

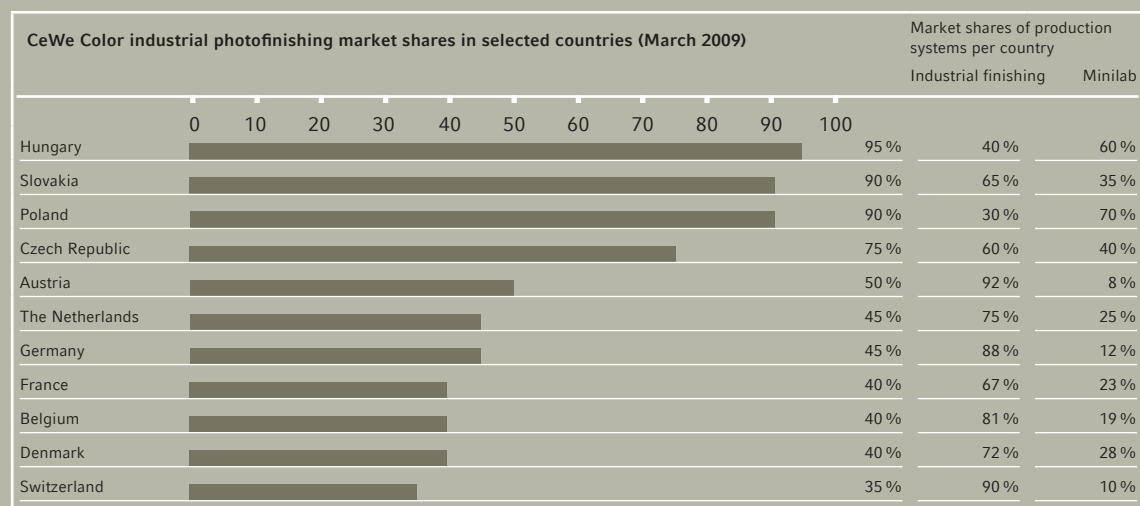
2008

Annual Report



THE CEWE COLOR GROUP – OVERVIEW

	2007	2008	Change
1. Revenues (in million euros)	413.5	420.0	1.6 %
– thereof Central Europe	233.5	236.9	1.4 %
– thereof other European countries	180.0	183.1	1.7 %
2. Sales and employees			
Total photos (in million units)	2,792	2,615	–6.3 %
– of which digital prints (in million units)	1,514.5	1,786.1	17.9 %
– of which prints from films (in million units)	1,277.3	828.9	–35.1 %
Number of CEWE PHOTO BOOKS (in million units)	1.52	2.64	74.8 %
Number of developed films (in million units)	36.1	23.6	–34.6 %
Employees (extrapolated on a full-time basis)	3,124	2,921	–6.5 %
Personnel expenses (in thousand euros)	108,356	104,979	–3.1 %
3. From the Consolidated Balance Sheet (in thousand euros)			
Total assets	264,802	261,977	–1.1 %
Operating net working capital	30,211	27,503	–9.0 %
Capital employed	160,019	159,770	–0.2 %
Cash and cash equivalents	7,093	10,080	42.1 %
Equity	120,575	112,409	–6.8 %
Equity ratio (in %)	45.5 %	42.9 %	–5.7 %
4. From the Profit and Loss Account (in thousand euros)			
Earnings before interest, taxes, depreciation and amortization (EBITDA)	52,800	52,762	–0.1 %
Result from operating activities (EBIT)	14,342	12,352	–13.9 %
Profit before tax (EBT)	12,819	10,660	–16.8 %
Income taxes	5,491	2,514	–54.2 %
Profit after tax (EAT)	5,894	7,040	19.4 %
Profit / loss attributable to shareholders of the parent company	5,891	7,038	19.5 %
5. Earnings per share (in euros) – undiluted	0.83	1.01	21.7 %
– diluted	0.83	1.02	22.9 %
6. Gross cash flow (earnings after taxes + depreciation and amortisation) (in million euros)	44.4	47.5	7.0 %
7. Net cash flow (gross cash flow – investments) (in million euros)	8.9	14.1	59.4 %
8. Capital expenditure (in million euros)	35.5	33.3	–6.1 %
9. Dividend per share (in euros)	1.20	1.00	–16.7 %
10. Dividend return on year-end price (in %)	4.44	7.12	60.4 %



Note: The term of digital photos in the present annual financial statements always includes CEWE PHOTO BOOK prints as well as pictures of photo gifts.

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 (eCommerce) with photographic products.

Every day more than **1,300 external express messengers** supply more than **50,000 retail partners in 24 European countries**. Over **2,900 employees** work in our 15 production facilities with highly automated industrial production. We use state-of-the-art machines, some of which were developed in-house to achieve high efficiency and permanently advance productivity.

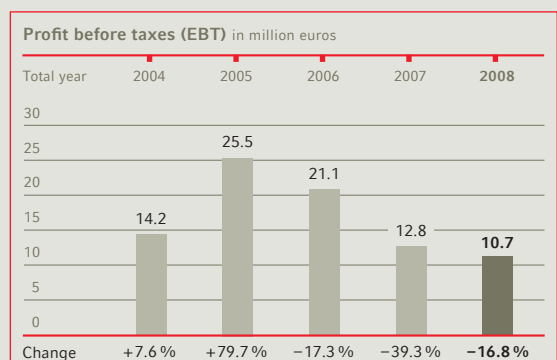
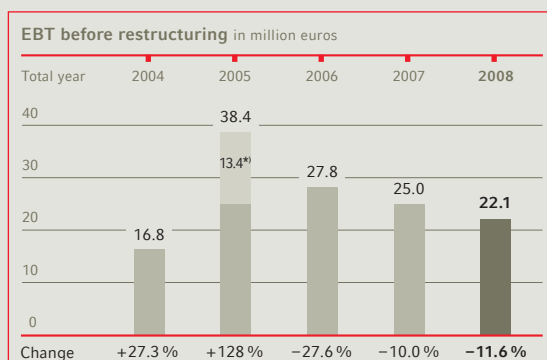
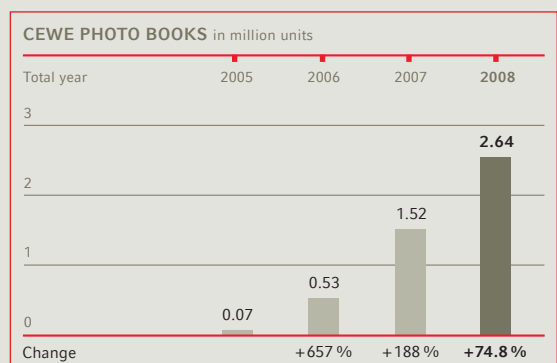
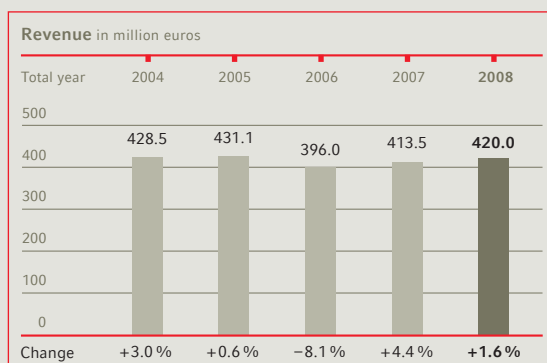
We supply consumers through retail stores. In 2008, we developed **2.6 billion photos** as well as more than **2.6 million CEWE PHOTO BOOKS and photo gifts**. The fourth quarter develops into one of the most important quarters with respect to revenue. In the fourth quarter of 2008 alone, we produced more than **1.0 million CEWE PHOTO BOOKS**.

Focussing on the digital future:
As market leader in photo finishing
in Europe, CeWe Color produced
more than 2.6 million CEWE PHOTO
BOOKS in the business year 2008.

The high competence in digital printing, the broad distribution via the Internet and **50,000 supplied stores** constitute an essential competitive advantage of CeWe Color.

CeWe Color stands for both **innovation and continuity**: our company is characterised by highly committed and experienced employees and managers, constant manageable growth and consistently high earnings and dividends. As the technology and cost leader we were able to extend the market share in Europe and to build up the largest digital printing company in Europe.

In order to be able to further expand the technological top position, CeWe Color invested **more than 33 million euros** in innovative technologies and services in the business year 2008.



* non-recurring on account of insurance benefits of 13.4 million euros

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Internet business increased by
more than 36 % – an important source
of growth for CeWe Color.

Dear shareholders,

2008 was a good year for your company.

Against the background of the financial crisis and the strong onset of recession, CeWe Color has stood its ground very well and has expanded its market position in the strongly increasing business of CEWE PHOTO BOOK and photo gifts.

Targets achieved – predicted season shift confirmed

With a revenue of 420.0 million euros and pre-tax earnings before restructuring of, 22.1 million euros, CeWe Color fully achieved the objectives adjusted in November in view of the financial crisis. The fourth quarter came up to the high expectations. On account of the increasing importance of CEWE PHOTO BOOKS and the photo gifts in the Christmas season, the fourth quarter was the best quarter ever of a year in terms of revenue for the first time in company history.

Record sales of 2.6 million CEWE PHOTO BOOKS

Recording a strong increase by 75 % to 2.64 million CEWE PHOTO BOOKS in 2008, CeWe Color expanded the market position in this important market segment and exceeded its own ambitious growth target of 2.5 million CEWE PHOTO BOOKS. An extended product portfolio and the great marketing competences in the Internet as channel of distribution contributed to this excellent market position.

Internet business still recording strong growth of more than 36 %

The symbiosis of sale via Internet and pick-up in the stores of our trade partners continues to work excellently. In the meantime, either way has contributed to half of the revenue.

Internet business is still growing by more than 36 %.

Sound financing ensures growth plans

Thanks to your support in the general meeting of 2007, we are happy to continue to have a very sound equity base. In the financial crisis, this constitutes the basis of the good credit standing of your company today, together with the still strong gross cash flow. The financing of CeWe Color is guaranteed. Based on these foundations, we can develop further growth.

“As the market leader in European photo finishing, CeWe Color achieves new growth in digital printing thanks to great technology skills, strong Internet marketing and a broad distribution through 50,000 points of sale. The CEWE PHOTO BOOK is the leading European brand in the photo book market.”

Acquisition for growth in professional digital printing

As of October, CeWe Color took over the software company diron, which develops software and offers consultancy services in the area of professional digital printing for web-to-print solutions. We are convinced that we will be able to serve this market very successfully together with diron. 2009 will still be a year of integration. In the medium term, we expect this business area to generate clear impetus for growth.

Good growth prospects and interesting dividend yield

CeWe Color will generate a high cash flow in 2009 as well. On the one hand, it is required for continued investment in the product and market development of the CEWE PHOTO BOOK, since the leading brand of the international photo book market, CEWO PHOTO BOOK, is to secure and develop further its competitive advantage. On the other hand, CeWe Color has been able to distribute an attractive cash flow for many years now. The dividend yield based on our suggestion of 1.00 euro amounts to 7.12 % (referring to the price at year-end 2008).

CeWe Color benefits from transformation process

Consistent restructuring where still required and strong promotion of growth where possible. This will be the double challenge of the transformation process we have to meet in 2009 as well. Your company CeWe Color has been meeting this double challenge for some years already. We are convinced that CeWe Color will now complete the transformation very successfully. CeWe Color will emerge stronger than before from the transformation process – for the benefit of everyone involved: customers, shareholders and employees.

Dear shareholders, the coming years will certainly be very challenging for the overall economy. A well-balanced mix of great solidity and, at the same time, courageous entrepreneurship seizing its opportunities has always marked our activities.. This is why we are very confident that a bright future lies ahead for your company.

We thank you very much for your confidence!

Oldenburg, April 1, 2009

Rolf Hollander



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

Report of the Supervisory Board

The business year 2008 of the CeWe Color Holding AG was characterized by a positive consolidation of the shareholders' structure, which was also reflected in the composition of the Supervisory Board. Until May 28, 2008, the Supervisory Board was composed of as follows:

- Hubert Rothärmel (chairman)
- Hartmut Fromm (deputy chairman)
- Prof. Dr. Dr. h.c. Hans-Jürgen Appelrath
- Dr. h.c. Manfred Bodin
- Otto Korte
- Prof. Dr. Michael Paetsch

On May 28, 2008, Dr. Manfred Bodin resigned from the supervisory board. In his place, the general meeting elected Dr. Joh. Christian Jacobs to the Supervisory Board of the CeWe Color Holding AG on May 28, 2008. With Sentosa Beteiligungs GmbH, Dr. Joh. Christian Jacobs hold 6.7 % of the shares. Thus, the Supervisory Board is composed of as follows, as of May 28:

- Hubert Rothärmel (chairman)
- Hartmut Fromm (deputy chairman)
- Prof. Dr. Dr. h.c. Hans-Jürgen Appelrath
- Dr. Joh. Christian Jacobs
- Otto Korte
- Prof. Dr. Michael Paetsch

There were changes in the Board of Management of CeWe Color Holding AG as well: On December 31, 2008, Mr. Michael Wefers resigned from the Board on his own accord and in best consent with the Company, thus leaving the services of the CeWe Color Group.

In the business year 2008, the Supervisory Board fulfilled the tasks incumbent to it according to the law and articles of association with high intensity and made the respective decisions. In doing so, the Board was able to comprehensively rely on the internal control system of the company as well as on the reports of the respective office holders. It was informed in-depth on the company planning.

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



The Supervisory Board supervised and advised the company's Board of Management. It was comprehensively informed by the Board of Management about all group divisions including the subsidiaries by written reports, as well as orally and in writing during its Supervisory Board meetings. This also applied to extraordinary events to the extent such events had occurred. The Supervisory Board intensively discussed such reports with the Board of Management and among its own members. The Board of Management was always willing and able to provide the Supervisory Board with all required, also extensive and in-depth information.

In addition, the chairman of the Supervisory Board was informed about important decisions and developments by the Board of Management. If required in isolated instances, the Supervisory Board called upon external experts for advice.

In order to do justice to the scope of the current topics, the Supervisory Board held six meetings in 2008, namely on March 10, April 1, May 28, September 16, November 11 and December 18. In 2009, meetings were held on February 24 and April 1.

Due to its limited number of members, the Supervisory Board decided to exercise the duties of an Audit Committee in the same composition. If convened as an Audit Committee, its chairman is Mr. Otto Korte and Dr. Joh. Christian Jacobs its deputy chairman.

The presence in the meetings of the Supervisory Board was outstanding. One member of the Supervisory Board was absent once. None of the other members of the Supervisory Board was absent in any of the six meetings in 2008.

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

Expansion in the Internet

The Supervisory Board evaluates the expansion of the channel of distribution via Internet as extremely positive.

Takeover negotiations

The Board of Management regularly informed the Supervisory Board about ongoing discussions and new business proposals, as well as of the completion of the negotiations with diron Wirtschaftsinformatik GmbH & Co. KG, Münster.

“The Supervisory Board expresses its gratitude to all the employees and the Board of Management for their high commitment and the consistent performance in the business year 2008. Moreover, the Supervisory Board wishes to thank the shareholders of CeWe Color Holding AG for their confidence in the company.”

France

Again, the re-organization of the activities in France was a central point of discussion. The Supervisory Board accompanied the required actions intensively.

Risk management

The Board of Management and the statutory auditor comprehensively informed the Supervisory Board on the early detection system of risks, the internal control system, and internal auditing. The Supervisory Board has assured itself of the efficiency of the risk management and the control system, also by sampling individual cases. It has taken note of the positive result of the examination of the risk early detection system of risks carried out by the statutory auditor.

Actions for rescission

The Board of Management reported to the Supervisory Board in detail about the settlement of the actions for rescission raised in connection with the general meeting of April 26, 2007.

Compliance and corporate governance

The Supervisory Board dealt with the topics of corporate governance and compliance in each of its meetings. The Board assured itself of the competent compliance with and observation of the relevant regulations. In the business year 2008, CeWe Color AG & Co. OHG was advised by the law firm of the deputy chairman of the Supervisory Board, Mr. Hartmut Fromm, as well as by the law firm of the member of the Supervisory Board Mr. Otto Korte and by Prof. Dr. Michael Paetsch. The Supervisory Board granted its consent to all counselling services that, according to the Supervisory Board's examination, exclusively concerned technical issues and did not come under the activity of the Supervisory Board.

During the last meeting in the calendar year, all the members of the Board of Management declared in writing 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 were generated.

The Supervisory Board approved of the corporate governance report, the declaration of conformity and the remuneration report.

The person in charge of compliance regularly reported to the Supervisory Board, and the Supervisory Board is convinced that no inadmissible insider dealings were made.

The annual financial statements of the CeWe Color Holding AG prepared by the Board of Management including the management report as well as the consolidated financial statements including the group management report as of December 31, 2008 were audited by and bear the unqualified opinion of the Commercial Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Oldenburg (Auditing and tax consulting company) which was again appointed as statutory auditor by the general meeting on May 28, 2008.

The Supervisory Board, the Board of Management and the statutory auditor agree that there is no need for a so-called dependency report in accordance with Section 312 section 1 AktG (Companies Act).

The annual financial statements and the management report of the CeWe Color Holding AG as well as the consolidated financial statements including the group management report, together with the auditor's reports, were handed over to the Audit Committee and to all the members of the Supervisory Board in due time prior to the meeting on April 1, 2009, during which the balance sheet is approved.

The undersigned statutory auditors participated in the consultation of the Audit Committee and the Supervisory Board on the documents to be audited, and reported on the essential results of their audit to the Supervisory Board. The auditors were at the Supervisory Board's disposal to answer any kind of questions. The Audit Committee and the Supervisory Board agreed to the result of the audit; there were no objections.

The Supervisory Board assured itself of the adequacy of the certified auditors' fees. The Supervisory Board examined the annual financial statements and the management report of the CeWe Color Holding AG, as prepared by the Board of Management as well as the consolidated financial statements and the group management report including the proposal for the appropriation of net profits. After the final result of its own examination, the Supervisory Board approves the annual financial statements of the CeWe Color Holding as AG as prepared by the Board of Management, which is thus adopted in accordance with Section 172 AktG (Companies Act). Supervisory Board approved the proposal of the Board of Management on the appropriation of net profits of CeWe Color Holding AG, and supports its proposal with respect to the distribution of dividends. This suggestion provides for a dividend of 1.00 euro per no-par value share.

In addition, the statutory auditor also examined the information provided by the Board of Management regarding the relations to affiliated parties for the business year 2008 in accordance with IAS 24. This report did not give rise to any objections.

In view of the difficult economic situation and the even more difficult situation of the industry, the Supervisory Board regards the positive result achieved as good.

The Supervisory Board expresses its gratitude to all the employees and the Board of Management for their high commitment and the consistent performance in the business year 2008. Moreover, the Supervisory Board wishes to thank the shareholders of CeWe Color Holding AG for their confidence in the company.

Oldenburg, April 1, 2009

Supervisory Board of the
CeWe Color Holding AG



Hubert Rothärmel
(Chairman)



84 % of CEWE PHOTO BOOKS are ordered via Internet.



MANAGEMENT REPORT

CeWe Color Share

Financial crisis dominates capital markets

For nearly one year, the development on the stock markets have been dominated essentially by the financial crisis, which has expanded into a large-scale economic crisis. In this phase of great uncertainty, investors are trying to keep or build up liquidity. This is why considerable funds were withdrawn from stock investments during the last months – in particular from small and medium-sized companies. Some market analysts even talked of distress sales. According to them, these sales have also been triggered by share purchases funded by borrowed capital which did not obtain follow-up financing during the crisis.

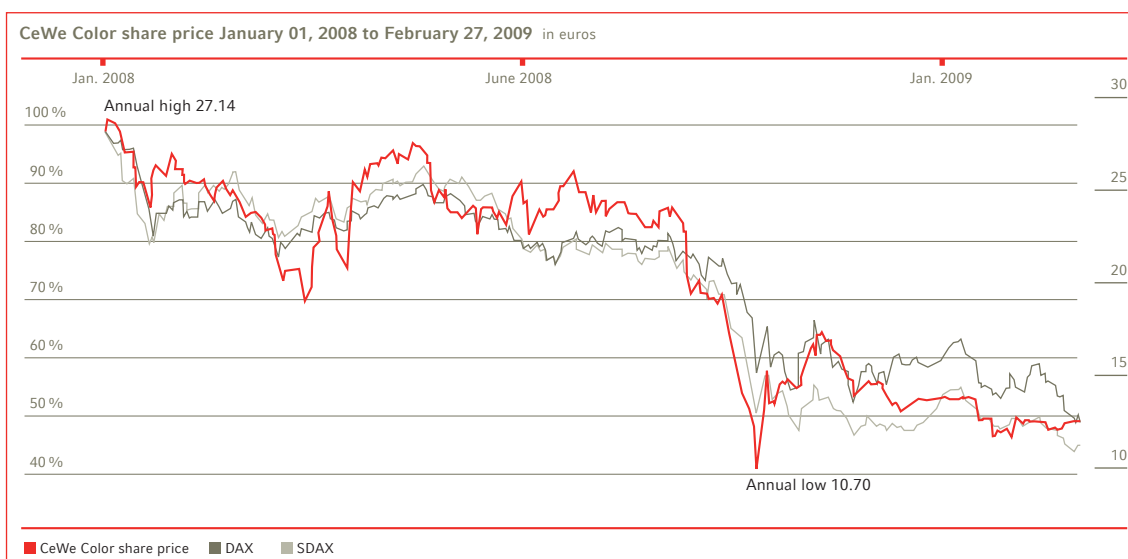
Key share indicators	
Securities type	No-par value share
Market segment	regulated market PRIME STANDARD
Index	SDAX (from March 23, 2009)
ISIN	DE 0005403901
Symbol	CWC
Reuters	CWCG.DE
Bloomberg	CWC GR
Date of initial listing	March 24, 1993
Number of shares	7,380,020 units
Daily volume 2008	7,112 units
Annual high 2008	27.14 euros
Annual low 2008	10.70 euros
Closing rate 2008	14.05 euros
Market capitalization as of December 31, 2008	103.69 million euros

CeWe Color share better than the market

The price of the CeWe Color share developed largely according to this market trend (taking the SDAX as reference standard). Although the financing of CeWe Color is on a firm footing (see chapter “Balance Sheet and Financial Management“, page 31), the share price followed the negative market trend and decreased to 10.70 euros per share as of October 10, 2008. Against this background, CeWe Color has clearly accentuated the sound financing of the company. As a result, the price of the CeWe Color share picked up. The publication of the provisional annual benchmark figures on January 29, 2009 as well as of more comprehensive provisional information on the business year 2008 on February 27, 2009 also seemed to have a positive effect on the price development.

Again included in the SDAX as of March 23, 2009

Early in March 2009, the price was particularly supported by the announcement of the Deutsche Börse to include the CeWe Color share in the SDAX index again as of March 23, 2009.



Analysts judge CeWe Color favourably without exception

Exactly in this difficult market phase, analysts maintain their recommendations regarding the CeWe Color share or even upgrade CeWe Color.

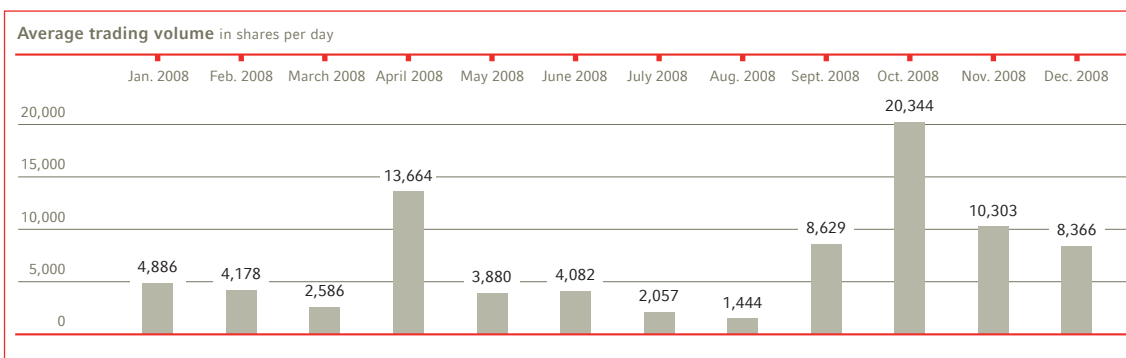
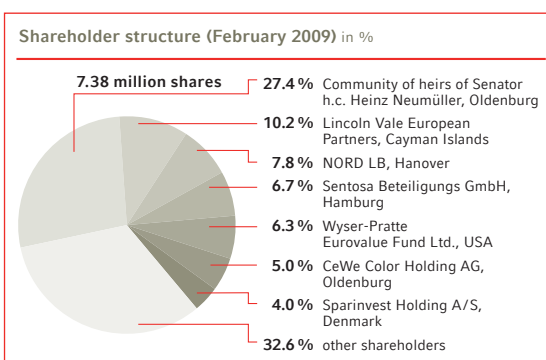
Overview of the current analyst ratings	Analyseurteil	Datum
Berenberg Bank	Buy	Aug. 19, 2008
BHF Bank	Buy	Dec. 15, 2008
CB Sydler	Buy	Feb. 10, 2009
DZ Bank	Buy	Nov. 18, 2008
GSC Research	Buy	Feb. 04, 2009
Nord/LB	Buy	Jan. 29, 2009
SES Research	Buy	Feb. 27, 2009

Increased interest in the share

Trading volume has increased clearly parallel to the period of the good development of the share price.

Sound shareholders' structure

A base of sound anchor investors is an important criterion for institutional investors, in particular in market periods marked by uncertainty. The community of heirs of Senator h.c. Heinz Neumüller (ACN Vermögensverwaltungsgesellschaft mbH & Co. KG), 27.4 %, the fund Lincoln Vale European Partners 10.2 % and the Nord / LB, 7.8 %, constitute CeWe Color's extremely sound shareholder base. In 2008, Sentosa Beteiligungs GmbH (Dr. Joh. Christian Jacobs), 6.7 %, taking a long-term perspective, joined the shareholders. All anchor investors support the management's long-term growth plans.



Current Economic Setting

Overall economic environment: global economy in the midst of a crisis

The financial crisis caused by the US real estate crisis in 2007 has intensified to an extent not expected before in the year under review. Starting in the second quarter of 2008, the turbulences have increased in the further course of the year and developed into severe recession in the industrial countries in particular after the insolvency of the US investment bank Lehman Brothers. It is true that, according to the International Monetary Fund (IMF), the global economy still grew in all by 3.4 % in 2008 (2007: 5.2 %), however, in the second half-year, the financial crisis affected increasingly the real economy and there led into a clear downturn.

According to initial data provided by the US Department of Commerce, the gross domestic product (GDP) decreased by 3.8 % between October and December compared to the previous year. This is the strongest decline in the US economic output since 1982. At an annual basis, the growth of the US economy still amounted to 1.1 % according to IMF data. In the emerging countries as well, a marked slowdown of the former growth rate occurred; in China, the increase in the domestic product amounting to 9.0 % remained under the mark of 10 % for the first time since long. According to the figures provided by IMF, the financial crisis resulted in a slowdown of the overall annual growth increasing in the course of the year to only 1.0 % (previous year 2.6 %) in the Eurozone as well.

Germany in reverse gear as well

A decline of the gross domestic product occurred in Germany as well in particular during the second half-year. It is only thanks to the good first quarter of 2008 that an economic growth of 1.3 % (2007: 2.5 %) was reached in the overall year according to initial calculations of Statistisches Bundesamt (Central Statistical Office). A decrease in the German economy by up to 2 % is to be expected for the fourth quarter. The growth reached in 2008 resulted exclusively from the domestic market. Consumer expenditure important to CeWe Color increased by only 0.5 % in the year under review. This growth, however, was reached exclusively by government purchases that increased by 2.2 %, however, private consumer expenditure remained on the level of the previous year.

The effects of the worldwide financial crisis turned out to be an obstacle to growth for the German export-oriented overall economy. Net exports (difference between export and import of goods and services) resulted in a negative contribution to growth of 0.3 %. The European Economic Advisory Group expects a reduction of the GDP by -2.4 % for Germany in 2009.



CEWE PHOTO BOOKS are available both in individual hardcover and softcover editions and in linen structure.

Photo Market

Continuous boom with digital cameras

In the last years, the photo industry has experienced an enormous upheaval due to the technological change from analogue to digital photography. The sales of cameras and films constitutes a suitable indicator: According to CIPA (Camera & Imaging Products Association) 120 million digital cameras were sold worldwide in 2008. The portion of reflex cameras has increased disproportionately. More than 8 % or nearly 10 million of all types of digital cameras sold were reflex cameras, which corresponds to a rate of increase of 19.3 % compared to the previous year. Furthermore, studies of the GfK (Gesellschaft für Konsumforschung) and the NPS Group have shown that the number of cameras per household increases considerably. The camera is developing into a personal device.

Recent market forecasts published by GfK show that the demand for digital cameras will probably continue to increase in the years to come as well. Reasons include the fact that new target groups are developed and that the consumers replace their photo equipment more frequently than before or more frequently add new camera models to their equipment.

Camera phones enrich the camera market

Photos taken using camera phones only account for a small portion of the sales of digital photos from industrial laboratories. Today, approx. 2–3 % of all digital photos that are processed in the 15 European CeWe Color operations are taken using camera phones.

Successfully mastered 84 % of the possible maximum decrease of film sales

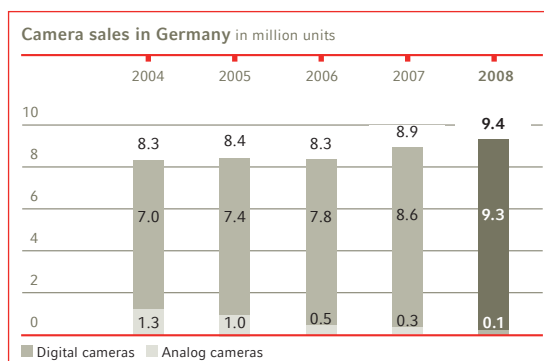
As a consequence of the increasing demand for digital cameras, a smaller number of analogue cameras are used and thus fewer films are sold. The sales of films in Germany amounted to 187 million units in 2001, which was the absolute peak. In 2008, only 30.0 million units were sold. This represents a decrease to less than a 16 % of the initial sales volume within a period of seven years.

Digital technology changes ordering behaviour

The technology change from analogue to digital photography has changed the nature of image production and the wish for paper prints as well. The consumer annually exposed approximately 120 paper prints using an analogue camera. Using a digital camera, the consumer takes approximately 500 photos per year, but a maximum of 22 % (i.e. a maximum of 110 photos) are printed. Approximately 30 % thereof are printed using home printers and kiosk systems. Only 70 % of the photos are developed in industrial production as digital photos, in photo books or on photo gifts.



Source: German Association of Industrial Photography



Source: German Association of Industrial Photography

The photo market is still slightly decreasing

According to GfK, the photo market slightly decreased in Germany in 2008 reaching 1% on account of the increasing reduction of analogue orders, the portion of digital photos having increased clearly compared to the previous year. The order of digital photos via the Internet is gaining increasingly in importance. The smaller portion of these photos is delivered to the consumer by post, the far greater portion is delivered through shops and branches of the trade partners.

Photo Book – central product of the photographic market

Hundreds of digital photos are slumbering on the hard disk of any PC – until their print is finally ordered or they are printed in a photo book. From the print medium to the photo book: Digital photo printing means individualisation, means market expansion, means success in an otherwise slightly decreasing photo market. The photo book receives great feedback from the consumers throughout Europe. In the meantime, the triumph of digital photography has been essentially influenced by personalised photo books. According to the Bundesverband der Photogroßlaboratorien [German Association of Industrial Photo Laboratories, BGL], 1.3 million photo books were sold in Germany in 2006 and already 4.4 million books in 2008. In Western Europe, more than 12.4 million photo books were sold last year. Germany, England, France and the Netherlands constitute sales markets of dynamic growth in this field.

Effects of the financial crisis on the photo market smaller than in other industries

Experts estimate that the world economic crisis will have clearly under-proportionate effects on the photo market since the consumers' high appreciation of the emotional value of photo memories with simultaneously low prices per unit is unchanged. This estimation corresponds to the experience made by CeWe Color during previous weak economic periods. The GfK thinks that nearly 1 million digital reflex cameras (+8%) and 28.5 million memory cards (+9.5%) will be sold in 2009 in Germany.

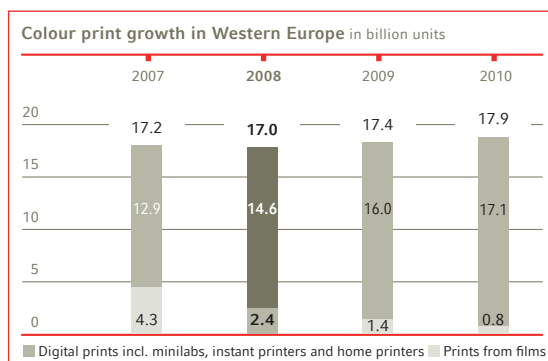
Costs per digital print in cents	Industrial photo-finishing	Minilab	Instant printers in stores	Home printers
Entry-level price per digital print	7–15	25–49	25–39	29–60

Source: CeWe Color

Market shares of production systems for digital prints 2008 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



Source: Understanding & Solutions

Digital Products and Ways of Ordering

In addition to many new products (especially CEWE PHOTO BOOKS, photo canvas, photo calendars and greeting cards), photos remain an important pillar of the digital business.

Industrial finishing of digital photos with sustainable cost advantages

Digital photos can be ordered via home printers, kiosk systems or in industrial laboratories. Home printing on the consumers' printers and immediate printing using thermal sublimation or inkjet printers in photo retail stores offer the consumer the "immediate", but "more expensive" photo. By contrast, industrial finishing offers digital photos at a considerably more favourable price on real photo paper within 1–2 days of delivery. While the figures of home printing have been decreasing for two years, the number of photo exposures in the industrial laboratory and via so-called kiosk systems in photo retail stores is growing.

Primary channels for digital photo distribution

1. Internet more and more popular

The broadband initiative of the German government and the telecommunication industry will clearly strengthen this channel of distribution. There are plans to provide 75 % of the households with Internet connections of 50 MBit/s by 2014. This will make the transmission of large photo files and CEWE PHOTO BOOK data considerably more comfortable. CeWe Color identified the increasing importance of the Internet as channel of distribution early and has been placing complete eCommerce solutions for ordering digital photos at the disposal of its trade partners for years. CeWe Color designs the Internet sites, coordinates the marketing, develops the software and operates computer centres for its trade partners. All customer groups (e.g. Internet photo providers, specialist dealers, drugstore chains) use this CeWe Color service.



www.schlecker.de



www.mueller.de/fotoservice



www.budni.de



www.dm-digifoto.de

2. Four channels for ordering digital photos in stores:



2.1 Memory card

The consumers put their memory card directly in the photo pouch to order photos. The memory cards are then returned to the customers together with the finished photos.



2.2 Home-burned CD

The consumers burn their image data on a CD-ROM at home – in most cases using our order software CEWE PHOTO WORLD and bring them to a store of their choice.

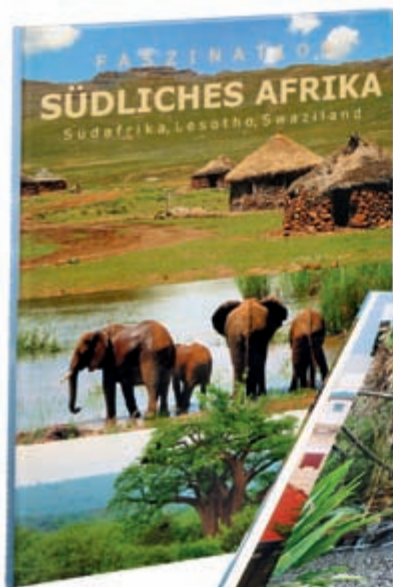


2.3 DigiFoto Maker

The consumers order their photos with their memory cards at the order terminals (DigiFoto Makers) of CeWe Color in their photo store. 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 image data. The memory cards can be reused immediately.

2.4 CEWE PHOTO COMBI KIOSK

The consumers order their photos with their memory cards at the order terminals and print their digital photos immediately on the immediate printers installed in the trade partner's store.



CEWE PHOTO BOOKS are commonly used to document journeys.



Photo Book – central product of the photographic market

In the meantime, the triumph of digital photography has been essentially influenced by personalised photo books. Consumers can now compile their own digital photos in a personal photo book. They can design the individual photo book at home on the PC. In 2008 alone, 4.4 million photo books were produced in Germany according to the Bundesverband der Photogroßlaboratorien (BGL). Market researchers at Future Source estimate the sales volume in Western Germany at 12.4 million photo books. According to BGL, the number of photo books will more than double and reach nearly 30 million pieces by 2012.

CEWE PHOTO BOOK – the market-leading offer

With the CEWE PHOTOBOOK, CeWe Color has established itself successfully as the market leader in this product area. The market research company Future Source identifies CeWe Color as European market leader recording a sales volume of more than 2.64 million CEWE PHOTO BOOKS.

Four clear product advantages of the CEWE PHOTO BOOK

The CEWE PHOTOBOOK is characterized by four special features:

- 1. Very easy to design**
- 2. ready in three minutes**
- 3. huge range**
- 4. top quality**

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-ROM in the stores supplied by CeWe Color.

