

2009

ANNUAL REPORT



 **cewe color**
Holding AG

HIGHLIGHTS

Restructuring measures completed

- Restructuring of transformation stage completed
- France reorganised

Digital business very successful

- Digital printing expanded successfully
- Internet business accounts for over 50 %
- CEWE PHOTOBOOK No. 1 in Europe

Strong results

- 2009 EBT up 57 %
- Earnings per share to double in 2010

CEWE COLOR winner of numerous awards



Selection of awards and series of wins

Targets exceeded in 2009, doubling of results planned for 2010

CEWE COLOR Group		Target 2009	Actual 2009		Target 2010	Change to 2009
Digital prints	<i>in billion units</i>	1.9	2.0	✓	2.0	+/- 0 %
Prints from film	<i>in billion units</i>	0.5	0.6	✓	0.35	-42 %
Total prints	<i>in billion units</i>	2.4	2.6	✓	2.35	-10 %
CEWE PHOTOBOOKS	<i>in million units</i>	3.5	3.6	✓	4.2	+17 %
Investments	<i>in million euros</i>	27	27.4	✓	26	-5 %
Turnover	<i>in million euros</i>	405-410	409.8	✓	420-430**	+2,5 % to 4,9 %
EBIT	<i>in million euros</i>	—	18.7	✓	24-29	+28 % to 55 %
Earnings before restructuring	<i>in million euros</i>	20-25	26.3	✓	—	—
Restructuring expenditures*	<i>in million euros</i>	10	9.5	✓	—	—
EBT	<i>in million euros</i>	10-15	16.8	✓	22-27	31 % to 61 %
Earnings after tax	<i>in million euros</i>	—	6.7		12-15	+79 % to 124 %
Earnings per share	<i>in euros/share</i>	—	1.00		1.76-2.20	+76 % to 120 %

* Restructuring costs incurred by analogue/digital transformation ** Adjusted for foreign currency effects

CEWE COLOR share up 60.9 % in 2009



Development 2009	in % to beginning of year
CEWE COLOR share	+60.9 %
SDAX	+26.8 %
DAX	+19.8 %



CEWE COLOR: European market leader in photofinishing

CEWE COLOR is the service partner for the premium trademarks in the European photographic market. CEWE COLOR supplies both the over-the-counter trade and the Internet trade with photos and digital products. In 2009, the company developed **2.6 billion photos** and over **3.6 million CEWE PHOTOBOOKS** and photo gifts. The high competency in digital printing, efficient industrial production and logistics, as well as the wide distribution via the Internet and through **50,000 retailers** are the essential competitive advantages of CEWE COLOR.

TABLE OF CONTENTS

TO THE SHAREHOLDERS

Letter to the Shareholders	4
Report of the Supervisory Board	6
Interview with Dr. Rolf Hollander	10
CEWE COLOR share	13

GROUP MANAGEMENT REPORT

Markets and Products	18
Results	25
Corporate Functions	41
Sustainability	50
Corporate Governance	58
Outlook	80
Board of Management and Managing Directors	82

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet	86
Consolidated Profit and Loss Account	88
Consolidated Statement of Recognised Income and Expenses	88
Consolidated Cash Flow Statement	89
Segment Reporting	90
Consolidated Statement of Changes in Equity	92
Notes with Auditor's Opinion	94
CEWE COLOR Group – Structure and Corporate Bodies	151

FURTHER INFORMATION

Financial Statements of CEWE COLOR Holding AG	154
Multi-Year Overview	156
Production Plants and Distribution Branches	162
Financial Diary	163
Imprint	163
Glossary	164

Dear Shareholders,

2009 was a turbulent year with respect to the global economy.

Nevertheless, we wish to inform you: against this background, your company CEWE COLOR has achieved quite a remarkable result in 2009, and above all completed the analogue/digital transformation successfully. We are looking toward 2010 with a very positive feeling!

Operating profit doubled on record level in the fourth quarter 2009

Earnings before taxes (EBT) grew by 97 % to a record high of 15.2 million euros in the fourth quarter of 2009. No higher result was ever recorded in a fourth quarter during the entire company history. In recent years the fourth quarter has gained constantly in importance due to the success of our products as gifts. The operating measures to improve profitability have now made it a real source of income. The pre-tax margin (EBT in relation to turnover) increased from 6.4 % to 11.9 % of turnover.

Net operating profit up 57 %

Owing to the record result achieved in the fourth quarter EBT was up 57 % to 16.8 million euros in the year as a whole. Thus, the target corridor of 10 to 15 million euros defined at the beginning of 2009 was noticeably surpassed.

CEWE PHOTOBOOK consolidates its European market leadership

Particularly significant was the contribution of the value-added products to this success: photo calendars, greeting cards, photo gifts, high-quality wall decoration, etc. With these products we underwent the transformation “from mass to class”. Of course, the CEWE PHOTOBOOK is to be mentioned first. In 2009, its volume increased by 37.7 % to 3.6 million books. With this success the CEWE PHOTOBOOK has reiterated its number one position in Europe as the leading photo book brand.

CEWE PHOTOBOOK is the most successful photo book brand in Europe

At this year’s brand award of the marketing journal “absatzwirtschaft” and the German Marketing Association (DMV) CEWE COLOR with the CEWE PHOTOBOOK is among the top three brands in Germany in the category “Best New Brand”. We are very pleased about this award which verifies our consistent work in developing the brand of the CEWE PHOTOBOOK. CEWE PHOTOBOOK is the most successful photo book brand in Europe.



Dr. Rolf Hollander

**Chairman of the Board of
Management of CEWE COLOR
Holding AG and of Neumüller
CEWE COLOR Stiftung**

CEWE COLOR wins “Best Innovator” award

Your company CEWE COLOR has “unambiguously, unanimously and by a long way”* won the innovation competition of the journal WirtschaftsWoche and the consultancy agency A. T. Kearney, for the active and successful design of analogue/digital transformation in the area of medium-sized businesses. This is in recognition of the successful transformation process, which has been pushed forward in your company since the beginning of this decade. We are very pleased about this recognition and the award.

Share rose by 60.9% during the course of 2009

The CEWE COLOR share price developed positively as well. During the course of the year 2009 the share gained 60.9%, 34.1 percentage points more than the share price index SDAX, which rose by 26.8%, and even 41.1 percentage points more than the share price index DAX (+19.8% during the course of 2009).

Dear shareholders, your company has emerged strengthened from the analogue/digital transformation. We thank all employees of CEWE COLOR for their loyalty and exceptionally high commitment. We are looking forward positively to the year 2010, during which we will benefit strongly from our sound foundation for growth. We have ambitious plans: in 2010 we intend to double the earnings per share to a price of 1.76 to 2.20 euros. And this is the target we want to be measured by!

**Quotation Dr. Kai Engel, Partner A. T. Kearney GmbH, Düsseldorf*

Oldenburg, April 8, 2010

Yours,



“In 2009, your company has begun to harvest the fruits of the analog-/digital transformation: with the planned doubling of earnings per share we will continue along this path in 2010.”

REPORT OF THE SUPERVISORY BOARD

The fiscal year 2009 was not only characterised by the economic and financial crisis; as far as CEWE COLOR was concerned, the market and competitive situations changed to a considerable extent. On the back of this, the Supervisory Board is very pleased with the performance of the Board of Management, its employees and fiscal 2009 as a whole.

The composition of the Supervisory Board of CEWE COLOR Holding AG has not changed in 2009. During fiscal year 2009 as well as at the time of the preparation of this report it was composed as follows:

- | | |
|---|-----------------------------------|
| ■ 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 |

In addition, Dr. Olaf Holzkämper was appointed to the Board of Management for a period of five years as of April 1, 2010. Dr. Holzkämper is now responsible at board level for the segments finance, controlling, corporate development and investor relations.

In fiscal 2009 the Supervisory Board performed its duties as required by law, the articles of association, rules of procedure and corporate governance with high intensity, and thus made the respective decisions conscientiously and carefully. In performing its duties the Supervisory Board was able to rely on the records and documents of internal audit and on the reports of the respective experts and officers. If required, the Supervisory Board called upon external consultants. The Board of Management informed the Supervisory Board with respect to the corporate planning including financial and investment planning and decisions of fundamental significance on a timely basis and extensively.

The Supervisory Board controlled and advised the company's Board of Management. It was informed by the Board of Management by written reports during its Supervisory Board meetings orally and in writing regarding the course of business and the group's situation including the subsidiaries to the extent required by the articles of association of the stock company. This also applied to extraordinary events to the extent they required reporting. The Supervisory Board intensively and openly discussed such reports both with the Board of Management and internally. The Board of Management was always ready and able to provide the Supervisory Board with all required information, including extensive and in-depth information. In individual cases additional in-depth reports were requested. There was nothing that gave rise to special audit procedures.

In addition, the Board of Management informed the Chairman of the Supervisory Board at short intervals about significant events and decisions.



Hubert Rothärmel

Chairman of the Supervisory Board
of CEWE COLOR Holding AG and
Member of the Board of Trustees of
Neumüller CEWE COLOR Stiftung

In 2009 the Supervisory Board held five meetings, namely on February 24, April 1, May 28, September 3, and on November 20. The meeting held on April 1 was, at the same time, the meeting of the Audit Committee. Year-to-date meetings took place on February 11 and April 8 (Audit Committee).

Due to its limited number of members, the Supervisory Board continues to exercise the duties of the Audit Committee in the same composition. The committee as a whole fulfils the legal requirements with respect to the duties and composition. If convened as Audit Committee the Supervisory Board will be chaired by Mr. Otto Korte, with Dr. Joh. Christian Jacobs acting as Deputy Chairman. The Supervisory Board as a whole also performs the duties of a Personnel Committee and a Nomination Committee.

The attendance at the Supervisory Board meetings was exemplary. Only three members of the Supervisory Board missed a meeting once, all other members attended all five meetings in 2009.

In particular, the Supervisory Board dealt with the following topics very intensively:

Market development and competitive environment

In view of the radical change of the photofinishing industry the strategic realignment of the company was the most significant topic of discussion. The Supervisory Board emphasises that even in view of the less dynamic market for digital photos it is Management's duty to recognise and open up new lines of business, particularly in the field of digital printing, and to decisively advance Internet marketing. The Supervisory Board states that Management was quite successful in fulfilling this task so far.

France

The Supervisory Board intensively accompanied the efforts of the Board of Management regarding the re-organisation activities in France, and considers the structural adjustment as successful.

Financing

The Supervisory Board takes a very positive view regarding the conclusion of the financing negotiations in 2009. Thanks to its good equity base the company has demonstrated that it enjoys the confidence of the banks despite the generally lamented credit crunch.

“On the back of the financial crisis and the entirely changed market conditions, the Supervisory Board is very pleased with the performance of the fiscal year 2009. The Supervisory Board expresses its gratitude to the Board of Management and employees for their high commitment, and the shareholders for their confidence.”

Accounting Law Reform Act (BilMoG)

The Supervisory Board accompanied and still accompanies the implementation of the new accounting standards. This also applies to further new statutory regulations in the year 2009.

Risk management

The Board of Management and the statutory auditor again comprehensively informed the Supervisory Board on the early detection system of risks and the development of risk assessment, the internal control system and internal auditing. The Supervisory Board assured itself of the effectiveness and efficiency of the accounting-related internal control system and the risk management by random testing of individual cases. There was no cause for objections. The Supervisory Board has taken note of and was satisfied by the positive result of the examination of the early detection system of risks carried out by the statutory auditor. In the year under review there was no examination by the Financial Reporting Enforcement Panel (FREP) (Deutsche Prüfstelle für Rechnungslegung) according to Section 342 HGB (German Commercial Code).

Compliance and corporate governance

The Supervisory Board dealt with the topics of corporate governance and compliance in each of its meetings. It assured itself of the competent compliance with and observation of the relevant regulations. In the business year 2009, CEWE COLOR AG & Co. OHG was advised by the law firm of the Deputy Chairman of the Supervisory Board, Hartmut Fromm (Buse Heberer Fromm, Berlin) as well as by the law firm of the member of the Supervisory Board, Otto Korte, and by the member of the Supervisory Board, Prof. Dr. Michael Paetsch. Total expenses were under 50 thousand euros. The Supervisory Board gave its consent to all counselling services that, following the review of the Supervisory Board, exclusively concerned technical issues and do not fall under the activities of the Supervisory Board.

During the last meeting of the calendar year all members of the Board of Management declared in writing to the Chairman of the Supervisory Board that no conflicts of interest occurred.

The members of the Supervisory Board declared that they do not exercise any tasks for major competitors and that no conflicts of interest were generated. The individual remuneration of all members of the Supervisory Board is shown in the remuneration report starting on page 69.

For detailed information on corporate governance please refer to the mutual corporate governance report of both Board of Management and Supervisory Board on page 58. The Supervisory Board adopted the declaration of conformity for 2009 together with the Board of Management. The shareholders have permanent access to the declaration on the website of our company. The code of conduct adopted by the Board of Management was discussed between the Supervisory Board and the Board of Management, and acknowledged and approved. The Supervisory Board obtained regular reports from the compliance officer and is convinced that no inadmissible insider dealings were made.

Quarterly reports

The Supervisory Board discussed the contents and statement of the quarterly reports with the Board of Management prior to their publication either personally or by telephone.

Action for rescission

As reported, the actions filed in relation to the general meeting of CEWE COLOR Holding AG on April 26, 2007 were already settled in the year 2008. No extensions or further rescissions were made.

Membership in the SDax

The Supervisory Board expressly welcomes the fact that the Board of Management was successful in effecting the listing of the CEWE COLOR share in the SDAX.

Efficiency audit

The Supervisory Board carried out an efficiency audit of his work and discussed this at the occasion of its meeting on February 11, 2010. The conclusions of the efficiency audit will be included in future in the work of the Supervisory Board.

Separate and consolidated financial statements 2009

The annual financial statements of 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, 2009 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, 2009.

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 (1) AktG (Stock Corporation Act).

The annual financial statements and the management report of CEWE COLOR Holding AG as well as the consolidated financial statements including the group management report, together with the 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 8, 2010, during which the balance sheet was 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 auditor's fees. The breakdown of the total fee charged by the auditor is shown in the notes on page 109.

The Supervisory Board examined the annual financial statements and the management report of 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. Following the final result of its own examination, the Supervisory Board approves the annual financial statements of CEWE COLOR Holding AG as prepared by the Board of Management, which is thus adopted in accordance with Section 172 AktG. We agree with the management report and particularly with the assessment of the future development of the company. The 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. The proposal provides for a dividend of 1.05 euros 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 2009 in accordance with IAS 24. This report did not give rise to any objections.

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 2009. Moreover, the Supervisory Board wishes to thank the shareholders of CEWE COLOR Holding AG for their consistent confidence in the company.

Oldenburg, April 8, 2010

The Supervisory Board of CEWE COLOR Holding AG



Hubert Rothärmel (Chairman)

INTERVIEW WITH DR. ROLF HOLLANDER

Chairman of the Boards of Management of CEWE COLOR Holding AG and the Neumüller CEWE COLOR Stiftung

If you had to summarise the business year 2009 in one heading, what would that be?

▶▶ **Dr. Hollander:** Analogue/digital transformation successfully tackled – new expanding markets developed. Behind this heading is a new company acting in entirely new markets with strong growth potential. Since 2002 we invested around 250 million euros in our transformation, and shouldered the respective restructuring costs incurred of over 50 million euros since 2005. This phase is now completed and our earnings are picking up strongly. These funds were excellently invested, because CEWE COLOR is the European market leader in all relevant expanding markets.



The WirtschaftsWoche and the consultancy agency A. T. Kearney rewarded you with the innovation award “Best Innovator” for this achievement. Which were the main milestones during this reorganisation?

▶▶ The decisive factor was that we started restructuring at a very early stage. As early as 1995 CEWE established the first digital photo index in the market, in 1997 we were the first company worldwide to install order stations in stores, in 1998 we opened up the Internet as new channel of distribution by introducing an order platform for digital photos. Even then we were at the very front and had an essential share in developing the market. And this has led to the fact that, alone in the fiercely competitive German market, we have doubled our market share in industrial photofinishing from 25 % to 50 % since 2002.

To what extent did the technology transformation change your company?

“The decisive factor was that we started restructuring at a very early stage and had an essential share in developing the digital market.”

▶▶ We established a completely new company: using the earnings secured from the discontinuing analog technology we built up the digital business. Whereas CEWE COLOR just produced 36 million digital photos in 2002, it was over two billion digital photos in 2009. With the CEWE PHOTOBOOK we established an entirely new segment. In 2005 we started sales with 70,000 units, in 2009 more than 3.6 million books ran through our newly installed, fully automatic production lines. With this product we are clearly the market leader in Europe. The CEWE PHOTOBOOK is positioned as a branded product which distinguishes itself positively from other photo books: by the outstanding quality of the consumer software for book design, the high printing and bookbinding quality, the broad range of formats offered, the very short delivery time and by the high quality of service. The consumer clearly recognises these facts; they lead to an increased demand, customer binding and noticeably higher margins as compared to the white label suppliers.

Software – are you unique in this respect? Don’t you buy it from external suppliers?

▶▶ Over 100 R & D engineers at CEWE COLOR are responsible for the permanent development of our software: production software as well as consumer software – Internet applications as well as applications. Whatever the platform, PC, Apple or Linux – we have the solution for consumers. We have just noticeably expanded our desktop application, the CEWE PHOTOBOOK software, and launched the new version 4.6 on the market.

“The CEWE PHOTOBOOK is positioned as a branded product that stands out positively from the others in terms not only of its excellent software, high printing and bookbinding quality, but also in terms of its wide range of products and strong service ...”

I can only invite every consumer to become inspired by the wonderful design options of CEWE PHOTOBOOKS: the software can be downloaded free of charge under www.cewe-fotobuch.de

Does CEWE COLOR now stand for photos and CEWE PHOTOBOOKS?

▶▶ Photos are our bread and butter product, and CEWE PHOTOBOOKS are certainly the hit and will remain so for some time in the future. It is the responsibility of Product Marketing and R & D to offer our customers attractive new products over and over again. Just to give you a few examples which demonstrate the range of our portfolio: individualised notebooks, exercise books, photo calendars, photo greeting cards, mugs, T-shirts, mouse pads, puzzles, soft toys, crystal products, wall decoration such as photos on Alu Dibond or acryl glass. In the meantime, we have identified an additional new field of growth, which we will expand rapidly – commercial digital printing.

What is behind all this?

▶▶ We are making digital printing available for the mass market – and are using our know-how from the photographic market. And in this area we are leaders in both price and performance. Commercial digital printing is the area of growth of the future. We are already prepared for this step now: in October 2008 we acquired the company diron, the German market leader in web-to-print software. A segment in which we can take advantage of our economies of scale and our technological lead in both consumer and business market: image brochures will no longer gather dust on the basement shelves of the companies, but will be printed in the latest version and required number. In future, we will be able to take over the full service, i. e. order processing, address maintenance, packing and dispatch. As a matter of fact, this will also be attractive for annual reports. At www.aprinto.de we simply provide a professional print solution: a festschrift for the football club, an autobiography, a self-made volume of poems or a novel, a thesis. There are no limits set.

“We are making digital printing available for the mass market – using our know-how from the photographic market.”



“The shareholders were very wise to decide at the general meeting 2007 that the company should invest in its long-term growth.”

Is it not difficult to keep up such a long-term orientation for a listed company? After all, in 2007 hedge funds already forced you to distribute a surplus dividend which had to be financed with outside capital.

▶▶ But the shareholders were very wise to decide that the company should preferably invest in its long-term growth. And this would not have been possible with a high distribution with outside capital ...



“Sustainable thinking and responsible action is in our genes – as is typical for a family business.”

... plus the fact that in the financial crisis a high debt/capital ratio might have become a real problem? As the case may be, with your high equity ratio you turned from the slightly ridiculed family business to the shareholders' darling in a time of crisis.

▶▶ During the crisis we have been confirmed from all sides, again and again: CEWE COLOR's financing is on a very sound basis. This is not least the merit of the shareholders' vote against the debt-financed surplus dividend, and thus for maintaining the sound equity ratio, at the general meeting 2007. Based on this, we were able to successfully handle the transformation process, also during the financial crisis: despite the high restructuring expenditures and high investments in innovations we have always generated profits in the past years, and distributed dividends. Not every company whose market underwent an upheaval was as successful. This long-term orientation is aimed at doubling our earnings per share from 1.00 euro to 1.76 up to 2.20 euro in 2010, and sustainably increasing our performance. It is our mission today to guarantee that CEWE COLOR is in an even better market position than at present, and is more profitable in five years time. Thus, CEWE COLOR is exactly the right company for investors wishing to earn an attractive yield on a sound foundation over a long period of time. This is because we are aiming at a steady growth in turnover and earnings, and are focusing on the long-term development of our markets. Sustainable thinking and responsible action is in our genes – as is typical for a family business. This is to continue on the basis of a sound liquidity, even in the event that “financial leverage” will be trendy once more, following the financial crisis. We are convinced that a company can only be permanently successful if the sustainability principle is consistently implemented for all stakeholders, i. e. customers, employees, suppliers, company and shareholders.

CEWE COLOR SHARE

Financial market 2009 characterised by a profound crisis and beginning recovery

The year 2009 was characterised by a far-reaching financial crisis which shocked the financial markets and the banking system. The financial crisis was accompanied by the heaviest slump of global economic activity in the post-war period. This decline took place with a larger velocity than the slump during the worldwide economic crisis of 1929. However, the massive intervention of governments and central banks worldwide was able to divert the threatening depression. By year-end, even a recovery of the financial market was felt, also the feared consumer restraint in the Christmas business did not take place.

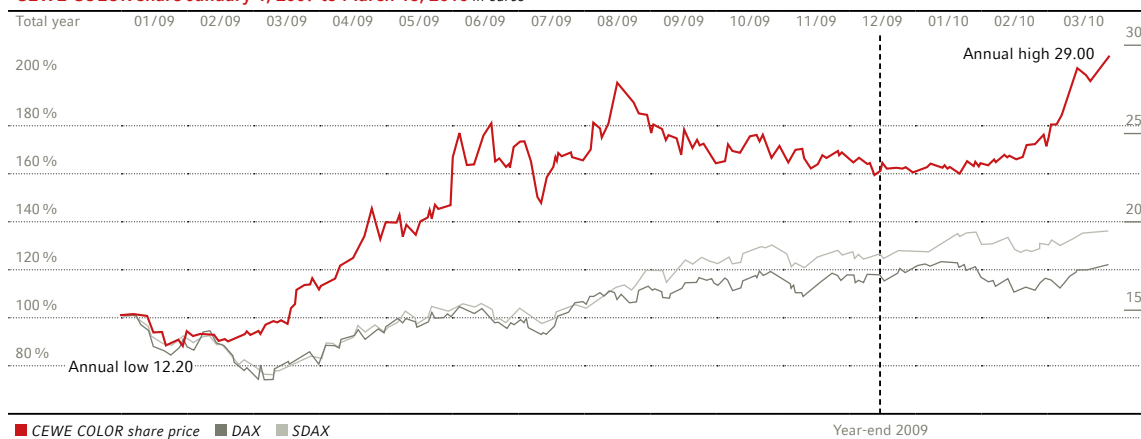
CEWE COLOR share up 60.9% in 2009

Withstanding the financial and economic crisis the price of the CEWE COLOR share advanced noticeably, and developed, moreover, better than the DAX and SDAX: in 2009, the indices improved by +19.8% (DAX) and +26.8% (SDAX).

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 2009	10.978 units
Annual high 2009	27.14 euros
Annual low 2009	12.20 euros
Closing rate 2009	22.60 euros

CEWE COLOR share January 1, 2009 to March 16, 2010 in euros



Strong demand for CEWE COLOR shares: trading volume up 56.7 %

The persistent increase of the average daily trading volume since September 2008 also continued in 2009. While in 2008 an average of 7,088 CEWE COLOR shares were traded each day, this figure rose to 11,109 shares as early as 2009. This corresponds to an increase of 56.7 %. In the entire year 2009, nearly 2.8 million CEWE COLOR shares were thus traded at the German stock exchanges.

The analysts agree: positive recommendations without any exception

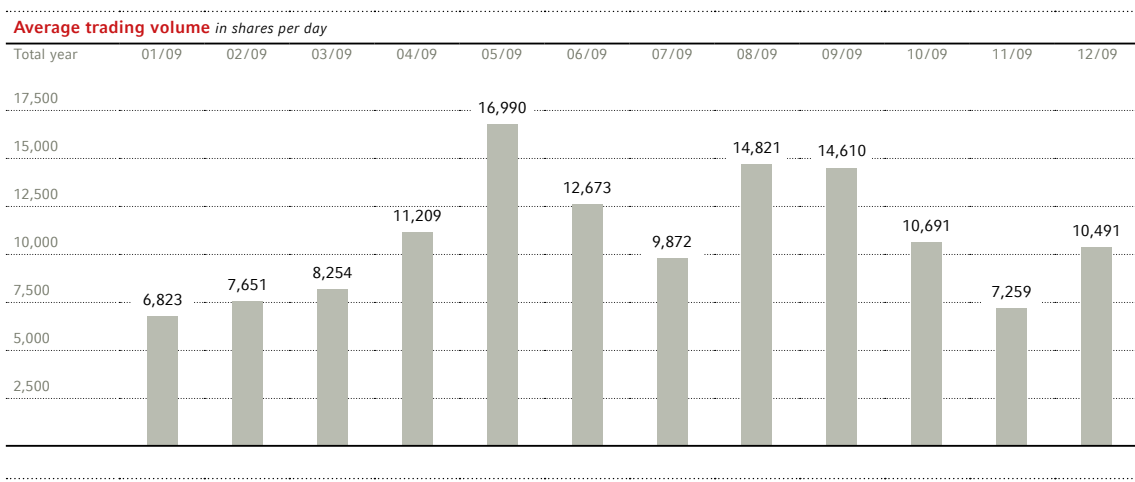
All external analysts who are accompanying CEWE COLOR agree and recommend the CEWE COLOR share in their analyses with a predominant “Buy”. Upon publication of the first figures for the fiscal year 2009 and the announcement of the forecast of doubling earnings per share in 2010, some analysts changed their recommendation from “Hold” to “Buy”.

CEWE COLOR share established as a fixed parameter in the SDAX

Both the increase of the trading volume and the positive development of the price have strengthened the position of the CEWE COLOR share in the year 2009. With respect to the criterion of “trading volume”, CEWE COLOR ranked 79th in February 2010, and according to the “market capitalisation” 91st. Thus, the CEWE COLOR share is established as a fixed parameter in the SDAX index, which typically considers shares starting with rank 110 and better.

Overview of the current analyst ratings

	Analysis	Date
GSC Research	Buy	March 5, 2010
NORD/LB	Buy	Feb. 22, 2010
BHF Bank	Buy	Feb. 22, 2010
SES Research	Buy	Feb. 22, 2010
Close Brothers Seydler Bank	Hold	Feb. 4, 2010
DZ Bank	Buy	Nov. 24, 2009



Stable shareholder structure strengthens the expansionary policy of Management

CEWE COLOR continues to have an extremely sound shareholder base with the community of heirs of Senator h. c. Heinz Neumüller (ACN Vermögensverwaltungsgesellschaft mbh & Co. KG), 27.4 %, the NORD/LB, 7.8 %, as well as the Sentosa Beteiligungs GmbH (Dr. Joh. Christian Jacobs), 6.7 %. All anchor investors support the long-term expansionary policy of the Management.

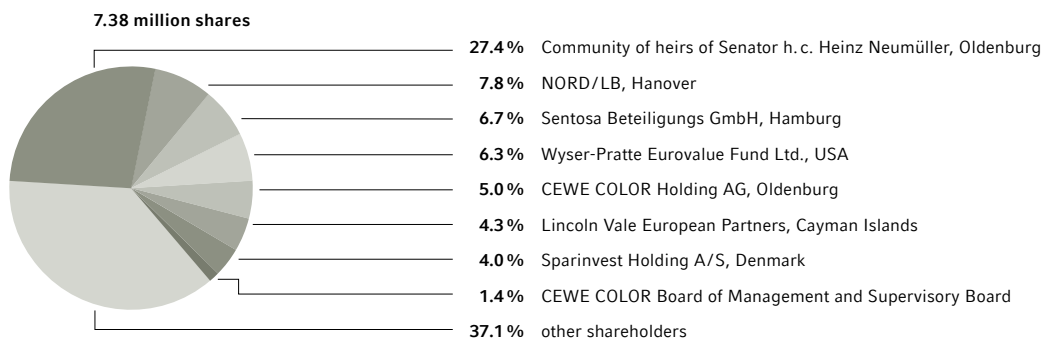
Further efforts to intensify investor relations and expanding the services offered

Investor relations work at CEWE COLOR is clearly aimed at keeping the information provided to the capital market and the public up-to-date, extensive and regularly available, as well as at ensuring a high overall transparency.

Thus, all analyst telephone conferences that have been taking place since 2009 at the occasion of the quarterly financial statements, are made available as web- and audiocast on CEWE COLOR's website. All presentations of the company made at conferences and other events will also be published live on the Internet.

In 2009, the Board of Management and the Investor Relations Team presented the company at four capital market conferences and conducted more than 20 days of road shows at European financial centres. The dates for 2010 are announced in the financial diary on page 163 of this report.

Shareholder structure (March 2010) in %



* incl. the shares of the Dr. Joh. Christian Jacobs, member of the Supervisory Board (Sentosa Beteiligungs GmbH), totalling 8.1 %



Earnings before taxes on the rise,
by 97 % in the fourth quarter.



