in comparison to digital photos ordered via stores (872.6 million photos): in the last two years, the absolute quantitative growth of digital photos ordered via the Internet (2006: +150.3 million photos, 2007: +238.0 million photos) respectively already exceeded the growth of photos ordered in stores (2006: +134.3 million photos, 2007: +162.1 million photos).

In the fourth quarter 2007, the number of digital photos ordered via the Internet (199.8 million photos) almost reached the number of digital photos ordered via stores (225.5 million photos).

Excellent: The CEWE PHOTOBOOK

Consumers can now compile their own digital photos in their personal CEWE PHOTOBOOK. They can design the individual CEWE PHOTOBOOK at home on the PC. The easy-to-use software for the CEWE PHOTOBOOK can be downloaded at www.cewe-fotobuch.de free of charge or it can be obtained on a CD in the stores supplied by CeWe Color.

The CEWE PHOTOBOOK is characterized by four special features:

1. Easy to design
2. Ready in three minutes
3. Huge choice available
4. Top quality

Numerous wins of tests in the expert magazines Chip, Foto Video, Color Foto, PC go, Internet magazin and Stiftung Warentest confirm the quality as well as the excellent price-performance ratio.

New Order Software for the CEWE PHOTOBOOK

We continuously analyze consumers' behavior. The findings amongst others are included in our CEWE PHOTOBOOK order software. Since October 2007, we distribute a new software (download at www.cewe-fotobuch.de) which amongst others automatically effects a red-eye correction, offers additional processing possibilities for the photos and contains many new design samples. Moreover, the product range of the CEWE PHOTOBOOKS was extended by further larger formats and covers, such as e.g. premium linen or synthetic leather.

CeWe Color has enlarged the scope of offers of the professionally developed subjects and contents for CEWE PHOTOBOOKS. Besides descriptions of travel destinations, the customer can select professional photos, design proposals and reports from the fields of chronicles, year books, marriage and baby to supplement their personalized CEWE PHOTOBOOK.



Expansion of the Product Range

Furthermore, CeWe Color has expanded its product range of print and photo gifts. Now consumers can have their personal photos exposed on linen or order personalized calendars and greeting cards in addition to photo mugs, mouse pads, t-shirts, jigsaws and playing cards. On the individual gifts, photos can be combined with many different design proposals and backgrounds for topics such as marriage, birth, Christmas, lifestyle, jokes and fun.



CEWE PHOTO SCREEN



CEWE PHOTO MUG

Marketing

Innovative products have to be effectively marketed in stores as well as on the Internet in order to be successful. CeWe Color therefore further expanded the area of marketing and product management and increased the marketing activities.

Marketing Offensive

Already in 2006, CeWe Color launched a broadly designed marketing offensive at different levels in view of the aggressive price competition resulting from new providers entering the market who exclusively concentrate on the Internet service. The aim: an increase of sales in the area of digital photos with a mix of a differentiated price policy and specific marketing instruments for the sale of our products via our trade partners. Such marketing measures were continued and intensified in the business year 2007. In order to reach a higher range in communication, CeWe Color bet on the cooperation with existing trade partners as well as on strong partner brands. Furthermore, we extended cooperative marketing activities.

Consumers Like to Shop on the Internet

To shop online becomes more and more popular. As the Bundesverband Informationswirtschaft Telekommunikation und neue Medien e.V. (Bitkom, German Association for Information Technology, Telecommunications and New Media) has found in a recent study, in 2007 already 41 % of the Germans have ordered goods and services on the Internet (previous year: 38 %). Online shopping offers numerous advantages: the prices are transparent and the shopping is comfortable. With private persons, there is an obvious correlation between the kind of their Internet connection and their willingness to shop on the Internet. Since more and more digital photos are ordered via the home pages of our trade partners, CeWe Color does not only assume the design of the photography areas on the websites of the trade partners but actively coordinates the online marketing, such as newsletter service or banner advertisements with them. This also included search engine marketing and search engine optimization to ensure that we will be found among the first three hits in the ranking under many key words for the topics digital photo, photo book and photo gifts by the consumer, and this at optimized costs. In the future, Internet marketing will become even more important.

As an information platform for certain photo products, separate websites were created, e.g. for the CEWE PHOTOBOOK (www.cewe-fotobuch.de), where the consumers will find links to the trade partners of CeWe Color in addition to product information. Moreover, consumers can exchange tips and tricks all around the CEWE PHOTOBOOK in the community area. In case of particular questions on the software, the customer can at any time fall back on the expert support of CeWe Color.

Online Marketing for the CEWE PHOTOBOOK Software

The CEWE PHOTOBOOK software does not only offer different formats and covers for the CEWE PHOTOBOOK but also photo gifts, calendars, greeting and business cards, photos on linen as well as, of course, digital photos on photo paper. The comprehensive product information in the new software will contribute to the active cross-selling and up-selling even stronger.

Marketing in the Stores

The overall appearance in the stores of our trade partners is another important component of the communication and marketing of our products and services. For this, self-service furniture and furniture for specialist dealers were developed and installed in many stores. These aim at the attraction especially of female consumers, comprehensible information regarding the ways of ordering, the communication of the product diversity and quality as well as the communication of a favorable starting price for digital photos.

Already in 2006, CeWe Color invested in 10,000 order terminals (DigiFoto Makers) to receive digital photo orders in the stationary retail. In 2007, the exhaustive roll-out was continued in Europe. 10,000 additional devices were installed in retail stores. The DigiFoto Maker is at the same time a very simple and comfortable possibility to order digital photos, CEWE PHOTOBOOKS and personalized photo gifts and to represent the competence for the ordering of digital photos also at the point of sale (POS).

The goods presentation of CEWE PHOTOBOOKS will be an essential topic in 2008. We want to offer consumers the possibility to take samples in the hand and to convince themselves of the product quality in the store.

Favorable Starting Prices with the Possibility for Up-Selling

With CEWE PHOTOBOOKS, a favorable starting price was created for photo books which sets offensive price signals and encourages customers to test the product. At the same time, the broad product range of the CEWE PHOTOBOOKS offers the consumer a lot of possibilities to choose from (a larger format or another type of cover).

Two Lines Policy for Digital Photos

In the area of digital photofinishing, CeWe Color continues what has stood the test in the area of analog photography. Since November 2007, there is a standard line at low prices and additionally a quality-oriented premium line. With this two lines policy, CeWe Color offers the photography trade the possibility to satisfy both the requirements of price-oriented consumers as also the expectations of especially quality-oriented consumers.

Appearance on the photokina 2008

The photokina (September 23–28, 2008) is the most important trade fair for the photo industry and it takes place every second year. It incorporates the pure fascination of taking and communicating pictures. In 2008 again, all the leading companies of the global imaging world will be represented in Cologne and present a comprehensive range: imaging technology and imaging application for consumers and professionals – from the taking of the picture until its output. About 1,600 providers and more than 170,000 visitors from 156 countries will be represented. After its successful trade fair appearance in 2006, CeWe Color will again present its latest product developments and marketing measures on a stand of a size of 1,000 square meters in September 2008. Not least because CeWe Color also concentrates on offering comprehensive support for the marketing of photo services to the trade.



35.5

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



Investments and Depreciations

To Date, More than 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 sum, more than 200 million euros were used to generate new revenues with digital products.

CeWe Color is the Leading Provider of Digital Printing Services in Europe

The area of digital printing is an area of investment which is of eminent importance for future growth. Until now, we have equipped nine CeWe Color operations with 22 digital electro-ink printers. With these printers, the CEWE PHOTOBOOKS but also individual photo greeting cards, calendars and other photo printing products can be created. CeWe Color currently is the leading provider of digital printing in the segment of high-quality 4-color printing in Europe. Since the CEWE PHOTOBOOKS are received overwhelmingly positive by the consumers as well as the trade, we will increase the investments in digital printing. Here, CeWe Color realizes the advantages in terms of size of an efficient industrial production, which are characteristic for this business model.

CEWE PHOTOBOOK Production Line Installed

Against this background, CeWe Color has invested in the automation of the production of more than just the printing process of the CEWE PHOTOBOOK in the parent plant in Oldenburg. With an automatic book board production, book body production and inseting procedure, the industrialisation of the CEWE PHOTOBOOK production was pushed on. The clearly increased sales volume also led to advantages in terms of size in the area of further processing.

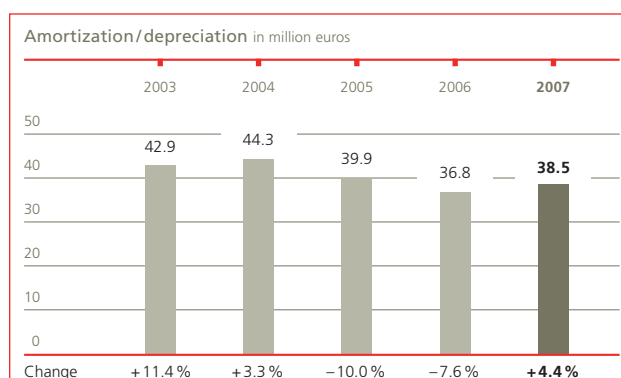
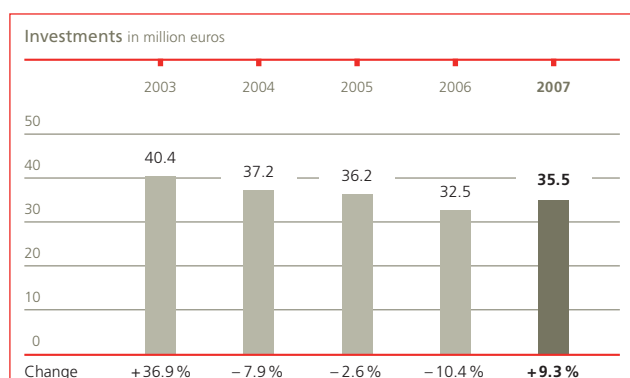
35.5 Million Euros of Investments in 2007

According to Plan

In order to implement the establishment of such capacities and skills and thus to ensure the market leading position for CeWe Color in the field of photofinishing, CeWe Color made important investments in 2007. With 35.5 million euros, the investment volume in 2007 exceeded the volume of the previous year by 9.3 % (32.5 million euros), but was lower than the investment volume of the years 2003 to 2005 and absolutely conformed with the plan. As a consequence thereof, also the depreciations increased by 4.4 % from 36.8 million euros in 2006 to 38.5 million euros in 2007.

Medium-term Investments of 150 to 200 Million Euros

The medium-term plan provides for an investment volume of 150 to 200 million euros for the next five years. Approximately 30 million euros are necessary for the product development and the expansion of digital production capacities every year. CeWe Color will spend 50 million euros for corporate acquisitions for the consolidation of the market and the supplementation of its product range. For the running business year 2008, investments of 35.0 million euros are planned.



264.8

... million euros of total assets on December 31, 2007



Fiscal year 2007 – Results

Good Operative Result

The result before taxes, restructuring measures and special costs for the general meeting with 27.8 million euros was on the level of the previous year.

High Restructuring Expenses

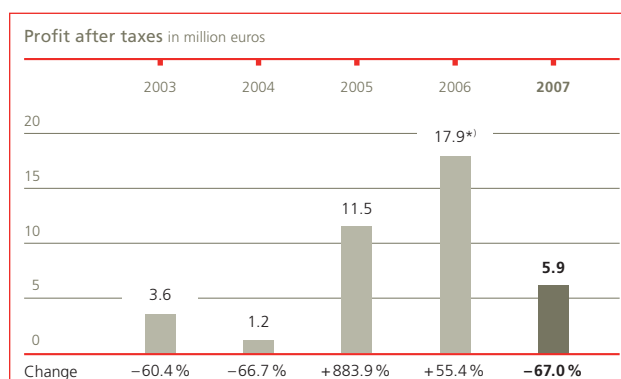
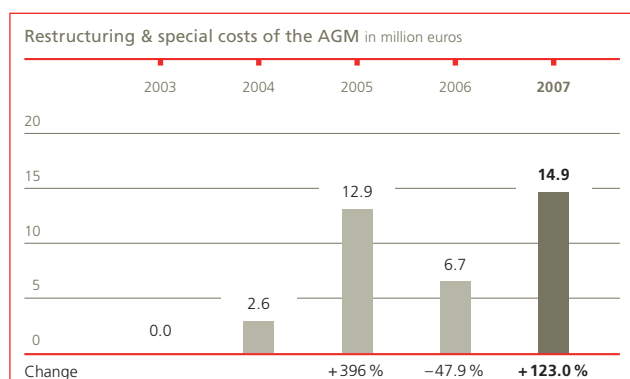
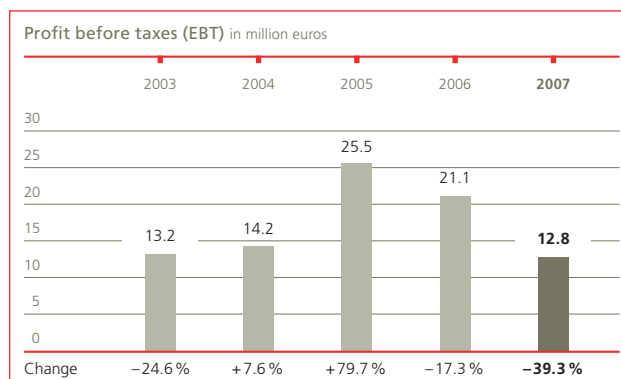
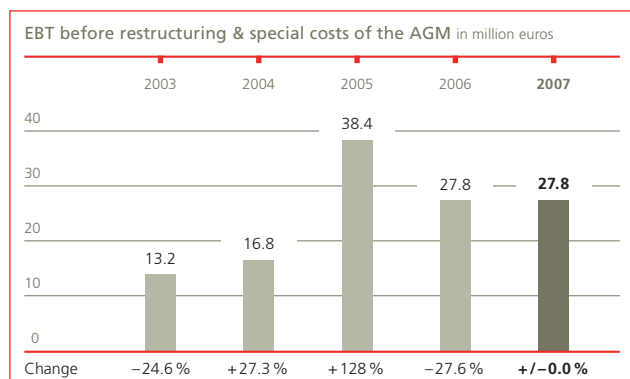
The high expenses for restructuring measures and special costs of the general meeting of 14.9 million euros (+ 123 % from 6.7 million euros in 2006) considerably burden the result. These are the highest restructuring expenses since the beginning of the transformation process from analog to digital technology. The earnings before financing costs and taxes (EBIT) with 14.3 million euros is 45.7 % lower than in the previous year. The same also applies to the earnings before taxes (EBT) of 12.8 million euros (– 39.3 % in comparison to the previous year) as well as for the cash flow of 44.4 million euros (– 18.9 % in comparison to the previous year). With 5.9 million euros, the result after taxes is – 67.0 % below the earnings after taxes of the previous year.

All the results exceed the outlook on the annual figures for 2007 given on November 8, 2007. In 2007, we incurred restructuring expenses in the narrow sense, i.e. without the special costs of the general meeting, of 12.2 million euros. In the first quarter, 6.2 million euros of restructuring expenses were booked for the closures

of the sites in Berlin and Nuremberg as well as for the FOTO CLASSIC laboratories in Poland. The costs for the closures of two plants in France were deferred in the fourth quarter.

Special Costs of the General Meeting

In April 2007, an expensive general meeting had to be held. This did not only take place in a larger scope than as it has been usual with CeWe Color but at the same time it also required the use of extensive legal and counseling services. Such meeting was necessary as a consequence of the claim for a credit-financed special distribution payment. Even after the general meeting, further expenses were needed for the processing of appeals against the decisions of the general meeting 2007. The costs for the preparation, realization and the follow-up of this general meeting in the year 2007 amounted to 2.75 million euros.



* Result after taxes influenced by one-time special tax effects:
 – waiver of claim
 – activation of the corporation tax assets

Consolidated Balance Sheet

Balance Sum Slightly Increased

Parallel to the increased sales, the balance also slightly augmented by 7.4 million euros (+2.9%) from 257.4 million euros in 2006 to 264.8 million euros in 2007.

Especially Long-term Assets Increased

On the asset side, this increase can be explained by the augmentation of the long-term assets which increased by 15.6 million euros from 132.4 million euros in the previous year (+11.8%) to 148.0 million euros. This effect is mainly based on the development of the intangible assets which increased by 12.0 million euros (+127.8%) from 9.4 million euros in 2006 to 21.5 million euros in 2007. The reasons for this development are acquisitions during which customer bases/customer lists and brands have been activated as well as the activation of self-created software.

Short-term Assets Reduced

In contrast, the short-term assets decreased by 8.2 million euros (-6.6%) from 125.0 million euros in 2006 to 116.8 million euros in 2007. Reverse effects are hidden behind this development: On the one hand, the reserves had to be increased from 34.2 million euros in the previous year to 41.2 million euros in 2007, including retail. On the other hand, the company reduced the liquid means by 7.4 million euros (-51.0%) from 14.5 million euros in 2006 to 7.1 million euros in 2007 thanks to the active liquidity management. Furthermore, the short-term receivables from tax on earnings reimbursements reduced by 3.6 million euros (-51.9%) from 6.9 million euros in 2006 to 3.3 million euros in 2007. The other short-term receivables and assets decreased by 3.6 million euros (27.6%) from 13.1 million euros in 2006 to 9.5 million euros.

Net Working Capital Reduced by approx 30%

The net working capital is calculated from the stocks plus receivables from deliveries and services minus liabilities from deliveries and services.

The stocks increased, which is amongst others due to the increase of the trade sales by 7.0 million euros in comparison to the previous year. But with an active receivables management and more favorable customer agreements, the receivables from deliveries and services could not only be kept stable but even slightly decreased by 0.6 million euros (-1.2%) from 56.4 million euros to 55.8 million euros in 2007. At the same time, on the liabilities side, the liabilities from deliveries and services increased by 19.8 million euros (+42.3%) from 46.9 million euros in 2006 to 66.7 million euros in 2007.

In total, the net working capital could thus be reduced by 13.5 million euros (-30.9%) from 43.7 million euros in 2006 to 30.2 million euros in 2007.

Reduction of the Equity Ratio

On the liabilities side, the increase of the balance sum is exclusively due to the augmentation of debts. In contrast, the equity fell by 6.8 million euros from 127.4 million euros in 2006 to 120.6 million euros in 2007. This development mainly results from the redemption of equity shares which has contributed to the growth of the equity reducing special positions for own shares by 8.1 million euros (+134.5%) from -6.0 million euros in 2006 to -14.2 million euros. As a consequence, the equity ratio decreased from 49.5% in 2006 to 45.5% in 2007. It has to be stated that the equity ratio reaches its annual peak in December for seasonal reasons.



Interest-yielding Financial Liabilities Decreased in Total

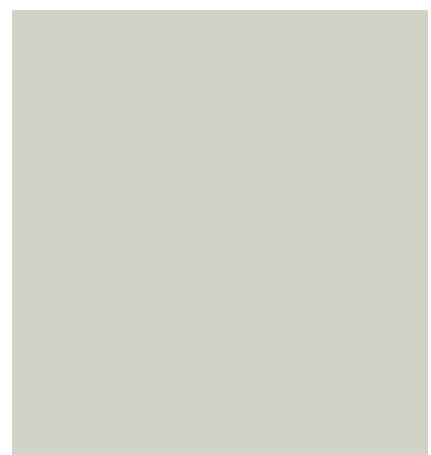
The long-term debts increased by 8.7 million euros (+ 42.6 %) from 20.4 million euros in 2006 to 29.1 million euros in 2007. This is mainly due to the passive latent taxes (increase by 4.2 million euros, i.e. +272.4 % from 1.5 million euros in 2006 to 5.7 million euros in 2007) as well as to the long-term financial liabilities (increase by 4.9 million euros, i.e. 87.1 % from 5.6 million euros in 2006 to 10.4 million euros in 2007). The short-term financial liabilities in contrast fell by 7.0 million euros (-40.6 %) from 17.3 million euros in 2006 to 10.2 million euros in 2007. The interest-yielding financial liabilities (i.e. the short-term and long-term financial liabilities in total) thus reduced by 2.1 million euros (-9.4 %) from 22.8 million euros in 2006 to 20.7 million euros in 2007.

Liabilities from Deliveries and Services Clearly Increased

In the area of short-term debts, the deliveries and services increased by 19.8 million euros (+ 42.3 %) from 46.9 million euros in 2006 to 66.7 million euros in 2007. In the area of short-term debts, there are also reverse, i.e. debt-reducing positions, like for example the already mentioned short-term financial liabilities and the short-term tax reserves, but in total the short-term debts increase by 5.5 million euros (+5.0 %) to 115.1 million euros in 2007 (2006: 109.7 million euros).

Balance Sheet in million euros and in %

Assets	2006	2007	2006	2007	Liabilities
	257.4	264.8	257.4	264.8	
Noncurrent assets	132.4 million euros 51.4 %	148.0 million euros 55.9 %	127.4 million euros 49.5 %	120.6 million euros 45.5 %	Equity
Current assets	125.0 million euros 48.6 %	116.8 million euros 44.1 %	20.4 million euros 7.9 %	29.1 million euros 11.0 %	Noncurrent debt
			109.6 million euros 42.6 %	115.1 million euros 43.5 %	Current debt



Report by Groups of Countries

CeWe Color is the European Market Leader in the Area of Photofinishing

By the end of the year 2007, CeWe Color operated 19 industrial photo laboratories and supplied consumers and 50,000 trade partners (POS) in 23 countries with photographic services. Even postal deliveries in further European countries were made via Internet orders.

Central Europe: Main Earner Again

In Central Europe, Germany, Austria, Switzerland and Scandinavia are summarized. In these countries, CeWe Color had to cope with a decrease of sales by 3.2 million euros (-1.4 %) to 233.5 million euros. In Germany, the minus of sales even amounted to -7 %. The adjusted earnings before taxes (EBT) in 2007 fell to 24.2 million euros (previous year: 30.9 million euros). The EBT after special effects improved to 17.8 million euros from 12.9 million euros in the previous year. However, in 2007 again, we incurred restructuring costs for the closure of the laboratories in Berlin and Nuremberg, which made up the major part of the special effects in 2007. A one-time effect of the year 2006 was the waiver of claims amounting to 14.5 million euros pronounced by the CeWe Color AG & Co. OHG seated in Central Europe towards the French CeWe Color S.A.S.

The original home market is after all still the main earner. The preservation of this strength is only possible with a comprehensive supply of almost all the European countries. The European network can indeed be regarded as the precondition to be a really important supplier of the large European trade groups. So CeWe Color supplies its ten largest trade partners in more than one of the listed groups of countries. This strengthens the competitive position also in Central Europe.

Scandinavia: Digital Share Grows to 80 %

In Scandinavia, the transformation from analog to digital photography is practically completed. With 45 %, the analog business decreased which even negatively influenced the total sales in 2007. With 78 % of the digital sales, the Internet business predominates.

Western Europe: Sales Growth and EBT Before Restructuring Improved

The segment Western Europe is made up of France and Great Britain. In total, the sales developed positively with a growth of 3.3 million euros (+6.8 %) to 52.4 million euros. The earnings adjusted by one-off factors before taxes (EBT) clearly improved from -7.2 million euros in 2006 to -2.7 million euros in 2007.

Extraordinary factors in thousand euros	IAS/IFRS Dec. 31, 2006	IAS/IFRS Dec. 31, 2007
Central Europe		
Receivables waiver	-14,545	0
Restructuring ^{*)}	-2,963	-6,347
Other extraordinary factors	-497	-2,750
Total extraordinary factors	-18,005	-9,097
Western Europe (France)		
Receivables waiver	14,545	0
Restructuring ^{*)}	-3,230	-5,061
Other extraordinary factors	0	0
Total extraordinary factors	11,315	-5,061
Central Eastern Europe		
Restructuring ^{*)}	0	-787
Other extraordinary factors	0	0
Total extraordinary factors	0	-787
Extraordinary factors group	-6,690	-14,945

^{*)}Total restructuring costs totaled 12.2 million euros (previous year: 6.2 million euros).

France: Target Reached – Operatively Balanced Result Achieved

In terms of the sales 2007, the France business developed positively, which is decisively due to a new major customer. Together with the initiated restructuring measures, this led to a considerable improvement of the operating result. The earnings before taxes (EBT) before one-off factors are slightly positive for France. This means that an important target was reached in France.

Although the market environment in France is extremely difficult, we expect that CeWe Color will further expand its leading market position as the biggest photofinisher, especially in the digital business.

Great Britain: Launch of the Marketing Platform of the CEWE PHOTOBOOK

Also in Great Britain, the sales could be increased. Despite the augmentations, the result is still negative due to the expansion of the operating structure. Therefore, the segment “Western Europe” also shows a negative EBT. After the investments for the expansion of the last two years, Great Britain is now on the way to profitability.

Benelux: High Digital Share, Strong Growth with the CEWE PHOTOBOOK

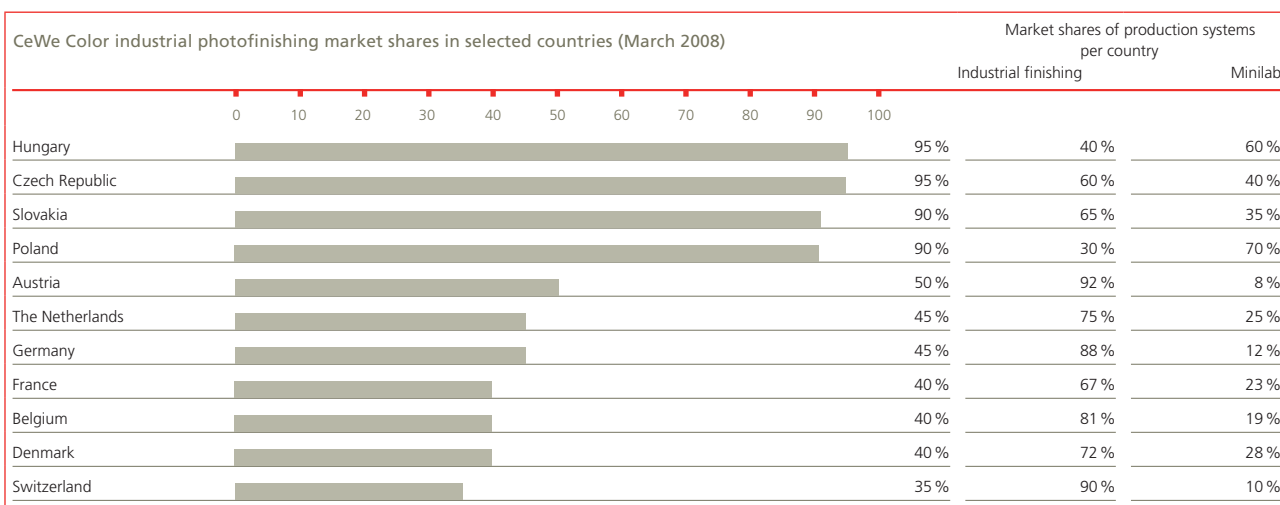
In Benelux, the sales reduced by 7.1 million euros (–16.6 %) to 35.3 million euros. The segment earnings before taxes (EBT) fell from 2.9 million euros to –0.7 million euros. There are several reasons for this development: Benelux is a market with a high Internet share. In 2007, other Internet providers tried to gain further market shares with a price-aggressive competition policy. CeWe had to actively counter this development. Moreover, reserves were built for imminent decreases of revenue which did not become relevant for cash until the end of 2007. Furthermore, it has to be considered that a significant share of the added value for Benelux is accrued in Central Europe since the operations of Oldenburg and Mönchengladbach which are seated there produce the products for Benelux. The CEWE PHOTOBOOK has developed as positively as we expected it in Benelux since there the market is very much characterized by the Internet.

Sales development by region in million euros	2006	2007	Change
Central Europe	236.8	233.6	–1.3 %
Western Europe	49.1	52.4	6.8 %
Benelux *)	42.4	35.3	–16.6 %
Central Eastern Europe	67.8	92.2	35.9 %
Group	396.0	413.5	4.4 %

*)only with sales branches

Investments by region in million euros	2006	2007	Change
Central Europe	25.6	30.3	18.3 %
Western Europe	4.4	1.8	–59.9 %
Benelux *)	0.1	0.2	86.5 %
Central Eastern Europe	2.4	3.2	35.8 %
Group	32.5	35.5	9.3 %

*)only with sales branches; no production



Central Eastern Europe: Sales and Result

Increased Strongly

The supply area of CeWe Color in Central Eastern Europe does not only include Poland, the Czech Republic, Slovakia and Hungary, but also Rumania, Croatia, Slovenia and Lithuania. Thanks to a very successful consolidation strategy in the area of photofinishing as well as to the extremely positive development of retail, CeWe Color was able to increase the sales by 24.4 million euros (+ 35.9 %) to 92.2 million euros in these countries. The EBT before one-off factors therefore increased by 2.9 million euros (+ 226.5 %) to 4.2 million euros.

Poland: Purchase and Integration of FOTO CLASSIC

In Poland, the sales development was positive thanks to the considerable growth of the digital area, the acquisition of the competitor FOTO CLASSIC Sp. z o.o., Tarnobrzeg and the development of the CeWe-owned photography retail chain Fotojoker. The two purchased operations of FOTO CLASSIC in Tarnobrzeg and Poznan were closed in the meantime and the sales were deployed to the existing CeWe Color operations. The restructuring measures and the integration could successfully be completed by the end of 2007. In addition to this, we further expanded the area of supply to the east. In the fourth quarter 2007, we managed to acquire a major customer in Lithuania and thus to further increase the country's profitability.