The CEWE PHOTOBOOK – serial winner of tests

The CEWE PHOTOBOOK is serial winner of tests: Among other awards, the CEWE FOTOBUCH won the coveted TIPA Award 2008 (Technical Imaging Press Association) in the category “Best Photo Service”. The jury composed of the editors in chief and representatives of in all 32 trade magazines throughout Europe awarded the CEWE PHOTO BOOK the price of leading product of a new image service that ensures considerable growth dynamics in the photographic market.

CEWE FOTOBUCH strengthens CeWe’s market position as full-line supplier of the different ways of ordering

The sales figures prove that the CEWE PHOTO BOOK is the new top seller in the product range. 84 % of all CEWE PHOTO BOOK orders are placed online with the European trade partners. 75 % of the CEWE PHOTO BOOKS are picked up in the store. This emphasizes the large advantage of CeWe’s market positioning in an impressive manner: Strong Internet presence combined with a large number of fixed stores of the trade partners.

The CEWE PHOTO BOOK in the format “DIN A4 upright“ with individual hard cover definitely is the best seller in the range. One customer out of three chooses this products. However, representative products such as the CEWE PHOTO BOOK XL and XXL are gaining in importance as well. With this large range of products, CeWe Color meets all requirements. Moreover, a clear tendency towards larger and more comprehensive CEWE PHOTO BOOKS is identified, which has a positive effect on the average proceeds per CEWE PHOTO BOOK.

CEWE PHOTO BOOK on photo paper

For ambitious photographers, photos on classical photo paper are still very suitable when it comes to the visualisation of best definition, clearest whiteness and blackness as well as the larger colour space. In other words, when it comes to transforming the performance potentials of digital reflex cameras as well as of high-resolution compact cameras into fascinating pictures in an impressive manner. These brilliant colours have been available as CEWE PHOTO BOOK on photo paper since October 2008. Developed by international research teams according to state-of-the-art criteria, the special photo paper for the CEWE PHOTO BOOK visibly and tangibly proves to be a new paper quality for the image presentation in photo books. The CEWE PHOTO BOOK on photo paper is available in the formats Large (21 x 28 cm), Square (20 x 20 cm) and even in XL format of 30 x 30 cm, available only at CeWe Color. Every CEWE PHOTO BOOK on photo paper comprises 26 to 82 pages, at customer's option. When you leaf through the book, the pages lay flat and thus allow for the ideal placing of pictures across two pages.

Expansion of the product range

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



More and more large CEWE PHOTO BOOKS
are ordered for documenting marriages.

Sales

For the first time since the beginning of the transformation process: increasing total number of photos

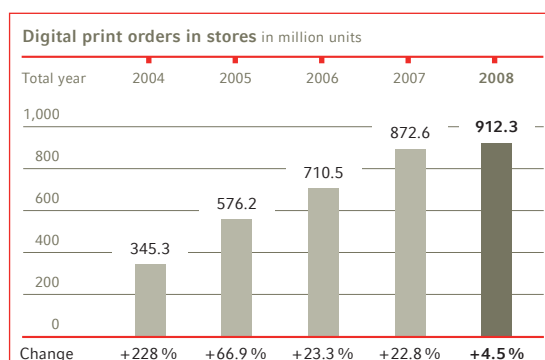
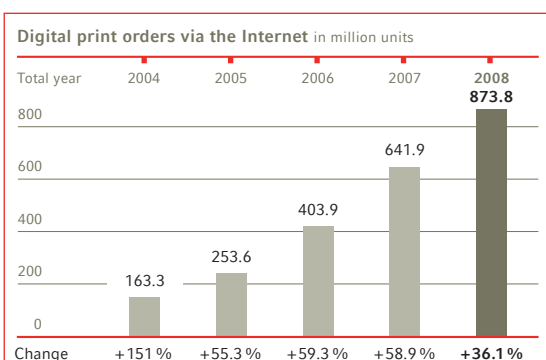
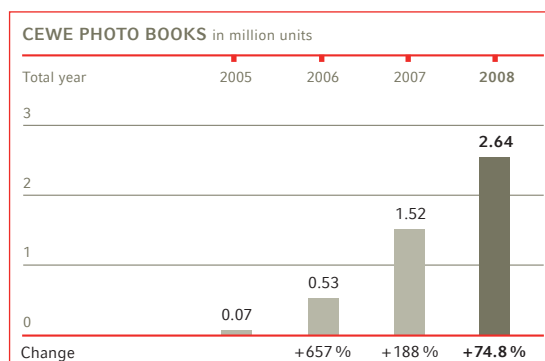
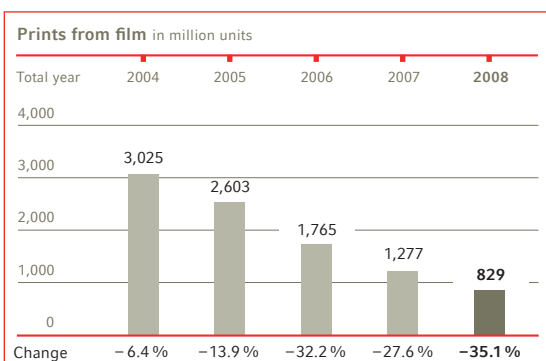
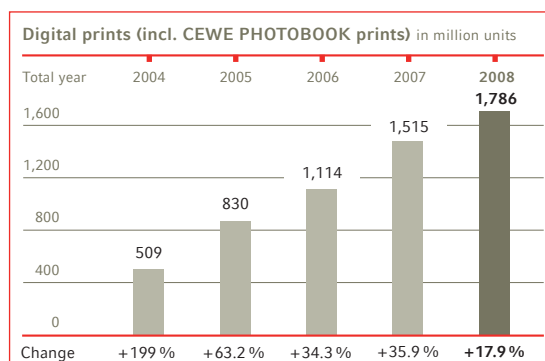
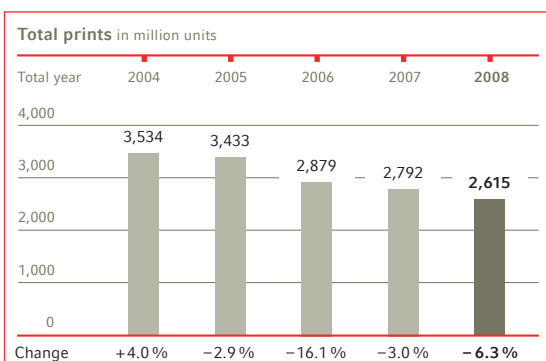
On the basis of the overall year, the number of photos developed by CeWe Color was again slightly decreasing and reached 2,615.0 million photos compared to 2,791.8 million photos in the previous year (-6.3 %). However, during the fourth quarter, the overall number of photos has increased slightly for the first time since the beginning of the transformation process (+1.7 % to reach 665.1 million photos).

Twice as many digital photos as photos from film

Whereas the number of digital photos had exceeded the number of photos from film for the first time in 2007, the number of digital photos (1,786.1 million photos) was more than twice as high as the number of photos from film (828.9 million photos) in 2008. In the fourth quarter, the ratio even reached 3.5:1. The figures of photos from film are decreasing as expected and in conformity with the market. For the entire year, the figures decreased by -35.1 % to reach 828.9 million photos. The decrease by -36.1 % to 146.1 million photos in the fourth quarter corresponded to the trend of the overall year as well.

Recording a rate of +74.8 %, CEWE PHOTO BOOK again successful growth driver

In the overall year, the number of CEWE PHOTO BOOKS increased by +74.8 % to reach 2.64 million. With this figure, CeWe Color has even exceeded the ambitious target value of 2.5 million books. In the fourth quarter alone, CeWe Color delivered more than 1.0 million CEWE PHOTO BOOKS (+67.3 %).



+ 36.1 % in the Internet business

The importance of the Internet as a channel of distribution continued to grow clearly in 2008 as well: In the overall year, the number of digital photos ordered via Internet increased by +36.1 % to reach 873.8 million photos. In the fourth quarter, the growth rate even increased to reach +40.8 % (281.3 million photos). These dynamics result from the strong development of the CEWE PHOTO BOOKS and the photo gifts. These products mainly are “Internet products“. Last years' expenses e.g. for software and Internet marketing have an influence on these strong growth rates as well.

At the same time, the stores of the CeWe trade partners remain the most important way for the delivery of the digital photos ordered via Internet: more than 55 % of the overall digital photo orders via Internet are picked up in the store.

Digital Print Products more and more important for photo gifts

The production technology of most of CEWE PHOTO BOOKS, digital printing, is of extraordinary importance for photo gifts as well. In this field, the sales of photo greetings cards and calendars that are mainly produced in digital printing is growing – especially in the Christmas season. The completed transformation of the company into an industrial, efficient specialist in digital printing of individualised products puts CeWe Color into an excellent competitive position.

IV. quarter in million units	2007	2008	Change
Total prints	654.0	665.1	+1.7 %
– of which digital prints	425.4	519.0	+22.0 %
– of which prints from film	228.6	146.1	–36.1 %
CEWE PHOTO BOOK	0.6	1.0	+67.3 %



Sports events are documented in CEWE PHOTO BOOKS as well.

Revenues

Change in product mix increasingly strengthens fourth quarter

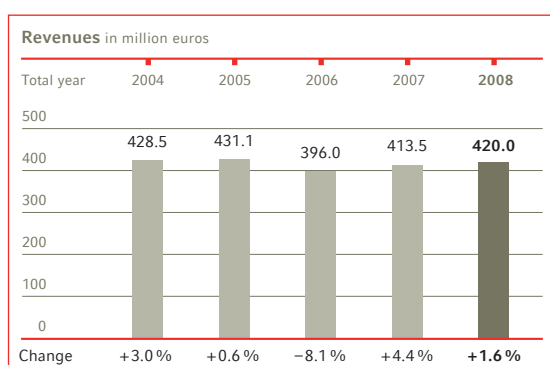
The company's product mix increasingly changes on account of CEWE PHOTO BOOKS as well as photo gifts. These product groups compensate for the clear decrease in photos from films. Whereas the decrease in photos from films takes place in all quarters of a year and in particular in the third quarter, the large growth in the CEWE PHOTO BOOKS as well as in the photo gifts, however, mainly occurs in the fourth quarter. These two strongly growing product groups are appreciated as gifts by many consumers. As a result, the seasonal profile of CeWe's business clearly moves to the Christmas quarter.

Revenue forecast achieved completely – fourth quarter as strong as expected

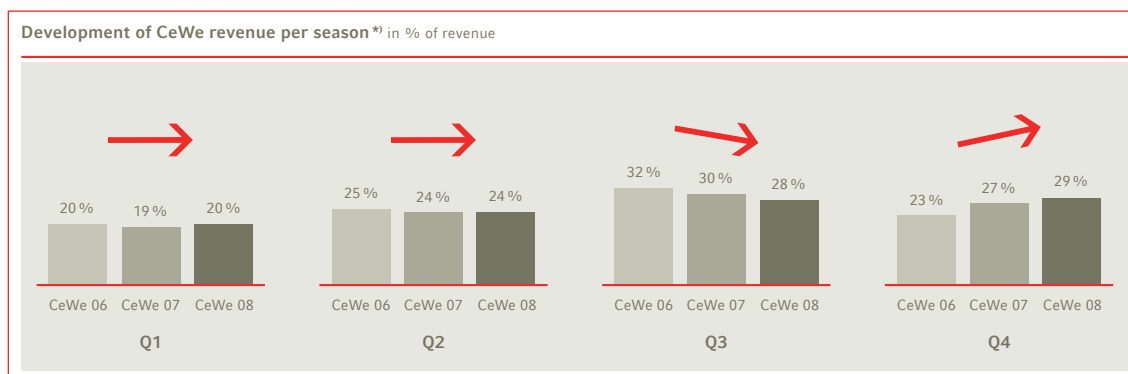
With revenues of 420.0 million euros, CeWe Color has completely met the forecast for the overall year 2008 (415–420 million euros). This resulted in a growth of the group revenues by 1.6 % compared to 2007 (413.5 million euros). As announced, the extremely strong fourth quarter compensated for the mild decrease in revenues (–1.2 %) from the first three quarters. In the fourth quarter of 2008, the revenues increased by 10.2 million euros (+9.3 %) to reach 120.7 million euros.

Season shift intensified

For the first time in the company's history, the fourth quarter was the best quarter of a year in terms of revenue. The forecast season shift into the fourth quarter induced by the change in the product mix has continued again.



IV. quarter in million euros	2007	2008	Change
Revenues	110.5	120.7	+9.3 %



*) Differences may result here and below from rounding.

Results

Earnings after taxes of 7.0 million euros exceeding previous year by 19 %

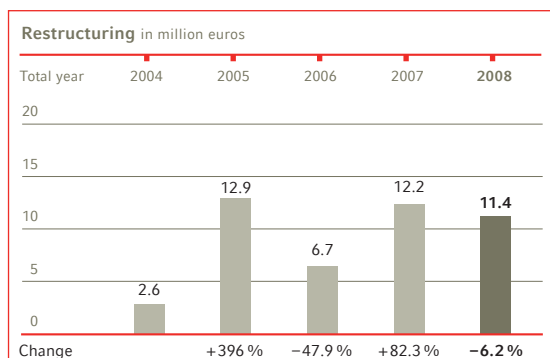
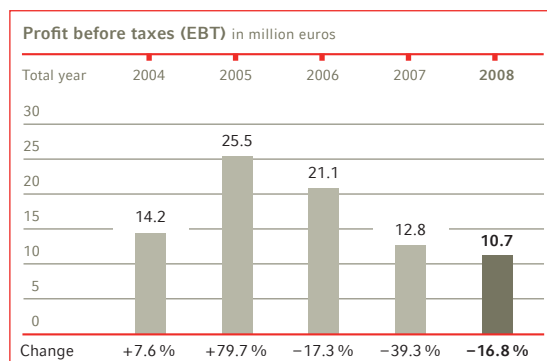
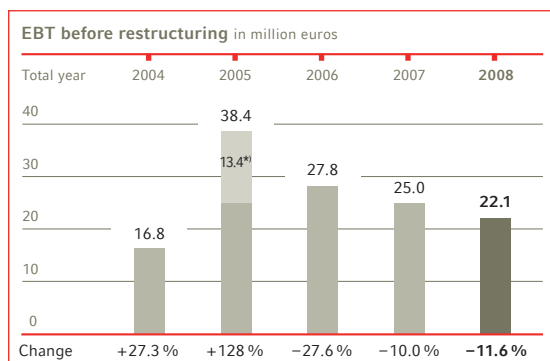
On the basis of the overall year, there was a slight decrease in operating earnings (EBT before restructuring): After 25.0 million euros in 2007, the company reached operating EBT of 22.1 million euros. Restructuring expenses amounted to 11.4 million euros, presenting a reduction compared to the previous year (12.2 million euros). Thus, CeWe Color generated earnings before taxes (EBT) amounting to 10.7 million euros (2007: 12.8 million euros). The tax burden was considerably reduced by a debt waiver that the German company granted to our French subsidiary. Further details are included in the explanations on the segments (see page 26) as well as in the notes. Therefore, earnings after taxes amounted to 7.0 million euros, thus exceeding the previous year by 19.4 % (5.9 million euros).

Profitability of most important fourth quarter increased by 54.7 %

The results of the fourth quarter increased both in absolute and relative terms prove the success of restructuring: The operating earnings, that is the earnings before taxes and before restructuring (EBT before restructuring) improved from 5.4 million euros in the previous year by +54.7 % to reach 8.3 million euros in the fourth quarter under review. At the same time, the return on revenues based on EBT before restructuring, amounting to 4.9 % in the fourth quarter 2007, improved to reach 6.9 % in the fourth quarter 2008. The added-value products CEWE PHOTO BOOK and photo gifts have essentially contributed to this good development.

All levels of profit and loss account improved in fourth quarter

In the fourth quarter of 2008, the restructuring expenses were very clearly reduced to 0.6 million euros (after 5.8 million euros in the fourth quarter of the previous year –89.7 %). Accordingly, the results after restructuring are clearly better than in the same quarter of the previous year: earnings before taxes (EBT) grew by 8.1 million euros from –0.4 million euros to 7.7 million euros. The EBIT as well developed very positively, increasing from 0.1 million euros to 8.2 million euros (+8.1 million euros).



*1) one-time effect on account of insurance benefits of 13.4 million euros

**2) Result after taxes influenced by one-time special tax effects:

– waiver of claim (2006 and 2008)

– activation of the corporation tax assets (2006)

Earnings after taxes of the fourth quarter amounted to 6.6 million euros after 0.1 million euros in the previous year. The burden of taxes on income and profits amounted to 1.0 million euros in the fourth quarter of 2008 (Q4 2007: 0.3 million euros). The income tax ratio amounted only to 12.5 %, after, in the respective quarter of 2007, taxes still had to be paid even for negative EBT on account of the fact that losses cannot be offset between the country results. This low tax ratio can be attributed to the waiver of debt.

Net cash flow 59.4 % better than in the previous year

In the fourth quarter, EBITDA (earnings before interest, taxes, depreciation and amortisation) increased by 80.9 % to 18.3 million euros (Q4 2007: 10.1 million euros). In the overall year, CeWe Color reached the EBITDA of the previous year amounting to 52.8 million euros.

The gross cash flow (defined as net profit for the period plus depreciation and amortisation) increased clearly as well. In the quarter under review, it improved by 65.0 % compared to the respective quarter of the previous year and reached 16.7 million euros. In the overall year, the gross cash flow reached 47.5 million euros and was higher by 7.0 % than in the previous year (44.4 million euros). The net cash flow (defined as gross cash flow minus investments) even improved by 59.4 % to reach 14.1 million euros (2007: 8.9 million euros). These key figures emphasize the company's strong liquidity position.

IV. quarter in million euros	2007	2008	Change
EBT before restructuring	5.4	8.3	+54.7 %
Restructurings	5.8	0.6	-89.8 %
Profit before taxes (EBT)	-0.4	7.7	+1,926 %
Profit after taxes	0.1	6.6	+5,328 %



The consumers mainly order CEWE PHOTO BOOKS in the format Large with individual hard cover.

Segments

CeWe Color is the European market leader in photo finishing

CeWe Color operates 15 industrial photo laboratories and supplies photo services to consumers in 24 countries via 50,000 stores of the trade partners and via postal dispatch. CeWe Color supplied consumers in other European countries through mail deliveries.

Central Europe again records best result

In the segment Central Europe (Germany, Austria, Switzerland and Scandinavia), CeWe Color increased its revenue – similar to the overall group – by 1.4 % to reach 236.9 million euros (2007: 233.5 million euros). In the fourth quarter, the segment even grew by 4.4 % to reach 73.6 million euros.

The EBT before restructuring and before special expenditure due to a debt waiver granted to the French company developed very positively in the overall year. In 2008, CeWe Color recorded a growth by 6.7 % to 25.8 million euros (2007: 24.2 million euros). In the fourth quarter, the EBT before restructuring and before special expenditure due to the debt waiver amounting to 13.6 million euros in the previous year decreased to 10.3 million euros – e.g. on account of increased marketing expenditure, and also on account of the photokina held every two years.

As already mentioned, the extraordinary factors for the business year 2008 include, on the one hand, the restructuring expenditure for the Bad Schwartau and Eisenach sites (9.8 million euros after 6.3 million euros in the previous year for restructuring the Nuremberg and Berlin sites), on the other hand the debt waiver of the German company granted to the French subsidiary amounting to 10.0 million euros. In all, the special expenditure amounted to 19.8 million euros (2007: 6.3 million euros). In the fourth quarter, the special expenditure amounted to 10.0 million euros (debt waiver) compared to extraordinary factors amounting to 3.5 million euros recorded in the fourth quarter of the previous year. Accordingly, the EBT reduced by 66.6 % to reach 6.0 million euros in the overall year 2008, in the fourth quarter 2008 by 97.4 % to 0.3 million euros.

Central Europe benefits from other segments as well

The original home market is still the most profitable region. First of all, in this context, it has to be taken into account that a portion of the added value for regions served by (not producing) distribution companies (e.g. Benelux) is accrued in the segment Central Europe as well. Secondly, the European network can indeed be regarded as the precondition to be a really important supplier of the large European trade groups. Thus, CeWe Color supplies its ten largest trade partners in more than one of the listed groups of countries. This also strengthens the competitive position in Central Europe.

Presentation of the special effects resulting from restructuring and waiver of debt in thousand euros	Dec. 31, 2007	Dec. 31, 2008
Central Europe		
Receivables waiver	0	-10,000
Restructuring	-6,347	-9,819
Total extraordinary factors	-6,347	-19,819
Western Europe (France)		
Receivables waiver	0	10,000
Restructuring	-5,061	-1,489
Total extraordinary factors	-5,061	8,511
Central Eastern Europe		
Restructuring	-787	-135
Total extraordinary factors	-787	-135
Extraordinary factors group	-12,195	-11,443

Sales development by region in million euros	2007	2008	Change
Central Europe	233.5	236.9	+1.4 %
Western Europe	52.4	44.3	-15.5 %
Benelux *)	35.3	36.5	+3.4 %
Central Eastern Europe	92.2	102.3	+11.0 %
Group	413.5	420.0	+1.6 %

Investments by region in million euros	2007	2008	Change
Central Europe	30.3	28.2	-7.0 %
Western Europe	1.8	1.4	-20.6 %
Benelux *)	0.2	0.1	-34.5 %
Central Eastern Europe	3.2	3.6	+11.5 %
Group	35.5	33.3	-6.2 %

*) only with sales branches; no production

Central Eastern Europe records strong increase in revenue thanks to retail

The segment Central Eastern Europe is composed of the laboratories and activities in Poland, Czech Republic, Slovakia and Hungary as well as the distribution activities in the neighbouring countries in the East and Southeast. This segment also includes a considerable portion of CeWe Color retail. Thanks to the good development in retail business, this segment recorded the strongest revenue development of all segments: Revenue increased by 11.0 % to reach 102.3 million euros in 2008 (2007: 92.2 million euros). In the fourth quarter, revenue increased as well by 11.1 % to reach 25.8 million euros (Q4 2007: 23.2 million euros).

However, this segment had to face disproportionate increases in costs (personnel expenses) and suffered high exchange losses in the fourth quarter. Furthermore, the portion of printing products purchased in part at intercompany prices in Central Europe increased resulting in a portion of the added value being recorded in the segment Central Europe. As a result, the EBT before restructuring reduced to 0.9 million euros (–79.8%) in the overall year compared to 4.2 million euros in 2007. In the fourth quarter, they decreased from 0.0 million euros to –0.6 million euros. In the business year 2008, restructuring amounted to 0.1 million euros (2007: 0.8 million euros). They were incurred during the fourth quarter 2008 (Q4 2007: 0.0 million euros). Accordingly, the EBT changed to 0.7 million euros in 2008 (2007: 3.5 million euros). In the fourth quarter, they still amounted to –0.6 million euros (Q4 2007: 0.0 million euros).

Good development in Benelux

The segment revenue increased very clearly in particular in the fourth quarter by 54.0 % to reach 10.0 million euros (Q4 2007: 6.5 million euros). This resulted in an increase in the revenue by 3.4 % to reach 36.5 million euros in the overall year (2007: 35.3 million euros). However, the last year and exclusively the fourth quarter thereof was weakened by a one-off provision for revenue reductions that have not become relevant for expenditure to-date.

Accordingly, the segment result increased considerably from –0.7 million euros in the previous year to 1.5 million euros. This increase – like the revenue – was reached mainly thanks to the fourth quarter showing a slightly positive result of 0.3 million euros (Q4 2007: –2.6 million euros).

Earnings before taxes and extraordinary factors by region 2008 in million euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	CeWe Color Group
Segment earnings before taxes (EBT)	5.9	1.5	2.5	0.7	10.7
Year-on-year change in %	–66.6	309.0	132.0	–78.8	–16.5
Adjustment for extraordinary factors	19.8	0.0	–8.5	0.1	11.4
EBT adjusted for extraordinary factors^{*)}	25.8	1.5	–6.0	0.9	22.1
Year-on-year change in %	6.7	309.0	–128.1	–79.5	–11.5

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	6.3	0.0	5.1	0.8	12.2
EBT adjusted for extraordinary factors^{*)}	24.2	–0.7	–2.7	4.2	25.0
Year-on-year change in %	–21.6	–124.4	–64.1	223.6	–10.0

^{*)}Restructuring and waiver of debt

This result is another evidence of Benelux' good profitability. This applies all the more so when comparing its return on sales with the segment Central Europe, it always must be taken into account that Benelux does not produce itself, but purchases its products in Central Europe at intercompany prices. Therefore, a portion a portion of the margin of the Benelux business already accrues in Central Europe as value added.

Western Europe – more precisely, France: restructuring measures planned

The segment Western Europe is composed of France and United Kingdom, with France as the larger CeWe activity having the greater influence on the result of this segment. Whereas, in the overall year, revenue decreased by 15.5 % to 44.3 million euros (2007: 52.4 million euros), a growth of revenue by 10.6 % to 11.4 million euros is recorded in the fourth quarter owing to to the season shift. Particularly in the United Kingdom, CeWe Color gained a significant volume from new customers.

The EBT of this segment is strongly influenced by the debt waiver already mentioned in the segment Central Europe. Taking into account this debt waiver (10.0 million euros) and the restructuring expenditure, the EBT, improved from –7.7 million euros in the preceding year to 2.5 million euros in the entire year 2008. In the fourth quarter alone, the EBT, increased from –7.9 million euros in the fourth quarter of the preceding year to 7.8 million euros, also owing to the debt waiver and the lower restructuring expenditure. However, this figure includes the extraordinary factors mentioned earlier, the amount of which is presented in the enclosed table on page 26. The EBT before restructuring and debt waiver, deteriorated from –2,7 million euros in the preceding year, to –6.0 million euros in the year under review. However, the fourth quarter already reflects the improvement as well, as shown by revenues: after –2.9 million euros in the respective last year's quarter, the region earned a loss of –1.8 million euros only in the fourth quarter of 2008.

Despite the fact that the United Kingdom reached a nearly balanced result in the fourth quarter, it still recorded a slight loss in the entire year. The segment loss in 2008 mainly results from the French activity.

Therefore, there is a call for action to reach a sustainable profitability of the French business. CeWe Color intends to close the laboratory in Paris in the course of 2009 to adjust the capacity to the development in the photo finishing market. The French central works council has been informed of this project and its hearing has been initiated.



Commercial customers use the CEWE PHOTO BOOK as image brochure.

Retail

Own retail with important functions

CeWe Color operates retail chains with associated Internet trade (brand examples: Fotojoker, Fotolab, Japan Photo) in Poland, Czech Republic, Slovakia as well as in Norway and Sweden. These retail chains initially came to the CeWe Color Group within the scope of takeovers of associated laboratories.

Today, these retailers fulfil important functions for CeWe Color: In the first case, they provide significant distribution channels for the CeWe Color laboratory services – in particular in Central Eastern Europe. Secondly, these retailers represent an important showcase for the marketing of digital photo services in stores, particularly for the CEWE PHOTO BOOK. Thus, CeWe Color has the opportunity of testing new Internet marketing strategies and to pass on experience of successful strategies to the trade partners.

Clear division of the segments by types of revenue

In the past, revenues were divided into the segments Photo finishing and Retail according to the company to which the revenues were to be allocated. The revenues of the laboratory and distribution companies were allocated to the segment Photo finishing, revenues of the retail companies to the segment Retail. However, since the retail companies – for example Japan Photo in Scandinavia – market photo finishing products – primarily the CEWE PHOTO BOOK – with increasing success, this strict allocation by companies has become out-dated.

From this year on, CeWe Color allocates revenues to the segments by the types of products which generated the revenues: revenues resulting from photo finishing products – i.e. analogue and digital photos, CEWE PHOTO BOOKS, photo calendars and greeting cards as well as other photo gifts and personalised products – are allocated to the segment Photo finishing. Revenues generated by resulting from hardware which is traded without any processing – e.g. cameras and camera accessories – are allocated to the segment Retail. The figures for 2007 have been adjusted according to this new division.

Favourable growth continues in Internet retail

The retail revenue increased by 22.0 % to 101.0 million euros in 2008 (2007: 82.8 million euros). This is particularly remarkable since, at the same time, the total number of retail stores merely increased from 189 points of sale in the previous years to 191 points of sale. Instead, relocations to more frequented locations or refurbishing measures in the stores prevail. Also, the Internet revenue of CeWe retail chains has increased. This, as well, is proof of CeWe Color's increasing Internet competence.

Sales to external third parties in million euros	2007	2008	Change
Photofinishing	330.7	319.0	-3.5 %
Retail	82.8	101.0	22.0 %
Total	413.5	420.0	1.6 %

Sum segment assets IAS *) in thousand euros	2007	2008	Change
Photofinishing	208,785	199,381	-4.5 %
Retail	41,195	39,601	-3.9 %
Total	249,980	238,982	-4.4 %

Investments in long-term assets IAS *) in thousand euros	2007	2008	Change
Photofinishing	34,580	31,203	-9.8 %
Retail	940	2,112	124.7 %
Total	35,520	33,315	-6.2 %

*) without financial assets



Equity ratio of 42.9 % –
sound funding situation for CeWe Color.

Balance Sheet and Financial Management

Total assets slightly decreased

Despite the increase in revenue, total assets decreased slightly. It dropped by 2.8 million euros (–1.1 %), from 264.8 million euros at the end of 2007 to 262.0 million euros at the end of 2008.

Long-term assets: fixed assets reduced

The strong decline in long-term assets caused this reduction: In particular, fixed assets decreased by 15.5 million euros (–14.0 %) to 95.4 million euros as of the balance sheet date 2008 due to depreciation and amortisation and reclassification. Responsible for this was, in particular, the unscheduled depreciation in connection with the shut-down of the locations in Bad Schwartau and Eisenach as well as in Bordeaux and Valence. The sale of the property in Worms, which had already been shut-down in 2006 also contributed to this development. In addition, fixed assets were reduced by reclassifying of real estate rented on a temporary basis from fixed assets into “real estate held as financial investments” as well as in “assets held for sale”.

As opposite effect worth mentioning – i.e. slightly raising fixed assets – is the increase of goodwill by 5.0 million euros (95.4%) to 10.3 million euros at the end of the year under review. This is attributable to the first consolidation of diron and Numérique.

Current assets: inventories reduced

Even if the current assets slightly increased in total by 4.0 million euros (+3.4 %) to 120.8 million euros, the reduction of inventories by 4.4 million euros (–10.7 %) to 36.8 million euros constitutes the largest individual change.

The increase in the portfolio inventory of cash and cash equivalents by 3.0 million euros (+42.1 %) to 10.1 million euros constitutes the largest individual change among the various changes in the current assets with a balance sheet extending effect. This liquidity position is slightly above the minimum level required, for example, for foreign currency transactions. This should be taken as a small but obvious signal: CeWe Color is financially strong.

Assets	2007	2008	2007	2008	Liabilities
	264.8	262.0	264.8	262.0	
Noncurrent assets	148.0 million euros 55.9 %	141.2 million euros 53.9 %	120.6 million euros 45.5 %	112.4 million euros 42.9 %	Equity
Current assets	116.8 million euros 44.1 %	120.8 million euros 46.1 %	29.1 million euros 11.0 %	29.3 million euros 11.2 %	Noncurrent debt
			115.1 million euros 43.5 %	120.2 million euros 45.9 %	Current debt

Equity ratio remains high: 42.9%

Equity decreased slightly by 8.2 million euros (−6.8 %) to 112.4 million euros. This decrease is not caused by the operating result, but is the result of cash flows to the shareholders and/or of currency translation differences, respectively. Nearly half of this difference was distributed to the shareholders of CeWe Color: 2.2 million euros by the redemption of shares in 2008 and 1.4 million euros from dividends distributed in 2008 for the results of the business year 2007, which exceeded the result of 2008 by this amount. Total distribution for the business year 2007 was at 8.4 million euros. The remaining half is the result of currency translation differences concerning, in particular, the activities in particular in the activities in Norway, Poland and the Czech Republic. The equity ratio maintains a high level at 42.9 % of total assets. This also emphasizes the soundness of the funding situation of CeWe Color.

Noncurrent liabilities virtually constant

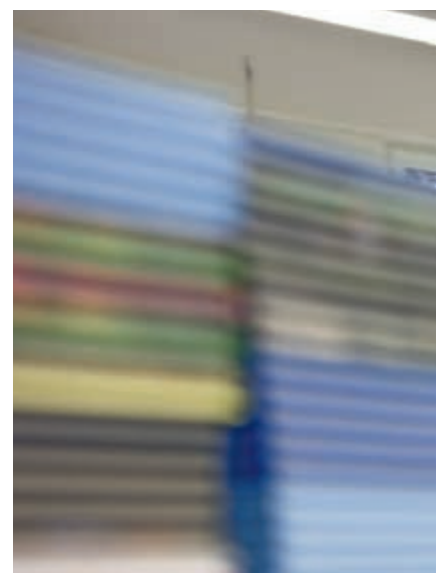
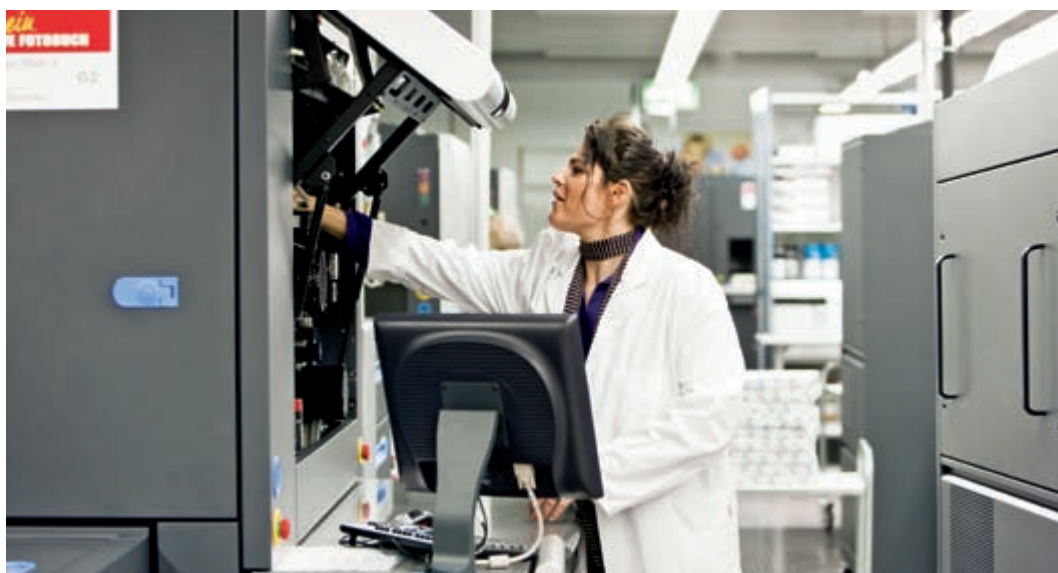
The noncurrent liabilities have changed only slightly amounting to 29.3 million euros after 29.1 million euros as of the end of the previous year (+0.2 million euros, +0.8 %). The noncurrent deferred tax liabilities decreased by 3.4 million euros (−59.6 %) from 5.7 million euros to 2.3 million euros at the end of the year under review. The noncurrent financial liabilities showed an opposite development rising to 14.5 million euros (+4.1 million euros, +39.1 %).

Operating net working capital reduced successfully by 9.0 %

The current liabilities increased by 5.1 million euros (+4.4 %) to 120.2 million euros as of the end of 2008. The largest individual change occurred in the current financial liabilities, by 10.6 million euros to 20.8 million euros (+102.8 %). The reduction of the trade payables by 3.1 million euros (−4.7 %) to 63.6 million euros, for example, had an opposite effect. This item is a decisive element of the operating working capital. The working capital as the total of inventories and current trade receivables minus current trade payables was reduced successfully from 30.2 million euros at the end of the preceding year by 2.7 million euros (−9.0 %) to 27.5 million euros.

Extremely sound funding situation

As already mentioned in the explanation of cash and cash equivalents and the equity ratio: The financing of CeWe Color continues to be very sound. The strong gross cash flow traditionally allows CeWe Color to fund the investments. This strong liquidity position combined with the strong equity base mentioned results in a high credit standing for CeWe Color, according to our partner banks. Thus, the capital resources of CeWe Color are more than sufficient at present. Not even half of the current lines of credit amounting of over 70 million euros was used as of the end of the year. Financial liabilities were at 35.3 million euros (2007: 20.7 million euros).



Investments and Depreciations

Significant investments in digital business

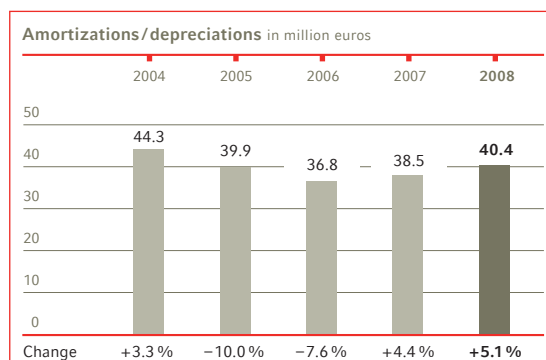
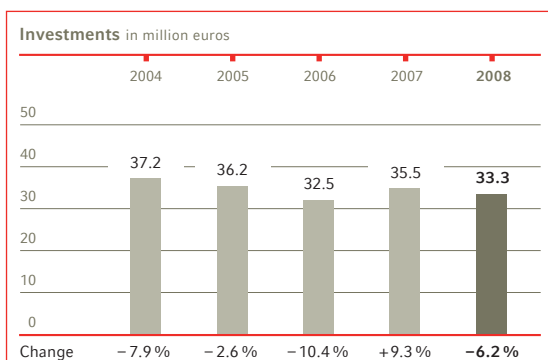
Over the past ten years, CeWe Color has invested more than 380 million euros – mostly in equipment, operating plants and acquisitions. Most recently these investments were almost exclusively utilized to actively design the transformation process and to generate new revenues with digital products.