GROUP MANAGEMENT REPORT

MARKETS AND PRODUCTS	18
Current Economic Setting	18
Photo Market	19
Products and Order Channels	21
RESULTS	25
Sales	25
Turnover	27
Expenses and Earnings	29
Segments	32
Balance Sheet and Financial Management	36
Cash Flow	40
CORPORATE FUNCTIONS	41
Marketing and Sales	41
Research and Development	43
IT	44
Production	45
Personnel	46
Logistics	47
Purchasing and Materials Management	48
Finances	49
SUSTAINABILITY	50
Environment	51
Social Responsibility	52
Quality Management	54
Employees	55
CORPORATE GOVERNANCE	58
Compliance	62
Risk Management	63
Business Management Report	67
Remuneration Report	69
Statements According to Section 315 (4) HGB	73
Related Party Disclosures	75
Organisation	76
Special Events Following the End of the Business Year	79
OUTLOOK	80
BOARD OF MANAGEMENT AND MANAGING DIRECTORS	82

MARKETS AND PRODUCTS

Current Economic Setting

The general political and economic setting was characterised by the economic and financial crisis in 2009: extensive anti-recession packages and rescue packages for banks have severely burdened the national budgets.

Five billion euros to rescue banks

According to the Bank for International Settlements (BIZ), Basel, the eleven leading industrial nations have supported the financial sector with 2 trillion euros following the insolvency of the investment bank Lehman Brothers since the autumn of 2008. In addition, loan and other guarantees just over 3 trillion euros were provided. In total, the government aid corresponded to almost 19 % of the economic output of these countries. In a study the BIZ explains that the governments managed to avert the breakdown of the financial system for a short time, however, that the rescue activities involved an element of strong unfair competition.

Extensive anti-recession packages

According to the Federal Government anti-recession packages with an estimated total volume of 2.9 billion USD (about 4.7 % of the global gross domestic product (GDP)) were additionally issued worldwide as a fiscal-political support measure for the years from 2008 to 2010. The volume of the anti-recession package in relation to the respective GDP amounts to 14 % in China, 10 % in Japan, 7.1 % in the USA, and 3.5 % in Germany. The worldwide historically low key lending rates of the Central Banks (euro zone: 1.0 %; USA: 0 – 0.25 %; Japan: 0.1 %; UK: 0.5 %) also contributed to supporting the economy.

Gross domestic product worldwide: –2.2 %

According to the evaluation of HSBC Global Research, the GDP shrunk by 2.2 percentage points. Whereas the industrial nations reported a decline of 3.4 %, economy in the threshold countries grew by 1.5 %. The development of the economy was particularly weak in Russia (–8.3 %), Japan (–5.2 %), Great Britain (–4.7 %), in the euro zone (–3.9 %) and in the USA (–2.6 %). On the other hand, India (6.9 %) and above all China (8.5 %) were able to decouple from this negative trend. According to the data of the Federal Statistical Office (January 2010) the GDP in Germany suffered the sharpest decline ever in the history of the Federal Republic in the past year: compared to the preceding year the economic output fell by 5 %. German exports dropped by 14.7 %, imports by 8.9 %. Investments in equipment were 20 % lower than in 2008. On the other hand, the 0.7 % decrease of construction investments was comparably low. Merely consumer spending rose by 0.4 % as compared to last year, public expenditure increased noticeably by 2.7 %.

Inflation: +1.0 % worldwide

Whereas the prices of goods and services only increased by +1.0 % on average worldwide according to a study of HSBC Global Research (January 2010) (industrial nations: 0.0 %), the rate of inflation in the threshold countries was 4.6 %. The prices even rose by double-digit figures in Russia (+11.7 %) and India (+10.5 %).

Exchange rates: euro on the rise

The nominal effective exchange rate of the euro – as measured by the currencies of 21 of the main trading partners of the euro currency area – was, with an index value of 111.68 on the annual average lower than the annual average index value of last year, at 113.0. Insofar, the value of the euro as against the currencies of the most important trading partners rose by 1.32 percentage points.

Effects of the general setting on CEWE COLOR

The business model of CEWE COLOR is largely resistant to economic fluctuations. Even the correlation to private consumer spending is comparatively limited. This is due, on the one hand, to the comparably low price of the products and, on the other hand, the high emotional value attached to individualised photo products. In fiscal year 2009 it was particularly the exchange rates of the Czech crowns and the Polish zloty, both of which noticeably rose in value, which had a negative effect on turnover and results of CEWE COLOR Holding AG. During the course of the year the zloty distinctly recovered from its all time low in February (4.9 zloty/euro) to 4.1045 zloty as at December 31, 2009. Likewise, the value of the Norwegian crown grew distinctly during the course of the year: the exchange rate of the crown rose from 9.76 NOK/euro to 8.3 as at December 31, 2009. For details please refer to the chapter “Results” on page 25 of this report.

Photo Market

Digital cameras continue to be very popular

For almost a decade now, the strong growth in the area of digital cameras has been persisting. According to the Gesellschaft für Konsumforschung (GfK) (association for consumer research), 140 million digital cameras were sold worldwide in 2008. 35 million thereof were sold in Western Europe, with Germany being the largest buying country according to the GfK, with 8.5 million units. More than 10 % of all digital cameras sold in Western Europe were high-grade reflex cameras, corresponding to an increase of 15 % as against last year. The latest market forecasts show that the demand for cameras – despite a more than 50 % saturation of the households – will remain at a high level in the coming years as well. This development is to be seen in conjunction with the opening up of new target groups, and the fact that particularly the consumers replace or supplement their photographic equipment at shorter intervals than in the past.

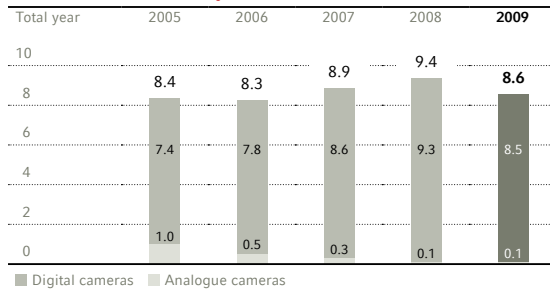
88 % of the possible maximum decrease in analogue film mastered successfully

As a result of the growing market share of digital cameras, analogue cameras were used to a lesser extent, thus reducing the need for film purchases. In 2000, film sales of 191 million units reached their absolute peak in Germany. In 2009 only 23 million units were sold – a decline to 12 % of the original sales volume.

Digital technology changes people’s order habits

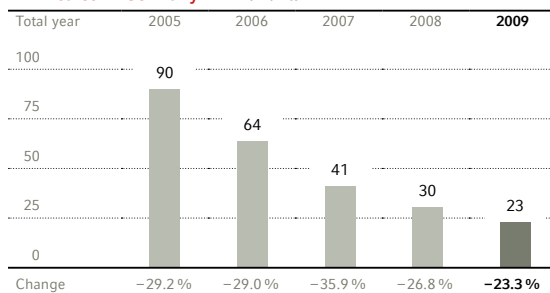
In line with the change to digital photography, the type of photo processing and the number of paper prints have changed. Whereas the consumer still exposed an average of 120 photos per year in the analogue era, about 22 % of 500 digital photos are exposed on paper. However, a very encouraging trend towards using photo books and digital value-added products, such as photo greeting cards, photo calendars and wall decoration can be noticed.

Camera sales in Germany in million units



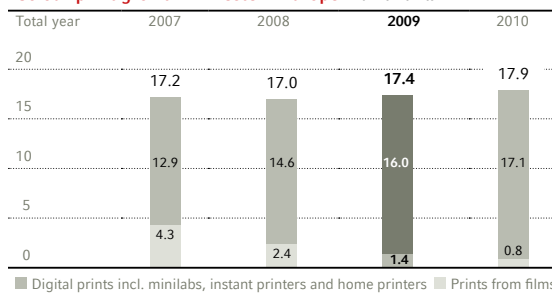
Source: German Association of Industrial Photography

Film sales in Germany in million units



Source: German Association of Industrial Photography

Colour print growth in Western Europe in billion units



Source: Understanding & Solutions

Photo books and digital value-added products with strong growth potential

Owing to the noticeably higher photo volume and the increasing spreading of high-grade digital cameras, the consumer has sufficient photographic material at his disposal to be enhanced in the form of a photo book or a digital value-added product.

The photo book was widely welcomed by consumers throughout Europe. According to the Verband der Photo-Großlaboratorien (German Association of Industrial Photofinishing) a total of 1.3 million photo books were sold in Germany in 2006, in 2008 this figure was already at 4.4 million. Last year, more than 10.7 million photo books were sold in Western Europe. According to the estimate of the market research agency FutureSource.com, the number of photo books sold will more than double to nearly 23 million units by 2012. The strongest sales markets are Germany, the Netherlands, Belgium and France, representing a share of 67 % of the Western European market in 2008. Large growth potentials can also be found in particular in France and Great Britain.

In 2008, the market with digital value-added products grew by 31 % to 140 million euros (source: Market research – FutureSource.com). According to the assessment of the market researcher, the market will grow to around 218 million euros up to the year 2012. The main impetus for growth stems from photo greeting cards, photo calendars as well as wall decoration. With a share of approx. 65 % in the Western European market, Germany, the Benelux and Great Britain are the most important markets.

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

Market shares of production systems for digital prints 2009 in %	Germany (acc. to GfK) ¹	Western Europe (acc. to U & S) ²
Industrial finishing (stores and Internet)	67 %	61 %
Minilab	4 %	
Instant printers	8 %	6 %
Home printers	21 %	33 %

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



www.schlecker.de



www.mueller.de/fotoservice

Products and Order Channels

Apart from many new products (CEWE PHOTOBOOKS and digital value-added products, and others), photos are still an important pillar of the digital business.

Industrial finishing of digital photos with cost advantages, instant printing in the stores

Digital photos may be ordered via the home printer, kiosk systems in stores (instant printing) as well as in the industrial laboratory. Home printing on the consumer printer and instant printing with dye-sublimation or inkjet printers in shops of the photo trade provide the consumer with the “quick” but “more expensive” photos. Industrial photofinishing, on the other hand, offers noticeably cheaper digital paper prints within a delivery period of one to two days. Whereas home printing has been declining for three years now, the exposure of photos in the industrial laboratory and through so-called kiosk systems in the stores is growing, since the consumer increasingly appreciates the comfortable instant printing. The market research institute FutureSource.com has calculated that the number of photo kiosks installed between 2007 and 2008 in Germany, France, Spain, the UK and the Netherlands rose from 39.6 thousand to 47.8 thousand units, with an above-average growth in Germany, from 12.8 thousand to 17.2 thousand, when comparing the different countries. CEWE COLOR already achieves 7 % of its photofinishing sales by instant printing with kiosk systems, and was able to sell several hundred new kiosk systems in the European market during the past months.

Internet as order channel more and more popular

The broadband initiative of the German government and the telecommunication industry will noticeably strengthen this channel of distribution. There are plans to provide 75 % of the households with Internet access of 50 MBit/s by 2014. This will render the transmission of large photo files and photobook data considerably more comfortable. Currently about more than 70 % of the population in Baden-Wuerttemberg are already able to use fast Internet access of up to 100 MBit/s. CEWE COLOR identified the growing significance of the Internet as distribution channel at an early stage, and has been providing its trading partners with end-to-end e-commerce solutions for ordering digital photos for many years. CEWE COLOR designs the Internet sites, coordinates the marketing, develops the software and operates computer centres for its trading partners. Internet photo providers, Internet portals and chemist’s retail chains are the strongest users of these CEWE COLOR services.



www.budni.de



www.dm-digifoto.de

Four channels for ordering digital photos in shops:



1. Memory card

To order photos, the consumer inserts his memory card directly into the photo pouch. The memory card is returned to the consumer together with the finished photos.



2. Home-burnt CD

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



3. DigiFoto Maker

The consumers order their photos with their memory card at the CEWE COLOR order terminals (DigiFoto Makers) at their local photo dealer. The photo and order data are burnt on a CD-ROM. At first, these CDs serve to place an order. Later on, the CDs are an excellent permanent storage medium to back up the consumer's photo data. The memory cards can be re-used immediately. Many order terminals are linked to the CEWE plants via Internet. Thus, there is a direct and fast data and order transfer into production.



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 instant printers installed in the trading partner's store.

CEWE is the leading supplier of photo books and digital value-added products.

CEWE PHOTOBOOK – Europe’s most popular photo book

With the CEWE PHOTOBOOK, CEWE COLOR has established itself very successfully as market leader in this product area. The market researcher GfK attests CEWE COLOR to have expanded the value of the market share of the industrial laboratories in the photo book market from 43 % in the third quarter 2008 to 50 % in the following year in Germany alone. In the process, CEWE COLOR held its ground as European market leader with more than 3.6 million CEWE PHOTOBOOKS sold also in the year 2009.

The CEWE PHOTOBOOK – serial winner of tests

The CEWE PHOTOBOOK was recently nominated as the best product in the category photo books by the EISA (European Imaging and Sound Association), an association of 50 special-interest magazines from 20 European countries. Europe’s largest Apple magazine, Macwelt, has tested the order software of the CEWE PHOTOBOOK, using the Mac Version: from a total of eight suppliers the CEWE PHOTOBOOK emerged as winner with the overall rating “GOOD”. Also, the independent magazine ETM tested eleven photo book suppliers and announced the CEWE PHOTOBOOK as winner. ETM tests the PHOTO BOOKS with respect to the classification criteria software, performance, quality and service. The software with its integrated wizard as virtual photo book designer convinced the jury with its easy handling, flexible design options and the extremely attractive result. Moreover, the CEWE PHOTOBOOK impressed with the best image quality (colour, brightness, contrast and sharpness) and ranked first place in the categories printing, paper, processing and general impression. The excellent rating in all tested aspects of performance underlines that the CEWE PHOTOBOOK is not only the recognised market leader, but also the technological leader. This was again supported by the Stiftung Warentest in August 2009 as well: the CEWE COLOR trading partner, Saturn, was the only supplier of CEWE PHOTOBOOKS in the test, and was ranked first among the photo book suppliers.

Extensive product range of CEWE PHOTOBOOKS

The CEWE PHOTOBOOK in portrait format (approx. 21x28 cm) with individual hardcover is definitely the bestseller of the product range. Apart from this, representative products such as the CEWE PHOTOBOOK XL and XXL are also gaining in importance. For this reason the new CEWE PHOTOBOOK software was supplemented by the CEWE PHOTOBOOK XXL Panorama with hardcover as well. In addition, a low-priced format with different covers – the Compact Panorama format (21x15 cm – DIN A5) – will be introduced to round off the product range. On the whole, it became apparent how important it is that CEWE COLOR offers a wide variety of different CEWE PHOTOBOOK versions, ranging from 26 to 130 pages. Photo books are very personal products in which the consumers want to realise their own ideas and concepts. CEWE COLOR meets these demands by offering a wide range of products. In addition, there is a trend to larger and more comprehensive CEWE PHOTOBOOKS.

CEWE PHOTOBOOK on photographic paper

Photos on traditional photographic paper are still very suitable for ambitious photographers as these offer optimum sharpness, clear whites and defined blacks as well as the largest colour space. Photographic paper is particularly suited to exploit the potential performance of digital reflex cameras and high-resolution compact cameras, and to develop fascinating pictures. Since October 2008, the CEWE PHOTOBOOK has also been providing such brilliant colours. Developed by international research teams in accordance with the most modern criteria, the special photographic paper presents itself to the eye and to the touch as a new paper quality for the presentation of photo books. The CEWE PHOTOBOOK with photographic paper is available in the following formats: portrait (28x21 cm), square (21x21 cm) and XL (30x30 cm).

Photo calendars and photo greeting cards

The orders for photo calendars and photo greeting cards enjoyed very high growth rates. This growth was driven by a clear orientation toward the requirements of the customers.

For this purpose, approx. 100 new designs were introduced for all photo greeting card formats during the third quarter, in time for the Christmas business. These designs are oriented at the latest European market trends and are expected to meet with the particular approval of both the young and older target groups.

At the same time, new categories of occasion such as “All the best“ and “Thank you“ were created, so as to be able to offer suitable designs on photo greeting cards for a broader target group. A new order process for special occasions was developed for both the online photo service and the order software, thus allowing the end consumer to make their personal choice faster and more comfortably among the great number of occasions and designs.

As early as the third quarter, CEWE COLOR has expanded the portfolio of the photo calendars, which are predominantly sold in the fourth quarter, by two new photo calendars with growth potential in the format DIN A2, and by 40 new designs for all calendar formats.

Products for school and office

At the end of 2008, CEWE COLOR began developing the market segment “Products for school and office” with the college block product, and introduced four additional new products particularly for the Dutch and German markets at the beginning of the third quarter 2009. Together with the new products pupils’ agenda, personal organizers, exercise books A4/A5 as well as note pads, a new digital value-added product portfolio is being introduced on the one hand, on the other hand, CEWE COLOR is establishing a category which already recorded an appreciable turnover in the second and third quarters.

Wall decoration

The traditional photo posters as wall decoration are increasingly being replaced by more sophisticated products such as collage posters and photos on canvas.

In 2009 CEWE COLOR achieved a triple-digit growth rate with the product group photos on canvas, as compared to the preceding year. This achievement was helped by the addition of 14 formats to the portfolio, and by intensified Internet advertising.

In addition, the category with the products “Posters behind acryl glass” (four available formats), “Posters on Alu Dibond” (four formats) and “Posters XXL” (23 formats) was supplemented by three new versions. Posters XXL are mat posters produced in the sizes up to 50x150 cm. These posters are offered in the classic 2:3 format as well as in the popular 3:4 format, in square and landscape format (1:3 format).

RESULTS

Sales

Change of product mix causes seasonal migration into fourth quarter

The product mix of the company is changing increasingly owing to the CEWE PHOTOBOOKS and the photo gifts. These product groups offset the noticeable decline of photos from film. Whereas the decline of photos from film is reported in all quarters of the year, the strong growing volume of CEWE PHOTOBOOKS as well as photo gifts, photo calendars and greeting cards are particularly in demand in the fourth quarter. Many consumers appreciate these products as Christmas gifts, thus causing the seasonal profile of the CEWE business to noticeably shift towards the end of the year.

Total number of photos at the same level as last year

This seasonal migration, already observed in the past years, has again increased in 2009 as well. The fourth quarter of 2008 registered an increase of 1.7 % in the total number of photos for the first time since the beginning of the analogue/digital transformation; however, a decline of 6.3 % of the total number of photos was recorded for all of 2008. This decline was again retarded in 2009: the fourth quarter 2009 even registered a noticeable rise of +8.0 % to 718 million photos as compared to last year's quarter. Thus, the reduction caused by seasonal migration in the first three quarters was nearly caught up with over the entire year 2009. The total number of photos (-0.8 %) was almost on last year's level, at 2,594 million photos.

End of the analogue/digital transformation: decline of analogue technology loses significance

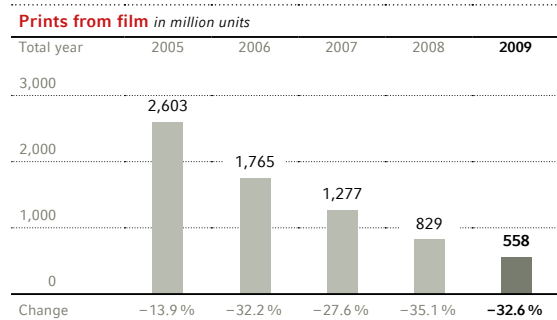
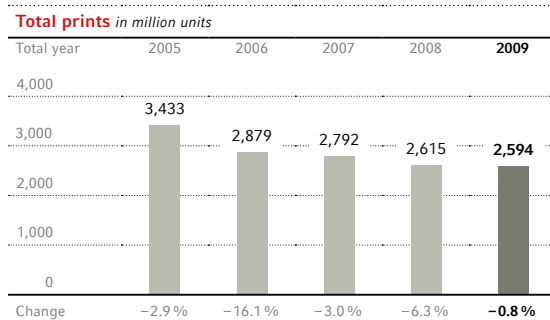
This development of the total number of photos again reflects the unstoppable decline of analogue photos from film. As expected by all market participants, these dropped by 32.9 % to 98.1 million photos in the fourth quarter. In the year under review the decline was also at 32.6 % to 558.3 million photos on a year-to-year comparison. On absolute terms, the decline of analogue photos on film is thus increasingly losing significance: in the fourth quarter these dropped by merely 48 million photos – this corresponded to just 7.2 % of the total number of photos in last year's quarter. By way of comparison: the reduction by 145 million photos from film in the fourth quarter 2006 still represented a decrease of 20.6 % on the total number of photos.

Approx. 80 % of all photos are digital photos

Consequently, the CEWE business is becoming more and more digital due to the now expiring decline of analogue photos from film: in the entire year 2009, 79 % of all photos were digital photos. In the fourth quarter, which had already been trend-setting owing to the CEWE PHOTOBOOKS and photo gifts, 86 % of all photos were already of digital origin.

CEWE PHOTOBOOKS again rising: up 38 % in the entire year 2009

CEWE PHOTOBOOK prints – the photos illustrating the CEWE PHOTOBOOKS – are also included in the number of digital photos, and have noticeably increased during the year 2009. In the year under review, the number of CEWE PHOTOBOOKS has increased on a year-to-year comparison by 37.7 % to 3.6 million books, thereof 1.4 million books in the fourth quarter 2009 (+32.7 % as compared to last year's quarter).



The example of the CEWE PHOTOBOOKS reflects the trend in the product mix, which can be described bold and simply as “from mass to class”: by the consistent expansion of the CEWE PHOTOBOOK product portfolio by larger book formats (both with respect to page surface and number), the number of CEWE PHOTOBOOK prints increased significantly stronger than the number of CEWE PHOTOBOOKS. The latter rose by 47.5 % in the entire year 2009, and even by 51.3 % in the fourth quarter. Here the successful upselling strategy of CEWE COLOR manifests itself.

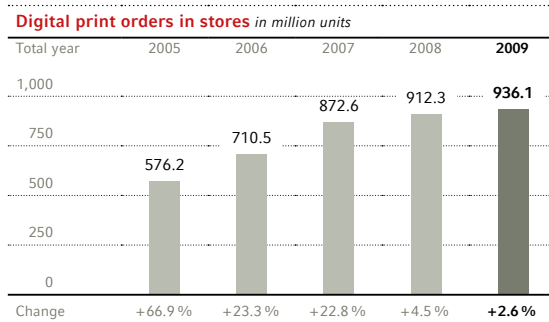
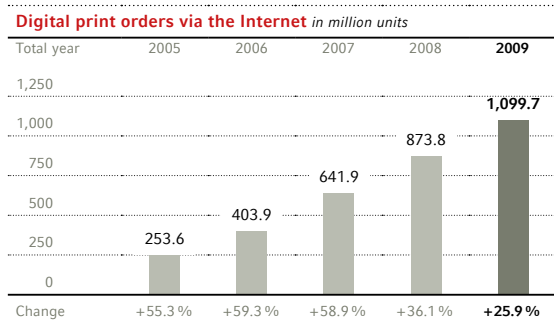
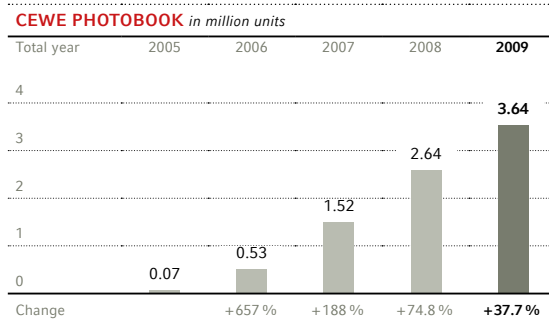
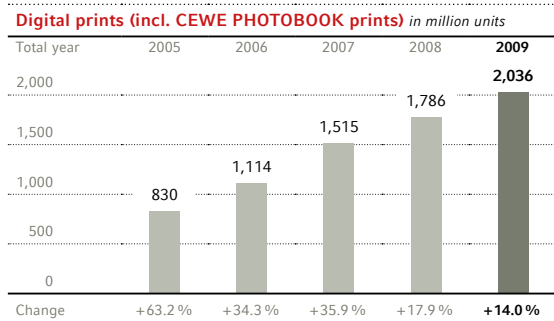
Photo gift prints improved by more than 100 %

“From mass to class” is also true for photo gifts. A change is taking place in the total number of photos: from analogue photos on film to silver-halide digital photos as value-added product, for instance CEWE PHOTOBOOKS and photo gifts. The latter have also developed excellently in 2009. The photo gift prints have gained by over 100 %, both in the fourth quarter of 2009 as with respect to the entire year.

The smart way “Online order, pick-up at the POS” reiterates CEWE positioning

The online ordering of digital photos again grew strongly in 2009: the consumers ordered nearly 1.1 billion digital photos (up 25.9 % against last year) online. 55 % of these consumers selected picking up their completed orders at the POS of the CEWE COLOR dealers. 45 % chose delivery by mail to their homes.

IV. quarter in million units	2009	2008	Change
Total prints	718.0	665.1	+8.0 %
– of which digital prints	619.9	519.0	+19.4 %
– of which prints from film	98.1	146.1	–32.9 %
CEWE PHOTOBOOK	1.38	1.04	+32.7 %



Note: The mention of digital photos in this annual report always includes the number of CEWE PHOTOBOOK prints as well as the photos of the photo gifts.

Turnover

Fourth quarter turnover successfully increased

Turnover in the fourth quarter 2009 was raised by nominal 5.5 % to 127.4 million euros from 120.7 million euros in last year's quarter. Owing to the persistent weakness of the Polish zloty and the British pound against the euro, among other currencies, the rise in turnover before currency effects was even more evident: adjusted for currency effects, turnover in the fourth quarter was at 128.7 million euros, and thus 6.6 % above last year's value – i.e. 1.1 percentage points higher than the nominal growth in turnover. Although the fourth quarter still included some currency effects in turnover, they were not as noticeable as in the first three quarters of 2009, whose currency effects have a distinct influence on the entire year.

Total targeted turnover for the entire year specified during the course of the year

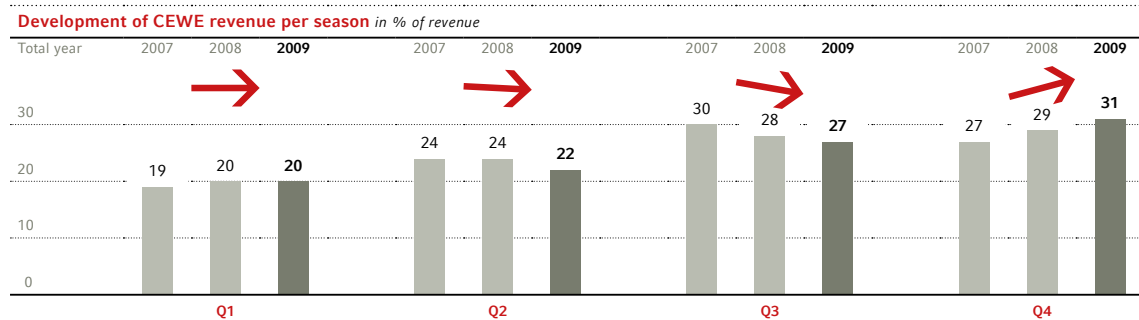
The targeted turnover for 2009 published at the beginning of 2009, was at 420 to 425 million euros. When it became apparent with the conclusion of the third quarter that the currency effects would reduce turnover by approx. 18 million euros, the nominal targeted turnover was specified at 405 to 410 million euros – whereas the adjusted turnover target remained at 420 to 425 million euros.

Currency-adjusted development of turnover exceeds targets in 2009

The adjusted targeted turnover of 420 to 425 million euros was comfortably exceeded: the 2009 turnover amounted to 427.5 million euros (+ 1.8 % compared to the year 2008, at 420.0 million euros). This adjusted turnover will be reduced by 17.7 million euros to a nominal turnover of 409.8 million euros, due to currency effects primarily from Poland as well as from Norway and the United Kingdom. Thus, the nominal targeted turnover of 405 to 410 million euros announced later during the year was fully achieved.

Photofinishing turnover development with low effects from currencies

The development of turnover in the photofinishing segments (these areas are defined in the chapter "Segments") was less influenced by currency effects: in the fourth quarter turnover went down by 1.0 million euros (thereof 0.3 million euros due to currency fluctuations) to 99.4 million euros. This led, over the entire year, to a reduced turnover of 316.3 million euros on a year-to-year comparison.

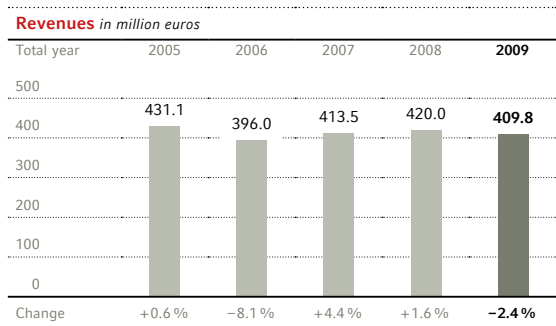


Retail trade turnover before currency effects even with noticeable growth

The turnover of the retail trade was distinctly marked by the aforementioned currencies, particularly during the first three quarters. In the fourth quarter, retail turnover stepped up by noticeable 38.1 % to 28.0 million euros (adjusted for currency effects even by 42.6 %). A nominal decline in turnover of 2.2 % to 93.5 million euros was reported over the entire year 2009. Adjusted for currency, however this corresponds to a gain in turnover of 12.8 % to 107.8 million euros. Therefore, retail turnover is influenced by currency effects of 14.3 million euros. This is the largest part of the described currency effect in the group of 17.7 million euros.