Czech Republic/ Slovakia: Significant Increase of Sales Thanks to the Purchase of FotoStar

With the acquisition of FotoStar, CeWe Color has taken over a strong private brand in the area of photography which is connected with the supply of new drugstores. Due to this, the sales in the area of photofinishing almost doubled and the market share of CeWe Color increased to 95 %.

Slovenia and Rumania: Market Breakthrough

In the new expansion markets in South Eastern Europe, we were able to reach the position of the market leader with intensive distribution activities. We managed to take over the supply of trade customers in Rumania and Slovenia. Our brand product, the CEWE PHOTOBOOK, has established itself as the clear market leader in this region. With the additional sales, the cost relation could be clearly improved. Thus, the basis for further growth is given which is supported by the above-average economic growth and the increase of the purchasing power of the population. The new expansion countries are supplied from our operations in Bratislava and Budapest.

Earnings before taxes and extraordinary factors by region 2007 in million euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	CeWe Color Group
Segment earnings before taxes (EBT)	17.8	-0.7	-7.7	3.4	12.8
Year-on-year change in %	38.4	-124.4	-288.9	161.9	-39.3
Adjustment for extraordinary factors	9.1	0.0	5.1	0.8	15.0 *)
EBT adjusted for extraordinary factors	26.9	(0.7)	(2.6)	4.2	27.8
Year-on-year change in %	-13.0	-124.4	-64.1	223.6	+/-0.0

Earnings before taxes and extraordinary factors by region 2006 in million euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	CeWe Color Group
Segment earnings before taxes (EBT)	12.8	2.9	4.1	1.3	21.1
Year-on-year change in %	-59.2	314.3	159.4	225.0	-17.3
Adjustment for extraordinary factors	18.0	0.0	(11.3)	0.0	6.7
EBT adjusted for extraordinary factors	30.8	2.9	(7.2)	1.3	27.8
Year-on-year change in %	-23.0	314.3	-39.5	225.0	-4.8

*) The amount was rounded to provide congruent presentation; the detailed sum amounts to 14,945 thousand euros.

Retail

Retail Chains with Positive Sales Development

Our own retail chains in Poland, the Czech Republic, Slovakia and Scandinavia with the brands Fotojoker, Fotolab and Japan Photo in the reporting year registered a positive development. After the consolidation of the last years, the number of sites reduced from 207 in 2006 to a total of 189 sites in 2007. Parallel to this, the sales of the retail increased by 14.8 million euros (+ 19.8 %) to 89.7 million euros in 2007.

Retail Increases the Workload for the Laboratories

Furthermore, the contribution of the own retail stores in the respective countries again were of high importance for the regional markets and the workload of our laboratory operations in Central Eastern Europe.

In the Eastern European and the Scandinavian markets, the retail stores allow for a workload and quantity development which facilitates the CeWe Color-typical industrial production of photos and CEWE PHOTO-BOOKS with large advantages in terms of size. So, CeWe Color is able to apply its business model in these regions and thus create the preconditions also for future proceeds in these growing markets.

Retail as a Pacemaker of Digitalization

The retail, however, more and more becomes the pacemaker in the digitalization process of the concerned photography markets. In the own retail stores, the company already gained 76 % of the sales of 2007 with digital products and services in the reporting year. The own stores at the same time also lead to important findings for the development of new digital products and the related marketing concepts for the overall group.

Internet Business Becomes More Important Even in Retail

The considerably growing importance of the Internet shops of our own retail chains also offers similar opportunities. The findings gathered thanks to this are a significant basis for future strategies and developments in the field of Internet-compatible products for the whole group.

Sales to external third parties in million euros	2006	2007	Change
Photofinishing	321.2	323.8	0.8 %
Retail	74.8	89.7	19.9 %
Total	396.0	413.5	4.4 %

Investments in long-term assets IAS*) in thousand euros	2006	2007	Change
Photofinishing	31,183	34,492	10.6 %
Retail	1,277	1,028	-19.5 %
Total	32,460	35,520	9.4 %

Sum segment assets IAS*) in thousand euros	2006	2007	Change
Photofinishing	212,870	199,417	-6.3 %
Retail	37,462	50,563	35.0 %
Total	250,332	249,980	-0.1 %

*) without financial assets

Number of retail stores in units	2004	2005	2006	2007
Poland	103	102	94	90
Czech Republic	80	70	69	62
Slovakia	26	21	23	16
Scandinavia	21	21	21	21
Total	230	214	207	189

100

... and more employees in research and development as well as marketing and product management are active in the development and marketing of new products



Research and Development

Competitive Advantage Thanks to Our Own Software

Besides the areas of marketing and product management, the area of research and development most appropriately symbolizes the new strategy of CeWe Color which is more and more oriented towards Internet technology and a broad product range. Accordingly, the personal capacities were considerably enhanced in this area in 2007. This enhancement pushes in two directions: On the one hand, the order procedures should be further simplified with online orders as well as with orders placed via a software installed on the consumers' computers, and they should be kept up to date with the latest technologies. On the other hand, due to its competitive advantage which the company has developed in this core segment, CeWe Color considers it important to develop absolutely independently of third parties in this area. By the end of the year 2007, more than 80 employees of CeWe Color worked on the further development and improvement of our systems. For this, a total budget of 10.5 million euros was available (previous year: 9.5 million euros).

Many Test Wins Thanks to the CEWE PHOTOBOOK Software

In the reporting year alone, CeWe Color launched two new versions of the software on the market which are intended to be installed on the consumers' computers. Based on the consumers' feedback, e.g. the forum at www.cewe-fotobuch.de, and on several usability tests, especially with regard to the user menu, both versions have been considerably improved. This also included a significant enhancement of their scope of functions with regard to the design possibilities as well as to new products.

Again, we considerably simplified the creation of CEWE PHOTOBOOKS with the assistant function. At the same time, we clearly improved the quality of the completely automatically created proposal. Both of these characteristics make important contributions to the huge success of the CEWE PHOTOBOOK. An increasing number of customers now use the automatically created proposals and only modify some few pictures or add individual texts. The simplification and thus the higher speed and comfort of the ordering process as well as the simultaneously improved quality made the CEWE PHOTOBOOK the undoubted market leader. Numerous test wins in 2007 and the win with the Stiftung Warentest in January 2008 render proof of this success.

The cooperation with Microsoft also offers a new approach: the latest software version was ported to technologies which exploit the capacity of the operating system Microsoft Vista. We presented this version together with Microsoft at the Consumer Electronic Show (CES) in Las Vegas. This again supports our competitive advantage.

In addition to this, new and improved products are integrated in every new version. At the same time, the ordering process is facilitated and the optical quality is improved. In this context, the newly implemented possibility to combine professionally prepared samples with one's own pictures is just one example for this. The individual products which can be created in this way offer undreamt-of possibilities with regard to the professionalism of the product quality for the user. The ongoing further improvement of the user friendliness and of the functional scope of this software will continue to be the focus of our activities. CeWe Color wants to continue to always present the best software for the creation of products all around the photo on the market. As the market leader CEWE PHOTOBOOK, the other products will also keep and expand their respective top positions.

Online Applications Optimized and Enhanced

In addition, we rigorously adjusted the applications for online orders to the respectively latest requirements of modern web applications at the same time as the described improvements were effected. Especially in this area, CeWe Color ensures a continuous optimization with the help of modern tracking tools and the applied Customer Relationship Management System (CRM) on the basis of the analyzed customer behavior. In particular, the newsletters which are personalized for the respective users with an own software make an important contribution to sales promotion. Also in this area, all the systems had to pass usability tests and were further improved in accordance with the customers' feedback.

In addition to the described possibilities to use design samples which are subject to charges, especially also extensive ordering possibilities for calendars have been integrated. The possibility to subsequently order CEWE PHOTOBOOKS online which have been ordered once is new. For example for clubs, this provides the possibility to offer a book which has been created once to its members for ordering without the club having to effect any advance payments for this.

DigiFoto Maker with Enhanced Possibilities

The functionalities of our stationary devices for receiving orders in stores of our trade partners, the DigiFoto Makers, have been considerably enhanced in 2007. Added value products such as the CEWE PHOTOBOOK or calendars were integrated, their creation has been simplified and the quality has been improved. In particular, the user menu has been significantly optimized on the basis of usability tests and effected field tests. Many devices in the meantime are able to transmit their orders to the laboratories online via the Internet and thus contribute to efficient logistics. Moreover, in the reporting year, more devices were installed together with on-site-printers in highly frequented stores.

The advantage of this combination is that both ways, the immediate printing and the acceptance of data for the laboratory, are supported. Thus, the devices reach higher sales than the offers of our competitors who predominantly only support one of the two ways.

Production Control Leads to Higher Product Quality

CeWe Color currently operates 22 digital printing machines of two different manufacturers in nine operations. The very positive quantitative development, especially in the Christmas season, required an optimization of the workflow with regard to the flow of data and of the flexibility of the print products. This task could be successfully completed in 2007 and is already being implemented in practice. Due to the further increases expected also for 2008, the further optimization of the workflow is also an important duty for which CeWe Color regards itself as being prepared thanks to the decades of experience in the field of photofinishing.

We also extensively worked on the optimization of the workflow for digital picture data. The main goal is to improve picture data even quicker and more efficiently and to process them and finally transmit them to the printer. In the past and in the future, this led and will lead to considerable improvements of the efficiency of the use of machines and of the productivity. An important milestone could be laid at the beginning of February 2008 with transformation of the first laboratory to the newly developed workflow.

This new workflow is intended to again improve the recognized high quality of our products. Tools for the improvement of quality decisively influenced the design of the new workflow and shall further enhance the customers' pleasure when they look at and use CeWe products.



Administration and EDP

Accounting and Controlling Support the Transformation to Digital Business

The increasingly dynamic transformation process from photos from films to the digital business also requires an appropriate support by the controlling. Product and customer coverage contributions invoices were further enhanced.

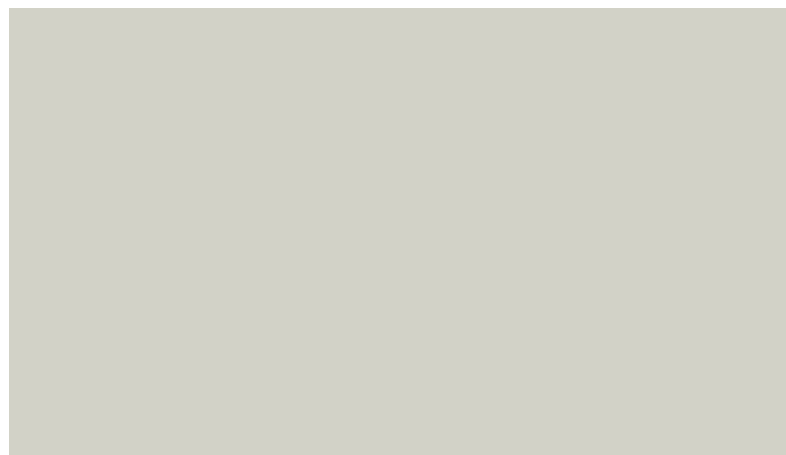
The augmentation in the domestic Internet business has been accelerated by deliveries against outstanding invoices. The precondition for this was the increase of efficiency in the accounts receivable management the overall costs of which are below the fees of credit card providers.

In the transformation phase, naturally there are opportunities for consolidation with the takeover of competitors, the enlargement of the product portfolio and the opening of new business areas as well as the regional expansion, especially with regard to the Internet. Accordingly, the controlling provided the bases for decisions for potential acquisitions in the last year.

Further EDP Optimization

The central IT systems were further modernized in the business year 2007. The SAP system with the modules Financials (FI), Controlling (CO), Sales and Distribution (SD) and Consolidation (EC-CS) for financing and accounting, Materials Management (MM) for the area of purchasing/materials management and Customer Service (CS) for the support of repair and maintenance for our DigiFoto Makers build the core of the central IT. In the past year, the IT of the Hungarian company in Budapest was shifted to SAP. The central SAP system is now used by almost all the companies of the CeWe Color Group.

An essential IT project of the year 2007 was the shift of the invoicing to SAP SD. The project which was begun in 2006 was continued in 2007. In the meantime, the invoicing for the German customers as well as the invoices of approximately half of the national companies were shifted to SAP SD. The project will be completed by mid-2008.



Photofinishing-specific processes will still be operated with the CeWe Color-owned IT system "ICOS" (Integrated CeWe Color Organization System). "ICOS" especially concentrates on the areas of pricing/preparation of delivery notes, customer service and sales support. This system which has been designed and implemented mostly by our own developers allows us to meet customer requirements particularly quickly and flexibly and thus provides CeWe Color with a real competitive advantage. As the SAP system, "ICOS" also is based on an Oracle data base system. In the business year 2007 again, we further optimized the system and updated the data base to a more current version.

In the business year 2007, CeWe Color further improved the IT security of the central systems. For the securing of the IT main systems, an IBM backup system was acquired and taken into operation.

Internal Sales Service Further Qualified

Due to the increased importance of new products and ordering ways, the requirements to our employees in the internal sales service also go up. The necessary expert knowledge in width and depth at the same time allows for an obvious and positive differentiation to other competitors for the customer. In order to also profit from this differentiation as a positive competitive factor in the future, CeWe Color has expanded its knowledge base which can be accessed online at any time by all the authorized employees in the country and abroad.

The increase of the work productivity in the cooperation between the internal sales service and the field service has been made possible thanks to new and improved IT solutions. The exchange between the field and the internal service as well as an IT-supported approval workflow is less sensitive to errors, quicker and more secure.

Purchasing

Increasing costs in the area of energy and materials were a particular challenge for the central purchasing in the last business year.

In close cooperation with our supplier, we managed to avoid an increase of costs for the majority of raw materials, auxiliary supplies and fuels and to even achieve further cost reductions in certain areas. In the future, potentials for cost reductions in the area of purchasing will be created by projects for the optimization of logistics and the administrative processes which are identified in the reporting year.

In the last years, the number of suppliers for photo paper has reduced due to the discontinuation of AGFA and Konica-Minolta. Therefore, CeWe Color established and strengthened new supply relations with a Chinese and a Japanese supplier. Currently, we are supplied by four manufacturers of photo paper. With this development, we could considerably reduce the producer's risk.

Especially the sales success of the CEWE PHOTOBOOK but also the increasing promotion of the photo gifts require the purchasing of new raw and auxiliary materials such as mugs, calendars, greeting cards and photo screens. These purchasing markets in which CeWe Color previously was not active or only to a limited extent, mainly in Central Eastern Europe and Asia, were among the most important tasks of the central purchasing. The intensive exchange of experience with suppliers and other companies facing similar obligations led us to new economical solutions.



Employees and Training

Further Adjustments in Europe

In the reporting year again, the strong decrease of sales in the area of analog films (2007: -27.6 %) caused corresponding decreases of quantities and sales in the area of photofinishing in the European Markets. The growth in the field of digital photography could not yet compensate the decrease in the field of analog pictures completely.

In accordance with these framework conditions, CeWe Color effected the necessary adjustments in a socially acceptable way, mainly with the expiration of temporary employees' contracts as well as with operational early retirement and partial retirement arrangements. If it is possible in any way, vacancies are filled internally. The personnel area advises and accompanies the respective company areas with the efficient and targeted accomplishment of the necessary change processes.

Concentration of the Production Capacities

The dynamic of the described transformation process furthermore requires a concentration of the production at only a few sites in Europe the technical equipment of which however has to be even more sophisticated. In the business year 2007, these sites were reequipped for the production of digital photos and CEWE PHOTOBOOKS with important investments. The number of employees of the CeWe Color Group on annual average 2007 corresponds to the level of the previous year with 3,124 employees (previous year: 3,131 employees).

The necessary concentration process required the closure of the operations in Berlin and Nuremberg with 220 employees at the beginning of 2007. These decisions were difficult for the Managing Board since they were not made due to bad performances of the respective operations but just because of the requirements of the concentration process.

In France, the capacities also had to be adjusted due to the weak quantitative development within the course of the year 2007: on the Paris site, CeWe Color had to dismiss a total of 40 employees.

Since the production of the company FOTO CLASSIC in Poland, which had been purchased during the year, is completely carried out at the existing sites, the 180 employees who had been taken over had to be dismissed. In the Czech Republic, the company FotoStar has been taken over with 180 employees of which CeWe Color also had to dismiss 60.

The costs for all the above mentioned restructuring measures in the reporting year including the depreciations of assets and the social contribution plans amounted to 12.2 million euros net.

Due to the further continuing concentration process, CeWe Color has started negotiations on the closure of the operations in Bad Schwartau and Eisenach (Germany) as well as in Bordeaux and Valence (France) with the respective works councils in the first months of the running business year 2008. Here again, the unpleasant closures stand against the corresponding investments in the remaining sites. At the reporting time, the social contribution plan negotiations in Bad Schwartau are already concluded.

Changes with Regard to Tariff Policy

The tariff contract on salaries and wages of March 2006 expired by January 31, 2008: as of the February 1, 2008, tariff salaries and wages were increased by 3.5 %. In February 2009, the employees will receive a one-off payment. The term of the new tariff contract is 23 months until December 31, 2009.

Training and Further Training in the Area of Marketing

The new needs of the increasingly digital photo market lead to new requirements. Therefore, we continue to increase our marketing and IT activities and look for further employees with the corresponding know-how in order to further increase the sales of digital photos and to promote the CEWE PHOTOBOOK. Especially the professionalization of our Internet marketing becomes more and more important. In addition to this, CeWe Color actively markets numerous possibilities of photo gifts and in particular the CEWE PHOTOBOOK. The company has accordingly enlarged the corresponding departments.

Employees by region (on the annual average) in number of employees	2006	2007
Central Europe	1,797	1,666
Western Europe	427	381
Benelux *)	36	31
Central Eastern Europe	871	1,046
Group	3,131	3,124

*) only with sales branches

Apprentices in Germany (on the annual average) in number of employees	2006	2007
Photo media laboratory technician	26	24
Industrial sales representative	35	32
Photo laboratory technician	18	11
Industrial electronics expert	17	16
IT specialist	11	14
Warehouse logistics specialist	3	4
Photographer	1	2
Bookbinder	0	1
Total	111	104

Employees' Shares 2007

In October 2007, we offered our employees employees' shares at the favorable price of 16.50 euros for the fourth time. When they bought a maximum of ten shares, the employees received the maximum amount admissible in terms of tax regulations of 135.00 euros, which corresponds to an advantage of 13.50 euros per CeWe Color share.

Industrial Safety and Health Protection

Industrial safety and health protection were and still are an essential aspect for the CeWe Color Group. As in the previous years, CeWe Color was characterized by a low sick leave quota, e.g. 3.4 % in Germany. As in the previous years, we again carried out risk analyses, rescue trainings and vaccinations.

Targeted Selection of Employees

With the selection of our management staff, we place a particular importance on management skills and team spirit. "Performance-oriented management skills in efficient structures" is one of the cornerstones of our company strategy. We stand for performance, change and innovation on all levels of the company. According to this strategy, CeWe Color concentrates on the following focal points within the frame of the personnel management:

- group-wide identification of talents and the promotion and development of management skills in our company;
- attending advice with the implementation of the process-oriented and organizational changes resulting from the reorganization of the markets;
- continuous qualification and further development of all the employees.

We train our employees in accordance with the requirements of the respective areas. Core points are the communication of competences in the areas of the digital processing of image data, marketing as well as IT and printing.

Apprentices in Germany

The qualified training of young employees plays a big role for CeWe Color. We offer the possibility to learn a profession to 104 apprentices in eight different professions. For many years, CeWe Color has been training people, even beyond our own requirements, in order to make the entrance to the professional life possible for as many young people as possible.

Thanks to all Our Employees

The cooperation with the works councils and the trade union IG BCE which is represented in the operations has again been trustful and constructive in the business year 2007. Thanks to this, we could find ways for the decisions that were necessary for the adjustment to the market and which take the interests of the employees as well as of the company into consideration equally.

Without the great personal and flexible efforts and the extraordinary commitment of our employees, the success of the year 2007 in this transformation phase would not have been possible. We would now like to thank all of them for their excellent performance, their decisive contribution and the unanimous commitment to the company CeWe Color in the last year!



Social Commitment

One characteristic of our company culture is the commitment in social, cultural and corporate areas at a local, regional and European level. In particular, we focus on the promotion of science and training.

Fachhochschule für Mediengestaltung und Design

As the leading photography service provider and pioneer for the development of the photographic knowledge necessary for this, CeWe Color supports the Fachhochschule für Mediengestaltung und Design in Cologne. With this commitment, CeWe Color contributes to the promotion of know-how for industrial photofinishing. The focal point of this is the granting of two to three scholarships to students of the Fachhochschule per semester. In addition, the Fachhochschule will be supported with material donations. The supervision of some diploma theses and internships in our European operations serve the exchange of knowledge and the practical application of theoretical knowledge.

Promotion of High Potentials

CeWe Color continuously informs pupils and students on training and job offers within the group. Information stands and company presentations on college and university days, such as for example in Wilhelmshaven and Oldenburg, are intended to make sure that young talents consider CeWe Color to be an interesting and innovative company which is focused on Europe. At the same time, these activities help to anchor CeWe Color in the region.

Social Sponsoring and Individual Commitment

CeWe Color deliberately supports social institutions with targeted donations, such as e.g. the children's hospice Löwenherz in Syke in the reporting year. CeWe Color promotes the individual commitment of the company's employees in the social area. Furthermore, in the area of social sponsoring, we concentrate on the promotion of young photographers, especially with material and financial donations. Moreover, we continuously promote numerous projects in the area of photography.

Neumüller CeWe Color Foundation

The task of the Neumüller CeWe Color Foundation amongst others is the promotion of young technicians and scientists in the field of photography. According to the articles of association, the charitable purpose can be fulfilled as follows:

- grants to the Photo & Medienforum Kiel;
- scholarships for particularly qualified students at the University for Applied Technology in Cologne, Photography Department, or at comparable institutions;
- the promotion and financial support of diploma theses which specifically serve the further development of technical and scientific photography;
- the awarding of the Heinz Neumüller Prize for the best diploma thesis or the best degree of the year at the above mentioned institutions.

Environmental Protection and Quality Management

The CeWe Color Group implements a corporate policy in which profitable growth and environmental protection do not contradict but reasonably supplement each other. An optimized utilization of resources with an economical process control usually automatically leads to an efficient and thus gentle handling of the existing resources.

Especially the increased variety of processes of our photofinishing operations offers new challenges to CeWe Color on a regular basis. The product range which becomes more and more sophisticated as well in the analog as also in digital photography, ranging from classic photos via photos on linen through to CEWE PHOTOBOOKS and personalized photo gifts, leads to increasingly variable processing procedures. The common basis, which is the application of colors on different media with the corresponding chemicals and processes, requires comprehensive special and process knowledge. After all, it is this special know-how from which CeWe Color deduces its leading position in the competition. To use the materials which are necessary for the processes as efficiently as possible is a natural precondition for cost advantages which then again result in a resource-protecting and thus environmentally friendly way of production.

In particular the photographic development in the area of pictures on photo paper, which is the main process in the production of analog and digital photos, uses color precursors already contained in the material which are then deliberately converted to imaging colorants. Besides the described efficient and thus resource-protecting use of process chemicals, CeWe Color places a special importance on the highest possible recycling quota in the further process. Moreover, CeWe Color consequently works towards the minimization of waste water quantities and waste water burdens by employing biodegradable bleaching baths, formalin-free final rinses and protraction-reduced process techniques.

Even with digital printing technologies in which toners and inks are used for the coloration, CeWe Color relies on modern environmentally friendly processes. With toners, CeWe Color decided in favor of the predominant use of liquid toners, which excludes the accrue-ment of fine dust. The ink which is used for the production of selected digital print products is free from solvents.

The area of disposal, which after all is the final step of the environmental protection process, is summarized under the title "efficient use of resources" with CeWe Color. For example, we realized special environmentally friendly recycling ways for the process waste of the digital printing procedures in this area.

The European Chemicals Act REACH which entered into effect in June 2007 makes us face new comprehensive tasks which CeWe Color actively accompanies. With our participation in the environmental commissions of the German Association of Industrial Photography, we accompanied the legislative process, so that our knowledge basis for the new obligations is well-formed. Due to this, we as a back-end user make sure that the use of our numerous chemical substances is communicated in the supply chain. The implementation of our applications in the emission scenarios and the chemicals' safety reports for the chemical substances we use is of central importance. Moreover, we systematically supervise those substances in products for which there is a duty to inform as of the year 2009. We furthermore want to participate in the substance information forums for important key components. The decisive core competence for the successful work with REACH is the intensive and open communication with all the suppliers and customers as well as a well-founded expert knowledge which is incorporated by CeWe Color.

The CeWe Color quality management has its origin in the manufacturing and control within the frame of photographic process technology. The key aspect here is to align every single process step to the optimum quality of the final product, however without neglecting the efficiency. This is the only way to guarantee the CeWe Color-typical quality of the individual products. The measure for all this is always the photographic quality, regardless of whether this concerns the classic silver halide procedure or digital printing products. The output control is thus only the final step of a quality process which at CeWe Color begins with the selection of the materials and processes, includes the mathematical image processing and is anchored with all the employees of the different processing levels in the production process. For the quality management, a continuous improvement of all the processes, all the materials – which are often optimized in cooperation with the suppliers – as well as a constant further training of the employees is a matter of course.

Legal Structure of the Company

In the business year 2007, the CeWe Color Group of consolidated companies changed as follows: In February 2007, the Czech company FotoStar s.r.o., Teplice, as well as its subsidiaries were purchased. At the same time, all the shares of FOTO CLASSIC Sp. z o.o., Tarnobrzeg (Poland) were acquired. Both of these purchases strengthen the market position of CeWe Color in Central Eastern Europe. By the end of the year, Diginet GmbH & Co. KG, Cologne, as well as 23.4 % of the shares of Colorplaza SA, Vevey (Switzerland) were purchased completely; the company will be consolidated at equity. With the beginning of the year 2008, also Numerique S.A.S., Paris (France) was acquired. Apart from that, we refer to the explanations in the Notes with regard to the group of consolidated companies (see page 74).

The subscription right of the community of heirs of Senator h.c. Heinz Neumüller which was asserted with effect as per December 31, 2006 led to the issuance of 1,980,000 new shares denominated to the owner. According to this, the basic capital of the company after December 31, 2006 amounts to 19,188,052.00 euros and is divided into 7,380,000 shares denominated to the owner and 20 registered shares with a mathematical share of the basic capital of 2.60 euros per share. The new shares are entitled to dividend payments as of the business year 2007. Since the increased number of shares stands against the discontinuation of the atypically dormant participation with an appropriate share in the profit and loss, the share in the profit and loss per share remains the same.

Finally, the company has acquired own shares for the issuance of employees' shares which was planned for the end of the year 2007, within the period from November 13, 2007 until November 30, 2007 in accordance with Section 71 (1) no. 2 AktG (German Public Limited Companies Act). The redemption of shares is effected in accordance with the Safe Harbor provisions. The number of shares of 2,185 units to be redeemed according to this decision of the Managing Board depends on the quantity actually needed for the issuance of shares to the employees. They were no longer in the company's stock by the end of the year.

The operative business operation of the CeWe Color Group is still in CeWe Color AG & Co. OHG, Oldenburg, with its subsidiaries. In terms of the power to manage the operation, nothing has changed: this is the obligation of the Neumüller CeWe Color Foundation.

Risk Management

The task of the risk management system with CeWe Color is to detect risks as early as possible, to evaluate them and to initiate appropriate counter measures. The risk management is thus one of the ordinary tasks of the Managing Board. Due to the importance of the topic, an effective risk management however also has to be ensured by the managers of the regional profit centers in the country and abroad, the central departments and the project managers, and in the end even by all the employees.

In the following, the individual fields of risks in the three areas “risks of future development”, “financial risks” and “strategic risks” are summarized:

1. Opportunities and Risks of Future Development

For some years now, the market for films and analog images has decreased by 30 % to 40 % every year. The simultaneously obvious higher amount of digital cameras however does not necessarily mean that more photos are produced since many digital photos remain on the hard disc and are not exposed on photo paper. In this environment, the CEWE PHOTOBOOK offers the opportunity to increase the print volume for digital photos. The increase of the production of calendars with digital photos which could be achieved with new samples offered via the Internet by the end of the year aims in a similar direction. The future development of the opportunities for growth developed in these areas, however, largely depends on the development of the **future consumer behavior** of the users of digital cameras. What is very

important for the further chances of growth especially of the CEWE PHOTOBOOK is the spread of further high – speed Internet connections. The photo as a holiday and leisure time product is additionally decisively influenced by the economic development in Europe. The available economic prognoses (e.g. ifo-Institut für Wirtschaftsforschung – institute for economic research) for the year 2008 expect another positive **economic development** in Central and Eastern Europe, but nevertheless, negative impacts might result from the current crisis of the financial markets which could also effect the real economy.

Besides the quantitative development, especially the obtainable price is decisive for the success of the company. Due to the competitive environment on the Internet, this in particular applies to the digital area. In order to counteract the competitive pressure of price-aggressive Internet providers, CeWe Color introduced a two-lines policy with a standard and a premium line also on the Internet so that up-selling opportunities for the trade are improved and the average level of prices is augmented. Furthermore, in the analog area, the prices were adjusted to the production costs which increased due to decreased quantities.