Investments 2008 even lower than planned

For the year 2008, investments of 35.0 million euros were planned initially (2007: 35.5 million euros). In 2008, primarily owing to the high order volume in the pre-Christmas season, significant investments in the computing centre were required to handle the record volume of orders. On account of the very cautious use of the investment budget the required investments were still limited to 33.3 million euros: 1.7 million euros less than planned and 2.2 million euros less than in the previous year.

Depreciations increase on account of restructuring activities

Depreciations increased by 1.9 million euros to 40.4 million euros (2007: 38.5 million euros). This is mainly due to the fact that extraordinary depreciations from restructuring measures activities in 2008 exceeded those incurred in 2007 by approximately 1 million euros.



www.cewe-fotobuch.de

* Suggested retail price for a small-size CEWE PHOTOBOOK, according to the price list, plus processing fee.



- Europe's most popular photobook
- Premium quality
- Easy creative design
- Huge selection

My CEWE PHOTOBOOK

Your photos in a real book!

Create your own book of memories! With a CEWE PHOTOBOOK, you can combine your photos with attractive backgrounds, personal text and individual page designs - from € 7,95.*



 **cewe**
simply beautiful photos

Marketing

The CEWE PHOTOBOOK – a brand product

1,000 “clicks” per second in Germany with digital cameras and camera phones: The world of taking pictures becomes more and more varied and diverse. From the occasional snapshot to the active hobby, CeWe Color offers the right products for your needs. To distinguish itself from anonymous offers in the Internet, CeWe Color decided to offer the CEWE PHOTO BOOK as brand product to the trade and the consumers. This creates confidence for the customer who knows that the largest European photo service provider backs up the CEWE PHOTO BOOK. Moreover, a strong brand generates demand in the retail business. We support the sale of the CEWE PHOTO BOOK throughout Europe by massive advertising activities and increased public relations.

In general, CeWe Color offers the right products for anyone’s needs. Innovative photo products have to be marketed actively and effectively in the stores of our 50,000 trading partners in Europe as well as in the Internet in order to be successful. Therefore, CeWe Color further expanded its marketing and product management in 2008, and increased the marketing activities.

Consumers like shopping in the Internet

Online-shopping is becoming increasingly popular. A study of the Bundesverband Informationswirtschaft Telekommunikation und neue Medien e.V. (Bitkom, German Association for Information Technology, Telecommunications and New Media) shows that, more than 44 % of the Germans ordered goods and services on the Internet in 2008 (previous year: 41 %). Online-shopping offers many advantages: The prices are transparent and the shopping is comfortable.

Online marketing clearly enhanced

Since more and more digital photos, CEWE PHOTO BOOKS and photo gifts are ordered via the web sites of our trading partners in Europe, Internet marketing is becoming increasingly important. CeWe Color does not only provide the design of the photo areas on the web sites of the trading partners, but actively coordinates the online marketing, newsletter service and banner advertisements with the trading partners. This also includes search programme marketing and search programme optimization. CeWe Color clearly expanded search programme optimization in the last year to be among the first hits when the customers search for information on the topic of photo. Furthermore, cross and upselling measures strengthen the marketing activities.

As an information platform for the entire product range, a separate web site was launched under **www.cewe.de**, where the consumers will find a link to our trading partners, apart from product information, a forum, hints & tricks and examples. In case of particular questions on the software or the product range, the customers can at any time resort to on expert support of CeWe Color.

Marketing via POS increased further

Customized marketing tools form the basis for active marketing of high-margin products. Thus, CeWe Color carried out a POS campaign for the CEWE PHOTO BOOK in the stores of the trading partners in the business year 2008. As a matter of fact, a sales-oriented presentation enables the trading partner to not only generate revenue, but also profits with the the CEWE PHOTO BOOK. Accordingly, we offer our partners in the photo trade a comprehensive range of shopfitting elements, sales displays, advertising media and information material. Moreover, we provide them with sample photo books in different designs. Photo retailers which generously display the CEWE PHOTO BOOK over many metres of shelves, covering some shelf meters, which have sample books on stock and actively sell this product are particularly successful.

Photofinishing the development of new areas of application of pictures in connection with technological progress in photography, but also in entertainment electronics and telecommunication provide excellent opportunities to create new market segments and to further exploit existing potentials. CeWe Color is convinced that photo trade still has a great potential in the digital picture business. The company thus actively supports its customers in displaying picture products of high added value such as the CEWE PHOTO BOOK in displaying to draw arouse the consumers' attention directly in the store.

CEWE PHOTO COMBI KIOSK – attractive all-rounder

With the CEWE PHOTO COMBI KIOSK, the customers can order and/or immediately print photos in the stores of the trading partners. The device combines comprehensive order possibilities for pictures, CEWE PHOTO BOOKS, photo greeting cards and calendars as well as gifts, with the potentials of immediate photo printing. The yellow-red design and the brightly illuminated display attract the consumer to the offer from afar. An easily understandable user interface for all functions makes photo ordering and immediate printing a child's play, and does not require any advising.

Successful presentation appearance at the photokina 2008

The photokina (September 23 to 28, 2008) is the most important trade fair for the photo industry. It takes place every two years in Cologne. In 2008 again, all leading companies of the imaging world were represented in Cologne and presented a comprehensive range of imaging technology and imaging application for consumers and professionals – from the taking of a photo until its output. More than 1,500 exhibitors and nearly 170,000 visitors from over 150 countries were present. On an exhibition stand of over 1,000 square metres, CeWe Color presented a large number of new products around the digital picture. Whether it be CEWE PHOTO BOOKS, photo canvas or photo gifts: there are hardly any limits to the huge number of personalised photo products.

Expansion of the digital product range

CeWe Color presented a large number of new products and software features on the photokina, including for example:

- four new large-format and high-revenue versions of the CEWE PHOTO BOOK
- CEWE PHOTO BOOK on photo paper in three formats
- new version of the CEWE PHOTO BOOK order software for Windows, Mac and Linux, provided with many clip arts and passe-partouts
- several hundred new designs for photo greeting cards
- two dozen new designs for photo calendars
- an online textiles shop with, at first, 250 product versions



New order software for the CEWE PHOTO BOOK

Apart from the excellent image quality owing to the use of state-of-the-art digital technology, the order software is the most important success of CEWE PHOTO BOOK. It does not only make the order quick and simple, but is also the prerequisite of a broad range and unique design possibilities. CeWe Color invests a large amount of work and money in the CEWE PHOTO BOOK software because they want their customers to enjoy the design of their CEWE PHOTO BOOK just as much as the finished product. Therefore, over 120 employees in research and development and product management in the company headquarters in Oldenburg do not only ensure an ideal functionality, but take into account the customers' wishes in addition to the findings of market research. For example, not only is the look of the design models adjusted annually to the consumers' taste, but the automatic order assistant already considers the customer's preferences for the design when making suggestions.

CeWe Color has been marketing a new version of the software (free download under www.cewe-fotobuch.de) since October. Besides the automatic image selection – from colour intensity and exposure to sharpness – the CEWE PHOTO BOOK assistant allows for a quick and clear selection and sorting of the selected digital photos using various settings and also calculates the ideal image and / or pages ratio. Also the users of Linux and Mac can benefit from CeWe Color's market leadership since October 2008 own their self-designed CEWE PHOTO BOOK within a very short time.



Another highlight is the CEWE PHOTO BOOK on photo paper, provides even more brilliance to the trend product. Furthermore, there is the CEWE PHOTO BOOK in panoramic format, which is excellently suitable for landscape pictures. Moreover, we offer the PHOTO BOOK XXL in oblong format of the dimensions 30 x 42 cm.

Texts from Wikipedia can also be taken over into the CEWE PHOTO BOOK today. This is how the users can very simply add important text information from the leading "universe of knowledge" to their pictures. The area of topic photo books was extended by baby and marriage layouts. But this is not everything.

CeWe Color offers a large range of custom-made photo greeting cards

Unique moments in your life deserve special attention. CeWe Color offers manifold possibilities of sharing the great events with your family, friends and acquaintances using personally designed and excellently top processed photo greeting cards. With more than 1,000 design models, the variations are as varied and individual as the personal events themselves. We offer our customers a large range of photo greeting cards. For example, the elegant folding cards in the version Classic or XL can be folded either on the short or on the long side as well as printed on one or on both sides. All folding cards offer much space for creative messages, which can be designed depending on your taste and imagination.

Photo calendars contribute essentially to the greater importance of the fourth quarter

The company's product mix increasingly changes on account of CEWE PHOTO BOOKS as well as photo gifts, but also photo calendars. Sticking photos into ready-made calendars is increasingly becoming a thing of the past in digital photography. Today, the consumers create photo calendars on the PC using the various design suggestions. Within a few minutes the personal photo calendar is created and the (Christmas) present for the family, for friends or acquaintances is complete.



Data volumes of 10 terabytes are processed by the CeWe Color IT systems on peak days.

Research and Development

High technological competence represents competitive advantage

The great technological safety and flexibility represents a decisive competitive advantage for CeWe Color. On the one hand, CeWe Color controls all interfaces to the consumer – both online and offline – in order to convey an inspiring order experience to the consumer. On the other hand, CeWe Color is able to direct a great variety of individual consumer wishes day after day through the production system in the usual high quality, reliably and punctually. We have to safeguard and develop this advantage. This is the declared aim of CeWe Color's technology strategy. Thus the knowledge of the core elements of these competences has to exist within CeWe Color. Many services and products (for example programming services or complete standard software) are bought to complete this core knowledge. In the context of this strategy of "in-house" core competence, we increased the number of staff in research and development, and particularly in software development in 2008.

Offline software CEWE PHOTO WORLD

CEWE PHOTO WORLD is the software that consumers can download free of charge to their home PC in order to generate and to order photo products. The software to create the CEWE PHOTO BOOK is an integral part of this CEWE PHOTO WORLD.

In 2008, CeWe Color launched two new software versions of CEWE PHOTO WORLD. The first version of March mainly provided improvements of usability (supported by several independent studies) and functionality of the CEWE PHOTO BOOK assistant. More than half of the users apply this assistant to create their CEWE PHOTO BOOK. The assistant's suggestion often constitutes the basis for simple modifications so that the creation is as easy as anything.

The second version published at the start of the photokina puts special emphasis on the integration of design models and on the calendar products as well as the decoration shop. These products have contributed strongly to the success of the fourth quarter. Since the photokina, versions for the operating systems Linux and Mac are available as well.

Software quality impressively proven

Besides the first rank in tests carried out by consumer magazines, the innovative strength was confirmed by the TIPA Award and the title "2008 Global ISV Consumer Partner of the year – Finalist" awarded by Microsoft.



Online software: further optimised and more products available for online-order

The online presences were further optimised in two directions. The product pages were further optimised for a good ranking position in the most important search programmes used by consumers. In addition, the new systems offers our non-German companies an improved possibility to adjust the pages on their own initiative to country-specific conditions, thus implementing product ideas and marketing strategies more quickly.

The possibility of creating photo calendars and greeting cards online was also implemented before the Christmas season. These are products which generally include more than one picture, but not as many pictures as does a CEWE PHOTO BOOK. Therefore these products these products can be created and ordered online very comfortably as well.

Improved user interface for PHOTO COMBI KIOSK

The software for PHOTO COMBI KIOSKS has been completely revised on account of several analyses. Based on the consumer behaviour (including eye tracking), CeWe Color has restructured the user interface and improved its user friendliness. The templates and design models launched successfully by product marketing were integrated for orders in the laboratory, but also for immediate printing, up to a size of 20 x 30 cm.

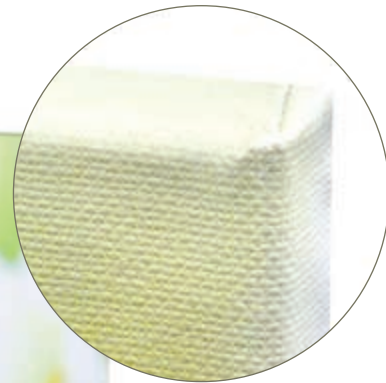
The online capability of the devices was further improved and an easy-to-use control programme was developed. The devices transmit the orders directly online to the operations. This allows for a quick production and delivery.

Online marketing competence clearly enhanced

As the importance of the Internet business increases, the competence of online marketing is more and more becoming a key competence for CeWe Color. CeWe Color uses this know-how on behalf of many trading partners as well. For example, CeWe Color has strongly improved the possibilities of evaluation and analysis consumer behaviour and customer retention (customer relationship management). This resulted in the target group-specific, individualised dispatch of approximately 30 million newsletters on behalf of the CeWe Color trading partners in 2008.

Production systems – great variety of products with high quality

We have introduced the possibility of using passe-partouts with different cut-outs and clip arts in all our products. To this effect, the complete software for the creation of these functions had to be adjusted in all operations. Together with a new workflow for the digital printing machines in all operations, CeWe has established the basis for making all products more valuable using design models, passe-partouts and clip arts. The platform on which the online applications as well as the CEWE PHOTO BOOKS ordered online are processed has been further developed as well. On the peak days in December, CeWe Color received approximately 10 terabytes of data per day from the consumers and transmitted them to the operations.



Attractive wall decoration with photo canvases.

We put special emphasis on the printing quality of our products in 2008. A dedicated department sees to the compliance with defined standards and the optimisation of the printing quality throughout all groups. The first rank in many tests with excellent ratings in the field of image quality give evidence of this fact.

Insights into photography of tomorrow

The change in technology from analogue to digital photography took place within a very short time. But how does the photo-taking behaviour and the dealing with the finished pictures and photo data change? Which subjects and events are particularly popular, where are snapshots produced as well as sent and what kinds of pictures are processed on the PC? CeWe Color wants to find answers to such questions on the trends of photography in the digitalized and mobile society. For this reason CeWe Color has launched an interactive research project bearing the motto "Übermorgenfotobuch" (photo book of the day after tomorrow) within the initiative "Stadt der Wissenschaft" (city of science) in Oldenburg together with the OFFIS institute for information science of Carl-von-Ossietzky-Universität of Oldenburg and EWE TEL in order to find out more about the using behaviour of professional and amateur photographers.

More than 400 events will take place during the year in which Oldenburg is "city of science". The visitors of the events are requested to upload their photos to the web site www.uebermorgenfotobuch.de and to jointly create the largest photo book of the world. In cooperation with the OFFIS institute, CeWe Color will analyse all photos that have been uploaded to the website by the end of the year. The telecommunication partner EWE TEL will ensure a smooth data transfer.



www.uebermorgenfotobuch.de

Administration and EDP

Finance and controlling contribute to the sustainable increase in revenues

The digital business and in particular the strongly increasing Internet and mail order portion of the products and services also require a corresponding support from controlling. Product and customer break-even analysis were enhanced further.

The increased domestic Internet business was accelerated by deliveries to the consumers on open account. The precondition for this was the increased efficiency in the accounts receivable management the overall costs of which are lower than the fees of credit card providers.

As a matter of course attractive opportunities for consolidation are generated during the transformation phase by the takeover of competitors, the takeover of competitors, the enlargement of the product portfolio and the opening of new business areas as well as the regional expansion, especially regarding the Internet. In this respect Controlling provided the decisive bases for potential acquisitions in the past year.

Further EDP optimization

In business year 2008 as well the central IT systems were further updated. 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 of our DigiFoto Makers constitute the core element of central IT. The main project of the SAP area in 2008 was the further roll-out of the new SD-based accounting routine; the roll-out has been completed to a large extent.

Photo finishing-specific processes will still be operated with the CeWe Color-owned IT system "ICOS" (Integrated CeWe Color Organisation System). "ICOS" especially focuses on the areas of pricing / preparation of delivery notes, customer service and sales support. This system which has been designed and implemented mainly by our own developers allows us to meet customer requirements particularly quickly and flexibly and thus provides CeWe Color with a real competitive advantage. Like the SAP system, "ICOS" is based on an Oracle data base system as well. In the business year 2008, a modern successor system based on JAVA and Oracle was developed for the portion of "ICOS" used in the laboratories, for decentralised pricing and writing of delivery notes, and has already put into operation in the Oldenburg laboratory.

Besides their branches, CeWe Color's retail companies also operate web shops where consumers can order hardware (cameras, accessories, etc.) and photos. In 2008, we put the web shops in Poland, Czech Republic, Sweden and Germany on a joint platform developed by a Copenhagen-based IT system company under Navision, on which the web shop of our Norwegian retail company Japan Photo has already been running successfully since 2007. This standardisation offers synergy effects, both effectiveness for software developments and effectiveness for measures regarding IT security.

In the business year 2008, CeWe Color further improved the performance and the IT security of the central systems. The IBM backup system put into operation at the end of 2007 has proven successful in operations in 2008.

Purchase

Optimising purchase logistics results in cost reduction

Increasing costs in the area of energy and materials determined the action of the central purchasing in the past business year. In close cooperation with the suppliers, we managed to avoid an increase in costs for the majority of raw materials, auxiliary supplies and fuels and to achieve further cost reductions through projects identified and realised together with the suppliers, for example the optimisation of purchase logistics.

Against the background of the expansion of our own product portfolio in the field of photo gifts with the associated extension of the purchase areas, the challenge with respect to the optimisation of the purchase logistics was to consolidate all long-distance transports to a single logistics provider. Previously, the transports were organised on their own authority and thus via a large number of different logistics companies within the scope of the “free delivery prices” agreed with the suppliers. The consolidation of the supplier transports to a single logistics partner and the simultaneous change to “ex works terms”, however, now permit to realise less expensive full truck loads per transport on account of the thus increased amount of freight and to ensure a periodical delivery within a defined time frame.

The consolidation of the deliveries to a single carrier may directly create further advantages for materials management. On the one hand, the periodical delivery of goods allows for a reduction of inventories, on the other hand, the handling of the receipt of goods can be scheduled. The handling centres of the logistics provider offer the possibility of compiling deliveries with respect to their processing. As a result, the personnel expenditure for receipt of goods and warehousing can be reduced.

Through the realisation of the reduction of the number of deliveries to the production sites associated with the reduction of truck tours and thus also the reduction of the CO₂ emission, the project is also a good means of contributing to the important subject of environmental protection, on the part of CeWe Color. contribution.

Increase in efficiency for operating purchasing processes

Moreover, the simplification and standardisation of the processes in materials management was further intensified through the automation of the purchasing processes in the operating day-to-day business, such as the introduction of a bar code-assisted scanner technology and the communication of and the compliance with delivery instructions to and by our suppliers, thus making processes thus processes more transparent and optimizing the flow of goods was optimised.

The development of an online contract database as well as the continuous extension and improvement of the eProcurement system contributed to making information available to everybody quickly, thus increasing efficiency in daily procurement.



Photo greeting cards and calendars contribute essentially to the revenue in the fourth quarter.

Employees and Training

Further concentration of the production capacities

The number of employees of the CeWe Color group decreased on the annual average to 2,921 employees (previous year: 3,124 employees).

The necessary concentration process required the shut-down of the Bad Schwartau and Eisenach operations with 190 employees as of April 2008. These were profitable operations which had to be sacrificed to the inevitable concentration process. In France, these measures concerned the Bordeaux and Valence sites with 61 employees. The costs for all the above-mentioned restructuring measures in the year under review including the depreciations of fixed assets and the social plans amounted to 11.4 million euros (previous year: 12.2 million euros).

In the course of the year, the Board of Management had decided to merge the subsidiary Foto und Bild Vertriebs GmbH, Oldenburg, to CeWe Color AG & Co. OHG, Oldenburg. The balancing of interest has been definitely negotiated. Since January 1, 2009, the subsidiary is run as an independent division Onsite-Finishing within CeWe Color.

Changes in collective bargaining policy

As of the February 1, 2008, the salaries and wages under collective bargaining agreements increased by 3.5 %. In February 2009, the employees received a one-time payment. The term of the new collective bargaining agreement ends on December 31, 2009.

Employee shares 2008

In June 2008, we offered employee shares to our German employees at the special price of 12.44 euros for the fifth time. For the purchase of a maximum of 15 shares the employees received the maximum amount permissible under tax law of 135.00 euros per calendar year. 269 employees bought a total of 3,685 shares.

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 stood out by a low sickness figure, e.g. 2.7 % in Germany. As in the previous years, we again carry out risk analyses, rescue trainings and vaccinations.

In February 2009, a "CeWe Health Day" was carried out at the Oldenburg site for the first time. At eleven different stands, spread over the business premises, the employees could inform themselves about the different activities offered. For example, in the AOK bus they could have their blood pressure measured, their visual capacity tested as well as their capability of reaction. A short film of the Berufsgenossenschaft (employer's liability insurance association) "Heben, Bücken, Tragen" (lifting, bending down, carrying) was shown and advice given on the subjects of nutrition and health. Moreover, short practical introductions into Nordic walking, indoor cycling and running were offered. On the whole, the employees' response was very positive thus leading to further activities during the course of the year; another day is again planned for next year.

Targeted selection and promotion of employees

In the field of research and development as well as in product management, we were able to hire new employees for the planned posts to a large extent despite the high demand for software developers in the market. This is how we can ensure that our software can be developed further consistently.

We train our employees in accordance with the requirements of the respective areas. The project "CeWe Wissen" set up on account of last year's employee survey provided support in this context as well in the period under review. In the context of this project, the employees had the possibility of participating in training activities outside their working hours offered by internal CeWe trainers. The response was extraordinarily satisfactory. The series of seminars for executives was continued and very well frequented.

Apprentices in Germany

The qualified training of young employees plays an important role for CeWe Color. We offered 88 apprentices in Germany the opportunity to learn a profession or trade (industrial clerk, warehouse logistics specialist, photo media laboratory assistant, industrial electronics expert, bookbinder, IT specialist) or to finish a degree. For many years, CeWe Color has been training more apprentices than the company needs in order to allow as many young people as possible to start a career.

Thanks to all employees

The cooperation with the works councils and the trade union IG BCE represented in the operations was again trusting and constructive in the business year 200. Thus, the necessary decisions for market adjustments were found, while making allowance for the interests of the employees and the company likewise.

Without the high personal, flexible and extraordinary commitment of our employees, the success of the year 2008 would not have been possible. We wish to express our gratitude to all of them for their excellent performance and their contribution to the company CeWe Color in the past year.

Employees by region (on the annual average) in number of employees	2007	2008
Central Europe	1,666	1,645
Western Europe	381	326
Benelux*)	31	30
Central Eastern Europe	1,046	920
Group	3,124	2,921

*) only with sales branches

Apprentices in Germany (on the annual average) in number of employees	2007	2008
Integrated degree programme Business Administration	0	3
Integrated degree programme IT specialist	0	4
Industrial sales representative	32	23
Photo laboratory technician	11	3
Photo media laboratory assistant	24	27
Photographer	2	2
Industrial electronics expert	16	10
IT specialist	14	10
Warehouse logistics specialist	4	5
Bookbinder	1	1
Total	104	88

Environmental Protection and Quality Management

Environmental protection is of high priority

Environmental protection and occupational safety play an important role for CeWe Color. The use of the best possible technologies and the avoidance of hazardous chemicals directly has positive effects on occupational safety and environmental protection.

In this context, CeWe Color completely waives formalin-containing final baths during photographic processing and the company only uses biodegradable bleaching baths in the CN film process. Liquid toner is used for printing the CEWE PHOTO BOOK so that the formation of fine dust is excluded. CeWe Color's digital printers have integrated filtration technologies that reduce the emission of ozone to values clearly below the occupational exposure limit. Water-based inks are used in ink jet printing for the production of selected digital printing products such as canvas pictures and gifts. Thus, the emission of volatile hydrocarbons is avoided.

The spine of the CEWE PHOTO BOOK is bound using reactive adhesives and thus obtains its very high tensile strength. The adhesive binding machines employed use modern low-emission systems and exhaust systems enhance safety. This was verified through measures carried out by external institutes such as the TÜV (technical supervisory association).

Recycling implemented consistently

Furthermore, CeWe Color's environmental work focuses on recycling and waste management as well as the active meeting of requirements of the new European chemicals law REACH. The period of pre-registration for chemicals with the European Chemicals Agency ended in November 2008. CeWe Color has seen to it that all key substances as well as own chemicals are pre-registered. Since October 2008, information has to be provided for substances of very high concern according to article 33 (EC 1907/2006). CeWe Color does not use one of the substances published up to now, follows the consistent update of the so-called list of candidates and meets the obligation through active communication in the supply chain. As a member of the Photo-Industrieverband, CeWe Color is involved in the active environmental work of the industry.

Recycling is not only for avoiding waste materials, but also for reducing the use of resources, which is economically reasonable. All photographic processing solutions are recycled. The largest production site in Oldenburg reached a rate of recycling of 89 % in 2008. Ways of recycling are aimed at for all waste fractions. For example, our chemical waste has been used in cement industry as denitrification agent for a long time. The oil free from aromatic hydrocarbons forming the basis of the liquid toners for the CEWE PHOTO BOOK has been recycled since 2007 by recovering it externally through fractional distillation.

Consistent quality management

CeWe Color's quality management aims at the optimal quality of the products. Each picture and each CEWE PHOTO BOOK are unique and are expected to increase the customer's enjoyment of the product through its good image quality and processing. This demand applies to the entire production process and is firmly anchored in all employees. Therefore, quality management starts with the selection and the testing of the starting materials. The digital image processing by image enhancement software is a key factor and is optimised continuously. The same applies to the profiling of the different output devices, from digital exposure for photos to the different digital printing technologies such as electrophotography for the CEWE PHOTO BOOK. All processing steps are optimised both with respect to efficiency and quality. The quality process is ensured by continuous process controls both for photographic processing and for digital printing methods. The outbound inspection of the finished products completes the quality management.

Social Commitment

A decisive characteristic feature of CeWe Color's company culture is the high commitment in social and cultural areas on a local, regional and European level. In particular, we focus on the promotion of science and training.

Fachhochschule für Mediengestaltung und Design (College for media design)

As the leading photography service provider and pioneer for the development of the required photographic knowledge, 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 and digital printing for personalised photo products. This project focuses on the granting of two to three scholarships to students of the Fachhochschule per semester. In addition, the Fachhochschule is supported with donations in kind. The supervision of some diploma theses and internships in our European operations serve the exchange of knowledge and the practical application of theoretical knowledge.

Promoting the new generation

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 make sure that young talents and potential executives consider CeWe Color to be an interesting and innovative company active throughout Europe.

Social sponsoring and individual commitment

CeWe Color traditionally realises an active communication with representatives of politics, economy, associations and all socially relevant groups. CeWe Color takes an active part in discussions and understands this commitment as a part of its corporate responsibility. Moreover, CeWe Color deliberately supports social institutions with targeted donations, such as e.g. the children hospice Löwenherz in Syke or the Deutsche Gesellschaft zur Rettung Schiffbrüchiger (DGzRS, German Maritime Search and Rescue Service).

CeWe Color promotes the individual commitment of the company's employees in the social area. Furthermore, in the area of social sponsoring, we focus on the promotion of young photographers, especially with material and financial donations. Moreover, we promote numerous projects in the area of photography.

Neumüller CeWe Color Foundation

The task of the Neumüller CeWe Color Foundation includes 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 Fachhochschule of Cologne, Photography Department, or at comparable institutions
- Promotion and financial support of diploma theses which specifically serve the further development of technical and scientific photography
- granting of the Heinz-Neumüller award for the best diploma thesis or the best degree of the year at the above-mentioned institutions.

Legal Structure of the Company

The group of consolidated companies changed as follows in the business year 2008: At the beginning of the year 2008, all shares of Numerique S. A .S., Paris, France were acquired. The shares of Colorplaza SA, Vevey, Switzerland, acquired at the end of the previous year, were sold in May 2008. Finally, all shares of diron Wirtschaftsinformatik GmbH & Co. KG, Münster, were acquired as of October 2008. Thus, the service portfolio will extend to web-based professional digital printing services for corporate customers in the future in addition to the successful distribution of CEWE PHOTO BOOKS and other digital printing services for consumers. As for the rest, we refer to the notes to the Financial Statements regarding the group of consolidated companies (see page 78).

After exercising the share option right of the community of heirs of Senator h.c. Heinz Neumüller as of December 31, 2006, the share capital of the company amounts to 19,188,052.00 euros and is divided into 7,380,000 no-par bearer shares as well as 20 registered shares with a mathematical interest in the share capital of 2.60 euros per share. The new shares resulting from conversion (1,980,000 pieces) were entitled to dividend payment from the business year 2007 on. The respective dividend payment in May 2008 amounted to 2,376 thousand euros.

As of the beginning of the year 2008, the company had a total of in all 412,360 treasury shares resulting from share redemption during the previous period; without the shares held by CeWe Color Versorgungskasse e.V., Wiesbaden, the shares held amount to 299,608. According to the repeated decision of the general meeting of May 26, 2008, the Board of Management of CeWe Color Holding AG, Oldenburg, holding 412,360 treasury shares decided on June 12, 2008 to repurchase further shares. The redemption of shares was effected in accordance with the Safe Harbour provisions. As of the balance sheet date of December 31, 2008, the company held 544,986 treasury shares. Reference is made to the notes (see page 114).

The operating business of the CeWe Color group still belongs to CeWe Color AG & Co. OHG, Oldenburg (and its subsidiaries). The management authorisation of this company has not changed; this is the obligation of Neumüller CeWe Color Foundation, Oldenburg.



CeWe Color disposes of 46 digital printing machines.

Risk Management

The task of the risk management system at 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 original tasks of the Board of Management, the heads of the regional profit centres in Germany and abroad as well as the central departments and the project managers.

The risk management system was examined and detailed for the business year 2008 using the advice given by external specialists. Now, schematised risk reports are established and reported to the Supervisory Board every quarter. Within the scope of the Audit Committee meeting of the Supervisory Board, the statutory auditor reported directly to the Supervisory Board. According to the auditor's opinion, the risk management system fully meets the requirements of Section 91 (2) AktG.

In the following, the individual fields of risks in the five areas "operational risks", "financial risks", "strategic risk", "business and logistics risks" as well as "legal risks" are summarized:

Operational risks

The market for films and analogue pictures is currently decreasing by approximately 30 % to 40 % per year. The increasing quantity of digital cameras, however, does not necessary mean that more digital photos are produced since many digital photos remain on the hard disk and are not produced on photo paper. Thus, the CEWE PHOTO BOOK is the product of the future to increase the printing volume of digital photos. In the Internet, the volume of calendars with digital photos was again clearly increased at year-end. Furthermore, the photo as a holiday and leisure time product is influenced by the economic development in Europe. The available economic forecasts (here based on the European Economic Advisory Group) expect a clearly weaker economic development in all country groups for 2009. Whereas a reduction of the gross domestic product (GDP) by -1.8 % and -1.5 % is assumed for Central Europe and Benelux, respectively, a reduction by -2.2 % is even expected for Western Europe. Only in Central Eastern Europe a growth rate of 1.0 % is expected.

Change in GDP year-on-year in %	2005	2006	2007	2008	e2009
Germany	1.1	3.0	2.6	1.3	-2.4
Switzerland	1.4	1.9	2.4	1.8	-0.5
Austria	1.1	2.9	2.6	1.9	-0.7
Denmark	2.9	2.9	1.4	0.7	-1.9
Sweden	2.2	3.6	2.0	1.0	-1.0
Norway	1.9	2.1	2.7	1.9	0.8
Central Europe	1.4	2.9	2.4	1.4	-1.8
The Netherlands	1.2	2.8	3.3	2.3	-1.2
Belgium	0.4	2.4	2.0	1.4	-1.9
Benelux	0.9	2.6	2.8	2.0	-1.5
United Kingdom	1.6	2.1	2.7	0.7	-2.5
France	1.3	1.3	1.6	0.9	-2.0
Western Europe	1.4	1.7	2.1	0.8	-2.2
Poland	2.4	7.1	6.6	5.4	1.5
Hungary	4.0	3.9	1.5	1.7	-1.5
Czech Republic	6.0	5.7	5.9	4.4	1.3
Slovakia	5.1	9.8	10.3	7.0	1.5
Central Eastern Europe	3.6	6.5	5.9	4.7	1.0

Source: 2005–2008 Eurostat – Growth rate of the real GDP per capita (data as of January 27, 2009)
Source: 2009: Forecasts of European Economic Advisory Group (last update of data Feb. 25, 2009)

Apart from the development of quantities the “price” is decisive for the success of the company, particularly in the digital area. In order to counteract the competitive pressure caused by price-aggressive Internet providers, CeWe Color had introduced a two lines policy with a standard and a premium line for pictures in the Internet as well to improve up-selling opportunities for the trade and to increase the average level of prices. Furthermore, in the analogue field, the prices were adjusted to the increased production costs caused by declining quantities. With respect to the photo paper suppliers, we are currently focussing on the suppliers DNP, Kodak and Fuji, however, further providers are on the market. We have contracts with further suppliers for paper for digital printing. The procurement risk for investment goods and photo pouches was optimised thanks to new suppliers and / or a risk-oriented selection of suppliers. It remains to be seen whether and to which extent the situation on the financial markets will have effects on suppliers. In general, however, we have attempted to develop alternative suppliers for strategic items. The rising concentration in the retail business leads to a slight increase in dependency on major customers. It is however typical for a lot of large companies that the five biggest customers with their individual distribution channels account for more than 60 % of the sales. In the area of the environmental risk, no violations against environmental provisions were registered in the 2008 either; on the contrary, CeWe Color attempts to realise higher standards on a voluntary basis. The commercial and technical EDP was again examined by an external auditing company in the past business year to further improve enhance EDP security and to avoid the risk of errors with new developments.

Financial risks

Owing to the increasing revenue in the retail business in Central Eastern Europe, the portion of the revenue generated outside the euro zone increased to 39 %. On the other hand, we have our own production sites in many countries so that no effects threatening the company’s survival have to be expected from currency risks. Taking open currency positions related to an effective date as basis of the observation of the currency risks, a fluctuation of the most important foreign currencies (British pound and Czech koruna) would result in a change in assets by –0.9 million euros (2007: –0.9 million euros) in case of a devaluation of the foreign currency, and in a change in the liabilities by –1.8 million euros (2007: –1.3 million euros) in case of a revaluation of the foreign currency.

The silver hedging transactions expired in 2007. The average silver price in 2008 exceeded the price of the previous year by 10.5 % so that the proportional price move alone resulted in additional earnings of approx. 500 thousand euros. The interest ratio risk is limited by the solid equity rate of 42.9 % and by further medium-term financing, in part even at fixed interest rates and/or terms. Our financing is secured despite the financial market crisis; the corresponding credit lines were renewed and extended. We assume that we will be able to meet the framework conditions (covenants) of our credit agreements.



The receivables risks were insured in accordance with their importance. No essential losses occurred in the expired business year due to the insolvency of major customers and the self-retention of the insurance (previous year: 950 thousand euros). Credit risks going beyond this were sufficiently accounted for by specific allowances amounting to 1,816 thousand euros (previous year: 4,919 thousand euros) in the expired business year. In view of the financial market crisis, the accounts receivable department will follow a more restrictive management of accounts receivable.

In addition to the investment for machines and plants, the item of internally generated software and other intangible assets is gaining importance. The investments of 33.3 million euros remained by 1.7 million euros under the investment budget of the expired year initially amounting to 35.0 million.

Strategic opportunities and risks

The transition from analogue to digital business and the increasing importance of the Internet as an order channel led to a further expansion of our programming and development capacities in this area. By focusing the development activities on our own team, we attempt to further expand our advantage vis-à-vis our competitors.

The takeover of the company Standard Photographic, England, in 2005 also caused initial losses in 2008. A balanced result is aimed at for 2009 through additional volumes created by new customers. Initial losses have will also have to the expected in 2009 for the company diron for digital printing software taken over in 2008 as well. The goodwill from takeovers capitalised as of the end of the year amount to a mere 10.3 million euros.

Costs of operation and logistics

No further plant shut-downs are expected in Germany. As far as foreign countries are concerned, a restructuring program was started in France in the scope of which the shut-down closure of the production site in Paris is currently being investigated, and the restructuring of the plant in Teplice, Czeck Republic is being initiated. Operating business risks due to the failure of machines are considered as being low.

Since a large number of transport companies is used, the logistics risk is calculable, the risk resulting from increases in the fuel prices is currently considered to be low.

Legal risks

Legal risks from current proceedings or other disputes which could threaten the company's existence are currently not recognisable. Provisions for risks have been made to a sufficient extent for risks of litigation resulting from the current business.