Seasonal migration also with respect to turnover

The seasonal migration described in the chapter “Sales” can also be found in turnover. On a nominal basis, 31.2 % of the annual turnover for 2009 was earned in the fourth quarter 2009. In 2008, this share still amounted to 28.7 %, in the year 2007 it was merely at 26.7 %. Thus, the fourth quarter is gaining in importance: in sales, in turnover and – as is explained in the chapter “Expenses and Earnings” – even more in earnings.



IV. quarter in million euros	2009	2008	Change
Revenues	127.4	120.7	+5.5 %

Expenses and Earnings

Operating results nearly doubled in the fourth quarter

The operating results of the fourth quarter 2009 noticeably exceeded those of the preceding year: EBIT before restructuring rose by 77.7 % to 15.6 million euros, and EBT increased by 82.9 % to 15.2 million euros. Following restructuring measures the EBIT rose by 90.5 % to 15.7 million euros and the EBT by 96.9 % to 15.2 million euros.

Operating results increase by approx. 50 % over the entire year

The very strong results of the fourth quarter have led to significant increases of the entire year's earnings as well: EBIT before restructuring rose by 18.4 % to 28.2 million euros and EBT before restructuring recorded a plus of 18.9 % to 26.3 million euros. Including the restructuring expenditures the EBIT even stepped up by 51.0 % to 18.7 million euros and the EBT by 57.2 % to 16.8 million euros.

Seasonal migration has successfully translated into higher earnings

As described in the chapters "Sales" and "Turnover" the seasonal migration of sales volume and turnover into the respective fourth quarter of each year had already been observed during the past years. To date however, the results did not increase to the same degree in the fourth quarters, due to the higher expenditure. This has changed in 2009.

Numerous operating improvements increase profitability in the fourth quarter

The CEWE PHOTOBOOKS and photo gifts which CEWE COLOR always refers to as "value-added products" have proven to be products with genuine added value. The reasons behind this are manifold, e.g.: reduction of cost of materials by digital printing instead of silver halide production, expansion of the product portfolio by product elements with strong margins such as designs and high-quality CEWE PHOTOBOOKS, reduction of production costs by further industrialisation and increased use of capacities of the CEWE PHOTOBOOK production, as well as the prevention of overcapacities of staff by exact seasonal forecast and flexible deployment. In addition, the segment retail trade has achieved a very positive result, as reported in the chapter "Segments".

The following paragraphs discuss the cost items of the profit and loss account, and point out the major effects.

Digital printing lowers cost of materials, raises gross profit

The cost of materials of 38.3 % of turnover was reduced to 35.1 % of turnover or 44.7 million euros in the fourth quarter of 2009. On account of this, the gross margin of 69.2 % of turnover went up to 71.5 % of turnover, or respectively to a gross result of 91.1 million euros. This effect has also influenced the respective values of the year 2009 as a whole: cost of materials declined from 38.9 % of turnover in 2008 to 37.8 % of turnover in the year 2009. The gross margin rose from 68.0 % of turnover to 69.5 % of turnover in 2009, thus gross results amounted to 284.6 million euros in the year under review. This development is due to the fact that digital printing and other value-added products often require less material but more staff.

Labour-intensity slightly rising

Including the restructuring costs in personnel expenses, the employment costs in percent of turnover have increased to a minor extent: in the fourth quarter from 20.4 % of last year's turnover to 20.6 % of turnover, or respectively 26.3 million euros in the fourth quarter of 2009. The same development can be observed over the year as a whole: from 25.0 % of turnover to 25.6 % of turnover in 2008, or respectively 104.8 million euros in 2009. The 2008 and 2009 values each include restructuring expenditure to about the same amount, i. e. there is no change in ratio from year to year: from 2008 to 2009 personnel expenses as part of turnover rose slightly. This is due to the fact that personnel expenses were increased, e. g. in marketing and in the software development, in order to raise competitiveness.

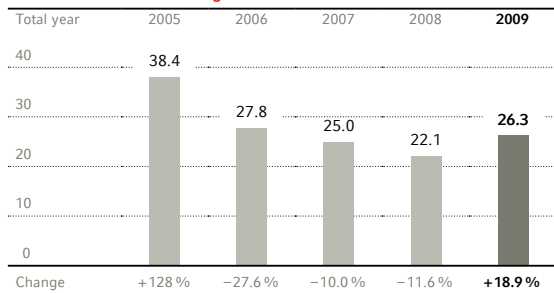
Other operating expenses were lowered successfully

Other operating expenses were reduced over the entire year by 3.9 million euros (3.1 %) to 124.0 million euros on a year-to-year comparison. Before restructuring costs – “sustainable” so to speak – the decline in other operating expenses amounted to as much as 4.7 million euros (of which only 0.8 million euros in Q4/2009). The decline in other operating expenses is a result of the effected restructuring measures, among other facts. The required increase of marketing expenditures to advertise the branded article CEWE PHOTOBOOK on TV, in print media and on the Internet has a contrary effect. This effect is strongly felt on account of the Christmas business in the fourth quarter, among other effects. Therefore, only a comparably small proportion of the reduction in expenses for the entire year was incurred in the fourth quarter 2009.

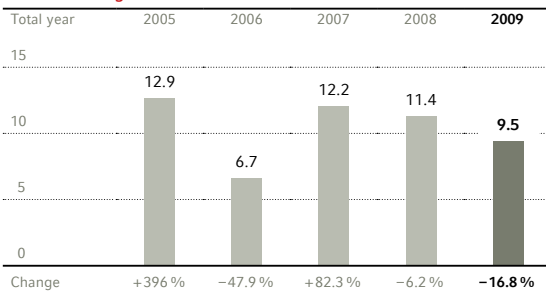
Financial performance on last year's level

On a year-to-year comparison the financial performance remained largely unchanged: investments in the fourth quarter 2009 were at 0.5 million euros and thus identical with last year's figure. Over the entire year financial expenditure increased from 1.7 million euros in 2008 to 1.9 million euros. This slight rise is not caused by additional financing costs, but by a decrease of interest income due to lower interest levels.

EBT before restructuring in million euros



Restructuring in million euros



Rate of taxation noticeably increased by non-credibility of the loss in France

Taxes on income and earnings went up strongly from 2.5 million euros in 2008 to 9.2 million euros in the year 2009. The reason for this lies mainly in the non-credibility of the restructuring-induced losses in France, with profits in other countries. The earnings position of France is explained in the chapter “Segments” in the segment Western Europe. With respect to EBT this leads to a rate of taxation of 55.2 % in the group. If the loss incurred due to restructuring in France of approx. 11 million euros had not reduced the other profits, EBT would have been at approx. 27.8 million euros. In consideration of the above, the rate of taxation would have been at a quite feasible value of about 30 to 35 %. Statements with respect to the prospects for the business in France and regarding the other restructuring costs are set down in the chapter „Outlook” at the end of the management report.

Other taxes somewhat reduced

Other taxes have reduced from 1.1 million euros last year to 0.8 million in 2009. The main reason for this is the reduction of the “taxe professionnelle” in France due to the transformation of the plant in Paris into a sales agency in the first quarter of the year 2009.

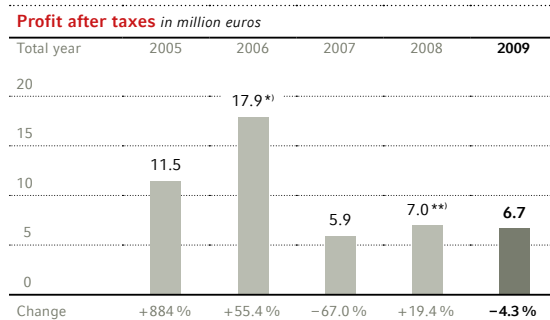
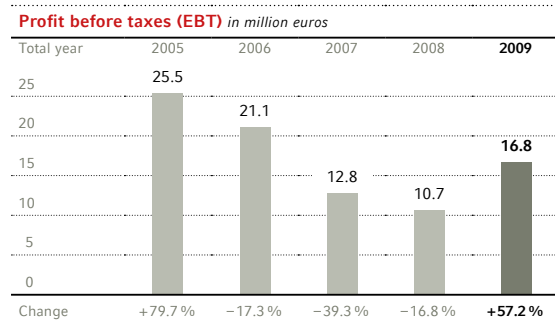
Earnings after taxes almost consistent despite heavy tax burden

Since the EBT, as explained, was 6.1 million euros higher in 2009 than in 2008, and because the other taxes declined by 0.3 million euros, no deviation worth mentioning is caused by the income tax amount that was more than tripled, by 6.7 million euros – on account of the above mentioned non-credibility of the losses incurred in France by restructuring measures. After 7.0 million euros in the preceding year, the earnings after taxes of the year 2009 amount to 6.7 million euros.

Earnings per share accordingly nearly unchanged

In the fourth quarter 2009 earnings per share were at 1.44 euro. Following the adjustment of the loss incurred by restructuring measures in the first two quarters, annual earnings per share amount to 1.00 euro. Earnings per share in the preceding year were at 1.02 euros.

IV. quarter in million euros	2009	2008	Change
EBT before restructuring	15.2	8.3	+82.9 %
Restructurings	0.0	0.6	-100 %
Profit before taxes (EBT)	15.2	7.7	+96.9 %
Profit after taxes	9.7	6.6	+48.6 %



^{*)} Result after taxes influenced by one-time special tax effects:
 – waiver of claim (2006 and 2008)
 – activation of the corporation tax assets (2006)

^{**)} One-time effect on account of insurance benefits of 13.4 million euros

Segments

Clear classification of segments according to IFRS 8

CEWE COLOR reports in the four photofinishing segments Central Europe, Benelux, Western Europe and Central Eastern Europe. The retail trade activities are summarised in the fifth segment.

Since the first quarter 2009, CEWE COLOR has been allocating its turnover to the product category that generates the turnover: turnover with photofinishing products – i. e. photos from film, digital photos, CEWE PHOTOBOOKS, photo calendars and greeting cards as well as other photo gifts and personalised products – is allocated to the segment photofinishing. Turnover with hardware sold without further processing, for instance, cameras and accessories, is allocated to the segment retail trade.

Each segment made a positive contribution to group performance in the fourth quarter. Based on the year as a whole, all segments generated a positive contribution with the exception of Western Europe. In the first quarter 2009, France again reported operating losses and restructuring expenses in the course of the restructuring measures regarding the plant in Paris that could not be compensated by the other positive earnings of the following three quarters.

Central Europe: seasonal migration considerably strengthens margin of fourth quarter

In the segment Central Europe (Germany, Austria, Switzerland, Scandinavia) 51 % of the group's revenues were generated in 2009. This figure corresponded to 207.7 million euros (2.1 %) less than in the preceding year. In the fourth quarter the share in turnover was at 67.6 million euros (4.9 % less than in the year before).

Presentation of the special effects resulting from restructuring and waiver of debt in thousand euros	2009	2008
Central Europe		
Receivables waiver	0	-10,000
Restructuring	0	-9,819
Total extraordinary factors	0	-19,819
Western Europe (France)		
Receivables waiver	0	10,000
Restructuring	-9,224	-1,489
Total extraordinary factors	-9,224	8,511
Central Eastern Europe		
Restructuring	-298	-135
Total extraordinary factors	-298	-135
Extraordinary factors group	-9,522	-11,443

¹ For the sake of simplicity, all data and information on turnover regarding the segment reporting are based on the nominal turnover, i.e. not adjusted for currency effects – unless otherwise stated.

Sales development by segments in million euros	2009	2008	Change
Photofinishing – Central Europe	207.7	212.2	-2.1 %
Photofinishing – Western Europe	45.6	43.8	+3.9 %
Photofinishing – Benelux ^{*)}	34.6	34.7	-0.3 %
Photofinishing – Central Eastern Europe ^{*)}	28.6	33.7	-15.3 %
Segments	93.5	95.5	-2.2 %
Group	409.8	420.0	-2.4 %

^{*)} No production plants, only with distribution branches

Profitability took a very encouraging development in Central Europe. This is attributed to the fact that Central Europe as an advanced market with the sales of value-added products ranges before many other markets. This effect was particularly felt within the scope of the seasonal migration to the fourth quarter: the EBT margin increased from 12.8 % last year to 19.5 % of turnover in the fourth quarter. This corresponds to an EBT of 13.2 million euros. Over the entire year the EBT margin thus improved from 6.9 % of turnover in the preceding year to 12.0 % of turnover. However, this is attributed to the restructuring costs of 9.8 million euros incurred in the preceding year, with a remaining increase of 0.5 million euros (+2.1 %) in EBT before restructuring, which slightly improves the margin from 11.5 % of turnover in 2008 to 12.0 % of turnover in 2009. Thus, Central Europe remains the main generator of turnover and earnings.

The Benelux countries as well increased turnover and earnings in the fourth quarter

The fourth quarter 2009 was able to convince in the Benelux countries as well: turnover stepped up by 3.9 % to 8.4 million euros. On top of this turnover an increased EBT margin was generated: 6.4 % of turnover instead of 4.0 % in last year's quarter. Thus, the EBT increased from 66.7 % in last year's quarter to 0.5 million euros. This good result in the fourth quarter compensated the deficit accrued in the first three quarters of 2009 as against the comparable last year's period on account of, for example, increased marketing expenses: for the entire year 2009, the Benelux achieved the same EBT margin of 4.3 % of turnover as last year. With a nearly constant turnover of 34.6 million euros in the year 2009 (2008: 34.7 million euros) the same result was achieved, at 1.5 million euros, after rounding.

Western Europe confirms turnaround: EBT increased by 2.0 million euros in the fourth quarter

The segment Western Europe is comprised of France and the United Kingdom, with France having a larger influence on the segment results, on account of the volumes.

In the fourth quarter turnover in Western Europe increased by a very positive 23.1 % as against last year's quarter – adjusted for currency effects even more (25.4 %). The EBT margin was at 3.3 % of turnover in the fourth quarter, following a loss even before restructuring of –14.4 % EBT margin of turnover in the fourth quarter 2008. Therefore, the EBT of –1.6 million euros before restructuring in the fourth quarter 2008, turned around to a positive EBT of 0.4 million euros in the fourth quarter of 2009 (Q4/2009 without restructuring expenditures in Western Europe) – an improvement of 2.0 million euros. The turnaround which became apparent in the third quarter 2009 already is thus confirmed.

A positive development can also be noted with respect to the year as a whole: despite the still very difficult first half-year, turnover was able to grow by 3.9 % in comparison to last year. The EBT before restructuring measures improved substantially from –5.6 million euros in the year 2008 to –2.1 million euros by 3.5 million euros – also attributable to the second half of the year.

The second half-year has also demonstrated that the way is paved toward a positive overall result for the year as a whole.

Central Eastern Europe also increased revenues in the fourth quarter

The segment Central Eastern Europe combines the laboratories and activities in Poland, the Czech Republic, Slovakia and Hungary as well as the marketing activities in Eastern and South Eastern European countries.

Turnover in Central Eastern Europe declined by 4.2 % in the fourth quarter of 2009, however, adjusted for currency effects remained nearly constant with a decline of 0.6 %. Revenues were able to rise from 1.9 % of turnover to 2.4 % of turnover based on the EBT before restructuring. This rise in profitability compensated the nominal reduction in turnover: despite this nominal decline in turnover in the fourth quarter of 2009, the EBT before restructuring was 17.3 % higher than in last year's quarter, at 0.2 million euros. The EBT after restructuring measures (2008: 135 thousand euros, 2009: 0 euros) was at 67 thousand euros only in the fourth quarter of 2008. Here the increase was as high as 254 %.

Even if the seasonal migration also noticed in Central Eastern Europe was able to keep turnover constant in the fourth quarter at least before currency effects – as explained – the consumer restraint already described in the previous quarterly reports of the year 2009, led to a noticeable decline in turnover of nominal 15.3 %, and adjusted for currencies of 8.6 %, based on the year as a whole. Due to the shortfall of fixed costs, for instance, as well as the bottom-line effects of currency fluctuations (the purchase of many materials in euros will thus be relatively more expensive) the profitability in the EBT before restructuring of 4.5 % of turnover last year reduced to 1.2 % of turnover in 2009. In absolute figures the EBT before restructuring changed from 1.5 million euros in the preceding year to 0.3 million euros. Of this difference of 1.4 million euros, 1.0 million euros were already incurred in the first quarter 2009. Therefore, a shortfall of 0.2 million euros in the EBT before restructuring was accrued in the remaining three quarters as against the preceding year. Consequently, the restructuring of the plant in Teplice (Czech Republic) carried out in the first quarter of 2009 has brought about improved results.

Sales to external third parties <i>in million euros</i>	2009	2008	Change
Total Photofinishing	316.3	324.4	-2.5 %
Retail	93.5	95.6	-2.2 %
Total	409.8	420.0	-2.4 %

Own retail trade with important functions

CEWE COLOR operates retail chains in Poland, the Czech Republic, and Slovakia as well as in Norway and Sweden linked with an Internet trade (brands Fotojoker, Fotolab, Japan Photo). This retail trade fulfils important functions for CEWE COLOR: in the first place it is a significant channel of distribution for the CEWE COLOR laboratory services – particularly in Central Eastern Europe. The respective turnover and revenues are shown in the photofinishing segments. Secondly, CEWE COLOR has the opportunity of testing new marketing strategies for digital value-added products – first and foremost the CEWE PHOTOBOOK – directly in the Internet and in the shops, thus being able to further develop the fundamental industrial know-how with respect to this new task. Thirdly, this know-how can then be passed on to the trading partners. The CEWE COLOR retail trade provides important examples of this knowledge transfer.

Retail trade with strengthened profitability and EBT contribution of 1.6 million euros

The largest foreign currency effect of the group by far was incurred in the retail trade in the entire year 2009. Adjusted for this currency effect turnover improved markedly by 12.8 % to 107.8 million euros. On account of the feeble exchange rates suffered, for example, by the Norwegian crown and the Polish zloty, a slight decline in the nominal turnover by 2.2 % to 93.5 million euros was even noted. Fortunately, the profitability, and thus also the EBT on absolute terms, improved markedly (despite the declined nominal turnover): after 0.3 million euros (0.3 % of turnover) in the year 2008, 1.7 million euros (1.8 % of turnover) were achieved in 2009.

The fourth quarter 2009 as well indicates a very positive development: turnover was up by 38.1 % to 28.0 million euros as against last year's comparable quarter. On a year-to-year comparison, a currency effect was still noted in the fourth quarter 2009. Adjusted for this effect, turnover even increased slightly, by 42.6 % to 28.9 million euros. The profitability in the fourth quarter, which had always been stronger than that of the other quarters, was raised once again in 2009 – as could be expected since Christmas business includes a larger share of the business with higher-margin accessories: after 1.6 % of turnover last year to 2.9 % of turnover in the fourth quarter 2009. On absolute terms this corresponds to a rise from 0.3 million euros to 0.8 million euros.

Whereas the retail trade earned the entire annual profit for 2008 in the fourth quarter (0.3 million euros in the fourth quarter of 0.3 million euros on an annual basis), the first three quarters together were able to provide positive results as well in 2009. Thus, the sole dependence on the fourth quarter was noticeably reduced also with respect to the retail trade in the year 2009.

Earnings before tax and restructuring by segments 2009 in million euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	Total Photo-finishing	Retail	CEWE COLOR Group
Segment earnings before taxes (EBT)	24.9	1.5	-11.3	0.1	15.1	1.6	16.8
Restructuring expenditures	0.0	0.0	9.2	0.3	9.5	0.0	9.5
EBT before Restructuring	24.9	1.5	-2.1	0.4	24.6	1.6	26.3

Earnings before tax and restructuring by segments 2008 in million euros	Central Europe	Benelux	Western Europe	Central Eastern Europe	Total Photo-finishing	Retail	CEWE COLOR Group
Segment earnings before taxes (EBT)	14.5	1.5	-7.1	1.4	10.3	0.3	10.7
Restructuring expenditures	9.8	0.0	1.5	0.1	11.4	0.0	11.4
EBT before Restructuring	24.4	1.5	-5.6	1.5	21.8	0.3	22.1

Balance Sheet and Financial Management

During the course of the fourth quarter 2009 (i. e. in comparing the balance sheets as at September 30, 2009 and December 31, 2009) as well as during the entire year 2009 (i. e. comparing the balance sheets as at December 31, 2008 and December 31, 2009) similar changes occurred to the effect that these can be discussed together in the following.

Increase in total assets and liabilities due to non-persistent effects

Total assets increased slightly to 268.6 million euros – by 2.5 % or 6.6 million euros or respectively by 3.0 % or 7.8 million euros in the fourth quarter. This effect is a combination of a reduction of non-current assets, which is overcompensated by an increase of current assets. Particularly the increase of inventories by 15.5 million euros during the course of the year 2009, or respectively by 7.9 million euros in the fourth quarter 2009 is of a temporary nature only – as explained in the following.

Significant write-downs on reduced investments continue to lower property, plant and equipment

Following the high investments of about 35 million euros per year for the phase of analogue/digital transformation, investments were already reduced to 33.3 million euros in 2008, with a further reduction to 27.4 million euros in 2009. Since the amount of depreciation is still attributable to the relatively high investments of the years of transformation, fixed assets are markedly reduced: in the fourth quarter depreciation amounted to 9.8 million euros; for the entire year 2009 depreciation was at 37.2 million euros. On the other hand, investments of merely 4.5 million euros were recorded in fixed assets in the fourth quarter; depreciation for the entire year 2009 was at 27.4 million euros only. In addition, the reclassification of real estate properties in the Czech Republic to the item “Assets held for sale” was carried out in the first quarter 2009. In total, property, plant and equipment thus reduced by 3.9 million euros in the fourth quarter, or respectively 8.7 million euros in the entire year.

Real properties held as financial investment increased by the property in Berlin

During the course of the fourth quarter 2009, the real estate property in Berlin held for sale was leased permanently, and thus reclassified from the item “Assets held for sale” in current assets to non-current assets in the item “Real properties held as financial investment”. This item thus increased by 1.8 million euros in the fourth quarter 2009. An increase of 2.1 million euros took place over the entire year. In general, CEWE COLOR does not intend to retain properties as financial investments. If, however, only insufficient selling prices can be obtained in the long run – as in the current market situation – the company will not sell the property at all costs, but retain it with a rental income for the time being.

No change in good will.

Intangible assets

As at December 31, 2009 intangible assets went down to 18.5 million euros – during the course of the year by 4.0 million euros, thereof 1.5 million euros in the fourth quarter. This decline is largely attributable to scheduled depreciation, e. g. for acquired customer data in the past years.

Non-current assets reduced sustainably

There were no essential changes in the remaining items of non-current assets. In total, the above mentioned changes resulted in a reduction of non-current assets to 129.7 million euros. This corresponds to a reduction of 11.5 million euros during the course of 2009, thereof 4 million euros in the fourth quarter. These contributions to capital employed are persistent.

Assets held for sale reduced

The change to the item “Assets held for sale“ has already been explained: the property in Berlin was removed from this item. This reduced the item by 2.6 million euros. In the first quarter the properties in the Czech Republic were transferred to this item by way of a counter entry as a result of the effected restructuring measures. The “Assets held for sale” thus declined by 0.8 million euros to 2 million euros over the entire year 2009.

Temporary rise in inventories

Inventories increased to 52.3 million euros as at year-end – corresponding to a growth of 15.5 million euros over the entire year 2009, thereof 7.9 million euros in the fourth quarter. The reason behind this is the partly temporary special effect with respect to the retailers’ inventories, such as paper for instant printers in the shops.

Regarding retail inventories: the Q3 report 2009 already mentioned that a major supplier was built up for the profitable business with higher-quality digital camera accessories. As a countermove several smaller suppliers will be delisted following the Christmas business. This plan was largely followed and explains part of the expansion of warehousing. Moreover, an additional central warehouse was established in Scandinavia with the retail trade. Within the scope of the change somewhat higher inventories were accepted in order to have the relevant goods available anytime during the significant Christmas business. The results reported by the retail trade described in the chapter “Segments” reflect the success thus achieved in this quarter.

Regarding the paper pool for instant printers stored in the shops: the Q3 report also pointed out the increased storage of paper for instant printers. This was accepted at that time in order to cushion supply chain difficulties in shipments from Japan. This problem has meanwhile been resolved to a large extent. Another increased storage had to be accepted in the fourth quarter on account of a change in the kind of paper, leading to the storage of different types of paper for an interim period.

Current trade receivables rose also on account of a lower starting basis

Current liabilities as well rose considerably to 66.5 million euros: by 12.2 million euros during the course of the year 2009, thereof 10.7 million euros in the fourth quarter. About half of this rise is a sustained effect, the other half a temporary effect for both periods mentioned. The sustained effect: As explained in the chapter “Turnover”, considerably more turnover is achieved in the fourth quarter due to the seasonal migration. At the end of December this effect is reflected by selectively higher trade receivables. Payment is then received in the following year.

Balance Sheet in million euros and in %

Assets		2008	2009	Liabilities		2008	2009
		262.0	268.6			262.0	268.6
Non-current assets		141.2 million euros 53.9 %	129.7 million euros 48.3 %	Equity		112.4 million euros 42.9 %	111.7 million euros 41.6 %
Current assets		120.8 million euros 46.1 %	138.9 million euros 51.7 %	Non-current debt		29.3 million euros 11.2 %	39.1 million euros 14.6 %
				Current debt		120.2 million euros 45.9 %	117.7 million euros 43.8 %

This effect is a sustained change. Based on the ceteris paribus principle, trade receivables should again decline in those quarters which now achieve less turnover. The temporary effect: In both base periods (December 31, 2008 for the entire year 2009 and September 30, 2009 for Q4/2009) the following situation occurred. This receivable item included debts of the CEWE COLOR Group owed to customers – as a result of yet unpaid bonuses – as negative items, thus the starting bases at the beginning of the periods under review were low in comparison to the base period in the respective previous year. No such debts of the CEWE COLOR Group were contained in this item at year-end 2009.

Current receivables from income tax refunds lowered by about 81 %

At year-end 2009 the current receivables from income tax refunds amounted to 1.1 million euros. This corresponds to a reduction of 4.7 million euros as against the preceding year, thereof 3.1 million euros in the fourth quarter. This significant change is attributable to the tax assessments carried out in different countries, each with a similar effect. A considerable part of this reduction stems from the reimbursement of income tax advances paid (3.0 million euros), which resulted in Germany from the waiver of claims vis-à-vis CEWE COLOR S. A. S., Paris, France, declared as early as 2008. The remaining reductions abroad were the result of individual effects, each one of which was insignificant.

Current assets generally increased for temporary period

During the course of the year 2009 total current assets have increased by 18.1 million euros, 11.9 million euros thereof in the fourth quarter, on account of changes already discussed.

Operating net working capital still increased on a year-to-year comparison, reduced in the fourth quarter 2009

The operating net working capital is defined as the total of inventories mentioned above, and the trade receivables less trade payables. The latter increased by 9.6 million euros during the course of 2009 as a result of the changed buying behaviour caused by the seasonal migration, and during the fourth quarter even by 21.2. million euros. Including this change the operating net working capital increased by a total of 18.1 million euros to 45.6 million euros during the course of the year. In the fourth quarter, the operating net working capital declined by 2.6 million euros. Trade liabilities and receivables have developed as expected, according to the seasonal migration. With respect to inventories, the already described special development is evident.

Equity ratio of 41.6 % continues to be very stable

At year-end 2009 the equity ratio was roughly on a level with the preceding year, at 111.7 million euros (2008: 112.4 million euros). Any essential changes have thus evened out almost completely during the course of the year. Whereas the posting of the after-tax result of 6.7 million euros boosted equity capital, the distribution of a dividend of 6.8 million euros, effected in summer 2009, reduced equity capital for the fiscal year 2008. The high expenditures for the analogue/digital transformation, incurred for the last time in 2009, amounting to 9.5 million euros, were therefore funded from the profit earned in 2009, in addition to the dividend payment. On account of the described increase in assets and liabilities, the equity ratio, slightly changed from 42.9 % to 41.6 %, remained on a high level. During the course of the fourth quarter, the equity capital rose by 9.5 million euros due to the strong quarterly result.

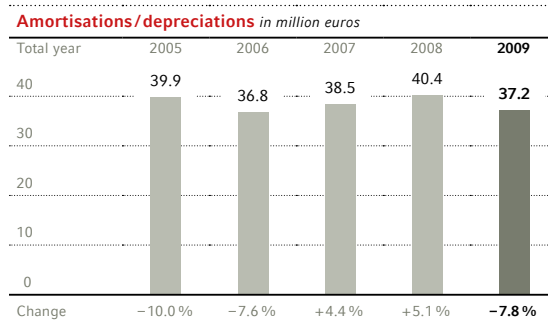
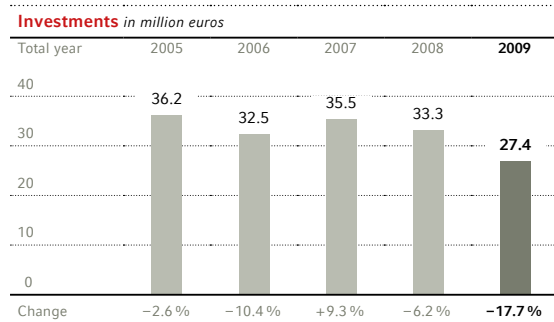
Funding secured in the long term

The quarterly financial statements of the year 2009 reported on the progress of the financial negotiations. In the Q3 report of 2009 the new loans were already posted and shown in the balance sheet. The same effect can be noticed when comparing the balance sheets as at December 31, 2008 and December 31, 2009: the gross indebtedness as the sum of current and non-current debts has hardly changed during the course of the year – they are slightly reduced from 35.3 million euros to 32.5 million euros. However, the decisive factor during the course of the year is the redistribution between current and non-current indebtedness: current indebtedness was reduced by 14.3 million euros while non-current debts were increased by 11.6 million euros. This procedure reflects the regular negotiations of new credit lines that took place in summer 2009. Accordingly the non-current ceilings were markedly expanded. As a precautionary measure the total amount of the ceilings was raised from 73.3 to 93.1 million euros. It can thus be clearly stated at the end of the year 2009 as well: the funding of CEWE COLOR is very safe.