With regard to the industrial laboratory competition, another consolidation may be expected. On the one hand, smaller market participants give up or are taken over. On the other hand, new **competitors** arose in the area of the Internet mail order business which partially strive for initial public offering and therefore try to implement a volume strategy with aggressive and non-profit-oriented end consumer prices.

The gap that resulted from the discontinuation of Agfa Foto and Konica-Minolta with photo paper suppliers could already be filled in the previous year thanks to the expansion of the relations with Chinese photo paper suppliers and thanks to a new Japanese photo paper provider. The **procurement risk** with investment goods and photo envelopes could as well be reduced thanks to new suppliers and a risk-oriented selection of suppliers.

The increasing concentration in the retail leads to a tendentially increasing **dependency on major customers**. It is however typical for a lot of large companies that the five biggest customers with their individual distribution channels make up more than 60 % of the sales.

In the area of the **environmental risk**, no violations against environmental provisions were registered in the reporting year, as has already been the case in the previous year. CeWe Color continues to follow the target to voluntarily implement higher standards than those prescribed by the law in the environmental area.

Change in GDP year-on-year in %	2004	2005	2006	2007*)	2008*)
Germany	1.2	1.1	3.0	2.6	2.5
Switzerland	1.7	1.4	1.9	1.6	1.3
Austria	1.9	1.1	2.9	2.5	2.1
Denmark	1.7	2.9	2.9	1.9	1.8
Sweden	3.8	2.2	3.6	3.5	3.0
Norway	3.2	1.9	2.1	3.0	2.6
Central Europe	1.6	1.4	2.9	2.5	2.4
The Netherlands	1.6	1.2	2.8	2.7	2.2
Belgium	2.4	0.4	2.4	2.3	1.9
Benelux	1.9	0.9	2.6	2.5	2.1
United Kingdom	2.7	1.6	2.1	2.1	2.0
France	1.7	1.3	1.3	2.1	1.6
Western Europe	2.2	1.4	1.7	2.1	1.8
Poland	5.1	2.4	7.1	4.4	6.4
Hungary	4.2	4.0	3.9	3.7	1.8
Czech Republic	4.2	6.0	5.7	5.4	5.1
Slovakia	5.4	5.1	9.8	8.9	6.1
Central Eastern Europe	4.8	3.6	6.5	4.8	5.4

*) forecast

Source: Eurostat – Growth rate of the real GDP per capita (data as of December 20, 2007)

As already in the previous year, the commercial and technical EDP was examined by an external supervision company in 2007 in order to further enhance the **EDP safety** and to principally avoid the risk of errors with new developments.

2. Financial Risks

The rooting and the leading market position of CeWe Color in the euro-area related to this results in the fact that only about 30 % of the sales are achieved in the non-euro area. In addition, CeWe Color very often possesses its own production sites in the countries of the non-euro area so that no negative effects which might impact the existence have to be expected from **currency risks**. The existing loans to subsidiaries in the non-euro area amounting to 6.2 million euros are still secured by cross-currency swap deals.

The silver rate hedges expired in the year 2007. The average **silver price** in the business year 2007 was at about –3.6 % below the value of the previous year. For 2008, no hedging of the silver rate is planned.

The **interest rate risk** is limited by the solid equity rate of the CeWe Color Group and by medium-term invested financings at fixed interest rates.

The **receivables risks** were insured in accordance with their importance, as far as possible. However, due to the insolvency of three major customers and the self-retention of the insurance, the company registered losses of 950 thousand euros in the expired business year. Credit risks going beyond this were sufficiently accounted for with allowances for losses on individual bank loan accounts (4,919 thousand euros) in the expired business year. For the growing group of smaller private customers, no special rates of loss can be recognized until now.

The **investment budget** of the expired year of 36.0 million euros was completely respected. The traditionally high rate of investments of the CeWe Color Group results in a continuously modern stock, which minimizes risks of old machines and thus leads to predictable substitutional investments.

3. Strategic Opportunities and Risks

The **migration from analog to digital business** actively carried out by CeWe Color and the increasing importance of the Internet as an order channel which the company considers as an opportunity led to a further considerable expansion of our programming and development capacities in this area. For this, we rented new premises for about 130 employees in Oldenburg. By concentrating the development activities in our own company, we try to further increase our advantage over our competitors and to simultaneously create synergies within the company.

As a consequence of the **company takeover** of Standard Photographic, England, in 2005, we still registered losses in 2007. The company values from company takeovers that were activated by the end of the year in total only amount to 5.3 million euros.

Legal risks from running proceedings or other disputes which could threaten the company's existence are currently not recognizable.

The early detection system for risks has been examined by the Commercial Treuhand GmbH. According to the examination result, it meets all the requirements of Section 91 (2) AktG.

11,413

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



Investor Relations

The Stock Market Year 2007

The German key stock index DAX in 2007 gained a good 20 %. With this, it surpassed the American Dow Jones Index which increased by 7 % despite the crisis of the real estate market which originated in the USA and despite the resulting troubles of the financial market. Similar to the most important US shares, the securities summarized in the DJ Euro Stoxx 50 developed positively (+ 6.8 %). The German MDAX showed a weaker development (+ 4.9 %), while the SDAX suffered considerable losses (- 9.3 %). In contrast to this, the TecDAX registered the strongest increase of all the German indices (+ 30.2 %). At the beginning of the year 2008, there were numerous signs indicating that even the German stock market would not be able to escape from the increasing dangers of recession in the USA. So the DAX, which had reached a high of more than 8,000 points in December, temporarily fell to 6,439 points in January.

The CeWe Color Share – a Long-term Equity Security

In the last five years, the stock price of the CeWe Color share increased from 10.28 euros (January 2, 2002) to more than 27.00 euros (Xetra trading – December 28, 2007), which corresponds to an increase in value of 263 %. At the beginning of the year, the stock price had started with 33.75 euros and reached the annual high of 45.39 euros by the general meeting in the middle of April 2007. After the general meeting, the stock price fell to 20.55 euros until March 17, 2008. In view of the dividend paid this year, an annual return of 5.8 % results on the basis of this stock price.

The market capitalization amounted to 199.26 million euros by the end of the year. The trade volume fell from 19,663 shares traded per day (2006) by 42.0 % to 11,413 shares (2007).

The shown return of the CeWe Color share, which is attractive in the long run, clearly illustrates the character of the CeWe Color share as an investment for investors who focus on long-term returns. Among financial experts, it is time and again considered to be a dividend value which is attractive in the long run and as a value-oriented investment.

Capital Market Communication According to the Principles of Fair Disclosure

The capital market communication of the CeWe Color Holding AG, Oldenburg is characterized by the principles of Fair Disclosure: topicality, continuity, credibility and equal treatment. It is oriented towards the long term and thus is consistent with the group strategy which aims at a sustainable increase in value.

The communication with current and potential shareholders as well as with other actors of the capital markets therefore has always played a big role with CeWe Color. CeWe Color offers analysts' conferences, road shows in the country and abroad, presentations at financial market events as well as one-on-one meetings to its current and future shareholders. This year, the Capital Market Day in Oldenburg on September 12, 2007 was a very special highlight. More than 40 investors from Germany and other countries participated in this event. Besides the most diverse presentations, the visitors could convince themselves of the big progress in the production area during visits and demonstrations.



Key share indicators	
Securities type	No-par value share
Market segment	regulated market PRIME STANDARD
Index	SDAX (until June 2007)
ISIN	DE 0005403901
Symbol	CWC
Reuters	CWCG.DE
Bloomberg	CWC.GR
Date of initial listing	March 24, 1993
Number of shares	7,380,020 units
Daily volume 2007	11,413 units
Annual high 2007	45.39 euros
Annual low 2007	25.00 euros
Closing rate 2007	27.00 euros
Market capitalization as of December 31, 2007	199.26 million euros

In the reporting year, the discussions with individual so-called active investors held in public also played an important role. Such investors at the beginning of 2007 had planned to withdraw equity from CeWe Color with a credit-financed special distribution payment. The Managing Board and the Supervisory Board had rejected such claim because the available means are intended to be invested in future growth. At the general meeting on April 26, 2007, the shareholders then followed the administration's proposals.

Own Shares

At the beginning of 2007, the company had a total stock of 185,166 own shares due to redemptions of shares of the year 2006. On February 2, the Managing Board of CeWe Color Holding AG, Oldenburg with a stock of own shares of 209,529 decided to terminate the share redemption program which worked via the stock market and to submit a public offer for takeover for up to 390,000 further shares running until March 6, 2007. As a result, 53,223 shares were bought. A total of own shares of 262,752 was then finally completely sold to CeWe Color Versorgungskasse e.V., Wiesbaden, as well as to another investor.

On April 27, 2007, CeWe Color Holding AG, Oldenburg announced to be willing to purchase up to 300,000 shares. Before the beginning of the share redemption program, CeWe Color Holding AG, Oldenburg did not possess any own shares any more. In the period between April 20 and November 6, 2007, the company then redeemed a total of 299,608 shares.

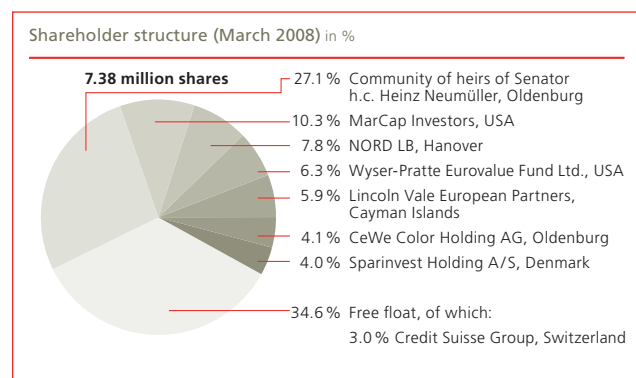
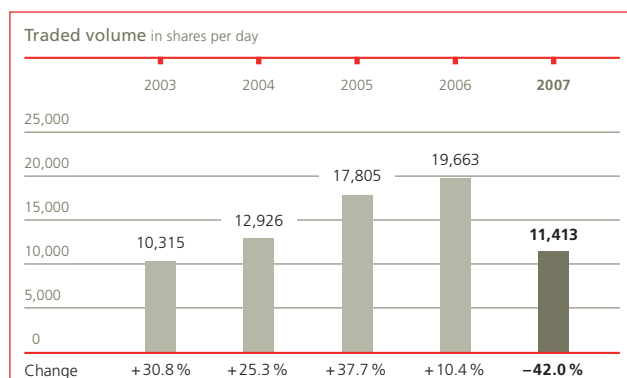
These 299,608 shares correspond to 4.1 % of the basic capital. The average price per share amounted to 34.65 euros.

Moreover, on the basis of the decision of the Managing Board of November 18, 2007, we redeemed a total of 2,185 own shares for an average price per share of 25.40 euros in accordance with Section 71 (1) no. 2 AktG. The redemption was carried out in the period between November 28, 2007 and November 30, 2007. These shares were exclusively intended to be used for the employees' shares model which was implemented at the end of the year 2007.

Modified Shareholder Structure

The community of heirs of Senator h.c. Heinz Neumüller asserted the subscription right granted to them in the articles of association against the transfer of the atypical dormant participation with effect as of December 31, 2006. This community is thus the largest shareholder with 27.1 %. Further investors who registered a share of more than 3 % of the basic capital of the company, are MarCap Investors (formerly M2 Capital Management), New York, with 10.3 %, Nord LB, Hanover, with 6.3 %, Wyser-Pratte Eurovalue Fund Ltd., New York, with 6.3 %, Lincoln Vale European Partners, Cayman Islands, with 5.9 % and Sparinvest Holding A/S, Copenhagen, with 4.0 %.

By December 31, 2007, the members of the Managing Board held a total of 23,100 shares (previous year: 11,000 shares), the members of the Supervisory Board held 50,000 shares (previous year: 25,000 shares). The free float currently amounts to 34.6 %.



Contacts with the Media

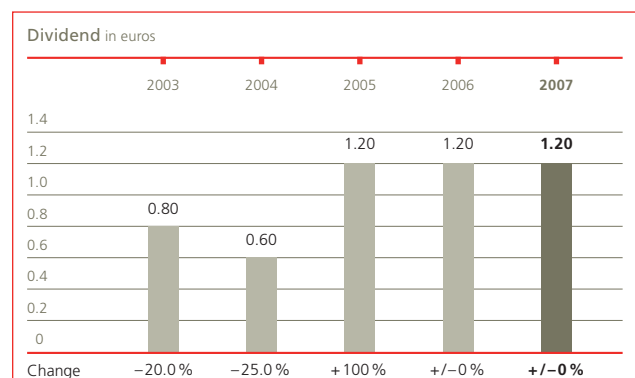
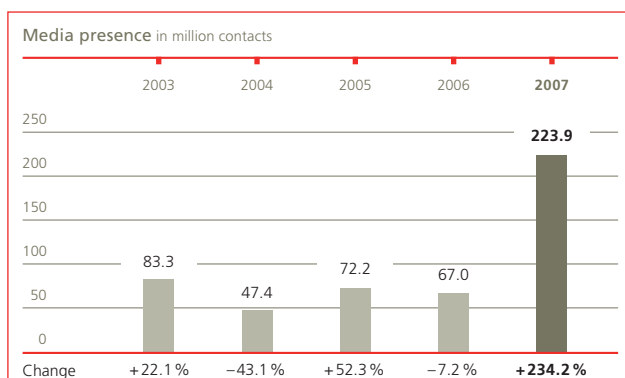
Our prompt and transparent communication of all the essential events within the group meets a positive response. While some years ago only a few economic journalists reported about CeWe Color, we now managed to continuously increase our presence in daily newspapers, financial magazines as well as in the radio and on TV thanks to intensified efforts in the area of public relations. In the reporting year, the interest in CeWe Color increased against the background of the discussions with individual so-called active investors which were held in public. In view of the active attendance by the economic press, the number of media contacts increased from 67.0 million to more than 223.9 million (+ 234.2 %).

The Results per Share

In the business year 2007, CeWe Color generated a result of 0.83 euros per share, which corresponds to a decrease of -68.2 % in comparison to the previous year. The cash flow per share amounted to 6.01 euros (-18.9 %) and the equity profitability after taxes amounted to 4.9 %. The profitability of the total capital amounted to 2.2 % (previous year: 6.9 %).

Dividend Continuity: Dividend of 1.20 Euros per Share

The Supervisory Board and the Board of Management of CeWe Color Holding AG, Oldenburg will propose to the general meeting of the company, which will be held on May 28, 2008, to pay a dividend of 1.20 euros per share for the business year 2007 as already in previous years. Such dividend would partially have to be financed from profit reserves. We want to continue to share the revenue of the company with our shareholders with a dividend which is above average. At the same time, this expresses our confidence with regard to the company's future profitability expected by CeWe Color.



Corporate Governance

CeWe Color Holding AG, Oldenburg places a high importance on the rules of proper Corporate Governance.

The Managing Board and the Supervisory Board of CeWe Color Holding AG, Oldenburg declare that the recommendations of the “Regierungskommission Deutscher Corporate Governance Kodex” (Governmental Commission for the German Corporate Governance Code) in the version of June 14, 2007 announced by the Federal Ministry of Justice in the official part of the Federal Gazette are adhered to with the following exceptions and were adhered to in the past.

■ Retention with D&O Insurances (Deviation from Number 3.8)

We are principally not of the opinion that the motivation and responsibility with which the members of the Managing Board and of the Supervisory Board carry out their duties would be improved by such retention. Our existing insurance contracts do not include any retention and the modification of such existing contracts is not planned for in order to avoid an adjustment of the premiums.

■ Creation of Specialized and Qualified Commissions (Deviation from Number 5.3.1)

No commissions were created. The former practice which is that the complete Supervisory Board will always deal with all the topics shall be maintained. This also applies to the establishment of an audit committee and a nomination committee.

■ Establishment of an Audit Committee (Deviation from Number 5.3.2)

A special audit committee has not been established since the complete Supervisory Board will discuss the audit report on the Consolidated and the company's Annual financial Statements in an additional meeting.

■ Establishment of a Nomination Committee (Deviation from Number 5.3.3)

A nomination committee which would only consist of shareholder representatives has not been established, either, in view of the size of the Supervisory Board.

■ Supervisory Boards with more than five Supervisory Board Mandates in Group-external Companies (Deviation from Number 5.4.5)

Every member of the Supervisory Board will ensure that they have a sufficient amount of time for the fulfillment of their duties. We therefore do not consider a restriction to five mandates to be reasonable. We will conform to the legal rules which provide for a maximum of ten mandates.

■ Consolidated Annual Financial Statements within 90 Days, Intermediate Reports Available within 45 Days after the Reporting Period (Deviation from Number 7.1.2)

We conform to the legal provision and/or the rules of the Frankfurt Stock Exchange, according to which the consolidated annual financial statements have to be publicly available within four months after the end of the business year and/or intermediary reports have to be publicly available within two months after the end of the reporting period.

■ Publication of All Stock Market-relevant Information on the Internet

Our shareholders are regularly informed about important dates with a financial calendar on the Internet at our home page www.cewecolor.de as well as in the quarterly reports. Within the frame of our Investor Relations activities, we hold regular meetings with analysts and institutional investors. In addition to an annual analysts' conference, road shows and telephone conferences are organized for analysts, especially on the occasion of the publication of the quarterly figures.

For years now, the annual general meeting has been organized and realized with the intent to inform all the shareholders before and during the meeting quickly, comprehensively and in an effective way and to facilitate their assertion of rights. This also includes that we offer the usual service for authorization and for the transferral of the right to vote to our shareholders.

Active, Open and Transparent Communication

In order to ensure the highest possible transparency, we want to provide the same information to all the target groups at the same time. Via the Internet, institutional investors as well as private investors have the possibility to promptly gather information on current developments within the group. All the press and ad-hoc releases as well as the company's articles of association are published on our home page. Every one who is interested has the possibility to subscribe to a press review which informs about the group's news.

Details on the Directors' Dealing

According to Section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), the members of the Managing Board and of the Supervisory Board as well as certain employees with management tasks and closely related persons have to disclose the acquisition and sale of shares and related financial instruments. The securities dealings which have to be disclosed and which have been effected until today in the reporting year 2007 can be viewed on our home page www.cewecolor.de at Investor Relations/Corporate Governance/Directors' Dealing.

Close Cooperation Between the Managing Board and the Supervisory Board

For the benefit of the company, the Managing Board and the Supervisory Board closely cooperate: their common aim is the sustainable augmentation of the company value. The Managing Board promptly and comprehensively reports to the Supervisory Board on all the relevant questions of the company planning and the strategic further development, the course of business and the group's situation including the assessment of the risk situation.

The Managing Board and the Supervisory Board will also trustfully and closely cooperate in the running business year and jointly handle all the essential business transactions.

Responsible Risk Management

Good Corporate Governance also includes the responsible dealing with risks by the company. A systematic risk management ensures that risks are detected and assessed at an early point in time. The Managing Board will expressly be asked for risks by the Supervisory Board in any meeting and reports on possible risks.

The auditor, Commercial Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Oldenburg, will immediately report any reasons for exclusion or partiality which might arise in the course of the audit to the Chairman of the Supervisory Board, if such reasons are not remedied immediately. The auditor will furthermore also immediately report on any findings and events which are essential for the tasks of the Supervisory Board detected during the audit. Moreover, the auditor has to inform the Supervisory Board if in the course of the audit he detects facts which are incompatible with the declaration of conformity issued by the Managing Board and the Supervisory Board in accordance with Section 161 AktG.

Details on Stock Options Plans (7.1.3)

In accordance with the decision of the general meeting of 2005, CeWe Color Holding AG, Oldenburg established a Stock Options Plan for its top management executives in the country and abroad. In September 2005, more than 80 management executives purchased a total of 200,000 stock options. CeWe Color Holding AG, Oldenburg offered a stock option at a purchase price of 0.50 euros to its management executives. The Stock Options Plan is effective from October 1, 2005 for five years, i.e. until September 30, 2010.

The option can be asserted for the first time after the expiration of a waiting term of two years, i.e. since September 30, 2007. The options may be redeemed if the average cash price of the CeWe Color share in the Xetra trading of the German Stock Exchange amounts to at least 115 % of the basic price on ten stock trading days in a row. As the basic price, 48.00 euros per share were fixed. The target success thus amounts to 55.20 euros. For the Managing Board of CeWe Color Holding AG, Oldenburg, the Supervisory Board determined a basic price of 50.00 euros and thus a target success of 57.50 euros in deviation from the remaining entitled persons.

Since the target success has not been reached until today, no report has to be made on the assertion of option rights.

Remuneration Report

Information according to Section 315 (2) no. 4 of the Handelsgesetzbuch (HGB – German Commercial Code) Remuneration Report for the Managing Board

The remuneration for the members of the Managing Board of CeWe Color Holding AG, Oldenburg, is determined by the Supervisory Board. They are composed of fixed and performance-related variable earnings. The fixed earnings consist of a monetary fixed amount and additional benefits, and the profit-related part includes royalties as well as components with long-term incentives. In addition to the duties of the Managing Board and the personal performance, the performance of the complete board as well as the economic success and the comparable environment of the CeWe Color Group are decisive criteria for the calculation of the total remuneration.

The fixed amount which does not depend on the performance is paid as a monthly stable salary. Moreover, the members of the Managing Board receive additional benefits which are measured according to the taxable amounts. This basically relates to the use of a company car as well as to profession-related insurance premiums. The additional benefits are subject to taxes which have to be paid by the individual members of the Managing Board and these are all equally entitled to such payments.

The royalty as a performance-related part of the total remuneration depends on the result of the CeWe Color Group as well as its cash flow.

The Stock Options Plan 2005 which is currently running represents another performance-related remuneration component. In this plan, members of the Managing Board participated with the purchase of a total of 36,000 option rights in 2005. The participation as such and the scope of the purchase of options was a free decision of the members of the Managing Board. The participants had to pay 0.50 euros per right. The respective time value per option at the point in time when these were granted for the members of the Managing Board amounted to 15.04 euros in accordance with IFRS 2.10 et seq. Currently, no other option plans are running. Neither in the business year 2007 nor in the previous year did the members of the Managing Board benefit from any payments from the assertion of option rights from stock options plans. With regard to the structure of the Stock Options Plan, it is referred to the explanations concerning equity in the Notes, page 102.

The total earnings, performance-related and non-performance related (royalty) remunerations of the members of the Managing Board of CeWe Color Holding AG, Oldenburg, which they received for the execution of their tasks in the parent company and the subsidiaries amounted to a total of 1,241 thousand euros in the business year 2007 (previous year: 1,271 thousand euros). These are composed as follows:

Managing Board remuneration, shareholdings, options figures in thousand euros	2007				
	Fixed remuneration	Variable remuneration	Total remuneration	Shareholdings in units	Option rights in units
Dr. Rolf Hollander (Chairman)	415	170	585	22,100	12,000
Andreas F.L. Heydemann	160	51	211	0	12,000
Wulf-D. Schmidt-Sacht (until December 31, 2006)	0	51	51	0	0
Michael Wefers	154	51	205	1,000	12,000
Dr. Reiner Fageth (since January 1, 2007)	152	37	189	0	6,000
Managing Board, total	881	360	1,241	23,100	42,000

Managing Board remuneration, shareholdings, options figures in thousand euros	2006				
	Fixed remuneration	Variable remuneration	Total remuneration	Shareholdings in units	Option rights in units
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 (until December 31, 2006)	181	58	239	0	0
Michael Wefers	151	58	209	0	12,000
Managing Board, total	902	369	1,271	11,000	36,000

The variable performance-related earnings for the members of the Managing Board of CeWe Color Holding AG, Oldenburg are 2.4 % below those of the previous year. However, they still include a royalty payment in the amount of 51 thousand euros for the business year 2006, which was the last year of the active agency of Mr Wulf-D. Schmidt-Sacht who had retired on December 31, 2006 for reasons of age.

Variable Earnings Once Again Below Those of the Previous Year

Adjusted by this effect, the variable parts of the earnings amount to 309 thousand euros and are thus 16.3 % below those of the previous year. The variable earnings/royalties for the business year 2007 which are paid out in 2008 with 262 thousand euros and –27.2 % (adjusted –15.2 %) will again remain below those of the previous year due to the revenue situation in 2007.

The possession of shares of Michael Wefers composes of own stocks of 1,000 shares as well as another 1,000 shares held by other closely related natural persons.

From the proportionate distribution of the Fair Value of the existing option rights during the period of the respective waiting time in accordance with IFRS 2.10 et seq. additional personnel expenses of 68 thousand euros result for Dr. Rolf Hollander, Andreas F.L. Heydemann and for Michael Wefers, respectively, which lead to a total amount of 204 thousand euros (previous year: 271 thousand euros). For the determination of the time value of the option right as well as of the resulting personnel expenses, it is referred to the explanations on the personnel expenses in the Notes on page 86.

The individual Annual Financial Statements of CeWe Color Holding AG, Oldenburg do not include any personnel expenses from the proportionate time values of the options analogical to the IFRS 2.10 et seq.

There are no agreements between CeWe Color Holding AG, Oldenburg and the members of the Managing Board for the case of a premature termination of the employment. Moreover, there are no compensation agreements with the members of the Managing Board for the case of an offer for takeover (Section 315 (4) no. 9; see also page 61).

For the members of the Managing Board, there are pension obligations and for parts thereof re-insurance contracts have been concluded. The amount of the pension commitments is determined by two ninths of the last fixed remuneration received for each five years of the activity as a member of the Managing Board, however six ninths are the maximum that is granted. For Dr. Rolf Hollander, the total fixed earnings for his activity as a member of the Managing Board in CeWe Color Holding AG, Oldenburg as well as in the Neumüller CeWe Color Foundation are the reference. For Andreas F.L. Heydemann, Dr. Reiner Fageth and Michael Wefers, the respective fixed earnings for their activities as members of the Managing Board in CeWe Color Holding AG, Oldenburg are decisive. These commitments do not include survivors' benefits. The past service cost for pension benefits (provision) in 2007 with an interest rate of 4.40 % in line with the projected unit credit method according to IAS/IFRS is as shown below:

Pensions for the members of the Managing Board figures in thousand euros	2006			2007		
	Pension entitlements acquired	Pension entitlements Dec. 31, 2006	Provision	Pension entitlements acquired	Pension entitlements Dec. 31, 2007	Provision
Dr. Rolf Hollander	89.0	267.0	114.0	0.0	267.0	119.0
Andreas F.L. Heydemann	12.0	23.0	16.0	0.0	23.0	17.0
Wulf-D. Schmidt-Sacht (until December 31, 2006)	12.0	23.0	19.0	0.0	0.0	0.0
Michael Wefers	0.0	0.0	13.0	0.0	0.0	14.0
Dr. Reiner Fageth (since January 1, 2007)	0.0	0.0	0.0	0.0	0.0	11.0
Managing Board, total	113.0	313.0	162.0	0.0	313.0	161.0

In addition to their obligations as members of the Managing Board, Dr. Rolf Hollander and Andreas F.L. Heydemann will receive an old-age pension as of the age of 65 within the frame of the standard company pension scheme from a direct pension commitment. This respec-

tively includes survivors' benefits of 50 % of the respective pension. Dr. Reiner Fageth and Michael Wefers will receive old-age pensions of an economically equal value from an employer-financed pension fund. Here, the commitments are broken down as follows:

Standard company pension scheme figures in thousand euros	2006			2007		
	Pension entitlements acquired	Pension entitlements Dec. 31, 2006	Provision	Pension entitlements acquired	Pension entitlements Dec. 31, 2007	Provision
Dr. Rolf Hollander	0.0	3.0	1.0	0.0	3.0	1.0
Andreas F.L. Heydemann	0.0	3.0	1.0	0.0	3.0	1.0
Wulf-D. Schmidt-Sacht (until December 31, 2006)	0.0	3.0	1.0	0.0	0.0	0.0
Michael Wefers	0.0	3.0	1.0	0.0	3.0	1.0
Dr. Reiner Fageth (since January 1, 2007)	0.0	0.0	0.0	0.0	3.0	1.0
Managing Board, total	0.0	12.0	4.0	0.0	12.0	4.0

Finally, as part of the company pension scheme, a life insurance with a capital payment of 38 thousand euros respectively, in the event of premature death as survivors' benefits or in the event of survival as a pension, has additionally been concluded. The annual expenses for this amount to 1 thousand euros per member of the Managing Board (previous year: 1 thousand euros).

No credits or advance payments were granted. Moreover, no liability relations were entered in favor of the members of the Managing Board.