Corporate Governance

CeWe Color meets high German standards to a large extent

The Board of Management and the Supervisory Board report as follows on the corporate governance of CeWe Color in the year under review according to item 3.10 of the German Corporate Governance Codex:

The Board of Management and the Supervisory Board have committed themselves to follow the principles of modern corporate governance for a long time. Considering the importance of these principles for investors, customers and employees with respect to the confidence in the supervision of the company, Mr. Michael Wefers was appointed Corporate Governance Officer who directly reports to the Board of Management and to the Supervisory Board, in late 2002. Upon the retirement of Mr. Michael Wefers from the company as of December 31, 2008, Mr. Andreas F.L. Heydemann, Managing Director of CeWe Color AG & Co. OHG and member of the Board of Management of CeWe Color Holding AG was appointed Corporate Governance Officer from the business year 2009 on.

Our aim is to confirm and further strengthen the confidence that investors, financial markets, business partners, employees and the public have in our company. To this effect, we have taken organisational measures at an early stage which are necessary to meet the requirements:

- again nearly completely submitted declaration of conformity
- publication of all the stock market-relevant information in the Internet
- active, open and transparent communication
- close cooperation between the Board of Management and the Supervisory Board
- responsible risk management

The implementation of the Corporate Governance Codex in our company is regularly reviewed and adapted as required. The CeWe Color Holding AG comments on the applicable Corporate Governance principles on its website under www.cewecolor.de, which is accessible to everyone.

Declaration of Conformity 2009 of the Board of Management and the Supervisory Board according to Section 161 AktG on the German Corporate Governance Codex (latest version: February 4, 2009):

CeWe Color Holding AG attaches great importance to the rules of proper Corporate Governance. The Board of Management and the Supervisory Board of CeWe Color Holding AG declare that the recommendations of the “Regierungskommission Deutscher Corporate Governance Kodex“ (Governmental Commission German Corporate Governance Code) in the version of June 6, 2008 announced by the German Federal Ministry of Justice in the official part of the electronic German Federal Gazette are and have been adhered to with the following exceptions:

■ Retention with D & O insurances (deviation from item 3.8)

In principle, we are not of the opinion that the motivation and responsibility with which the members of the Board of Managers and of the Supervisory Board carry out their duties can be improved by such retention. Our existing insurance contracts do not include any retention and the modification of such existing contracts is not planned in order to avoid an adjustment of the premiums.

■ **Creation of specialized commissions (deviation from item 5.3.1)**

The present practice consisting in the fact 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 item 5.3.2)**

The entire Supervisory Board acts as Audit Committee. On account of special expert knowledge in questions of accounting and risk management, Mr. Otto Korte and in case of his absence Dr. Joh. Christian Jabobs will have the primary responsibility in the Supervisory Board for these fields.

■ **Establishment of a Nomination Committee (deviation from item 5.3.3)**

A nomination committee has not been established either, in view of the size of the Supervisory Board. As for the rest, the Supervisory Board is composed of representatives of the shareholders only.

■ **Supervisory Boards with more than five Supervisory Board Mandates in group-external companies (deviation from item 5.4.5)**

Each member of the Supervisory Board ensures that he has a sufficient amount of time for the fulfilment 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, interim reports available within 45 days after the period under review (deviation from item 7.1.2)**

We conform to the legal provisions and/or the rules of the Frankfurt Stock Exchange according to which the consolidated annual financial statement has to be publicly available within four months after the expiration of the business year and/or interim reports have to be publicly available within two months after the end of the period under review.

Board of Management and Supervisory Board

The Board of Management manages the company on its own responsibility. It is committed to the company's interest alone and is geared to the aim of a sustainable increase in the company value. Until Mr. Michael Wefers left the company as of December 31, 2008, the Board of Management of CeWe Color Holding AG consisted of four persons and since then of three persons. The rules of procedure established by the Supervisory Board regulate the allocation of business and the cooperation in the Board of Management. The Board of Management reports to the Supervisory Board regularly as well as promptly and comprehensively on all the questions of planning, business development, the risk situation and the risk management pertinent to the company.

The Supervisory Board advises and monitors the Board of Management with respect to the business management. According to the articles of association, the Supervisory Board consists of six members. The Supervisory Board discusses the quarterly report and examines and approves the annual financial statements of CeWe Color Holding AG. The details of the cooperation between the Board of Management and the Supervisory Board including reservations of consent for the activities of the Board of Management are regulated in the rules of procedure of the Board of Management and the Supervisory Board; in addition, the rules of procedure of the Supervisory Board regulates the duties of the Supervisory Board. The last election of the members of the Supervisory Board took place at the general meeting of May 28, 2008.

The Board of Management and the Supervisory Board cooperate closely for the benefit of the company. They approach all essential business transactions jointly. The members of the Board of Management and the Supervisory Board disclose any conflicts of interest to the Supervisory Board.

Shareholders and general meeting

Our shareholders are regularly informed about the business development as well as the financial, liquidity and earnings position in our quarterly and annual reports according to a financial diary available in the Internet on our website www.cewecolor.de. Within the scope of our investor relations activities, we hold regular meetings with analysts and shareholders. In general road shows and telephone conferences are organized in addition to the annual analysts' conference at the occasion of the publication of the quarterly figures for analysts.

Since years, the annual general meeting has been organized and realised 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 our shareholders the usual service for authorization and for the transferral of the right with respect to the general meeting. The general meeting makes decisions on all matters assigned to it. The last general meeting of CeWe Color Holding AG took place on May 28, 2008.

Remuneration Report

Regarding the remuneration of the Board of Management and the Supervisory Board in the business year 2008, reference is made to our detailed remuneration report printed on the following pages as part of the group management report.

Details on stock option plans

In accordance with the decision of the general meeting of 2005, CeWe Color Holding AG established a stock options plan for its top management executives in Germany and abroad. In September 2005, more than 80 management executives purchased a total of 199,500 stock options. CeWe Color Holding AG 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 right of option can be exercised for the first time since September 30, 2007 after the expiry of a waiting period of two years. The options may be exercised if the average spot price of the CeWe Color share in the Xetra trading of the Deutsche Börse amounts to at least 115 % of the basic price on ten consecutive stock trading days. As the basic price, 48.00 euros per share were fixed. The target success thus amounts to 55.20 euros. For the Board of Management of CeWe Color Holding AG, the Supervisory Board determined a basic price of 50.00 euros in deviation from the remaining persons entitled, and thus a target success of 57.50 euros.

Since the target success has not been reached until today, no report has to be made on the exercise of option rights. In case of exercised share options, CeWe Color will deliver shares from its own share portfolio inventory (redemption programme).

Compliance Officer

The Board of Management appointed Mr. Michael Wefers, Managing Director of CeWe Color AG & Co. OHG and member of the Board of Management of CeWe Color Holding AG, Compliance Officer from 2002 on until his retirement from the company on December 31, 2008. The Compliance Officer makes sure that the intra-company guidelines are complied with and observed in the group company. He receives complaints and suggestions and directly reports to the Board of Management and the Supervisory Board. From the business year 2009 on, Mr. Andreas F.L. Heydemann, Managing Director of CeWe Color AG & Co. OHG and member of the Board of Management of CeWe Color Holding AG, was appointed the successor to the Compliance Officer.

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 website under www.cewecolor.de. Everyone who is interested has the possibility to subscribe to a press review which informs about the group's news.

Shares held by the Board of Management and the Supervisory Board

As of December 31, 2008, the shares in CeWe Color Holding AG held by all members of the Board of Management and of the Supervisory Board amounted to 1.44 % of the shares issued by the company. The members of the Board of Management hold 0.76 % and the members of the Supervisory Board hold 0.68 %.

Details on the Directors' dealing

According to Section 15a of Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), the members of the Board of Management and of the Supervisory Board as well as certain employees having executive functions and closely related persons have to disclose the acquisition and sale of shares and related financial instruments to the extent the total of the securities transactions executed by the respective person concerned exceeds the amount of at least 5,000.00 euros within a calendar year. The securities dealings effected in the year under review 2008 up to this date that have to be disclosed can be viewed on our web site under www.cewecolor.de, Investor Relations/Corporate Governance/Directors' Dealing.

Accounting and statutory audit

Commerzial Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Oldenburg, was appointed auditor of CeWe Color Holding AG for the business year 2008. The auditor will immediately report any reasons for exclusion or partiality which might come up in the course of the audit to the chairman of the Supervisory Board. Furthermore, the auditor will also immediately report on any findings and incidents essential to the tasks of the Supervisory Board and detected during the audit. Moreover, the auditor will inform the Supervisory Board if in the course of the audit, they detect facts that are incompatible with the declaration of conformity issued by the Board of Management and the Supervisory Board in accordance with Section 161 AktG.



Increase in net cash flow by 59.4 %
emphasizes CeWe Color's financial strength.

Remuneration Report

Information according to Section 315 (2) no. 4 of the Handelsgesetzbuch (German Commercial Code), Remuneration report for the Board of Management

The remunerations for the members of the Board of Management of CeWe Color Holding AG, Oldenburg, are determined by the Supervisory Board. They are composed of fixed and performance-related variable earnings. The fixed earnings consist of a monetary basic amount and benefits in kind, and the performance-related part includes a profit-sharing bonus as well as components with a long-term incentive effect. In addition to the duties of the Board of Management and the personal performance, the performance of the entire Board of Management as well as the economic success and the comparable environment of the CeWe Color group constitute criteria for the calculation of the total remuneration.

The non-performance related fixed amount is paid as a constant monthly salary. Moreover, the members of the Board of Management receive benefits in kind which are reported according to the taxable amounts. In general, this concerns the use of a company car as well as the function-related insurance premiums; the benefits in kind are subject to taxes to be paid by the individual members of the Board of Management and they are all equally entitled to such benefits.

The profit-sharing bonus as a performance-related part of the total remuneration depends on the economic result of the CeWe Color group. The third stock options plan 2005 which is currently running represents another performance-related remuneration component. In this plan, the members of the Board of Management 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 Board of Management. The participants had to pay 0.50 euros per right. The fair value per option pursuant to IFRS 2.10 et seq. for members of the Board of Management amounted to 15.04 euros as at the date of granting. No other options plans are currently running. Neither in the business year 2008 nor in the previous year did the members of the Board of Management benefit from any payments from the exercise of option rights from any stock options plans. With regard to the structure of the stock options plan, reference is made to the explanations concerning equity in the notes to the consolidated financial statements on page 111 et seq.

The total remuneration, performance-related (profit-sharing bonus) and non-performance related remunerations, of the members of the Board of Management 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 1,160 thousand euros in the business year 2008 (previous year: 1,241 thousand euros). They are composed as follows:

Managing Board remuneration, shareholdings, options figures in thousand euros	2008				
	Fixed remuneration	Variable remuneration	Total remuneration	Shareholdings in units	Option rights in units
Dr. Rolf Hollander (Chairman)	415	133	547	46,375	12,000
Andreas F.L. Heydemann	164	43	207	5,000	12,000
Dr. Reiner Fageth	161	43	204	2,800	6,000
Michael Wefers (until December 31, 2008)	158	43	202	2,000	12,000
Managing Board, total	898	262	1,160	56,175	42,000

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

The variable performance-related earnings for the members of the Board of Management of CeWe Color Holding AG, Oldenburg, amounted to 262 thousand euros in the year under report, thus 27.2% below the preceding year (360 thousand euros). However, in the previous year, they still received a payment of profit-sharing bonus to the amount of 51 thousand euros for the business year 2006 which was the last year of the activity of Mister Wulf-Dieter Schmidt-Sacht, who had retired as of 31 December 2006 for reasons of age. Adjusted for this effect, the variable earnings decreased by 15.2 % compared to the previous year.

Variable earnings again below the previous year

The variable earnings/profit-sharing bonus for the business year 2008 to be paid out in 2009 amount to 252 thousand euros, thus remaining 4.1% below last year.

As of 31 December 2008, Mr. Michael Wefers held 2,000 shares. Another 2,000 shares are held by other closely related natural persons and thus have to be allocated to Mr. Michael Wefers. Moreover, Mr. Michael Wefers returned the option rights (12,000 pieces) against repayment of the initial price of 0.50 euro/right to the company after his leaving the company.

In the previous year, additional personnel expenses of 68 thousand euros each resulted for Dr. Rolf Hollander, for Mr. Andreas F. L. Heydemann and for Mr. Michael Wefers, totalling to 204 thousand euros, from the proportionate distribution of the fair value of the existing option rights during the period of the respective blocking period (1 October 2005 to 30 September 2007) in accordance with IFRS 2.10 et seq. For the determination of the present value of the option right as well as of the resulting personnel expenses, reference is made to the notes to the consolidated financial statements on personnel expenses, page 93.

The separate financial statements of the CeWe Color Holding AG, Oldenburg, do not include any personnel expenses from the proportionate present values of the options analogous to IFRS 2.10 et seq.

No agreements have been concluded between CeWe Color Holding AG, Oldenburg, and the members of the Board of Management in the event of premature terminations of the employment. Moreover, no compensation agreements have been concluded with the members of the Board of Management in case of a takeover bid (Section 315 (4), no. 9; also refer to page 65).

Pension commitments for which in part re-insurance policies have been taken out exist for the members of the Board of Management. The amount of the pension commitments is determined by two ninths of the last fixed remuneration received for each period of five years of the activity as a member of the Board of Management, however, six ninths at most. For Dr. Rolf Hollander as well as for Mr. Andreas F. L. Heydemann, the total fixed remuneration for their activity as a member of the Board of Management of CeWe Color Holding AG, Oldenburg, and of Neumüller CeWe Color Foundation, Oldenburg, serve as reference value. For Dr. Reiner Fageth and Mr. Michael Wefers, the respective fixed remuneration for their activities as members of the Board of Management of CeWe Color Holding AG, Oldenburg, are decisive. These commitments do not include survivors' benefits. The service cost for pension benefits in 2008 is shown below taking into account an actuarial interest rate of 6.0 % in line with the application of the projected unit credit method according to IFRS.

Pensions for the members of the Board of Management figures in thousand euros	2007			2008		
	Pension entitlements acquired	Pension entitlements Dec. 31, 2007	Provision	Pension entitlements acquired	Pension entitlements Dec. 31, 2008	Provision
Dr. Rolf Hollander	0.0	267.0	119.0	0.0	267.0	106.0
Andreas F.L. Heydemann	0.0	23.0	17.0	0.0	23.0	15.0
Michael Wefers (since December 31, 2008)	0.0	0.0	14.0	0.0	0.0	11.0
Dr. Reiner Fageth (since January 1, 2007)	0.0	0.0	11.0	0.0	0.0	9.0
Board of Management, total	0.0	290.0	161.0	0.0	290.0	141.0

In addition to their pension commitments as members of the Board of Management, Dr. Rolf Hollander and Mr. Andreas F.L. Heydemann will receive an old-age pension after their retirement at the age of 65 within the scope of the standard company pension scheme from a direct pension commitment. This includes survivors' benefits amounting to 50 % of the respective pension. Dr. Reiner Fageth and Mr. Michael Wefers will receive old-age pensions of an economically equal value from an employer-financed pension fund within the scope of the standard company pension scheme. Here, the commitments are broken down as follows:

Standard company pension scheme figures in thousand euros	2007			2008		
	Pension entitlements acquired	Pension entitlements Dec. 31, 2007	Provision	Pension entitlements acquired	Pension entitlements Dec. 31, 2008	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
Michael Wefers (until December 31, 2008)	0.0	3.0	1.0	0.0	3.0	1.0
Dr. Reiner Fageth (since January 1, 2007)	0.0	3.0	1.0	0.0	3.0	1.0
Board of Management, total	0.0	12.0	4.0	0.0	12.0	4.0

Finally, as part of the company pension scheme, a life insurance policy for an insured sum of 38 thousand euros each with capital payment in the event of premature death as survivors' benefits or in the event of their survival as a pension has been taken out in addition. The annual expenses for this amount to 1 thousand euros for each member of the Board of Management (previous year: 1 thousand euros). No loans or advance payments were granted. Moreover, no contingent liabilities were assumed for the benefit of members of the Board of Management.

Remuneration report for the Supervisory Board

According to the articles of association, the Supervisory Board consists of six members. The remuneration for the members of the Supervisory Board results from the articles of association and is composed of a fixed and two variable elements. The fixed remuneration amounts to 4.0 thousand euros per 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 for each attendance at the meetings of the Supervisory Board. None of the members of the Supervisory Board has any option rights. In detail, the remunerations are as follows:

Supervisory Board remuneration, shareholdings, options figures in thousand euros	2007						2008					
	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	4.0	14.3	24.3	50,000	0	6.0	3.0	14.3	23.3	50,000	0
Hartmut Fromm (Deputy Chairman)	5.0	4.0	11.9	20.9	0	0	5.0	3.0	11.9	19.9	0	0
Dr. h.c. Manfred Bodin (until May 28, 2008)	4.0	3.5	9.5	17.0	0	0	1.7	0.5	9.5	11.7	0	0
Dr. Fritz Kröger (until December 31, 2007)	4.0	3.5	9.5	17.0	0	0	0	0	9.5	9.5	—	—
Prof. Dr. Dr. h.c. Hans-Jürgen Appelrath	4.0	3.0	9.5	16.5	0	0	4.0	3.0	9.5	16.5	0	0
Andreas F. Schubert (until August 31, 2007)	0.0	0.0	6.3	6.3	0	0	—	—	—	—	—	—
Sebastian Freitag (from Sept. 1, 2007 to Feb. 8, 2008)	0.0	0.0	3.2	3.2	0	0	—	—	—	—	—	—
Otto Korte (since Feb. 9, 2007)	4.0	4.0	0.0	8.0	0	0	4.0	3.0	9.5	16.5	0	0
Prof. Dr. Michael Paetsch (since January 1, 2008)	—	—	—	—	—	—	4.0	3.0	0	7.0	0	0
Dr. Joh. Christian Jacobs (since May 28, 2008)	—	—	—	—	—	—	2.3	2.0	0	4.3	0	0
Supervisory Board, total	27.0	22.0	64.2	113.2	50,000	0	27.0	17.5	64.2	108.7	50,000	0

No loans or advance payments were granted. Moreover, no contingent liabilities were assumed for the benefit of the members of the Supervisory Board.

Remuneration report for former members of the Board of Management and the Supervisory Board

No payments were granted to former members of the Supervisory Board. Pension provisions for former members of the Board of Management amounted to 2,616 thousand euros as of the effective date of December 31, 2008 (previous year: 2,542 thousand euros). The pensions for the business year 2008 amounted to 289 thousand euros (previous year: 279 thousand euros). The pension provisions made for this group of persons were transferred to CeWe Color Versorgungskasse e. V., Wiesbaden, with effect of April 1, 2007. The consolidated financial statements include this company according to IAS 32 in conjunction with IAS 19. No loans or advance payments were granted and no contingent liabilities were assumed for former members of the Supervisory Board and of the Board of Management of CeWe Color Holding AG, Oldenburg.

Miscellaneous

The company has a third party group liability insurance policy for financial loss for all members of the Board of Management, managing directors and executives of CeWe Color group in Germany and abroad. This policy is taken out and/or renewed every year. The insurance covers the personal liability risk in the event that a claim for financial loss is made against this group of people when they execute their activities. In addition, a special legal expenses insurance policy for criminal defence provides insurance cover for all staff members. This insurance policy also covers the legal representatives and the members of the supervisory board against offenses that they committed or are suspected of having committed while performing their service.

Statements according to Section 315 (4) HGB

Composition of the subscribed capital, restrictions relating to voting rights 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:

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	99.9997 %	<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 %	

No further restrictions of voting rights or transfer as defined by Section 315 (4), no. 2 HGB are known to the company.

Direct or indirect interests in capital (Section 315 (4), no. 3 HGB)

According to the published notifications and the information available to us, the following direct and indirect interests in our company exist exceeding 10 % of the voting rights:

Party with reporting obligation	Type of interest	Proportion of notified voting rights in the subscribed capital
ACN Vermögensverwaltungsgesellschaft mbH & Co. KG, Oldenburg (community of heirs of Senator h.c. Neumüller, Oldenburg)	direct	27.37 %
Neumüller Beteiligungsgesellschaft mbH, Oldenburg (community of heirs of Senator h.c. Neumüller, Oldenburg)	indirect	27.37 %
Lincoln Vale European Partners Master Fund, L.P., George Town, Grand Cayman, Cayman Islands	direct	10.15 %
Lincoln Vale European Partners GP LLC, George Town, Grand Cayman, Cayman Islands	indirect	10.15 %

Holders of shares with special rights (Section 315 (4), no. 4 HGB)

Two of the registered shares are shares with restricted transferability that can only be transferred subject to the consent of the Supervisory Board of CeWe Color Holding AG, Oldenburg. Each of these shares convey the right to appoint one member of the Supervisory Board. Neumüller CeWe Color Foundation, Oldenburg, is the holder of these shares.

Type of control of voting rights in case of employee participations (Section 315 (4), no. 5 HGB)

To the extent that employees of CeWe Color group hold shares in CeWe Color Holding AG, Oldenburg, the company is not aware of any peculiarities regarding the possibility of exercising the voting rights. 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 Board of Management and changes to the articles of association (Section 315 (4), no. 6 HGB)

The appointment of the members of the Board of Management and the determination of their number is made in accordance with article 5.2 of the articles of association by the Supervisory Board; the same applies to the possible appointment of a chairman or a spokesperson of the Board of Management and deputy members of the Board of Management. Apart from that, the legal provisions regarding the appointment and dismissal of members of the Board of Management (Sections 84 and 85 AktG) apply. For the modification of the articles of association, the legal provisions apply (Sections 133 and 179 et seq. AktG).

Authority of the Board of Management to issue and redeem shares (Section 315 (4), no. 7 HGB)

According to article 2.4.1 of the articles of association and until June 24, 2009, the Board of Management is authorised to increase the registered share capital of the company by a total amount of 7,800,000.00 euros against contributions in cash or in kind once or several times by issuing new shares with the consent of the Supervisory Board; no subscription right will be granted to shareholders in case of contributions in kind.

Furthermore, according to article 2.3 of the articles of association, the share capital is conditionally 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 meetings of June 16, 1992, June 17, 1999 and June 24, 2004. Neumüller CeWe Color Foundation, Oldenburg, has a share option right for this conditional capital to the nominal amount of another 52,000.00 euros only to the extent to which the foundation exchanges its interest in CeWe Color AG & Co. OHG, Oldenburg, as general partner amounting to 52,000.00 euros for shares in this company to initiate the amalgamation of the interest in this company. Other persons than the aforementioned beneficiaries are excluded from the subscription right with respect to the conditional capital. This conditional capital is paid in only to the extent Neumüller CeWe Color Foundation, Oldenburg, exercises its right to exchange. Further details of the realisation are regulated by the decision of the general meeting of June 16, 1992.

According to the decision of the general meeting of May 28, 2008, the company is entitled to purchase up to 738,000 treasury shares until November 27, 2009. This authorisation has been granted in order to

- sell the shares again at the stock exchange or by an offer to all shareholders with the consent of the Supervisory Board in compliance with the principle of equal treatment (Section 53a AktG).
- redeem the shares completely or in part, once or several times, with the consent of the Supervisory Board without the redemption or its realisation requiring another decision of the general meeting. They can also be redeemed following a simple procedure without capital reduction by adjusting the mathematical proportionate amount of the other no par value shares with respect to the company's share capital. However, the redemption may be carried out in any case for in all 600,000 shares of the company only.
- sell the shares against payments in kind with the consent of the Supervisory Board, in particular, they can be offered or granted to third parties in the context of mergers or acquisition of companies.
- offer the shares for sale to or promise and / or transfer the shares with a vesting period of not less than one year to employees of the company or of other affiliated companies as defined by Section 15 et seq. AktG with the consent of the Supervisory Board.
- use the treasury shares acquired on account of this or an earlier granted authorisation according to Section 71 (1), no. 8 AktG to serve subscription rights that have been issued within the scope of the share options plan II;
- sell the shares acquired on account of the above-mentioned authorisation by other means than at the stock exchange or by an offer to all shareholders with the consent of the Supervisory Board.

According to the decision of the general meeting of May 28, 2008, the Supervisory Board is authorised to offer for sale or to promise and/or to transfer with a vesting period of not less than one year the treasury shares acquired on account of this or of a previously granted authorisation to the members of the Board of Management of CeWe Color Holding AG as share-based remunerations. The details of the share-based remuneration for the members of the Board of Management are determined by the Supervisory Board.

The decision of the general meeting of April 26, 2007 regarding the redemption of shares was the subject matter of actions for annulment or of voidance (see page 134). The actions were withdrawn and / or dismissed in the course of 2008.

Essential agreements subject to the condition of a change in control as a result of a takeover bid (Section 315 (49), 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 a takeover bid which could be affected individually or in their entirety.

Compensation agreements (Section 315 (4), no. 9 HGB)

No agreements were concluded between CeWe Color Holding AG, Oldenburg, and members of the Board of Management or other employees in case of a takeover bid, which would result in compensations or other payments of the company.

Related Party Disclosures

After extensive discussions, the Supervisory Board and the Board of Management of CeWe Color Holding AG, Oldenburg, agreed that there is no need for a relations report in accordance with Section 312 (1) AktG. There are individual tenancies for real estates used for business purposes between the group and the community of heirs the executor of which, Mr. Otto Korte, is also a member of the Supervisory Board. All the tenancies are settled according to usual market conditions. Apart from that, we refer to the explanations in the notes on IAS 24 (see page 134).

Special Events After the End of the Business Year

In February 2009, the Board of Management decided to take the legally required steps for the shut-down of the production site in Paris, France. The French central works council has been informed of this project. Furthermore, the Board of Management decided to shut-down the operations in Teplice, Czech Republic at the beginning of March 2009. All essential measures are planned for 2009. We expect restructuring expenses of approximately 10 million euros. The capacity adjustment is required to adapt CeWe Color to the developments of the photo finishing markets in France and in the Czech Republic and to return to a positive development of revenues in these markets.

According to the decision of the Board of Management of the Deutsche Börse on March 4, 2009, the share of CeWe Color Holding AG, Oldenburg, will be included in the SDAX with effect as of 23 March 2009. On March 9, 2009, the Board of Management decided to offer shares of CeWe Color Holding AG, Oldenburg, as employee shares to the employees of CeWe Color group within the scope of possible tax reliefs.

Outlook

Decline in overall economy expected in 2009

After quite favourable pleasing growth rates achieved in the past years, the global economy and in particular the industrial countries are threatened with a considerable negative trend in 2009 according to the International Monetary Fund (IMF).

For example, the IMF reduced the global growth forecast for 2009 drastically from 3.0 % to 0.5 % in its global economic outlook of January 28, 2008. According to recent estimations, even a negative growth might have to be expected for 2009. According to IMF's forecast, a noticeable decline in the economic performance by approximately 2 % has to be assumed for the industrial countries in 2009. In Europe, the countries most strongly affected might be the United Kingdom (-2.8 %), Germany (-2.5 %) and Italy (-2.1 %). For Japan, the IMP now even forecasts a decrease in the GDP by -2.8 %.

According to this estimation, Asia will lead the worldwide recovery at the end of 2009, and return to a growth of 5 % in 2010. However, in order to realise this, the respective governments would have to "increase their public expenditure, continue to lower their key interest rates and stabilise their banking systems". The IMF expects an overall growth of the economic performance by 3.0 % in 2010.

CeWe Color will develop better than the overall economy

At present, the Board of Management assumes that CeWe Color will develop better than the overall economic basic trend even if negative influences cannot be ruled out completely. Since the consumers acquire the typical CeWe products at relatively low prices, at the same time attaching a high emotional value to them, the market relevant to CeWe Color is less sensitive to the economic development. More expensive consumer goods or even private investment products, like cars will probably be affected more strongly by a customer restraint. This estimation was confirmed in the Christmas period 2008: The consumers ordered CEWE PHOTO BOOKS nearly to the extent expected in early 2008 – that is before the crisis.

CEWE PHOTO BOOK and Internet business as mainstay of growth no. 1 in 2009

This growth above the level of the overall economy will be driven essentially by the CEWE PHOTO BOOK in 2009. The spreading of this product has only just begun. Broad classes of potential buyers have not yet become aware of the CEWE PHOTO BOOK. This constitutes the great opportunity to extend the reach for potential customers by means of target group-oriented marketing, thus generating growth successfully – at home and abroad. In particular, CeWe Color's very high Internet marketing competence developed in the past years will assist the utilization of these opportunities.

Mainly driven by the CEWE PHOTO BOOK prints, the number of digital photos will develop positively and nearly compensate for the expected decrease in the photos from film. Furthermore, the retail business is expected to make positive, albeit less strong, contributions to growth.

Positive development in 2010 as well

The Board of Management assumes a positive development for 2010 as well. Apart from the improvement of the overall economic situation forecast for 2010, there are three decisive factors: First of all, the growth of the CEWE PHOTO BOOK will continue at least up to the end of 2010 since additional customer groups can be developed. Secondly, the number of photos from film will have reached such a low basis in 2010 that a further expected decline decrease will hardly carry any weight. Thirdly, the Board of Management expects first noticeable impetus for growth from the commercial digital printing business for 2010.

Restructuring project in France allows for positive development of earnings

In the course of 2009 CeWe Color intends to carry out restructuring measures in France to adjust local business to the development of the photo finishing market. In particular, there are plans to shut-down the Paris production site. This adjustment of capacities is necessary to return to a positive development of earnings in France. The course of improvement of earnings will be continued with determination in the business year 2009.

Restructuring measures completed

Upon completion of the restructuring measures at the Paris production site and the shut-down of the Teplice site, Czech Republic, planned for the next months as well, CeWe Color will have achieved a new structure of the production network. From 2000 to 2009 the number of production sites will have more than halved, from 29 to 13. The Board of Management assumes that the shut-downs in Paris and Teplice will mark the end of the restructuring period induced by the transformation from analogue to digital technology.

Targets for 2009 slightly higher than 2008

Overall, the Board of Management plans group revenue of approximately 420 to 425 million euros for 2009. The EBT before restructuring will probably be between 20 and 25 million euros. All restructuring measures together are expected to reach a maximum volume of 10 million euros; an EBT between 10 to 15 million euros is expected. Thus the entire year 2009 would be slightly better than 2008 for CeWe Color. The reduced investments, however, would clearly strengthen the free cash flow.

Targets for 2009			Change
Colour prints	digital	1.9 Billion units	+6%
	analog	0.5 Billion units	-38%
	total	2.4 Billion units	-8%
CEWE PHOTO BOOKS		3.5 Million units	+35%
Revenues		420 – 425 Million euros	0% – +1%
Operative result before restructuring and taxes		20 – 25 Million euros	-9% – +14%
Restructuring expenses		10 Million euros	-9%
Earnings before taxes (EBT)		10 – 15 Million euros	-9% – +36%
Investments		22 Million euros	-33%

Oldenburg, March 16, 2009

CeWe Color Holding AG
– The Board of Management –



Dr. Rolf Hollander
(Chairman of the Board of Management)



Dr. Reiner Fageth



Andreas F.L. Heydemann

Board of Management and Managing Directors of CeWe Color Holding AG and Neumüller CeWe Color Foundation



Dr. Rolf Hollander

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



Harald H. Pirwitz

- Member of the Board of Management of Neumüller CeWe Color Foundation

Responsible for sales in Germany, Austria and Switzerland as well as for marketing



Felix Thalmann

- Member of the Board of Management of Neumüller CeWe Color Foundation

Responsible for foreign countries and expansion



Dr. Michael Fries

- Managing Director of Neumüller CeWe Color Foundation

Responsible for coordinating the German operations, for human resources and logistics



Dr. Reiner Fageth

- Member of the Board of Management of CeWe Color Holding AG
- Managing Director of Neumüller CeWe Color Foundation

Responsible for technology, research and development



Andreas F.L. Heydemann

- Member of the Board of Management of CeWe Color Holding AG
- Managing Director of Neumüller CeWe Color Foundation

Responsible for finance and accounting, materials management, EDP and auditing



Thomas Grunau

- Managing Director of Neumüller CeWe Color Foundation

Responsible for marketing and product management



Dr. Olaf Holzkämper

- Managing Director of Neumüller CeWe Color Foundation

Responsible for finance and controlling, company development and investor relations



Frank Zweigle

- Member of the Board of Management of Neumüller CeWe Color Foundation

Representative of the beneficiaries



CeWe Color developed 2.6 billion photos in 2008.



CONSOLIDATED FINANCIAL STATEMENT

Consolidated Balance Sheet

as of December 31, 2008 of CeWe Color Holding AG, Oldenburg

Assets Figures in thousand euros	Dec. 31, 2007	Dec. 31, 2008	Change	Notes Page
I. Property, plant and equipment	110,917	95,435	-14.0 %	22 106
II. Real estate held as financial investment	0	3,210	100.0 %	23 107
III. Goodwill	5,285	10,325	95.4 %	24 107
IV. Intangible assets	21,465	22,576	5.2 %	25 108
V. Financial assets	258	273	5.8 %	26 108
VI. Noncurrent receivables from income tax refund	3,743	3,331	-11.0 %	27 108
VII. Noncurrent receivables and assets	589	473	-19.7 %	28 108
VIII. Deferred tax assets	5,746	5,543	-3.5 %	29 109
A. Noncurrent assets	148,003	141,166	-4.6 %	
I. Assets held available for sale	0	2,830	100.0 %	30 109
II. Inventories	41,182	36,779	-10.7 %	31 109
III. Current trade receivables	55,753	54,338	-2.5 %	32 110
IV. Current receivables from income tax refund	3,316	5,840	76.1 %	33 110
V. Current other receivables and assets	9,455	10,944	15.7 %	34 110
VI. Cash and cash equivalents	7,093	10,080	42.1 %	35 111
B. Current Assets	116,799	120,811	3.4 %	
	264,802	261,977	-1.1 %	

Shareholders' Equity and Liabilities <small>Figures in thousand euros</small>	Dec. 31, 2007	Dec. 31, 2008	Change	Notes Page
I. Subscribed capital	19,188	19,188	0.0 %	36 111
II. Capital reserve	56,228	56,228	0.0 %	41 114
III. Special item for treasury shares	-14,155	-16,398	-15.8 %	42 114
IV. Revenue reserves and net profits	59,255	53,335	-10.0 %	43 115
V. Third party interests	59	56	-5.1 %	44 116
A. Equity	120,575	112,409	-6.8 %	
I. Noncurrent special items for investment grants	739	586	-20.7 %	45 116
II. Noncurrent provisions for pensions	9,683	9,743	0.6 %	46 116
III. Noncurrent deferred tax liabilities	5,746	2,324	-59.6 %	47 119
IV. Noncurrent other provisions	1,871	1,477	-21.1 %	48 120
V. Noncurrent financial liabilities	10,426	14,505	39.1 %	49 120
VI. Noncurrent other liabilities	615	685	11.4 %	
B. Noncurrent liabilities	29,080	29,320	0.8 %	
I. Current special items for investment grants	124	103	-16.9 %	
II. Current provisions for taxes	2,850	3,018	5.9 %	50 120
III. Current other provisions	11,354	10,948	-3.6 %	51 121
IV. Current financial liabilities	10,240	20,768	102.8 %	52 122
V. Current other trade payables	66,724	63,614	-4.7 %	53 122
VI. Current other liabilities	23,855	21,797	-8.6 %	54 122
C. Current liabilities	115,147	120,248	4.4 %	
	264,802	261,977	-1.1 %	

Consolidated Profit and Loss Account

for the period from January 1 to December 31, 2008 of CeWe Color Holding AG, Oldenburg

Figures in thousand euros	2007	2008	Change	Notes Page
1. Revenues	413,451	419,989	1.6 %	10 92
2. Increase/decrease in the inventory of finished and unfinished products	36	-97	-369.4 %	
3. Other own work capitalised	1,468	1,621	10.4 %	
4. Other operating income	24,576	27,332	11.2 %	11 92
5. Cost of materials	-154,573	-163,217	-5.6 %	12 93
6. Gross profit	284,958	285,628	0.2 %	
7. Personnel expenses	-108,356	-104,979	3.1 %	13 93
8. Depreciation of property, plant and equipment and amortization of intangible assets	-38,458	-40,410	-5.1 %	14 95
9. Other operating expenses	-123,802	-127,887	-3.3 %	15 95
10. Earnings before interest and taxes (EBIT)	14,342	12,352	-13.9 %	
11. Financial results	-1,523	-1,692	-11.1 %	17 96
12. Earnings before taxes (EBT)	12,819	10,660	-16.8 %	
13. Income taxes	-5,491	-2,514	54.2 %	18 97
14. Other taxes	-1,434	-1,106	22.9 %	19 100
15. Earnings after taxes	5,894	7,040	19.4 %	
16. Profit/loss attributable to minority shareholders	-3	-2	33.3 %	20 101
17. Profit/loss attributable to shareholders of the parent company	5,891	7,038	19.5 %	
Earnings per share (in euros)				
- undiluted	0.83	1.01	21.7 %	21 101
- diluted	0.83	1.02	22.9 %	21 101

Consolidated Cash Flow Statement

for the period from January 1 to December 31, 2008 of CeWe Color Holding AG, Oldenburg

Figures in thousand euros	2007	2008
Earnings before interest and taxes (EBIT)	14,342	12,352
+ Depreciation of property, plant and equipment and amortization of intangible assets	38,458	40,510
+ Addition to provisions without provision for taxes	9,954	7,838
– Reversal of provisions without provisions for taxes/reversal special items with accrual char.	–1,430	–1,672
– Other non-cash transactions	–1,669	–1,746
= Cash flow after non-cash transactions	59,655	57,282
+ Income from the disposal of noncurrent assets	1,090	909
+ Increase/decrease in inventories, receivables and other assets	3,675	279
– Decrease in provisions without provisions for taxes	–8,791	–9,155
– Increase (+)/decrease (–) in trade payables, other liabilities and other equity and liabilities including third-party share in profit and loss	7,604	–5,988
= Net cash received from operating activities	3,578	–13,955
– Income tax paid	–8,869	–6,900
– Other taxes paid	–1,762	–961
= Cash flow from operating activities	52,602	35,466
Investing activities		
– Net cash used for the acquisition of companies less acquired net cash and cash equivalents	–9,393	–4,631
– Acquisition of property, plant and equipment and other noncurrent assets	–34,248	–31,709
– Own and other work capitalised	–1,468	–1,621
+ Income from the disposal of assets	3,232	4,194
= Cash flow to investing activity	–41,877	–33,767
Financing activity		
– Dividends paid	–6,345	–8,361
– Acquisition of treasury shares	–13,136	–2,243
+ Sale of treasury shares	6,330	0
– Decrease in capital reserves from final settlement of conversion of subscription rights	–2,375	0
+ Valuation of 2005 Stock Option Plan according to IFRS 2	1,119	0
± Non-cash market valuation of hedge transactions not affecting income	–72	–128
± 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	–75	–703
+ Income from taking out loans	14,650	24,441
– Payments from redeeming liabilities to banks	–16,808	–9,833
– Net interest without amortization of financial assets and non-cash valuations of hedging and forward transactions	–1,405	–1,595
= Cash flow to (–)/from (+) financing activity	–18,117	–1,578
– Net change in cash and cash equivalents	–7,392	3,277
± Change in cash and cash equivalents due to exchange rate changes	10	–290
+ Cash and cash equivalents start of period	14,475	7,093
= Cash and cash equivalents end of period	7,093	10,080

Please refer to page 131 for notes to the cash flow statement.