Strong final quarter allows reduction of borrowed capital

On account of the high cash flow stemming from the positive results and the changes in various balance sheet items, funding was reduced in the fourth quarter. Details are provided in the chapter “Cash Flow” on page 40 of this report. Current financial debts were reduced by 12.6 million euros, and non-current debts by 8.1 million euros.

Furthermore, changes in indebtedness only occurred in the items of current trade liabilities, which have already been discussed together with the working capital.



Cash Flow

Free cash flow increased by 8.9 million euros

The free cash flow is the sum of the cash flow from operating activities and the cash flow to investing activity. After a free cash flow of 1.0 million euros was achieved in 2008, the free cash flow in 2009 was at 9.9 million euros (+895.6%).

Cash flow from “operating” activities rose by 5%

At the same time the cash flow from operating activities rose by 1.7 million euros (+5%) from 34.8 million euros to 36.5 million euros in the year 2009. This rise is sustained by an improvement in earnings, e.g. 6.3 million euros surplus earnings in 2009 (18.7 million euros) as against last year (12.4 million euros) on an EBIT level. The described increase of the operating working capital weakened the cash flow: following a positive cash flow contribution stemming from changes of the operating working capital in the year 2008 (+2.7 million euros) a negative cash flow contribution of 18.1 million euros was recorded in 2009. This corresponds to a total disadvantage from operating working capital in the year 2009 against 2008 of 20.8 million euros in the cash flow. However, this was compensated again by changes in the other working capital: whereas the changes in other working capital amounting to 18.9 million euros resulted in negative contributions to cash flow in 2008, they did not effect overall cash flow in 2009. The background for this was, e.g. the high tax advances paid in 2008, which were recognised with an impact on liquidity in 2009. Likewise, several countries reported less sales tax liabilities than at year-end 2008 at the end of 2009. Furthermore, the seasonal migration into the fourth quarter tends to provide an increase of sales tax liabilities with the respective positive effect on cash flow.

As announced, investments again reduced by 17.7%

The great financial burdens of the analogue/digital transformation did not only consist of the restructuring expenditures, which have been analysed in the chapter “Expenses and Earnings”. High investments for the basic digital equipment of the laboratories were required: from 2003 to 2007 these investments – with one exception – always exceeded 35 million euros, in 2003 even higher than 40 million euros. In 2008 a reduced investment volume of 33.3 million euros had already been reached. Using a cash flow from investing activity of 27.4 million euros, the volume was again successfully reduced by 17.7% in 2009. Deducting the low cash flows from disinvestments (2009: 0.9 million euros, 2008: 4.2 million euros) and adding the investments for acquisitions (2009: 0 million euros, 2008: 4.6 million euros), a total cash flow from investing activity of 26.6 million euros resulted for 2009 – a reduction of 7.2 million euros after 33.8 million euros in the preceding year.

Investments were focused on production and DigiFoto Maker order channels

About 9.9 million euros of the above mentioned 27.4 million euros were invested in technical plant and machinery, and around 8.6 million euros in other property, plant and equipment. The first item included production facilities and the respective IT equipment. The investment of both items is targeted at the DigiFoto Makers with on-site printers as well as the accompanying shop parts. About 4 million euros were expensed for industrial property and similar rights. This includes both self-generated and acquired software, as well as customer data and trademarks. Approx. another 4 million euros of the cash flow were incurred by the expansion of the location in Munich.

Of the 27.4 million euros invested in 2009, 4.4 million euros were incurred in the fourth quarter.

CORPORATE FUNCTIONS

Marketing and Sales

CEWE PHOTOBOOK as a branded article

To distinguish from the anonymous offer on the Internet, CEWE COLOR offers the CEWE PHOTOBOOK as a branded product to the trade and to consumers. The brand signals a certain level of quality to the customer, hence allowing for a price differentiation. In addition, a strong brand creates demand with the retail trade. We actively support the sale by targeted PR, advertising and sponsoring activities: the level of awareness of the product CEWE PHOTOBOOK and the advertising recall is steadily increasing. In the year 2009 sales were successfully supported at the seasonal peaks by widely spread summer and Christmas campaigns with print and TV advertising, and customers won for the CEWE PHOTOBOOK.

Online marketing clearly expanded

Since the share of the Internet as sales channel is persistently growing via the websites of the CEWE COLOR trading partners (2009: 59.8%; 2008: 48.5%), Internet marketing is enjoying an ever increasing importance. CEWE COLOR does not only take over the design of the photographic areas on the trading partners' websites, but also actively coordinates the online and newsletter marketing as well as the banner advertising. At Christmas time alone a total of 280 million contacts were generated via banner campaigns during a period of six weeks; this is directly reflected in brand awareness. Closely associated are search engine marketing and the continuous search engine optimisation. During the past year CEWE COLOR has noticeably extended the search machine optimisation; as a consequence its website is now among the first hits when consumers search the topic of photos. Additionally, cross-/upselling measures intensify the marketing activities.

As information platform for the entire product line CEWE COLOR provides own websites under www.cewe-fotobuch.de and www.cewe.de, on which the consumers will find a link to our trading partners in addition to product information, a forum Tips & Tricks and examples. In case of any specific questions regarding software or the product line, consumers can fall back on expert phone or e-mail assistance from CEWE COLOR at any time.

Marketing via POS further intensified

Custom-made marketing tools form the basis for the active marketing of high-margin products. Thus CEWE COLOR carried out a POS campaign for the CEWE PHOTOBOOK with the trading partners at the POS during the past years. A sales-oriented presentation makes it easier for the trading partner to achieve turnover and earnings with the CEWE PHOTOBOOK. Consequently, CEWE COLOR provides its partners in the photo trade with an extensive range of shop-fitting elements, sales displays, advertising material and handouts. In addition, the company supplies the partners with sample books in different decors. Photo dealers who present the CEWE PHOTOBOOK generously, e. g. on some metres of shelves, who have sample books in stock, and who sell this product actively, are particularly successful.

CEWE PHOTOBOOK was finalist in brand award 2010 “Best New Brand”

Recently the marketing journal “absatzwirtschaft” and the German Marketing Association (DMV) honoured the CEWE PHOTOBOOK as finalist with the renowned brand award in the category “Best New Brand”. With this prize the prominently staffed jury rewards the brand approach CEWE COLOR consistently pursued with the CEWE PHOTOBOOK over the past years. The jury was particularly impressed how an industrial company succeeded within the scope of an extensive transformation process to take over and expand the market leadership in a new product category.

CEWE COLOR is awarded Germany’s “Best Innovator 2010”

The journal Wirtschaftswoche and the management consultancy A. T. Kearney awarded CEWE COLOR the prize of “Best Innovator”. The prize acknowledges particularly innovative companies with a high growth potential. The successfully mastered technological change from analogue to digital photography during which CEWE COLOR succeeded in establishing new successful products such as the CEWE PHOTOBOOK, among other products, was decisive for winning this award.



Research and Development

Further development of user software to secure the lead in innovation

It is the objective of research and development to allow all customers to order CEWE COLOR products with tools that are as simple and intuitive as possible. Hence, our order software “My CEWE PHOTOWORLD”, the CEWE PHOTOBOOK Pro and also all online order applications were brought on the market in an improved form, following extensive usability and field tests in 2009. The latest version has been in use by test customers since November 2009, and will roll out throughout Europe from March 2010. This will help us maintain our lead in order applications, and even expand it. For this purpose we also intensified the cooperation with external research facilities.

Online ordering becoming increasingly important

The websites generated by CEWE COLOR to sell and order our products in the name of our trading partners were completely revised and optimised with respect to the search machine marketing. We were thus able to guarantee that both the site www.cewe-fotobuch.de and the sites of our trading partners are prominently positioned during the customers’ searches. An additional focus was the support of our colleagues outside Germany, Austria and Switzerland (DACH): meanwhile, the current order applications and online presence have been equipped with the latest technology in all countries.



Optimisation of the production workflow secures competitive advantage

In order to even increase the customer enthusiasm for the new products we have also optimised the interaction between the order applications and the digital workflow in the plants. The new digital workflow guarantees a consistent printing quality for all plants and the capacity reserves for data throughput required for the Christmas season. As a result, we were able to process almost all orders on time and deliver them in high quality. Additional IT machines for optimum bookbinding were integrated into the digital workflow for this purpose.

Two computer centres optimise the security of the online platform

We were also able to optimally process the appreciably high number of incoming orders, particularly in the fourth quarter, owing to a massive extension of our online platform. Since 2009 the computers have been placed in two independent computer centres, thus guaranteeing a maximum security against failure. By the use of new computers the order procedure via the Internet was accelerated for the consumer. At the same time the hardware’s energy consumption was reduced, protecting the environment. In addition, the memory for photos and CEWE PHOTOBOOKS was expanded in the computer centres. CEWE PHOTOBOOKS are stored online without charge for a period of 60 days and are available for an easy repeat order without a renewed upload.

IT

IT systems further optimised

The central IT systems continued to be streamlined in fiscal year 2009. Key point of the central IT is 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 Purchasing/Materials Management as well as Customer Service (CS) to support repairs and maintenance of our DigiFoto Makers.

Photofinishing-related processes are operated by CEWE COLOR's own IT system "ICOS" (Integrated CEWE COLOR Organisation System). "ICOS" particularly concentrates on the areas pricing/preparation of delivery notes, customer servicing and sales support. This system which was primarily designed and realised by in-house designers enables us to fulfil customer requirements very quickly and flexibly, offering CEWE COLOR a genuine competitive advantage. Just as the SAP system "ICOS" is based on an Oracle data base system. During the fiscal year 2009 a modern successor system, based on Java and Oracle, was introduced in all production plants for those parts of "ICOS" used in the laboratories for decentralised pricing and the issuing of delivery notes.

Apart from their subsidiaries the CEWE COLOR retail companies also have web shops at their disposal, in which the consumers can order hardware (cameras, accessories etc.) and photographic works. The mutual platform developed for the web shops in Central Eastern Europe, Scandinavia and Germany in 2008, was operated and further enhanced with great success during the course of the year 2009.

IT security improved

During fiscal 2009 CEWE COLOR further improved the performance and the IT security in the central system. Different systems were virtualised, leading to a noticeable reduction of costs and energy savings. At the location in Oldenburg, a new, high redundancy and more structured network architecture took up operations. As a result, the stability of system integration of operating IT and production IT was further increased.

Production

Focusing on efficient production sites

The total volume of photos (analogue and digital) decreased further in the market in the business year 2009. This downward trend that started in 2005 required further concentration of production on less, but more sophisticatedly equipped efficient locations. In the course of streamlining the laboratory structure, the locations in Paris and Teplice, Czech Republic were shut down. At the same time, the acquisition of the adjacent building at the site in Munich expanded the production capacities, and thus strengthened the position of CEWE COLOR in Southern Germany.

All investments used to generate digital turnover in 2009

On account of the steady increase and use of digital cameras the photo market was again marked by a further shrinking segment for photos from films and a continuous growth for digital photos in 2009. CEWE COLOR recognised the opportunities connected with digitisation at an early stage and is pacesetter for the transformation process of the industry. Since 2002 CEWE COLOR invested over 255 million euros in production sites so far for innovative digital technologies and services, thus guaranteeing a high efficiency in production and an excellent product quality of the new digital products. In 2009 too, another 27.4 million euros were invested in generating new turnover from digital photography. The investments concerned digital printers and the IT area.

CEWE COLOR has a sound knowledge with respect to automation and process management in its industrial production plants. All 13 production sites are completely equipped with a uniform digital production infrastructure, and operate with the same IT infrastructure. This is the basis with which to supply the consumers and the trade on a high, identical level of quality and the shortest lead times possible with digital photographic services. More than 50 high-quality four-colour digital printing machines do not only guarantee that the CEWE PHOTOBOOKS can be produced in the best possible quality and with ever-shorter delivery times. This large number of machines – unique in Europe – provides CEWE COLOR with sufficient capacities to offer digital printing for industrial use as well. Moreover, these capacities secure a high flexibility of production particularly for the Christmas business.

The efforts with further investments in product development, technical capacities and the market presence in 2009 were successful and gained recognition: CEWE COLOR was selected one of the three finalists at the Druck & Medien Awards 2009 (print & media awards) in the category “Digital Printers of the Year” out of 280 competitors.



Personnel

Further concentration of production capacities

On the annual average 2,742 persons, thereof 76 apprentices, were in the employ of the CEWE COLOR Group in 2009 (last year: 2,921). The decline is primarily the result of adjusting capacities to the changed market conditions: the further strong decline in sales in the area of analogue films by 32.6 % (2008: -35.1 %) resulted in respective decreases of quantities and turnover, which made it necessary to shut down the plants in Paris in May 2009 and in Teplice, Czech Republic in March 2009.

Of the total number of staff, 1,489 persons and thus around 54 % (last year: 1,545 or 53 %) worked in the domestic, and 1,253 (last year: 1,376 or 47 %) in the foreign production plants of the Group. Personnel expenses amounted to 104.8 million euros.

Changes pertaining to collective wage policy

The collective wage agreement still valid in fiscal 2009 had a total term of 23 months up to December 31, 2009. The first negotiation round regarding a new agreement took place in November already, the second round followed in January 2010. The next negotiation round is likely to take place in April.

Industrial safety and health protection

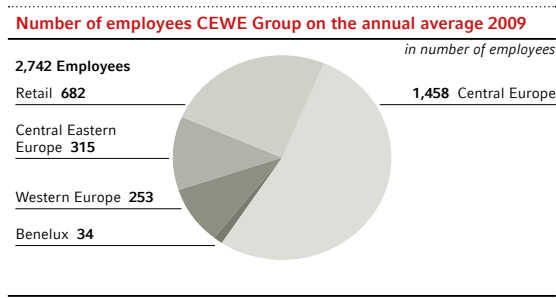
Industrial safety and health protection for the employees are integral parts of the daily work process in the CEWE COLOR Group. As in the previous years CEWE COLOR is characterised by a low sick leave. At the German production sites sick leave was at 3.6 % in 2009 (2008: 2.7 %), the foreign plants reported 2.7 % (2008: 2.2 %). In 2009, 23 accidents requiring reporting had to be recorded, thereof ten accidents that occurred during travel.

Training ratio continues to be high

In the past year CEWE COLOR provided 76 young people (2008: 88) in Germany with an apprenticeship in eight different occupations – male/female commercial clerk, warehouse logistics specialist, photographic media laboratory technician, photo laboratory technician, photographer, industrial engineer, bookbinder and IT specialist. In addition, the dual university programmes Business Administration and IT Specialist were filled. This corresponds to a training ratio of 5 % of all employees in Germany.

Good cooperation

As in the past, the cooperation with the Works Council and the IG BCE trade union also represented in the plants was constructive in fiscal 2009 and based on mutual trust.



Apprentices in Germany (on the annual average) in number of employees	2009	2008
Integrated degree programme Business Administration	2	3
Integrated degree programme IT Specialist	1	4
Industrial sales representative	20	23
Photo laboratory technician	0	3
Photo media laboratory assistant	22	27
Photographer	2	2
Industrial electronics expert	12	10
IT Specialist	12	10
Warehouse logistics specialist	4	5
Bookbinder	1	1
Total apprentices in Germany	76	88

Logistics

In logistics, CEWE COLOR is taking its responsibility towards the environment seriously and making every effort to implement more gentle workflows and a more environment-friendly vehicle fleet. In doing so, the focus was placed on the following key points in 2009:

POS logistics is to reduce the CO₂ emission by 7,200 kg p. a.

A central topic with respect to sustainable savings is the abolishment of the Saturday collection at all customers starting in April 2010. This way one complete day of driving will be cancelled throughout Germany, with a large positive impact on the environment. This concerns exclusive truck transports for CEWE COLOR only. One day of transport means a driving performance of approximately 40,000 kilometres, and thus a saving of 7,200 kg in CO₂ emissions.

GoGreen Climate protection project supported

In the mail order business we took up the project GoGreen with the Deutsche Post AG in 2009, which is to be implemented in 2010. This concerns the dispatch of mail with the Deutsche Post AG without CO₂. Within the scope of the GoGreen initiative the CO₂ emissions generated by the dispatch of our letters and parcels are determined by a certified procedure (ISO 14064). In compliance with the aims and requirements of the Kyoto Protocol these emissions are compensated by the climate protection projects supported by the Deutsche Post AG. CEWE COLOR supports the climate protection because 0.85 euros per 1,000 letters and 0.05 euros per parcel will be for the benefit of climate protection projects within the scope of the GoGreen project.

**Wir versenden
umweltfreundlich mit**



Der CO₂-neutrale Versand
mit der Deutschen Post

Purchasing and Materials Management

Central purchasing secures the expansion of cost leadership

Due to the worldwide financial and economic crisis the risks of possible supplier default rose in 2009 as well. This required a permanent monitoring of the entire supply chain. It was the long-standing constructive and trustful cooperation with our key suppliers which contributed decisively to the fact that no defaults and delivery problems occurred. CEWE COLOR is a reliable partner for its suppliers, not only on account of the increasing quantities purchased. CEWE COLOR was able to better integrate its key suppliers by optimising its operational planning, and to increase the delivery reliability as well. Over the coming years CEWE COLOR will further optimise its supplier portfolio. As in the past, central purchasing at CEWE COLOR does not only stand for a price-conscious procurement aimed at the expansion of price leadership, but also for an integrated quality management.

Declining costs by bundling transports

As early as the beginning of 2009 procurement logistics was optimised by consolidating the transports of important suppliers with a single logistics service provider. By bundling the transports costs were lowered and emissions reduced. As a result of project management and monitoring additional measures for improvement were identified, which will be implemented in 2010. Taking advantage of the good market situation, a sea freight tender was successfully concluded, with the result that the entire logistics chain including transports from Asian suppliers is now steered by CEWE COLOR.

Owing to the central determination of the marketing plan figures, the future demand for the most important production materials could be calculated in such a manner that, despite the noticeably longer lead times of materials from Asia and abroad, the planning accuracy was increased. The resulting continuous planning represents a significant improvement of the cooperation with the CEWE COLOR suppliers to reduce stocks and the resulting costs along the entire value chain.

E-procurement system offers more transparency in relation to expenditures

In order to increase transparency for expenditures and an optimised order and billing procedure, the e-procurement system was further expanded for 18 Internet catalogues. Staff from production and administration may not only order material, but also request services with fixed hourly rates. As a result not only were the processing costs in ordering noticeably reduced, but procurements throughout the entire group were made more cost-effective.

At the end of 2009 CEWE COLOR joined the Compliance-Initiative des Bundesverbandes Materialwirtschaft und Einkauf (BME) (federal association for material management and purchasing). The BME code of conduct comprises the fundamental regulations to combat corruption, illegal antitrust agreements, child labour and forced labour as well as the compliance with ethical principles vis-à-vis suppliers.

Finances

CEWE COLOR secures long-term financial facilities

At mid-year 2009 CEWE COLOR came to an agreement with six banks on the rearrangement of a long-term strategic financing concept. Thus, the long-term supply of liquidity of the group was ensured, the partial protection against potential interest rate risks, and the securing of attractive conditions as well as the renewed binding of a flexible loan structure as coverage of the seasonal cash flow fluctuations during the year were achieved. According to the new agreements, the credit margin will be increased by 27 % to 93.1 million euros. The long-standing contacts and the practised cooperation with the key banks as well as the excellent credit rating of CEWE COLOR facilitated the discussions and the conclusion of the agreements in a still difficult economic setting. The financial structure is characterised by a final-maturity core funding available for a period of five years, project financing with a repayment schedule running for about four to five years, long-term credit lines over five years for revolving loans, as well as short-term credit lines as a supplement. Apart from that, we would like to refer to the notes to the consolidated financial statements.

DPR routine check of accounting without error detection

The consolidated financial statements 2007 of CEWE COLOR were subject to a routine random inspection by the Deutsche Prüfstelle für Rechnungslegung in Berlin (DPR) (financial reporting enforcement panel), completed in January 2009 without detecting errors. Thus, CEWE COLOR with a medium-sized economic structure also fulfilled the high reporting requirements with respect to the accounting standards according to IFRS. The complexity and the pressure from the current, undiminished numerous changes of the international accounting standards, are highly demanding especially for small and medium-sized enterprises.

Improvements of data quality and efficiency in accounts receivable management and accounting

Our efforts to improve the quality of information and the efficiency of preparation do not stop in our production, but also apply to the reporting procedures, accounting, management reporting and the consolidation. This is particularly important where operations require such improvements. We have, therefore, extended the service quality in the end consumer-accounts receivable management area throughout Europe. We are not only able to provide our trading partners with collection services for their Internet business with the end consumer to the extent that we supply the respective statement of accounts and vouchers, but also to support all common payment methods in the Internet. Moreover, we make every effort to supply our shareholders with information by further improving the accounting and consolidation procedure.

Controlling

Controlling also made a valuable contribution to the good corporate result in 2009. Continuous improvements in the success-relevant reporting ensured that the Management was at all times provided with prompt and comprehensive information on which to base its decision-making, for example product and customer break-even analyses and specific value driver analyses.

SUSTAINABILITY

CEWE COLOR takes responsibility

The CEWE COLOR Group declares itself to be a supporter of social responsibility and is convinced that the observation of social standards, social commitment and responsible economic and ecologic actions are important factors for the long-term economic success and the acceptance of the company.

As an internationally operating photo service company the CEWE COLOR Group has always managed its business in accordance with national and international laws and generally accepted ethical principles. Responsible actions and social commitment are a tradition at CEWE COLOR and are an integral part of the corporate culture.

In this connection the CEWE COLOR Group has developed a model which represents the corporate culture and values to explain and communicate them internally and externally. These are characterised by integrity, reliability and responsibility.

It is the guiding principle of our entrepreneurial activities to be economically successful in the long term in the interest of our customers, suppliers, partners and shareholders. At the same time CEWE COLOR is seeking to consider the needs of all employees, and to do justice to the interests of the company.

We have proven by a host of measures in the past and also during the past fiscal year 2009 that we were able to keep our group successfully on a sustainable value-oriented track by developing new products, innovative procedures and customer-oriented services. Sustainability: in the corporate mission of the CEWE COLOR Group this means profitable growth and environmental protection including social responsibility.

Our contribution to the future

We take our responsibility for an economic, socially responsible and ecologic development seriously and continue to work at making our procedures and the production processes still more efficient and more environment-friendly. Our measures are presently focusing on areas which directly affect our business model and the interests of our shareholders. This takes place, among other things, by an active resource management. We are going easy on resources while optimising efficiency at the same time. And we waive the use of critical substances or materials to the extent this can be guaranteed across the entire value-added chain. The same applies to waste avoidance by using more effective processes. Responsible action also takes effect in our employment relations, for example, by promoting the commitment of our employees, making the best use of their knowledge and skills. All of these measures have a lasting impact they contribute to improving structures and processes and generate savings in the future.

However, we will not be content with what we have achieved. For the CEWE COLOR Group to achieve its targets the challenges of an insecure worldwide economic trend or the demographic changes of society must be taken into consideration. This is why CEWE COLOR intends to integrate the sustainable development of the company even stronger, more systematically and more transparently than before into its plans and activities. Just as CEWE COLOR recognised much earlier than the competition that a fundamental change from analogue to digital photography was taking place and adjusted to this in time, CEWE COLOR is relying on the integrity of sustainable factors – for a responsible and economic use of resources, and to achieve competitive advantages by further improving our structures and processes.

Long-term oriented and economic activity is a legitimate interest of the employees, customers, suppliers and partners, and is also expected of us by the shareholders of CEWE COLOR and the remaining lobbying groups. The company will take due account of this expectation.

Environment

CEWE COLOR has always practiced active environmental protection

For CEWE COLOR environmental protection is more than the prevention of waste that pollutes the ground, water and air, or the reduction of wastewater. Instead CEWE COLOR understands environmental protection as a continuous process which integrates environment-friendly and health-protecting production channels from the concept to the implementation in all procedures.

Safety at work and environmental protection represent significant core competencies for CEWE COLOR, and we are expanding them to the best of our knowledge also beyond the legal requirements. In dealing with chemicals as used in digital printing, book binding and photographic processing, safety at work and environmental protection are directly linked with one another. Safety at work is guaranteed when using chemicals like toners, inks, solvents, glues, photo chemicals in the production process, in order to protect the workers. At the same time environmental hazards are being avoided.

Responsible handling of resources – waiver of critical substances and materials

In printing the CEWE PHOTOBOOK mainly liquid toners are applied, thus the development of fine dust is excluded. When using ink-jet printing to produce selected digitally printed products such as pictures on canvass and photo gifts, water-based inks are applied. This procedure prevents the emission of volatile hydrocarbons.

In the area of photographic processing CEWE COLOR completely waives final baths containing formalin. In the CN film processing only biodegradable bleaching baths are employed.

Recycling – effective processes guarantee optimum use of resources

Here are some examples which illustrate the successes of production-integrated environmental protection:

CEWE COLOR recycles to 90 % the photo chemicals that are used for the development of photographic paper and (much less so) for black-and-white and coloured film. The physical limits of the recycling process depend on the developing bath.

Silver is a very welcomed by-product at CEWE COLOR; silver is won electrolytically during the development of film and photographic paper. According to REACH, the most recent legislation on chemicals, CEWE COLOR has pre-registered as producer of the product silver. The regaining of silver is very effective and amounted to 12.87 tons in the past business year.

The waste water quantity per square metre of developed photographic paper was reduced by more than 50 % during the past eight years. This process which saves natural resources enables CEWE COLOR the consistent use of low-friction machine technology, the maximising of counter-current cascade effect, the concentration of processes on less locations, and the discontinuation of the final rinse in favour of the stabilising bath and its disposal in almost all film processing facilities.

All relevant waste water values are constantly monitored by CEWE COLOR's own central laboratory for analysis in the Oldenburg plant. In addition, all samples from the developing baths taken from all European CEWE plants are analysed in this laboratory. Apart from the matching of this analytic process control to the sensitometric process control, recipes for all recycling processes are calculated.

Consequent recycling reduces the volume of waste. Particularly in the area of waste management channels for the utilisation of refuse are selected. The largest volume of waste stems from the printing area and consists of high-quality paper. By strict separation from the cardboard cartons it can be very well recycled and sold. The overflows of the developing baths are recycled as nitrogen reducing agent in the cement industry. However, also the photographic paper residue as well as further high-caloric waste fractions are employed in the cement industry as substitute fuel.

For many years now CEWE COLOR has been recycling the bodies of the so-called single use cameras, and thus generates additional income.

Social Responsibility

Responsibility with commitment

The assumption of social responsibility by the CEWE COLOR Group as a significant feature of the corporate culture enjoys a long tradition. As the leading photo services company CEWE COLOR is in direct contact with the end user through its products. The economic success depends on their acceptance and the confidence in the CEWE COLOR product quality. With its activities the company contributes to the development of the common good. CEWE COLOR's commitment is demonstrated by numerous projects which the company has been promoting and supporting for many years in social and cultural areas, as well as in sports on a local, regional and international level. The company helps by financial support and donations in kind. In doing so, CEWE COLOR particularly focuses on the promotion of science and education. Emphasis is placed on the social commitment. This also serves the sustainable branding.

Science and education

For many years now CEWE COLOR has been supporting the University of Applied Sciences for Media and Design in Cologne, thus contributing by knowledge transfer in the area of industrial photofinishing and digital printing for personalised photo products as well as donations in kind in the form of teaching aids. Furthermore, CEWE COLOR awards one Master and three Bachelor scholarships each semester.

Apart from this, the company supports the University of Oldenburg and the University of Applied Sciences Oldenburg/East Frisia/Wilhelmshaven by promoting doctorates, master study courses and research projects.

CEWE COLOR has been organising the corporate strategic planning simulation "Management Information Game" (MIG) for pupils of the Liebfrauensschule Oldenburg for twelve years now. The game is to help them make the complex factors of influence of entrepreneurial activities today come alive.

Within the scope of its commitment CEWE COLOR as sponsor for "Oldenburg – City of Sciences 2009" supported the Kinder-Uni (children's university) and the longest experimental mile, among other projects. Furthermore, the company carried out a series of lectures on different scientific and company-related topics at the site in Oldenburg, followed by a tour of the plant, for more than 3,000 visitors.

Culture, society and politics

Cultural promotion by CEWE COLOR also enjoys a long tradition. By supporting different establishments such as state theatres or museums as well as clubs and associations, we contribute to the cultural life at the site in Oldenburg.

By way of tradition CEWE COLOR maintains an active dialogue with representatives from politics, industry and all socially relevant interest groups. Moreover, CEWE COLOR is an active member in DIN and ISO committees, and is represented in the Board of Management of associations such as the association of industrial photography, the federal association of industrial photofinishing laboratories – BGL, the German society for photography – DGPh, the German association for photography – DVF. CEWE COLOR understands this commitment as part of its entrepreneurial responsibility.

For many years CEWE COLOR has been actively supporting social facilities such as the Kinderhospiz Löwenherz für krebskranke Kinder (children's hospice for children suffering from cancer) in Syke and the Deutsche Gesellschaft zur Rettung Schiffbrüchiger (German society for the rescue of castaways) – (DGzRS) with financial donations and donations in kind. In the area of social sponsoring CEWE COLOR focuses on the promotion of young photographers by financial donations and donations in kind. Support is also provided for the individual commitment of employees in the social sector. Further promotional measures concern a multitude of projects that are closely connected to photography.