Remuneration Report for the Supervisory Board

According to the articles of association, the Supervisory Board consists of six members. Their remuneration results from the articles of association and is composed of one fixed and two variable parts. The fixed remuneration amounts to 4.0 thousand euros every year. In addition, every member receives a dividend-related remuneration. The Chairman of the Supervisory Board receives 1.5 times these amounts and his deputy is paid 1.25 times these amounts. Finally, every member receives 0.5 thousand euros per participation in the meetings of the Supervisory Board. None of the members of the Supervisory Board has any option rights. The earnings individually are broken down as follows:

Supervisory Board remuneration, shareholdings, options figures in thousand euros	2006						2007					
	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	14.3	22.8	25,000	0	6.0	4.0	14.3	24.3	50,000	0
Hartmut Fromm (Deputy Chairman)	5.0	2.0	11.9	18.9	0	0	5.0	4.0	11.9	20.9	0	0
Dr. h.c. Manfred Bodin	4.0	2.0	9.5	15.5	0	0	4.0	4.0	9.5	17.0	0	0
Dr. Fritz Kröger (until December 31, 2007)	4.0	2.0	9.5	15.5	0	0	4.0	3.5	9.5	17.0	0	0
Prof. Dr. Dr. h.c. Hans-Jürgen Appelrath	4.0	2.5	9.5	16.0	0	0	4.0	3.0	9.5	16.5	0	0
Andreas F. Schubert (until August 31, 2007)	2.5	1.5	9.5	13.5	0	0	0.0	0.0	6.3	6.3	0	0
Sebastian Freitag (from Sept. 1, 2007 to Feb. 8, 2008)	1.5	1.0	0.0	2.5	0	0	0.0	0.0	3.2	3.2	0	0
Otto Korte (since Feb. 9, 2007)	0.0	0.0	0.0	0.0	0	0	4.0	4.0	0.0	8.0	0	0
Supervisory Board, total	27.0	13.5	64.1	104.6	25,000	0	27.0	22.0	64.2	113.2	50,000	0

No credits or advance payments were granted. Moreover, no liability relations were entered in favor of the members of the Supervisory Board.

Remuneration Report for Former Members of the Managing Board and the Supervisory Board

For former members of the Supervisory Board, no payments were granted. For former members of the Managing Board, at the key date December 31, 2007, there were pension reserves of 2,542 thousand euros (previous year: 2,584 thousand euros). The pension earnings for the business year 2007 amounted to 279 thousand euros (previous year: 253 thousand euros). The pension reserves built up for this group of persons were transferred to CeWe Color Versorgungskasse e.V., Wiesbaden, with effect as of April 31, 2007. This will be considered in the Consolidated Annual Financial Statements according to

IAS 32 in connection with SIC 12. Credits, advance payments and liability relations were not granted to former members of the Supervisory Board and of the Managing Board of CeWe Color Holding AG, Oldenburg.

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 policy is concluded and/or extended every year. The insurance covers the personal liability risk for pecuniary loss in the event that a claim is made against this group of people when these execute their activities.

Details According to Section 315 (4) HGB

Composition of the Subscribed Capital and Restrictions Relating to the Rights to Vote or the Transfer of Shares (Section 315 (4) nos. 1 and 2 HGB)

The subscribed capital of CeWe Color Holding AG, Oldenburg, is composed of the following types of shares:

Restrictions of rights to vote or transfers in the sense of Section 315 (4) no. 2 HGB are not known to the company.

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	7,380,000	19,188,000.00	99.999759 %	<ul style="list-style-type: none"> 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) the new shares issued within the change as of December 31, 2006 are fully eligible to vote and for the first time participating for the business year 2007 after the change they have at first been recorded separately with the ISIN DE000AOLR902, after conclusion of the regular general meeting on April 26, 2007 these new shares were transferred to the main ISIN DE0005403901.
Registered shares	DE 0005403950	Shares without a par value	18	46,80	0.00024 %	<ul style="list-style-type: none"> 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 %	<ul style="list-style-type: none"> 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 %	

Direct or Indirect Interests in Capital (Section 315 (4) no. 3 HGB)

According to the published notifications and the information available to us, there are the following direct and indirect interests which exceed 10 % of the rights to vote in our company:

Party with reporting obligation	Type of interest	Proportion of notified voting rights in the subscribed capital
Community of heirs of Senator h. c. Heinz Neumüller, Oldenburg, comprising Alexander Neumüller and Caroline Neumüller, Oldenburg	direct	27.10 %
Otto Korte and Helmut Hartig, Oldenburg, in the capacity as executors of the will for the Community of heirs Neumüller	indirect	27.10 %
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 %

Holders of Shares With Special Rights (Section 315 (4) no. 4 HGB)

Two of the registered shares are of registered transferability and can only be transferred with the consent of the Supervisory Board of CeWe Color Holding AG, Oldenburg. These shares are all linked to the right to appoint one member of the Supervisory Board. The Neumüller CeWe Color Foundation, Oldenburg, is the holder of such shares.

Type of Control of Voting Rights in the Event of Employees' Participations (Section 315 (4) no. 5 HGB)

To the extent that employees of the CeWe Color Group participate in CeWe Color Holding AG, Oldenburg as shareholders, as far as the company knows, there are no peculiarities with regard to the possibility to exert the right to vote. There are neither any joint holdings of one or several shares by employees (Section 69 (1) AktG), nor are there any voting agreements among employee shareholders.

Legal Provisions and Stipulations in the Articles of Association on the Appointment and Dismissal of Members of the Managing Board and Changes to the Articles of Association (Section 315 (4) no. 6 HGB)

The appointment of the members of the Managing Board and the determination of their number follows in accordance with Section 5.2 of the articles of association by the Supervisory Board, as does the possible appointment of a chairman or a spokesperson of the Managing Board and deputy members of the Managing Board. Apart from that, the legal provisions regarding the appointment and dismissal of members of the Managing Board (Sections 84 and 85 AktG) do apply.

For the modification of the articles of association, the legal provisions do apply (Sections 133 and 179 et seq. AktG).

Authorizations of the Managing Board to Issue and Buy Back Shares (Section 315 (4) no. 7 HGB)

According to Section 2.4.1 of the articles of association and until June 24, 2009, the Managing Board is authorized to increase the registered basic capital of the company by a maximum amount of 7,800,000.00 euros with cash deposits or investments in kind once or several times by issuing new shares with the consent of the Supervisory Board. For investments in kind, the subscription right of the shareholders is excluded.

Furthermore, according to Section 2.3 of the articles of association, the share capital is increased by an amount of up to 52,000.00 euros divided into 20,000 bearer shares as a result of the decisions of the general meeting of June 16, 1992, June 17, 1999 and June 24, 2004. With this increased capital, there is a subscription right of the Neumüller CeWe Color Foundation in the amount of further 52,000.00 euros nominally insofar as with this the foundation exchanges its general partner participation of 52,000.00 euros in CeWe Color AG & Co. OHG, Oldenburg against shares in this company in order to initiate the amalgamation of the participation in this company. Other persons than the aforementioned beneficiaries are excluded from the benefit from the increased capital. Such increased capital is only assigned to the extent the Neumüller CeWe Color Foundation exerts its conversion right. More details of the realization thereof are regulated by the decision of the general meeting of June 16, 1992.

According to the decision of the general meeting of April 26, 2007, the Managing Board is entitled to purchase up to 738,000 shares until October 25, 2008. Such authorization has been granted in order to

- offer the shares as employees' shares to employees or to companies which are affiliates of the company in the sense of Sections 15 et seq. of the AktG with the consent of the Supervisory Board;
- offer the shares to third parties within the frame of company amalgamations or for the purchase of companies, company parts or participations in companies, including the increase of the existing stock of shares with the consent of the Supervisory Board; if necessary, the contribution of the participation to affiliates of the company would also be considered;
- call in a maximum of 600,000 shares and thus to reduce the capital with the consent of the Supervisory Board;
- sell the shares again via the stock exchange with the consent of the Supervisory Board in observation of the principle of equal treatment;
- offer the shares to the shareholders for subscription due to an offer directed to all the shareholders in observation of their subscription right and of the principle of equal treatment with the consent of the Supervisory Board;
- sell the shares to all the shareholders in another way than via the stock exchange or by an offer with the consent of the Supervisory Board.

The decision of the general meeting of April 26, 2007 regarding the buy-back of shares is the object of lawsuit of actions for annulment or of voidance (on this, see page 123).

Key Agreements which are Subject to the Condition of a Change in Control as a Result of an Offer for Takeover (Section 315 (4) no. 8 HGB)

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

Compensation Agreements (Section 315 (4) no. 9 HGB)

There are no agreements between CeWe Color Holding AG, Oldenburg and members of the Managing Board or other employees which are concluded for the event of an offer for takeover and which could result in a compensation or other payments for the company.

Details on Relations to Related Parties

After extensive discussions, the Supervisory Board and the Managing Board of CeWe Color Holding AG, Oldenburg agreed that there was no need for a relations report in accordance with Section 312 (1) AktG. There are individual tenancies for operationally used real estates between the group and the community of heirs the executor of which, Otto Korte, is also a member of the Supervisory Board. All the tenancies are settled according to conditions which are usual for the market. Apart from that, we refer to the explanations in the Notes on IAS 24 (page 123).

Special Events After the End of the Business Year

In January 2008, the Managing Board decided to close the operations in Bad Schwartau and Eisenach by April 30, 2008. This is necessary in order to adjust the structures in Central Europe to the continuously reverse development of picture quantities. Due to the decrease and within the frame of the transformation of the market from analog to digital photography, a concentration of the production to fewer sites in Europe is necessary. In accordance with the international accounting standards, the burdens resulting thereof could not be taken into consideration in the Present Annual Financial Statements. Restructuring expenses amounting to 11.8 million euros have to be expected.

By the beginning of the year 2008, Numerique S.A.S., Paris (France) has been acquired. This represents a further step in strengthening our digital business in Western Europe.

31.0

... million euros in earnings before taxes and restructuring
planned for 2008



Outlook 2008

Outlook on the Business Year 2008

The year 2008 on the one hand is much influenced by capacity adjustments and closures of operations in Germany and France. On the other hand, the marketing of digital photos and personalized photo products (photo gifts and CEWE PHOTOBOOKS) is pushed further forwards.

On the sales side, our aim for 2008 again is an increase of about 400 million digital photos and prints to 1.9 billion units. The decrease of analog photos is accelerated to -35%. In 2008, CeWe Color will produce a total of 2.7 billion photos, including 800 million analog photos. The increased importance of the CEWE PHOTOBOOK prints as well as the overproportionate growth of the retail activities make us expect sales of 426 million euros (+3%) for 2008.

The operative result before restructuring and taxes shall amount to 31 million euros. Reduced by planned expenses for restructuring measures amounting to 14 million euros, the result before taxes shall amount to 17 million euros in the year 2008 (+33%). The result after taxes shall increase by 60% to 9 million euros.

The investments – without possible acquisitions – shall be slightly reduced to 35 million euros (-1.4%), so that the free cash flow (defined as the result after taxes and depreciations minus investments) will increase by 24% to 11 million euros.

The package of measures of restructuring and investments in technology, product development and marketing will sustainably increase the performance of the company CeWe Color for the benefit of customers, shareholders and employees.

Targets for 2008				Change
Colour prints	digital	1.9 billion units		+23%
	analog	0.8 billion units		-35%
	total	2.7 billion units		-3%
Revenues		426 million euros		+3%
Operative result before restructuring and taxes		31 million euros		+12%
Restructuring expenses		14 million euros		-6%
Earnings before taxes (EBT)		17 million euros		+33%
Earnings of the operational result (EBIT)		19 million euros		+32%
Earnings after taxes		9 million euros		+53%
Cash flow		46 million euros		+4%
Investments		35 million euros		-1.4%
Free cash flow		11 million euros		+24%

Oldenburg, March 17, 2008

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 Managing Boards of CeWe Color Holding AG and of the Neumüller CeWe Color Foundation



Dr. Reiner Fageth

Member of the Managing Board of CeWe Color Holding AG and Managing Director of the Neumüller CeWe Color Foundation, heads the Technology, Research and Development divisions



Andreas F.L. Heydemann

Member of the Managing Board 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



Michael Wefers

Member of the Managing Board 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 the Neumüller CeWe Color Foundation



Harald H. Pirwitz

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



Felix Thalmann

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



Hans-Joachim Prziklang

Member of the Managing Board of the Neumüller CeWe Color Foundation and recipients' representative



Dr. Michael Fries

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



Dr. Olaf Holzkämper

Managing Director of the Neumüller CeWe Color Foundation, responsible for the Corporate Development as well as Finance and Controlling divisions

50,000

... and more retail partners in 23 European countries

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Balance Sheet

as of December 31, 2007

of CeWe Color Holding AG, Oldenburg

Assets <small>Figures in thousand euros</small>	Dec. 31, 2006	Dec. 31, 2007	Change	Notes Page
I. Property, plant and equipment	110,596	110,917	0.3 %	21 98
II. Goodwill	2,461	5,285	114.8 %	22 99
III. Intangible assets	9,421	21,465	127.8 %	23 99
IV. Financial assets	2,129	258	-87.9 %	24 99
V. Noncurrent receivables from income tax refunds	4,218	3,743	-11.3 %	25 99
VI. Noncurrent receivables and assets	496	589	18.8 %	26 100
VII. Deferred tax assets	3,092	5,746	85.8 %	27 100
A. Noncurrent assets	132,413	148,003	11.8 %	
I. Inventories	34,152	41,182	20.6 %	28 100
II. Current trade receivables	56,429	55,753	-1.2 %	29 100
III. Current receivables from income tax refunds	6,892	3,316	-51.9 %	30 101
IV. Current other receivables and assets	13,054	9,455	-27.6 %	31 101
V. Cash and cash equivalents	14,475	7,093	-51.0 %	32 101
B. Current assets	125,002	116,799	-6.6 %	
	257,415	264,802	2.9 %	

Shareholders' Equity and Liabilities <small>Figures in thousand euros</small>	Dec. 31, 2006	Dec. 31, 2007	Change	Notes Page
I. Subscribed capital	19,188	19,188	0.0 %	33 101
II. Share premium	58,603	56,228	-4.1 %	38 108
III. Treasury shares	-6,036	-14,155	-134.5 %	39 108
IV. Revenue reserves and net retained profits	55,571	59,255	6.6 %	40 110
V. Minority interests	36	59	63.9 %	41 110
A. Equity	127,362	120,575	-5.3 %	
I. Noncurrent special tax-allowable reserves for investment grants	866	739	-14.7 %	42 110
II. Noncurrent provisions for pensions	9,290	9,683	4.2 %	43 110
III. Noncurrent deferred tax liabilities	1,543	5,746	272.4 %	44 114
IV. Noncurrent other provisions	2,226	1,871	-15.9 %	45 114
V. Noncurrent financial liabilities	5,572	10,426	87.1 %	46 114
VI. Noncurrent other liabilities	898	615	-31.5 %	
B. Noncurrent liabilities	20,395	29,080	42.6 %	
I. Current special tax-allowable reserves for investment grants	140	124	-12.1 %	
II. Current provisions for taxes	7,884	2,850	-63.9 %	47 115
III. Current other provisions	11,126	11,354	2.0 %	48 115
IV. Current financial liabilities	17,250	10,240	-40.6 %	49 116
V. Current trade liabilities	46,896	66,724	42.3 %	50 116
VI. Current other liabilities	26,362	23,855	-9.5 %	51 116
C. Current liabilities	109,658	115,147	5.0 %	
	257,415	264,802	2.9 %	

Consolidated Profit and Loss Account

for the period from January 1 to December 31, 2007

for CeWe Color Holding AG, Oldenburg

Figures in thousand euros	2006	2007	Change	Notes Page
1. Revenues	396,035	413,451	4.4 %	9 85
2. Change in inventory	-75	36	148.0 %	
3. Other own work capitalized	896	1,468	63.8 %	
4. Other operating income	24,865	24,576	-1.2 %	10 85
5. Cost of materials	-139,578	-154,573	-10.7 %	11 86
6. Gross profit	282,143	284,958	1.0 %	
7. Personnel costs	-111,475	-108,356	2.8 %	12 86
8. Amortization of intangible assets and depreciation of property, plant and equipment	-36,840	-38,458	-4.4 %	13 87
9. Other operating expenses	-107,439	-123,802	-15.2 %	14 87
10. Earnings before interest and taxes (EBIT)	26,389	14,342	-45.7 %	
11. Financial results	-5,279	-1,523	71.1 %	16 89
12. Profit before tax (EBT)	21,110	12,819	-39.3 %	
13. Income taxes	-1,024	-5,491	-436.2 %	17 89
14. Other taxes	-2,217	-1,434	35.3 %	18 92
15. Profit after tax	17,869	5,894	-67.0 %	
16. Minority interest	-3,836	-3	99.9 %	19 92
17. Net profit for the period	14,033	5,891	-58.0 %	
Basic earnings per share (in euros)				
- undiluted	2.61	0.83	-68.2 %	20 93
- diluted	2.39	0.83	-65.3 %	20 93

Consolidated Cash Flow Statement

as of December 31, 2007

for CeWe Color Holding AG, Oldenburg

Figures in thousand euros	2006	2007
Result from ordinary activities (EBIT)	26,389	14,342
		38,458
+ Amortization of intangible assets and depreciation of property, plant and equipment	36,840	
+ Addition to provisions without addition to provision for taxes	10,229	9,954
– Reversal of provisions without provision for taxes/reversal of special tax-allowable reserves	–2,796	–1,430
– Other non-cash transactions	4,380	–1,669
= Cash flow after non-cash transactions	75,042	59,655
+ Income from the disposal of noncurrent assets	1,890	1,090
± Increase (+)/decrease (–) in inventories, receivables and other assets	–14,112	3,675
– Decrease in consumption of provisions without provision for taxes	–12,023	–8,791
– Increase (+)/decrease (–) in trade payables, other liabilities and other equity and liabilities	–8,388	7,604
= Net cash received from operating activities	–32,633	3,578
– Income tax paid	–6,452	–8,869
– Other taxes paid	–2,108	–1,762
= Cash flow from operating activities	33,849	52,602
Investing activities		
– Net cash used in the acquisition of companies minus acquired net cash and cash equivalents	0	–9,393
– Acquisition of property, plant and equipment	–32,667	–34,248
– Own work capitalized	–896	–1,468
+ Income from the disposal of assets	747	3,232
= Cash flow from investing activities	–32,816	–41,877
Financing activities		
– Dividends paid	–6,480	–6,345
– Acquisition of treasury shares	–10,176	–13,136
+ Sale of treasury shares	0	6,330
– Reduction of share premium from final settlement of conversion of subscription rights	0	–2,375
+ Valuation of 2005 Stock Option Plan (IFRS 2)	1,834	1,119
± Non-cash market valuation of hedge transactions taken directly to equity	379	–72
± 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	–6	–75
+ Income from taking out loans	9,992	14,650
– Payments from redeeming liabilities to banks	–4,476	–16,808
– Net interest without amortization of financial assets and non-cash valuations of hedging and forward transactions	–5,071	–1,405
= Cash flow from financing activities (–)/(+)	–14,004	–18,117
= Net change in cash and cash equivalents	–12,971	–7,392
+ Change in cash and cash equivalents due to exchange rate changes	93	10
+ Cash and cash equivalents start of period	27,353	14,475
= Cash and cash equivalents end of period	14,475	7,093

Notes to the Cash Flow Statement can be found on page 121.

Consolidated Statement of Changes in Equity

for CeWe Color Holding AG, Oldenburg

Consolidated Statement of Changes in Equity January 1 to December 31, 2007	Figures in thousand euros						
	Subscribed capital	Share premium	Revaluation reserve IFRS 3.59	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, 2007	19,188	58,603	0	51,619	-203	2,393	2,198
Dividend paid	0	0	0	-6,345	0	0	0
Exercise of conversion rights/ final settlement ¹⁾	0	-2,375	0	0	0	0	0
Sale of treasury shares	0	0	0	1,312	0	0	0
Acquisition of treasury shares	0	0	0	0	0	0	0
Profit after tax	0	0	0	5,894	0	0	0
Profit/loss attributable to minority interests	0	0	0	-3	0	0	0
Change in scope of consolidation	0	0	1,075	-408 ²⁾	0	0	0
Valuation of Stock Option Plan (IFRS 2)	0	0	0	0	0	1,119	0
Market valuation of hedge transactions	0	0	0	0	-72	0	0
Other changes	0	0	0	0	0	0	0
Currency translation	0	0	0	0	0	0	1,338
Balance on December 31, 2007	19,188	56,228	1,075	52,069	-275	3,512³⁾	3,536

Consolidated Statement of Changes in Equity January 1 to December 31, 2006	Figures in thousand euros						
	Subscribed capital	Share premium	Revaluation reserve IFRS 3.59	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	0	64,421	-582	559	797
Dividend paid	0	0	0	-6,480	0	0	0
Capital reduction/withdrawal of own shares ⁴⁾	-1,560	1,560	0	-14,564	0	0	0
Exercise of conversion rights ¹⁾	5,148	27,868	0	-5,791	0	0	0
Acquisition of treasury shares	0	0	0	0	0	0	0
Profit after tax	0	0	0	17,868	0	0	0
Profit/loss attributable to minority interests	0	0	0	-3,835	0	0	0
Valuation of Stock Option Plan (IFRS 2)	0	0	0	0	0	1,834	0
Market valuation of hedge transactions	0	0	0	0	379	0	0
Currency translation	0	0	0	0	0	0	1,401
Balance on December 31, 2006	19,188	58,603	0	51,619	-203	2,393⁵⁾	2,198

1) In a letter dated December 15, 2006, the heirs of Senator h.c. Heinz Neumüller, Oldenburg, 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 thousand 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. For details, please see the notes on equity.

2) The items stated relate to the group's share (to be determined pursuant to IFRS 3.59) stemming from the adjustment of applicable fair values and the results from the shares held in Dignet GmbH & Co. KG, Cologne, prior to integration into the group by way of full consolidation (successive business acquisition).

3) This item includes the option premiums received for the stock option plan in the amount of 69 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	
-436	133,362	-6,036	127,326	51	-15	36	127,362
0	-6,345	0	-6,345	0	0	0	-6,345
0	-2,375	0	-2,375	0	0	0	-2,375
0	1,312	5,018	6,330	0	0	0	6,330
0	0	-13,136	-13,136	0	0	0	-13,136
0	5,894	0	5,894	0	0	0	5,894
0	-3	0	-3	3	0	3	0
0	667	0	667	17	0	17	684
0	1,119	0	1,119	0	0	0	1,119
0	-72	0	-72	0	0	0	-72
0	0	0	0	-16	0	-16	-16
-226	1,112	0	1,112	0	19	19	1,131
-662	134,671	-14,154	120,517	55	4	59	121,576

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	13,579
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 ⁶⁾	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

4) 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 the context of the capital reduction by withdrawing 600,000 no-par value shares, 1,560 thousand euros was transferred to the share premium pursuant to Section 237 (3) and (5) of the AktG.

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

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

A. General Notes

1 | Principles for the preparation of the Consolidated Financial Statements

The Consolidated Financial Statements of CeWe Color Holding AG, Oldenburg, for the fiscal year from January 1, 2007 to December 31, 2007 were prepared according to IAS/IFRS as applied in the EU, and also according to the provisions of Section 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) which are to be applied as a supplement. If new standards that have not yet become effective for 2007 can be applied on a voluntary basis, we have not made use of this option.

The income statement is prepared using the total cost (type of expenditure) method.

All figures are given in thousands of euros(€k) if not otherwise specified.

2 | Group of consolidated companies

The group of consolidated companies includes CeWe Color Holding AG as the parent company, six German and 23 foreign companies. In addition, pursuant to SIC 12, CeWe Color Versorgungskasse e.V., Wiesbaden, as a special purpose company, is included in the Consolidated Financial Statements. There have been the following changes to the company since the Financial Statements as of December 31, 2006, all amounts in foreign currencies are translated at historical exchange rates.

- With effect from February 1, 2007, CeWe Color a.s., Prague (Czech Republic), acquired a 100 % interest in FotoStar s.r.o., Teplice (Czech Republic). The purchase price totaled 2,861 thousand euros (CZK 81,500k). Together with this company, CeWe Color a.s. also acquired Bohemia Foto spol. s.r.o., Teplice (Czech Republic) and FotoStar Slovakia spol. s.r.o., Trnava (Republic of Slovakia). FotoStar s.r.o., Teplice (Czech Republic) holds a 100 % interest in both of these companies. The first-time consolidation of the purchase price allocation resulted in a difference of 852 thousand euros on the liabilities side, which led to immediate income stated under other operating income.
- With effect from February 12, 2007, CeWe Color Sp. z o.o., Kedzierzyn-Kozle (Poland), acquired 100 % in FOTO CLASSIC Sp. z o.o., Tarnobrzeg (Poland). The purchase price totaled 800 thousand euros. Here as well, the first-time consolidation of the purchase price allocation resulted in a difference of 266 thousand euros on the liabilities side, which led to immediate income stated under other operating income.
- Rainbow Color BvBA, Kontich (Belgium), was operatively wound up as of March 30, 2007, but not liquidated fully. The winding up led to a loss of 175 thousand euros. The assets, including the clientele, and the liabilities were taken over by CeWe Color Belgium N.V., Kontich (Belgium). The company no longer has any operations. It is scheduled for liquidation as soon as the public law approvals have been obtained.
- By a resolution of the general meeting of June 6, 2007, CeWe Color Danmark AS, Skødstrup, (Denmark), was converted into a company with limited liability under Danish law (ApS). By a resolution of December 17, 2007, the nominal capital was increased by DKK 500k (672 thousand euros) to DKK 5,500k (740 thousand euros).
- By a resolution of September 25, 2007, the capital of CeWe Color Zagreb d.o.o., Zagreb (Croatia), was increased from a previous HRK 110,000 (15 thousand euros) to HRK 2,910,000 (406 thousand euros).
- With effect from October 16, 2007, Blitz 07-637 GmbH, Munich, was acquired at a purchase price of 27,000.00 euros. On October 18, 2007, CeWe Color AG & Co. OHG, Oldenburg, transferred a nominal share of 100.00 euros in Dignet GmbH & Co. KG, Cologne, to Blitz 07-637 GmbH, Munich, at a purchase price of 2,500.00 euros. Finally, by a resolution of October 19, 2007, Blitz 07-637 GmbH, Munich, changed its name to Dignet Management GmbH, Munich.
- The pension plan obligations of CeWe Color Holding AG, Oldenburg, and CeWe Color AG & Co. OHG, Oldenburg, were transferred, effective as of April 1, 2007, to CeWe Color Versorgungskasse e.V., Wiesbaden, which was incorporated on March 1, 2007. CeWe Color Versorgungskasse e.V., Wiesbaden, is subject to a consolidation duty pursuant to SIC 12. This relates in particular to the items “treasury shares” (page 108) and noncurrent provisions for pensions (page 110).

- With effect from December 1, 2007, CeWe Color AG & Co. OHG, Oldenburg, acquired 82 % of the limited partner's shares in Dignet GmbH & Co. KG, Cologne. It is now active under the name Dignet GmbH & Co. KG, Cologne. The purchase price totaled 7,535 thousand euros. Pursuant to the acquisition agreement, the seller shall be reimbursed for possible tax payments resulting from the transaction. At present, it is not possible to estimate the extent of possible purchase price back payments. The acquisition led to goodwill of 2,872 thousand euros.
- With effect from December 1, 2007 as well, CeWe Color AG & Co. OHG, Oldenburg, acquired 23.38 % of the shares in Colorplaza SA, Vevey (Switzerland), at a symbolic purchase price of 1.00 euro. The company is consolidated at equity. The acquisition also includes options for the purchase of additional shares. These options can be exercised at several steps of five percent each at specified dates during 2008 and 2009. By the copy deadline, no secured financial information about this company was available. Preliminary calculations for the 2007 fiscal year showed sales of 5.2 million euros, losses before taxes of 1.8 million euros and a negative net capital of -0.3 million euros.

The group of consolidated companies does not include Dipinto Limited, Warwick (United Kingdom), and Bilder Planet Mückenhausen GmbH, Cologne, due to their non-material economic importance. INet Distribution Limited, Warwick (United Kingdom), was sold in February 2007.

The following corporate transactions had no impact on the group of consolidated companies:

- With effect from January 2, 2008, without impacting these Consolidated Financial Statements, Zweite CeWe Color Beteiligungsgesellschaft AG, Dübendorf (Switzerland), acquired a 100 % interest in Numerique S.A.S., Paris (France). The purchase price totaled 2,000 thousand euros. By the copy deadline, no secured financial information about this company was available. The 2008 financial plans provided for a sales volume of almost 1.3 million euros.

The changes in the group of consolidated companies resulted in the following effects on the Consolidated Financial Statements as at December 31, 2007:

Balance Sheet	Group on Dec. 31, 2007	of which from changes in the group of consolidated companies			
		Total	FOTO CLASSIC	FotoStar Group	Dignet, total
Figures in thousand euros					
Noncurrent assets	148,003	13,472	130	5,870	7,472
Current assets	109,706	4,076	5	3,340	731
Cash and cash equivalents	7,093	2,088	30	90	1,968
	264,802	19,636	165	9,300	10,171
Equity	120,575	1,007	-259	406	860
Noncurrent liabilities	29,080	2,101	0	864	1,237
Current liabilities	115,147	6,068	363	3,880	1,825
	264,802	9,176	104	5,150	3,922

The amounts of the relevant balance sheet items take into account the effects of the consolidation of debt.

Profit and Loss Account	Group on Dec. 31, 2007	of which from changes in the group of consolidated companies			
		Total	FOTO CLASSIC	FotoStar Group	Dignet, total
Figures in thousand euros					
Revenues	413,451	12,750	504	10,679	1,567
Other income	26,080	2,777	478	1,495	804
Cost of materials	-154,573	-7,941	-278	-6,941	-722
Personnel costs	-108,356	-2,482	-518	-1,843	-121
Amortization/depreciation	-38,458	-1,911	-209	-1,431	-271
Other operating expenses	-123,802	-3,575	-516	-2,751	-308
Result from ordinary activities (EBIT)	14,342	-382	-539	-792	949
Financial results	-1,523	-183	-49	-148	14
Earnings before tax (EBT)	12,819	-565	-588	-940	963
Income taxes	-5,491	-391	0	378	-769
Other taxes	-1,434	-62	-32	-30	0
Earnings after tax	5,894	-1,018	-620	-592	194

The effective increase in revenues from acquisitions is higher. However, it cannot be determined reliably, since numerous customer relations were integrated into the existing CeWe Color organization. No equity capital instruments were issued in connection with the acquisition of the aforementioned companies. The following incidental purchase expenses resulted from the acquisitions: Foto Classic Sp. z o.o., Tarnobrzeg (Poland), 11 thousand euros; FotoStar s.r.o., Teplice (Czech Republic), including its subsidiaries: 25 thousand euros; Dignet GmbH & Co. KG, Cologne, 70 thousand euros.