Consolidated Statement of Changes in Equity

of CeWe Color Holding AG, Oldenburg

Consolidated statement of changes in equity Jan. 1 – Dec. 31	Subscribed capital	Capital reserve	Revaluation reserve IFRS 3.59	Consolidated equity generated	Special item for Stock Option Plan	Market valuation of hedge trans- actions	Adjustment item for currency translation	Deferred taxes for currency differences in equity
Figures in thousand euros								
Balance on Jan. 1, 2007	19,188	58,603	0	51,619	2,393	-203	2,198	-436
Earnings after taxes	0	0	0	5,894	0	0	0	0
Changes in the group of consolidated companies	0	0	1,075	-408 ²	0	0	0	0
Other changes	0	0	0	0	0	0	0	0
Profit/loss attributable to other shareholders	0	0	0	-3	0	0	0	0
Result-related changes in equity	0	0	1,075	5,483	0	0	0	0
Market valuation of hedge transactions	0	0	0	0	0	-72	0	0
Currency translation	0	0	0	0	0	0	1,338	-226
Other changes in equity not affecting income	0	0	0	0	0	-72	1,338	-226
Changes in equity not related to owners	0	0	1,075	5,483	0	-72	1,338	-226
Exercising of conversion rights/final settlement ¹	0	-2,375	0	0	0	0	0	0
Sale of treasury shares	0	0	0	1,312	0	0	0	0
Acquisition of treasury shares	0	0	0	0	0	0	0	0
Valuation of Stock-Option Plan acc. to IFRS 2	0	0	0	0	1,119	0	0	0
Dividend paid	0	0	0	-6,345	0	0	0	0
Changes in capital related to owners	0	-2,375	0	-5,033	1,119	0	0	0
Balance on Dec. 31, 2007	19,188	56,228	1,075	52,069	3,512³	-275	3,536	-662
Earnings after taxes	0	0	0	7,040	0	0	0	0
Changes in the group of consolidated companies	0	0	0	5	0	0	0	0
Profit/loss attributable to other shareholders	0	0	0	-2	0	0	0	0
Result-related changes in equity	0	0	0	7,043	0	0	0	0
Market valuation of hedge transactions	0	0	0	0	0	-128	0	0
Currency translation	0	0	0	0	0	0	-5,136	662
Other changes in equity not affecting income	0	0	0	0	0	-128	-5,136	662
Changes in equity not related to owners	0	0	0	7,043	0	-128	-5,136	662
Acquisition of treasury shares	0	0	0	0	0	0	0	0
Dividend paid	0	0	0	-8,361	0	0	0	0
Changes in capital related to owners	0	0	0	-8,361	0	0	0	0
Balance on Dec. 31, 2008	19,188	56,228	1,075	50,751	3,512³	-403	-1,600	0

¹ Reference is made to the explanations on equity in the notes

² The items reported 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, prior to integration into the group by way of full consolidation (successive business acquisition)

³ The item includes the option premiums received for the Stock Option Plan amounting to 69 thousand euros.

Revenue reserves and net profits	Equity acc. to consol. bal. sh. before deduction of treasury shares	Parent company Other accumulated group profit or loss		Minority shareholders			Consolidated equity acc. to cons. bal. sh.
		Special item for treasury shares	Equity before deduction of third-party shares	Minority capital	Adjustment item for currency translation	Third-party shares	
55,571	133,362	-6,036	127,326	51	-15	36	127,362
5,894	5,894	0	5,894	0	0	0	5,894
667	667	0	667	17	0	17	684
0	0	0	0	-16	0	-16	-16
-3	-3	0	-3	3	0	3	0
6,558	6,558	0	6,558	4	0	4	6,562
-72	-72	0	-72	0	0	0	-72
1,112	1,112	0	1,112	0	19	19	1,131
1,040	1,040	0	1,040	0	19	19	1,059
7,598	7,598	0	7,598	4	19	23	7,621
0	-2,375	0	-2,375	0	0	0	-2,375
1,312	1,312	5,018	6,330	0	0	0	6,330
0	0	-13,137	-13,137	0	0	0	-13,137
1,119	1,119	0	1,119	0	0	0	1,119
-6,345	-6,345	0	-6,345	0	0	0	-6,345
-3,914	-6,289	-8,119	-14,408	0	0	0	-14,408
59,255	134,671	-14,155	120,516	55	4	59	120,575
7,040	7,040	0	7,040	0	0	0	7,040
5	5	0	5	-5	0	-5	0
-2	-2	0	-2	2	0	2	0
7,043	7,043	0	7,043	-3	0	-3	7,040
-128	-128	0	-128	0	0	0	-128
-4,474	-4,474	0	-4,474	0	0	0	-4,474
-4,602	-4,602	0	-4,602	0	0	0	-4,602
2,441	2,441	0	2,441	-3	0	-3	2,438
0	0	-2,243	-2,243	0	0	0	-2,243
-8,361	-8,361	0	-8,361	0	0	0	-8,361
-8,361	-8,361	-2,243	-10,604	0	0	0	-10,604
53,335	128,751	-16,398	112,353	52	4	56	112,409

A. General Notes

1 | Company information

CeWe Color Holding AG is a corporation based in Germany and listed on the stock exchange. The present consolidated financial statements for the business year 2008 was approved and released for publication by the Board of Management of CeWe Color Holding AG in its meeting of March 16, 2009.

2 | Basis Principles for the preparation of the consolidated financial statements

The consolidated financial statements of CeWe Color Holding AG, Oldenburg, for the business year from January 1, 2008 to December 31, 2008 were prepared in accordance with the “International Financial Reporting Standards (IFRS)”¹ applicable as of the effective date and in the version to be applied in the EU, as well as with the provisions of Section 315 a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) to be applied equally. All standards requiring application at balance sheet date were observed.

The following standards and interpretations have already been published as of December 31, 2008, their application was, however, not yet mandatory (IFRS 8, IFRIC 13, 14) or not adopted by European law (IFRIC 12, 15–17) as yet:

- IFRS 8 “Segment reporting” – from January 1, 2009 on
- IFRIC 12 “Service concession arrangements” – from January 1, 2008 on
- IFRIC 13 “Customer loyalty programmes” – from January 1, 2009 on
- IFRIC 14 “The limit on a defined benefit asset, minimum funding requirements and their interaction” – from January 1, 2009 on
- IFRIC 15 “Agreement for the construction of real estate” – from January 1, 2009 on
- IFRIC 16 “Hedges of a net investment in a foreign operation” – from October 1, 2008 on
- IFRIC 17 “Distributions of non-cash assets to owners” – from July 1, 2009 on

To the extent new standards that have not yet become effective for 2008 can be applied on a voluntary basis, we have not made use of this option. The application of standards that have been published as of the balance sheet date, but do not absolutely have to be implemented yet will probably not have any essential effect on the financial, liquidity and earnings position. However, the presentation of the segment reporting will change on account of the application of IFRS 8.

The profit and loss account was prepared using the total cost (type of expenditure) method. All figures are in thousands of euros (€k) unless otherwise specified.

¹The abbreviation “IAS/IFRS” commonly used in the past has been given up for “IFRS”.

3 | Group of consolidated companies

The group of consolidated companies includes CeWe Color Holding AG, Oldenburg, as parent company, and ten German and 18 foreign companies. In addition, pursuant to IAS 19, the pension obligations sourced out to CeWe Color Versorgungskasse e.V., Wiesbaden, are included in the consolidated financial statements. Subsidiaries taken over in the course of the business year are included from the moment of taking control of the financial and business policy. Subsidiaries sold in the course of the business year are no longer included as of day the control over their financial and business policy ends. There have been the following changes regarding to the group of consolidated companies since the financial statements as of December 31, 2007:

- With effect from January 2, 2008, the Zweite CeWe Color Beteiligungsgesellschaft AG, Dübendorf (Switzerland), acquired a 100 % interest in **Numerique S. A. S., Paris (France)**. The purchase price amounted to 2,000 thousand euros. Directly attributable incidental acquisition costs worth mentioning did not arise. No equity instruments were issued. The allocation of the purchase price resulted in goodwill of 1,158 thousand euros.

- With effect from May 10, 2008, the entire 23.38 % of the shares in **Colorplaza SA, Vevey (Switzerland)**, acquired at a symbolic purchase price of 1.00 euro as of December 1, 2007, were resold. The proceeds of sale amounted to 206 thousand euros and resulted in a book profit of the same amount. According to the information available, the company incurred losses that are not exactly known since no documents of financial statements are available. No allocation of losses was realised in the balance sheet on account of the absence of an at-equity valuation. The reason of the quick resale was, among other things, that no agreement was reached with the other shareholders on the future development of the company. No equity instruments associated with Colorplaza SA, Vevey (Switzerland), were held as of December 31, 2008.
- With effect as of June 12, 2008, the capital of **Japan Photo Holding Norge AS, Oppedgård (Norway)**, was increased by 320 thousand NOK to reach 3,520 thousand NOK.
- With retroactive effect from January 1, 2008, **Fotostar s. r. o., Teplice (Czech Republic)** was merged into CeWe Color a.s., Prague (Czech Republic) according to the decision of the general meeting of June 27, 2008.
- **Bohemia Foto spol. s. r. o., Teplice (Czech Republic)** was liquidated according to the decision of the general meeting of June 27, 2008 as of July 1, 2008. This resulted in a result effect of 8 thousand euros.
- According to the decision of the general meeting of June 30, 2008 as well, **Fotostar Slovakia spol. s. r. o., Trnava (Czech Republic)** was merged into CeWe Color a.s., Bratislava, (Slovakia) as of July 1, 2008.
- According to the decision of the shareholders' meeting of June 4, 2008, CeWe Color Danmark ApS, Skødstrup (Denmark), was renamed as **CeWe Color Nordic ApS**.
- With effect of September 17, 2008, CeWe Color AG & Co. OHG, Oldenburg, acquired COMTREU 206 Beteiligungs GmbH, Oldenburg, at a purchase price of 28 thousand euros. As of the same date, the company name was changed into **Wöltje Verwaltungs-GmbH** in the context of a modification of the articles of association. The allocation of the purchase price resulted in goodwill of 3 thousand euros.
- With effect of September 17, 2008 as well, **Wöltje GmbH & Co. KG, Oldenburg**, was founded. The company was equipped with a limited liability capital of 100 thousand euros.
- With effect of October 1, 2008, CeWe Color AG & Co. OHG, Oldenburg, acquired **DIRON Wirtschaftsinformatik GmbH & Co. KG, Münster**, at a purchase price of 2,327 thousand euros. The acquisition included the company's managing director and general partner, **DIRON Wirtschaftsinformatik Beteiligungs-GmbH, Münster**, the sole shareholder of which is diron Wirtschaftsinformatik GmbH & Co. KG, Münster. The purchase price paid is a fixed purchase price, whereas further instalments of purchase price conditional on the business success are possible for the next five business years. The directly attributable incidental acquisition costs total 13 thousand euros as of December 31, 2008. The total purchase price determined in this way amounts to 4,340 thousand euros. The allocation of the purchase price concerns software of 573 thousand euros, deferred tax liability of 178 thousand euros and goodwill of 3,992 thousand euros. The noncurrent assets taken over without the effects from revaluation according to IFRS 3 amount to 127 thousand euros, the current assets to 601 thousand euros. The current liabilities taken over without deferred tax liabilities for revaluation amount to 776 thousand euros. A goodwill amounting to 2 thousand euros resulted for DIRON Wirtschaftsinformatik Beteiligungs-GmbH, Münster. No equity instruments were issued.
- With effect of September 30, 2008, the capital reserve of **CeWe Color a. s., Bratislava (Slovakia)** was increased by 26,959 thousand SKK to 53,598 thousand SKK by adding a claim for repayment of a loan of CeWe Color a. s., Prague (Czech Republic).
- With effect of December 15, 2008, the shares in **Wöltje Verwaltungs-GmbH, Oldenburg**, as well as a limited partner's interest in Wöltje GmbH & Co. KG, Oldenburg, were transferred from CeWe Color AG & Co. OHG, Oldenburg, to Zweite CeWe Color Beteiligungsgesellschaft AG, Dübendorf (Switzerland).

- With effect of December 15, 2008, the capital of **CeWe Color Limited, Warwick (United Kingdom)** was increased by 2,810 thousand GBP to 5,044 thousand GBP by adding a claim for repayment of a loan.
- With effect of December 15, 2008, the capital of **Numérique S. A. S., Paris (Frankreich)** was increased by 300 thousand euros by adding a claim for repayment of a loan.
- **Rainbow Color B.V., Kontich (Belgium)**, was liquidated as of December 19, 2008 according to the decision of the shareholders' meeting of December 18, 2008. This did not lead to an effect on the result.
- With effect of December 31, 2008, the shares in **CeWe Color a. s., Bratislava (Slovakia)** were taken over by CeWe Color Beteiligungsgesellschaft mbH, Oldenburg, from CeWe Color a. s., Prag (Czech Republic).
- **FOTO CLASSIC Sp. z o.o., Tarnobrzeg (Poland)** was liquidated with effect of October 11, 2008 according to the decision of the shareholders' meeting of October 10, 2008. This led to a positive result of 4 thousand euros.
- With effect of December 31, 2008, the share capital of **CeWe Color Nordic ApS, Skødstrup (Denmark)**, was increased by 500 thousand DKK to 6,000 thousand DKK. The capital reserve was increased by 21,500 kDKK through a premium in the form of a waiver of debt.
- With effect of April 30, 2008, the production plant of CeWe Color AG & Co. OHG in Bad Schwartau was shut-down. The Board of Management made this final decision on January 21, 2008. Provisions totalling 6.3 million euros were created for personnel expenses. Moreover, unscheduled depreciation of 2.3 million euros had to be made for machinery as well as for operating and business equipment.
- With effect of April 30, 2008, the production plant of CeWe Color AG & Co. OHG in Eisenach was shut-down as well. The Board of Management made this final decision on January 21, 2008 as well. In this case, provisions for personnel expenses amounted to 0.9 million euros and unscheduled depreciation to 0.4 million euros.
- The shut-downs and restructuring measures resolved in the preceding year were continued as planned in the course of the first quarter. This included in particular the shut-downs of the operating plants of CeWe Color S. A. S., Paris (France), Bordeaux and Valence as of March 28, 2008. The associated provisions amounted to 1.5 million euros as of the balance sheet date. According to current estimations, this amount will be sufficient to cover the obligations.

The group of consolidated companies does not include Bilder Planet Mückenhausen GmbH, Cologne, due to its minor economic importance. The following corporate transactions had no impact on the group of consolidated companies:

With retroactive effect of January 1, 2009, Foto + Bild Vertriebs-GmbH, Leipzig, was merged into CeWe Color AG & Co. OHG, Oldenburg.

The changes in the group of consolidated companies had the following effects on the consolidated financial statements as of December 31, 2008:

Balance Sheet	Group as of Dec. 31, 2008	thereof due to changes in the group of consolidated companies			
		Total	Numérique S. A. S., Paris	Wöltje total	DIRON total
Figures in thousand euros					
Noncurrent assets	141,166	1,939	1,309	52	578
Current assets	110,731	1,002	192	307	503
Cash and cash equivalents	10,080	192	21	143	28
	261,977	3,133	1,522	502	1,109
Equity	112,409	-799	-344	1	-456
Noncurrent liabilities	29,320	675	413	0	262
Current liabilities	120,248	979	179	94	706
	261,977	855	248	95	512

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

Profit and Loss Account	Group as of Dec. 31, 2008	thereof due to changes in the group of consolidated companies			
		Total	Numérique S. A. S., Paris	Wöltje total	DIRON total
Figures in thousand euros					
Revenues	419,989	1,476	1,020	456	0
Other income	28,856	354	14	3	337
Cost of materials	-163,217	-975	-672	-280	-23
Personnel expenses	-104,979	-691	-165	-103	-423
Depreciation and amortisation	-40,410	-456	-398	-4	-54
Other operating expenses	-127,887	-805	-312	-71	-422
Earnings before interest and taxes (EBIT)	12,352	-1,097	-513	1	-585
Financial results	-1,692	-6	-8	0	2
Earnings before taxes (EBT)	10,660	-1,103	-521	1	-583
Income taxes	-2,514	261	135	0	126
Other taxes	-1,106	-4	-4	0	0
Earnings after taxes	7,040	-846	-390	1	-457

The effective increase in revenues from acquisitions was higher in the previous year. However, it cannot be determined reliably any longer, since numerous customer relations were integrated into the existing CeWe Color organisation. No equity capital instruments were issued in connection with the acquisition of the aforementioned companies. The following incidental acquisition expenses resulted from the acquisitions: DIRON Wirtschaftsinformatik GmbH & Co. KG, Münster, 13 thousand euros, DIRON Wirtschaftsinformatik Beteiligungs-GmbH, Münster, 1 thousand euros.

The pro-forma statement for the acquisitions of the business year 2008 according to IFRS 3.70 is as follows, however, no information is given for Numérique S. A. S., Paris (France), since the initial consolidation (January 2, 2008) nearly coincides with the balance sheet date of December 31, 2007 of the previous period.

Figures in thousand euros	Group Dec. 31, 2008	Pro forma from acquisition	Pro forma group Dec. 31, 2008
Revenues, total	419,989	1,581	421,570
Earnings after taxes, total	7,040	-25	7,065

The assets and liabilities underlying the consolidation are as follows:

Numérique S. A. S., Paris			
Figures in thousand euros	Book values at acquisition	Book values acc. to IFRS	Change
Intangible assets (customer bases/lists)	0	1,594	1,594
Intangible assets	10	10	0
Property, plant and equipment	2	2	0
Accounts receivable and other assets	1	1	0
Deferred tax assets	0	55	55
Total	13	1,662	1,649
Equity	-258	842	1,100
Deferred tax liabilities	0	549	549
Financial liabilities	1	1	0
Current liabilities	270	270	0
Total	13	1,662	1,649

DIRON total			
Figures in thousand euros	Book values at acquisition	Book values acc. to IFRS	Change
Intangible assets (customer base/lists)	0	573	573
Intangible assets	5	5	0
Property, plant and equipment	23	23	0
Financial assets	100	100	0
Accounts receivable and other assets	789	789	0
Prepaid expenses	3	3	0
Cash and cash equivalents	34	34	0
Total	954	1,527	573
Equity	148	543	395
Deferred tax liabilities	0	178	178
Provisions	187	187	0
Financial liabilities	36	36	0
Current liabilities	549	549	0
Deferred revenue	34	34	0
Total	954	1,527	573

Wöltje total	Book values at acquisition	Book values acc. to IFRS	Change
Figures in thousand euros			
Accounts receivable and other assets	25	25	0
Total	25	25	0
Equity	25	25	0
Total	25	25	0

4 | Principles of consolidation

The consolidated financial statements were developed from the included German and foreign financial statements of the subsidiaries according to uniform accounting and valuation methods. The **balance sheet date** for the separate financial statements for all of the companies included in the consolidated financial statements corresponds to the balance sheet date for the consolidated financial statements, i.e. December 31, 2008. **Mergers** are shown in the balance sheet according to the purchase method. For initial consolidation, all assets and liabilities taken over are revalued at their applicable fair values at the moment of acquisition. The resulting positive balances are capitalised as goodwill. If a **negative balance results from initial consolidation**, this balance is reported with effect on income immediately.

In the case of **additional acquisition of shares** in companies already included by way of full consolidation, these additions are not affecting income. The carrying amounts of the assets, liabilities and goodwill of the companies already consolidated are not changed. The **impairment tests for goodwill** to be conducted annually are carried out according to the discounted cash flow method. In doing so, the cash flows to be expected 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 the cash generating unit level. In addition, an impairment test will be conducted during the year, if events suggest that the asset has been impaired sustainably.

Intra-group **revenues, expenses and income as well as loans, receivables and liabilities** between the consolidated companies are eliminated. **Inter-company profits** from group deliveries are consolidated to the extent that these are material for the presentation of a true picture of the actual financial, liquidity and earnings position. Intra-group deliveries and services are calculated based on both market prices and transfer prices, determined in line with the principle of dealings at arm's length. To the extent required, deferred taxation was carried out for consolidation processes affecting the income.

Share option plans were valued as issued equity instruments for future work according to IFRS 2 at fair value. The resulting effects were 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 within equity not affecting income.

Companies that are no longer to be classified as being consolidated companies are excluded from consolidation. The date is determined by the date on which the company exited the group, i.e. the date on which control of financial and business policy was lost. Income and expenses of the consolidated company are included in the consolidated profit and loss account until the date it exited the group. All of the assets and liabilities representing the consolidated company at the moment directly prior to the company's exiting the consolidated group are regarded as the disposal value. The impact on income from final consolidation resulted by comparing the sale or liquidation income with the disposal value. The consolidation methods applied are unchanged compared to the previous year.

5 | Currency translation

The financial statements of the foreign group companies are translated to euros using the functional currency approach. As our subsidiaries operate their business independently in financial, economic and organisational terms, the functional currency is usually 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 generated by 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 profit and loss account, but under a separate equity item. Currency differences from the translation of long-term loans to group companies are also carried directly under equity not affecting income.

Currency translation is based on the following key exchange rates:

Currency translation	Balance sheet rate	2007 profits and loss account rate	Balance sheet rate	2008 profits and loss account rate
Swiss francs	1.65580	1.64280	1.48600	1.58690
Czech crowns	26.56000	27.75540	26.63000	24.96030
Danish crowns	7.45800	7.45080	7.45230	7.45600
Hungarian forint	252.25000	251.34920	264.60000	251.83230
Norwegian crowns	7.96700	8.01720	9.79500	8.22740
Polish zloty	3.58600	3.78290	4.17500	3.51720
Swedish crowns	9.43600	9.25240	10.92000	9.61560
Slovakian crowns	33.58000	33.76770	30.12600	31.27760
Croatian kuna	7.33470	7.33840	7.38170	7.22440
British pounds sterling	0.73450	0.68450	0.96060	0.79660

B. Accounting and Valuation Principles

6 | General information

As a rule, the annual financial statements of the consolidated companies are prepared according to uniform accounting and valuation methods. The **accounting and valuation options** are exercised in the consolidated financial statements in the same manner as in the separate financial statements. The **accounting and valuation methods** applied are unchanged compared to the previous years except for the changes explained in the following. On account of changed estimations of the usability of customer bases, the customer bases of a useful life of ten years are now subject to scheduled depreciation over 5 years (also see explanations to D. 25) Within the scope of secondary segment reporting, some components of photo finishing revenues, which that were attributed to retail trade in the past are now reported under photo finishing since the economic content of the activity has changed. This changed recognition is presented with retroactive effect from the business year 2007 on. The resulting changes are explained in the context of segment reporting.

For the preparation of the consolidated financial statements, the Board of Management has to make a series of **assessments and estimations** as well as assumptions, which have an influence on the application of the accounting principles in the group, and the recognition of the assets and liabilities as well as the income and expenses. The actually resulting amounts may differ from the estimations. The estimations and the underlying assumptions are reviewed continuously. The estimations listed below and the associated assumptions may have an effect on the consolidated financial statements:

To the extent **assets of property, plant and equipment as well as intangible assets** are acquired within the scope of mergers, the applicable fair value of these assets at the moment of acquisition as well as the expected useful life have to be estimated. The determination of both the fair values and the useful lives is based on the management's assessments.

For the determination of **impairments of assets of property, plant and equipment and of intangible assets**, estimations with respect to the cause, the time and the amount of the impairment have to be made. The assessment of indications suggesting impairments, the estimation of future cash flows and the determination of the applicable fair value of assets depend on estimations with respect to the expected cash flows, the useful lives, the discounting rates as well as the residual values. The development of the future cash flows is determined mainly by the development of the future demand for the products. In the event the actual development of the demand falls below expectations, this would have negative effects on the revenue and cash flows. It might result in further expenditure for value adjustment with a negative effect on the future earnings position.

In order to counter the risk of bad debt, **provisions for doubtful debts** are made. The determination of the provisions is based on the maturity structure as well as past experience. If the financial position of the customers deteriorates, the actual loss of receivables may exceed the expected loss of receivables.

Income taxes are determined by calculating the expected actual income tax for each taxable entity as well as the deferred taxes resulting from the temporary differences between the balance sheet items of the consolidated financial statements and the tax statements. To this effect, assumptions on the interpretation of complicated tax provisions have to be made. Moreover, it has to be estimated whether there is a possibility of achieving a sufficient taxable income within the frame of the respective type of tax and tax jurisdiction. If the actual results differ from the forecast results or if it becomes necessary to adjust the estimations in future business years, this may have effects on the tax expenditure as well as on deferred taxes.

Pensions and similar obligations are measured on the basis of actuarial procedures. These valuations are based mainly on assumptions with respect to discount factors, salary and pension trends as well as life expectancy. Essential changes in pensions and other obligations may occur, if these assumptions differ essentially from the actual development on account of changed market and economic conditions.

The valuation and assessment of **other provisions** and **contingent liabilities** depend to a large extent on the complexity of the underlying business issue and the estimations. To this effect, assumptions with respect to probability of occurrence and the amount of claim have to be made which depend on experience, the estimation of cost trends and the estimation of other information. Changes in these estimations may have a considerable effect on the earnings position.

Individual items in the profit and loss account and in the balance sheet are **consolidated**. They are shown separately in the notes. The group classifies assets and liabilities as current if they will probably be realised or balanced within twelve months after the balance sheet date.

7 | Recognition of income and expense

Revenues and other operating income are recognised when the service is provided or when the risk is transferred to the customer. Operating expenses are recognised in income when the service is taken up or when they are incurred. Revenue-related expenses or provisions are taken into account when the corresponding revenues are recognised. Interest income and expenses are reported on an accrual basis.

8 | Assets

Intangible assets acquired against payment are capitalised at acquisition costs, internally generated intangible assets from which future economic benefits will probably flow to the group and which can be reliably valued are capitalized at their production cost and are subject to straight-line depreciation over the useful life according to schedule. Production costs comprise all directly attributable costs as well as reasonable portions of the production-related overheads. Financing costs are not capitalized. Other development costs are not capitalized either. Intangible assets are impaired when the amount that can be received – the higher value of the applicable fair value minus selling costs and the value in use of the asset – is lower than the book value. The internally produced intangible assets mainly concern distribution and production-specific software systems that 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.

The goodwill inherent in intangible assets is not subject to scheduled amortisation, but is checked for impairment once a year as well as after the occurrence of events that suggest a possible impairment. If write-downs are required, extraordinary write-downs are made.

Property, plant and equipment is carried at acquisition or production cost and, if subject to wear and tear, reduced by scheduled straight-line depreciation. Production costs comprise all directly attributable costs as well as reasonable portions of the production-related overheads. Financing costs are not capitalized. The basis of depreciation is reduced by an estimated residual value the company can probably realise at the end of the useful life less the costs of disposal. The residual value on the balance sheet date is calculated as if the respective asset already had the age and the degree of wear and tear on the date of the supposed disposal. Depreciation based exclusively on tax regulations is not applied.

Scheduled amortization/depreciation of noncurrent assets is mostly calculated based on the following **uniform group useful lives**:

Standard useful lives Useful lives in years	Dec. 31, 2007	Dec. 31, 2008
Asset		
Customer base/list/trademark rights	5 to 10	5
Acquired software	3 to 7	3 to 7
Internally produced software	3 to 7	3 to 7
Buildings	25 to 40	25 to 40
Machinery		
Adhesive binding devices and machines	8	8
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 amortisation/depreciation is applied if there are reasons to believe that the recoverable amount of the asset is significantly less than its book value, for example, if market values decreased disproportionately or if there are no opportunities for use.

Real estate held as financial investment include land and buildings held for generating rental income or for the purpose of increase in value, and are not used for own production, for the delivery of goods or the provision of services, for administrative purposes or for the sale within the scope of ordinary business. Real estate held as financial investment is measured at acquisition costs or at production costs less accumulated depreciations.

Financial assets are measured at acquisition costs. **Unscheduled amortisation** is performed if a permanent impairment is likely to be expected. Joint venture companies are consolidated at-equity and carried under financial assets at-equity. Upon initial consolidation they are carried at acquisition costs or, if the participation is contribution in kind, at their present value.

Noncurrent assets held for sale are assets or groups of assets the book values of which should mainly be realised by disposal and not by commercial use. The valuation is carried out at the lower amount of book value and applicable fair value less costs of sale. If the applicable fair value increases at a later stage, an addition amounting to the stated impairment will be made.

Inventories are carried at cost of acquisition or production. Production costs include 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 they are attributable to production. Purchased items of inventory are measured at their weighted average value using the average value method. If the net selling value was lower at balance sheet date this value will be applied. There are no long-term production contracts.

Receivables and **other assets** are generally carried at their amortised acquisition costs. If there is doubt regarding the collectability of receivables, they are carried at the lower realisable amount. Objective defaults result in the write-off of the account receivable concerned. In addition to the required individual write-downs, recognisable risks from the general credit risk are taken into account by forming individual lump-sum value adjustments. Non-interest bearing receivables and other assets are discounted to the extent that they are non-current. Foreign currency receivables are translated at the reporting date rate. Treasury shares held are deducted from equity in a separate item (see item D.42).

Cash in hand, bank balances and **checks** are carried at amortised acquisition costs. Cash in hand and balances in foreign currencies are translated at the reporting date rate

According to IAS 12, **deferred tax assets and liabilities** are formed for all temporary differences of assets and liabilities between the tax base and the IFRS balance sheet, for tax credits and losses carried forward as well as for consolidation processes affecting the result. The national tax rates applicable at balance sheet date or in future are applied respectively for the calculation. 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 realisation is sufficiently concrete and probable. Changes in the deferred taxes in the balance sheet always result in deferred tax expenses or revenue. As far as facts and circumstances leading to a change in the deferred taxes are booked directly against equity, the change in the deferred taxes will be taken into account directly in equity.

9 | Liabilities

Subscribed capital is carried at its nominal amount under **equity**. The premium from the initial share issue is measured as capital reserve with 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 within the scope of exercising the conversion rights. The amount of this compensation is disclosed at the amount of its nominal value under subscribed capital and to the amount of the premium in excess of this amount under the capital reserve. Subscribed capital and the capital reserve concern CeWe Color Holding AG, Oldenburg, and are disclosed in the same manner as for this company. Treasury shares are carried in the special item for treasury shares as deductible items at the amount of their full original acquisition costs and incidental acquisition costs on the date of their re-purchase. The revenue reserves and the net profits are reported according to statutory provisions and the articles of association of CeWe Color Holding AG, Oldenburg, and are carried at their nominal value. They also include the differences to IFRS accounting that result in excess of the HGB results. In addition, effects are disclosed that result from the fair value valuation of hedging transactions as well as the valuation of stock option plans (see item D. 43), and as the currency translation differences recognised in equity not affecting income. The option premiums received in the context of the option rights issued are also carried under revenue reserves. The change in hidden reserves recognised in the context of successive purchases of shares is transferred to the revaluation reserve under revenue reserves.

Provisions for pensions are taken into account in line with the projected unit credit method prescribed by IAS 19 for performance-related pension commitments. 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 is by more than 10 per cent higher or lower than the benefit obligations at the beginning of the period, amortised 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 Figures in %	Dec. 31, 2007	Dec. 31, 2008
Valuation using the projected unit credit method (figures p.a.)		
Assumed rate of interest	5.50	6.00
Salary trend	2.50	2.50
Pension trend	1.75	2.00
Average fluctuation	1.50	1.50

Calculations based on: 2005G mortality table from Heubeck-Richttafeln GmbH, Cologne.
Pension age selected: early retirement 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 policy in the event that extraordinary payments are required. Dedicated assets for pension commitments exist in the Netherlands and in France that can be used to satisfy the pension obligations existing there.

Public grants for assets are carried in the item **special item for investment grants** as a deferred liability. Investment grants and investment subsidies are recognized in income pro rata temporis through reversal in line with amortization/ depreciation of the subsidised investment assets.

Deferred tax liabilities are carried under provisions. They are formed based on the standard international balance sheet-oriented liability method and show the tax effect of valuation differences between the individual companies' tax balance sheets 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 30 % in Germany and between 16.00 % and 34.43 % abroad.

Average tax rates for the calculation of deferred taxes Figures in %	2007	2008
France	34.43	34.43
Belgium	33.99	33.99
Germany	30.00	30.00
United Kingdom	30.00	30.00
Denmark	25.00	28.00
Norway	28.00	28.00
The Netherlands	25.39	25.50
Switzerland	25.00	25.00
Czech Republic	24.00	24.00
Croatia	20.00	20.00
Poland	19.00	19.00
Slovakia	19.00	19.00
Hungary	16.00	16.00

Other provisions for taxes and other provisions are formed to the extent that there is a legal or de facto obligation resulting from a past event. This is conditional upon the fact that this obligation will probably lead to a future outflow of resources and the burden can be estimated reliably. They are carried if the probability is greater than 50 % based on the fulfilment amount having the highest probability of occurrence. Provisions for liabilities that will probably not lead to an outflow of resources in the following year are recognised at the amount of the cash value of the expected outflow of resources if they are essential. The discount rates correspond to the standard capital market rates. The carrying amount of the provisions is reviewed at each balance sheet date.

Liabilities with the exception of derivative financial instruments are carried at amortised acquisition costs; items denominated in foreign currency are measured at the mean rate of exchange on the balance sheet date.

As a rule, **contingent liabilities** are not recognised in the balance sheet. They show obligations resulting from past events, whose existence still have to be confirmed by future events, whose outflow of funds is not sufficiently probable or whose outflow of funds cannot be estimated reliably. The volume of contingent liabilities stated in the notes corresponds to the amount in the balance sheet date. The carrying amount is recalculated at each balance sheet date.

Contingent assets are not recognised. They contain possible assets that result from past events and the existence of which still has to be confirmed by the occurrence or non-occurrence of uncertain future events that are not entirely under the control of the company.

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 recognized in the balance sheet at acquisition costs 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 that are used for and are suitable for use as cash flow hedges, and which prove to be fully effective, are carried under equity. If they are not effective at 100 %, the ineffective changes in value are recognised in income. Upon settlement of the hedged transaction, the amounts previously recognised in equity are reversed with effect on income. In the case of derivative instruments that are used to hedge a fair value, the changes in the fair value of the derivative as well as of the hedged item are recognised in income immediately. In case of a completely effective hedge, the expenses and income from the changes in value of the derivative completely compensate for those of the underlying transaction. Hedging for foreign net items is disclosed in analogy with 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 as to whether the derivative used as a hedge highly effectively compensates for the changes in cash flow for the hedged transaction. The market values of cross-currency swaps are calculated based on market conditions at the balance sheet date. Recognized valuation models are used to determine the market value.

IFRS 2 is observed for the accounting of **stock option plans** as a special type of remuneration through real options, for which the company has to supply treasury shares to the option holders when they are exercised. The fair value of the options on the grant date is identified based on market prices (prices of Deutsche Börse AG, Frankfurt) taking into account the issuing conditions and generally recognised valuation techniques for financial instruments. The following parameters are included in valuation: the strike price, the term, the current market value of the subject matter of the option (shares of CeWe Color), the expected volatility of the market price, the expected 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. In subsequent accounting, 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. The option premiums received in the context of the option rights issued are also carried under revenue reserves.