Sports

In the area of sports promotion CEWE COLOR is involved as well with a focus on long-term support of the football clubs VfB Oldenburg and VfL Oldenburg. In professional sports CEWE COLOR supports the handball ladies of the VfL Oldenburg as well as the EWE Baskets.

Neumüller CEWE COLOR Stiftung

One of the tasks of the Neumüller CEWE COLOR Stiftung is the promotion of young engineers and scientists in photography, among other projects. According to the statutes the non-profit purpose can be fulfilled as follows:

- Contribution to the Photo + Medienforum Kiel
For many years CEWE COLOR has been granting awards with the Heinz Neumüller Prize to the best graduates of the year in the professions of photographer, photo media laboratory technician, and photo retailer. The school also receives a financial donation.
- Scholarships for particularly qualified students at the University of Applied Sciences Cologne, faculty photography, or at comparable institutes
- Promotion and financial aid of theses that particularly serve the further development of technical and scientific photography
- Awarding of the Heinz Neumüller Prize for the best theses or the best graduate of the year at the above mentioned institutes

Quality Management

Quality right from the beginning

The quality of all products is of high priority at CEWE COLOR. At CEWE COLOR quality management in the area of photo production on site begins with the receipt of the order. Following quality optimisation, the digital image data are sent to the print computer. In this way the company already optimises the overall quality prior to printing the photo. The photographic paper and chemicals, but also the printing paper and the dyestuffs used by CEWE COLOR are constantly improved in close cooperation with the suppliers.

Industrial processing and high-quality demands ideally complement each other at CEWE COLOR. By investing in high-performance, high-quality machines it is possible to ideally process a large number of photos and CEWE PHOTO-BOOKS. Every step of the procedure then justifies a closed control circuit, which minimises errors while, at the same time, optimising operational steps. Such a machine park is serviced, operated by well-trained and highly motivated employees, and taken great care of.

Continuous quality control throughout the entire production process

At CEWE COLOR quality management begins with the selection of the procedures and the materials used. All materials used are examined on a regular basis and the control circuit and exchange between quality control of the supplier and CEWE COLOR intensified. The company has been familiar with the procedures of photographic processing for almost 50 years now. There are not many producers in the area of electrophotographic digital printing worldwide who live up to the quality demands of CEWE COLOR regarding high-quality photo printing. As far as ink-jet printing is concerned, we are relying on twelve-colour systems with pigment-based inks that guarantee a maximum colour space and highest stability. This is included in the controls within the scope of CEWE COLOR's continuous optimisation process as well.

Special significance is attached to the processing of digital data. The digital workflow is self-programmed and is subject to continuous processes of improvement. Likewise, the company employs the best possible software for image enhancement, which has been tested internally, whose parameters CEWE COLOR adjusts itself, and which is subject to a permanent review.

The company has installed procedural controls for the colouring processes – one of CEWE COLOR's core competencies – which serve to ensure a uniform quality of colours. Most of these controls were developed in-house, the process limits are defined by professional standards.

The quality process ends with the final inspection. Here, too, the target is a continuous improvement of product quality. This attitude is also reflected in how complaints are handled, and in the attempt to use suggestions to improve product quality.

Employees

Apart from the qualification and performance of the employees, the economic success of the CEWE COLOR Group is also decisively dependent on the motivation and commitment of everyone involved. In order for these significant key factors to fully take effect, CEWE COLOR offers a wide range of development potentials for its employees and shoulders responsibility. This responsibility begins with the training period and extends over the entire career with further training and staff development programmes. In the daily work process CEWE COLOR also ensures a high degree of job security and promotes health protection.

The employees of CEWE COLOR

In the year 2009 the share of female employees in Germany came up to around 53 % (last year: 51 %), the average age of the employees was 40.3 years (2008: 43.3). The low rate of fluctuation – only 11 % in 2009 – reflects the high employee satisfaction (last year: 12 %). Every fifth employee has been working at CEWE COLOR for more than 20 years, the average period of employment was eleven years in 2009 (last year: 13 years).

Training ratio continues to be high

Both the Board of Management and the entire executive level of the CEWE COLOR Group take particular pride in enabling young people a start into professional life full of prospects by a qualified vocational training. CEWE COLOR has been educating beyond its own requirements for many years, in order to facilitate the start into professional life for as many young women and men as possible, and to equip them for their future profession with a sound vocational education. Despite the economic crisis CEWE COLOR ranked among the largest employers and trainers in the photographic industry in the past year as well. In the year under review the number of apprentices in Germany with 76 training places in eight different professions even rose in comparison to the preceding year (88). This corresponds to a training ratio of 5 % of all employees in Germany.

The range of occupations requiring training is large – starting from various commercial professions such as male/female industrial clerk to warehouse logistics specialist, photographic media laboratory technician, photo laboratory technician or photographer, as well as industrial engineer, bookbinder and IT specialist up to the dual university programmes Business Administration and IT Specialist. The apprentices have particularly good chances of being hired by the company after having completed their training in technical occupations such as IT specialist and bookbinder.

The examination results of the apprentices reflect the good quality of vocational training at CEWE COLOR. Year after year the IHK (Chamber of Industry and Commerce) honours the CEWE apprentices for their excellent performances. As a new project CEWE COLOR provides its apprentices with the regional daily Oldenburger Tageszeitung NWZ in order to improve their general knowledge. A supplementary online quiz carried out by the NWZ tests the contents of the material read.

In addition, CEWE COLOR offers numerous trainees – including trainees from other European countries – the opportunity to become acquainted with the company and the different occupational tasks, in order to make the right choice for their own profession.

Targeted selection of employees

In the selection of executives CEWE COLOR attaches particular value to leadership skills and team spirit. “Performance-based leadership skills in efficient structures” is one of the cornerstones of corporate strategy. The company stands for performance, change and innovation at all levels. According to this strategy CEWE COLOR is concentrating on the following main elements within the scope of human resources management:

- Group-wide identification of talents and promotion and development of leadership skills in our company,
- Accompanying advice in the implementation of the process-oriented and organisational change generated by the reorganisation of the markets,
- Permanent qualification and further development of all employees. The employees will be trained according to the existing demands of the respective areas.

The main elements lie in conveying of competencies in the areas of digital processing of image data, marketing as well as IT and printing.

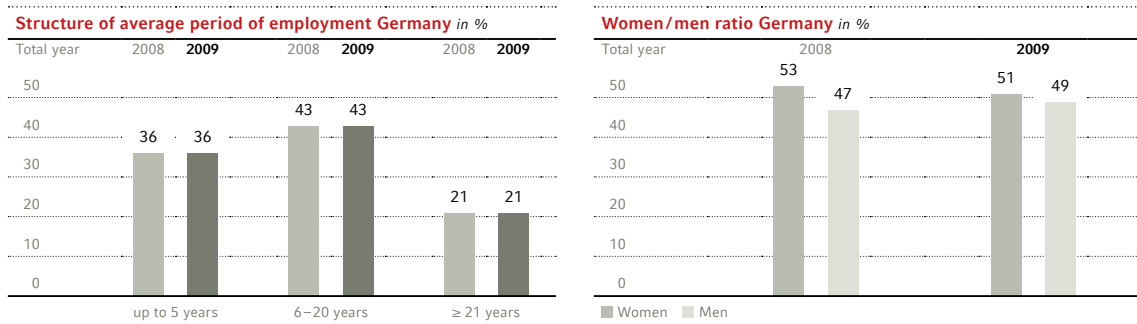
Continuous further education

Within the scope of the continuous qualification programme CEWE COLOR offers its employees and executives numerous in-house and external education and training options.

In the starting phase of their activities, newly hired executives are given the opportunity to familiarise themselves intensively with both the corporate structures and the range of products, and to become acquainted with the production process. This will be rounded off by an event headed by the Board of Management, during which the corporate strategy is explained to the executives, the participants introduce themselves and present their current tasks.

Apart from the required ongoing further-training seminars, management seminars are conducted. Individual coaching is also a part of human resources development. Within the scope of the project CEWE Wissen (CEWE know-how) CEWE COLOR i. a. offers in-house and external language and EDP courses free of charge for all employees.

Cost-efficient and sustainable development of employees and processes is achieved by regular in-house and external reviews in all segments, mainly carried out by own staff, and knowledge is transferred within the group.



Close cooperation with the universities and universities of applied sciences in the proximity to the respective production sites, particularly in the north-west, ensures a high level of the different disciplines such as, for example, IT or marketing. In Oldenburg CEWE COLOR cooperates with the university in the newly established course of study for innovation management.

Diversity and equal opportunity

No discrimination of any kind, positive or negative, is practiced at CEWE COLOR. This concerns both gender and other possible factors of discrimination such as colour of skin, nationality, age or religion. The company guarantees equal opportunities for all.

Health management and industrial safety

Safety and health are of high priority Regular inspections of the workplaces secure a high standard at the workplaces.

Industrial safety plays a central role particularly in production and is secured by regular medical care. As in the previous years, CEWE COLOR carried out risk analyses, rescue trainings and flu immunisations.

The group is distinguished by a persistently low sick leave of 3.6 %.

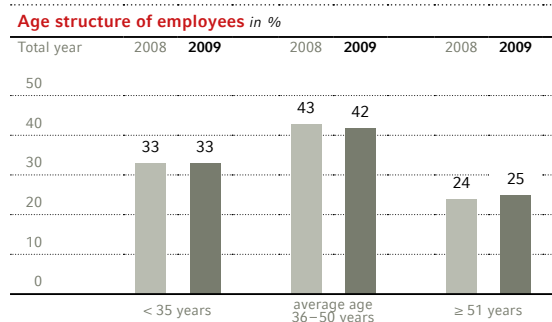
CEWE COLOR supports leisure time sports. A special offer is the cooperation with a regional fitness studio association offering attractive membership rates to CEWE COLOR employees.

Moreover, a CEWE Health Day was held at the largest production site in Oldenburg with sundry offers regarding the topics of health, sports and fitness, in February 2009. The response of the employees was very positive and it is planned to repeat the event in March 2010. A CEWE Health Day with various activities offers many inducements regarding leisure time, sports, nutrition and fitness for the employees.

Fringe benefits and employee profit-sharing scheme

The employees of CEWE have the opportunity of making private provisions for retirement by means of an employee-financed pension plan. The company supports this plan with subsidies as collectively agreed upon.

The employees are able to purchase CEWE shares by means of an annual staff share programme, which is supported by a financial contribution on the part of the company; this contribution is exempt from taxes and social security contributions. The staff share programme which was started in 2005 was continued in 2009 as well. The preferential price amounted to 6.66 euros; 411 employees took advantage of this opportunity.



Structure of employees in years	2009	2008
Average age	40,3	43,3
Average period of employment	11	13

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 Code:

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, 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 at the beginning of 2009 who directly reports to the Board of Management and the Supervisory Board.

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 Code 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 2010 of the Board of Management and the Supervisory Board according to Section 161 AktG on the German Corporate Governance Code (latest version: February 4, 2010):

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” (Government Commission on the German Corporate Governance Code) in the version of June 18, 2009 announced by the German Federal Ministry of Justice in the official part of the electronic Federal Gazette are and have been adhered to with the following exceptions:

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

Item 3.8 of the German Corporate Governance Code recommends to agree on a respective retention when taking out a liability insurance for members of the Board of Management and the Supervisory Board (D & O insurance). Our existing D & O insurance policies do not include any retention. Adjustments for the members of the Board of Management are carried out within the scope of the transitional period allowed by legislation.

With respect to the members of the Supervisory Board of CEWE COLOR Holding AG the existing D & O insurance will remain, without providing for a retention. The Board of Management and the Supervisory Board of the company are of the opinion that the acting corporate body fully fulfils its duties in a responsible and motivated manner, even without a retention.

Creation of specialised commissions (deviation from item 5.3.1)

The present practice consisting in the fact that the entire 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, lawyer and in case of his absence Dr. Joh. Christian Jacobs, lawyer 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 exclusively of representatives of the shareholders.

Supervisory Board members with more than three Supervisory Board mandates in group-external companies (deviation from item 5.4.5)

Each member of the Supervisory Board ensures that he has sufficient amount of time for the fulfilment of his duties. We therefore do not consider a restriction to three mandates to be reasonable. CEWE COLOR will conform to the legal rules which provide for a maximum of ten mandates.

Consolidated 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, or respectively the rules of the Frankfurt Stock Exchange according to which the consolidated financial statements have to be available to the public within four months following the expiration of the business year, or respectively the interim reports within two months following the end of the period under review.

Board of Management and Supervisory Board

The Board of Management manages the company on its own responsibility. In the course of this responsibility, the Board is solely committed to the interests of the company, and is geared to sustainably increasing the value of the company. 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 company management. According to the articles of association, the Supervisory Board consists of six members. The Supervisory Board discusses the quarterly reports and examines and approves the 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 regulate 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 trustfully and closely for the benefit of the company. All essential business transactions are approached together. 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 organised in addition to the annual analysts' conference at the occasion of the publication of the quarterly figures for analysts.

For several years now, the annual general meeting has been organised and realised with the intent of informing all shareholders before and during the meeting quickly, comprehensively and in an effective manner, and to facilitate the assertion of their rights. This also includes that we offer our shareholders the usual service for authorisation 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, 2009.

Details on stock option plans

In accordance with the decision of the general meeting of June 30, 2005, CEWE COLOR Holding AG established a stock option plan for its top executives in Germany and abroad. In September 2005, more than 80 executives purchased a total of 199,500 stock options. The CEWE COLOR Holding AG offered its executives a stock option at a purchase price of 0.50 euros. The stock option plan has a term of five years, starting October 1, 2005 until September 30, 2010.

The option right can be exercised for the first time following the expiration of a waiting period of two years, on September 30, 2007. 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. The basic price per share was fixed at 48.00 euros. The performance target 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 performance target of 57.50 euros.

Since the performance target has not been reached until today, no report has to be made on the exercise of option rights. In the event of exercised share options, CEWE COLOR will transfer shares from its own share portfolio (redemption programme).

Compliance Officer

The Board of Management appointed 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, Compliance Officer with effect of January 1, 2009. The Compliance Officer ensures that the in-house guidelines are complied with and observed within the group. He receives complaints and suggestions and directly reports to the Board of Management and the Supervisory Board.

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 press and ad-hoc releases as well as the company's articles of association are published on our website under www.cewecolor.de. All interested parties have the possibility of subscribing a newsletter which informs about the group's innovations.

Shares held by the Board of Management and the Supervisory Board

As at December 31, 2009, the shares in CEWE COLOR Holding AG held by all members of the Board of Management and the Supervisory Board amounted to 104,175 of the shares issued by the company. The members of the Board of Management hold 0.68 % and the members of the Supervisory Board hold 0.73 %.

Details on directors' dealings

According to Section 15a 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 to-date in the year under review 2009 that have to be disclosed can be viewed on our website at www.cewecolor.de under Investor Relations/Corporate Governance/Directors' Dealings.

Accounting and statutory audit

The auditing company, Commercial Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Oldenburg, was appointed auditor of CEWE COLOR Holding AG for the fiscal year 2009. 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 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, it detects 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.

Compliance

The company attaches great significance to the compliance in the sense of measures for the adherence to law, regulations and in-house guidelines as well as their compliance by the group companies. Within the scope of its respective responsibilities, the Board of Management has implemented various mechanisms which are to secure compliance as best as possible.

In the process of this a Compliance Officer was appointed for this area. He permanently deals with the required and company-relevant upkeep and further development of the compliance organisation of the company, or respectively the group, particularly focusing on the legal risk management, and reports to the Board of Management. As for the rest, the Compliance Officer resorts to the respective department managers and, if required, to legal counsel.

In this overall context the company maintains an insider register, for example. This register includes all persons who work for the company and who have access to insider information as intended by their respective tasks, after having been instructed regarding the obligations inherent to the insider law.

In addition, an external lawyer was commissioned as ombudsman who can be contacted by every employee as well as by third parties, to indicate potential infringements of law or guidelines in the group companies. During the year under review no infringements of law or guidelines were notified or became known.

Risk Management

As an internationally operating group of companies, CEWE COLOR HOLDING AG and its subsidiaries are subject to different risks that could negatively influence the operations, the assets, financial and earnings position of the group. For this reason, CEWE COLOR HOLDING AG has established, in accordance with the professional standards of the industry, an internal control and risk management, to detect and evaluate potential risks as early as possible, and to initiate appropriate counter measures, if required. The control and risk management is an integral part of the operation, planning, accounting and control procedures into the information and communication system of the CEWE COLOR Group, and is an essential part of the management system of the CEWE COLOR Group. The control and risk management is based on a systematic process of risk detection, evaluation and monitoring comprising the entire group.

Thus the control and risk management is 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 primary responsibility for implementation of the control and risk management lies in the hands of the Board of Management.

The risk management system collects the risks of the individual risk areas in an annual group-wide risk inventory. Based on this list the annual risk report is prepared. During the course of the year, at least one review of the risk evaluations takes place per quarter. These reviews are then reported to the Supervisory Board on a quarterly basis. Newly revealed risks are entered in the risk management system following the report of the risk manager, and allocated to a risk officer. To the extent required, the assessments of individual risks lead to respective provisions.

The internal control system is an integral part of the business procedures of CEWE COLOR Group, it comprises a number of supervision and steering mechanisms, and is essentially based on four principles which are explained in detail below:

- Principle of dual control
- Integrated reporting system
- Separation of functions
- External/internal audit

The “Principle of dual control” is guaranteed by regulations such as articles of association, guidelines, rules of procedure, instructions as well as right of representation and authority to sign. Another steering and monitoring mechanism is represented by the IT authorisation concept of the CEWE COLOR Group, which specifically governs the access and activities of individual persons and groups of persons to the predominantly SAP-based applications and their functional areas.

The “Integrated reporting system” comprises a detailed planning, steering and reporting concept on the state and the prospects of the group. The retrograde form of planning is targeted towards monthly plan figures. The existing group information system is guaranteed both at the level of the individual profit centres and at board level by monthly target-performance year-to-year comparisons, and additionally by cross-location business reviews. Here, developments, opportunities, risks as well as measures are discussed and documented accordingly.

In order to secure the safety of operations and at the same time the quality of the individual processes, a “Strict separation of functions” of critical business processes is implemented at the CEWE COLOR Group. Central tasks are, moreover, allocated to certain functional areas, thus implementing a mutual responsibility of control.

Furthermore, all group companies are subjected to an “External audit” in finance and accounting as well as an “Internal audit” in the remaining functional areas at regular intervals.

Within the scope of the control and risk management system the CEWE COLOR Group monitors the intrinsic value of its shareholdings in subsidiaries. The book values of the investments are subject to regular corresponding “Impairment tests”.

In the following, the individual fields of risks are divided into five areas:

- Operating risks
- Financial risks
- Strategic risks
- Business and logistics risks as well as
- Legal risks

Operating risks

- The market for films and analogue pictures is currently decreasing by approximately 35 % to 40 % per year. The increasing quantity of digital cameras, however, does not necessarily lead to an increase of the printing volume for digital photos, since many digital photos remain on the hard discs and are not printed on photographic paper. The CEWE COLOR Group sees an opportunity of increasing the print volume for digital photos in the product CEWE COLOR PHOTOBOOK. In the Internet the volume of calendars with digital photos was again markedly increased at the end of the year.
- Moreover, the buying behaviour of photo products as vacation and leisure time products is being influenced by the economic development in Europe. The economic forecasts on hand (here based on Eurostat) expect a definitely positive economic development in all groups of countries for the year 2010. Whereas a rise of the gross domestic product (GDP) of 1.0 %, or respectively 0.5 % is expected for Central and Western Europe, a slight decline of the GDP of –0.1 % is expected in the Benelux countries. Central Eastern Europe expects a rise of 1.2 %.

Economic development

- Apart from the **development of quantities** the **price** is decisive for the success of the company. Here, the branded product CEWE PHOTOBOOK with its outstanding qualities, the leading software with the order wizard as well as the consistently expanded product range is the key to success. In the analogue sector the prices will again be adjusted to the increased production costs owing to the declining quantities.
- With respect to the photo paper suppliers, we are currently focussing on the suppliers DNP, Kodak and Fuji. However, further suppliers are on the market. There are further interesting suppliers for paper for digital printing. The **procurement risk** for investment goods and photo pouches was reduced thanks to new suppliers, or respectively a risk-oriented selection of suppliers. In general, we have developed alternative suppliers for strategic articles by risk-oriented points of view.
- The rising concentration in the retail business leads to a slight increase in **dependency on major customers**. In comparison to other companies, it can be rated as a positive aspect that the five largest customers with their individual distribution channels account for more than 40 % of the CEWE COLOR sales.
- In the area of **environmental risk**, which is monitored by regular internal controls at all production sites, no violations against environmental provisions were registered in 2009 either.
- In the past business year, the commercial and technical IT was again examined by an external auditing company to further improve **IT security** and to raise efficiency.

Financial risks

- Owing to the increasing turnover in the retail business in Central Eastern Europe and Norway, or respectively Sweden, the portion of the turnover generated outside the euro zone increased by 37.4 %. 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**. Owing to losses from exchange rates of 17.7 million euros, the turnover in euros was reported lower than the corresponding growth in local currencies. No forward currency deals were concluded to hedge exchange rates.

- In the production process silver is gained and harvested. The risk in the marketing of silver is the achievable silver price. Due to the low silver harvest, however, the risk of marketing silver tends to decline.

- The **interest rate risk** is limited by the solid equity rate of 41.6 % and by further medium-term fundings, in part even at fixed interest rates, or terms respectively. Our funding 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 general conditions (covenant) of our loan agreements.

Change in GDP year-on-year in %	2006	2007	2008	2009	e2010
Germany	3.0	2.6	1.3	-4.7	1.3
Switzerland	1.9	2.4	1.8	-2.2	-0.8
Austria	2.9	2.6	1.9	-3.9	0.8
Denmark	2.9	1.4	0.7	-5.1	1.3
Sweden	3.6	2.0	1.0	-5.7	1.2
Norway	2.1	2.7	1.9	-2.8	-0.3
Central Europe	2.9	2.4	1.4	-4.4	1.0
The Netherlands	2.8	3.3	2.3	-4.5	-0.1
Belgium	2.4	2.0	1.4	-3.8	-0.1
Benelux	2.6	2.8	2.0	-4.2	-0.1
United Kingdom	2.1	2.7	0.7	-5.6	0.2
France	1.3	1.6	0.9	-2.6	0.7
Western Europe	1.7	2.1	0.8	-4.1	0.5
Poland	7.1	6.6	5.4	1.7	1.8
Hungary	3.9	1.5	1.7	-6.2	-0.4
Czech Republic	5.7	5.9	4.4	-5.5	0.5
Slovakia	9.8	10.3	7.0	-4.9	1.8
Central Eastern Europe	6.5	5.9	4.7	-1.4	1.2

Source: Eurostat – Growth rate of the real GDP per capita (data as of March 16, 2010)

- 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. Credit risks going beyond this were sufficiently accounted for by specific allowances amounting to 1,134 thousand euros (last year: 1,003 thousand euros). In view of the financial market crisis, the accounts receivable department has followed an even more restrictive course in managing accounts receivables.
- In addition to the investments for machines and plants, the item of internally generated software and other intangible assets is gaining importance. The **investment budget** of the past year of originally 27.0 million euros was adhered to, at 27.4 million euros (2008: 33.3 million euros).

Strategic opportunities and risks

- The **transition from analogue to digital business** and the rising significance of the Internet as an order channel led to a further expansion of our programming and development capacities in this area. By focussing the development activities on our own employees, we attempt to further expand our advantage with a view to our competitors.
- Our subsidiary CEWE COLOR Ltd. England, Warwick, taken over in 2005, achieved an almost break-even result. A positive result is aimed at for 2010 through additional volumes generated by new customers.

Costs of operation and logistics

- The restructuring programme of analogue/digital transformation was completed with the shutdown of the production in Paris. 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 of fuel price increases exists.

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.
- The certifying auditor reported directly to the Supervisory Board at the occasion of the meeting of the Audit Committee of the Supervisory Board of April 8, 2010. According to the opinion of the auditor the risk management system fully complies with the requirements of Section 91 (2) AktG.

Business Management Report

The business management report according to Section 289a HGB (Commercial Code) comprises the Declaration of Conformity according to Section 161 AktG, the relevant information on the business management policies, a description of the working procedures of the Board of Management and the Supervisory Board as well as the composition and work of their respective committees. In accordance with item 3.10 of the German Corporate Governance Code the business management report of CEWE COLOR Holding AG also reports on the corporate governance of the company (Corporate Governance report).

Declaration of Conformity according to Section 161 AktG

The full text of the Declaration of Conformity according to Section 161 AktG is contained in the Financial Statements on pages 58–61, and on the Internet at www.cewecolor.de/en/investor-relations.

Relevant information on business management policies

The CEWE COLOR Holding AG is committed to its social responsibility and is convinced that social commitment is an important factor for the sustained success of the company.

The CEWE COLOR Group manages its operations traditionally in accordance with national and international laws as well as generally accepted ethical principles. In this context the CEWE COLOR Group has developed a guiding principle, explaining its corporate culture characterised by integrity, reliability and responsibility. The fundamental values and principles of this “Mission statement” can be examined on the Internet at www.cewecolor.de/en/company/compliance/mission-statement.html.

Furthermore, CEWE COLOR Holding AG has summarised essential guidelines in a code of conduct which is based on ethical values and underlying commercial principles, characterised by integrity and reliability. This code of conduct is applicable for all employees of the group and serves to implement the following behavioural principles:

- Integrity and legitimate behaviour determines our actions.
- Our business relations are professional and free of unfair practices.
- We avoid conflicts of interests between the CEWE COLOR Group and private interests.
- We do not tolerate any abuse of the own position for personal gain, for the interest of third parties or to the disadvantage of the CEWE COLOR Group.

More detailed information on the code of conduct is publicly accessible under the following website: www.cewecolor.de/en/company/compliance/code-of-conduct.html.

CEWE COLOR Holding AG additionally supports the principles of the Compliance-Initiative des Bundesverbands Materialwirtschaft, Einkauf und Logistik e. V. (BME – German association for materials management, purchasing and logistics). More detailed information on these can be found under www.bme.de/Compliance.

Working practice of Board of Management and Supervisory Board as well as the composition and working practice of their respective committees

The Board of Management and the Supervisory Board cooperate closely and trustfully for the benefit of CEWE COLOR Holding AG. The Board of Management manages the company and its operations as required by law, the articles of association, the German Corporate Governance Code and the rules of procedure of the board. The Supervisory Board supervises and advises the Board of Management regularly. The Board of Management reports to the Supervisory Board regularly as well as promptly and comprehensively on all questions of planning, including financial and investment planning, the economic development of the company and of the group, the risk situation, risk management and compliance pertinent to the company, and thus fulfils its reporting requirements in all aspects. In the event the course of business deviates from the original plans and targets, the board will immediately inform the Supervisory Board thereof. This also applies in the occurrence of changes in the strategy and the development of the group. Beyond this, the board reports regularly both orally and in writing comprehensively and promptly on all events that are of essential significance for the company. The Supervisory Board is included in all decisions at an early stage. The Management Board and the Supervisory Board also discuss regularly strategic questions and questions regarding planning as well as the current status of business outside the meetings. Particularly on the back of the financial and economic crisis, the Supervisory Board regularly liaises with the Board of Management, so as to collect information at an early stage about the current business development and the essential transactions, and to initiate the respective measures in time, if so required.

At each of its meetings the Supervisory Board discusses the following scheduled topics:

- Corporate Governance
- Compliance and
- Risk situation of the company.

The Supervisory Board regularly examines the possible existence of any conflicting interests with the members of the Board of Management and the Supervisory Board regarding their activities for CEWE COLOR Holding AG.

At CEWE COLOR Holding AG, the entire Supervisory Board always deals with all topics, with the result that no special committees were established, in particular no Audit Committee or nomination committee. The Supervisory Board regularly undergoes an efficiency audit and incorporates the results in its future work.

More detailed information can be taken from the Report of the Supervisory Board (pages 6–9 of the financial statements and in the Internet under www.cewecolor.de/en/investor-relations/business-reports) as well as the Corporate Governance report (pages 58–79 in the financial statements and in the Internet under www.cewecolor.de/en/investor-relations/corporate-governance).

Corporate Governance report

In the business year 2009 as well, the Board of Management and the Supervisory Board intensively dealt with the subject of corporate governance, in particular with the German Corporate Governance Code, hereinafter referred to as the Code or DCGK. Corporate governance stands for a responsible and sustainable value added-oriented management and control of companies. This is the reason why we not only implement the recommendations of the Code almost completely, but also implement its suggestions. The principles and regulations of the Code also define the corporate guidelines of CEWE COLOR Holding AG.

The full Corporate Governance report is found on pages 58–79 in the financial statements and in the Internet under www.cewecolor.de/en/investor-relations/corporate-governance.

Remuneration Report

Information according to Section 315 (2) no. 4 HGB (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 performances of the entire Board of Management as well as the economic success and the comparable environment of the CEWE COLOR Group constitute the criteria for the calculation of the total remuneration. The Supervisory Board is responsible for the prompt implementation of the legal requirements of the law on the appropriateness of the remuneration of the Board of Management (VorstAG), effective as at August 5, 2009.

In detail the following applies: The non-performance-related fixed earnings will be paid as a constant salary on a monthly basis. Moreover, the members of the board 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 who are all equally entitled to such benefits.