The pro-forma statement for acquisitions of the 2007 fiscal year pursuant to IFRS 3.70 is as follows:

	Group Dec. 31, 2007	Pro-forma from acquisition	Pro-forma Group Dec. 31, 2007
Figures in thousand euros			
Total revenues	413,451	4,512	417,963
Total earnings after tax	5,894	-2,806	3,088

The assets and liabilities underlying the consolidation are as follows:

FOTO CLASSIC	Book values at date of acquisition	Book values (IFRS)	Change
Figures in thousand euros			
Intangible assets (customers/customer lists)	0	915	915
Intangible assets	15	15	0
Property, plant and equipment	1,240	1,465	225
Inventories	200	200	0
Inventories	379	379	0
Cash and cash equivalents	680	680	0
Deferred tax assets	19	19	0
Total	2,533	3,673	1,140
Equity	250	1,173	923
Provisions	177	177	0
Deferred tax liabilities	0	217	217
Financial liabilities	1,528	1,528	0
Current liabilities	565	565	0
Noncurrent liabilities	13	13	0
Total	2,533	3,673	1,140

FotoStar Group	Book values at date of acquisition	Book values (IFRS)	Change
Figures in thousand euros			
Intangible assets (customers/customer lists)	0	2,890	2,890
Intangible assets	573	573	0
Property, plant and equipment	3,447	3,355	-92
Inventories	1,319	1,319	0
Receivables and other assets	2,461	2,461	0
Cash and cash equivalents	19	19	0
Total	7,819	10,617	2,798
Equity	1,852	3,780	1,928
Provisions	72	72	0
Deferred tax liabilities	0	870	870
Financial liabilities	1,777	1,777	0
Current liabilities	4,118	4,118	0
Total	7,819	10,617	2,798

Dignet, total	Book values at date of acquisition	Book values (IFRS)	Change
Figures in thousand euros			
Intangible assets (customers/customer lists, internally generated trademarks, software)	0	7,548	7,548
Intangible assets	4	4	0
Property, plant and equipment	25	25	0
Inventories	25	25	0
Receivables and other assets	743	743	0
Cash and cash equivalents	1,345	1,345	0
Total	2,142	9,690	7,548
Equity	91	6,374	6,283
Provisions	601	601	0
Deferred tax liabilities	0	1,265	1,265
Current liabilities	1,450	1,450	0
Total	2,142	9,690	7,548

The acquisition of Dignet GmbH & Co. KG, Cologne, is a successive businesses acquisition. The company has been acquired at multiple stages since 2001. A fictitious revaluation pursuant to IFRS 3.59 was carried out at each stage of acquisition. This resulted in a revaluation reserve of 1,075 thousand euros. The fictitious shares in earnings from each stage of acquisition total -408 thousand euros.

3 | Principles of consolidation

The Consolidated Financial Statements were prepared on the audited single-entity financial statements of the companies included based on uniform accounting and valuation methods.

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, i.e. December 31, 2007.

The **impairment tests** to be conducted annually **for goodwill** are carried out according to the discounted cash flow method. In doing so, 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.

First-time consolidation is based on the purchase method set out in IFRS 3.14. In doing so, the assets and liabilities acquired are revalued according to the principles of IFRS. The remaining undistributed positive differences are carried as goodwill within the meaning of IFRS 3.51 et seq.

If **badwill results from the first-time 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. 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 were eliminated. **Inter-company profits** from group deliveries are consolidated to the extent that these are material for the presentation of financial position and results of operations. Intra-group deliveries and services are calculated based on market prices and transfer prices, determined 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.

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. 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 consolidated company 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.

4 | Currency translation

The financial statements of the foreign group companies are translated to Euro 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.

The assets and liabilities of the foreign 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	Balance Sheet rate	2006 Profit and Loss Account rate	Balance Sheet rate	2007 Profit and Loss Account rate
Swiss francs	1.60840	1.57310	1.65580	1.64280
Czech crowns	27.47000	28.34030	26.56000	27.75540
Danish crowns	7.45570	7.45910	7.45800	7.45080
Hungarian forint	251.50000	264.21820	252.25000	251.34920
Norwegian crowns	8.24550	8.04660	7.96700	8.01720
Polish zloty	3.83500	3.89570	3.58600	3.78290
Swedish crowns	9.04300	9.25400	9.43600	9.25240
Slovakian crowns	34.53000	37.21920	33.58000	33.76770
Croatian kuna	7.34870	7.32500	7.33470	7.33840
British pounds sterling	0.67130	0.68190	0.73450	0.68450

B. Accounting and Valuation Principles

5 | 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.

6 | Recognition of income and expense

Revenues and other operating income are recognized when the service is provided or when the 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 expenses are accrued.

7 | Assets

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

Intangible assets carried pursuant to IFRS 3 are amortized taking IAS 38 into account.

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 relate primarily 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 pursuant to 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 of 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 the degree of wasting on the date of the supposed disposal (IAS 16 BC29). 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 noncurrent assets is mostly calculated based on the following uniform group useful lives:

Standard useful lives Useful life in years	Dec. 31, 2006	Dec. 31, 2007
Asset		
Customers and customer lists	5 to 10	5 to 10
Software and other intangible assets	3 to 7	3 to 7
ERP software	5	5
Buildings	25 to 40	25 to 40
Machinery		
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 or if there are no opportunities for use.

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 non-cash contribution, at their present value.

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

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 realized. 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 (page 108).

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.

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 IAS/IFRS 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.

8 | 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. They also include the differences to IAS/IFRS 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 (page 84). The option premiums received as part of the option rights issued are also carried under revenue reserves. The revaluation reserve pursuant to IFRS 3.59 is also stated under revenue reserves.

Provisions for pensions are taken into account in line with the projected unit credit method prescribed by IAS 19 for benefit-oriented pension commitments. Year-on-year changes to the estimates as well as deviations from the actual annual effects are shown in actuarial profits and losses and, to the extent that their amount exceeds the higher of 10 percent of the benefit obligations or 10 percent of the plan assets, amortized pro rata temporis over the average residual service length of the beneficiaries in annual costs. Actuarial calculations are based on the following assumptions of trends:

Actuarial parameters for the growth of pension provisions <small>Figures in %</small>	Dec. 31, 2006	Dec. 31, 2007
Valuation using the projected unit credit method <small>(figures p. a.)</small>		
Interest rate	4.40	5.50
Salary trend	2.50	2.50
Pension trend	1.50	1.75
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 RV-Altersgrenzenanpassungsgesetz

Mortality rates are calculated according to the current 2005G 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 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. Following the 2008 corporation income tax reform, the underlying tax rates total approx. 30 % in Germany and are between 16.0 % and 34.43 % in the rest of the world.

Average tax rates for the calculation of deferred taxes Figures in %	2006	2007
Germany	38.20	30.00
The Netherlands	29.60	25.39
Belgium	33.99	33.99
France	34.43	34.43
Switzerland	25.00	25.00
Denmark	28.00	25.00
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. 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. Compensation obligations to the minority shareholder of CeWe Color AG & Co. OHG, Oldenburg, still existed on the balance sheet date of the previous year and were carried at their fair value. This figure is geared to the stock market price of shares of CeWe Color Holding AG, Oldenburg.

As a rule, **contingent liabilities** are not carried on the balance sheet. They show obligations resulting from past events, whose existence is confirmed by future events, whose outflow of funds is not sufficiently probable or whose outflow of funds amount cannot be estimated reliably (IAS 37). 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.

Derivative financial instruments such as interest and foreign currency options, interest rate swaps, combined interest and currency swaps, as well as commodity forwards are used in strictly defined limits 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 value. 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 as well as 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 of option holders. This is disclosed under personnel expenses and in equity under other revenue reserves.

C. Notes to the Consolidated Profit and Loss Account

9 | Revenues

Revenues by segment Figures in thousand euros	2006	Share	2007	Share
Photofinishing revenues	321,171	81.1 %	323,783	78.3 %
Retail revenues	74,864	18.9 %	89,668	21.7 %
Total revenues	396,035	100.0 %	413,451	100.0 %

Revenues are carried after all sales allowances have been deducted. Other income is carried under other operating income. To present the revenues resulting from the actual operating performance of the Group more clearly, it was necessary to reclassify income and revenue that does not stem from deliveries of typical products, goods and services from revenues to other operating income. This refers primarily to revenue from charging on expenses, for example, for logistics, selling aids and other transport services, which are carried as such under other operating expenses. Charging-on transactions have the main purpose of minimizing cost items. Transfer revenues billed to the end customer in the context of the mail order business are not reclassified. In 2007, a total amount of 6,128 thousand euros was reclassified (previous year: 4,496 thousand euros); the values of the previous year were adjusted accordingly.

10 | Other operating income

Other operating income Figures in thousand euros	2006	2007
Income from silver sale	8,139	4,038
Income from oncharged expenses	3,305	4,919
Income from oncharged expenses due to reclassification of revenues	4,496	6,128
Income from the reversal of provisions	2,594	1,283
Currency translation gains	835	1,186
Income from the receipt of written-down receivables	526	378
Income from the sale of property, plant and equipment	475	659
Income from insurance compensation	429	261
Income from the reversal of special tax-allowable reserves for investment grants	270	128
Other operating income	3,796	5,596
Total other operating income	24,865	24,576

Income from the sale of silver stems from selling recovered and purified silver as well as income from silver hedges. A total of 17.04 tons were sold during the fiscal year (previous year: 32.6 tons); the average price received totaled 236.16 euros per kg (previous year: 244.98 euros per kg). The decline as compared to the previous year results from the sale of residual stock in the 2006 fiscal year.

Income from oncharged expenses includes oncharged costs for selling aids, logistics and other transportation services. A total share of 6,128 thousand euros (previous year: 4,496 thousand euros) from revenues was reclassified (see above).

Currency gains mostly include gains from exchange rate changes between the time the transaction arises and the date of payment and the 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 (page 87).

Other operating income includes, in particular, income from the dissolution of differences on the liabilities side, resulting from the acquisition of FotoStar s.r.o., Teplice (Czech Republic), and its subsidiaries, as well as of FOTO CLASSIC Sp. z o.o., Tarnobrzeg (Poland) (1,117 thousand euros) and income from the consolidation of income and expense. As in the previous year, the company did not receive any government grants in fiscal 2007.

11 | Cost of materials

Cost of materials Figures in thousand euros	2006	2007
Raw materials, consumables and supplies and merchandise	-138,395	-152,973
Cost of purchased services	-1,183	-1,600
Total cost of materials	-139,578	-154,573

The cost 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. The increase on a year-on-year basis is due mainly to the higher trading business.

12 | Personnel expenses

Personnel expenses Figures in thousand euros	2006	2007
Wages and salaries	-92,200	-91,030
Social security	-17,763	-16,377
Expenses for pension plans and benefits	-1,512	-949
Total personnel expenses	-111,475	-108,356

Wages for blue-collar employees totaled 26,813 thousand euros (previous year: 30,148 thousand euros), salaries for white-collar employees totaled 44,160 thousand euros (previous year: 43,977 thousand euros).

Expenses for pension plans and benefits mostly relate to additions to provisions for pensions; an amount of 69 thousand euros (previous year: 243 thousand euros) was 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 of the holding company. In addition, we refer to the comments on noncurrent provisions for pensions (page 110 et seq.).

The initial measurement upon recognition of the current stock option plan (IFRS 2.10 et seq.) gives a present value of 3,674 thousand euros, which is taken into account on a pro-rata basis totaling 1,147 thousand euros (previous year: 1,837 thousand euros) by the end of the lock-up period on September 30, 2007 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 101 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	2006	2007
White-collar employees	1,695	1,742
Blue-collar employees	1,318	1,278
Apprentices	118	104
Total employees	3,131	3,124

Number of employees by segment Figures in employees	2006	2007
Central Europe	1,797	1,666
Western Europe	427	381
Benelux	36	31
Central Eastern Europe	871	1,046
Total employees	3,131	3,124

Figures are based on annual averages. As of December 31, 2007, the group had a total of 3,016 employees (December 31, 2006: 3,049).

13 | Amortization of intangible noncurrent assets and depreciation of property, plant and equipment

The breakdown of amortization/depreciation can be seen in the statement of changes in noncurrent assets. As in fiscal 2006, there was no non-scheduled amortization of goodwill in the 2007 fiscal year. The extraordinary depreciation of property, plant and equipment totaled 1,622 thousand euros (previous year: 2,096 thousand euros). This mostly relates to machinery and equipment that is used in the production of photofinishing orders, or assets that stem from a plant closure or which only have a significantly lower market value than the carrying amount.

14 | Other operating expenses

Other operating expenses Figures in thousand euros	2006	2007
Sales and marketing costs	-59,113	-65,178
Office costs	-15,258	-15,351
Administrative costs	-14,835	-17,381
Operating costs	-6,317	-6,291
Vehicle costs	-2,928	-3,056
Amortization/depreciation and write-downs for current assets	-1,309	-5,055
Currency translation losses	-1,042	-1,210
Sundry operating expenses	-6,637	-10,280
Total other operating expenses	-107,439	-123,802

Sales and marketing costs are the key item, including expenses for courier services in the photofinishing branch business. The increase as compared to the previous year is due to higher advertising costs, higher shipment costs resulting from increased internet transactions and higher expenses for sales assistants at the points of sale. The increase in administrative costs reflects mainly the extraordinary costs of the 2007 general meeting. The adjustments to the value of current assets relate primarily to individual write-downs for receivables (2007: 4,638 thousand euros, 2006: 1,185 thousand euros), which result from estimating defaults for future returns.

Currency losses include mostly currency losses from exchange rate changes between the time the transaction arises and the date of payment and the valuation on the balance sheet date. These also include expenses from translation for consolidation purposes. Currency gains from these translations are carried under other operating income (page 85).

The other, irregular other and non-period operating expenses in the year under review include additions to provisions, losses from the disposal of noncurrent assets (1,749 thousand euros), warranty expenses (5 thousand euros), canteen costs (119 thousand euros), personnel recruitment costs (167 thousand euros), personnel costs for third-party services (1,545 thousand euros) and incidental costs of monetary transactions (1,404 thousand euros). The year-on-year increase is due primarily to personnel costs for third-party services and restructuring costs.

Fees for auditors of the Consolidated Financial Statements totaled 393 thousand euros (previous year: 301 thousand euros) and are carried under administrative expenses. The following individual amounts were invoiced for the relevant consulting services (Section 314 (1) no. 9 of the HGB):

Auditors' fees Figures in thousand euros	2006	2007
Audit of Financial Statements	96	100
Other consulting services	45	46
Tax advice	99	187
Other consulting	61	60
Total	301	393

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 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.

Non-capitalized research and development expenses for intangible and other assets were incurred in the amount of 7,862 thousand euros (previous year: 7,577 thousand euros). This mostly comprises personnel expenses and other operating expenses.

15 | Restructuring expenses

Ongoing personnel and material expenses were incurred in the year under review as in the previous year as part of the modification to and restructuring of the group. These relate to the closure of production sites or unprofitable retail branch offices. In 2007, these closures depressed income in the amount of 12.2 million euros (previous year: 6.2 million euros), of which 4.4 million euros (previous year: 5.2 million euros) are still carried as a liability under provisions for restructuring. The expenses relate primarily to social plans for compensation payments (10.1 million euros), extraordinary depreciation (1.5 million euros) and other expenses (0.6 million euros). A total of around 484 employees were affected by those closures (previous year: 339 employees).

16 | Financial results

Financial results Figures in thousand euros	2006	2007
Other interest and similar income	469	612
Interest and similar expenses	-2,031	-1,828
Net interest	-1,562	-1,216
Expenses from hedges and derivatives / amortization of financial assets	-3,717	-307
Total other financial result	-3,717	-307
Total financial result	-5,279	-1,523

The expenses from hedges and derivatives include any effects to be recognized in income from the valuation at fair value, which 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 307 thousand euros (previous year: 304 thousand euros). On the other hand, income of 196 thousand euros (previous year: 206 thousand euros) was generated. There were no hedge forward transactions to hedge income from the sale of silver, for which the fair value measurement could impact expenses. In the previous year, 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 thousand euros.

17 | Income taxes

Effective and deferred expenses for income taxes Figures in thousand euros	2006	2007
Effective taxation Germany ¹⁾	937	4,798
Effective taxation rest of Europe ²⁾	1,033	1,848
Total effective taxation	1,970	6,646
Deferred taxes Germany	-806	2,325
Deferred taxes rest of Europe	-140	-3,480
Total deferred taxes	-946	-1,155
Total income taxes	1,024	5,491
¹⁾ of which non-period	-3,864	108
²⁾ of which non-period	36	-213

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

Key changes to the tax expenses resulting from changes to the respective national tax rates will occur mainly in Germany from 2008, but have an impact on the calculation of deferred taxes as at December 31, 2007. The 2008 Annual Tax Code (Jahressteuergesetz 2008) results in a reduction of the corporation tax rate to 15 % in Germany from 2008. A uniform trade tax base rate of 3.5 % will be introduced. Furthermore, the trade tax will not be tax-deductible as an operating expense from 2008.

The introduction of new national taxes 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	2006	2007
Earnings before taxes (EBT)	18,893	11,385
Theoretical tax rate	39.0 %	39.0 %
Theoretical income tax expense	7,368	4,440
Increase and decrease in income tax charges from:		
– Different local tax rate	–496	–1,097
– Non-application of deferred tax assets for losses carried forward	1,056	1,845
– Tax reductions from tax-free income	–1,401	–1,946
– Tax increases from non-deductible expenses	2,600	4,130
– Tax reductions from the use of tax losses carried forward for which no deferred taxes were formed in prior periods	–2,071	–56
– Non-tax deductible amortization of goodwill	0	–68
– Subsequent tax payments or tax refunds from previous years	821	–105
– Change in deferred taxes	–945	–1,155
– of which in 2007, change due to different tax rates	0	1,403
– Tax reversal effects from expenses not approved in previous years, divisor effect on trade tax and recognition of trade tax as an operating expense for the corporation-tax assessment base in Germany	–1,211	–1,117
– Tax increases due to minimum tax rates including trade tax pursuant to Section 18 (3) of the Reorganization Tax Act (UmwStG)	0	802
– Corporation tax credit	–4,649	–63
– Other	–48	–119
Total income taxes	1,024	5,491

A theoretical tax rate of 39.0 % (previous year: 39.0 %) is used to calculate the anticipated total 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 a flat-rate average of 17.0 % for trade tax (previous year: 17.0 %) plus minor rounding differences. From fiscal 2008, this theoretical tax rate will be reduced to 30 % as a result of the aforementioned changes in laws. Then, it will comprise 15.0 % for corporation tax, 5.5 % for the solidarity surcharge on corporation tax liabilities and a flat-rate average of 14.0 % for trade tax plus minor rounding differences.

In the previous year, the dividend disbursement of CeWe Color Holding AG resulted in a tax credit totaling 431 thousand euros. As at December 31, 2006, the tax refund claims accrued in the previous years were capitalized and reflected in income at a cash value of 4,218 thousand euros pursuant to 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) and led to a reduction in the income tax result in this amount. Since the claim is not interest bearing, an accounting interest rate of 4.40 % was used. The amount is to be paid in equal annual installments from 2008 over a ten-year period. The annual reimbursement to CeWe Color Holding AG, Oldenburg, will amount to 560 thousand euros. As at December 31, 2007, an accounting interest rate of 5.50 % will be used, which results in a capitalized claim of 4,281 thousand euros as at December 31, 2007. Both for 2007 and 2008, there are no income tax consequences from paid or scheduled dividends.

The deferred taxes can be allocated to the following items:

Deferred taxation Figures in thousand euros	Dec. 31, 2006	Dec. 31, 2007
Losses carried forward and tax credits	1,013	3,204
Depreciation of property, plant and equipment	36	385
Amortization of intangible assets	60	134
Receivables	1,251	1,657
Provisions for pensions	493	1,872
Other provisions	1,663	34
Special tax-allowable reserve for investment grants (investment subsidies)	127	142
Consolidation	1,586	1,421
Other	474	384
Total deferred tax assets (gross)	6,703	9,233
Netting	-3,611	-3,487
Total deferred tax assets (net)	3,092	5,746
Depreciation of property, plant and equipment	3,425	2,894
Amortization of intangible assets	746	2,160
Other assets	0	1,477
Provisions for pensions	0	7
Other provisions	0	1,393
Consolidation	898	1,128
Other	85	174
Total deferred tax liabilities (gross)	5,154	9,233
Netting	-3,611	-3,487
Net deferred tax liabilities (net)	1,543	5,746

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 carryforward for tax losses not yet used totaled 34,525 thousand euros (previous year: 23,921 thousand euros) and relates mainly to our company in France. Of the loss carryforwards, 33,979 thousand euros (previous year: 21,154 thousand euros) can be carried forward without restriction. In the previous year, 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 most until 2012. 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 24,189 thousand euros (previous year: 20,264 thousand euros). The increase of the income tax burden on a year-on-year basis is due mainly to the effect described above.

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	2006	2007
Income tax expense disclosed in profit and loss account	1,024	5,491
Tax expense disclosed directly under equity	436	662
Total income tax expense in equity	1,460	6,153

18 | Other taxes

Other taxes for the group include in particular land and vehicle tax as well as various foreign taxes. Of this total, 750 thousand euros (previous year: 928 thousand euros) is due to the “taxe professionnelle” in France.

19 | 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 significant change can be explained as follows: 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 were 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 108). The converted new shares do carry dividend rights for the first time for fiscal 2007. The participating interest was regarded as an equity instrument in previous years as a result of IAS 32.21 et seq.

20 | Earnings per share

Earnings per share Figures in thousand euros	2006	2007
Consolidated earnings after minority interests	14,033	5,891
Weighted average basic number of shares (in units)	5,377,229	7,117,653
Basic earnings per share (in euros)	2.61	0.83
Consolidated earnings	14,033	5,891
+ minority interests who have subscription rights	3,855	20
+ interest expense from shareholder loan to OHG	993	13
– current and deferred taxes	–1,279	–5
Adjusted consolidated earnings	17,602	5,919
Weighted average diluted number of shares (in units)	7,377,229	7,137,653
Diluted earnings per share (in euros)	2.39	0.83

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.

The **diluted earnings per share** at December 31, 2007 are shown for a comparison, since a respective effect occurred in the Consolidated Financial Statements as at December 31, 2006. 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 December 31, 2006 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 102). 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.

D. Notes to the Balance Sheet

Total noncurrent assets of CeWe Holding AG Group

Balance Sheet Jan. 1 – Dec. 31, 2007	Acquisition/Historical costs						Balance on Dec. 31, 2007
	Carry- forward Jan. 1, 2007	Change to group of consolidated companies	Price modi- fication	Additions	Reclassi- fications	Disposals	
Figures in thousand euros							
I. Property, plant and equipment							
1. Land, land rights and buildings, including buildings on third-party land	65,176	2,883	704	1,509	587	2,043	68,816
2. Technical equipment and machinery	300,536	977	555	21,352	658	49,191	274,887
3. Other equipment, operating and office equipment	58,357	982	604	6,695	73	12,283	54,428
4. Advance payments and assets under construction	1,398	1	36	953	-1,352	1	1,035
	425,467	4,843	1,899	30,509	-34	63,518	399,166
II. Goodwill	37,540	2,872	-58	37	0	0	40,391
III. Intangible assets							
1. Industrial property rights and similar rights	34,845	11,946	73	4,624	768	143	52,113
2. Advance payments	734	0	0	350	-734	0	350
	35,579	11,946	73	4,974	34	143	52,463
IV. Noncurrent financial investments at equity	0	0	0	0	0	0	0
V. Noncurrent financial investments							
1. Noncurrent interests in affiliated companies	44	25	-4	0	0	40	25
2. Noncurrent interests in affiliates	1,084	-976	1	180	0	0	289
3. Noncurrent other loans	1,286	0	0	16	0	1,073	229
	2,414	-951	-3	196	0	1,113	543
	501,000	18,710	1,911	35,716	0	64,774	492,563

Carry-forward Jan. 1, 2007	Amortization/Depreciation						Depreciated book value		
	Change to group of consolidated companies	Price modi- fication	Additions	Reclassi- fications	Disposals	Write-ups	Balance on Dec. 31, 2007	Book value Dec. 31, 2007	Book value Dec. 31, 2006
31,300	0	5	3,030	0	339	15	33,981	34,835	33,876
241,524	0	392	23,234	-1	48,888	572	215,689	59,198	59,012
42,047	0	351	7,083	1	10,903	0	38,579	15,849	16,310
0	0	0	0	0	0	0	0	1,035	1,398
314,871	0	748	33,347	0	60,130	587	288,249	110,917	110,596
35,079	0	27	0	0	0	0	35,106	5,285	2,461
26,158	0	51	5,111	0	322	0	30,998	21,115	8,687
0	0	0	0	0	0	0	0	350	734
26,158	0	51	5,111	0	322	0	30,998	21,465	9,421
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	25	44
285	0	0	0	0	0	0	285	4	799
0	0	0	0	0	0	0	0	229	1,286
285	0	0	0	0	0	0	285	258	2,129
376,393	0	826	38,458	0	60,452	587	354,638	137,925	124,607

Balance Sheet Jan. 1 – Dec. 31, 2006	Acquisition/Historical costs						Balance on Dec. 31, 2006
	Carry- forward Jan. 1, 2006	Change to group of consolidated companies	Price modi- fication	Additions	Reclassi- fications	Disposals	
Figures in thousand euros							
I. Property, plant and equipment							
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
	432,722	0	1,603	28,012	-6	36,864	425,467
II. Goodwill	37,697	0	-157	0	0	0	37,540
III. Intangible assets							
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
	32,031	0	42	4,448	6	948	35,579
IV. Noncurrent financial investments at equity	500	0	0	0	0	500	0
V. Noncurrent financial investments							
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
	1,674	0	2	1,103	0	365	2,414
	504,624	0	1,490	33,563	0	38,677	501,000

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
316,341	0	754	32,915	0	35,139	0	314,871	110,596	116,381
35,236	0	-99	0	0	58	0	35,079	2,461	2,461
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
23,036	0	40	3,925	0	843	0	26,158	9,421	8,995
0	0	0	0	0	0	0	0	0	500
285	0	0	0	0	0	0	285	843	837
0	0	0	0	0	0	0	0	1,286	552
285	0	0	0	0	0	0	285	2,129	1,389
374,898	0	695	36,840	0	36,040	0	376,393	124,607	129,726

21 | Property, plant and equipment

For changes to noncurrent assets, please refer to the statement of changes in noncurrent assets above (see page 94 et seq.). 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 87.

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 378 thousand euros (previous year: 645 thousand euros). There were no noncurrent assets classified as held for sale in accordance with IFRS 5 as at December 31, 2007.

Leases

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

It is much more the case that there are passive rental and lease relationships, which constitute operating leases in terms of their economic content, which 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	2006	2007
Total future minimum lease payments		
Due within one year	6,308	9,234
Due between one and five years	34,557	45,796
Due after more than five years	7,147	9,289

Assets which are leased under operating leases have a total book value of 1,709 thousand euros (previous year: 2,861 thousand euros). The lease agreements do not contain any clauses (e.g. extension, purchase or price adjustment options) that might lead to the assumption of a finance lease at the lessor. 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	2006	2007
Total future minimum lease payment		
Due within one year	1,940	1,354
Due between one and five years	4,782	948
Due after more than five years	0	0

This relates to the rental of commercial areas as well as equipment, which is rented out to customers. The payments received during the fiscal year totaled 1,935 thousand euros (previous year: 2,425 thousand euros).

22 | Goodwill

Goodwill includes sums from the acquisition of business operations and from capital consolidation. The development of values by segments is as follows:

Changes in goodwill	Balance on Jan. 1, 2007	Additions	Adjustment for currency translation	Scheduled amortization	Balance on Dec. 31, 2007
Figures in thousand euros					
Central Europe (Germany, Austria, Switzerland and Scandinavia)	624	2,874	0	0	3,498
Western Europe (France and the United Kingdom)	953	37	0	0	990
Central Eastern Europe (Poland, the Czech Republic, Hungary and Slovakia)	884	0	-87	0	797
	2,461	2,911	-87	0	5,285

Regarding the additions, we refer to the comments on the group of consolidated companies (page 74 et seq.).

An impairment test for the year under review 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 are active 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 six 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 expenses, changes in interest rates and general technical developments in the relevant market. Discounting is based on a discount rate of 5.50 % (previous year: 4.40 %) plus individual premiums for operative risks of between 50 % and 180 % as well as an additional premium for currency risks of between 2.3 % and 7.5 % in the event of cash-generating units in the non-euro area.

23 | 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, DigiFoto Maker). There was no significant extraordinary amortization of intangible assets (see also page 87).

There was an order commitment for intangible assets totaling 262 thousand euros (previous year: 186 thousand euros).