C. Notes to the Profit and Loss Account

10 | Revenues

Revenues by segment Figures in thousand euros	2007	Percentage	2008	Percentage
Photo finishing revenues	330,687	78.3 %	319,015	76.0 %
Retail revenues	82,764	21.7 %	100,974	24.0 %
Total revenues	413,451	100.0 %	419,989	100.0 %

Owing to the adjustment of the share in revenues generated by photo finishing, the presentation of revenues by segment increases by 6,904 €k regarding revenues from photo finishing in 2007. The retail revenues decrease by the same amount. Revenues are recognized 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, income and revenue which does not stem from deliveries of typical products, goods and services were reclassified from revenues to other operating income. This referred 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 minimising cost items. Transfer revenues invoiced to the end customer within the scope of the mail order business were not reclassified. In 2007, a total amount of 6,128 thousand euros was reclassified. In the current business year, the revenues concerned were reported accordingly when recorded.

11 | Other operating income

Other operating income Figures in thousand euros	2007	2008
Income from expenses charged-on	11,047	11,366
Income from silver sales	4,038	5,394
Sundry other operating income	5,596	5,301
Income from currency translations	1,186	2,364
Income from the receipt of written-down receivables	378	1,883
Income from the sale of property, plant and equipment	659	434
Income from the reversal of provisions	1,283	310
Income from the reversal of special items for investment grants	128	172
Income from insurance benefits	261	108
Total other operating income	24,576	27,332

Income from the sale of silver stems from selling recovered and treated pure silver as well as income from silver hedges. In total, 20.6 tons (previous year: 17.04 tons) were sold in the business year; the average price received amounts to 261.06 euros per kg (previous year: 236.16 euros per kg).

Income from on-charged expenses includes on-charged costs for selling aids, advertising services, logistics and other transportation services. A total share of 6,128 thousand euros were reclassified from revenues in the previous year.

Currency gains mainly include gains from exchange rate changes between the time the transaction arises and the date of payment or the valuation on the balance sheet date. They also include income from translation for consolidation purposes. Currency losses from these translations are carried under other operating expenses (see item C. 15).

Other operating income includes income from the dissolution of other liabilities for revenue reductions, rental income, income from car use as well as income from the consolidation of income and expense.

As in the previous year, the company did not receive any government grants in 2008.

12 | Cost of materials

Cost of materials Figures in thousand euros	2007	2008
Expenses for raw materials, consumables and supplies and purchased goods	-152,973	-159,923
Cost of purchased services	-1,600	-3,294
Total cost of materials	-154,573	-163,217

The cost of raw materials, consumables and supplies and for purchased goods in the photofinishing segment include, in particular, the purchase of photographic paper, photographic 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.

13 | Personnel expenses

Personnel expenses Figures in thousand euros	2007	2008
Wages and salaries	-91,030	-88,360
Social security	-16,377	-15,641
Expenses for pension plans and fringe benefits	-949	-978
Total personnel expenses	-108,356	-104,979

Wages for blue-collar employees totalled 23,593 thousand euros (previous year: 26,813 thousand euros), salaries for white-collar employees totalled 46,536 thousand euros (previous year: 44,160 thousand euros). Personnel expenses include expenses for social plans amounting to 8,069 thousand euros (previous year: 10,070 thousand euros) (further details under C. 16. Restructuring expenses).

Expenses for pension plans and fringe benefits mostly relate to additions to provisions for pensions; an amount of 48 thousand euros (previous year: 69 thousand euros) was allocated 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 Board of Management of the holding company. For further details, we refer to the comments on non-current provisions for pensions (see item D. 46)

The initial measurement upon recognition of the current stock option plan (IFRS 2.10 et seq.) results in a present value of 3,674 thousand euros, which was taken into account on a pro-rata basis totalling 1,147 thousand euros as other personnel expenses until the end of the lock-up period on September 30, 2007. 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 item D.39). A Monte Carlo simulation was used for valuation. During this process, the log-normally distributed process for the price of shares of CeWe Color was simulated in order to map the performance target in the form of an increase in the average closing price by at least 15 % compared to the underlying price on ten successive trading days. The possibility of advance exercise was also considered in the simulation using a modified version of the approach proposed by Hull and White, taking into account the exercise window and the so-called advance exercise behaviour of the participants. In the simulation, 2.79 % of the stock options were exercised per year immediately after the lock-up period if this is possible as a result of holders leaving the company. The risk-free interest rate for the term was assumed to be 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	2007	2008
White-collar employees	1,742	1,702
Blue-collar employees	1,278	1,131
Apprentices	104	88
Total employees	3,124	2,921

Number of employees by segment Figures in employees	2007	2008
Central Europe	1,666	1,645
Western Europe	381	326
Benelux	31	30
Central Eastern Europe	1,046	920
Total employees	3,124	2,921

Figures are based on annual averages. As of December 31, 2007, the group had a total of 3,097 employees (December 31, 2007: 3,016 employees).

14 | Depreciation of property, plant and equipment and Amortisation of intangible assets

The breakdown of amortisation, depreciation and unscheduled amortisation can be taken from the statement of changes in non-current assets. As in the business year 2007, there was no unscheduled amortisation of goodwill in the 2008. Unscheduled amortisation and depreciation mostly relate to machinery and equipment used in the production of analogue photofinishing orders, or assets that stem from a plant shut-down. The breakdown of unscheduled amortisation/depreciation can be taken from the statement of changes in non-current assets. The applicable fair value of the assets was determined by means of the estimated prices that can be achieved on the market.

15 | Other operating expenses

Other operating expenses Figures in thousand euros	2007	2008
Sales and marketing costs	-65,178	-68,823
Administrative costs	-17,381	-16,696
Room costs	-15,351	-15,736
Operating costs	-6,291	-5,861
Currency translation expenses	-1,210	-4,402
Vehicle costs	-3,056	-3,032
Amortisation/depreciation and write-down for current assets	-5,055	-1,811
Other operating expenses	-10,280	-11,526
Total other operating expenses	-123,802	-127,887

Sales and marketing costs as key items, include expenses for courier services in the photofinishing branch business. The increase as compared to the previous year is due to higher advertising costs (in particular for the photokina) and higher shipping costs resulting from increased Internet transactions. Administrative costs decreased, which is also due to lower costs for the general meeting. The write-downs for current assets relate primarily to individual valuation adjustments for receivables (2008: 1,003 thousand euros, 2007: 4,638 thousand euros), which result from estimated defaults for future returns.

The stated currency losses primarily include currency losses from exchange rate differences between the time the transaction arises and the date of payment and the valuation at the balance sheet date. They also include expenses from the translation for consolidation purposes. Currency gains from these transactions are carried under other operating income (see item C. 11).

In the year under review, the other operating expenses, irregular miscellaneous expenses and expenses not related to the period include additions to provisions, costs for external services and personnel of 2,583 thousand euros (previous year: 1,545 thousand euros), incidental costs of monetary transactions 1,895 thousand euros (previous year: 1,404 thousand euros), losses from the disposal of noncurrent assets 1,123 thousand euros (previous year: 1,749 thousand euros), personnel recruitment costs of 130 thousand euros (previous year 169 thousand euros), canteen costs of 116 thousand euros (previous year: 119 thousand euros) and warranty expenses of 101 thousand euros (previous year: 5 thousand euros). The year-on-year increase is due primarily to costs for external personnel services.

The fees for the auditor of the consolidated financial statements totalled 402 thousand euros (previous year: 393 thousand euros) and are recognized under administrative expenses. The following amounts were invoiced for the respective consulting services (Section 314 (1), no. 9 of HGB):

Auditors' fees Figures in thousand euros	2007	2008
Audit of financial statements	100	138
Review of interim report	46	46
Tax advice	187	96
Other consulting services	60	122
Total	393	402

The auditors' 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, and its German subsidiaries. Other consulting services refer to various minor enquiries in the fields of taxation and accounting and the support of a scheduled review by Deutsche Prüfstelle für Rechnungslegung DPR e. V., Berlin in 2008.

Non-capitalized research and development expenses for intangible and other assets were incurred in the amount of 10,304 thousand euros (previous year: 7,862 thousand euros). They largely comprise personnel expenses and other operating expenses.

16 | Restructuring expenses

Ongoing personnel and material expenses were incurred in the year under review as in the previous year as part of the modification and restructuring of the group. They relate to the shut-downs of production sites or unprofitable retail branch offices. In 2008, these shut-downs depressed income by 11.4 million euros (previous year: 12.2 million euros). The expenses relate to social plans for compensation payments of 8.0 million euros (previous year: 10.1 million euros), unscheduled depreciation 2.7 million euros (previous year: 1.5 million euros) and other expenses 0.7 million euros (previous year: 0.6 million euros). A total of around 251 employees were affected by these shut-downs (previous year: 484 employees).

17 | Financial results

Financial results Figures in thousand euros	2007	2008
Other interest and similar income	612	531
Interest and similar expenses	-1,828	-2,026
Net interest	-1,216	-1,495
Expenses from hedges and derivatives / amortisation of financial assets	-307	-197
Total other financial result	-307	-197
Total financial result	-1,523	-1,692

The expenses from hedges and derivatives include the effects to be recognized in income from the measurement at fair value amounting to 197 thousand euros (previous year: 307 thousand euros), which result from the portion identified as an ineffective part of a cross currency swap hedge for a net investment in an economically independent foreign subsidiary. On the other hand, income of 31 thousand euros was generated (previous year: 196 thousand euros). There were no hedge transactions to hedge income from the sale of silver, for which the fair value measurement could impact expenses.

18 | Income taxes

Effective and deferred expenses for income taxes Figures in thousand euros	2007	2008
Effective taxes Germany ¹	4,798	5,582
Effective taxes abroad ²	1,848	1,077
Total effective taxes	6,646	6,659
Deferred taxes Germany	2,325	-4,984
Deferred taxes abroad	-3,480	839
Total deferred taxes	-1,155	-4,145
Total income taxes	5,491	2,514
¹ thereof not relating to the period	108	799
² thereof not relating to the period	-213	-3

In Germany income taxes comprise corporation tax including the solidarity tax as well as trade tax. Abroad, the respective comparable taxes for the subsidiaries are included.

Compared to the preceding year, essential changes in the tax expenses resulting from amendments in the respective national tax rates primarily occurred in Germany. The corporation income tax reform act reduced the corporation tax rate to 15 % from 2008 on. A uniform trade tax index of 3.5 % was introduced for trade tax. Furthermore, the trade tax will not be tax-deductible as an operating expense as from 2008. This effect has already been taken into account in the field of deferred taxes in 2007.

The introduction of new national taxes did not have a major impact.

The disclosed income tax expense is broken down as follows based on expected income tax expenses:

Reconciliation of income tax expenses Figures in thousand euros	2007	2008
Earnings before taxes	11,385	9,554
Theoretical tax rate	39.0 %	30.0 %
Theoretical income tax expense	4,440	2,866
Increase and decrease in income tax charge due to:		
– Deviating local tax rate	–1,097	–522
– Non-application of deferred tax assets for losses carried forward	1,845	344
– Tax reductions from tax-exempt income and valuation differences including tax reverse effects from expenses not accepted in the previous years, the divisor effect of trade tax and the taking into account of the trade tax as operating expense for the basis of assessment of corporation tax in Germany	–3,063	–2,728
– Tax increases due to non-deductible expenses	4,130	7,234
– Tax reductions from the use of tax losses carried forward for which no deferred taxes were formed in prior periods	–56	0
– Tax reductions from the use of tax losses carried forward for which deferred tax assets were formed	–68	–315
– Subsequent tax payments or tax refunds from previous years	–105	–109
– Change in deferred taxes	–1,155	–4,145
– thereof in 2007 change on account of amended tax rates	1,403	–81
– Tax increases due to minimum tax rates including trade tax according to Section 18 (3) Environmental Tax Law	802	28
– Corporation tax credit	–63	–147
– Other	–119	8
Total income taxes	5,491	2,514

A theoretical tax rate of 30.0 % (previous year: 39.0 %) is used to calculate the total income tax expense as of the business year 2008. It is comprised of a tax rate of 15.0 % for corporation tax (previous year: 25.0 %), 5.5 % for solidarity surcharge on the corporation tax liabilities (previous year: 5.5 %) and a flat-rate average of around 14 % for trade income tax (previous year: 17.0 %) plus minor rounding differences.

Tax refund claims from previous years were legally established on account of an amendment of the law on December 31, 2006. The refund will be paid in equal annual instalments of 560 thousand euros over a ten-year period, starting in 2008. Owing to the fact that the tax refunds do not bear interest, they are discounted and capitalised at their cash value. As of December 31, 2008, an accounting interest rate of 6.0 % (previous year: 5.5 %) was used to calculate the cash value. This item is shown in the balance sheet in part as noncurrent income tax receivable amounting to 3,331 thousand euros (previous year: 3,743 thousand euros), and in part as current receivable amounting to 537 thousand euros (previous year: 537 thousand euros). No effects on income tax have resulted or will result for 2008 and 2009 from dividends paid or scheduled.

The deferred taxes can be allocated to the following items:

Deferred taxation Figures in thousand euros	Dec. 31, 2007	Dec. 31, 2008
Losses carried forward and tax credits	3,204	1,311
Depreciation of property, plant and equipment	385	381
Amortisation of intangible assets	134	126
Receivables	1,657	1,811
Provisions for pensions	1,872	1,785
Other provisions	34	1,236
Special item for investment grants (investment subsidies)	142	117
Consolidation	1,421	1,382
Other	384	852
Total deferred tax assets (gross)	9,233	9,001
Netting	-3,487	-3,458
Total deferred tax assets (net)	5,746	5,543
Depreciation of property, plant and equipment	2,894	1,402
Amortisation of intangible assets	2,160	2,231
Other assets	1,477	1,429
Provisions for pensions	7	4
Other provisions	1,393	2
Consolidation	1,128	344
Other	174	370
Total deferred tax liabilities	9,233	5,782
Netting	-3,487	-3,458
Total deferred tax liabilities (net)	5,746	2,324

In the fourth quarter, CeWe Color AG & Co. OHG, Oldenburg, located in Central Europe, waived receivables totalling 10.0 million euros from the French CeWe Color S. A. S., Paris, France. This led to corresponding positive special effects in France which were collected tax-exempt on account of the existing losses carried forward, and to negative special effects of the same amount for CeWe Color AG & Co. OHG, Oldenburg. The burdens for the German company led to a respective significant reduction in earnings before tax, and thus to a reduction in the consolidated tax result, of approx. 3.0 million euros. A profit allocation of the waiver of debt is not required (Section 8 b (3) corporation tax law) at CeWe Color AG & Co. OHG since the account receivable created by cash pooling does not come under the term of “Loans or accounts receivables from comparable legal acts” and the new rule has to be classified as unconstitutional.

Among other factors, the positive change in the deferred taxes is due to the noticeable reduction of the balance of deferred tax liabilities due to the first recognition of the shut-down costs incurred for the Bad Schwartau and Eisenach laboratories as provision also according to IFRS, and to depreciation and amortisation of the noncurrent assets concerned (total generated effect: approx. 3.3 million euros).

Deferred tax assets and liabilities are netted to the extent that they are concern the same tax office and have the same term.

The total carry-forward for tax losses not yet used totals 28,287 thousand euros (previous year: 34,525 thousand euros) and relates mainly to our company in France. Decisive for the capitalisation of deferred taxes for loss carry-forwards is the future realisability which is largely dependent on future tax profits during those periods in which tax loss carry-forwards can be asserted. For capitalisation, those profit expectations are assumed which are considered rather probable than improbable. For this reason no deferred tax claims were created for tax loss carry-forwards of 34,415 thousand euros (previous year: 24,189 thousand euros). For companies suffering losses for at least 2 years deferred tax assets amounting to 3,173 thousand euros were created. Of the losses carried forward, an amount of 27,565 thousand euros (previous year: 33,979 thousand euros) can be carried forward without restrictions. The remaining carry-forwards can be carried forward until 2012 at the latest.

Total income tax expense in equity:

Total income tax expense in equity Figures in thousand euros	2007	2008
Income tax expense disclosed in profit and loss account	5,491	2,514
Tax expense/income disclosed directly under equity (-)	226	-662
Total income tax expense in equity	5,717	1,852

19 | Other taxes

Other taxes for the group include in particular land and vehicle tax as well as various foreign taxes. This includes 275 thousand euros due to the “taxe professionnelle” levied in France (previous year: 750 thousand euros); the reduction is mainly attributable to the reduction of property, plant and equipment caused by the shut-down of production sites.

20 | Profit/loss attributable to minority shareholders

The profit/loss attributable to minority shareholders includes the share of other shareholders in the earnings of subsidiaries included in consolidation in proportion to the interests they hold.

21 | Earnings per share

Earnings per share Figures in thousand euros	2007	2008
Consolidated earnings after third-party interests	5,891	7,038
Weighted average undiluted number of shares (in pieces)	7,117,653	6,935,578
Undiluted earnings per share (in euros)	0.83	1.01
Consolidated earnings	5,891	7,038
+ interests of third-party shareholders entitled to subscription rights	20	29
+ interest expense from shareholder loans of OHG	13	14
– current and deferred taxes	–5	–7
Adjusted consolidated earnings	5,919	7,074
Weighted average diluted number of shares (in pieces)	7,137,653	6,955,578
Diluted earnings per share (in euros)	0.83	1.02

The **undiluted earnings per share** are calculated as the consolidated earnings divided by the weighted average number of outstanding shares during the business year.

The **diluted earnings per share** as of December 31, 2008 are stated for the purpose of comparison as well. Treasury shares are not included when calculating the diluted earnings per share. The subscription rights issued as part of the 2005 Stock Option Plan are not considered either, as the average stock market price of shares of CeWe Color has not exceeded the exercise price since the subscription rights were issued.

D. Notes to the Balance Sheet

Total noncurrent assets of the CeWe Holding AG group

Changes in assets Jan. 1 – Dec. 31, 2008	Acquisition and production costs						Balance Dec. 31, 2008
	Carry- forward Jan. 1, 2008	Change in group of consolidated companies	Price adjust- ments	Additions	Repost- ing /reclassi- fications	Disposals	
Figures in thousand euros							
I. Property, plant and equipment							
1. Land, land rights and buildings including buildings on third-party land	68,816	0	559	954	-23,066	3,437	43,826
2. Technical equipment and machinery	274,887	0	3,533	17,492	-2,436	56,299	237,177
3. Other equipment, operating and office	54,428	26	-2,105	7,687	2,046	8,877	53,205
4. Advance payments and assets under construction	1,035	0	-103	544	-889	1	586
	399,166	26	1,884	26,677	-24,345	68,614	334,794
II. Real estate held as financial investment	0	0	0	20	13,384	126	13,278
III. Goodwill	40,391	5,155	157	0	0	93	45,610
IV. Intangible assets							
1. Industrial property rights and similar rights	52,113	2,181	1,748	6,082	719	566	62,277
– acquired software	20,380	14	352	3,677	319	356	24,386
– internally generated software	19,390	573	0	1,621	0	0	21,584
– customer base/list/trademark rights	12,343	1,594	1,396	784	400	210	16,307
2. Advance payments made	350	0	0	536	-284	0	602
	52,463	2,181	1,748	6,618	435	566	62,879
V. Noncurrent financial investments							
1. Noncurrent interests in affiliates	25	0	0	0	0	0	25
2. Noncurrent investments interests	289	100	0	0	0	0	389
3. Noncurrent other loans	229	0	0	15	0	0	244
	543	100	0	15	0	0	658
	492,563	7,462	3,789	33,330	-10,526	69,399	457,219

	Depreciation and amortisation							Residual book value			
	Carry-forward Jan. 1, 2008	Change in group of con- solidated companies	Price adjustment	Additions	unsched- uled depre- ciation and amorti- sation	Restoring/ Reclassi- fication	Disposals	Transfers	Balance Dec. 31, 2008	Book value Dec. 31, 2008	Book value Dec. 31, 2007
	33,981	0	1,185	1,222	918	-16,619	2,128	153	18,406	25,420	34,835
	215,689	0	3,487	21,497	1,261	-2,004	55,993	0	183,936	53,240	59,198
	38,579	0	-1,148	5,900	847	1,211	8,373	0	37,016	16,189	15,849
	0	0	0	0	0	0	0	0	0	586	1,035
	288,249	0	3,524	28,619	3,026	-17,412	66,494	153	239,359	95,435	110,917
	0	0	0	801	0	9,324	57	0	10,068	3,210	0
	35,106	0	200	0	0	0	21	0	35,285	10,325	5,285
	30,998	0	1,902	7,941	23	-8	553	0	40,303	21,974	21,115
	12,981	0	542	3,304	23	-8	343	0	16,499	7,887	7,399
	16,457	0	0	1,407	0	0	0	0	17,864	3,720	2,933
	1,560	0	1,360	3,230	0	0	210	0	5,940	10,367	10,783
	0	0	0	0	0	0	0	0	0	602	350
	30,998	0	1,902	7,941	23	-8	553	0	40,303	22,576	21,465
	0	0	0	0	0	0	0	0	0	25	25
	285	0	0	100	0	0	0	0	385	4	4
	0	0	0	0	0	0	0	0	0	244	229
	285	0	0	100	0	0	0	0	385	273	258
	354,638	0	5,626	37,461	3,049	-8,096	67,125	153	325,400	131,819	137,925

Changes in assets
Jan. 1 – Dec. 31, 2007

Acquisition and production costs

Figures in thousand euros	Carry-forward Jan. 1, 2007	Change in group of consolidated companies	Price adjust- ments	Additions	Repost- ing /reclassi- fications	Disposals	Balance Dec. 31, 2007
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	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
– acquired software	15,913	593	73	3,176	768	143	20,380
– internally generated software	17,742	231	0	1,417	0	0	19,390
– customer base/list/trademark rights	1,190	11,122	0	31	0	0	12,343
2. Advance payments made	734	0	0	350	-734	0	350
	35,579	11,946	73	4,974	34	143	52,463
IV. Noncurrent financial investments							
1. Noncurrent interests in affiliates	44	25	-4	0	0	40	25
2. Noncurrent investments interests	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	Depreciation and amortisation							Residual book value		
	Change in group of con- solidated companies	Price adjustment	Additions	unsched- uled depre- ciation and amorti- sation	Reposting/ Reclasi- fication	Disposals	Transfers	Balance Dec. 31, 2007	Book value Dec. 31, 2007	Book value Dec. 31, 2006
31,300	0	5	2,215	815	0	339	15	33,981	34,835	33,876
241,524	0	392	22,653	581	-1	48,888	572	215,689	59,198	59,012
42,047	0	351	6,877	206	1	10,903	0	38,579	15,849	16,310
0	0	0	0	0	0	0	0	0	1,035	1,398
314,871	0	748	31,745	1,602	0	60,130	587	288,249	110,917	110,596
35,079	0	27	0	0	0	0	0	35,106	5,285	2,461
26,158	0	51	5,092	19	0	322	0	30,998	21,115	8,687
10,389	0	51	2,844	19	0	322	0	12,981	7,399	5,524
15,151	0	0	1,306	0	0	0	0	16,457	2,933	2,591
618	0	0	942	0	0	0	0	1,560	10,783	572
0	0	0	0	0	0	0	0	0	350	734
26,158	0	51	5,092	19	0	322	0	30,998	21,465	9,421
0	0	0	0	0	0	0	0	0	25	44
285	0	0	0	0	0	0	0	285	4	799
0	0	0	0	0	0	0	0	0	229	1,286
285	0	0	0	0	0	0	0	285	258	2,129
376,393	0	826	36,837	1,621	0	60,452	587	354,638	137,925	124,607

22 | Property, plant and equipment

For changes in noncurrent assets, please refer to the statement of changes in noncurrent assets on page 102. The depreciation as well as the unscheduled depreciation of noncurrent assets included in this table are recognized in the profit and loss account under the item amortisation of intangible assets and depreciation of noncurrent assets and property, plant and equipment. For unscheduled depreciation and amortization see item C. 14.

The book value of the temporarily unused property, plant and equipment is of subordinate significance; this also applies to property, plant and equipment that is no longer in use. It is assumed that the fair value of property, plant and equipment does not essentially differ from book value. There were no pledged items of property, plant and equipment. The amount of commitments for the acquisition of property, plant and equipment (order obligations) totals 603 thousand euros (previous year: 378 thousand euros).

The following table shows the assets reclassified into noncurrent assets held for sale and items reclassified from current assets into noncurrent assets, respectively:

Figures in thousand euros	Acquisition and production costs Reclassification	Depreciation /amortisation Reclassification	Book value Dec. 31, 2008
I. Property, plant and equipment			
1. Land, land rights and buildings including buildings on third-party land	-10,903	-8,080	-2,823
2. Technical equipment and machinery	-23	-16	-7
IV. Intangible assets			
1. Industrial property rights and similar rights – customer base/list/trademark rights	400	0	400
	-10,526	-8,096	-2,430

Leases

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

On the contrary, there are passive rental and lease relationships constituting operating leases in terms of their economic content, thus the leased assets are not allocable to CeWe Color but to the lessor. These mainly concern 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 lessee from not terminable operating leases are as follows:

Lease payments Figures in thousand euros	2007	2008
Total future minimum lease payments due within one year	9,234	8,624
due in one to five years	45,796	40,747
due after more than five years	9,289	8,144

Assets let under operating leases have a total book value of 1,716 thousand euros (previous year: 1,709 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 for the lessee.

The total future minimum lease income as a lessor from not terminable operating leases is as follows:

Income from lease Figures in thousand euros	2007	2008
Total future minimum income from lease due within one year	1,354	491
due in one to five years	948	470
due after more than five years	0	70

This relates to the rental of commercial areas as well as equipment rented to customers. The payments received during the business year totalled 1,070 thousand euros (previous year: 1,935 thousand euros).

23 | Real estate held as financial investment

The real estate held as financial investment refers to commercial properties in Bad Schwartau and Nuremberg rented to third parties for the first time and longer used by the company for operating purposes. The buildings not used by the company are stated at their amortised purchasing costs according to IAS 40. In case of the property in Bad Schwartau, the unscheduled accrued depreciation of prior years is taken into account. The useful lives that constitute the basis of scheduled straight-line depreciation range between 25 and 50 years. Income from rent amounted to 70 thousand euros in the business year. Including depreciation, maintenance and incidental costs, expenses amounting to 128 thousand euros were incurred for the rented properties. We assume that the book values correspond to the fair value. Moreover, we assume that the fair value corresponds to the book values since there are no sufficiently certain findings indicating a higher fair value. Occasional attempts to sell the properties have shown that the market conditions are difficult. Investigations to determine the real market value are currently going on.

24 | Goodwill

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

Changes in goodwill Figures in thousand euros	Balance on Jan. 1, 2008	Changes in the group of cons. comp.	Price adjustments	Disposals	Balance on Dec. 31, 2008
Central Europe (Germany, Austria, Switzerland and Scandinavia) ^{*)}	3,411	3,997	0	0	7,408
Western Europe (France and United Kingdom)	990	1,158	-43	-72	2,033
Central Eastern Europe (Poland, Czech Republic, Hungary, Croatia and Slovakia)	884	0	0	0	884
	5,285	5,155	-43	-72	10,325

^{*)} A non-scheduled depreciation amounting to 87 thousand euros of the Goodwill of Rainbow Color BvBA, Kontich (Belgium) was erroneously attributed to the segment Central Eastern Europe in the previous year. In fact, it is recognised under Central Europe. The values of the previous year were adjusted accordingly.

The essential additions in Central Europe refer to DIRON Wirtschaftsinformatik GmbH & Co. KG, Münster, as well as in Western Europe to Numérique S. A. S., Paris (France). For further details, reference is made to the comments on group of consolidated companies (see item A. 3). Except for Numérique S. A. S., Paris (France), no goodwill exists for the other French companies.

An impairment test for the year under review did not result in 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 of the amount that can be generated were based on the financial plans for the cash-generating unit and an additional estimate period totalling six years. Forecasts and estimates are based on assumptions regarding the development of quantities on the sales side, the development of selling prices, purchase prices, personnel expenses, interest rates and general technical developments in the relevant market. Discounting was based on a discount rate of 6.0 % (previous year: 5.5 %) plus individual surcharges for operative risks of between 50 % and 180 % (previous year: 50 % to 180 %) as well as an additional surcharge for currency risks ranging from 3.9 % to 21.2 % (previous year: 2.3 % to 7.5 %) for cash-generating units in the non-euro area.

25 | 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 intangible assets for corporate use and support of the market for production, sales and digital photography (invoicing, pricing, ICOS, DWH/VIS, PhotoWorld, Offline-Client, OPS software, DigiFoto Maker). The customer bases occasionally subject to scheduled depreciation over a useful life of ten years are now depreciated over a term of five years on account of changed estimations of the useful lives. There was no significant unscheduled depreciation and amortisation of intangible assets (see also item C. 14)

There was an order commitment for intangible assets totalling 612 thousand euros (previous year: 262 thousand euros)

26 | Financial assets

The group's financial assets include interests in non-consolidated affiliated companies totalling 29 thousand euros (previous year: 29 thousand euros). The other loans of 244 thousand euros (previous year: 229 thousand euros) relate in particular to the repurchase value of the operating re-insurance and loans issued. The interest in Colorplaza SA, Vevey (Switzerland) acquired in the previous year, was sold in 2008.

27 | Noncurrent receivables from income tax refund

The non-interest-bearing corporation tax balance of 4,281 thousand euros due to the company is to be discounted, also on account of the length of the refunding period. The cash value of the noncurrent portion of the claim to be capitalised amounts to 3,331 thousand euros (previous year: 3,743 thousand euros). The current portion is carried under current assets. For details please refer to the notes on income taxes (see item C. 18).

28 | Noncurrent receivables and assets

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

29 | Deferred tax assets

Deferred tax assets Composition and changes	Balance on Jan. 1, 2008	Changes in group of consolidated companies	Reversal	Addition	Balance on Dec. 31, 2008
Figures in thousand euros					
From temporary differences	2,544	0	-242	2,073	4,375
From tax losses carried forward	3,202	55	-2,135	46	1,168
Total deferred tax assets	5,746	55	-2,377	2,119	5,543

Deferred tax assets Composition and changes	Balance on Jan. 1, 2007	Changes in group of consolidated companies	Reversal	Addition	Balance on Dec. 31, 2007
Figures in thousand euros					
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 primarily show valuation differences for pension provisions and other provisions as well as impacts on earnings from consolidation; losses carried forwards only lead to capitalisation to a limited extent. For details please refer to the notes on income taxes (see item C. 18).

30 | Noncurrent assets held for sale

The valuation of the noncurrent assets held for sale at the lower amount of book value and applicable fair value less costs of sale did not result in any impairments. These assets concern properties in Berlin, Skødstrup (Denmark) (both segment Central Europe) as well as in Valence (France) (segment Western Europe) not required for operations. It has to be expected that the respective efforts for sale will be completed in the business year 2009.

31 | Inventories

Inventories	Dec. 31, 2007	Dec. 31, 2008
Figures in thousand euros		
Raw materials, consumables and supplies	9,428	7,858
Unfinished goods, work in progress	44	37
Finished products and merchandise	31,702	28,884
Advance payments	8	0
Total inventories	41,182	36,779

The decrease in raw materials, consumables and supplies is due to the declining income from the photofinishing business. The decrease in finished goods and merchandise is due to smaller inventories of merchandise.

The depreciation of unfinished and finished goods and merchandise is carried in the profit and loss account under the item cost of materials (2008: 232 thousand euros; previous year: 365 thousand euros). Inventories were not increased in value. In the business year, inventories of Japan Photo Holding Norge AS, Oppegard (Norway) having a book value of 122 thousand euros (previous year: 146 thousand euros) are pledged.

32 | Current trade receivables

Current trade receivables Figures in thousand euros	Dec. 31, 2007	Dec. 31, 2008
Trade receivables before valuation adjustment	67,790	63,890
Valuation adjustment of trade receivables	-12,037	-9,552
Total current trade receivables	55,753	54,338

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

Write-downs of trade receivables Figures in thousand euros	Balance on Jan. 1, 2008	Currency difference	Addition	Reversal	Use	Balance on Dec. 31, 2008
Development in business year 2008	12,037	-158	1,816	-2,682	-1,461	9,552

Angaben in TEuro	Balance on Jan. 1, 2007	Currency difference	Addition	Reversal	Use	Balance on Dec. 31, 2007
Development in business year 2007	8,172	—	4,919	-242	-812	12,037

Additions to valuation adjustments are shown in the profit and loss account under the item other operating expenses, reversals are shown in other operating income. The predominant portion of additions stems from Central Europe. Direct defaults of trade receivables are also shown under the item other operating expenses and total 476 thousand euros in the business year (previous year: 397 thousand euros). In the year under review, accounts receivable from customers of Japan Photo Holding Norge AS, Oppegård (Norway) of a book value of 102 thousand euros (previous year: 122 thousand euros) are pledged.

33 | Current receivables from income tax refund

This relates primarily to refund claims from advance tax payments made during the current year for the year under review. A part is composed of the annual noncurrent refund claim for corporation tax due, for the first time, in 2008 (see item D. 27).

34 | Other current receivables and assets

Other current receivables and assets Figures in thousand euros	Dec. 31, 2007	Dec. 31, 2008
Current receivables other taxes	1,653	2,364
Current prepaid expenses	1,666	1,872
Current loans to customers	1,189	1,121
Current receivables from suppliers	1,170	801
Current receivables from employees	235	271
Other sundry current receivables	3,542	4,514
Total other current receivables and assets	9,455	10,944

- 35 | Cash and cash equivalents** This item discloses bank balances that are exclusively current in nature, as well as cash in hand. Balances in euro with various banks bore average interest rates ranging from 0.50 % to 3.45 % (previous year: from 0.34 % to 3.53 %). Balances in foreign currency (6,867 thousand euros; previous year: 3,137 thousand euros) bore interest in line with the specific rates negotiated; they are measured at the exchange rate on the balance sheet date.
- 36 | Subscribed capital** The group's subscribed capital and the capital reserve concern 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 49 of the Management Report.
- 37 | Contingent capital** Contingent capital of 52 thousand euros secures the option rights of the holders of subscription right commitment certificates limited until December 31, 2015.
- The contingent capital comprises 20,000 no-par value bearer shares with profit participation rights from the start of the business year following the exercise of the subscription right (Section 160 (1), no. 5 of the Aktiengesetz – German Public Limited Company Law). When the option is exercised, the interests held in CeWe Color & Co. OHG, Oldenburg, by other shareholders will decrease by the same amount, as only specific other shareholders are authorised 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.
- 38 | Authorised capital** The Board of Management is authorised, 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.
- 39 | Stock option plans** Stock Option Plans I and II have been completed. 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 by resolutions of the Board of Management and the Supervisory Board. Executives bought a total of 124,000 of the options offered during the acquisition period from September 12 to September 23, 2005, and the Board of Management and managing directors bought a total of 75,500 during the acquisition period from September 23 to September 29, 2005, totalling 37.8 % of all 199,500 options granted. The condition of the resolution by the general meeting of June 30, 2005 requiring that up to 50 % of the total volume of option rights may be given to the company's Board of Management and the members of the Boards of Management and managing directors of group companies was thus complied with. During the previous year 2007, 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 option rights were issued within the scope of the 2005 Stock Option Plan:

Stock Option Plan	Term	Total options	thereof			Strike price in euros	exercisable		Options exercised
			Board of Management	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 corporate bodies of the company. During the year under review, according to a resolution of the Board of Management of February 2, 2007, the company offered the holders of stock options to repurchase the rights against reimbursement of the price of 0.50 euro/right. Several executives made use of this option. The number of stock options issued is now as follows: Board of Management 30,000 rights, managing directors of CeWe Color Group 35,000 rights, other executives of CeWe Color group 56,000 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 euro per option. After expiration of the two-year lock-up period, starting with the term of the option right on October 1, 2005, the options may only be exercised if the closing auction prices of shares of CeWe Color in Xetra trading at Deutsche Börse AG have amounted to 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 has a term of five years and started on October 1, 2005 thus ending at the latest at midnight of 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 of members of the Board of Management, and 48.00 euros for those of entitled employees; this means that the strike price as performance target for members of the Board of Management is 57.50 euros and 55.20 euros for entitled employees (each 115 % over the underlying prices).

Exercise periods

After expiration of the lock-up period and the achievement of the performance target, option rights 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 expired business year, the balance sheet press conference, the general shareholders' meeting, and the dates on which quarterly figures are published. The CeWe Color group's Compliance Officer ensures that these periods are complied with.

For information on the calculation of the market value of the 2005 Stock Option Plan please see the comments under personnel expenses (see item C. 13).