The profit-sharing bonus as a performance-related part of the total remuneration depends on the economic performance of the CEWE COLOR Group and its gross cash flow. The currently ongoing third Stock Option Plan 2005 represents another performance-related component of the remuneration. In this plan, 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 facultative for the board members. The price of each option amounted to 0.50 euros. The fair value per option pursuant to IFRS 2.10 et seq. for the board members was at 15.04 euros at the date of granting. There are no other option plans at present. Neither in the business year 2009 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 Option Plan, reference is made to the explanations concerning equity in the notes to the consolidated financial statements on page 124 et seq.

Total remuneration, non-performance-related and performance-related (profit-sharing bonus) remunerations of the members of the Board of Management of CEWE COLOR Holding AG, Oldenburg, in fiscal 2009, which they received for the execution of their tasks in the parent company and the subsidiaries amounted to 968 thousand euros (last year: 1,160 thousand euros). These are composed as follows:

The variable performance-related earnings of the active board members of CEWE COLOR Holding AG, Oldenburg, amounted to 212 thousand euros and thus are 19.4 % lower than in the preceding year (262 thousand euros). The main reason for this decline is the retirement of Mr. Michael Wefers from the Board of Management of CEWE COLOR Holding AG, Oldenburg, as at December 31, 2008. Adjusted for this effect, the variable earnings of the members of the Board of Management declined by 3.2 % as against the year 2008.

For the business year 2008, the last year of his active period in the company, Mr. Wefers received a bonus payment of 40 thousand euros. As from the current fiscal year 2010, the Board of Management of CEWE COLOR Holding AG, Oldenburg, will expand by one member, Dr. Olaf Holzkämper, Oldenburg.

The variable earnings/bonuses for fiscal year 2009 paid in 2010 totalling 240 thousand euros, will exceed those of the preceding year by 13.5 % (212 thousand euros).

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 75).

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 ninth 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 ninth at most. For Dr. Rolf Hollander and 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 Stiftung, Oldenburg, serve as reference value. For Dr. Reiner Fageth the fixed remuneration for his activity as a board member of CEWE COLOR Holding AG, Oldenburg, is decisive. These commitments do not include survivors' benefits. The service cost for pension benefits in 2009 is shown below taking into account an actuarial interest rate of 5.75 % (last year: 6,0 %) in line with the application of the projected unit credit method according to IAS/IFRS.

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 will receive an old-age pension of an economically equal value from an employer-financed pension fund within the scope of the standard company pension scheme.

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 was taken out in addition. The annual expenditure for this amount to 1 thousand euros for each member of the Board of Management (last 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.

Pensions for the members of the Board of Management <i>Figures in thousand euros</i>	2009			2008		
	Pension entitlements acquired	Pension entitlements Dec. 31, 2009	Provision	Pension entitle- ments acquired	Pension entitlements Dec. 31, 2008	Provision
Dr. Rolf Hollander (<i>Chairman</i>)	0.0	267.0	104.0	0.0	267.0	106.0
Andreas F. L. Heydemann	0.0	23.0	15.0	0.0	23.0	15.0
Dr. Reiner Fageth	0.0	0.0	8.0	0.0	0.0	9.0
Michael Wefers (<i>until December 31, 2008</i>)	0.0	0.0	0.0	0.0	0.0	11.0
Board of Management, total	0.0	290.0	127.0	0.0	290.0	141.0

Standard company pension scheme <i>Figures in thousand euros</i>	2009			2008		
	Pension entitlements acquired	Pension entitlements Dec. 31, 2009	Provision	Pension entitle- ments acquired	Pension entitlements Dec. 31, 2008	Provision
Dr. Rolf Hollander (<i>Chairman</i>)	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
Dr. Reiner Fageth (<i>since January 1, 2007</i>)	0.0	3.0	1.0	0.0	3.0	1.0
Michael Wefers (<i>until December 31, 2008</i>)	0.0	0.0	0.0	0.0	3.0	1.0
Board of Management, total	0.0	9.0	3.0	0.0	12.0	4.0

Remuneration Report for the Supervisory Board

According to the articles of association, the Supervisory Board consists of six members. The remuneration of the members of the Supervisory Board is defined by 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 1.0 thousand euros for each attendance at the meetings of the Supervisory Board (last year: 0.5 thousand euros). None of the members of the Supervisory Board has any option rights.

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

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

No payments were granted for former members of the Supervisory Board. Pension provisions for former members of the Board of Management amounted to 2,540 thousand euros (last year: 2,616 thousand euros) as of the effective date of December 31, 2009. The pensions for the business year 2009 amounted to 299 thousand euros (last year: 289 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. In relation to the pensions paid to former members of the Board of Management, Mr. Michael Wefers, who retired from the Board of CEWE COLOR Holding AG, Oldenburg, as at December 31, 2008, received 103 thousand euros from claims arising from a post-contractual prohibition of competition, as well as an additional 40 thousand euros as bonus for fiscal year 2008, being the last year of his activities in the company. 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.

Board of Management remuneration, shareholdings, options <i>Figures in thousand euros</i>	2009				
	Fixed remuneration	Variable remuneration	Total remuneration	Shareholdings <i>in units</i>	Option rights <i>in units</i>
Dr. Rolf Hollander (<i>Chairman</i>)	415	132	547	46,375	12,000
Andreas F. L. Heydemann	170	40	210	5,000	12,000
Dr. Reiner Fageth	171	40	211	2,800	6,000
Board of Management, total	756	212	968	54,175	30,000

Board of Management remuneration, shareholdings, options <i>Figures in thousand euros</i>	2008				
	Fixed remuneration	Variable remuneration	Total remuneration	Shareholdings <i>in units</i>	Option rights <i>in units</i>
Dr. Rolf Hollander (<i>Vorsitzender</i>)	415	133	548	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 (<i>until December 31, 2008</i>)	158	43	201	2,000	12,000
Board of Management, total	898	262	1,160	56,175	42,000

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 the CEWE COLOR Group in Germany and abroad. This policy is taken out, or renewed respectively, every year. The insurance covers the personal liability risk in the event that a claim for financial loss is made against this group of persons while executing their activities (D & O insurance). 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 offences they committed or are alleged to have committed while performing their duties.

Supervisory Board remuneration, shareholdings, options <i>Figures in thousand euros</i>	2009					
	Fixed remuneration	Meeting fees	Amounts dependent on dividends	Total remuneration	Shareholdings	Option rights
Hubert Rothärmel (<i>Chairman</i>)	12.0	5.0	11.3	28.3	50,000	0
Hartmut Fromm (<i>Deputy Chairman</i>)	9.0	4.0	9.4	22.4	0	0
Prof. Dr. Dr. h. c. Hans-Jürgen Appelrath	6.0	5.0	7.5	18.5	0	0
Otto Korte	6.0	5.0	7.5	18.5	0	0
Prof. Dr. Michael Paetsch	6.0	4.0	7.5	17.5	0	0
Dr. Joh. Christian Jacobs	6.0	4.0	7.5	17.5	0	0
Supervisory Board, total	45.0	27.0	50.7	122.7	50,000	0

Supervisory Board remuneration, shareholdings, options <i>Figures in thousand euros</i>	2008					
	Fixed remuneration	Meeting fees	Amounts dependent on dividends	Total remuneration	Shareholdings	Option rights
Hubert Rothärmel (<i>Chairman</i>)	6.0	3.0	14.3	23.3	50,000	0
Hartmut Fromm (<i>Deputy Chairman</i>)	5.0	3.0	11.9	19.9	0	0
Dr. h. c. Manfred Bodin (<i>until May 28, 2008</i>)	1.7	0.5	9.5	11.7	0	0
Dr. Fritz Kröger (<i>until December 31, 2007</i>)	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
Otto Korte (<i>since February 9, 2007</i>)	4.0	3.0	9.5	16.5	0	0
Prof. Dr. Michael Paetsch (<i>since January 1, 2008</i>)	4.0	3.0	0.0	7.0	0	0
Dr. Joh. Christian Jacobs (<i>since May 28, 2008</i>)	2.3	2.0	0.0	4.3	0	0
Supervisory Board, total	27.0	17.5	64.2	108.7	50,000	0

Statements According to Section 315 (4) HGB

Composition of the subscribed capital, restrictions 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 type 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 %	– 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)
Registered shares	DE 0005403950	Shares without a par value	18	46.80	0.00024 %	– the shares carry full voting and dividend rights to the extent that there are no compulsory regulations in the AktG to the contrary
Registered shares	DE 0005403927	Shares without a par value	2	5.20	0.00003 %	– registered shares with transfer restrictions that can only be transferred with the approval of the Supervisory Board – each share grants the right to appoint a member to the Supervisory Board – the shares carry full voting and dividend rights to the extent that there are no compulsory regulations in the AktG to the contrary
			7,380,020	19,188,052.00	100.0000 %	

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

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

According to the published notifications and the information available to us, the following direct and indirect interest 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)	direct	27.37 %

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 conveys the right to appoint one member of the Supervisory Board. The holder of these shares is the Neumüller CEWE COLOR Stiftung, Oldenburg.

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

To the extent that employees of the 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 articles 5.1 and 5.2 of the articles of association by the Supervisory Board; the same applies to the possible appointment of a chairman or a spokesman of the Board of Management and deputy members of the Board of Management. As for the rest, 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 with the consent of the Supervisory Board, the Board of Management is authorised, until May 27, 2014, to increase the registered share capital of the company by issuing new no-par bearer shares against contributions in cash or in kind once or several times, up to a total of 9,590,000.00 euros. 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 made at the general meetings of June 16, 1992, June 17, 1999 and June 24, 2004. Neumüller CEWE COLOR Stiftung, Oldenburg, has a share option right for this conditional capital to the nominal amount of another 52,000.00 euros only, to the extent 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 merger 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 Stiftung, 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 resolution of the general meeting of May 28, 2009, the company is authorised to purchase up to a total of 10 % of the share capital existing at the time the resolution was made. This authorisation has been granted in order to

- resell the shares 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 a total of 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 or to promise, or respectively 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;
- 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 resolution of the general meeting of May 28, 2008, the Supervisory Board is authorised to offer for sale or to promise, or respectively 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 remuneration. The details of the share-based remuneration for the members of the Board of Management are determined by the Supervisory Board.

Essential agreements subject to the condition of a change in control as a result of a takeover bid (Section 315 (4), no. 8 HGB)

There are no agreements between CEWE COLOR Holding AG, Oldenburg, and third parties which are subject to the condition of a change in control as a result of 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 dependent company report in accordance with Section 312 (1) AktG. There are individual tenancies for real properties 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 tenancies are settled at usual market conditions. As for the rest, we refer to the explanations in the notes on IAS 24 (see page 145).

Organisation

The CEWE COLOR Group is structured as follows:

Organisational structure of CEWE COLOR Group

Shareholders



CEWE COLOR Holding AG

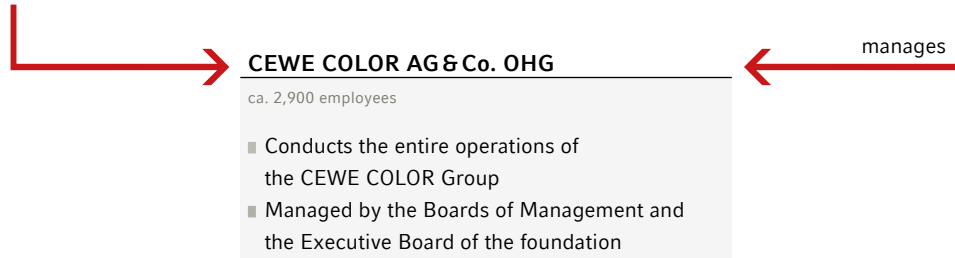
3 Members on the Board or Management, no other employees

- Shareholder of OHG
- Supervisory Board of AG
- Board of Management of AG

Neumüller CEWE COLOR Stiftung

9 Members on the Board or Management/ Executive Board, no other employees

- Managing shareholder of OHG
- Board of Trustees of the foundation
- Board of Management of the foundation/ Executive Board



This corporate structure was chosen to deploy the strengths of the prevailing legal form for the CEWE Group.

Legal structure combines capital market and family

The founder, Senator h. c. Heinz Neumüller wanted to make certain, on the one hand, that his entrepreneurial principles were permanently incorporated in the company, and on the other hand, that the existence of the company was sustainably guaranteed.

This purpose is served by the Neumüller CEWE COLOR Stiftung (foundation) and the large shareholding of the community of heirs of Senator h. c. Heinz Neumüller (largest shareholder with 27.4 %). It guarantees the continued operation of the group in the sense of the legacy of Senator h. c. Neumüller, thus supporting the character of a family business. It stands for a long-term alignment of the corporate policy. For this reason the community of heirs has the function of managing shareholder to the company.

The company founder always required the CEWE COLOR Group to act innovatively and maximise profits. These corporate goals are effectively supported by the capital market. The protection of the shareholders' interests in an attractive investment call for and promote the decisions of the corporate bodies, i. e. the Board of Management and the Supervisory Board. In this process, focus is also placed on the sustained sound and attractive corporate performance, and thus of the investment. The combination of both advantages allows the management of an economically sustained and income-related innovative business, which also does justice to its social role as employer and economic factor.

Management of the CEWE COLOR Group by Board of Management and managing directors

The Board members and the managing directors of Neumüller CEWE COLOR Stiftung are responsible for the overall planning and realisation of the objectives of the CEWE COLOR Group. The members of the Board of Management of CEWE COLOR Holding AG are, at the same time, also board members, or respectively managing directors of Neumüller CEWE COLOR Stiftung. The division of responsibilities is explained in the chapter "Board of Management and Managing Directors".

Profitable and capital-efficient growth with the aim of raising the value of the going concern

The foremost long-term objective of the CEWE COLOR Group is a profitable and capital-efficient growth. During the difficult analogue/digital transformation stage this growth in the digital business was concealed for some years by the inevitable reduction of turnover with analogue photos from film. In general, however, growth is clearly defined as a target for the sustainable increase of goodwill.

Regular strategic work

The long-term strategy of the CEWE COLOR Group is determined by the Board of Management and the managing directors. It is defined by competitive development, and the environment of the sales markets and technology. This environment is extremely dynamic because of the transformation from analogue to digital, so that the Board of Management meets several times during the year to revise the strategic alignment and control the success of the resulting strategic and operating measures of implementation. Several scenarios are worked out for potential developments in the profit and loss account, balance sheet and cash flow.

Integration of the heads of profit centres in planning

Once a year the planning parameters arise from this strategic perspective, which are provided to the heads of the production plants and distribution agencies as a planning basis. Subsequently, the above persons will compile their plans with a view to the following year including, however, a more extensive perspective, with several iterations where appropriate. The completed business plan and its benchmarks for the following year will then be presented to the public. The business plan and the actual values then form the basis for the projections of the year-end results. However, the significance of the fourth quarter and particularly the last months of the year is steadily increasing as a result of the seasonal migration described in the chapter "Results" in the sections "Turnover" and "Costs and Earnings". This presents a particular challenge for the projections.

Investments on the basis of cost accounting

Investments are an integral part of the business plan. During the implementation of the investment plan in the course of the year, the individual investments are consistently accompanied by cost accounting.

Close monitoring by monthly target-performance comparisons

A target, profit-and-loss-performance comparison is carried out monthly for each profit centre, for the aggregation levels of the segments, and for the CEWE COLOR Group as a whole. The balance sheet and the cash flow statement are prepared on a monthly basis. These target-performance comparisons serve the closely-knit monitoring of the achievement of objectives, as well as the potentially required intervention of board and management. At the same time, these and other operating key figures of the plants and distribution agencies are made available to all heads of these profit centres for internal benchmarking and exchange of experiences.

Diverse and detailed management information systems

Apart from this core element of accounting-oriented comparison, the profit centre heads, Board of Management and managing directors and all relevant executives are supplied with extensive operating parameter systems – in part even with daily updating. These concern, for instance, market data of diverse marketing researchers, sales information as to quantities, price and turnover, extensive production parameters on production /delivery times, expenses and quality, further controlling information on each corporate function (e.g. personnel, logistics, customer service, investor relations, finances etc.) a product break-even analysis, a trading partner break-even analysis, and so forth.

Clear meeting structure

Leadership activities on group level are taken up in regular meetings – apart from the ad-hoc meetings which take place as well. The following cornerstones have been agreed: There is one meeting of the Board of Management and the managing directors every week. Likewise, one meeting per week takes place to discuss the core measures on the management of the analogue/digital transformation under the participation of the responsible board members and managing directors as well as the managers and employees concerned with the respective aspects from marketing, product management, R&D and production, and other sections. The Board of Management and the managing directors meet with the heads of the profit centres several times a year, in order to discuss the current situation of the company, the latest developments regarding competition, sales markets and technology, and to determine new measures for corporate performance.

Special Events Following the End of the Business Year

In February 2010 the Board of Management decided to shut down the production plant in Bratislava, Republic of Slovakia. This step is by no means the retreat from the Slovakian market; the decisive factors were rather of an operational nature. CEWE COLOR will continue to service the markets so far supplied from Slovakia with the same intensity as in the past. We expect total restructuring expenses of 2.7 million euros with respect to depreciation, expenses for social plans and other expenditures.

OUTLOOK

Recovery of overall economy expected in 2010

Following the global recession in the business year 2009, the International Monetary Fund (IMF) expects a worldwide economic growth of just fewer than 4 % and of 4.3 % for 2011, in January 2010. Whereas the industrial nations are expected to report a moderate growth of 2.1 % according to the IMF, the threshold and developing countries will grow nearly three times as fast, at 6 %. In its January report the IMF states that this development is primarily attributed to the anti-recession packages, worth billions, in the industrial and threshold countries. In the short term the economy will still require this impetus. Regionally, the upswing of the world economy would take a very different course. According to the fund, the largest impetus for growth is expected to stem from China with 10 %, the USA is said to grow 2.7 % in 2010, Japan by 1.7 %, the euro zone by 1 %. As regards Germany the IMF is more optimistic, expecting a 1.5 % growth. For 2011, China is likely to remain the force behind growth (+9.7 %). On the other hand, the IMF expects a mere growth rate of 2.4 % for the USA, of 2.2 % for Japan, 1.6 % for the euro zone and 1.9 % for Germany.

CEWE COLOR will develop better than the overall economy in 2010

As in 2009 already, the Board of Management assumes CEWE COLOR to develop better than the overall economic trend. Since the consumers purchase the typical CEWE COLOR 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.

CEWE PHOTOBOOK and Internet business as mainstay of growth in 2010 as well

Similar to 2009, the positive development of the year 2010 will be driven by the CEWE PHOTOBOOK. At year-end 2009, the CEWE PHOTOBOOK achieved an unprompted brand awareness of 16 % in Germany. The photo book which is market leader on the European level is known to only every sixth consumer. This shows that with the further penetration of the market the CEWE PHOTOBOOK can still generate further growth. In this process, the Internet business will again be very helpful. It represents the main marketing channel for this and many others of the value-added products. CEWE COLOR has noticeably invested in this marketing channel in the past years and will benefit from this business also in 2010.

Analogue decline only with marginal effect

The declining absolute retreat of the analogue business with photos from film is of significance for the further development as well. During the past years, this ongoing decline always represented a strong “headwind” for the performance of CEWE COLOR: In the first place, this decline had to be compensated by digital turnover year after year before actual growth could be generated. This business has now arrived at a small level. In the year 2010 analogue photos from film will still only account for about 8 % of the photo volume. The further decline of this business expected in 2010 and in the following years will only have a minor effect. The growth of the digital business is thus expected to prevail quite easily.

Positive development identifiable in 2011 as well

The Board of Management assumes a positive development for 2011 as well. Two factors are decisive for this assumption: Firstly, a sustained positive development is expected in the core business of photofinishing. The impetus for growth indicated by the CEWE PHOTOBOOK and further value-added products – driven by strong Internet marketing – will also contribute to growth in 2011. Secondly, the Board of Management expects the commercial printing business to contribute to growth as well.

Restructuring measures to accomplish transformation completed in 2009

Substantiated by the impetuses for growth mentioned above, the Board of Management expects a positive development not only for sales but also with respect to earnings. Extensive restructuring measures to achieve the analogue/digital transformation affected results with about 10 million euros for incurred restructuring costs per year for the past five years. In 2009 the analogue/digital transformation-induced restructuring measures were completed. These high non-recurring burdens are a thing of the past. The CEWE COLOR performance will markedly benefit from this fact. Furthermore, the business in the French market has been put on a sound footing with the restructuring of the location in Paris in 2009. No more negative impacts on earnings are expected for 2010.

Noticeably improved performance expected in 2010

The Board of Management expects the 2010 turnover by about 420 to 430 million euros, adjusted for currency effects. EBIT is to increase more strongly, by 28 % to 55 % to about 24 to 29 million euros. At the same time, EBT is expected to rise from 16.8 million euros to 22 to 27 million euros. A rise of 6.7 million euros to about 12 to 15 million euros is projected for earnings after taxes. Thus, earnings per share will double to 1.76 to 2.20 euros (+76 % to +120 %).

Targets for 2010		Change compares to the previous year
Digital prints	2.0 billion units	+/-0 %
Prints from film	0.35 billion units	-42 %
Total prints	2.35 billion units	-10 %
CEWE PHOTOBOOKS	4.2 million units	+17 %
Investments	26 million euros	-5 %
Revenues (adjusted for foreign-currency effects)	420-430 million euros	+2.5 % to 4.9 %
EBIT	24-29 million euros	+28 % to 55 %
Earnings before taxes (EBT)	22-27 million euros	+31 % to 61 %
Earnings after tax	12-15 million euros	+79 % to 124 %
Earnings per share	1.76-2.20 euros/share	+76 % to 120 %

Oldenburg, March 17, 2010

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 Stiftung



Dr. Rolf Hollander

- Chairman of the Board of Management of CEWE COLOR Holding AG
- Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung



Harald H. Pirwitz

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung

Responsible for sales in Germany, Austria and Switzerland and marketing



Felix Thalmann

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung

Responsible for foreign countries and expansion



Dr. Michael Fries

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung

Responsible for the German plants, personnel and logistics



Dr. Reiner Fageth

- Member of the Board of Management of CEWE COLOR Holding AG
- Managing Director of Neumüller CEWE COLOR Stiftung

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 Stiftung

Responsible for purchasing, material management, IT, legal, corporate governance and auditing



Thomas Grunau

- Managing Director of Neumüller CEWE COLOR Stiftung

Responsible for marketing and product management



Dr. Olaf Holzkämper

- Managing Director of Neumüller CEWE COLOR Stiftung
- from April 1, 2010, Member of the Board of Management of CEWE COLOR Holding AG

Responsible for finance & controlling, corporate development and investor relations



Frank Zweigle

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung

Representative of the beneficiaries



41.6 % equity ratio – CEWE COLOR's funding
is on a very sound basis.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet	86
Consolidated Profit and Loss Account	88
Consolidated Statement of Recognised Income and Expenses	88
Consolidated Cash Flow Statement	89
Segment Reporting	90
Consolidated Statement of Changes in Equity	92

NOTES	94
A. General Notes	94
B. Accounting and Valuation Principles	98
C. Notes to the Profit and Loss Account	106
D. Notes to the Balance Sheet	114
E. Other Notes	142
Auditor's Opinion	150
CEWE COLOR Group—Structure and Corporate Bodies	151



CONSOLIDATED BALANCE SHEET

as of December 31, 2009 of CEWE COLOR Holding AG, Oldenburg

ASSETS <i>Figures in thousand euros</i>	Dec. 31, 2009	Dec. 31, 2008	Change	<i>Notes/Page</i>
Property, plant and equipment	86,701	95,435	-9.2 %	33/118
Real estate held as financial investment	5,288	3,210	64.7 %	34/119
Goodwill	10,325	10,325	0.0 %	35/120
Intangible assets	18,535	22,576	-17.9 %	36/120
Non-current financial assets	294	273	7.7 %	37/120
Non-current receivables from income tax refund	2,971	3,331	-10.8 %	38/121
Non-current receivables and assets	334	473	-29.4 %	39/121
Deferred tax assets	5,219	5,543	-5.8 %	40/121
Non-current assets	129,667	141,166	-8.1 %	
Assets held available for sale	2,044	2,830	-27.8 %	41/121
Inventories	52,259	36,779	42.1 %	42/122
Current trade receivables	66,533	54,338	22.4 %	43/122
Current receivables from income tax refund	1,131	5,840	-80.6 %	44/123
Current other receivables and assets	8,720	10,944	-20.3 %	45/123
Cash and cash equivalents	8,218	10,080	-18.5 %	46/123
Current assets	138,905	120,811	15.0 %	
	268,572	261,977	2.5 %	

SHAREHOLDERS' EQUITY AND LIABILITIES <i>Figures in thousand euros</i>	Dec. 31, 2009	Dec. 31, 2008	Change	Notes/Page
Subscribed capital	19,188	19,188	0.0 %	47/123
Capital reserves	56,228	56,228	0.0 %	52/126
Special items for treasury shares	-17,007	-16,398	-3.7 %	53/126
Retained earnings and net retained profits	53,250	53,335	-0.2 %	54/127
Equity capital attributable to shareholders	111,659	112,353	-0.6 %	
Minority interest	35	56	-37.5 %	55/128
Equity	111,694	112,409	-0.6 %	
Non-current special items for investment grants	515	586	-12.1 %	56/128
Non-current provisions for pensions	9,695	9,743	-0.5 %	57/128
Non-current deferred tax liabilities	1,650	2,324	-29.0 %	58/131
Non-current other provisions	1,142	1,477	-22.7 %	59/132
Non-current financial liabilities	26,062	14,505	79.7 %	60/132
Other non-current liabilities	73	685	-89.3 %	
Non-current liabilities	39,137	29,320	33.5 %	
Current special items for investment grants	100	103	-2.9 %	
Current provisions for taxes	3,659	3,018	21.2 %	61/132
Current other provisions	11,635	10,948	6.3 %	62/133
Current financial liabilities	6,462	20,768	-68.9 %	63/134
Other current trade payables	73,225	63,614	15.1 %	64/134
Other current liabilities	22,660	21,797	4.0 %	65/132
Current liabilities	117,741	120,248	-2.1 %	
	268,572	261,977	2.5 %	

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the fiscal year 2009 of CEWE COLOR Holding AG, Oldenburg

<i>Figures in thousand euros</i>	2009	2008	Change	Notes/Page
Revenues	409,813	419,989	-2.4 %	21/106
Increase/decrease in the inventory of finished and unfinished products	42	-97	143.3 %	
Other work performed and capitalised	1,249	1,621	-22.9 %	
Other operating income	28,273	27,332	3.4 %	22/106
Cost of materials	-154,735	-163,217	5.2 %	23/107
Gross profit/loss	284,642	285,628	-0.3 %	
Employee expenses	-104,788	-104,979	0.2 %	24/107
Other operating expenses	-123,961	-127,887	3.1 %	26/108
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	55,893	52,762	5.9 %	
Depreciation of property, plant and equipment and amortisation of intangible assets	-37,238	-40,410	7.8 %	25/108
Earnings before interest and taxes (EBIT)	18,655	12,352	51.0 %	
Net financial income	-1,894	-1,692	-11.9 %	28/110
Earnings before taxes (EBT)	16,761	10,660	57.2 %	
Income taxes	-9,242	-2,514	-267.6 %	29/110
Other taxes	-779	-1,106	29.6 %	30/113
Earnings after taxes	6,740	7,040	-4.3 %	
<i>net profit/loss attributable to minority shareholders</i>	-5	2	-350.0 %	31/113
<i>net profit/loss attributable to the shareholders of the parent company</i>	6,745	7,038	-4.2 %	31/113
Earnings per share (in euros)				
<i>basic</i>	0.99	1.01	-1.8 %	32/113
<i>diluted</i>	1.00	1.02	-2.4 %	32/113

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

for the fiscal year 2009 of CEWE COLOR Holding AG, Oldenburg

<i>Figures in thousand euros</i>	2009	2008	Change	Notes/Page
Earnings after tax	6,740	7,040	-4.3 %	
Currency translation differences	1,381	-5,136	126.9 %	
Market assessment of hedging transactions	-68	-128	46.9 %	
Taxes on income and expenses recognised not affecting income	-88	662	-113.3 %	
Expenses and income after taxes not affecting income	1,225	-4,602	126.6 %	
Total profit/loss	7,965	2,438	226.7 %	
<i>total profit/loss attributable to minority shareholders</i>	-3	-3	0.0 %	
<i>total profit/loss attributable to the shareholders of the parent company</i>	7,968	2,441	226.4 %	

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year 2009 of CEWE COLOR Holding AG, Oldenburg

<i>Figures in thousand euros</i>	2009		2008		Change	
EBIT		18,655		12,352		51.0 %
+/- Adjustments for:						
+/- Depreciation (+)/allocations (-)		36,737		40,357		-9.0 %
+/- Changes in deferred tax assets and tax liabilities		-350		-3,946		91.1 %
+/- Changes in other non-current account receivable and debts		-874		3,596		124.3 %
+/- Income/loss from the disposal of fixed assets		1,085		909		19.4 %
+/- Other non-cash transactions		-644	35,954	-2,296	38,620	-72.0 % -6.9 %
= Operating result before change of working capital and tax payments		54,609		50,972		7.1 %
+/- Decrease (+)/increase (-) operating net working capital		-18,063		2,708		-767.0 %
+/- Decrease (+)/increase (-) other operating net working capital (excluding income tax items)		4,486		-9,350		148.0 %
- Taxes paid		-4,535		-9,567		52.6 %
= Cash flow from operating activities		36,497		34,763		5.0 %
- Cash flow from investing activity to fixed assets		-27,434		-33,330		17.7 %
- Cash flow from purchases of consolidated shareholdings/acquisitions		0		-4,631		100.0 %
+ Cash from from the disposal of tangible and intangible assets		853		4,194		-79.7 %
= Cash flow from investing activity		-26,581		-33,767		21.3 %
= Free cash flow		9,916		996		895.6 %
+/- Cash flow (-) to/cash flow (+) from shareholders						
- Disbursed dividends		-6,809		-8,361		18.6 %
- Purchase of treasury shares		-609		-2,243		72.8 %
- Evaluation of stock options according to IFRS 2		-8	-7,426	0	-10,604	0.0 % 30.0 %
+/- Cash flow to (+)/cash flow (-) from the change of financial liabilities		-2,748		14,608		-118.8 %
+/- Cash flow to (+)/cash flow (-) from the change of interest income		-1,640		-1,515		-8.3 %
+/- Other non-cash financial transactions		-71		-208		65.9 %
= Cash flow from investing activity		-11,885		2,281		-621.0 %
Development of cash and cash equivalents						
= Net change in cash and cash equivalents		-1,969		3,277		-160.1 %
+/- Effect of exchange rate changes on cash and cash equivalents		107		-290		136.9 %
+ Cash and cash equivalents at start of period		10,080		7,093		42.1 %
= Cash and cash equivalents at end of period		8,218		10,080		-18.5 %