24 | Financial assets

The group's financial assets include interests in non-consolidated affiliated companies totaling 29 thousand euros (previous year: 843 thousand euros). The year-on-year decrease results from the full acquisition of Diginet GmbH & Co. KG, Cologne, in which the group previously held an interest. The other loans of 229 thousand euros (previous year: 1,286 thousand euros) relate in particular to the repurchase value of the operating re-insurance and loans issued. CeWe Color AG & Co. OHG, Oldenburg, holds an interest of 23.4 % in Colorplaza SA, Vevey (Switzerland). The interest was acquired at a symbolic purchase price of 1.00 euro and is carried at equity. Since recognition is made in this amount, no corresponding balance sheet item is stated.

25 | Noncurrent receivables from income tax refund

The corporation tax balance of 5,605 thousand 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 noncurrent portion of the claim to be capitalized amounts to 3,743 thousand euros (previous year: 4,218 thousand euros). The current portion is carried under current assets. For details please refer to the notes on income taxes (see page 89 et seq.).

26 | Noncurrent other receivables and assets

The noncurrent other receivables and assets include noncurrent receivables from customers, prepaid expenses and other assets.

27 | Deferred tax assets

Deferred tax assets					
Composition and development					
Figures in thousand euros	Balance on Jan. 1, 2007	Change to consolidated group	Reversal	Addition	Balance on Dec. 31, 2007
From temporary differences	2,079	19	-453	899	2,544
From tax losses carried forward	1,013	0	-68	2,257	3,202
Total deferred tax assets	3,092	19	-521	3,156	5,746

Deferred tax assets					
Composition and development					
Figures in thousand euros	Balance on Jan. 1, 2006	Change to consolidated group	Reversal	Addition	Balance on Dec. 31, 2006
From temporary differences	2,022	0	-157	214	2,079
From tax losses carried forward	835	0	-62	240	1,013
Total deferred tax assets	2,857	0	-219	454	3,092

Deferred tax assets relate primarily to valuation differences for provisions for pensions and other provisions and impact on earnings from consolidation; loss carryforwards only led to capitalization to a lower extent. For further information please see the notes on income taxes (see page 89 et seq.).

28 | Inventories

Inventories		
Figures in thousand euros	Dec. 31, 2006	Dec. 31, 2007
Raw materials, consumables and supplies	10,736	9,428
Work in progress	36	44
Finished goods and merchandise	23,374	31,702
Advance payments	6	8
Total inventories	34,152	41,182

The downturn in raw materials, consumables and supplies is due to the declining income from the photofinishing business. 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 (2007: 365 thousand euros; previous year: 264 thousand euros). Inventories were not written up. As in the previous year, no inventories are pledged.

29 | Current trade receivables

Current trade receivables		
Figures in thousand euros	IAS Dec. 31, 2006	IFRS Dec. 31, 2007
Trade receivables before write-downs	64,601	67,790
Write-downs for trade receivables	-8,172	-12,037
Total current trade receivables	56,429	55,753

Direct trade receivables are all of a short-term nature and are vis-à-vis external third parties. Write-downs of trade receivables developed as follows in the year under review:

Write-downs for trade receivables Figures in thousand euros	Balance on Jan. 01, 2007	Addition	Reversal	Take-up	Balance on Dec. 31, 2007
Write-downs for trade receivables	8,172	4,919	-242	-812	12,037

Figures in thousand euros	Balance on Jan. 01, 2006	Addition	Reversal	Take-up	Balance on Dec. 31, 2006
Write-downs for trade receivables	8,981	587	-533	-863	8,172

Additions to write-downs are shown in the income statement under other operating expenses (previous year: 587 thousand euros), and reversals (previous year: 1,223 thousand euros) under other operating income. The main portion of additions stems from Western Europe. Direct defaults of trade receivables are also shown under other operating expenses and totaled 396 thousand euros in fiscal 2007 (previous year: 122 thousand euros).

30 | Current receivables from income tax refunds

This relates primarily to refund claims from advance tax payments made during the current year for fiscal 2007. A part relates to the annual noncurrent tax claim for corporation tax, which is due in 2008 for the first time (see page 99).

31 | Current other receivables and assets

Current other receivables and assets Figures in thousand euros	Dec. 31, 2006	Dec. 31, 2007
Current receivables other taxes	1,818	1,653
Current prepaid expenses	1,706	1,666
Current loans to customers	1,502	1,189
Current receivables from suppliers	389	1,248
Current receivables from employees	305	235
Current sundry other receivables	7,334	3,464
Total current other receivables and assets	13,054	9,455

32 | 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 Euro at various banks bore average interest rates of between 0.34 % and 3.53 % (previous year: between 0.34 % and 2.50 %). Balances in foreign currency (3,137 thousand euros; previous year: 9,990 thousand euros) bore interest in line with the specific rates negotiated; they are measured at the exchange rate on the balance sheet date.

33 | 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 thousand 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 of the Supervisory Board of CeWe Color Holding AG, Oldenburg. For details, we refer to the disclosures on page 59 of the Management Report.

34 | Contingent capital

As a result of the conversion by the heirs of Senator h.c. Heinz Neumüller as of December 31, 2006, the original contingent capital was reduced from 5,200 thousand euros by 5,148 thousand euros. Contingent capital thus remains in the amount of 52 thousand euros for a limited term to December 31, 2015 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.

35 | Authorized capital

The Managing Board is authorized, with the approval of the Supervisory Board, to increase the company's registered share capital by June 24, 2009 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.

36 | 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. As a result of the resolution by the general meeting on June 30, 2005, the basis for further stock option plans has been created. The 2005 Stock Option Plan was 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 the members of the Managing Board on September 21, 2005, and these could be accepted up to the end of September. Senior employees bought a total of 124,000 of the options offered during the acquisition period from September 12 to 23, 2005, and the Managing Board and managing directors bought a total of 75,500 in the acquisition period from September 23 to 29, 2005, which equals 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 expired on 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	Managing Directors of CeWe Color Group	Other executives of CeWe Color Group		from	to	
III.	2005 to 2010	199,500	36,000	39,500		57.50	2007	2010	no
					124,000	55.20			

No stock options were issued at any time to members of the Supervisory Board or to members of other supervisory bodies for the company. During the year under review, by a resolution of the Managing Board of February 2, 2007, the company offered the holders of stock options to repurchase the rights against reimbursement of the price of 0.50 euros per option. Several executives made use of this option. The number of stock options issued is now as follows: Managing Board 36,000 rights, managing directors of the CeWe Color Group 23,500 rights, other executives of the CeWe Color Group 77,500 rights.

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 prices).

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 (page 86 et seq.).

37 I Reports on
shareholdings

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

Reporting date	Shareholder	Interest	From
05.01.2007	K Capital Partners, L.L.C., Boston (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 7,594 %)	7.594 %	01.01.2007
11.01.2007	David Marcus, New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 S. 2 WpHG: 8,97 %)	8.97 %	31.12.2006
11.01.2007	M2 Group Partners, L.L.C., New York (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 8,97 %)	(8.97 %)	31.12.2006
11.01.2007	M2 Capital Management, L.L.C., New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 S. 2 WpHG: 8,97 %)	(8.97 %)	31.12.2006
11.01.2007	M2 Capital Management, L.P., New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 8,97 %)	(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, Hatten (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 27,10 %)	27.10 %	05.01.2007
19.01.2007	Korte, Otto, Oldenburg (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 27,10 %)	(27.10 %)	05.01.2007
19.01.2007	Hartig, Helmut, Oldenburg (§ 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 WpHG: 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, Hannover	5.7317 %	14.02.2007
15.03.2007	Wyser-Pratte Management Co., Inc., New York	3.32 %	14.03.2007
15.03.2007	Guy P. Wyser-Pratte, New York (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,32 %)	(3.32 %)	14.03.2007
23.03.2007	Erbengemeinschaft Neumüller, Hatten (Korrekturmeldung) (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 27,10 %)	27.10 %	31.12.2006
23.03.2007	Korte, Otto & Hartig, Helmut, Oldenburg (Korrekturmeldung) (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 27,10 %)	(27.10 %)	31.12.2006
28.03.2007	Wyser-Pratte Management Co., Inc., New York	5.01 %	23.03.2007
28.03.2007	Guy P. Wyser-Pratte, New York (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 5,01 %)	(5.01 %)	23.03.2007
04.04.2007	UBS AG, Zürich	0.02 %	30.03.2007
04.04.2007	K Capital Partners, LLC, Boston (Korrekturmeldung) (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 7,594 %)	7.594 %	31.12.2006
04.04.2007	Credit Suisse Group, Zürich (Korrekturmeldung) (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,63 %) (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 S. 2 WpHG: 0,77 %)	4.40 %	31.12.2006
04.04.2007	Credit Suisse, Zürich (Korrekturmeldung) (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,63 %) (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 S. 2 WpHG: 0,77 %)	(4.40 %)	31.12.2006
04.04.2007	Credit Suisse Securities (Europe) Limited, England (informatrische Meldung)	3.62 %	31.12.2006
04.04.2007	Credit Suisse (International) Holding AG (informatrische Meldung) (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,62 %)	(3.62 %)	31.12.2006
04.04.2007	Credit Suisse Investments UK (informatrische Meldung) (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,62 %)	(3.62 %)	31.12.2006
04.04.2007	Credit Suisse Investment Holdings UK (informatrische Meldung) (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,62 %)	(3.62 %)	31.12.2006
05.04.2007	Credit Suisse Securities (Europe) Limited, England	0.00 %	30.03.2007
05.04.2007	Credit Suisse (International) Holding AG (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 0,00 %)	(0.00 %)	30.03.2007
05.04.2007	Credit Suisse Investments UK (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 0,00 %)	(0.00 %)	30.03.2007
05.04.2007	Credit Suisse Investment Holdings UK (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 0,00 %)	(0.00 %)	30.03.2007
05.04.2007	Credit Suisse Investment Holdings UK (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 0,00 %)	0.775 %	30.03.2007
05.04.2007	Credit Suisse, Zürich (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 0,003 %) (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 S. 2 WpHG: 0,772 %)	(0.775 %)	30.03.2007
13.04.2007	Douglas A. Hirsch, New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2 WpHG: 4,18 %) (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 2,01 %)	6.18 %	30.03.2007
13.04.2007	Seneca Capital Investments, LLC, New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2 WpHG: 4,18 %)	4.18 %	30.03.2007
13.04.2007	Seneca Capital Investments, LP, New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 3,90 %)	(3.90 %)	30.03.2007
13.04.2007	Seneca Capital International, Ltd., New York	3.90 %	30.03.2007
13.04.2007	Douglas A. Hirsch, New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2 WpHG: 2,05 %) (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 0,99 %)	3.04 %	02.04.2007
13.04.2007	Seneca Capital Investments, LLC, New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2 WpHG: 2,05 %)	2.05 %	02.04.2007

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

Previous Interest	Published on	Published in
11.633 %	16.01.2006, 16.01.2006, 16.01.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
11.71 %	24.01.2007, 24.01.2007, 18.01.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
(11.71 %)	24.01.2007, 24.01.2007, 18.01.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
(11.71 %)	24.01.2007, 24.01.2007, 18.01.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
(11.71 %)	18.01.2007, 18.01.2007, 18.01.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
(11.71 %)	18.01.2007, 18.01.2007, 18.01.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
0.000167 %	02.02.2007, 02.02.2007, 02.02.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
(0.000167 %)	02.02.2007, 02.02.2007, 02.02.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
(0.000167 %)	02.02.2007, 02.02.2007, 02.02.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
8.97 %	15.02.2007, 15.02.2007, 15.02.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
(8.97 %)	15.02.2007, 15.02.2007, 15.02.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
(8.97 %)	15.02.2007, 15.02.2007, 15.02.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
(5.11 %)	16.02.2007, 16.02.2007, 16.02.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
—	20.02.2007, 20.02.2007, 20.02.2007	FAZ, Bundesanzeiger (electronic), Bundesanzeiger (print)
—	16.03.2007	DGAP (mit TUG-Garantie)
—	16.03.2007	DGAP (mit TUG-Garantie)
0.000167 %	29.03.2007	DGAP (mit TUG-Garantie)
(0.000167 %)	29.03.2007	DGAP (mit TUG-Garantie)
3.32 %	29.03.2007	DGAP (mit TUG-Garantie)
(3.32 %)	29.03.2007	DGAP (mit TUG-Garantie)
(more than 3 %)	05.04.2007	DGAP (mit TUG-Garantie)
11.633 %	05.04.2007	DGAP (mit TUG-Garantie)
5.40 %	11.04.2007	DGAP (mit TUG-Garantie)
(5.40 %)	11.04.2007	DGAP (mit TUG-Garantie)
4.45 %	11.04.2007	DGAP (mit TUG-Garantie)
(4.45 %)	11.04.2007	DGAP (mit TUG-Garantie)
(4.45 %)	11.04.2007	DGAP (mit TUG-Garantie)
(4.45 %)	11.04.2007	DGAP (mit TUG-Garantie)
3.62 %	11.04.2007	DGAP (mit TUG-Garantie)
(3.62 %)	11.04.2007	DGAP (mit TUG-Garantie)
(3.62 %)	11.04.2007	DGAP (mit TUG-Garantie)
(3.62 %)	11.04.2007	DGAP (mit TUG-Garantie)
4.40 %	11.04.2007	DGAP (mit TUG-Garantie)
(4.40 %)	11.04.2007	DGAP (mit TUG-Garantie)
—	18.04.2007	DGAP (mit TUG-Garantie)
—	18.04.2007	DGAP (mit TUG-Garantie)
—	18.04.2007	DGAP (mit TUG-Garantie)
—	18.04.2007	DGAP (mit TUG-Garantie)
6.18 %	18.04.2007	DGAP (mit TUG-Garantie)
4.18 %	18.04.2007	DGAP (mit TUG-Garantie)

Reporting date	Shareholder	Interest	From
13.04.2007	Seneca Capital Investments, LP, New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 1,92 %)	(1,92 %)	02.04.2007
13.04.2007	Seneca Capital International, Ltd., New York	1,92 %	02.04.2007
13.04.2007	Sparinvest Holding A/S, Tastrup (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2 und S. 3 WpHG: 2,05 %)	4,03 %	13.04.2007
17.04.2007	K Capital Structure Arbitrage Offshore, LP, Boston	6,06 %	22.03.2006
17.04.2007	K Capital Structure Arbitrage Offshore, LP, Boston	10,25 %	14.06.2006
17.04.2007	K Capital Structure Arbitrage Offshore, LP, Boston	9,19 %	27.09.2006
17.04.2007	K Capital Structure Arbitrage Offshore, LP, Boston	10,38 %	07.12.2006
17.04.2007	K Capital Structure Arbitrage Offshore, LP, Boston	7,594 %	31.12.2006
27.04.2007	Credit Suisse Securities (Europe) Limited, England	3,02 %	23.04.2007
27.04.2007	Credit Suisse (International) Holding AG (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,02 %)	(3,02 %)	23.04.2007
27.04.2007	Credit Suisse Investments UK (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,02 %)	(3,02 %)	23.04.2007
27.04.2007	Credit Suisse Investment Holdings UK (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,02 %)	(3,02 %)	23.04.2007
27.04.2007	Credit Suisse Group, Zürich (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,02 %) (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 S. 2 WpHG: 0,77 %)	3,80 %	23.04.2007
27.04.2007	Credit Suisse, Zürich (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,02 %) (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 S. 2 WpHG: 0,77 %)	(3,80 %)	23.04.2007
30.04.2007	Douglas A. Hirsch, New York (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2 WpHG: 0,00 %) (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 0,00 %)	0,00 %	23.04.2007
20.02.2007	Luma Holdings Corporate, Ltd., Road Town, Tortola (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2 und S. 3 WpHG: 4,336 %)	4,336 %	29.01.2007
20.02.2007	Standard Capital Partners, N.V., Willemstad, Curacao (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 4,336 %)	(4,336 %)	29.01.2007
17.05.2007	Lincoln Vale European Partners Master Fund, LP, George Town, Grand Cayman	3,17 %	15.05.2007
17.05.2007	Lincoln Vale European Partners GP, LLC, George Town, Grand Cayman (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 3,17 %)	(3,17 %)	15.05.2007
02.05.2007	Credit Suisse Equity Fund Management Company, Luxemburg (Korrekturmeldung)	4,13 %	31.12.2006
07.08.2007	Rhine Apha, George Town, Grand Cayman	4,34 %	29.01.2007
07.08.2007	Rhine Alpha, George Town, Grand Cayman	1,76 %	31.07.2007
07.08.2007	Standard Capital Partners, N.V., Willemstad, Curacao (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 1,76 %)	(1,76 %)	31.07.2007
07.08.2007	Luma Holdings Corporate, Ltd., Road Town, Tortola (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 1,76 %)	(1,76 %)	31.07.2007
07.08.2007	Luma Holdings Corporate, Ltd., Road Town, Tortola (Korrekturmeldung) (§ 22 Abs. 1 S. 1 Nr. 6 i.V.m. § 22 Abs. 1 S. 2 WpHG: 1,76 %)	(1,76 %)	31.07.2007
27.08.2007	Credit Suisse Equity Fund Management Company, Luxemburg	2,07 %	15.08.2007
12.09.2007	CeWe Color Holding AG, Oldenburg (§ 26 Abs. 1 S. 2 WpHG)	3,07 %	07.09.2007
19.09.2007	Lincoln Vale European Partners Master Fund, LP, George Town, Grand Cayman	5,85 %	14.09.2007
19.09.2007	Lincoln Vale European Partners GP, LLC, George Town, Grand Cayman (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 5,85 %)	(5,85 %)	14.09.2007
20.09.2007	K Capital Structure Arbitrage Offshore, LP, George Town, Grand Cayman	4,17 %	14.09.2007
20.09.2007	K Capital Partners, LLC, Boston (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 4,17 %)	(4,17 %)	14.09.2007
13.11.2007	K Capital Structure Arbitrage Offshore, LP, George Town, Grand Cayman	2,96 %	07.11.2007
13.11.2007	K Capital Partners, LLC, Boston (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 2,96 %)	(2,96 %)	07.11.2007
03.01.2008	Wyser-Pratte Management Co., Inc, New York	1,14 %	02.01.2008
03.01.2008	Guy P. Wyser-Pratte, New York (§ 22 Abs. 1 S. 1 Nr. 1 WpHG: 1,14 %)	(1,14 %)	02.01.2008
30.01.2008	Wyser-Pratte Eurovalue Fund, Ltd, George Town, Grand Cayman	4,11 %	30.01.2008
30.01.2008	Wyser-Pratte Management Co., Inc, New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 4,11 %)	6,31 %	30.01.2008
30.01.2008	Guy P. Wyser-Pratte, New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 4,11 %)	(6,31 %)	30.01.2008
30.01.2008	Wyser-Pratte Management Co., Inc, New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 4,11 %)	6,31 %	30.01.2008
30.01.2008	Guy P. Wyser-Pratte, New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG: 4,11 %)	(6,31 %)	30.01.2008
30.01.2008	Guy P. Wyser-Pratte, New York (§ 22 Abs. 1 S. 1 Nr. 6 WpHG i.V.m. § 22 Abs. 1 S. 2 WpHG: 4,11 %)	(6,31 %)	30.01.2008

Previous Interest	Published on	Published in
(3.90 %)	18.04.2007	DGAP (mit TUG-Garantie)
3.90 %	18.04.2007	DGAP (mit TUG-Garantie)
—	18.04.2007	DGAP (mit TUG-Garantie)
—	18.04.2007	DGAP (mit TUG-Garantie)
6.06 %	18.04.2007	DGAP (mit TUG-Garantie)
10.25 %	18.04.2007	DGAP (mit TUG-Garantie)
9.19 %	18.04.2007	DGAP (mit TUG-Garantie)
10.38 %	18.04.2007	DGAP (mit TUG-Garantie)
0.00 %	03.05.2007	DGAP (mit TUG-Garantie)
(0.00 %)	03.05.2007	DGAP (mit TUG-Garantie)
(0.00 %)	03.05.2007	DGAP (mit TUG-Garantie)
(0.00 %)	03.05.2007	DGAP (mit TUG-Garantie)
0.775 %	03.05.2007	DGAP (mit TUG-Garantie)
(0.775 %)	03.05.2007	DGAP (mit TUG-Garantie)
3.04 %	03.05.2007	DGAP (mit TUG-Garantie)
6.16 %	03.05.2007	DGAP (mit TUG-Garantie)
(6.16 %)	03.05.2007	DGAP (mit TUG-Garantie)
—	22.05.2007	DGAP (mit TUG-Garantie)
—	22.05.2007	DGAP (mit TUG-Garantie)
5.11 %	23.05.2007	DGAP (mit TUG-Garantie)
(more than 5 %)	13.08.2007	DGAP (mit TUG-Garantie)
4.34 %	13.08.2007	DGAP (mit TUG-Garantie)
(4.336 %)	13.08.2007	DGAP (mit TUG-Garantie)
(4.336 %)	13.08.2007	DGAP (mit TUG-Garantie)
(4.336 %)	14.08.2007	DGAP (mit TUG-Garantie)
4.13 %	31.08.2007	DGAP (mit TUG-Garantie)
(less than 3 %)	12.09.2007	DGAP (mit TUG-Garantie)
3.17 %	21.09.2007	DGAP (mit TUG-Garantie)
(3.17 %)	21.09.2007	DGAP (mit TUG-Garantie)
(more than 5 %)	25.09.2007	DGAP (mit TUG-Garantie)
(7.594 %)	25.09.2007	DGAP (mit TUG-Garantie)
4.17 %	16.11.2007	DGAP (mit TUG-Garantie)
(4.17 %)	16.11.2007	DGAP (mit TUG-Garantie)
5.01 %	08.01.2008	DGAP (mit TUG-Garantie)
(5.01 %)	08.01.2008	DGAP (mit TUG-Garantie)
(less than 3 %)	01.02.2008	DGAP (mit TUG-Garantie)
1.14 %	01.02.2008	DGAP (mit TUG-Garantie)
(1.14 %)	01.02.2008	DGAP (mit TUG-Garantie)
1.14 %	11.02.2008	DGAP (mit TUG-Garantie)
(1.14 %)	11.02.2008	DGAP (mit TUG-Garantie)
(1.14 %)	20.02.2008	DGAP (mit TUG-Garantie)

38 | Share premium

The figures show the premium that was generated in excess of the nominal amount of the shares (29,175 thousand 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), the addition resulting from the capital reduction on July 24, 2006 (1,560 thousand euros) and the amount resulting from the conversion of the atypical silent partnership as of December 31, 2006 (27,868 thousand euros). The latter amount stems from the premium which was paid for issuing the new shares. The final settlement of this conversion resulted in a reduction of the share premium by 2,375 thousand euros in fiscal 2007. For further details please see the Statement of Changes in Equity (page 72 et seq.). According to the conditions of the conversion rights, the compensation to be paid for the subscription of 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 2006, the compensation is reduced in the same ratio.

39 | 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	Total	Buyback	Status after capital reduction
	Balance sheet date Dec. 31, 2005	Jan. 3, 2006 – Feb. 10, 2006	as at June 30, 2006
Buyback period			
Number of treasury shares held	486,190	113,810	600,000
Interest in share capital on balance sheet date in thousand euros	1,264	296	1,560
Interest in share capital on balance sheet date in %	8.10 %	1.90 %	10.00 %
Average purchase price per share in euros	21.44	36.38	24.27
Total value of shares bought back in thousand euros	10,425	4,140	14,565

Treasury shares	Buyback tender	Total	Sale
	Feb. 5, 2007 – March 6, 2007	Balance sheet date March 7, 2007	April 2007
Buyback period			
Number of treasury shares held	53,223	262,752	-262,752
Interest in share capital on balance sheet date in thousand euros	138	683	-683
Interest in share capital on balance sheet date in %	0.72 %	3.56 %	-3.56 %
Average purchase price per share in euros	36.07	33.44	33.46
Total value of shares bought back in thousand euros	1,920	8,787	-8,790

After an initial number of 486,190 treasury shares held at the beginning of the 2006 fiscal year, 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 thousand euros of the share capital or 10 %). The capital of CeWe Color Holding AG, Oldenburg, was reduced by withdrawing these shares.

Based on a new authorization of 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.

At the start of the new fiscal year 2007, in continuation of the current buyback program, the company 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; the company held 209,529 treasury shares on this date. Directly thereafter, from February 5 to March 6, 2007, the company made a public purchase offer for 390,000 shares at a purchase price of 36.07 euros per share. In the context of this buyback offer, the company bought a total of 53,223 shares, which corresponded to 0.72 % of the share capital at that time. As a result, the number of treasury shares held increased to 262,752 shares. These 262,752 treasury shares were sold to CeWe Color Versorgungskasse e.V., Wiesbaden, and a third-party investor in April 2007.

Based on the authorization by the general meeting dated April 27, 2007, CeWe Color Holding AG, Oldenburg, again bought back 300,000 shares via the stock exchange starting from April 30, 2007. Before the start of the share buyback program CeWe Color Holding AG held no treasury shares. Between April 30 and November 6, 2007, the company bought a total of 299,608 shares, which were still held by the company on the closing date of December 31, 2007.

Between November 13 and November 30, 2007, the company bought a total of 2,185 treasury shares in line with Section 71 (1) no. 2 of the AktG for the issue of employee shares scheduled for the end of 2007. These were no longer held by the company at the end of the year.

Capital reduction	Status after capital reduction	Buyback	Total	Buyback
July 26, 2006	from July 26, 2006	Aug. 31, 2006 – Dec. 31, 2006	Balance sheet date Dec. 31, 2006	Jan. 3, 2007 – Feb. 2, 2007
-600,000	0	185,166	185,166	24,363
-1,560	0	481	481	63
-10.00 %	0.00 %	2.51 %	2.51 %	0.33 %
-24.27	0.00	32.60	32.60	34.08
-14,565	0	6,036	6,036	830

Total	Buyback	Total	Adjustment SIC12	Total
Balance sheet date after sale	May 7, 2007– Nov. 6, 2007	Balance sheet date Dec. 31, 2007	Balance sheet date Dec. 31, 2007	Balance sheet date Dec. 31, 2007
0	0	299,608	112,752	412,360
0	0	779	293	1,072
0.00 %	0.00 %	4.06 %	1.53 %	5.59 %
0.00	0.00	34.65	33.46	34.33
0	0	10,382	3,772	14,154

The number of treasury shares held pursuant to the German Stock Corporation Law totaled 299,608 shares as of December 31, 2007. However, pursuant to SIC 12, the shares held by CeWe Color Versorgungskasse e.V., Wiesbaden, (112,752 no-par value bearer shares) are to be included in the Consolidated Financial Statements. The number of 299,608 treasury shares, which are to be recorded as of December 31, 2007 pursuant to the Stock Corporation Law, is to be adjusted according to IAS 32 in conjunction with SIC 12 by the 112,752 shares held by CeWe Color Versorgungskasse e. V., Wiesbaden, as of December 31, 2007 in CeWe Color Holding AG, since these shares are to be included in the Consolidated Financial Statements pursuant to the aforementioned regulations. The 112,752 shares held by CeWe Color Versorgungskasse e.V. are not regarded as treasury shares within the meaning of the German Stock Corporation Law. Accordingly, the item for treasury shares pursuant to IAS 32 shows 412,360 no par-value shares at a total value of 14,154 thousand euros.

40 | 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 thousand euros (previous year: 3,836 thousand 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, 2007, after a withdrawal from the revenue reserves pursuant to Section 58 (2) of the AktG, the CeWe Color Holding AG's net retained profits totaled 8,518 thousand euros (previous year: 6,588 thousand euros). There are disbursement blocks for the treasury shares held by the company (299,608 no-par value shares; previous year 209,529 no-par value shares); the new shares issued as a result of the conversion (1,980,000 no-par value shares; page 108) carry dividend rights in fiscal 2007 for the first time.

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 and the revaluation reserve pursuant to IFRS 3.59. During fiscal 2007, changes in the fair value totaling -72 thousand euros (previous year: 379 thousand euros) were taken directly to equity for hedges for net investments in economically independent foreign subsidiaries. In addition, hedges were realized in net investments for economically independent foreign subsidiaries in the amount of 112 thousand euros (previous year: 97 thousand euros) and insofar as they have proved to be ineffective with regard to IAS 39.

In fiscal 2006, 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 against the revenue reserves and taken directly to equity.

41 | Minority interests

This item is used to disclose the interests held by third-party shareholders in the capital of group companies (a total of 59 thousand euros, previous year: 36 thousand euros). Minority interests are carried for CeWe Color a.s., Prague (Czech Republic) (55 thousand euros, previous year: 32 thousand euros) and for CeWe Color a.s., Bratislava (Republic of Slovakia) (4 thousand euros, previous year: 4 thousand euros).

For information on changes in equity please see the Statement of Changes in Equity (page 72 et seq.).

42 | 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 tasks "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.

43 | Noncurrent provisions for pensions

The provisions for pensions throughout the group developed as follows:

Provisions for pensions Figures in thousand euros	Dec. 31, 2006	Dec. 31, 2007
Carryforward	8,692	9,290
Consumption	-566	-129
Addition	1,164	522
Final total	9,290	9,683

There are different types of company pension commitments for current and former employees of CeWe Color and their survivors in Germany, the Netherlands and France. The pension commitments are either defined-benefit obligations or, to a lesser extent, defined-contribution obligations. In addition, employees may participate in remuneration conversion plans.