40 | Reports on shareholdings

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

Reporting date	Shareholder	Interest (\$ 21)	as of	Reporting threshold	Date of publication
03.01.2008	Wyser-Pratte Management Co., Inc, New York	1.14 %	02.01.2008	Undercutting 5 % and 3 %	08.01.2008
03.01.2008	Guy P. Wyser-Pratte, New York (\$ 22 section 1 p. 1 no. 1 WpHG: 1.14 %)	(1.14 %)	02.01.2008	Undercutting 5 % and 3 %	08.01.2008
30.01.2008	Wyser-Pratte Eurovalue Fund, Ltd, George Town Grand Cayman	4.11 %	30.01.2008	Exceeding 3 %	01.02.2008
30.01.2008	Wyser-Pratte Management Co., Inc, New York (\$ 22 section 1 p. 1 no. 6 WpHG: 4.11 %)	6.31 %	30.01.2008	Exceeding 5 % and 3 %	01.02.2008
30.01.2008	Guy P. Wyser-Pratte, New York (\$ 22 section 1 p. 1 no. 6 WpHG: 4.11 %)	(6.31 %)	30.01.2008	Undercutting 5 % and 3 %	01.02.2008
30.01.2008	Wyser-Pratte Management Co., Inc, New York (\$ 22 section 1 p. 1 no. 6 WpHG: 4.11 %)	6.31 %	30.01.2008	Exceeding 5 % and 3 %	11.02.2008
30.01.2008	Guy P. Wyser-Pratte, New York (\$ 22 section 1 p. 1 no. 6 WpHG: 4.11 %)	(6.31 %)	30.01.2008	Undercutting 5 % and 3 %	11.02.2008
30.01.2008	Guy P. Wyser-Pratte, New York (\$ 22 section 1 p. 1 no. 6 WpHG i. conj. w. § 22 section 1 p. 1 no. 2 WpHG: 4.11 %)	(6.31 %)	30.01.2008	Undercutting 5 % and 3 %	20.02.2008
27.03.2008	MarcCap Investors, L.P., Summit, NJ, USA (\$ 22 Abs. 1 S. 1 no. 6 WpHG)	0.00 %	20.03.2008	Undercutting 10 %, 5 % and 3 %	01.04.2008
27.03.2008	MarCap Group Partners, L. L. C., Summit, NJ, USA (\$ 22 section 1 p. 1 no. 1 WpHG)	0.00 %	20.03.2008	Undercutting 5 % and 3 %	01.04.2008
27.03.2008	MarcCap Overseas Master Fund, L.P., George Town Gran Cayman	0.00 %	20.03.2008	Undercutting 5 % and 3 %	01.04.2008
27.03.2008	MarcCap Investors, L. L. C., Summit, NJ, USA (\$ 22 section 1 p. 1 no. 6 WpHG i. conj. w. § 22 section 1 p. 1 no. 2 WpHG)	0.00 %	20.03.2008	Undercutting 10 %, 5 % and 3 %	01.04.2008
27.03.2008	David Marcus, USA (\$ 22 section 1 p. 1 no. 6 WpHG i. conj. w. § 22 section 1 p. 1 no. 2 WpHG)	0.00 %	20.03.2008	Undercutting 10 %, 5 % and 3 %	01.04.2008
31.03.2008	Sentosa Beteiligungs GmbH, Hamburg	6.69 %	27.03.2008	Exceeding 5 % and 3 %	02.04.2008
01.04.2008	Dr. Christian Jacobs (\$ 22 section 1 p. 1 no. 1 no. 1 WpHG)	6.69 %	27.03.2008	Exceeding 5 % and 3 %	02.04.2008
01.04.2008	Dr. Annette Jacobs (\$ 22 section 1 p. 1 no. 1 no. 1 WpHG)	6.69 %	27.03.2008	Exceeding 5 % and 3 %	02.04.2008
02.04.2008	UBS AG, Zurich, Switzerland (\$ 22 section 1 p. 1 no. 1 no. 1 WpHG)	4.86 %	27.03.2008	Exceeding 3 %	08.04.2008
03.04.2008	UBS AG, Zurich, Switzerland (\$ 22 section 1 p. 1 no. 1 no. 1 WpHG)	2.68 %	28.03.2008	Exceeding 3 %	08.04.2008
27.06.2008	Credit Suisse, Zurich, Switzerland (\$ 22 section 1 p. 1 no. 1 WpHG)	2.99 %	23.06.2008	Undercutting 3 %	03.07.2008
03.07.2008	ACN Vermögensverwaltungs-gesellschaft mbH & Co. KG, Oldenburg	27.37 %	06.06.2008	Exceeding 3 %, 5 %, 10 %, 15 %, 20 % and 25 %	17.07.2008
03.07.2008	Neumüller Beteiligungsgesellschaft, Oldenburg (\$ 22 section 1 p. 1 no. 1 WpHG)	27.37 %	16.06.2008	Exceeding 3 %, 5 %, 10 %, 15 %, 20 % and 25 %	17.07.2008
10.11.2008	Lincoln Vale European Partners GP LLC, George Town, Grand Cayman (\$ 22 section 1 p. 1 no. 1 WpHG)	10.15 %	30.10.2008	Exceeding 10 %	11.11.2008
10.11.2008	Lincoln Vale European Partners Master Fund, L.P., George Town, Grand Cayman	10.15 %	30.10.2008	Exceeding 10 %	11.11.2008
06.11.2008	Financiere de L'Echiquier, Paris, France (\$ 22 section 1 p. 1 no. 6 WpHG)	2.7326 %	31.10.2008	Undercutting 3 %	11.11.2008
18.02.2009	Rhine Alpha, George Town, Grand Cayman	5.014 %	02.05.2006	Exceeding 5 %	25.02.2009

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

41 | Capital reserve

The figures show the premium generated in excess of the nominal amount of the shares (29,175 thousand euros) for the issue of the 600,002 bearer shares (following the 10 to 1 share split implemented in 1999 now 6,000,020 bearer shares), the addition resulting from the capital reduction (1,560 thousand euros) and the amount resulting from the conversion of the atypical silent shares (27,868 thousand euros) reduced by 2,375 thousand euros in the course of the business year 2007 on account of the final settlement of this conversion. For more details, please refer to the statement of changes in equity (Annex 3). 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 as atypical silent partner and the reserve accounts held there for profits that cannot be withdrawn. In total, they corresponded to the fixed proportionate capitalisation of CeWe Color Holding AG, Oldenburg. This amount has initially been identified provisionally 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 the business year 2006, the compensation was reduced in the same ratio.

42 | Special item for treasury shares

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

Special item for own shares	Total	Buyback	Buyback tender	Total
	Effect. date Dec. 31, 2006	Jan. 3, 2007 to Feb. 2, 2007	Feb. 5, 2007 to March 6, 2007	Effect. date March 7, 2007
Buyback period				
Number of treasury shares held	185,166	24,363	53,223	262,752
Interest in share capital as of effective date in thousand euros	481	63	138	683
Interest in share capital as of effective date in %	2.51 %	0.33 %	0.72 %	3.56 %
Average purchase price per share in euros	32.60	34.08	36.07	33.44
Total value of redeemed shares in thousand euros	6,036	830	1,920	8,787

After an initial inventory of 185,166 treasury shares at the beginning of the business year 2007, the company redeemed another 24,363 no-par value shares in continuation of the redemption programme by February 2, 2007. On February 5, 2007, the buyback via the stock exchange was completed; at this point in time, 209,529 treasury shares were held. Directly thereafter, from February 5 to March 6, 2007, the company made a public share redemption offer for 390,000 shares at a purchase price of 36.07 euros per share. In the context of this redemption offer, the company bought a total of 53,223 shares corresponding 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 authorisation granted by the general meeting dated April 26, 2007, CeWe Color Holding AG, Oldenburg, again bought back a total of 300,000 shares via the stock exchange starting from April 27, 2007. Before the start of the share buyback programme, CeWe Color Holding AG, Oldenburg, held no treasury shares. Between May 7 and November 6, 2007, the company bought a total of 299,608 shares, still held by the company at the balance sheet date of December 31, 2007.

The company acquired a total of 2,185 treasury shares for the issue of employees' shares planned for the end of the year 2007, during the period from November 13 to November 30, 2007 in accordance with Section 71 (1) no. 2 AktG (Companies Act). At the end of the year they were no longer held by the company.

Based on a new authorisation granted by the general meeting dated May 28, 2008, the company started a new buyback programme on June 16, 2008. By December 31, 2008, the company bought back 132,626 no-par value shares.

The number of treasury shares held pursuant to the German Stock Corporation Law totalled 432,234 shares as of December 31, 2008 (previous year: 299,608). However, pursuant to IAS 19, the shares held by CeWe Color Versorgungskasse e.V., Wiesbaden, (112,752 no-par value shares) are to be included in the consolidated financial statements. The number of 299,608 treasury shares, to be recorded as of December 31, 2008 pursuant to the Companies Act, is to be adjusted according to IAS 32 in conjunction with IAS 19 by the 112,752 shares in CeWe Color Holding AG held by CeWe Color Versorgungskasse e. V., Wiesbaden, as of December 31, 2008, since these shares must be included in the consolidated financial statements pursuant to the aforementioned regulations. The 112,752 shares held by CeWe Color Versorgungskasse e.V., Wiesbaden, are not regarded as treasury shares in the sense of the Companies Act. Accordingly, the special item for treasury shares pursuant to IAS 32 shows 544,986 no par-value shares at a total value of 16,398 thousand euros.

Sale	Total	Buyback	Total	Correction IAS 19	Total	Buyback	Total
	Effect. date after sale	Apr. 30, 2007 to Nov. 6, 2007	Effect. date Dec. 31, 2007	Effect. date Dec. 31, 2007	Effect. date Dec. 31, 2007	June 16, 2008 to Dec. 30, 2008	Effect. date 31 Dec. 2008
April 2007	0	299,608	299,608	112,752	412,360	132,626	544,986
-262,752	0	779	779	293	1,072	345	1,417
-683	0.00 %	4.06 %	4.06 %	1.53 %	5.59 %	1.80 %	7.38 %
-3.56 %	0.00	34.65	34.65	33.46	34.33	16.91	30.08
33.46	0	10,382	10,382	3,773	14,155	2,243	16,398
-8,790							

43 | Revenue reserves and net earnings

Revenue reserves and net earnings are combined to form a single item in the consolidated financial statements.

The group's net earnings do not include minority interests amounting to 2 thousand euros (previous year: 3 thousand euros).

Under HGB accounting the net earnings of CeWe Color Holding AG, Oldenburg, serve as basis for distribution. As of December 31, 2008, after allocation to revenue reserves pursuant to Section 58 (2) AktG, the CeWe Color Holding AG's net earnings totalled 7,106 thousand euros (previous year: 8,918 thousand euros). Distribution freeze exists for the treasury shares held by the company (432,234 no-par value shares; previous year 299,608 no-par value shares); the new shares issued as a result of the conversion (1,980,000 no-par value shares) in 2007 are entitled to dividends for the first time in 2008.

The item Other revenue reserves recognizes items including changes in the fair value of hedge transactions that meet to the hedge accounting conditions and the revaluation reserve for successive acquisitions of companies. For hedges of net investments in economically independent subsidiaries, changes not affecting income of applicable fair values amounting to –128 thousand euros (previous year: –72 thousand euros) were reported. In addition, hedges of net investments in economically independent foreign subsidiaries in the amount of 97 thousand euros (previous year: 112 thousand euros) were reported with effect on income insofar as they concern the ineffective portion of the hedging relationship.

44 | Third party interests

This item is used to disclose the interests held by third-party shareholders in the capital of group companies (a total of 46 thousand euros; previous year: 59 thousand euros). Minority interests in the capital of CeWe Color a.s., Prague (Czech Republic), are reported (previous year: 55 thousand euros).

For information on changes in equity please see the consolidated statement of changes in equity (p. 76).

45 | Noncurrent special items for investment grants

The special item for investment grants is used to state investment grants and investment subsidies from funds for the common tasks “improvement to the regional economic structure” that have already been granted.

46 | Noncurrent provisions for pensions

Noncurrent provisions for pensions Figures in thousand euros	Balance on Jan. 1, 2008	Currency difference	Consumption	Addition	Reversal	Balance on Dec. 31, 2008
Change in business year 2008	9,683	–1	–44	502	–397	9,743

Figures in thousand euros	Balance on Jan. 1, 2007	Currency difference	Consumption	Addition	Reversal	Balance on Dec. 31, 2007
Change in business year 2007	9,290	0	–129	522	0	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 lower extent, defined-contribution obligations. In addition, employees may participate in remuneration conversion plans.

For defined-benefit plans, the company or an external pension fund commits to pay a defined benefit to the beneficiary; 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 provisions of IAS19 in order to determine the expenses of the relevant period. On the relevant balance sheet date (December 31 of a year), the accounting 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 calculated and actual development of obligations as well as the underlying assets (so-called actuarial gains and losses) are accounted using the corridor method.

On the contrary, for defined-contribution plans, fixed contributions (e.g. related to the decisive income) are committed and paid. The employer has no 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 profit and loss account as an expense.

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

Change in the scope of obligation Figures in thousand euros	2007	2008
Defined benefit obligation at the start of the business year (DBO)	13,651	12,945
Current service cost	434	377
Interest expense	549	685
Actuarial (gains)/losses	(1,131)	(440)
Payment of benefits	557	633
Changes in the group of consolidated companies	0	(215)
Cash value of defined benefit obligation at the end of the business year (DBO)	12,945	12,719
– thereof directly committed (without plan assets)	9,872	9,857
– thereof funded with plan assets	3,072	2,862

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

Change in plan assets Figures in thousand euros	2007	2008
Fair value of plan assets at the beginning of the business year	1,594	1,849
Expected returns on plan assets	42	107
Actuarial (gains)/losses	6	(138)
Employer contributions	183	172
Employee contributions	28	29
Payment of benefits	3	55
Fair value of plan assets at the end of the business year	1,849	1,964

The funded status is as follows:

Funded status Figures in thousand euros	2007	2008
Cash value of defined-benefit obligation at the end of the business year (DBO)	12,945	12,719
Fair value of the plan assets at the end of the business year	1,849	1,964
Unrecognised (gains)/losses	1,489	1,137
Balance sheet value at the end of the business year	9,606	9,618
Experience adjustment in cash value of the defined-benefit obligation (DBO)	52	119
Experience adjustment of the fair value of the plan assets	6	30

The total expenses recognised in the profit and loss account for defined-benefit plans (expenses less income) comprise the following items:

Net expenses for pensions Figures in thousand euros	2007	2008
Current service cost	434	377
Interest expense	549	685
Expected return on plan assets	(42)	(108)
Amortisation of actuarial (gains)/losses	208	63
Amortisation of effects of plan cuts and/or compensations	0	(254)
Total	1,149	763

Actuarial gains totalling 578 thousand euros were generated in the business year 2008 (previous year: 1,125 thousand euros).

The premises for the actuarial valuation of the cash value of defined benefit obligations 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 and 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 result for the defined benefit obligations:

Weighted assumptions for the determination of the defined benefit obligation Figures in %	Dec. 31, 2007	Dec. 31, 2008
Accounting interest rate	5.50	6.00
Salary trend/rate of pension increase during waiting period	2.50	2.50
Rate of pension increase during benefit period	1.75	2.00
Fluctuation	1.50	1.50

Weighted assumptions for the determination of the net pension cost Figures in %	Dec. 31, 2007	Dec. 31, 2008
Accounting interest rate	4.40	5.50
Expected return on plan assets	4.50	4.50
Salary trend/rate of pension increase during waiting period	2.50	2.50
Rate of pension increase during benefit period	1.50	1.75
Fluctuation	1.50	1.50

The biometric probability applicable in the individual countries was 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. The actual return on the plan assets amounted to 78 thousand euros (previous year: 77 thousand euros).

In the business year 2008, the company had expenses for defined contribution obligations totaling 124 thousand euros (previous year: 124 thousand euros).

47 | Noncurrent deferred tax liabilities

Noncurrent deferred tax liabilities Figures in thousand euros	Balance on Jan. 1, 2008	Change in the group of cons. comp.	Currency difference	Consumption	Addition	Transfer	Reversal	Balance on Dec. 31, 2008
Change during the business year 2008	5,746	727	226	-535	1,903	-1	-5,742	2,324

Figures in thousand euros	Balance on Jan. 1, 2007	Change in the group of cons. comp.	Currency difference	Consumption	Addition	Transfer	Reversal	Balance on Dec. 31, 2007
Change during the business year 2007	1,543	2,352	143	0	2,644	0	-936	5,746

The changes in deferred taxes relate primarily to differences from changes in the group of consolidation (see item A. 3) and from the different treatment of provisions for restructuring. The maturities of the deferred taxes are largely between one and five years.

48 | Other noncurrent provisions

Other noncurrent provisions Figures in thousand euros	Balance on Jan. 1, 2008	Addition	Consumption	Reversal	Transfer	Balance on Dec. 31, 2008
Employee commitments	131	0	-131	0	65	65
Provisions for threatening losses	1,740	40	0	-40	-328	1,412
Development during business year 2008	1,871	40	-131	-40	-263	1,477

Other noncurrent provisions Figures in thousand euros	Balance on Jan. 1, 2007	Addition	Consumption	Reversal	Transfer	Balance on Dec. 31, 2007
Employee commitments	225	0	0	0	-94	131
Provisions for threatening losses	2,001	0	0	0	-261	1,740
Development during business year 2007	2,226	0	0	0	-355	1,871

The noncurrent employee commitments relate almost exclusively to benefits for partial retirement. The item mostly includes provisions for threatening losses, created for long-term contracts regarding the laboratory in Hamburg closed down in 2002. They relate to the risk of losses from sub-leases on the back of the best possible estimate of the respective local commercial property markets. The present value of the obligation is calculated by discounting, for which the accounting interest rate corresponds to the valuation of noncurrent provisions for pensions (6.0 %, previous year: 5.50 %). The lapse of time results in a negative interest effect amounting to 75 thousand euros, the adjustment of the interest rate results in a positive interest effect of 35 thousand euros. The transfers relate to reclassifications to the current provisions.

49 | Noncurrent financial liabilities

Noncurrent financial liabilities Figures in thousand euros	Balance on Dec. 31, 2007	Balance on Dec. 31, 2008	thereof residual term 1 to 5 year	thereof residual term over 5 years
Total noncurrent financial liabilities	10,426	14,505	14,505	0

Financial liabilities are exclusively to banks. Interest rates for the current medium- and long-term loan agreements are between 3.62 % and 5.35 % (previous year: between 2.67 % and 5.65 %). For further details, please refer to the item Current financial liabilities (see item D. 52).

50 | Current provisions for taxes

This item includes deferred income tax obligations and obligations for other taxes. They developed as follows:

Current provisions for taxes Figures in thousand euros	Balance on Jan. 1, 2008	Change in group of cons. comp.	Currency difference	Consumption	Addition	Transfer	Reversal	Balance on Dec. 31, 2008
Income taxes	2,679	113	0	-820	1,302	-357	-214	2,703
Other taxes	171	0	42	-324	205	221	0	315
Development in business year 2008	2,850	113	42	-1,144	1,507	-136	-214	3,018

Figures in thousand euros	Balance on Jan. 1, 2007	Change in group of cons. comp.	Currency difference	Consumption	Addition	Transfer	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
Development in business year 2007	7,884	460	-6	-6,480	1,717	0	-725	2,850

51 | Current other provisions

Current other provisions	Balance on Jan. 1, 2008	Change in group of cons. comp.	Currency difference	Consumption	Addition	Transfer	Reversal	Balance on Dec. 31, 2008
Figures in thousand euros								
Restructurings	2,028	0	0	-6,143	2,975	5,166	-29	3,997
Conditional purchase price commitm.	0	0	0	0	2,000	0	0	2,000
Employee commitments	953	38	-23	-680	709	-65	-37	895
Audit of annual financial statements including internal costs of fin. statem.	303	13	-10	-263	378	0	-51	370
Provisions for threatened losses	230	0	0	-247	0	329	-85	227
Warranties and goodwill	98	24	0	0	103	0	-4	221
Printing costs	180	0	0	-180	180	0	0	180
Expenses for members of the Board of Trustees	64	0	0	-64	64	0	0	64
Supervisory Board remunerations	64	0	0	-64	64	0	0	64
Legal and consulting costs	82	0	0	-52	50	0	-30	50
Sundry other commitments	7,352	0	-39	-1,214	2,813	-5,030	-1,002	2,880
Change in business year 2008	11,354	75	-72	-8,907	9,336	400	-1,238	10,948

	Balance on Jan. 1, 2007	Change in group of cons. comp.	Currency difference	Consumption	Addition	Transfer	Reversal	Balance on Dec. 31, 2007
Figures in thousand euros								
Restructurings	4,189	0	0	-4,116	2,017	0	-62	2,028
Employee commitments	991	7	7	-990	887	51	0	953
Audit of annual financial statements including internal costs of fin. statem.	335	34	-2	-278	229	0	-15	303
Provisions for threatened losses	353	0	0	-554	170	261	0	230
Printing costs	180	0	0	-180	180	0	0	180
Warranties and goodwill	94	0	0	0	4	0	0	98
Legal and consulting 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
Supervisory Board remunerations	64	0	0	-64	64	0	0	64
Sundry other commitments	4,754	349	11	-2,374	5,768	43	-1,199	7,352
Change in business year 2007	11,126	390	16	-8,678	9,432	355	-1,287	11,354

Provisions for employee liabilities include, in particular, commitments from social plans in the context of restructuring measures as well as claims earned within the scope of partial retirement, vacation entitlements still outstanding from the business year, claims to bonuses, claims from overtime, outstanding contributions to insurance companies (e.g. institutions for statutory accident insurance and prevention), etc. Miscellaneous provisions relate to ongoing litigations and other commitments. Restructuring was effected through shut-downs and partial shut-downs of production facilities or non-profitable retail branch offices. For details regarding restructuring expenses refer to item C.16. The transfers relate to reclassifications from the noncurrent provisions.

52 | Current financial liabilities

Current financial liabilities are shown in the following table:

Current financial liabilities Figures in thousand euros	Balance on Dec. 31, 2007	Balance on Dec. 31, 2008
Loans from banks	9,512	11,574
Current accounts with banks	728	9,194
Total current financial liabilities	10,240	20,768

53 | Other current trade payables

Trade payables totalled 63,614 thousand euros (previous year: 66,724 thousand euros). Their decrease by 3.1 million euros is due to the decrease in paper purchases and the lower volume of investment measures in the month of December 2008 compared to the same month in the previous year.

54 | Other current liabilities

Other current liabilities Figures in thousand euros	Balance on Dec. 31, 2007	Balance on Dec. 31, 2008
Liabilities to shareholders	801	636
Other liabilities	23,054	21,161
Total liabilities	23,855	21,797

A portion of the liabilities amounting to 7,869 thousand euros (previous year: 9,206 thousand euros) was determined using best-possible estimates. Essentially they relate to future charges and the resulting payments for deliveries and services already received as well as obligations towards customers. The remaining other current liabilities remained almost unchanged. They include primarily liabilities from outstanding wages and salaries, tax liabilities and liabilities to customers.

55 | Financial risk management

Within the scope of operating activities, the company is exposed to financial risks. They include in particular liquidity, currency, interest and credit risks. These risks are controlled and limited by the management. Monitoring is carried out by the group-wide risk management.

The **liquidity risk** is the risk that the company can no longer meet its financial obligations. This risk is countered by liquidity planning as well as by cash management by continuously monitoring and controlling all inflowing and outflowing funds. Main sources of liquidity are the operating business as well as external funding. Ourflowing funds are essentially used for funding working capital as well as investments.

As of December 31, 2008, the CeWe Color group disposes of the following credit lines:

Credit lines	Total credit lines Dec. 31, 2007	thereof with residual term		Total credit lines Dec. 31, 2008	thereof with residual term	
		up to 1 year	more than 1 year		up to 1 year	more than 1 year
Figures in million euros						
Germany	77.21	55.39	21.82	73.09	61.09	12.00
Abroad	0.22	0.13	0.09	0.21	0.20	0.00
Total	77.42	55.52	21.91	73.30	61.30	12.00

Of these credit lines, 38.02 million euros (previous year: 56.75 million euros) have not been drawn as of the balance sheet date and were available, in addition to cash and cash equivalents amounting to 10.08 million euros (previous year: 7.09 million euros) to cover future demands for liquidity. In order to give an improved picture of the company's planning, the credit lines no longer contain short-term lines only, but also the long-term use of bank loans. Previous year's figures were adjusted accordingly.

An overview of the maturities of the undiscounted payment flows associated with the financial liabilities and the liabilities under derivative financial instruments taking into account the associated payments of interest shows the expected outflow of payments as of the balance sheet date of December 31, 2008:

Cash flows from financial liabilities	Dec. 31, 2008 book value	Residual term			Dec. 31, 2008 total cash flow
		up to 1 year	more than 1 up to 5 years	more than 5 years	
Figures in thousand euros					
Liabilities to banks	35,273	21,901	15,193	0	37,094
Trade payables	63,614	63,614	0	0	63,614
Other financial instruments	20,592	20,661	2,025	0	22,686

Cash flows from financial liabilities	Dec. 31, 2007 book value	Residual term			Dec. 31, 2007 total cash flow
		up to 1 year	more than 1 up to 5 years	more than 5 years	
Figures in thousand euros					
Liabilities to banks	20,666	12,784	9,578	0	22,362
Trade payables	66,724	66,724	0	0	66,724
Other financial instruments	22,033	22,102	1,959	0	24,061

Payment flows in different currencies result from the CeWe Color group's international orientation. **Currency risks** result from the sales invoiced in a currency different from the currency of the associated costs from the assets and liabilities in foreign currencies reported in the balance sheet the fair value of which can be affected by a change in the exchange rates, as well as from pending businesses in foreign currencies whose future payment flows may have a negative effect on account of exchange rate fluctuations. The risk management system continuously monitors the risk positions resulting from currency risks. In order to limit these risk positions, business relationships denominated in euros of companies in countries that do not belong to the euro zone are reduced if possible outside the field of delivery and service. After detailed examination, hedge transactions are concluded for current business beyond the currency area from case to case.

The essential market risk in the area of foreign currencies concerns open currency positions at the balance sheet date. Essential foreign currency positions exist for the British and the Czech national companies. If the two foreign currencies were to decrease in value by 30 % each compared to the euro, the following opportunities (positive values) and/or risks (negative values) would result:

Currency sensitivity	2007	2008
Figures in thousand euros		
Financial assets	-919	-907
Financial liabilities	701	957

If the two foreign currencies were to gain in value by 30 % each compared to the euro, the following opportunities (positive values) and/or risks (negative values) would result:

Currency sensitivity	2007	2008
Figures in thousand euros		
Financial assets	1,707	1,684
Financial liabilities	-1,303	-1,778

The CeWe Color group is subject to **interest risks** to third parties to a not very marked extent. Interest-sensitive assets include loans to customers, employees as well as short-term credit balances with banks. Interest-sensitive financial liabilities include noncurrent liabilities to banks as well as, in the previous year, liabilities to shareholders resulting from the final settlement of the conversion of the silent company. This did not result in any essential risk positions on account of the current development of interest rates. The interest hedge strategy aims at regularly concluding new medium- to long-term loan agreements with fixed interests.

If the interest for financial assets and financial liabilities bearing variable interest were to decrease by 10 %, the following opportunities (positive values) and/or risks (negative values) would result:

Interest sensitivity	2007	2008
Figures in thousand euros		
Income from interest	-10	-7
Interest expenditure	98	121

If the interest for financial assets and financial liabilities bearing variable interest were to increase by 10 %, the following opportunities (positive values) and/or risks (negative values) would result:

Interest sensitivity	2007	2008
Figures in thousand euros		
Income from interest	10	7
Interest expenditure	-98	-121

There were the following hedge transactions:

Derivative transactions	Nominal volume		Remaining term > 1 year		Fair value	
	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008
Figures in thousand euros						
Currency derivatives						
Interest rate/curr. swaps	6,200	1,500	1,500	1,500	-760	431
Interest rate derivatives						
Option transactions	5,000	5,000	5,000	0	70	0

There are hedges 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, of 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.

At first, financial instruments are measured at their cost of acquisition. Financial assets measured valued at the fair value and recognised in income relate to derivative financial instruments. There are no financial assets classified as available for sale. Financial liabilities measured valued at the fair value and recognised in income also relate to derivative financial instruments and possible compensation obligations to the minority shareholder of CeWe Color AG & Co. OHG, Oldenburg.

Net results from financial instruments by measurement categories Figures in thousand euros	Balance on Dec. 31, 2007	Balance on Dec. 31, 2008
Financial assets measured at fair value and recognised in income	196	31
Loans and receivables	-4,549	154
Financial liabilities measured at fair value and recognised in income	-176	45
Financial liabilities measured at amortised acquisition costs	-1,690	-1,971
Total	-6,219	-1,741

The net results from these financial instruments include, in particular, interest, valuation adjustments, income from receivables written down and results from the measurement valuation at fair value. They do not include dividend income in the year under review. No additions (previous year: additions amounting to 0 thousand euros) from cash flow hedges were recognised in equity not affecting income. Ineffectiveness amounting to 97 thousand euros (previous year: 112 thousand euros) from cash flow hedges was recognised in income. No amounts were withdrawn from equity and included into the result of the period in the business year or in the previous year. The hedge transactions of the current and the previous period were not realised for hedging acquisition costs of another book value of non-financial assets or non-financial liabilities. The underlying transactions of the cross-currency swaps are loans granted to subsidiaries. Within a year, hedge transactions will result in outflow of liquidity amounting to 69 thousand euros (previous year: 69 thousand euros) and, between one and five years, to outflows amounting to 2,025 thousand euros (previous year: 1,859 thousand euros). Interest income not related to the financial instruments measured at fair value and recognised in income totals 81 thousand euros (previous year: 128 thousand euros), corresponding interest expenses total 1,971 thousand euros (previous year: 1,690 thousand euros). This results in a balance of -1,890 thousand euros (previous year: -1,562 thousand euros). Write downs of financial instruments that were measured at amortised acquisition costs amounted to 575 thousand euros in the business year 2008 (previous year: 396 thousand euros); they were posted to receivables due to depreciation. No write downs were made for financial instruments recognised at fair value.

The reconciliation of balance sheet items to the classes of financial instruments as of December 31, 2008 is as follows:

Financial instruments Dec. 31, 2008	Balance sheet item as of Dec. 31, 2008	Measurement according to IAS 39				Total items measured according to IAS 39	
		no measure- ment according to IAS 39	amortised acqui- sition costs (category: Loans and Receivables)	amortised acqui- sition costs (category: available for Sale)	Fair value (rest)	Book values	Fair values
Figures in thousand euros							
Noncurrent assets							
Financial assets	273	244	0	29	0	29	29
Noncurrent receivables	473	96	377	0	0	377	377
Current assets							
Trade receivables	54,338	0	54,338	0	0	54,338	54,338
Current other receivables and assets	10,944	4,236	6,708	0	0	6,708	6,708
Cash and cash equivalents	10,080	0	0	0	10,080	10,080	10,080
Noncurrent liabilities							
Noncurrent financial liabilities	14,505	0	14,505	0	0	14,505	14,505
Other noncurrent liabilities	686	471	214	0	0	214	214
Current liabilities							
Current financial liabilities	20,768	0	20,768	0	0	20,768	20,768
Other current trade payables	63,614	0	63,614	0	0	63,614	63,614
Other current liabilities	21,796	292	20,793	0	712	21,505	21,505

Financial instruments Dec. 31, 2007	Balance sheet item as of Dec. 31, 2007	Measurement according to IAS 39				Total of items valued according to IAS 39	
		no measure- ment according to IAS 39	amortised acqui- sition costs (category: Loans and Receivables)	amortised acqui- sition costs (category: available for Sale)	Fair value (rest)	Book values	Fair values
Figures in thousand euros							
Noncurrent assets							
Financial assets	258	229	0	29	0	29	29
Noncurrent receivables	598	88	501	0	0	501	501
Current assets							
Trade receivables	55,753	0	55,753	0	0	55,753	55,753
Other current receivables and assets	9,455	3,319	6,066	0	70	6,136	6,136
Cash and cash equivalents	7,093	0	0	0	7,093	7,093	7,093
Noncurrent liabilities							
Noncurrent financial liabilities	10,426	0	10,426	0	0	10,426	7,093
Other noncurrent liabilities	615	527	88	0	0	88	88
Current liabilities							
Current financial liabilities	10,240	0	10,240	0	0	10,240	10,240
Other current trade payables	66,724	0	66,724	0	0	66,724	66,724
Other current liabilities	23,855	365	22,202	0	1,288	23,490	23,490

The credit risk is the risk that a contracting party does not meet its obligations and the account receivable is lost. Within the scope of accounts receivable management as part of the risk management system, accounts receivable are analysed in detail monthly on the level of the individual companies as well as reported to central company management on the level of the group headquarters in the context of the delcredere reporting. Collateral security agreements are concluded with key accounts. Individual allowances are made for the other accounts receivable to the extent there are substantiative indications suggesting that the receivable will become uncollectible with high probability. The overall risk of default is countered by general provisions for bad debts based on experience. The maximum credit risk resulting from a possible insolvability of debtors from loans and receivables amounts to 61,423 thousand euros as of December 31, 2008 and is composed as follows:

Credit risk Figures in thousand euros	Dec. 31, 2007	Dec. 31, 2008
Noncurrent receivables	501	377
Trade receivables and other current receivables	61,888	61,046
	62,389	61,423

The adjusted loans and receivables have changed as follows:

Figures in thousand euros	Jan. 1, 2007	Dec. 31, 2008
Gross value	14,444	11,462
Valuation adjustment	-12,037	-9,552
Book value	2,407	1,910

Further 3,969 thousand euros were already overdue, but not value adjusted. The maturity of the overdue receivables is as follows:

Figures in thousand euros	
Up to 30 days	2,931
Between 30 and 90 days	969
Older than 90 days	69

The priority aim of **capital management** of CeWe group is to ensure that the group's ability to redeem debts and its preserve financial substance in the future as well.

The essential capital items are presented below. The net financial liabilities result from the netting of the gross financial liabilities with cash and cash equivalents as of the balance sheet date.

Figures in thousand euros	Balance on Dec. 31, 2006	Balance on Dec. 31, 2007	Balance on Dec. 31, 2008
Total assets	257,415	264,802	261,977
Equity	127,362	120,575	112,409
Equity ratio (in %)	49.5	45.5	42.9
Noncurrent financial liabilities	5,572	10,426	14,505
Current financial liabilities	17,250	10,240	20,768
Cash and cash equivalents	14,475	7,093	10,080
Net financial liabilities	8,347	13,573	25,193

The capital management aims at ensuring a sufficient funding in particular through long-term debts. Within the scope of standby credits granted by the banks, CeWe Color group generally is subject to a minimum equity ratio of 30 % that must be maintained during the entire business year.

According to the articles of association, CeWe Color Holding AG is not subject to any capital requirements. For further details on conditional capital, approved capital and the obligation to sell or issue shares within the scope of stock option plans, reference is made to the corresponding pages of these notes (D. 37, D. 38 and D. 39).

E. Other notes

56 | Shareholdings

Shareholdings	2007 fixed capital in %	2008 fixed capital in %
1. CeWe Color AG & Co. OHG, Oldenburg ^{(1),(2)}	99.75	99.75
2. Fotocolor GmbH, Eschbach, Freiburg	99.75	99.75
3. CeWe Color Beteiligungsgesellschaft mbH, Oldenburg	99.75	99.75
4. Foto + Bild Vertriebs-GmbH, Leipzig	99.75	99.75
5. CeWe Color S. A. S., Paris (France)	99.75	99.75
6. CeWe Color Belgium N.V., Kontich (Belgium)	99.75	—
7. Rainbow Color BvBA, Kontich (Belgium)	99.75	99.75
8. CeWe Color Nederland B.V., Nunspeet (The Netherlands)	99.75	99.75
9. CeWe Color Magyarország Kft, Budapest (Hungary)	99.75	99.75
10. CeWe Color a.s., Prague (Czech Republic)	99.31	99.31
11. CeWe Color a.s., Bratislava (Slovakia)	99.74	99.75
12. CeWe Color Fotoservice AG, Dübendorf (Switzerland)	99.25	99.75
13. CeWe Color Nordic ApS, Skødstrup (Denmark)	99.75	99.75
14. Fotojoker Sp. z o.o., Kozle (Poland)	99.75	99.75
15. CeWe Color Sp. z o.o., Kozle (Poland)	99.75	99.75
16. Japan Photo Holding Norge AS, Oppegård (Norway)	99.75	99.75
17. Japan Photo Danmark A/S, Copenhagen (Denmark)	99.75	99.75
18. Japan Photo Sverige AB, Malmö (Sweden)	99.75	99.75
19. CeWe Color Zagreb d.o.o., Zagreb (Croatia)	99.75	99.75
20. CeWe Color Limited, Warwick (United Kingdom)	99.75	99.75
21. Zweite CeWe Color Beteiligungsgesellschaft AG, Dübendorf (Switzerland)	99.75	99.75
22. Diginet GmbH & Co. KG, Cologne ⁽²⁾	99.75	99.75
23. Bilder Planet Mückenhausen GmbH, Cologne	99.75	99.75
24. Diginet Management GmbH, Cologne	99.75	99.75
25. FotoStar s.r.o., Teplice (Czech Republic)	99.31	—
26. Bohemia Foto spol. s.r.o., Teplice (Czech Republic)	99.31	—
27. FotoStar Slovakia s.r.o. Trnava, (Slovakia)	99.31	—
28. FOTO CLASSIC Sp. z o.o., Tarnobrzeg (Poland)	99.75	—
29. Colorplaza SA, Vevey (Switzerland)	23.38	—
30. Numerique S.A.S., Paris (France)	—	99.75
31. Wöltje GmbH & Co. KG, Oldenburg	—	99.75
32. Wöltje Verwaltungen GmbH, Oldenburg	—	99.75
33. DIRON Wirtschaftsinformatik GmbH & Co. KG, Münster	—	99.75
34. DIRON Wirtschaftsinformatik Beteiligungs GmbH, Münster	—	99.75

The participating interests are as follows:

⁽¹⁾ directly held holding companies; all other participating interest held indirectly via the holding company CeWe Color AG & Co. OHG, Oldenburg.