SEGMENT REPORTING

for the fiscal year 2009 of CEWE COLOR Holding AG, Oldenburg

Business year 2009 <i>Figures in thousand euros</i>	Photofinishing	
	Central Europe	Benelux
Revenues with external third parties	207,668	34,564
Revenues with other segments	41,396	1,836
Segment turnover	249,064	36,400
Scheduled depreciation	28,736	263
Unscheduled depreciation	0	0
EBT	24,878	1,470
Restructuring expenditures	0	0
EBT before restructuring	24,878	1,470
Other financial result	261	0
Interest expense	1,736	14
Interest income	-41	-19

Business year 2008 <i>Figures in thousand euros</i>	Photofinishing	
	Central Europe	Benelux
Revenues with external third parties	212,230	34,661
Revenues with other segments	35,772	1,270
Segment turnover	248,002	35,931
Scheduled depreciation	28,991	291
Unscheduled depreciation	2,629	0
EBT	14,539	1,494
Restructuring expenditures	9,819	0
EBT before restructuring	24,358	1,494
Other financial result	178	0
Interest expense	1,918	2
Interest income	-361	-15

Photofinishing			Retail		CEWE COLOR Group total
Western Europe	Centr. East. Europe	Addition Photofinishing		Eliminations	
45,551	28,562	316,345	93,468	0	409,813
2,214	4,500	49,946	806	-50,752	0
47,765	33,062	366,291	94,274	-50,752	409,813
2,069	1,719	32,787	2,941	0	35,728
885	625	1,510	0	0	1,510
-11,280	50	15,118	1,643	0	16,761
9,224	298	9,522	0	0	9,522
-2,056	348	24,640	1,643	0	26,283
0	0	261	0	0	261
10	1	1,761	27	0	1,788
0	-54	-114	-41	0	-155

Photofinishing			Retail		CEWE COLOR Group total
Western Europe	Centr. East. Europe	Addition Photofinishing		Eliminations	
43,839	33,714	324,444	95,545	0	419,989
2,418	4,592	44,052	140	-44,192	0
46,257	38,306	368,496	95,685	-44,192	419,989
3,433	2,895	35,610	2,596	-845	37,361
420	0	3,049	0	0	3,049
-7,056	1,367	10,344	316	0	10,660
1,489	135	11,443	0	0	11,443
-5,567	1,502	21,787	316	0	22,103
0	0	178	0	0	178
24	22	1,966	60	0	2,026
-11	-53	-440	-72	0	-512

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of CEWE COLOR Holding AG, Oldenburg

<i>Figures in thousand euros</i>	Subscribed capital	Capital reserves	Revaluation reserves IFRS 3.59	Consolidated equity generated	Reclassification from provisions not affecting net income	Special item for Stock Option Plan	Other equity items	Market valuation of hedge transactions
Balance on Jan. 1, 2008	19,188	56,228	1,075	52,069	0	3,512	0	-275
Earnings after tax	0	0	0	7,038	0	0	0	0
Changes in the group of consolidated companies	0	0	0	5	0	0	0	0
Expenses and income not affecting profit or loss	0	0	0	0	0	0	0	-128
Total profit/loss	0	0	0	7,043	0	0	0	-128
Disbursed dividend	0	0	0	-8,361	0	0	0	0
Profit/Loss attributable to other shareholders	0	0	0	-2	0	0	0	0
Acquisition of treasury shares	0	0	0	0	0	0	0	0
Owner-related changes in equity capital	0	0	0	-8,363	0	0	0	0
Balance on Dec. 31, 2008	19,188	56,228	1,075	50,749	0	3,512	0	-403
Valuation adjustment from prior years	0	0	0	-261 ¹	0	0	-309 ²	0
Deferred taxes previous year	0	0	0	-624 ³	0	0	0	0
Balance on Jan. 1, 2009	19,188	56,228	1,075	49,864	0	3,512	-309	-403
Earnings after tax	0	0	0	6,745	-227	0	0	227
Reclassification	0	0	0	0	13	0	0	0
Expenses and income not affecting profit or loss	0	0	0	0	0	0	0	-68
Total profit/loss	0	0	0	6,745	-214	0	0	159
Disbursed dividend	0	0	0	-6,809	0	0	0	0
Share of the Stiftung (foundation) in the HGB result of the OHG	0	0	0	0	0	0	-40	0
Acquisition of treasury shares	0	0	0	0	0	0	0	0
Other changes in equity	0	0	0	0	0	-8	0	0
Owner-related change in equity capital	0	0	0	-6,809	0	-8	-40	0
Balance on Dec. 31, 2008	19,188	56,228	1,075	49,800	-214	3,504	-349	-244

¹ Recognition and evaluation adjustments from previous years of 261 thousand euros (not affecting net income)

² The item carried forward is generated by the adjustment of the reported liquidity requirements of the foundation, within the scope of its right to convert the share in equity held in CEWE COLOR AG & Co. OHG into shares of CEWE Holding AG. This adjustment does not have any effect on net income.

³ Valuation adjustment from the determination of deferred taxes

Adjustment item for currency translation	Parent company Other comprehensive group income					Minority shareholders			
	Deferred taxes for currency differences in equity	Retained earnings and net retained profits	Equity acc. To consol. bal. sh. before deduction of treasury shares	Special items for treasury shares	Equity capital attributable to shareholders	Minority capital	Adjustment item for currency translation	Minority interest	Equity capital according to Consolidated Balance Sheet
3,536	-662	59,255	134,671	-14,155	120,516	55	4	59	120,575
0	0	7,038	7,038	0	7,038	2	0	2	7,040
0	0	5	5	0	5	-5	0	-5	0
-5,136	662	-4,602	-4,602	0	-4,602	0	0	0	-4,602
-5,136	662	2,441	2,441	0	2,441	-3	0	-3	2,438
0	0	-8,361	-8,361	0	-8,361	0	0	0	-8,361
0	0	-2	-2	0	-2	2	0	2	0
0	0	0	0	-2,243	-2,243	0	0	0	-2,243
0	0	-8,363	-8,363	-2,243	-10,606	2	0	2	-10,604
-1,600	0	53,333	128,749	-16,398	112,351	54	4	58	112,409
0	0	-570	-570	0	-570	0	0	0	-570
0	0	-624	-624	0	-624	0	0	0	-624
-1,600	0	52,139	127,555	-16,398	111,157	54	4	58	111,215
0	0	6,745	6,745	0	6,745	-5	0	-5	6,740
-13	0	0	0	0	0	0	0	0	0
1,379	-88	1,223	1,223	0	1,223	0	2	2	1,225
1,366	-88	7,968	7,968	0	7,968	-5	2	-3	7,965
0	0	-6,809	-6,809	0	-6,809	0	0	0	-6,809
0	0	-40	-40	0	-40	0	0	0	-40
0	0	0	0	-609	-609	0	0	0	-609
0	0	-8	-8	0	-8	0	-20	-20	-28
0	0	-6,857	-6,857	-609	-7,466	0	-20	-20	-7,486
-234	-88	53,250	128,666	-17,007	111,659	49	-14	35	111,694

NOTES

A. General Notes

1 | Company information

CEWE COLOR Holding AG, Oldenburg, (hereinafter referred to as CEWE COLOR Holding) is a public limited company listed on the stock exchange with registered seat in Germany. The major operating activities of the CEWE COLOR Group (hereinafter referred to as CEWE COLOR) are photofinishing and the photo retail trade.

The present consolidated financial statements and the group management report for the fiscal year 2009 were prepared by the Board of Management of CEWE COLOR Holding and will be submitted to and published by the electronic Federal Gazette.

2 | Principles regarding preparation of the consolidated financial statements

The consolidated financial statements of CEWE COLOR Holding for the fiscal year from January 1, 2009 to December 31, 2009 were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable on the cut-off date and in the version to be applied in the EU, as well as with the respective provisions of Section 315 a (1) HGB.

A statement of recognised income and expenses will be prepared in compliance with IAS 1 “Presentation of Financial Statements” (revised in 2007), including the earnings and expenses recorded in equity not affecting net income. Segment Reporting has been carried out according to the regulations of IFRS 8 “Operating Segments” since 2009, and is now based on the structure of internal management reporting. Last year’s data was adapted under application of IFRS 8. The changes of IFRS 7 “Financial Instruments: Disclosures” result in an expansion and definition of required disclosure regarding financial instruments. The following standards, adaptations as well as interpretations are also applicable since the year under review (in parentheses: effective date):

- Adapted version of IAS 23 “Borrowing Costs” (January 1, 2009)
- Amendment of IAS 32 “Financial Instruments: Presentation” and of IAS 1 “Puttable Financial Instruments and obligations Arising On Liquidation” (January 1, 2009)
- Change of IFRS 2 “Share-Based Payment: Exercise Conditions and Cancellations” (January 1, 2009)
- Improvements of the International Financial Reporting Standards
- IFRIC 13 “Customer Loyalty Programmes” (July 1, 2008)
- IFRIC 15 “Agreements for the Construction of Real Estate” (January 1, 2009)
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” (October 1, 2008)

Any and all changes do not materially affect the net worth, financial position and results of the company, or are not applicable.

The following standards and interpretations have already been published as at December 31, 2009, their application was, however, not yet mandatory or not adopted by European law as yet:

- Change of IAS 27 “Consolidated and Separate Financial Statements” (July 1, 2009)
- Change of IAS 39 “Financial Instruments: Recognition and Measurement” (July 1, 2009)
- Change of IFRS 1 “First-Time Adoption of International Financial Reporting Standard” (January 1, 2010)
- Change of IFRS 2 “Share-Based Payment: Share-Based Payment with Cash Settlement within the group” (January 1, 2010)

- Adapted version of IFRS 3 “Business Combinations” (July 1, 2009)
- Change of IFRIC 9 “Reassessment of Embedded Derivatives” and of IAS 39 “Financial Instruments: Recognition and Measurement” (July 1, 2009)
- IFRIC 17 “Distribution of Non-Cash Assets to Owners” (July 1, 2009)
- IFRIC 18 “Transfers of Assets from Customers” (July 1, 2009)

To the extent new standards that have not yet become effective for 2009 can be applied on a voluntary basis, we have not made use of this option. The application of standards published as of the balance sheet date, whose implementation is not yet mandatory, is not likely to have any essential effect on the net worth, financial, and earnings position. The new standards will not be applied before the conclusion of the endorsement procedure in the EU.

The classification of the profit and loss account has been supplemented by earnings before taxes and appreciation (EBITDA) since the third quarter 2009; in doing so, the other operating expenses are shown before the EBITDA, and depreciation afterwards. The disclosure of prior year’s figures was adjusted accordingly. The presentation of the cash flow statement was changed with the annual report as at December 31, 2009. For this purpose the classification was adjusted and supplemented by new sub-items. The changes serve the improved and increased clarity. These changes do not affect the net worth, financial and earnings position. The profit and loss account was prepared in accordance with the total cost type of accounting. Unless otherwise stated, all values are shown in thousand euros.

Apart from CEWE COLOR Holding AG as parent company, the scope of consolidation includes nine domestic and 18 foreign companies. In addition, the pension commitments transferred to the CEWE COLOR Versorgungskasse e.V., Wiesbaden, according to IAS 19 continue to be included in consolidation. Not included in consolidation is the Bilder-planet.de GmbH, Cologne, on account of its subordinate economic significance. The following changes regarding the consolidated companies have occurred since the financial statements as at December 31, 2008:

3 | Group of consolidated companies

With retroactive effect of January 1, 2009 the Foto + Bild Vertriebs-GmbH, Leipzig was merged with the CEWE COLOR AG & Co. OHG, Oldenburg.

By resolution of October 15, 2009, the subscribed capital of Numérique S. A. S., Paris, France, was increased by 150 thousand euros to improve the equity structure, and the surplus capital was simultaneously booked by way of the capital reduction against the profit brought forward in a second step.

With effect from October 30, 2009 the subscribed capital of CEWE COLOR S. A. S., Paris, France, was increased by 10,000 thousand euros as well to improve the equity structure, and a partial amount of the new nominal capital of 14,000 thousand euros was simultaneously booked by way of the capital reduction against the profit brought forward in a second step.

With effect of March 16, 2009 the diron Wirtschaftsinformatik GmbH & Co. KG, Münster, was renamed in diron GmbH & Co. KG, Münster.

Finally, the limited liability capital of diron GmbH & Co. KG, Münster, was increased from 2,532 thousand euros to 2,800 thousand euros with effect of December 1, 2009.

The production plants in Paris and Teplice were shut down as scheduled.

4 | Principles of consolidation

The consolidated financial statements were developed from the separate financial statements of the German and foreign subsidiaries included in consolidation in accordance with uniform accounting and valuation methods. The balance sheet date for the separate financial statements of all companies included in the consolidated financial statements corresponds to the **balance sheet date of the consolidated financial statements**, i.e. December 31, 2009. **Mergers** are shown in the balance sheet according to the purchase method. At initial consolidation, all assets and liabilities taken over are re-measured at their applicable fair values at the moment of acquisition. The positive balances resulting from the allocation of purchase prices are capitalised as goodwill. If the balance from initial consolidation is negative, it will immediately be recognised with effect on income.

In the event of **additional acquisition of shares** in companies already included by way of full consolidation, these will not affect profit or loss. The carrying amounts of assets, liabilities and goodwill of the companies already included in consolidation 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 business unit. The tests are conducted at the level of the cash generating unit. In addition, an impairment test will be conducted during the year, if events suggest that the value has been impaired sustainably.

Intra-group **revenues, expenses and earnings** as well as **loans, accounts receivable** and **payable** are eliminated. **Intercompany profits from group deliveries** are consolidated to the extent that these are material for the presentation of a fair view of the actual net worth, financial 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 dealing at arm's length. To the extent required, deferred taxation is carried out for consolidation processes affecting income.

Share option plans were measured as issued equity instruments for future work according to IFRS 2 at fair value. The resulting effects were distributed over their term as expenses, 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 consolidated companies are excluded from consolidation. The date is determined by the date on which the company withdrew from the group, i.e. the date on which control of financial and business policy was lost. Income and expenses of the consolidated company are still included in the consolidated profit and loss account until the date it left the group. All assets and liabilities representing the consolidated company at the period directly prior to its withdrawal from the group are regarded as the disposal value. The impact on income from deconsolidation results by comparing the sale or liquidation income with the disposal value. The consolidation methods applied are unchanged compared to the previous year.

The financial statements of the foreign group companies are translated to euros using the functional currency approach. As the 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.

5 | Currency translation

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 (profit and loss rate).

Goodwill generated by foreign subsidiaries from capital consolidation is carried at historical acquisition costs. Equity is also translated at historical exchange rates. The resulting exchange rate 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		2009		2008	
		Balance sheet rate	2009 profits and loss account rate	Balance sheet rate	2008 profits and loss account rate
CHF	Swiss francs	1.48360	1.50980	1.48600	1.58690
CZK	Czech crowns	26.47600	26.46730	26.63000	24.96030
DKK	Danish crowns	7.44200	7.44630	7.45230	7.45600
HUF	Hungarian forint	270.15000	280.60840	264.60000	251.83230
NOK	Norwegian crowns	8.29900	8.73980	9.79500	8.22740
PLN	Polish zloty	4.10320	4.33120	4.17500	3.51720
SEK	Swedish crowns	10.25890	10.62470	10.92000	9.61560
SKK	Slovakian crowns ¹	–	–	30.12600	31.27760
HRK	Croatian kuna	7.29530	7.34290	7.38170	7.22440
GBP	British pounds sterling	0.89000	0.89160	0.96060	0.79660

¹ The euro has been the legal currency in Slovakia since January 1, 2009

B. Accounting and Valuation Principles

6 | General information

In general, 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 preceding year.

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 time 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. This might result in further expenditure for value adjustment with a negative effect on the future earnings positions.

In order to counter loan loss risk, **provisions for doubtful accounts** are made. The determination of the provisions is based on the maturity structure, the current market situation as well as past empirical values. If the financial position of the customer deteriorates the actual loss of receivables may exceed the expected losses.

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 tax regulations have to be made, both in Germany and abroad. Moreover, it has to be estimated whether there is a possibility of achieving a sufficiently high taxable income within the scope 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 transaction and on 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 combined. They are shown separately in the notes. The group classifies assets and liabilities as current if they are likely to be realised or balanced within twelve months following the balance sheet date.

Revenues from the sale of products and services rendered and other operating income are recognised when the service is rendered, or the risk is transferred to the customer. Operating expenses are recognised in income when recourse is taken to the service, 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.

7 | Recognition of income and expenses

Property, plant and equipment is carried at cost of acquisition or manufacture and, if subject to wear and tear, reduced by scheduled straight-line depreciation. Costs of manufacture comprise all directly attributable costs as well as reasonable portions of the production-related overheads. Financing costs are not capitalized, because no assets exist that have a longer period of construction or manufacturing stage. 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 at 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. The residual values are re-estimated at regular intervals.

8 | Property, plant and equipment

Real estate held as financial investment includes land and buildings held for generating rental income or for the purpose of increase in value, and is 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 scheduled straight-line depreciation.

9 | Real estate held as financial investment

Goodwill is not subject to scheduled depreciation but is reviewed for impairment on an annual basis. Beyond this, a review takes place if there are indications that suggest a potential impairment. To the extent that an impairment is thus recognised, extraordinary depreciation will be made.

10 | Goodwill

Intangible assets acquired against payment are capitalised at acquisition costs, internally generated intangible assets which are likely to be of future economic benefit to the group and which can be reliably valued, are capitalised at their production cost, and are subject to scheduled straight-line depreciation over the useful life. Costs of manufacture comprise all directly attributable costs as well as reasonable portions of the production-related overheads. Financing costs are not capitalised because no assets exist that have a longer period of construction or manufacturing stage. Other development costs are not capitalised either, because the requirements for the capitalisation are generally not fulfilled. Intangible assets are impaired when the achievable amount – the higher value of the applicable fair value less selling costs and the value in use of the asset – is lower than the book value. The internally generated 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.

11 | Intangible assets

- 12 | Depreciation** Scheduled depreciation of fixed assets is essentially calculated on the basis of the following uniform useful lives of the group:

Standard useful lives <i>Useful lives in years</i>	Dec. 31, 2009	Dec. 31, 2008
Asset		
Customer bases/lists	5	5
Software and other intangible assets	3 to 7	3 to 7
ERP Software	5	5
Buildings	25 to 40	25 to 40
Machinery		
Adhesive binding devices and machines	8	8
Digital printing machines	4 to 6	4 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 depreciation is applied if there are reasons to believe that the achievable amount of the asset is significantly less than its book value, e.g. in case of disproportionately decreased market values, or due to missing possible use.

- 13 | Financial assets** Financial assets are measured at cost of acquisition. Unscheduled depreciation/amortisation is performed if a permanent impairment is likely to be expected. Re-insurance policies included in financial assets are measured at their actuarial cash value. This does not concern plan assets.
- 14 | Non-current assets held for sale** Non-current assets held for sale are assets or groups of assets the book values of which should mainly be realised by a disposal within the next twelve months, and not by commercial use. The measurement is carried out at the lower amount of book value and applicable fair value less cost of sales. If the applicable fair value increases at a later stage, the recorded impairment will be increased by the respective amount.

Inventories are carried at cost of acquisition or production. Production costs include the costs of material, direct labour, and allocable material and manufacturing overheads on a pro rata basis. Administrative 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 is lower at balance sheet date this value will be applied. There are no long-term production orders.

15 | Inventories

Primary financial instruments are composed of financial assets (accounts receivable, other assets, extended loans and means of payment) as well as financial liabilities (financial liabilities, trade payables and other liabilities). They are shown in the balance sheet and measured in accordance with the regulations of IAS 39. Accordingly, a financial instrument is recognised when a counter-performance by payment, or respectively assets is effected. Recognition and derecognition is generally effected at the applicable fair value, taking into consideration the transaction costs. To the extent they are non-current, receivables not bearing interest and other assets are discounted. According to IAS 39, the follow-up measurement depends on the following categories of financial instruments.

16 | Primary
financial
instruments

Loans and receivables not listed on an active market are generally measured at amortised cost. These include non-current receivables, trade receivables as well as other current receivables and assets. If it is doubtful whether the receivables can be collected, they will be recognised at the lower realisable value. Actual defaults lead to a derecognition of the respective receivable. In addition to the required individual write-downs, provision for bad debt is made for recognisable risks from the general credit risk. Foreign currency receivables are translated at the reporting date rate.

Financial assets held for sale are measured at amortised cost. This concerns financial investments recognised in financial assets, for which there is no listed market price and the applicable fair value of which cannot be determined reliably.

Cash and cash equivalents are recognised at **fair value**. Cash in hand and credit balances in foreign currencies are translated at the reporting date rate.

Financial liabilities are measured at amortised cost.

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 recognised in the balance sheet at acquisition costs and subsequently at their market value. Gains and losses are recorded depending on the type of item hedged. At the period 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 exchanges 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

17 | Derivative
financial
instruments

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 derivatives used as a hedge highly effectively compensate 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. Recognised valuation models are used to determine the market value.

18 | Deferred taxes According to IAS 12 deferred tax assets and liabilities are set up for all temporary deviations of assets and liabilities between tax and IFRS balance sheet, for tax credits and losses brought forward, as well as consolidation transactions with effect on profit or loss. They are calculated at balance sheet date using the national tax rates currently effective or expected in future. The effect of changes in the tax rate on deferred taxes is recognised upon effectiveness of the legal change. Deferred tax assets from losses brought forward are only taken into account to the extent that their realisation is sufficiently substantiated and probable. Changes in deferred taxes in the balance sheet generally lead to deferred tax expense or tax credit, respectively. To the extent circumstances which entail a change in deferred taxes are directly recorded against equity, the change in the deferred taxes will be allowed for in equity as well.

Deferred tax liabilities are reported in provisions. They are formed on the basis of the internationally accepted liability method, and show the tax effects of the 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 amount to 30 % in Germany and between 16 % and 34.43 % abroad.

Deferred tax claims and liabilities are netted out to the extent that they relate to the same tax authority and have matching maturities.

Average tax rates for the calculation of deferred taxes <i>Figures in %</i>	2009	2008
Germany	30.00	30.00
The Netherlands	25.50	25.50
Belgium	33.99	33.99
France	34.43	34.43
Switzerland	25.00	25.00
Denmark	25.00	28.00
Norway	28.00	28.00
Poland	19.00	19.00
Slovakia	19.00	19.00
Czech Republic	20.00	24.00
Hungary	16.00	16.00
Croatia	20.00	20.00
United Kingdom	28.00	30.00

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 repurchase. Revenue reserves and 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 measurement of hedging transactions as well as the measurement of stock option plans (see item D.50), 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.

Treasury shares held in the portfolio are openly deducted from equity in a special item (see item D.53).

19 | Equity

20 | Pension commitments

Provisions for pensions are taken into account in line with the actuarial projected unit credit method stipulated by IAS 19 for performance-related pension commitments. Accordingly, the future commitment based on the pension rights accrued up to the balance sheet date from the pension commitments, will be discounted under consideration of additional parameters on its present value. Deviations between the estimated values and the actual development as well as changes of the actuarial estimates lead to actuarial gains and losses. To the extent that these deviations are outside a corridor of 10 % of the commitment volume at the beginning of the period, the actuarial gains and losses will be recognised over the average residual service period of the beneficiaries proportionally for the period. The current service costs are shown in personnel expenses. The actuarial calculations are based on the following assumptions of trends:

Actuarial parameters for the growth of pension provisions	Dec. 31, 2009	Dec. 31, 2008
<i>Figures in %</i>		
Valuation using the projected unit credit method <i>(figures p. a.)</i>		
Assumed rate of interest	5.75	6.00
Salary trend	2.50	2.50
Pension trend	2.00	2.00
Average fluctuation	1.50	1.50

The information given concerns only those employees entitled to a pension for which a pension commitment is carried as liability.

Mortality rates are calculated according to the current 2005 G mortality tables published by Heubeck or comparable foreign mortality tables. There is a 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 under special item for investment grants as a deferred liability. Investment grants and investment subsidies are recognised in income pro rata temporis through reversal in line with amortisation/depreciation of the subsidised investment assets.

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 present 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.

As a rule, contingent liabilities are not recognised in the balance sheet. They show obligations resulting from past events, whose existence still has 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 at 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.

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 (CEWE COLOR share), 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

21 | Revenues

Revenues by segment <i>Figures in thousand euros</i>	2009	Percentage	2008	Percentage
Photofinishing revenues	316,345	77.2 %	324,444	77.3 %
Retail revenues	93,468	22.8 %	95,545	22.7 %
Total revenues	409,813	100.0 %	419,989	100.0 %

Revenues are shown after all sales reductions. Other income not stemming from supplies and services of typical products, goods and services, are carried under other operating income.

22 | Other operating income

Other operating income <i>Figures in thousand euros</i>	2009	2008
Income from expenses charged on	11,586	11,366
Income from silver sales	3,300	5,394
Income from currency translations	3,069	2,364
Income from the reversal of provisions	1,602	310
Income from the receipt of written-down receivables	1,560	1,883
Income from the sale of property, plant and equipment	548	434
Income from insurance benefits	116	108
Income from the reversal of special items for investment grants	74	172
Sundry other operating income	6,418	5,301
Total other operating income	28,273	27,332

Income from charged-on expenses includes costs for selling aids, advertising services, logistics and other transport services.

Income from the sale of silver stems from selling recovered and treated pure silver. In total, 9.7 tons (last year: 20.6 tons) were sold in the business year; the average price achieved amounts to 341.82 euros per kg (last year: 261.06 euros per kg).

Income from currency translation includes essentially gains from exchange rate fluctuations between the time the transaction arises and the date of payment or the valuation of the monetary item at balance sheet date. Also included is income from translation for consolidation purposes. Currency losses from these transactions are carried under other operating expenses (see item C 26).

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 2009.

Cost of materials <i>Figures in thousand euros</i>	2009	2008
Expenses for raw materials, consumables and supplies and purchased goods	-150,628	-159,923
Cost of purchased services	-4,107	-3,294
Total cost of materials	-154,735	-163,217

23 | Cost of materials

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 year-on-year increase is due mainly to the higher trading business.

Personnel expenses <i>Figures in thousand euros</i>	2009	2008
Wages and salaries	-88,355	-88,360
Social security	-15,238	-15,641
Expenses for pension plans and fringe benefits	-1,195	-978
Total personnel expenses	-104,788	-104,979

24 | Personnel expenses

Wages for blue-collar employees totalled 22,749 thousand euros (last year: 23,593 thousand euros), salaries for white-collar employees totalled 49,112 thousand euros (last year: 46,536 thousand euros). Personnel expenses include expenses for social plans amounting to 7,181 thousand euros (last year: 8,069 thousand euros) (further details under C 27 Restructuring expenses).

Expenses for pension plans and fringe benefits mostly concern additions to provisions for pensions; an amount of 31 thousand euros (last year: 48 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 D57).

Research and development expenses for intangible and other assets not capitalised were incurred in the amount of 10,871 thousand euros (last year: 10,304 thousand euros). They essentially consist of personnel expenses and other operating expenses.

Number of employees <i>Figures in employees</i>	2009	2008
White-collar employees	1,657	1,702
Blue-collar employees	1,009	1,131
Apprentices	76	88
Total employees	2,742	2,921

Number of employees by segment <i>Figures in employees</i>	2009	2008
Photofinishing – Central Europe	1,458	1,521
Photofinishing – Western Europe	253	324
Photofinishing – Benelux	34	30
Photofinishing – Central Eastern Europe	315	389
Retail	682	657
Total employees	2,742	2,921

The figures are based on annual averages. As at December 31, 2009, the group had a total of 2,936 employees (December 31, 2008: 3,097 employees).

25 | 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 2008, there was no unscheduled amortisation of goodwill in 2008. Unscheduled depreciation and amortisation mostly relates to machinery and equipment used in the production of analogue photofinishing orders, or assets that stem from a plant shutdown. The breakdown of amortisation, depreciation and unscheduled amortisation 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 price that can be achieved on the market.

The unscheduled depreciation and amortisation of real properties, similar rights and buildings, including buildings on third-party properties, of 625 thousand euros, relates to the property in Teplice, Czech Republic, and is the result of the reclassification of the assets held for sale.