For defined-benefit plans, the company commits to pay a defined benefit to the beneficiary via an external pension carrier; contrary to defined-contribution plans, the expenses payable by the company are not determined from the beginning. For this purpose, actuarial calculations are carried out in accordance with the accounting principles of IAS19 in order to determine the expenses of the relevant period pursuant to fixed regulations. On the relevant balance sheet date (December 31 of a year), the interest rate is determined based on current capital market data and long-term trend assumptions in line with the principle of the best-possible estimate.

Differences between the estimated and actual development of obligations as well as the underlying assets (so-called actuarial gains and losses) are recognized using the corridor rule (threshold value of 10.00 %) pursuant to IAS19.92 et seq.

For defined-contribution plans, however, fixed contributions (e.g. related to the decisive income) are committed and paid. The employer has no additional obligation in addition to the payment of contributions. No provisions are to be made in the balance sheet for defined contributions. Only the amount to be paid by the company is recognized in the income statement as an expense.

The following table shows the significant indicators for defined-benefit pension plans:

Movement in the liability for defined benefit obligations Figures in thousand euros	2006	2007
Present value of defined benefit obligations at beginning of year (DBO)	13,540	13,651
Current service cost	500	434
Interest cost	522	549
Employees' contributions	0	0
Actuarial (gains)/losses	(258)	(1,131)
Benefits paid	587	557
Past service cost	0	0
Change in scope of consolidation	(67)	0
Present value of defined benefit obligations at end of year (DBO)	13,651	12,945
– of which directly committed (without plan assets)	10,773	9,872
– of which funded with plan assets	2,878	3,072

Dedicated assets for pension obligations exist in the Netherlands and in France. These assets have developed as follows:

Movements in plan assets Figures in thousand euros	2006	2007
Fair value of plan assets at beginning of year	1,401	1,594
Expected return on plan assets	38	42
Actuarial (gains)/losses	(1)	6
Employers' contributions	183	183
Employees' contributions	28	28
Benefits paid	55	3
Change in scope of consolidation	0	0
Fair value of plan assets at end of year	1,594	1,849

The funded status is as follows:

Funded status	2006	2007
Figures in thousand euros		
Present value of the defined benefit obligations at end of year (DBO)	13,651	12,945
Fair value of plan assets at end of year	1,594	1,849
Unrecognized (gains)/losses	2,767	1,489
Unrecognized amounts from plan amendments	0	0
Effect of the limit in IAS 19.58 (b)	0	0
Balance sheet amount recognized at end of year	9,290	9,606
Experience adjustments to the present value of defined benefit obligations (DBO)	150	52
Experience adjustments to the fair value of plan assets	(1)	6

The total expenses recognized in the Income Statement for defined-benefit plans (expenses less income) comprise the following items:

Net pension cost	2006	2007
Figures in thousand euros		
Current service cost	500	434
Interest cost	522	549
Expected return on plan assets	(38)	(42)
Amortization of actuarial loss (gains)/losses	354	208
Past service cost	0	0
Amortization for effects of plan curtailments and plan settlements	(67)	0
Effect of the upper limit in IAS 19.58 (b)	0	0
Total	1,271	1,149

Actuarial gains totaling 1,125 thousand euros were accrued in fiscal 2007 (fiscal 2006: 259 thousand euros).

The premises for the actuarial valuation of the defined benefit obligations of pension rights earned and of the net pension cost depend on the situation in the country in which the pension plan was established.

The calculations are based on current, actuarial, biometric probabilities. In addition, assumptions regarding both the future employee fluctuation in relation to age and length of service and group-specific pension probabilities are taken into account. The following weighted valuation assumptions are used for computing the defined benefit obligation of pension rights earned:

Weighted assumptions for determining the defined benefit obligations Figures in %	Dec. 31, 2006	Dec. 31, 2007
Discount rate	4.40	5.50
Salary increase rate/growth in future benefits	2.50	2.50
Growth in pensions	1.50	1.75
Fluctuation	1.50	1.50

Weighted assumptions for determining the net pension cost Figures in %	Dec. 31, 2006	Dec. 31, 2007
Discount rate	4.25	4.40
Expected return on plan assets	4.50	4.50
Salary increase rate/growth in future benefits	2.50	2.50
Growth in pensions	1.50	1.50
Fluctuation	1.50	1.50

The biometric probabilities applicable in the individual countries were used. The date on which the benefits can be claimed for the first time was taken as the date of retirement.

The plan assets consist of re-insurance contracts with insurance companies. Accordingly, the investment strategy and the expected income are based on their specifications and statutory provisions.

In fiscal 2007, the company had expenses for defined contribution obligations totaling 124 thousand euros (fiscal 2006: 126 thousand euros).

44 | Noncurrent deferred tax liabilities

Deferred tax liabilities Figures in thousand euros	Balance as of Jan. 1, 2007	Currency difference	Consump- tion	Addition	Reversal	Balance as of Dec. 31, 2007
Noncurrent deferred tax liabilities	1,543	2,352	143	2,644	-936	5,746

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

The changes in deferred taxes relate primarily to differences from changes in the group of consolidation (see page 74 et seq.) and from the different treatment of provisions for restructuring. The maturities of the deferred taxes are almost exclusively between one and five years.

45 | Noncurrent other provisions

Noncurrent other provisions Figures in thousand euros	Balance as of Jan. 1, 2007	Consump- tion	Addition	Reclassifi- cation	Reversal	Balance as of Dec. 31, 2007
Employee commitments	225	0	0	-94	0	131
Provisions for threatened losses	2,001	0	0	-261	0	1,740
Total noncurrent other provisions	2,226	0	0	-355	0	1,871

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

The noncurrent employee commitments relate almost exclusively to benefits for partial retirement. The 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 subleases given the best possible estimate of the respective local commercial property markets. The present value of the obligation is calculated by discounting, for which the interest rate corresponds to the valuation of noncurrent provisions for pensions (5.50 %, previous year: 4.40 %). The reversals relate to reclassifications to the current provisions.

46 | Noncurrent financial liabilities

Noncurrent financial liabilities Figures in thousand euros	Balance as of Dec. 31, 2006	Balance as of Dec. 31, 2007	of which residual period 1 to 5 years	more than 5 years
Total noncurrent financial liabilities	5,572	10,426	10,426	0

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 (page 116).

47 | 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, 2007	Change in consolidated group	Currency difference	Consumption	Addition	Reclassification	Reversal	Balance on Dec. 31, 2007
Income taxes	7,490	300	-6	-6,353	1,717	55	-524	2,679
Other taxes	394	160	0	-127	0	-55	-201	171
Total current provisions for taxes	7,884	460	-6	-6,480	1,717	0	-725	2,850

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

The decrease on a year-on-year basis stems primarily from repayments of excessive advance payments in Central Europe.

48 | Current other provisions

Current other provisions Figures in thousand euros	Balance as of Jan. 1, 2007	Change in consolidated group	Currency difference	Consumption	Addition	Reclassification	Reversal	Balance on Dec. 31, 2007
Employee commitments	5,137	7	7	-5,075	2,904	51	-62	2,969
Legal and consultation costs	102	0	0	-58	49	0	-11	82
Expenses for members of the board of trustees	64	0	0	-64	64	0	0	64
Security and fear dealing	94	0	0	0	4	0	0	98
Provisions for threatened losses	353	0	0	-554	170	261	0	230
Supervisory Board remuneration	64	0	0	-64	64	0	0	64
Audit of financial statements incl. internal costs of financial statements	335	34	-2	-278	229	0	-15	303
Sundry other commitments	4,977	349	11	-2,585	5,948	43	-1,199	7,544
Total current other provisions	11,126	390	16	-8,678	9,432	355	-1,287	11,354

Figures in thousand euros	Balance as of Jan. 1, 2006	Currency difference	Consumption	Addition	Reclassification	Reversal	Balance on Dec. 31, 2006
Employee commitments	6,487	-25	-5,524	4,415	0	-216	5,137
Legal and consultation costs	78	0	-55	74	5	0	102
Expenses for members of the board of trustees	24	0	-24	64	0	0	64
Security and fear dealing	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 incl. 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
Total current other provisions	13,965	22	-9,332	9,065	0	-2,594	11,126

Provisions for personnel liabilities include, in particular, provisions for social plans in the context of restructuring measures 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 effected via closures and partial closures of production facilities or non-profitable retail branch offices. In total, obligations of 4.4 million euros (previous year: 5.1 million euros) are carried as provisions for restructuring. For further information on restructuring costs see page 88. The reversals relate to reclassifications from the noncurrent provisions.

49 | Current financial liabilities

Current financial liabilities are shown in the following table:

Current financial liabilities Figures in thousand euros	Balance as of Dec. 31, 2006	Balance as of Dec. 31, 2007
Loans from banks	4,964	9,512
Current accounts with banks	12,286	728
Total current financial liabilities	17,250	10,240

As of December 31, 2007, the CeWe Color Group had the following credit lines:

Credit lines Figures in million euros	of which residual period			Total credit lines on Dec. 31, 2007	of which residual period	
	Total credit lines on Dec. 31, 2006	up to one year	more than one year		up to one year	more than one year
Germany	77.77	56.77	21.00	76.39	55.39	21.00
Rest of Europe	0.13	0.13	0.00	0.13	0.13	0.00
Total	77.90	56.90	21.00	76.52	55.52	21.00

Of these credit lines, 60,230 thousand euros (previous year: 70,620 thousand euros) have not been drawn down as at the balance sheet date.

50 | Current trade payables

Trade payables totaled 66,724 thousand euros (previous year: 46,896 thousand euros). Their increase by 19.8 million euros is due to additions from first-time consolidation, increased purchasing in the framework of increased business at the year end and accrual effects with suppliers.

51 | Current other liabilities

Current other liabilities Figures in thousand euro	Balance as of Dec. 31, 2006	Balance as of Dec. 31, 2007
Advance payments received on account of order	1	0
Liabilities to shareholders	3,363	801
Other liabilities	22,998	23,054
Total liabilities	26,362	23,855

Part of the liabilities totaling 9,206 thousand euros (previous year: 7,792 thousand euros) was calculated using best-possible estimates. They mostly relate to future charges and the resulting payments for deliveries and services already received. The remaining current other liabilities remained almost unchanged. They include primarily liabilities to outstanding wages and salaries, tax liabilities and liabilities to customers.

52 | Financial instruments

There were the following derivative transactions:

Derivatives Figures in thousand euros	Nominal volume		Remaining maturity > 1 year		Fair value	
	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007
Currency derivatives						
Interest rate/ currency swaps	6,200	6,200	6,200	1,500	-569	-760
Interest rate derivatives						
Option transactions	5,948	5,000	5,000	5,000	64	70

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 medium term. 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 the market prices is calculated with a confidence interval of 99 % and a holding period of one day.

As required by IFRS 7, the following information is provided:

Book values of financial instruments by IAS 39 valuation categories Figures in thousand euros	Balance as of Dec. 31, 2006	Balance as of Dec. 31, 2007
Financial assets at fair value, recognized in income	64	70
Credits and receivables	69,915	65,727
Financial liabilities at fair value, recognized in income	1,231	1,288
Financial liabilities valued at amortized cost	95,747	109,676
Total	166,957	176,761

Financial assets valued at the fair value and recognized in income relate to derivative financial instruments. There are no financial assets classified as available for sale. Financial liabilities valued at the fair value and recognized in income also relate to derivative financial instruments and possible compensation obligations to the minority shareholder of CeWe Color AG & Co. OHG, Oldenburg. For detailed information, see the relevant comments on page 84.

Net results from financial instruments by valuation categories Figures in thousand euros	Balance as of Dec. 31, 2006	Balance as of Dec. 31, 2007
Financial assets at fair value, recognized in income	206	196
Credits and receivables	-686	-4,549
Financial liabilities at fair value, recognized in income	-136	-176
Financial liabilities valued at amortized cost	-1,873	-1,690
Total	-2,489	-6,219

The net results from these financial instruments include, in particular, interest, value adjustments, income from receivables written down and results from the valuation at fair value. They do not include dividend income.

Interest income that is not related to the financial instruments valued at fair value and recognized in income totals 128 thousand euros (previous year: 97 thousand euros), corresponding interest expenses total 1,690 thousand euros (previous year: 1,873 thousand euros). This results in a balance of -1,562 thousand euros (previous year: -1,776 thousand euros). Write-downs of financial instruments that were valued at amortized cost amounted to 396 thousand euros in fiscal 2007 (previous year: 122 thousand euros); they were posted to receivables due to depreciation. No write-downs were made for financial instruments recognized at fair value.

The reconciliation of balance sheet items to the classes of financial instruments as of December 31, 2007 is as follows:

Figures in thousand euros	Valued at fair value	Valued at amortized cost	Others	Balance sheet items as of Dec. 31, 2007
Noncurrent assets				
Financial assets	0	29	229	258
Noncurrent receivables	0	589	0	589
Current assets				
Trade receivables	0	55,753	0	55,753
Current other receivables and assets	70	9,385	0	9,455
Cash and cash equivalents	7,093	0	0	7,093
Noncurrent liabilities				
Noncurrent liabilities	0	10,426	0	10,426
Noncurrent other liabilities	0	85	530	615
Current liabilities				
Current financial liabilities	0	10,240	0	10,240
Current other trade liabilities	0	66,720	0	66,720
Current other liabilities	1,288	22,202	365	23,855

Figures in thousand euros	Valued at fair value	Valued at amortized cost	Others	Balance sheet items as of Dec. 31, 2006
Noncurrent assets				
Financial assets	0	2,129	0	2,129
Noncurrent receivables	0	496	0	496
Current assets				
Trade receivables	0	56,429	0	56,429
Current other receivables and assets	64	12,990	0	13,054
Cash and cash equivalents	14,475	0	0	14,475
Noncurrent liabilities				
Noncurrent liabilities	0	5,572	0	5,572
Noncurrent other liabilities	0	302	596	898
Current liabilities				
Current financial liabilities	0	17,250	0	17,250
Current other trade liabilities	0	46,896	0	46,896
Current other liabilities	1,231	24,677	454	26,362

E. Other Notes

53 | Shareholdings

Shareholdings	2006 fixed capital		2007 fixed capital	
	in %	in thousand euros	in %	in thousand euros
1. CeWe Color AG & Co. OHG, Oldenburg ^{(1) (2)}	99.75	149,934	99.75	152,082
2. Fotocolor GmbH, Eschbach (Freiburg) ⁽²⁾	99.75	1,599	99.75	1,654
3. CeWe Color Beteiligungsgesellschaft mbH, Oldenburg ⁽²⁾	99.75	33,796	99.75	7,503
4. Foto + Bild Vertriebs-GmbH, Leipzig ⁽²⁾	99.75	85	99.75	179
5. CeWe Color SAS., Paris (France)	99.75	5,747	99.75	488
6. CeWe Color Belgium N.V., Kontich (Belgium)	99.75	860	99.75	1,312
7. Rainbow Color BvBA, Kontich (Belgium)	99.75	24 ^{*2}	99.75	0
8. CeWe Color Nederland B.V., Nunspeet (The Netherlands)	99.75	2,495	99.75	1,989
9. CeWe Color Magyarország kft, Budapest (Hungary)	99.75	2,207	99.75	2,205
10. CeWe Color a.s., Prague (Czech Republic)	99.31	11,091	99.31	12,185
11. CeWe Color a.s., Bratislava (Slovak Republic)	99.74	954	99.74	1,157
12. CeWe Color Fotoservice AG, Dübendorf (Switzerland)	99.25	3,463	99.25	4,548
13. CeWe Color Danmark ApS, Skødstrup (Denmark)	99.75	-63 ^{*1}	99.75	-134 ^{*1}
14. Fotojoker Sp. z o.o., Kozle (Poland)	99.75	9,633	99.75	10,754
15. CeWe Color Sp. z o.o., Kozle (Poland)	99.75	5,401	99.75	6,632
16. Japan Photo Holding Norge AS, Oppegård (Norway)	99.75	4,145	99.75	5,942
17. Japan Photo Danmark A/S, Kopenhagen (Denmark)	99.75	-14 ^{*1}	99.75	-15 ^{*1}
18. Japan Photo Sverige AB, Malmö (Sweden)	99.75	136	99.75	27
19. CeWe Color Zagreb d.o.o., Zagreb (Croatia)	99.75	*-100 ^{*1}	99.75	205
20. CeWe Color Limited, Warwick (United Kingdom)	99.75	*-416 ^{*1}	99.75	759
21. Zweite CeWe Color Beteiligungsgesellschaft AG, Dübendorf (Switzerland)	99.75	928	99.75	895
22. Dignet GmbH & Co. KG, Cologne ⁽²⁾	—	—	99.75	6,676
23. Bilder Planet Mückenhausen GmbH, Cologne	—	—	99.75	25
24. Dignet Management GmbH, Munich	—	—	99.75	23
25. FotoStar s.r.o., Teplice (Czech Republic)	—	—	99.31	2,836
26. Bohemia Foto spol. s.r.o., Teplice (Czech Republic)	—	—	99.31	6
27. FotoStar Slovakia spol. s.r.o. Trnava, (Slovak Republic)	—	—	99.31	223
28. FOTO CLASSIC Sp. z o.o., Tarnobrzeg (Poland)	—	—	99.75	781
29. Colorplaza SA, Vevey (Switzerland)	—	—	23.38	319

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.

(2) German subsidiaries in the legal form of a capital corporation or commercial partnership make use of the exemption clause included in Section 264 (3) of the HGB and Section 264b of the HGB. The individual companies are identified in the shareholdings list.

*¹ Reported net loss not covered by equity.

*² The company's 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.

54 | Notes to the Cash Flow Statement

The Cash Flow Statement shows how the cash and cash equivalents in the group changed during fiscal years 2007 and 2006. 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, which have changed significantly on a year-on-year basis, relate primarily to the corporation tax credit of 4.2 million euros recorded in fiscal 2006. The change in the provision is based mainly on the take-up as part of restructuring projects.

The significant increase in trade payables, other liabilities and other equity and liabilities resulted in a clearly positive financing effect of 7.6 million euros, corresponding to an improvement of about 16.0 million euros compared to the previous year. In order to adjust the cash flow from operating activities by one-off effects on capital, the changes in other liabilities from the conversion of the atypical silent partner shareholding totaling 27,225 thousand euros were removed in the previous year's figures and offset against the item changes in equity by exercise of subscription rights, which is stated in the cash flow statement of the previous year under financing activities. The conversion of liabilities to shareholders due to the exercise of options in equity therefore had no impact on the financial assets.

In the year under review, the company acquired 100 % of or all remaining shares in the following companies: FotoStar s.r.o., Teplice (Czech Republic), including its interests or subsidiaries, Bohemia Foto spol. s.r.o., Teplice (Czech Republic), and FotoStar Slovakia spol. s.r.o., Trnava (Republic of Slovakia), FOTO CLASSIC Sp. z o.o., Tarnobrzeg (Poland), Blitz 07-637 GmbH, Munich, Dignet GmbH & Co. KG, Cologne, Colorplaza SA, Vevey (Switzerland); there was no net cash used for corporate acquisitions in the previous year.

Figures in thousand euros	2007
Purchase price	11,462
Less cash and cash equivalents acquired	-2,069
Net cash used in the corporate acquisition (IAS 7.42)	9,393

Regarding the assets and liabilities resulting from acquisitions (IAS 7.40d), we refer to the comments made on the group of consolidation (page 74 et seq.).

55 | Information on segment reporting

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 lit. c.) for material extraordinary factors in 2007 and 2006 (see lit. d. and e.).

Segment reporting 2007						
Figures in thousand euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	Elimination	CeWe Color Group
a. Revenues with external third parties	233,544	35,323	52,398	92,186	0	413,451
Revenues with other segments	30,649	11	1,256	4,382	(36,298)	0
Other segment income	16,925	671	4,518	5,267	(6,582)	20,799
Total revenues	281,118	36,005	58,172	101,835	(42,880)	434,250
b. Segment result (IAS 14.16) ¹⁾	20,754	(956)	(8,817)	2,247	(755)	12,473
c. Profit before segment tax ²⁾	17,809	(730)	(7,711)	3,451	0	12,819
d. Adjustment for extraordinary factors ⁷⁾	9,097	0	5,061	787	0	14,945
e. EBT adjusted	26,906	(730)	(2,650)	4,238	0	27,764
f. Total segment assets ³⁾	179,201	13,142	26,678	62,424	(31,465)	249,980
g. Segment liabilities ⁴⁾	90,842	10,307	36,805	15,116	(29,768)	123,302
h. Investments in noncurrent segment assets ⁵⁾	30,288	235	1,774	3,223	0	35,520
i. Amortization/depreciation per segment	28,901	531	5,936	3,385	(295)	38,458
j. Major non-cash income ⁶⁾	1,081	34	1,021	265	0	2,401
k. Major non-cash expenses ⁶⁾	3,263	18	890	888	0	5,059

Segment reporting 2006						
Figures in thousand euros	Central Europe	Benelux	Western Europa	Central Eastern Europe	Elimination	CeWe Color Group
a. Revenues with external third parties	236,753	42,373	49,077	67,832	0	396,035
Revenues with other segments	33,301	48	1,631	6,412	(41,392)	0
Other segment income	12,883	874	4,201	4,118	(7,243)	14,833
Total revenues	282,937	43,295	54,909	78,362	(48,635)	410,868
b. Segment result (IAS 14.16) ¹⁾	31,260	2,742	(11,414)	1,545	(353)	23,780
c. Profit before segment tax ²⁾	12,864	2,871	4,077	1,298	0	21,110
d. Adjustment for extraordinary factors ⁷⁾	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 ³⁾	182,064	13,740	34,791	46,266	(26,529)	250,332
g. Segment liabilities ⁴⁾	81,959	10,494	30,456	18,862	(26,131)	115,640
h. Investments in noncurrent segment assets ⁵⁾	25,541	126	4,420	2,373	0	32,460
i. Depreciation per segment	27,638	252	5,255	3,566	129	36,840
j. Major non-cash income ⁶⁾	1,840	0	1,264	269	0	3,373
k. Major non-cash expenses ⁶⁾	808	90	310	121	0	1,329

(1) Earnings before financial result (net interest) and as other segment waiver before income taxes less other taxes excluding waiver of receivables

(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. The disclosure is voluntary and not in line with IAS 14.16.

(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) The extraordinary factors relate to restructuring projects and other extraordinary expenses; see overview in the management report on page 36.

(8) In order to reinforce equity at the French company, CeWe Color AG & Co. OHG (Oldenburg) waived receivables totaling 14.5 million euros in the third quarter of 2007.

Secondary segment information 2007 Figures in thousand euros	Photofinishing	Retail	CeWe Color Group
a) Revenues with external third parties	323,783	89,668	413,451
b) Total segment assets ¹⁾	199,417	50,563	249,980
c) Investments in noncurrent segment assets ²⁾	34,492	1,028	35,520

Secondary segment information 2006 Figures in thousand euros	Photofinishing	Retail	CeWe Color Group
a) Revenues with external third parties	321,171	74,864	396,035
b) Total segment assets ¹⁾	212,870	37,462	250,332
c) Investments in noncurrent segment assets ²⁾	31,183	1,277	32,460

(1) Noncurrent and current assets; the year-on-year increases in segment assets of the retail segment result primarily from additions to the group of consolidated companies.

(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 following is to be noted on the voluntary information about the segment earnings before taxes: The extraordinary factors in fiscal 2007 relate to restructuring expenses for the segments Central Europe (6.3 million euros), Western Europe (5.1 million euros) and Central Eastern Europe (0.8 million euros) as well as costs for the 2007 general meeting totaling 2.8 million euros. The extraordinary factors in fiscal 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).

56 | Other explanatory notes

There were contingent liabilities from issuing guarantees and warranties for third parties totaling 11,884 thousand euros (previous year: 8,955 thousand euros). These figures are nominal in each case.

Between the group and affiliated companies of the community of heirs of Senator h. c. Heinz Neumüller, there are some leases for commercial real estate. Since Mr Otto Korte, as one of the executors of the community of heirs, is a member of the Supervisory Board of CeWe Color Holding AG, Oldenburg, the community of heirs is a related party within the meaning of IAS 24.9, lit. d. The volume of services used amounted to 2,056 thousand euros (previous year: 1,802 thousand euros). All lease relationships are settled at usual market conditions.

MarCap Overseas Master Fund, LP and ENZO Holding GmbH filed an appeal on May 29, 2007 against the resolution of the general meeting of CeWe Color Holding AG of April 26, 2006, by way of actions for nullity and avoidance against the resolutions regarding agenda items two to eight inclusive. An oral hearing before the Hanover District Court took place by March 17, 2008. The court has not yet passed a decision. In the company's opinion, the actions are unjustified.

In January 2008, the Managing Board passed a resolution to close down the operations in Bad Schwartau and in Eisenach. The resulting obligations and impairments in value have not been stated in the present Consolidated Financial Statements due to missing recognition criteria of IAS 37 (restructuring measures). Similarly, there was no need for write-downs for both operations as cash-generating units by applying IAS 36 (impairment test). In total, expenses for social plans in the amount of 7.1 million euros, for depreciation of 3.9 million euros and other expenses of 0.8 million euros are to be expected.

57 | Executive bodies

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

Hubert Rothärmel, resident in Oldenburg (Chairman)

Pensioner; former Chairman of the Managing Board of CeWe Color Holding AG, Oldenburg; former Chairman of the Managing Board of the Neumüller CeWe Color Foundation, Oldenburg

- Chairman of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Member of the board of trustees of the Neumüller CeWe Color Foundation, Oldenburg **)
- Chairman of the Supervisory Board of CeWe Color a.s., Prague, Czech Republic *) **)
- Chairman of the Supervisory Board of CeWe Color a.s., Bratislava, Republic of Slovakia *) **)
- Chairman of the Supervisory Board of CeWe Color S.A.S., Paris, France *) **)
- Member of the Advisory Council of Gräper Holding GmbH, Ahlhorn **)

Hartmut Fromm, resident in Berlin (Deputy Chairman)

Attorney 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 IMW 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, Unterensingen
- President of the Board of Directors of Vermar Verwaltungs- und Marktstudien AG, Zurich, Switzerland **)
- Member of the Advisory Council of DUX Trust Partners AG, Triesen, Principality of Liechtenstein **)
- Member of the Advisory Council of Homburg N.V., Soest, The Netherlands **)
- Member of the Advisory Council of Homburg Invest Inc., Halifax, Canada **)

Dr. h. c. Manfred Bodin, resident in Burgwedel

Pensioner; former Chairman of the Managing Board of Norddeutsche Landesbank, Girozentrale Hannover, Hanover

- 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, resident in Berlin (until December 31, 2007)

Vice President at A.T. Kearney GmbH, Berlin

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

Prof. Dr. Dr. h. c. Hans-Jürgen Appelrath, resident in Oldenburg

University professor; Member of the Managing Board of Oldenburger Forschungs- und Entwicklungsinstitut für Informatik-Werkzeuge und -Systeme (OFFIS e.V.), 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
- Chairman of the Supervisory Board of ELAN AG, Oldenburg

Sebastian Freitag, resident in Frankfurt am 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
- Member of the Supervisory Board of MediGen AG, Martinsried

No other mandates were reported by the copy deadline.

Otto Korte, resident in Oldenburg (from February 9, 2007)

Attorney and partner of the law firm Korte Dierkes Künnemann & Partner, Oldenburg

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

Prof. Dr. Michael Paetsch, resident in Willich (from January 1, 2008)

Professor at Pforzheim University

- Member of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Member of the Advisory Board of Turck India Automation Pvt. Ltd., Pune, India **)
- Member of the Advisory Board of Fritz Kübler GmbH, Villingen-Schwenningen **)

Managing Board

Dr. Rolf Hollander, resident in Oldenburg

- Chairman of the Managing Board of the Neumüller CeWe Color Foundation, Oldenburg
- Member of the Supervisory Board of CeWe Color S.A.S., Paris, France *) **)

Andreas F. L. Heydemann, resident in 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 Beteiligungsgesellschaft AG, Dübendorf, Zurich, Switzerland *) **)
- Member of the Supervisory Board of Japan Photo Holding Norge AS, Oppegård, Norway *) **)
- Member of the Supervisory Board of Japan Photo Sverige AB, Malmö, Sweden *) **)
- Member of the Supervisory Board of Japan Photo Danmark A/S, Skødstrup, Denmark *) **)

Michael Wefers, resident in Oldenburg

no mandates

Dr. Reiner Fageth, resident in 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 2007 for fulfilling their tasks in the parent company and the subsidiaries totaled 1,241 thousand euros (previous year: 1,271 thousand euros) for active members and 327 thousand euros (previous year: 254 thousand euros) for former members. The Managing Board's shareholdings on December 31, 2007 totaled 23,100 no-par value shares (previous year: 11,000 no-par value shares). The members of the Managing Board also held a total of 42,000 options (previous year: 36,000 options). The fair value per option pursuant to IFRS 2.10 et seq. for members of the Managing Board was 15.04 euros as at the granting date. The proportionate distribution of the fair value of the existing options over the respective lock-up periods results in additional personnel expenses of 68 thousand euros (fiscal year 2006: 90.2 thousand euros) per Managing Board member, corresponding to a total of 204 thousand euros (previous year: 271 thousand euros). For details of the personnel expenses please refer to page 86 et seq.