⁽²⁾ German subsidiaries having the legal form of partnerships make use of the options of exemption of Section 264b HGB. The individual companies are stated in the shareholding list.

¹ A deficit not covered by equity is recognised.

^{*2}The company's assets were transferred to CeWe Color Belgium N.V, Brussels.

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

57 | Notes to the cash flow statement

The cash flow statement shows how the cash and cash equivalents in the group have changed during the business years 2008 and 2007. 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 significant decrease in trade payables, other liabilities and other equity and liabilities resulted in a clearly negative financing effect of 6.0 million euros, corresponding to a deterioration of approximately 13.6 million euros.

In the year under review, the company acquired all shares in the following companies: Numérique S. A. S., Paris (France), Wöltje GmbH & Co. KG, Oldenburg, Wöltje Verwaltungs-GmbH, Oldenburg, (formerly: COMTREU 206 Beteiligungs GmbH), DIRON Wirtschaftsinformatik GmbH & Co. KG, Münster, DIRON Wirtschaftsinformatik Beteiligungs-GmbH, Münster. In the previous year, the shares of FotoStar s. r. o., Teplice (Czech Republic), including its interests in or subsidiaries Bohemia Foto spol. s. r. o., Teplice (Czech Republic), and Foto Star Slovakia spol. S. r. o. Trnava, (Slovakia), FOTO CLASSIC Sp. z o.o., Tarnobrzeg (Poland), Blitz 07-637 GmbH, München, Digi-net KG, Köln, Colorplaza SA, Vevey (Switzerland) were taken over.

Figures in thousand euros	2007	2008
Purchase price	11,462	4,664
Less cash and cash equivalent taken over	-2,069	-33
Outflow of funds from acquisitions according to IAS 7.42	9,393	4,631

Regarding the assets and liabilities resulting from acquisitions (IAS 7.40 d), we refer to the comments made on the group of consolidation (see item A. 3). 4,661 thousand euros of the purchase prices were paid using cash and cash equivalents (previous year: 3,930 thousand euros).

58 | Segment reporting

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

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

In order to improve the presentation of the operating performance, we voluntarily adjusted the segment earnings before taxes (EBT) for material special factors of the year under review and the previous year.

Segment reporting 2008 Figures in thousand euros	Central Europe	Western Europe	Benelux	Centr. East. Europe	Eliminations	CeWe Color group
a. Revenues with external third parties	236,899	44,252	36,525	102,313	0	419,989
Revenues with other segments	35,889	2,418	1,270	7,296	(46,873)	0
Other segment income	21,136	13,896	710	6,358	(18,797)	23,303
Total revenues	293,924	60,566	38,505	115,967	(65,670)	443,292
b. Segment earnings acc. to IAS 14.16 ¹	8,730	2,219	1,246	1,551	25	13,771
c. Segment earnings before tax (EBT) ²	5,946	2,466	1,526	722	0	10,660
d. Adjustment for extraordinary effects ⁷	19,819	(8,511)	0	135	0	11,443
– waiver of debt ⁸	10,000	(10,000)	0	0	0	0
– restructuring	9,819	1,489	0	135	0	11,443
e. EBT adjusted	25,765	(6,045)	1,526	857	0	22,103
f. Total segment assets ³	178,398	25,837	16,723	55,503	(37,479)	238,982
g. Segment liabilities ⁴	110,272	17,107	11,194	26,194	(36,498)	128,269
h. Investments in noncurrent segment assets ⁵	28,159	1,408	154	3,594	0	33,315
i. Amortisation/depreciation per segment	31,987	3,853	291	5,124	(845)	40,410
j. Major non-cash income ⁶	1,893	104	5	517	0	2,519
k. Major non-cash expenses ⁶	1,633	77	25	177	0	1,912

Segment reporting 2007 Figures in thousand euros	Central Europe	Western Europe	Benelux	Centr. East. Europe	Eliminations	CeWe Color group
a. Revenues with external third parties	233,544	52,398	35,323	92,186	0	413,451
Revenues with other segments	30,649	1,256	11	4,382	(36,298)	0
Other segment income	16,925	4,518	671	5,267	(6,582)	20,799
Total revenues	281,118	58,172	36,005	101,835	(42,880)	434,250
b. Segment earnings acc. to IAS 14.16 ¹	20,754	(8,817)	(956)	2,247	(755)	12,473
c. Segment earnings before tax (EBT) ²	17,809	(7,711)	(730)	3,451	0	12,819
d. Adjustment for extraordinary effects ⁷	6,347	5,061	0	787	0	12,195
e. EBT adjusted	24,156	(2,650)	(730)	4,238	0	25,014
f. Total segment assets ³	179,201	26,678	13,142	62,424	(31,465)	249,980
g. Segment liabilities ⁴	90,842	21,749 ⁹	10,307	30,172 ⁹	(29,768)	123,302
h. Investments in noncurrent segment assets ⁵	30,288	1,774	235	3,223	0	35,520
i. Amortisation/depreciation per segment	28,901	4,264 ⁹	531	5,075 ⁹	(295)	38,458
j. Major non-cash income ⁶	1,081	1,021	34	265	0	2,401
k. Major non-cash expenses ⁶	3,263	890	18	888	0	5,059

¹ The segment earnings result from the segment revenues less segment expenses without taking into account the financial result and the income tax result.

² The effects of consolidation measures of the group were distributed among the segments in order to make the segment earnings before tax comparable. Allocation was subject to best estimates to the extent required. The statement is voluntary and does not correspond to IAS 14.16.

³ Noncurrent and current assets

⁴ Liabilities and provisions

⁵ Includes the additions to noncurrent assets without financial assets.

⁶ e. g. exchange rate differences, additions to/reversal of provisions, depreciation not covered by 0, income/expenses from value adjustments.

⁷ The extraordinary effects relate to restructuring projects; in the previous year, expenses for the general meeting amounting to 2,750 thousand euros were shown here as well.

⁸ In order to reinforce equity of the French company, CeWe Color AG & Co. OHG, Oldenburg, waived receivables amounting to 10.0 million euros in the fourth quarter.

⁹ During the previous year, the Polish companies Fotojoker Sp. z o.o., Kozle, and CeWe Color Sp. z o.o., Kozle, were wrongly allocated to the segment Western Europe. Segment liabilities of 15,056 thousand euros and depreciations amounting to 1,650 thousand euros were now reclassified from the segment Western Europe into the segment Central Eastern Europe.

Secondary segment information 2008 Figures in thousand euros	Photo finishing	Retail	CeWe Color group
a) Revenues with external third parties	319,015	100,974	419,989
b) Total segment assets ¹	199,381	39,601	238,982
c) Investment in noncurrent segment assets ²	31,203	2,112	33,315

Secondary segment information 2007 Figures in thousand euros	Photo finishing	Retail	CeWe Color group
a) Revenues with external third parties	330,687	82,764	413,451
b) Total segment assets ¹	208,785	41,195	249,980
c) Investment in noncurrent segment assets ²	34,580	940	35,520

¹ Noncurrent and current assets; the increases in the segment assets in retail compared to the previous year mainly stem from the additions to the group of consolidated companies.

² Includes the additions to noncurrent assets without financial assets.

On account of the adjustment of the allocation, the photo finishing revenues they increased by 6,904 thousand euros in the presentation of secondary segment information for 2007, the total segment assets of photo finishing increased by 9,368 thousand euros, and the investments in noncurrent photo finishing segment assets by 88 thousand euros. The items shown under retail in 2007 decrease by the corresponding amounts (see item B. 6).

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: In the business year 2008, extraordinary expenses included restructuring expenses for the segments Central Europe amounting to 9.8 million euros (previous year: 6.3 million euros), Western Europe 1.5 million euros (previous year: 5.1 million euros) and Central Eastern Europe 0.1 million euros (previous year: 0.8 million euros) as well as in the form of a waiver of debt of the German company (Central Europe) to the benefit of the French company (Western Europe) amounting to 10.0 million euros. Unscheduled depreciation of noncurrent assets relates to the segments Central Europe amounting to 2.7 million euros (previous year: 1.2 million euros), Western Europe 0.4 million euros (previous year: 0.0 million euros) as well as Central Eastern Europe 0.0 million euros (previous year: 0.4 million euros).

59 | Other explanatory notes

There were contingent liabilities from issuing guarantees and warranties for third parties, from possible risks of litigation and other facts amounting to 7,720 thousand euros (previous year: 7,591 thousand euros). In the previous year, contingent liabilities amounting to 11,884 thousand euros were stated for 2007, this was an editorial mistake. These figures are nominal in each case.

Related persons of the CeWe Color group are defined as the members of the Board of Management and the Supervisory Board as well as the members of the community of heirs of Senator h.c. Heinz Neumüller, Oldenburg and affiliated companies of the community of heirs.

Business transactions with related companies and persons occurred to a small extent only in 2008. Major transactions concern some leases concluded between the group and affiliated companies of the community of heirs of Senator h. c. Heinz Neumüller, Oldenburg, that exist for commercial real estate. The volume of the services used amounted to 2,506 thousand euros (previous year: 2,056 thousand euros). All businesses with related companies and persons are settled at conditions which are usual in the market. The remuneration report as part of the management report of the CeWe Color group provides further individualised information on the remuneration and the remuneration system of the Board of Management and the Supervisory Board.

Pension commitments exist for members of the management in key positions, i.e. the Board of Management of CeWe Color Holding AG, Oldenburg. In the business year, provisions amounting to 141 thousand euros (previous year: 161 thousand euros) accrued for these commitments. The total of the cash values of the performance-related commitments amounts to 2,500 thousand euros (previous year: 2,559 thousand euros).

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, Oldenburg, of April 26, 2006, by way of actions for nullity and avoidance against the resolutions regarding agenda items two to eight inclusive. The actions were withdrawn and/or dismissed in the course of 2008.

In February 2009, the Board of Management decided to close down the works in Paris (France); in March 2009, the Board decided to shut-down the works in Teplice (Czech Republic) as well. 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). Restructuring expenses totalling in all to 10,000 thousand euros have to be expected relating to depreciation and amortisation, expenses for social plans and other expenses.

On March 9, 2009, the Board of Management decided to offer shares of CeWe Color Holding AG, Oldenburg, as employee shares to the employees of CeWe Color group according to Section 3, no. 39 EStG.

60 | Executive bodies

Supervisory Board including Supervisory Board mandates as well as mandates in comparable and foreign control committees

Hubert Rothärmel, resident in Oldenburg (chairman)

Pensioner; former chairman of the Board of Management of CeWe Color Holding AG, Oldenburg, former chairman of the Board of Management of Neumüller CeWe Color Stiftung, Oldenburg

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

Hartmut Fromm, resident in Berlin (deputy chairman)

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

- Deputy chairman of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Chairman of the Board of Management of IMW Immobilien AG, Berlin
- Member 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 **)
- President of the Board of Directors of Vermar Beteiligungs AG, Zurich/Switzerland **)
- Member of the Advisory Board of Homburg N. V., Soest, The Netherlands **)
- Member of the Advisory Board of Homburg Invest Inc., Halifax, Canada **)
- President + CEO of HoT JWP Music Inc., Miami/USA **)

Dr. h.c. Manfred Bodin, resident in Burgwedel (until May 28, 2008)

Pensioner, former chairman of the Board of Management 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 (until May 31, 2008)
- Member of the Supervisory Board of VHV Versicherung Holding AG, Hanover

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

University professor for information science at Universität Oldenburg, chairman of the Informatik-Institut 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

Otto Korte, resident in Oldenburg

Lawyer/tax advisor/specialist in tax law and partner of the law firm Korte Dierkes Künemann & Partner, Oldenburg

- Member of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Member of the Board of Trustees of Neumüller CeWe Color Foundation, Oldenburg
- Member of the Advisory Board of Deerberg System GmbH, Oldenburg

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

Professor at Hochschule Pforzheim

- 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 (until May 31, 2008) **)

Dr. Joh. Christian Jacobs, resident in Hamburg (from May 28, 2008)

Lawyer and partner of the law firm White & Case, Hamburg

Managing Director of Jacobs GmbH, Hamburg

- Member of the Supervisory Board of CeWe Color Holding AG, Oldenburg
- Chairman of the Supervisory Board of Live Holding AG, Frankfurt
- Member of the Board of Directors of Barry Callebaut Asia Pte, Singapore **)
- Member of the Board of Directors of Skytower Pte, Singapore **)
- Member of the Board of Directors of North Pacific Holding Pte Ltd., Singapore **)

Board of
Management

Dr. Rolf Hollander, resident in Oldenburg

- Chairman of the Board of Trustees of Neumüller CeWe Color Foundation, Oldenburg
- Member of the Supervisory Board of Vierol AG; Oldenburg (from March 2008)
- 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 Supervisory Board of CeWe Color Belgium N. V., 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, Oppegard/Norway *) **)
- Member of the Supervisory Board of Japan Photo Sverige AB, Malmö/Sweden *) **)
- Member of the Supervisory Board of Japan Photo Danmark A/S, Skodstrup, Denmark *) **)

Michael Wefers, resident in Oldenburg (until December 31, 2008)

no mandates

Dr. Reiner Fageth, resident in Oldenburg

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

*) group mandate

**) Membership in comparable German and foreign control committees of business enterprises.

Total remuneration for members of the Board of Management of CeWe Color Holding AG, Oldenburg, for the business year 2008 for fulfilling their tasks in the parent company and the subsidiaries total 1,161 thousand euros (previous year: 1,241 thousand euros) for active members and 292 thousand euros (previous year: 327 thousand euros) for former members. As of the balance sheet date of 31 December 2008, the Board of Management held 56,175 no-par value shares (previous year: 23,100 no-par value shares). In addition, the members of the Board of Management held a total of 42,000 option rights (previous year: 42,000 option rights). The fair value per option pursuant to IFRS 2.10 et seq. for members of the Board of Management amounted to 15.04 euros as at the date of granting. The proportionate distribution of the fair value of the existing option rights over the respective lock-up periods results in additional personnel expenses of 68 thousand euros (previous year: 68 thousand euros) for each member of the Board of Management, corresponding to a total of 204 thousand euros (previous year: 204 thousand euros). For details please see the explanations on personnel expenses on page 93 (item C. 13).

In the year under review, the variable remuneration elements connected with the group result totalled 262 thousand euros (previous year: 360 thousand euros). The portion of the total remuneration amounted to 22.6 % (previous year: 30.2 %). They decreased by 27.2 % compared to the previous year. However, in the previous year, they still received a payment of profit-sharing bonus to the amount of 51 thousand euros for the business year 2006 which was the last year of the activity of Mister Wulf-Dieter Schmidt-Sacht, who retired as of December 31, 2006 for reasons of age. Adjusted for this effect, the variable earnings decreased by 15.2 % compared to the previous year. Variable, success-based special benefits for the business year 2008 to be paid in 2009 will, in the forecast, again be below the figure of the previous year, at 252 thousand euros and 4.1 % on account of the earnings in 2008.

In the business year 2008, the total remunerations of the Supervisory Board amounted to 108.7 thousand euros (previous year: 113.2 thousand euros) and were composed of fixed remunerations of 27.0 thousand euros (previous year: 27.0 thousand euros), attendance fees of 17.5 thousand euros (previous year: 22.0 thousand euros) and an additional remuneration depending on the decided dividend amounting to 64.2 thousand euros (previous year: 64.2 thousand euros). As of 31 December 2008, the members of the Supervisory Board held a total of 50,000 no-par value shares (previous year: 50,000 no-par value shares) and no option rights (previous year: 0 option rights).

For detailed information on the remuneration of the Board of management as defined by Section 314 (6a), sentences 5 to 9 HGB and by the Supervisory Board, please refer to the remuneration report in the management report on page 59 (Section 315 (2) no. 4 sentence 2 HGB).

Consulting and intermediary services and other personal services performed by members of the Supervisory Board amounted to 94.2 thousand euros (previous year: 35.7 thousand euros).

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

61 | Proposal for the appropriation of net profits

The net earnings of CeWe Color Holding AG, Oldenburg, amount to 7,106,310.13 euros for the business year 2008.

The Board of Management suggests using the net profits of the business year 2008 amounting to 7,106,310.13 as follows:

- Distribution of a dividend of 1.00 euro per no-par value share carrying a dividend right, totalling 6,915,415.00 euros.
- Carry-forward to a new account of 190,895.13 euros.

The proposal for the appropriation of net earnings stated above takes into account the fact that the company holds 464,605 treasury shares which are not entitled to dividends. If the number of shares entitled to dividends changes until the day of the general meeting, respective modified proposal will be submitted to the general meeting, i.e., the mathematical partial amount falling to the no-par value shares non entitled to dividends on the date of the general meeting is carried forward to a new account in each case.

62 | Declaration concerning the German Corporate Governance Code

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

Oldenburg, March 16, 2009

CeWe Color Holding AG
– The Board of Management –

Declaration according to Sections 297 (2) sentence 4, 315 (1) sentence 6 HGB (confirmation of the balance sheet)

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 gives 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 business year.



sgd. Dr. Rolf Hollander
– Chairman –



sgd. Dr. Reiner Fageth



sgd. Andreas F. L. Heydemann

Auditor's opinion

We have audited the consolidated financial statements of CeWe Color Holding AG, Oldenburg – comprising the balance sheet, profit and loss account, statement of changes in equity, cash flow statement and notes to the financial statements – as well as the group management report for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as 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) HGB as well as the additional provisions included in the articles of association 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 HGB and with the German principles of proper auditing adopted by the Institut der Wirtschaftsprüfer (IDW). These 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 generally accepted auditing standards 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 random test basis, the effectiveness of the accounting-related internal control system and evidence supporting the disclosures in the consolidated financial statements and the group management report. The audit also involves assessing the annual financial statements of the companies included 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 to be applied in the EU, and the supplementary provisions of Section 315 a (1) 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 in compliance with these provisions. The group management report is in line with the consolidated financial statements, provides an overall accurate picture of the group's situation and accurately reflects the opportunities and risks of future development.

Oldenburg, March 16, 2009

COMMERZIAL TREUHAND
Gesellschaft mit beschränkter Haftung
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dipl.-Kfm. Heinrich Sanders
Certified accountant

Dipl.-Kfm. Manfred Szusziés
Certified accountant

CeWe Color Group – Structure and Executive Bodies

Neumüller CeWe Color Foundation

Board of Trustees

- Wilfried Mocken, Rheinberg (chairman)
- Otto Korte, Oldenburg (deputy chairman)
- Maximilian Ardelt, Munich
- Helmut Hartig, Oldenburg
- Dr. Peter Nagel, Bad Kreuznach
- Hubert Rothärmel, Oldenburg

Board of Management

- Dr. Rolf Hollander, Oldenburg (chairman)
- Harald H. Pirwitz, Oldenburg
- Felix Thalmann, Westerstede
- Frank Zweigle, Oldenburg

Managing Directors

- Dr. Reiner Fageth, Oldenburg
- Dr. Michael Fries, Oldenburg
- Thomas Grunau, Oldenburg (since October 1, 2008)
- Andreas F. L. Heydemann, Bad Zwischenahn
- Dr. Olaf Holzkämper, Oldenburg
- Michael Wefers, Oldenburg (until December 31, 2008)

CeWe Color Holding AG

Supervisory Board

- Hubert Rothärmel, Oldenburg (chairman)
Pensioner; former chairman of the Board of Management of CeWe Color Holding AG, Oldenburg, former chairman of the Board of Management of Neumüller CeWe Color Stiftung, Oldenburg
- Hartmut Fromm, Berlin (deputy chairman)
Lawyer and partner of the law firm Buse Heberer Fromm, Berlin
- Prof. Dr. Dr. h.c. Hans-Jürgen Appelrath, Oldenburg
University professor for information science at Carl von Ossietzky Universität, Oldenburg, Chairman of the Oldenburger Forschungs- und Entwicklungsinstitut für Informatik-Werkzeuge und -Systeme (OFFIS e. V.), Oldenburg
- Dr. h.c. Manfred Bodin, Burgwedel (until May 28, 2008)
Pensioner, former chairman of the Board of Management of Norddeutsche Landesbank Girozentrale, Hanover
- Otto Korte, Oldenburg
Lawyer and partner of the law firm Korte Dierkes Künnemann & Partner, Oldenburg
- Prof. Dr. Michael Paetsch, Willich (from January 1, 2008)
Professor at Hochschule Pforzheim
- Dr. Joh. Christian Jacobs, Hamburg
Partner of the law firm White & Case, Hamburg

Board of Management

- Dr. Rolf Hollander, Oldenburg (chairman)
- Dr. Reiner Fageth, Oldenburg
- Andreas F. L. Heydemann, Bad Zwischenahn
- Michael Wefers, Oldenburg (until December 31, 2008)

FINANCIAL STATEMENTS

OF CEWE COLOR HOLDING AG



With 2.6 million CEWE PHOTO BOOKS, CeWe Color is the market leader in the European photo book market.

Profit and loss account of CeWe Color Holding AG

for the period from January 1 to December 31, 2008 (according to HGB)

Figures in euros	2007	2008
1. Income from investments	7,825,687.05	11,441,998.41
2. Other operating income	2,474,541.22	19,015.66
3. Personnel expenses		
a) Wages and salaries	-205,283.25	-208,132.00
b) Social security, pension and other benefit costs	-106,160.81	76,132.00
	-311,444.06	-132,000.00
4. Depreciation of own shares	-2,472,573.24	-4,162,025.11
5. Other operating expenses	-3,242,586.85	-2,230,252.28
6. Other interest and similar income	5,564,283.86	5,785,824.57
7. Interest and similar expenses	-32,467.28	0.00
8. Result from operating activities	9,805,440.70	10,722,561.25
9. Income taxes	-2,921,937.02	-2,156,167.01
10. Other taxes	1.32	0.00
	-2,921,935.70	-2,156,167.01
11. Net income for the year	6,883,505.00	8,566,394.24
12. Profit carried forward from previous year	107,548.39	421,027.93
13. Withdrawal from revenue reserves		
a) from the provision for own shares	11,263,038.48	4,162,025.11
b) from other revenue reserves	3,800,000.00	0.00
14. Addition to revenue reserves		
a) to the provision for own shares	-13,136,569.54	-2,243,137.15
b) to other revenue reserves	0	-3,800,000.00
15. Net retained profits	8,917,522.33	7,106,310.13

Balance sheet of CeWe Color Holding AG

as of December 31, 2008 (according to HGB)

Assets Figures in euros	2007	2008
A. Noncurrent assets		
Financial assets	20,748,232.99	20,748,232.99
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	118,253,561.75	120,475,497.63
2. Other assets	5,871,218.32	5,513,649.24
	124,124,780.07	125,989,146.87
II. Securities		
Own shares	7,909,651.20	5,990,763.24
III. Checks, cash in hand and balances with banks	437.98	16,848.82
C. Prepaid expenses	100,687.61	26,241.00
	152,883,789.85	152,771,232.92
Liabilities and shareholders' equity Figures in euros	2007	2008
A. Equity		
I. Subscribed capital	19,188,052.00	19,188,052.00
II. Capital reserve	56,196,655.41	56,196,655.41
III. Revenue reserves		
1. Legal reserves	1,533,880.76	1,533,880.76
2. Reserve for own shares	7,909,651.20	5,990,763.24
3. Other revenue reserves	58,046,272.55	61,846,272.55
	67,489,804.51	69,370,916.55
IV. Net retained profits	8,917,522.33	7,106,310.13
Total equity	151,792,034.25	151,861,934.09
B. Provisions		
1. Provisions for pensions and similar commitments	321,223.00	245,091.00
2. Other provisions	427,125.00	357,125.00
	748,348.00	602,216.00
C. Liabilities		
1. Trade payables	267,704.67	239,813.38
2. Other liabilities	75,702.93	67,269.45
	343,407.60	307,082.83
	152,883,789.85	152,771,232.92

10-year Overview

CeWe Color group	HGB 1999	HGB 2000	HGB 2001	HGB 2002
Sales and employees				
Number of colour prints (in million units)	3,047	3,132	3,326	3,395
– thereof digital prints (in million units)	1.5	3.0	8.5	38.8
– thereof photos from film (in million units)	3,045.5	3,129.0	3,318.0	3,356.0
Number of CEWE PHOTO BOOKS (in million units)	–	–	–	–
Number of developed films (in million units)	87.0	88.2	93.0	94.3
Employees (on a full-time basis)	3,506	3,681	4,002	3,977
Personnel expenses (in million euros)	107.0	109.1	118.3	121.8
From the consolidated balance sheet (in million units)				
Assets				
Noncurrent assets (until 2003: fixed assets)	109.9	119.3	125.9	119.6
Current assets (until 2003: circulating assets)	109.6	103.8	110.0	115.4
– Cash and cash equivalents	21.9	10.7	13.5	14.7
Shareholders' equity and liabilities				
Equity	90.9	93.3	94.1	99.7
Borrowings	131.6	131.8	143.7	137.3
– Liabilities to banks	15.2	14.0	18.6	14.5
Total assets	222.5	225.1	237.8	237.1
Capital employed (CE)	–	–	–	–
From the consolidated profit and loss account (in million euros)				
Revenues (consolidated)	394.2	403.2	436.9	439.2
Depreciation and amortisation	33.2	35.7	37.6	32.6
EBITDA ^{1,3}	71.6	68.7	62.6	60.1
Result from operating activities (EBIT) ^{2,3}	38.4	33.0	24.9	27.5
Earnings before tax (EBT)	37.2	30.0	20.2	26.1
Income tax	15.9	14.3	8.0	7.4
Earnings after tax	19.4	13.7	9.9	16.4
Result of the period	12.7	8.5	6.6	13.0
From the cash flow statement (in million euros)				
Gross cash flow	54.1	54.5	51.8	46.4
Net cash flow	11.4	7.5	14.2	17.7
Cash flow per share (in euros) ⁶	6.78	6.82	6.47	5.73
Investments ⁴	42.8	47.0	38.7	28.7
Key figures for financial position and results of operations (in %)				
Proportion of noncurrent assets in total assets	49.4	53.0	53.0	50.4
Proportion of depreciation and amortisation in total revenues	8.4	8.9	8.6	7.4
Equity ratio	40.9	41.4	39.6	42.1
Liquidity ratio	9.8	4.8	5.7	6.2
Profitability indicators (in %)				
Return on equity after taxes ⁵	21.3	14.6	10.5	16.4
ROCE	–	–	–	–
Total return on capital after taxes	8.7	6.1	4.2	6.9
Return on revenues after taxes	4.9	3.4	2.3	3.7
CeWe Color Holding AG				
Net profit for the year (in million euros)	13.6	9.7	9.8	12.9
Number of shares (in units)	6,000,020	6,000,020	6,000,020	6,000,020
Earnings per share ⁷ (in euros) undiluted	2.33	1.88	1.25	2.19
diluted	–	–	–	–
Number of treasury shares (in units)	200,000	400,000	400,000	554,340
Shares in circulation (in units)	5,800,020	5,600,020	5,600,020	5,445,680
Market capitalisation at end-of-year (in m. euros) (only shares in circulation)	118.90	103.60	64.40	98.19
Year-end price (in euros)	20.50	18.50	11.50	18.03
Annual high (in euros)	24.12	25.20	20.50	18.03
Annual low (in euros)	13.75	17.50	10.65	10.28
Dividend per share (in euros)	1.15	1.00	0.80	1.00
Dividend return on year-end price (in %)	5.61	5.41	6.96	5.55

	IAS 2002	IAS 2003	IFRS 2004	IFRS 2005	IFRS 2006	IFRS Dec. 31, 2007	IFRS Dec. 31, 2008
	3,395	3,402	3,534	3,433	2,879	2,792	2,615
	38.8	170.3	508.6	829.8	1,114.4	1,514.5	1,786.1
	3,356.0	3,231.7	3,025.4	2,603.0	1,765.0	1,277.3	828.9
	—	—	—	0.07	0.53	1.52	2.64
	94.3	89.4	81.5	70.7	48.8	36.1	23.6
	3,977	3,906	3,829	3,730	3,131	3,124	2,921
	122.0	119.5	124.3	131.1	111.5	108.4	105.0
	151.2	142.3	139.3	133.2	132.4	148.0	141.2
	106.3	103.8	121.4 ⁸	128.1	125.0	116.8	120.8
	14.8	11.4	17.2	27.4	14.5	7.1	10.1
	100.8	95.0	106.4	113.0	127.4	120.6	112.4
	113.0	108.7	154.3	148.3	130.1	144.2	149.6
	14.4	20.8	20.6	17.3	22.8	20.7	35.3
	260.2	250.3	260.7	261.3	257.4	264.8	262.0
	—	—	158.5	160.8	165.1	160.0	159.8
	439.2	416.2	428.5	431.1	396.0	413.5	420.0
	38.5	42.9	44.3	39.9	36.8	38.5	40.4
	57.4	58.1	60.2	68.6	63.2	52.8	52.8
	18.9	15.2	15.9	28.7	26.4	14.3	12.4
	17.5	13.2	14.2	25.5	21.1	12.8	10.7
	6.1	7.2	10.7	11.6	1.0	5.5	2.5
	9.1	3.6	1.2	11.5	17.9	5.9	7.0
	6.8	2.2	0.2	7.1	14.0	5.9	7.0
	47.6	46.5	45.4	51.4	54.7	44.4	47.5
	18.1	6.1	8.2	15.2	22.2	8.9	14.1
	7.95	7.75	7.57	8.56	7.41	6.01	6.43
	29.5	40.4	37.2	36.2	32.5	35.5	33.3
	58.1	56.9	51.7	49.6	48.4	52.1	50.3
	8.8	10.3	10.3	9.3	9.3	9.3	9.6
	38.8	38.0	40.8	43.3	49.5	45.5	42.9
	5.7	4.6	6.6	10.6	5.6	2.7	3.8
	9.0	3.8	1.1	10.2	14.0	4.9	6.3
	—	—	10.0	17.9	16.0	9.0	7.7
	3.5	1.4	0.5	4.4	6.9	2.2	2.7
	2.1	0.9	0.3	2.7	4.5	1.4	1.7
	12.9	11.0	14.5	21.1	10.6	6.9	8.6
	6,000,020	6,000,020	6,000,020	6,000,020	7,380,020	7,380,020	7,380,020
	1.22	0.41	0.04	1.29	2.61	0.83	1.01
	1.22	0.52	0.19	1.43	2.39	0.83	1.02
	554,340	575,200	575,200	486,190	185,166	299,608	412,360
	5,445,680	5,424,820	5,424,820	5,513,830	7,194,854	7,080,412	6,967,660
	98.19	101.99	120.76	228.00	237.43	191.17	97.90
	18.03	18.80	22.26	41.35	33.00	27.00	14.05
	18.03	21.50	22.26	52.90	41.97	45.39	27.14
	10.28	15.35	12.30	22.26	26.35	25.00	10.70
	1.00	0.80	0.60	1.20	1.20	1.20	1.00
	5.55	4.25	2.25	2.90	3.64	4.44	7.12

¹ Earnings before tax, interest, depreciation and amortisation² Earnings before interest and tax³ before third-party interests⁴ total for the entire calendar year⁵ according to IFRS including third-party interests⁶ 1994–2002: according to DVFA/SG less third-party interests in profits; 2002–2003: Earnings after tax plus depreciation divided by all shares⁷ 1994–2002: according to DVFA/SG; 2002–2003: according to IAS 33⁸ From 2004 on, the balance sheet is established exclusively according to maturity, thus, the previous years cannot be compared completely.

Production Plants and Distribution Branches

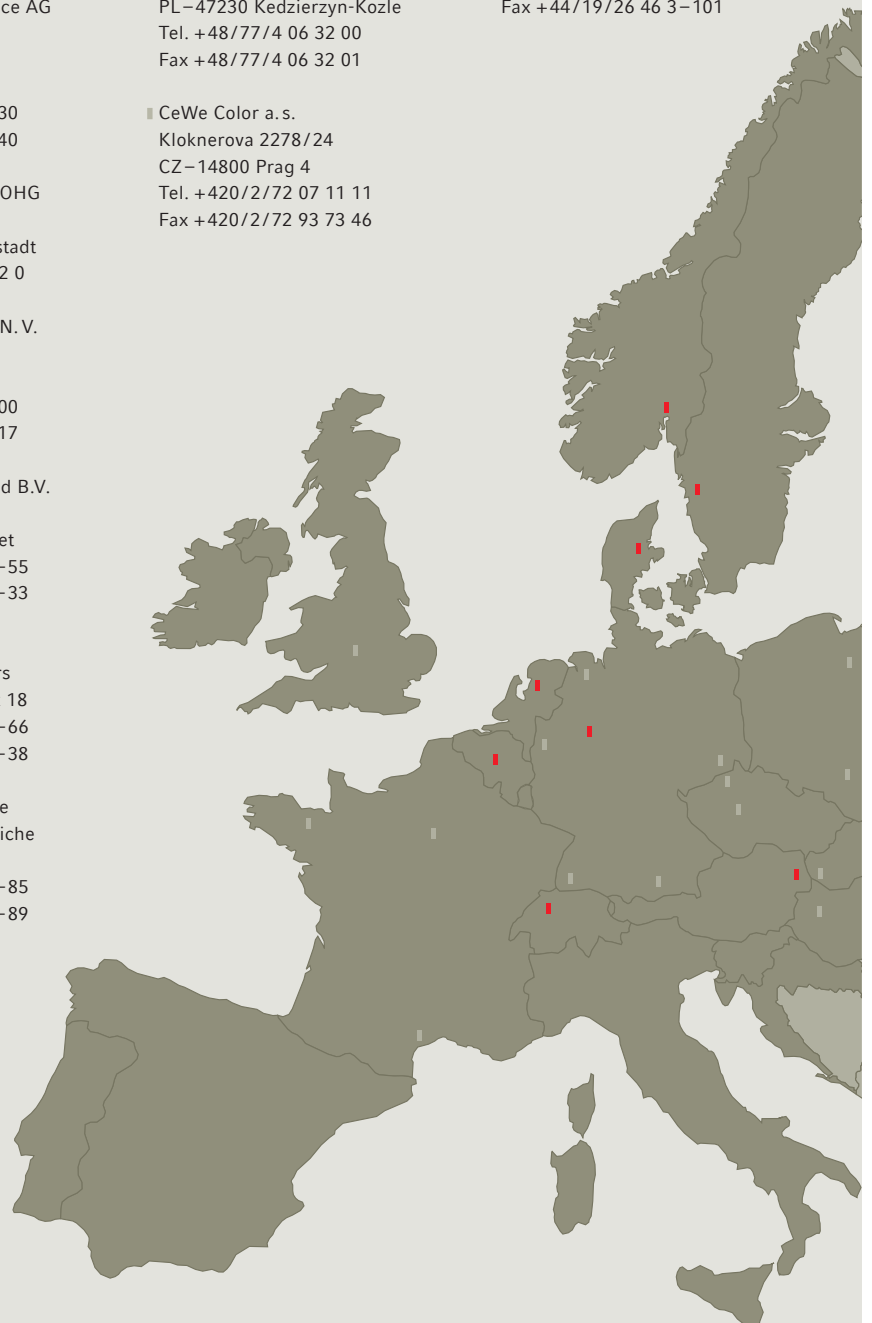
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- Production Plants
- Distribution Branches



Financial Diary 2009

Apr. 7, 2009	Press and analyst conference on the Financial Statements 2008
May 20, 2009	Announcement of figures for the first quarter 2009
May 28, 2009	General meeting (Park Hotel Bremen)
Aug. 25, 2009	Announcement of figures for the second quarter 2009
Nov. 9–11, 2009	Equity Forum of Deutsche Börse in Frankfurt
Nov. 24, 2009	Announcement of figures for the third quarter 2009

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

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GLOSSARY

Gross cash flow

Earnings after tax plus depreciation of intangible assets and property, plant and equipment

Capital employed

Net working capital plus the non-current assets and cash and cash equivalents

Equity

The residual claim to the net assets remaining after deduction of debts applicable according to IAS 32

In terms of figures, the value reported as equity under equity and liabilities

Equity ratio

Share of equity in total capital

In terms of figures, the ratio between equity and balance sheet total

Financial liabilities

Noncurrent and current financial liabilities reported without claims to repayment bearing interest and reported under other lines in the balance sheet

Free cash flow

Cash flow from operating activity minus cash flow to investment activities (both according to cash flow statement)

Borrowings

The total of the values reported as non-current and current liabilities under equity and liabilities

Investments

Cash flow to investing activities in property, plant and equipment and intangible assets, without investments in financial assets

Liquidity ratio

In terms of figures, the ratio between cash and cash equivalents and total assets

Net cash

Noncurrent financial liabilities plus current financial liabilities minus cash and cash equivalents

Net working capital

Current assets without cash and cash equivalent minus current liabilities without current special reserves for investment grants and without current financial liabilities

Net cash flow

The net cash flow is defined as gross cash flow minus investments

Operating net working capital

Inventories plus current trade receivables minus current trade payables

Return on capital employed (ROCE)

Earnings before taxes and before the financial result (EBIT), compared to the capital employed

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