During fiscal year 2007, variable remuneration totaled 360 thousand euros (previous year: 369 thousand euros), and was thus linked to the consolidated operating results in the amount of 30.2 % (previous year: 29.1 %). It fell by 2.4 % on a year-on-year basis. They still include bonus payments of 51 thousand euros to a Managing Board member who has retired, for fiscal year 2006 as his last year of activity. If cleared by this factor, variable remuneration totals 309 thousand euros, which is 16.3 % below the figure of the previous year. Variable, success-based special benefits for fiscal 2007 to be paid in 2008 will in the forecast again be below the figure of the previous year with 262 thousand euros and -27.2 % (adjusted: -15.2 %).

The total remuneration of the Supervisory Board totaled 113.2 thousand euros (previous year: 104.6 thousand euros) in fiscal 2007. This comprised fixed remuneration of 27.0 thousand euros (previous year: 27.0 thousand euros), meeting expenses of 22.0 thousand euros (previous year: 13.5 thousand euros) and additional remuneration depending on the resolved dividend of 64.2 thousand euros (previous year: 64.1 thousand euros). As of December 31, 2007, the members of the Supervisory Board held a total of 50,000 no-par value shares (previous year: 25,000 no-par value shares) and no options (previous year: 0 options).

With regard to the remuneration of the Managing Board within the meaning of Section 314 (6a) sentences 5 to 9 of the HGB and of the Supervisory Board, we refer to the remuneration report in the Management Report on page 56 et seq. (Section 315 (2) no. 4 sentence 2 of the HGB).

Consulting and brokerage services and other personal services by members of the Supervisory Board were provided in the amount of 35.7 thousand euros (previous year: 18.8 thousand euros).

There are no receivables from loans from members of the Managing Board or the Supervisory Board, nor were any liabilities entered into for this group of persons.

58 | Proposal for the appropriation of net profits

The net profits of CeWe Color Holding AG, Oldenburg, totaled 8,917,522.33 after the withdrawal of 3,800,000.00 euros from free revenues reserves.

The Managing and Supervisory Boards suggest to the general meeting that the net profits of fiscal 2007 totaling 8,917,522.33 euros be used as follows:

- Distribution of a dividend of 1.20 euros per no-par value share carrying a dividend right, totaling 8,496,494.40 euros.
- Carryforward to a new account of 421,027.93 euros.

The above proposal for the appropriation of net profits takes into account the fact that the company holds 299,608 treasury shares 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 a new account in each case.

**59 | Declaration
concerning the
German Corpo-
rate Governance
Code**

The declaration of compliance 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, March 17, 2008

CeWe Color Holding AG,
– The Managing Board –

**Declaration pursuant to Sections 297 (2) sentence 6, 315 (1) sentence 6 HGB
(Oath on the Financial Statements)**

To the best of our knowledge, and in accordance with the applicable reporting principles for consolidated financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the consolidated notes contain the necessary disclosures and particular circumstances, which provide a correct description of the group's position. To the best of our knowledge, the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group in the new fiscal year.

Oldenburg, March 17, 2008

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, Oldenburg, 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, 2007. 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 315 a (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 consolidated financial statements and on the group management report.

We conducted our audit in accordance with Section 317 of the HGB and with the principles of proper auditing adopted by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit in such a way that misstatements and infringements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The audit includes examining, largely on a test basis, the effectiveness of the accounting-related internal control system and evidence supporting the amounts and disclosures in the consolidated financial statements and the group management report. The audit also involves assessing the annual financial statements of the companies included in the consolidation, the definition of the scope of consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a sufficiently sound basis on which to make an assessment.

Our audit has not led to any 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 net assets, financial position and results of operations. 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, March 17, 2008

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)
- Maximilian Ardel, Munich
- Helmut Hartig, Oldenburg
- Dr. Peter Nagel, Bad Kreuznach
- Hubert Rothärmel, Oldenburg

Managing Board

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

Managing Directors

- Dr. Reiner Fageth, Oldenburg
- Dr. Michael Fries, Oldenburg
- Andreas F.L. Heydemann, Bad Zwischenahn
- Dr. Olaf Holzkämper, Oldenburg
- Michael Wefers, Oldenburg

CeWe Color Holding AG

Supervisory Board

- Hubert Rothärmel, Oldenburg (Chairman)
Pensioner; former Chairman of the Managing Board of CeWe Color Holding AG, Oldenburg; former Chairman of the Managing Board of the Neumüller CeWe Color Foundation, Oldenburg
- Hartmut Fromm, Berlin (Deputy Chairman)
Attorney and partner at the law firm Buse Heberer Fromm, Berlin
- Prof. Dr. Dr. h. c. Hans-Jürgen Appelrath, Oldenburg
University professor for information technology at the Carl von Ossietzky University, Oldenburg, Member of the Managing Board of Oldenburger Forschungs- und Entwicklungsinstitut für Informatik-Werkzeuge und -Systeme (OFFIS e.V.), Oldenburg
- Dr. h. c. Manfred Bodin, Burgwedel
Pensioner; former Chairman of the Managing Board of Norddeutsche Landesbank Girozentrale, Hanover
- Sebastian Freitag, Frankfurt am Main (until February 8, 2007)
Managing Director of Freitag & Co., Frankfurt
- Otto Korte, Oldenburg (from February 9, 2007)
Attorney and partner of the law firm Korte Dierkes Künnemann & Partner, Oldenburg
- Dr. Fritz Kröger, Berlin (until December 31, 2007)
Vice President of A.T. Kearney GmbH, Berlin
- Prof. Dr. Michael Paetsch, Willich (from January 1, 2008)
Professor at Pforzheim University

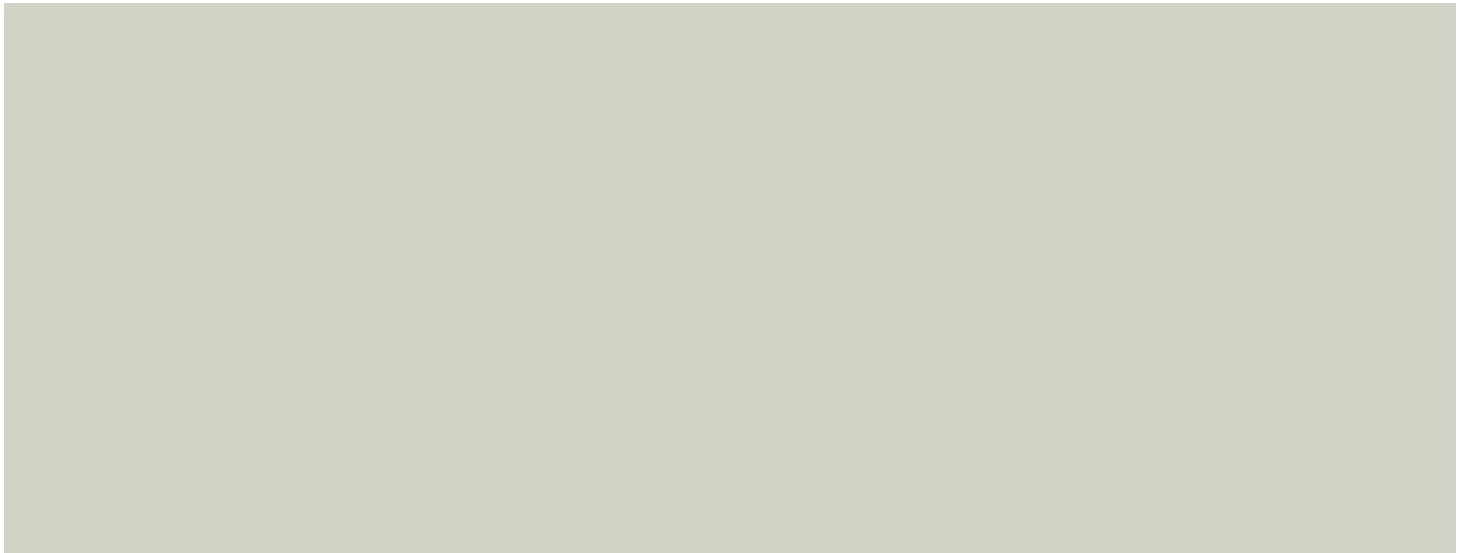
Managing Board

- Dr. Rolf Hollander, Oldenburg (Chairman)
- Dr. Reiner Fageth, Oldenburg
- Andreas F.L. Heydemann, Bad Zwischenahn
- Michael Wefers, Oldenburg

17

... CeWe Color 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, 2007 (HGB)

Figures in euros	2006	2007
1. Income from investments	5,849,860.65	7,825,687.05
2. Other operating expenses	4,170.96	2,474,541.22
3. Personnel expenses		
a) Wages and salaries	-205,817.84	-205,283.25
b) Social security, pension and other benefit costs	-220,059.25	-106,160.81
	-425,877.09	-311,444.06
4. Depreciation of treasury shares	0.00	-2,472,573.24
5. Other operating expenses	-910,439.23	-3,242,586.85
6. Other interest and similar income	3,558,954.51	5,564,283.86
7. Interest and similar expenses	-55,810.63	-32,467.28
8. Result from ordinary activities	8,020,859.17	9,805,440.70
9. Income taxes	2,600,951.92	-2,921,937.02
10. Other taxes	0.00	1.32
	2,600,951.92	-2,921,935.70
11. Net income for the year	10,621,811.09	6,883,505.00
12. Profit carried forward from previous year	9,641,939.24	107,548.39
13. Withdrawal from revenue reserve		
a) from the reserve for own shares	14,616,427.58	11,263,038.48
b) from other revenue reserves	0.0	3,800,000.00
14. Withdrawal of own shares	-14,616,427.58	0.00
15. Income from capital reduction	1,560,000.00	0.00
16. Addition to capital reserves according to Section 240 of the AktG	-1,560,000.00	0.00
17. Addition to revenue reserves		
a) to the reserve for own shares	-10,176,177.94	-13,136,569.54
b) to other revenue reserves according to the resolution by the general Meeting on June 1, 2007 (previous year: June 30, 2006)	-3,000,000.00	0.00
c) to other revenue reserves	-500,000.00	0.00
18. Net retained profits	6,587,572.39	8,917,522.33

Balance Sheet of CeWe Color Holding AG

As of December 31, 2007 (HGB)

Assets Figures in euros	2006	2007
A. Fixed assets		
Financial assets	20,748,232.99	20,748,232.99
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	122,923,588.93	118,253,561.75
2. Other assets	8,023,856.44	5,871,218.32
	130,947,445.37	124,124,780.07
II. Securities		
Own shares	6,036,120.14	7,909,651.20
III. Checks, cash in hand and balances with banks	360,207.70	437.98
C. Prepaid expenses	20,950.00	100,687.61
	158,112,956.20	152,883,789.85
Liabilities and shareholders' equity Figures in euros	2006	2007
A. Equity		
I. Subscribed capital	19,188,052.00	19,188,052.00
II. Capital reserve	58,571,315.50	56,196,655.41
III. Revenue reserves		
1. Statutory reserve	1,533,880.76	1,533,880.76
2. Reserve for own shares	6,036,120.14	7,909,651.20
3. Other revenue reserves	61,846,272.55	58,046,272.55
	69,416,273.45	67,489,804.51
IV. Net retained profits	6,587,572.39	8,917,522.33
Total equity	153,763,213.34	151,792,034.25
B. Provisions		
1. Provisions for pensions and similar commitments	705,641.00	321,223.00
2. Provisions for taxes	2,852,009.99	0.00
3. Other provisions	404,378.00	427,125.00
	3,962,028.99	748,348.00
C. Liabilities		
1. Trade payables	41.38	267,704.67
2. Other liabilities	387,672.49	75,702.93
	387,713.87	343,407.60
	158,112,956.20	152,883,789.85

10-Year Overview

CeWe Color Group	HGB 1998	HGB 1999	HGB 2000	HGB 2001
Sales and employees				
Number of colour prints (in million units)	2,787	3,047	3,132	3,326
– of which digital prints (in million units)	0.3	1.5	3.0	8.5
– of which prints from film (in million units)	2,786.7	3,045.5	3,129.0	3,318.0
Number of developed films (in million units)	80.2	87.0	88.2	93.0
Image CDs (in million units)	0,0	0,0	364	1,531
Employees (extrapolated on a full-time basis)	3,431	3,506	3,681	4,002
Personnel expenses (in million euros)	– 104.2	– 107.0	– 109.1	– 118.3
From the Consolidated Balance Sheet (in million euros)				
Assets				
Noncurrent assets	98.5	109.9	119.3	125.9
Current assets	83.4	109.6	103.8	110.0
– Cash and cash equivalents	13.5	21.9	10.7	13.5
Liabilities and Shareholders' Equity				
Equity	84.0	90.9	93.3	94.1
Borrowing	102.1	131.6	131.8	143.7
– Liabilities to banks	10.0	15.2	14.0	18.6
Total assets	186.1	222.5	225.1	237.8
Capital employed (CE)	—	—	—	—
From the Consolidated Profit and Loss Account (in million euros)				
Revenues	358.9	394.2	403.2	436.9
Amortization/depreciation	32.1	33.2	35.7	37.6
EBITDA ¹⁾³⁾	62.9	71.6	68.7	62.6
Result from operating activities (EBIT) ²⁾³⁾	30.8	38.4	33.0	24.9
Profit before tax (EBT)	30.1	37.2	30.0	20.2
Income taxes	– 12.7	– 15.9	– 14.3	– 8.0
Earnings after tax (EAT)	16.2	19.4	13.7	9.9
Net profit for the period	10.9	12.7	8.5	6.6
From the Cash Flow Statement (in million euros)				
Cash flow (profit after tax (EAT) + amortization/depreciation)	50.8	54.1	54.5	51.8
Free cash flow (cash flow – capital expenditure)	9.0	11.4	7.5	14.2
Cash flow per share (in euros) ⁷⁾	6.35	6.78	6.82	6.47
Capital expenditure ⁴⁾	42.5	42.8	47.0	38.7
Key indicators – financial position and results of operations (in %)				
Proportion of noncurrent assets to total assets	52.9	49.4	53.0	53.0
Proportion of amortization/depreciation to total revenues	– 8.9	– 8.4	– 8.9	– 8.6
Equity ratio ⁵⁾	45.1	40.9	41.4	39.6
Liquidity ratio	7.3	9.8	4.8	5.7
Profitability indicators (in %)				
Return on equity after taxes ⁵⁾	19.3	21.3	14.6	10.5
ROCE ⁶⁾	—	—	—	—
Total return on capital after taxes	8.7	8.7	6.1	4.2
Return on revenues after taxes	4.5	4.9	3.4	2.3
CeWe Color Holding AG				
Net profit for the period (in million euros)	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
Earnings per share (in euros) ⁸⁾ undiluted	1.83	2.33	1.88	1.25
diluted	—	—	—	—
Number of treasury shares (in units)	—	200,000	400,000	400,000
Shares in circulation (in units)	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)	90.50	118.90	103.60	64.40
Year-end price (in euros)	15.08	20.50	18.50	11.50
Annual high (in euros)	25.05	24.12	25.20	20.50
Annual low (in euros)	13.24	13.75	17.50	10.65
Dividend per share (in euros)	0.93	1.15	1.00	0.80
Dividend return on year-end price (in %)	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	IAS/IFRS Dec. 31, 2007
3,395	3,395	3,402	3,534	3,534	3,433	2,879	2,792
38.8	38.8	170.3	508.6	508.6	829.8	1,114.4	1,514.5
3,356.0	3,356.0	3,231.7	3,025.4	3,025.4	2,603.0	1,765.0	1,277.3
94.3	94.3	89.4	81.5	81.5	70.7	48.8	36.1
2,593	2,593	4,055	4,842	4,842	4,825	4,113	2,848
3,977	3,977	3,906	3,829	3,829	3,730	3,131	3,124
-121.8	-122.0	-119.5	-124.3	-124.3	-131.1	-111.5	-108.4
119.6	151.2	142.3	134.7	134.7	129.2	124.6	137.9
115.4	106.3	103.8	118.8	124.4	128.7	132.8	126.9
14.7	14.8	11.4	17.2	17.2	27.4	14.5	7.1
99.7	100.8	95.0	93.0	106.4	113.0	127.4	120.6
137.3	113.0	108.7	120.7	154.3	148.3	130.1	144.2
14.5	14.4	20.8	20.6	20.6	17.3	22.8	20.7
237.1	260.2	250.3	260.7	260.7	261.3	257.4	264.8
—	201.9	198.9	199.1	199.1	210.9	205.3	192.1
439.2	439.2	416.2	428.5	428.5	431.1	396.0	413.5
32.6	38.5	42.9	44.3	44.3	39.9	36.8	38.5
60.1	57.4	58.1	60.2	60.2	68.6	63.2	52.8
27.5	18.9	15.2	15.9	15.9	28.7	26.4	14.3
26.1	17.5	13.2	14.2	14.2	25.5	21.1	12.8
-7.4	-6.1	-7.2	-10.7	-10.7	-11.6	-1.0	5.5
16.4	9.1	3.6	1.2	1.2	11.5	17.9	5.9
13.0	6.8	2.2	0.2	0.2	7.1	14.0	5.9
46.4	47.6	46.5	45.4	45.4	51.4	54.7	44.4
17.7	18.1	6.1	8.2	8.2	15.2	22.2	8.9
5.73	7.95	7.75	7.57	7.57	8.56	7.41	6.01
28.7	29.5	40.4	37.2	37.2	36.2	32.5	35.5
50.4	58.1	56.9	51.7	51.7	49.6	48.4	52.1
-7.4	-8.8	-10.3	-10.3	-10.3	-9.3	-9.2	9.3
42.1	38.8	38.0	35.7	40.8	43.3	49.5	45.5
6.2	5.7	4.6	6.6	6.6	10.6	5.6	2.7
16.4	9.0	3.8	1.3	1.1	10.2	14.0	4.9
—	9.4	7.7	8.0	8.0	13.6	12.9	7.5
6.9	3.5	1.4	0.5	0.5	4.4	6.9	2.2
3.7	2.1	0.9	0.3	0.3	2.7	4.5	1.4
12.9	12.9	11.0	14.5	14.5	21.1	10.6	6.9
6,000,020	6,000,020	6,000,020	6,000,020	6,000,020	6,000,020	7,380,020	7,380,020
2.19	1.22	0.41	0.04	0.04	1.29	2.61	0.83
—	1.22	0.52	0.19	0.19	1.43	2.39	0.83
554,340	554,340	575,200	575,200	575,200	486,190	185,166	185,166
5,445,680	5,445,680	5,424,820	5,424,820	5,424,820	5,513,830	7,194,854	7,194,854
98.19	98.19	101.99	120.76	120.76	228.00	237.43	194.26
18.03	18.03	18.80	22.26	22.26	41.35	33.00	27.00
18.03	18.03	21.50	22.26	22.26	52.90	41.97	45.39
10.28	10.28	15.35	12.30	12.30	22.26	26.35	25.00
1.00	1.00	0.80	0.60	0.60	1.20	1.20	1.20
5.55	5.55	4.25	2.25	2.25	2.90	3.64	4.44

1) Earnings before taxes, interest, depreciation and amortization

2) Earnings before taxes and interest

3) before minority interests

4) total for the entire calendar year

5) according to IFRS including minority interests

6) EBIT/CE Return on capital before interest and taxes

7) 1994–2002: DVFA/SG less minority interests, 2002–2003 Profit after tax plus amortization/depreciation divided by all shares

8) 1994–2002 DVFA/SG, 2002–2003 IAS 33

Production Plants and Distribution Branches

Production plants

■ CeWe Color AG & Co. OHG
Meerweg 30–32
26133 Oldenburg
Germany
Tel. +49 (0) 4 41/4 04–0
Fax +49 (0) 4 41/4 04–421

■ Oskar-von-Müller-Straße 9
82110 Germering (Munich)
Germany
Tel. +49 (0) 89/8 40 07–0
Fax +49 (0) 89/8 40 07–30

■ Erftstraße 40
41238 Mönchengladbach
Germany
Tel. +49 (0) 21 66/8 53–0
Fax +49 (0) 21 66/8 53–109

■ Karl-Marx-Straße 18
01109 Dresden
Germany
Tel. +49 (0) 3 51/8 85 44–0
Fax +49 (0) 3 51/8 85 44–13

■ Freiburger Straße 20
79427 Eschbach (Freiburg)
Germany
Tel. +49 (0) 76 34/5 05–0
Fax +49 (0) 76 34/5 05–250

Foreign branches

■ Japan Photo Holding
Norge A/S
Flåtestadtveien 3
1416 Oppegård (Oslo)
Norway
Tel. +47/66 82 26–60
Fax +47/66 82 26–70

■ Japan Photo Sverige AB
Norra Hamngatan 40
41106 Göteborg
Sweden
Tel. +46/31 61 94–90
Fax +46/31 61 94–91

■ CeWe Color Danmark ApS
Segaltvej 16
8541 Skodstrup (Århus)
Denmark
Tel. +45/86/99 14 22
Fax +45/86/99 24 33

■ CeWe Color Fotoservice AG
Hochbordstraße 9
8600 Dübendorf (Zurich)
Switzerland
Tel. +41/1/8 02 90–30
Fax +41/1/8 02 90–40

■ CeWe Color AG & Co. OHG
Reiterersee 111
2700 Wiener-Neustadt
Austria
Tel. +43/644 33 61 42 0

■ CeWe Color Belgium N.V.
Blauwesteenstraat 87
2550 Kontich
Belgium
Tel. +32/3/4 51 92–00
Fax +32/3/4 58 06–17

■ CeWe Color Nederland B.V.
Industrieweg 73
8071 CS Nuspeet
The Netherlands
Tel. +31/3 41/25 53–55
Fax +31/3 41/25 53–33

■ CeWe Color S.A.S.
189 rue d'Aubervilliers
75886 Paris Cedex 18
France
Tel. +33/1/53 26 66–66
Fax +33/1/53 26 66–38

■ Parc d'Activité ALIENOR
28, rue Francis Garnier
33000 Bordeaux
France
Tel. +33/5/56 69 67–85
Fax +33/5/56 69 80–03

■ Z.A. de la Croix Rouge
F–35770 Vern sur Seiche
(Rennes)
France
Tel. +33/2/99 04 85–85
Fax +33/2/99 04 85–89

■ Z.A.E. des Trois Ponts
34690 Fabrègues
(Montpellier)
France
Tel. +33/4/67 07 01–80
Fax +33/4/67 07 01–90

■ Rue Gustave Eiffel
26000 Valence
France
Tel. +33/4/75 82 44–90
Fax +33/4/75 43 39–56

■ CeWe Color Sp. z o.o.
ul. Strzelecka 11
47230 Kedzierzyn-Kozle
Poland
Tel. +48/77/40 63–000
Fax +48/77/40 63–025

■ ul. Droga Mazowiecka 23
86300 Graudenz
Poland
Tel. +48/56/4 51 58–00
Fax +48/56/4 51 58–01

■ Fotojoker Sp. z o.o.
ul. Strzelecka 11
47230 Kedzierzyn-Kozle
Poland
Tel. +48/77/4 06 32 00
Fax +48/77/4 06 32 01

■ CeWe Color a.s.
Kloknerova 2278/24
14800 Prague 4
Czech Republic
Tel. +420/2/72 07 11 11
Fax +420/2/72 93 73 46

■ FotoStar s.r.o.
Masarykova 30/95
41680 Teplice
Czech Republic
Tel. +420/417/949–401
Fax +420/417/949–910

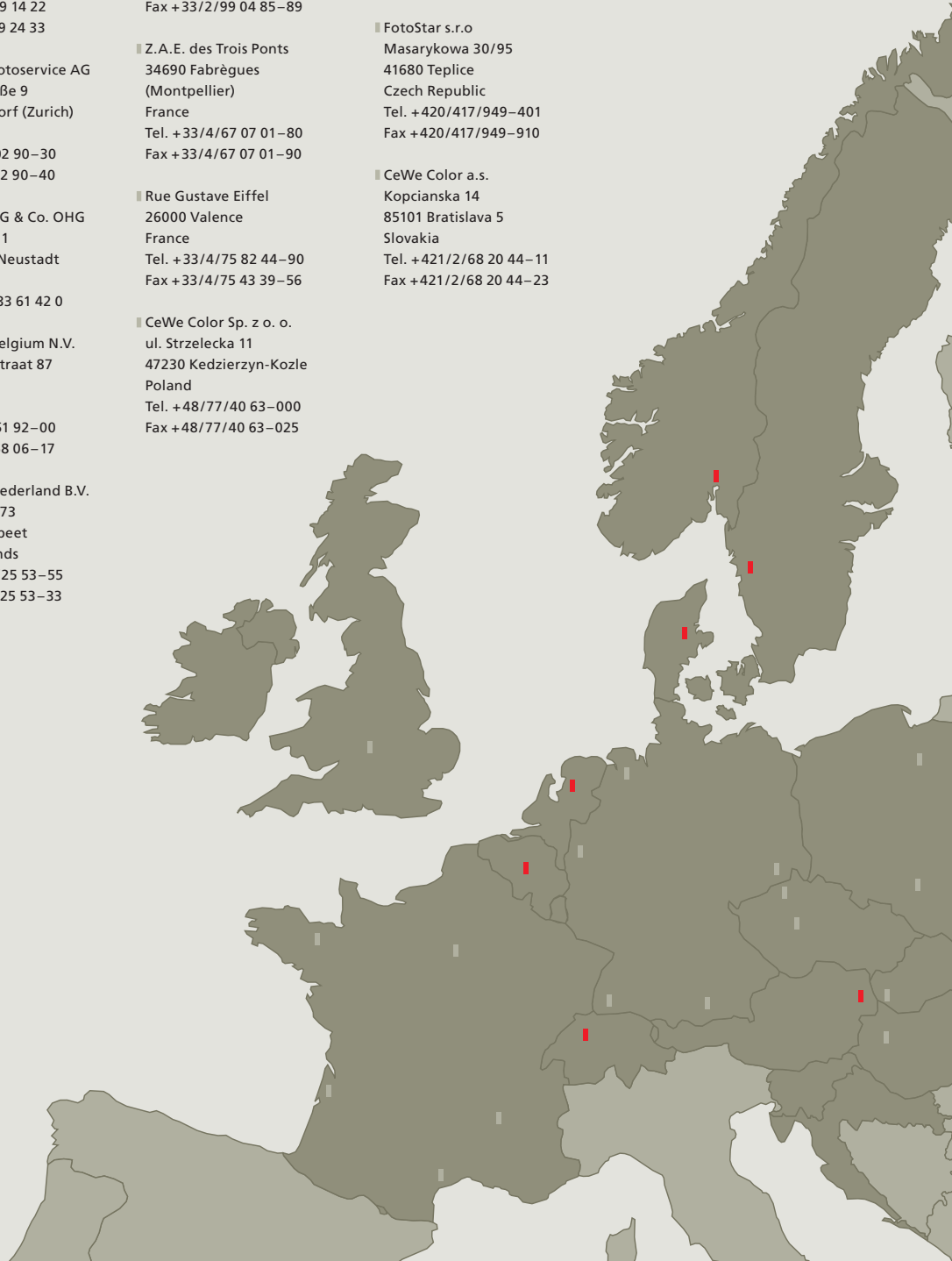
■ CeWe Color a.s.
Kopcianska 14
85101 Bratislava 5
Slovakia
Tel. +421/2/68 20 44–11
Fax +421/2/68 20 44–23

■ CeWe Color
Magyarország Kft.
Béke út 21–29
1135 Budapest
Hungary
Tel. +36/1/4 51 10 88
Fax +36/1/2 38–07 09

■ CeWe Color Ltd.
Unit 4, Spartan Close
Titan Business Centre
Tachbrook Park
Warwick CV 34 6 RR
United Kingdom
Tel. +44/19/26 46 3–100
Fax +44/19/26 46 3–101

■ Production Plants

■ Distribution Branches



April 15, 2008

Financials press conference, Oldenburg

April 16, 2008

Analysts' conference, Frankfurt

May 20, 2008

Publication of the report on the I. quarter of 2008

May 28, 2008

Annual General Meeting, Oldenburg

August 19, 2008

Publication of the report on the I.–II. quarter of 2008

November 18, 2008

Publication of the report on the I.–III. quarter of 2008

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

Phone: +49 (0) 4 41/404–400
Fax: +49 (0) 4 41/404–421
<http://www.cewecolor.com>
hella.hahm@cewecolor.de

CeWe Color Holding AG is a member of the Deutscher Investor Relations Kreis e.V. (German Investor Relations Association)

Credits

Responsibility CeWe Color Holding AG, Oldenburg
Concept and design FIRST RABBIT GmbH, Cologne
Photos Horst Gerlach, Cologne
Print druckpartner, Druck- und Medienhaus GmbH, Essen

Auditor of the Consolidated Financial Statements
COMMERZIAL TREUHAND
Gesellschaft mit beschränkter Haftung
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Wilhelmshavener Heerstraße 79, D–26125 Oldenburg

A man and a woman are lying on a light-colored sofa, reading a magazine together. The man, on the right, has grey hair and is wearing a red and white checkered shirt. The woman, on the left, has long brown hair and is wearing a white sweater with a pink and red argyle pattern. The magazine they are reading is titled 'SÜDLICHES' and 'MAGAZINATION SÜDLICHES AMERIKA'. The cover of the magazine shows a landscape with a river and some animals.

 **cewe color**
Holding AG

CeWe Color Holding AG
Meerweg 30-32

D-26133 Oldenburg

Phone: +49 (0) 441 / 404-0

Fax: +49 (0) 441 / 404-421

<http://www.cewecolor.com>

info@cewecolor.de