26 | Other operating expenses

Other operating expenses <i>Figures in thousand euros</i>	2009	2008
Sales and marketing costs	-67,732	-68,823
Room costs	-15,164	-15,736
Administrative costs	-13,832	-16,696
Operating costs	-6,147	-5,861
Vehicle costs	-2,886	-3,032
Currency translation expenses	-2,767	-4,402
Amortisation/depreciation and write-down for current assets	-2,037	-1,811
Other operating expenses	-13,396	-11,526
Total other operating expenses	-123,961	-127,887

Sales and marketing costs as key items include expenses for courier services among the branches, as well as shipping costs in the mail order business. Administrative expenses are declining which fact can essentially be attributed to the reduction of consulting fees. The write-downs for current assets relate primarily to individual valuation adjustments for receivables (2009: 1,134 thousand euros, 2008: 1,003 thousand euros), resulting 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 as well as the valuation at balance sheet date. Also included are expenses from translation for consolidation purposes. Currency gains from these transactions are carried under other operating income (see item C22).

Included in other operating expenses of the year under review are, apart from allocations to provisions, costs for external services and staff of 2,552 thousand euros (last year: 2,583 thousand euros), incidental costs of monetary transactions of 2,043 thousand euros (last year: 1,895 thousand euros), losses from the disposal of non-current assets of 1,653 thousand euros (last year: 1,123 thousand euros) and warranty expenses of 460 thousand euros (last year: 101 thousand euros).

The auditor's fees for the consolidated financial statements totalled 382 thousand euros (last year: 402 thousand euros) and are shown under administrative expenses. The following amounts were invoiced for the respective consulting services (Section 314 (1), no. 9 HGB):

Auditor's fees <i>Figures in thousand euros</i>	2009	2008
Audit of financial statements	144	138
Other accounting and reviewing activities	46	46
Tax consultancy services	124	96
Other services rendered	68	122
Total	382	402

The auditor's fees include fees for the audit of the consolidated financial statements as well as the audit of the separate financial statements of CEWE COLOR Holding AG, Oldenburg, and its German subsidiaries. Professional fees for other accounting services primarily relate to fees for the review within the scope of acquisitions, auditing activities in connection with the internal control system including project-related reviews in context with the introduction of new IT systems, as well as the auditing activities with respect to the quarterly financial statements.

Tax consultancy services comprise the preparation of tax returns, the review of tax assessments, opposition and legal procedure, assistance at the occasion of tax audits, as well as the assessment and valuation of tax issues.

Other consulting services encompass the participation at meetings of the Supervisory Board and the general meeting, various minor enquiries in the field of accounting and the support of a scheduled review by the Deutsche Prüfstelle für Rechnungslegung DPR e.V., Berlin in 2008.

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 shutdown of production sites. The potential expenses incurred by the shutdown of unprofitable retail branches are not restructuring expenditure in the meaning of IAS 37; they are operating expenses incurred during the course of normal operations in the year. In comparison to prior years, these transactions do not have any effects worth mentioning on the annual results of the business year. The shutdowns of the locations in Paris and Teplice in 2009 burdened earnings with 9.5 million euros (last year: 11.4 million euros). The expenses relate to social plans for compensation payments of 7.2 million euros (last year: 8.0 million euros), unscheduled depreciation of 0.9 million euros (last year: 2.7 million euros) and other expenses of 1.5 million euros (last year: 0.7 million euros). A total of 95 employees were affected by these shutdowns (last year: 251 employees).

27 | Restructuring expenses

28 | Financial results

Financial results <i>Figures in thousand euros</i>	2009	2008
Other interest and similar income	156	531
Interest and similar expenses	-1,788	-2,026
Net interest	-1,632	-1,495
Expenses from hedges and derivatives/ amortisation of financial assets	-262	-197
Total other financial result	-262	-197
Total financial result	-1,894	-1,692

The expenses from hedges and derivatives include the effects to be recognised in income from the measurement at fair value amounting to 262 thousand euros (last year: 197 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 7 thousand euros (last year: 31 thousand euros) was generated. There are no hedge transactions to hedge income from the sale of silver, for which the fair value measurement could impact expenses.

29 | Income taxes

Effective and deferred expenses for income taxes <i>Figures in thousand euros</i>	2009	2008
Effective taxes Germany ¹	8,321	5,582
Effective taxes abroad ²	1,978	1,077
Total effective taxes	10,299	6,659
Deferred taxes Germany	497	-4,984
Deferred taxes abroad	-1,554	839
Total deferred taxes	-1,057	-4,145
Total income taxes	9,242	2,514
¹ thereof not pertaining to the period, domestic	2,046	799
² thereof not pertaining to the period, foreign	707	-3

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

Tax rate changes from the introduction of new national or foreign 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	Dec. 31, 2009	Dec. 31, 2008
<i>Figures in thousand euros</i>		
Earnings before taxes	15,982	9,554
Theoretical tax rate	30.0 %	30.0 %
Expected income tax expenses	4,795	2,866
Increase and decrease in income tax charge due to		
Deviation through the application of the local tax rate	-421	-522
Deviation on account of differing assessment bases		
– Tax-exempt income (–)	-1,455	-2,728
– Non-deductible expenditure	1,722	7,234
Recognition and measurement of deferred taxes		
– Non-recognition of deferred tax assets on loss carry-forwards	3,358	344
– Change in deferred taxes	-1,057	-4,145
– Use of unaccounted loss brought forward (–)	-127	-315
– Subsequent tax payments or tax refunds from previous years	2,752	-109
Other effects	-325	-111
Income tax expense shown	9,242	2,514

A theoretical tax rate of 30.0 % (last year: 30.0 %) is used to calculate the total income tax expense: it is comprised of a tax rate of 15 % for corporation tax (last year: 15 %), 5.5 % for solidarity surcharge on the corporation tax liabilities (last year: 5.5 %) and a flat rate average of around 14 % (last year: 14 %) 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 has been paid in equal annual instalments of 560 thousand euros over a ten-year period since 2008. Owing to the fact that the tax refunds do not bear interest, they are discounted and capitalised at their present value. As at December 31, 2008, an accounting interest rate of 6 % (last year: 6 %) was used to calculate the present value. The item is shown in the balance sheet in part as non-current income tax receivable amounting to 2,971 thousand euros (last year: 3,331 thousand euros), and in part as current receivable amounting to 560 thousand euros (last year: 537 thousand euros). No effects on income tax have resulted or will result for 2009 and 2010 from dividends paid or scheduled.

Deferred tax assets and liabilities were attributed to the difference in values of the following balance sheet items as well as to losses brought forward:

Allocation to deferred taxes <i>Figures in thousand euros</i>	Dec. 31, 2009		Dec. 31, 2008	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Losses carried forward and tax credits	2,275	0	1,311	0
Property, plant and equipment	564	641	381	1,402
Intangible assets	22	1,248	126	2,231
Financial assets	23	516	0	0
Inventories	172	0	0	0
Accounts receivable and other assets	55	486	1,811	1,429
Special item for investment grants (investment subsidies)	50	0	0	0
Provisions for pensions	852	0	1,785	4
Other provisions	536	59	1,236	2
Financial liabilities	1,483	0	0	0
Other liabilities	866	1,304	969	370
Consolidation	1,367	442	1,382	344
Deferred taxation on temporary difference	8,265	4,696	9,001	5,782
Netting	-3,046	-3,046	-3,458	-3,458
Balance sheet item	5,219	1,650	5,543	2,324

In the preceding year, the CEWE COLOR AG & Co. OHG, Oldenburg, located in Central Europe, waived receivables totalling 10 million euros from the French CEWE COLOR S. A. S., Paris, France. This led to positive special effects in France which were collected tax-exempt on account of the existing losses brought forward, and to negative special effects of the same amount for the waiving company CEWE COLOR AG & Co. OHG, Oldenburg. The burdens for the German company led to a reduction in earnings before taxes, and thus to a reduction in the consolidated tax result, of approx. 3 million euros. According to the opinion of the Board of Management and the Supervisory Board, a profit allocation of the waiver of debt is not required (Section 8b (3) KStG – 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 receivable from comparable legal acts”, and the new rule has to be classified as unconstitutional.

The total loss carry-forward for tax losses not yet used amounts to 36,435 thousand euros (last year: 28,287 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, deferred tax claims were created for tax loss carry-forwards in the amount of 9,046 thousand euros (last year: 4,425 thousand euros). For companies suffering losses for at least two years deferred tax assets amounting to 1,262 thousand euros were included in the balance sheet (last year: 3,173 thousand euros). Capitalisation is made because the realisation of the losses brought forward can be assumed despite the existing loss situation. Of the losses brought forward 34,868 thousand euros (last year: 27,565 thousand euros) can be carried forward without restrictions. The remaining losses brought forward can be carried forward until 2016 at the latest.

Total income tax expense in equity:

Total income tax expense in equity <i>Figures in thousand euros</i>	2009	2008
Income tax expense disclosed in profit and loss account	9,242	2,514
Tax expense/income disclosed directly under equity (-)	88	-662
Total income tax expense in equity	9,330	1,852

Other taxes for the group include in particular land and vehicle tax as well as various foreign taxes. This includes 198 thousand euros due to the “taxe professionnelle” levied in France (last year: 275 thousand euros); the reduction is mainly attributable to the reduction of property, plant and equipment caused by the shutdown of production sites.

30 | Other taxes

The profit/loss attributable to minority shareholders corresponds to the group performance including the subsidiaries in proportion to the interests held.

31 | Profit/loss attributable to minority shareholders

Earnings per share <i>Figures in thousand euros</i>	2009	2008
Consolidated earnings after third-party interests	6,745	7,038
Weighted average undiluted number of shares (<i>in pieces</i>)	6,797,321	6,935,578
Undiluted earnings per share (<i>in euros</i>)	0.99	1.01
Consolidated earnings	6,745	7,038
+ interests of third-party shareholders entitled to subscription rights	41	29
+ interest expense from shareholder loans of OHG	11	14
- current and deferred taxes	-8	-7
Adjusted consolidated earnings	6,789	7,074
Weighted average diluted number of shares (<i>in pieces</i>)	6,817,321	6,955,578
Diluted earnings per share (<i>in euros</i>)	1.00	1.02

32 | Earnings per share

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 at December 31, 2009 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 the CEWE COLOR share 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

	Carry-forward Jan. 1, 2009	Change in group of consolidated companies	Acquisition and production costs				Balance Dec. 31, 2009
			Price adjustments	Additions	Restating/ reclassi- fication	Disposals	
I. Property, plant and equipment							
1. Land, land rights and buildings including buildings on third-party land	43,826	0	124	4,035	-2,996	469	44,520
2. Technical equipment and machinery	237,177	0	310	9,867	256	38,458	209,152
3. Other equipment, operating and office	53,205	0	-168	8,599	203	11,998	49,841
4. Advance payments and assets under construction	586	0	0	596	-470	1	711
	334,794	0	266	23,097	-3,007	50,926	304,224
II. Real estate held as financial investment	13,278	0	0	0	7,302	0	20,580
III. Goodwill	45,610	0	0	0	0	0	45,610
IV. Intangible assets							
1. Industrial property rights and similar rights	62,277	0	-25	4,296	489	1,753	65,284
<i>acquired software</i>	24,386	0	-253	2,819	489	1,144	26,297
<i>internally generated software</i>	21,584	0	0	1,248	0	0	22,832
<i>customer base/list/trademark rights</i>	16,307	0	228	229	0	609	16,155
2. Advance payments made	602		0	16	-486	0	132
	62,879	0	-25	4,312	3	1,753	65,416
V. Non-current financial investments							
1. Non-current interests in affiliates	25	0	0	3	0	0	28
2. Non-current investments interests	389	0	0	0	0	0	389
3. Non-current other loans	244	0	0	22	0	0	266
	658	0	0	25	0	4	683
	457,219	0	241	27,434	4,298	52,683	436,513

Carry-forward Jan. 1, 2009	Change in group of consolidated companies	Depreciation and amortisation						Residual book value		
		Price adjustment	Additions	Unscheduled depreciation and amorti- sation	Reposting/ reclassi- fication	Disposals	Transfers	Balance Dec. 31, 2009	Book value Dec. 31, 2009	Book value Dec. 31, 2008
18,406	0	29	1,062	625	-1,872	8	0	18,242	26,278	25,420
183,937	0	107	20,170	139	0	37,578	0	166,775	42,377	53,240
37,016	0	-327	6,203	746	-4	11,128	0	32,506	17,335	16,189
0	0	0	0	0	0	0	0	0	711	586
239,359	0	-191	27,435	1,510	-1,876	48,714	0	217,523	86,701	95,435
10,068	0	0	343	0	5,382	0	501	15,292	5,288	3,210
35,285	0	0	0	0	0	0	0	35,285	10,325	10,325
40,303	0	-133	7,950	0	4	1,243	0	46,881	18,403	21,974
16,499	0	-317	3,251	0	4	1,064	0	18,373	7,924	7,887
17,864	0	0	1,598	0	0	0	0	19,462	3,370	3,720
5,940	0	184	3,101	0	0	179	0	9,046	7,109	10,367
0	0	0	0	0	0	0	0	0	132	602
40,303	0	-133	7,950	0	4	1,243	0	46,881	18,535	22,576
0	0	0	0	0	0	0	0	0	28	25
385	0	0	4	0	0	0	0	389	0	4
0	0	0	0	0	0	0	0	0	266	244
385	0	0	4	0	0	0	0	389	294	273
325,400	0	-324	35,732	1,510	3,510	49,957	501	315,370	121,143	131,819

	Acquisition and production costs						Balance Dec. 31, 2008
	Carry-forward Jan. 1, 2008	Change in group of consolidated companies	Price adjustments	Additions	Restating/ reclassi- fication	Disposals	
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
<i>acquired software</i>	20,380	14	352	3,677	319	356	24,386
<i>internally generated software</i>	19,390	573	0	1,621	0	0	21,584
<i>customer base/list/trademark rights</i>	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. Non-current financial investments							
1. Non-current interests in affiliates	25	0	0	0	0	0	25
2. Non-current investments interests	289	100	0	0	0	0	389
3. Non-current 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

Carry-forward Jan. 1, 2008	Change in group of consolidated companies	Depreciation and amortisation						Residual book value		
		Price adjustment	Additions	Unscheduled depreciation and amorti- sation	Reposting/ 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	183,937	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

33 | Property, plant and equipment

For changes in fixed assets please refer to the statement of changes in non-current assets (see page 114). The depreciation as well as the unscheduled depreciation of non-current assets included in this table is recognised in the profit and loss account under item amortisation of intangible assets and depreciation of non-current assets and property, plant and equipment. For unscheduled depreciation and amortisation refer to item 25.

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 the book value. There are no pledged items of property, plant and equipment. The amount of commitments for the acquisition of property, plant and equipment (order obligations) totals 2,635 thousand euros (previous year: 603 thousand euros).

The following table shows items of property, plant and equipment that were reclassified from non-current assets held for sale into current assets held for sale, and items reclassified from current assets into real property held as financial investments, respectively.

During the business year, a property in Teplice, Czech Republic was reclassified into current assets, and the property in Berlin was reclassified from current assets into real property held as financial investments, following the discontinuation of the selling intention and the commencement of a long-term lease.

	Acquisition and production costs	Depreciation and amortisation	Book value at reclassification
<i>Figures in thousand euros</i>	Reclassification	Reclassification	
I. Property, plant and equipment			
1. Land, land rights and buildings including buildings on third-party land	-3,004	-1,872	-1,132
II. Real estate held as financial investment			
	7,302	5,382	1,920
	4,298	3,510	788

In the preceding year the properties in Berlin, Skødstrup, Denmark as well as in Valence, France were reclassified into current assets.

	Acquisition and production costs	Depreciation and amortisation	Book value Dec. 31, 2008
<i>Figures in thousand euros</i>	Reclassification	Reclassification	
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

There were no finance leases within the meaning of IAS 17. Neither does CEWE COLOR Holding AG, Oldenburg, act as lessor for finance leases.

Leases

On the contrary, there are passive rental and lease relationships constituting operating leases in terms of their economic contents, thus the leased assets are not allocable to CEWE COLOR Holding AG, Oldenburg, 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 agreements have a term ranging from one to seven years. The total future minimum lease expenses as lessee from not terminable operating leases are as follows:

Lease payments <i>Figures in thousand euros</i>	Dec. 31, 2009	Dec. 31, 2008
Total future minimum income from lease due within one year	9,338	8,624
due in one to five years	47,523	40,747
due after more than five years	9,635	8,144

Assets let under operating leases have a total book value of 5,287 thousand euros (previous year: 1,716 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 lessor from not terminable operating leases are as follows:

Income from lease <i>Figures in thousand euros</i>	Dec. 31, 2009	Dec. 31, 2008
Total future minimum income from lease due within one year	903	491
due in one to five years	5,247	470
due after more than five years	1,300	70

This relates to the rental of commercial areas as well as equipment rented to customers. The payments received during the business year totalled 1,093 thousand euros (previous year: 1,070 thousand euros). They are shown under the item "Other miscellaneous operating income". Within the scope of a systematic contract management, potential lease components are incorporated in the contracts and registered.

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 no longer used by the company for operational purposes. As at November 1, 2009 a large part of the properties in Berlin classified as assets held for sale were leased to a commercial tenant for a long term. The buildings not used by the company are stated at their amortised purchasing costs according to IAS 40. The useful lives that constitute the basis of schedule straight-line depreciation range between 25 and 50 years. Income from rent amounting to 263 thousand euros (previous year: 70 thousand euros) was generated in the business year. Including depreciation, maintenance and incidental costs, expenses amounting to 520 thousand euros were incurred for the rented properties (previous year: 128 thousand euros). It is furthermore assumed that the fair value corresponds to the book value since no sufficiently certain findings exist that would indicate a higher fair value. Occasional attempts to sell the properties have shown that the market conditions are difficult. Investigations to determine the fair market value are currently going on.

34 | Real estate held as financial investment

35 | Goodwill

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

Changes in goodwill <i>Figures in thousand euros</i>	Balance on Jan. 1, 2009	Changes in the group of cons. comp.	Price adjustments	Disposals	Balance on Dec. 31, 2009
Photofinishing – Central Europe	7,408	0	0	0	7,408
Photofinishing – Western Europe	2,033	0	0	0	2,033
Photofinishing – Central Eastern Europe	502	0	0	0	502
Retail	382	0	0	0	382
	10,325	0	0	0	10,325

The acquisition of diron GmbH & Co. KG, Münster as of October 1, 2008 generated a larger individual goodwill of 3,991 thousand euros.

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 5.75 % (previous year: 6 %) plus individual surcharges for operative risks of between 50 % and 100 % (previous year: 50 % to 180 %), as well as an additional surcharge for currency risks ranging from 0.1 % and 10.7 % (previous year: 3.9 % to 21.2. %) for cash-generating units in the non-euro area. In order to determine perpetuity, the last year was recorded in the detailed planning.

36 | Intangible assets

Software and similar industrial property rights relate to acquired ERP software, various office products for workstations as well as new capitalisations and subsequent capitalisations 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, CEWE PHOTOBOOK software, OPS software, DigiFoto Makers as well as software to support commercial digital printing). The useful lives of the customer bases is five years. There was no significant unscheduled depreciation and amortisation of intangible assets (see also item C25).

There was an order commitment for intangible assets totalling 92 thousand euros (previous year: 612 thousand euros).

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.

37 | Financial assets

The group's financial assets include interest in non-consolidated affiliated companies totalling 29 thousand euros (previous year: 29 thousand euros). The other loans of 266 thousand euros (previous year: 244 thousand euros) relate to the repurchase value of the corporate reinsurance policy.

The non-interest-bearing corporation tax balance of 3,531 thousand euros (previous year: 4,281 thousand euros) is to be discounted on account of the length of the refunding period. The present value of the non-current portion of the claim to be capitalised amounts to 2,971 thousand euros (previous year: 3,331 thousand euros). The current portion is carried under current assets. For details please refer to the notes on income taxes (see item C 29).

38 | Non-current receivables from income tax refund

The non-current receivables and assets include non-current receivables from customers, prepaid expenses and other assets.

39 | Non-current receivables and assets

Deferred tax assets Composition and changes	Balance on Jan. 1, 2009	Changes in group of consolidated companies	Reversal	Addition	Balance on Dec. 31, 2009
<i>Figures in thousand euros</i>					
From temporary differences	4.375	0	-2.098	908	3.185
From tax losses carried forward	1.168	0	-246	1.112	2.034
Total deferred tax assets	5,543	0	-2,344	2,020	5,219

40 | 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
<i>Figures in thousand euros</i>					
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 primarily show valuation differences for pension provisions and other provisions as well as impacts on earnings from consolidation. The capitalisation of deferred taxes from existing loss carry-forwards only took place in such cases where the expected results of the respective group company allow the utilisation of losses with sufficient probability and within a reasonable timeframe. For details please refer to the notes on income taxes (see item C 29).

The measurement of the non-current 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 the Czech Republic (segment Central Eastern Europe), in Skødstrup, Denmark (segment Central Europe) as well as in Valence, France (segment Western Europe). The real properties in the Czech Republic are a property with commercially useable buildings from the shutdown of the location in Teplice, as well as another vacant lot. As it can be assumed that these properties will not be used any more by CEWE COLOR in the long term, it was decided to sell them. The market environment for real estate in the Czech Republic was changed sustainably by the economic crisis, thus requiring a write-down of 625 thousand euros of these assets. The property in Berlin was reclassified to the item "Real estate held as financial investment" as at November 1, 2009. Despite sustained selling efforts the property could not be sold at the price that was expected as a minimum price in the present economic setting. An unscheduled depreciation of the current residual book value was not advisable in the light of the existing expert evaluations. The property is now leased. It is to be expected that the respective selling efforts regarding the assets shown in this item will be completed in 2010.

41 | Non-current assets held for sale

42 | Inventories

Inventories <i>Figures in thousand euros</i>	Dec. 31, 2009	Dec. 31, 2008
Raw materials, consumables and supplies	14,321	7,858
Unfinished goods, work in progress	52	37
Finished products and merchandise	37,857	28,884
Advance payments	29	0
Total inventories	52,259	36,779

The increase in inventories is essentially the result of the noticeably raised volume of business in the fourth quarter of the year. With respect to raw materials, consumables and supplies the increase concerns the paper storage for instant printers in the shops. The increase in finished goods and merchandise is particularly due to the rise in stocks for commodities in the retail segment of the group.

Depreciation of unfinished goods and merchandise is carried in the profit and loss account under the item cost of materials (2009: 57 thousand euros; previous year: 232 thousand euros). Inventories were not increased in value. In the business year, inventories of Japan Photo Holding Norge AS, Oppedgård (Norway) having a book value of 145 thousand euros (previous year: 122 thousand euros) are pledged.

43 | Current trade receivables

Current trade receivables <i>Figures in thousand euros</i>	Dec. 31, 2009	Dec. 31, 2008
Trade receivables before valuation adjustment	75,073	63,890
Valuation adjustment of trade receivables	-8,540	-9,552
Total current trade receivables	66,533	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 <i>Figures in thousand euros</i>	Balance on Jan. 1, 2009	Currency difference	Addition	Reversal	Use	Balance on Dec. 31, 2009
Development in business year 2009	9,552	10	1,974	-2,170	-826	8,540

Write-downs of <i>Figures in thousand euros</i>	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

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 default of trade receivables are also shown under the item other operating expenses and total 828 thousand euros (previous year: 476 thousand euros). In the business year, inventories of Japan Photo Holding Norge AS, Oppegård (Norway) having a book value of 120 thousand euros (previous year: 102 thousand euros) are pledged.

This relates primarily to refund claims from advance tax payments made during the current year for the year under review. A part consists of the long-term refund claim from corporation tax paid in advance, and due in annual instalments since 2008 (see item D 38).

44 | Current receivables from income tax refund

Other current receivables and assets <i>Figures in thousand euros</i>	Dec. 31, 2009	Dec. 31, 2008
Current receivables other taxes	2,058	2,364
Current prepaid expenses	1,738	1,872
Current loans to customers	1,011	1,121
Current receivables from suppliers	85	801
Current receivables from employees	361	271
Other sundry current receivables	3,467	4,514
Total other current receivables and assets	8,720	10,944

45 | Other current receivables and assets

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 0.1 % to 0.7 % (previous year: between 0.50 % and 3.45 %). Balances in foreign currency (6,130 thousand euros; previous year: 6,867 thousand euros) bore interest in line with the specific rates negotiated; they are measured at the exchange rate at balance sheet date.

46 | Cash and cash equivalents

Subscribed capital and the capital reserve of the group concern CEWE COLOR Holding AG, Oldenburg, and are disclosed in the same manner as for this company.

47 | Subscribed capital

Share capital totals 19,188 thousand euros and is divided into 7,380,000 bearer shares and 20 registered shares, or a total of 7,380,020 shares. Two of the registered shares carry the right to appoint one member each of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg. For details please refer to page 74 of the management report.

48 | 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.

Accordingly, the contingent capital is divided into 20,000 no-par bearer shares with profit sharing rights from the start of the business year following the exercise of the subscription right (Section 160 (1), no. 5 AktG). When the option is exercised, the interests held by other shareholders in CEWE COLOR AG & Co. OHG, Oldenburg, will decrease by the same amount, since only certain 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.

49 | Authorised capital The Board of Management was 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 7.8 million euros against cash or non-cash contributions by issuing new shares. This authorisation granted by Section 2.4 of the articles of association of CEWE COLOR Holding AG, Oldenburg, was repealed by resolution of the general meeting of May 28, 2009, renewed and reworded by way of an amendment to the articles of association. The Board of Management is thus authorised to increase the basic capital by May 27, 2014, with the approval of the Supervisory Board, by issuing new bearer shares against cash or non-cash contribution on one or several occasions, however, up to a maximum of 9,590,000 euros only (authorised capital). The Board thus determines the conditions for the issue of shares with the consent of the Supervisory Board. The Supervisory Board is authorised to adapt the version of the articles of association according to the extent of the capital increase from authorised capital, or following the expiration of the period of authorisation.

50 | Stock option plans The Stock Option Plans I and II are 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 conditions 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 Board of Management and managing directors of group companies was thus complied with. »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 the CEWE COLOR Group 35,000 rights, other executives of the CEWE COLOR Group 56,000 rights.

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).

Structure of Stock
Option Plan III

The Stock Option Plan III of 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).

Strike prices and
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. These exercise periods commence in each case with the publication of the result of the expired business year, the financial statement press conference, the general meeting, and the dates on which quarterly figures are published. The Compliance Officer of the CEWE COLOR Group ensures that these periods are complied with.

Exercise periods

51 | Reports on shareholdings The following reports*) on shareholdings in CEWE COLOR Holding AG, Oldenburg, were made to the company:

Reporting date	Shareholder	Interest (Sec. 21)	as of	Reporting threshold	Date of publication
02/18/2009	Rhine Alpha, George Town, Grand Cayman*	5.014 %	06/02/2006	Exceeding 5 %	02/25/2009
02/25/2009	CEWE COLOR Holding AG, Oldenburg	5.03 %	10/15/2008	Exceeding 5 %	02/25/2009
04/28/2009	Lincoln Vale European Partners GP LLC, George Town, Grand Cayman (Sec. 22 (1S.) 1 No. 1 WpHG)	9.89 %	04/24/2009	Undercutting 10 %	05/04/2009
04/28/2009	Lincoln Vale European Partners Master Fund, L. P., George Town, Grand Cayman	9.89 %	04/24/2009	Undercutting 10 %	05/04/2009
05/15/2009	Dr. Joh. Jacobs GmbH & Co. KG (Sec. 22 (1S.) 1 No. 1 WpHG)	6.52 %	12/09/2008	Exceeding 5 % and 3 %	05/15/2009
01/19/2010	Lincoln Vale European Partners GP LLC, George Town, Grand Cayman	4.26 %	01/14/2010	Undercutting 5 %	01/22/2010
01/19/2010	Lincoln Vale European Partners GP LLC, George Town, Grand Cayman (Sec. 22 (1S.) 1 No. 1 WpHG)	4.26 %	01/14/2010	Undercutting 5 %	01/22/2010

* Rectification of a report from the year 2006; however, report for 2007 regarding the shortfall of the 3 % reporting barrier carried out

52 | 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 details please refer to the statement of changes in equity.

53 | 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 treasury shares	Correction		Total	Buy-back	Total	Buy-back	Total
	Total	IAS 19					
Buy-back period	Effect. date Dec. 31, 2007	Effect. date Dec. 31, 2007	Effect. date Dec. 31, 2007	June 16, 2008 to Dec. 31, 2008	Effect. date Dec. 31, 2008	Jan. 02, 2009 to Apr. 6, 2009	Effect. date Dec. 31, 2009
Number of treasury shares held	299,608	112,752	412,360	132,626	544,986	44,371	589,357
Interest in share capital as of effective date <i>in thousand euros</i>	779	293	1,072	345	1,417	115	1,532
Interest in share capital as of effective date <i>in %</i>	4.06	1.53	5.59	1.80	7.38	0.60	7.99
Average purchase price per share <i>in euros</i>	34.65	33.46	34.33	16.91	30.08	13.71	28.86
Total value of redeemed shares <i>in thousand euros</i>	10,382	3,773	14,155	2,243	16,398	609	17,007

Based on the resolution of the general meeting of May 28, 2008 the company started a share repurchase programme on June 16, 2008. By December 31, 2008 the company had repurchased 132,626 shares. In fiscal year 2009 another 44,371 shares were repurchased up to April 6, 2009. The authorised repurchase of treasury shares was renewed by resolution of the general meeting of May 28, 2009, and is now effective until November 27, 2010. No further purchases were made subsequent to this resolution so far.

Furthermore, the Board of Management resolved to offer the employees of the domestic associated companies of CEWE COLOR Holding AG company shares at a preferential price as staff shares, in March 2009. A total of 20,216 shares were required for this project. The required repurchase of shares was completed by June 30, 2009. The acquisition of shares following the resolution of the general meeting of May 28, 2008 was suspended for the period of this repurchase.

The number of treasury shares held pursuant to the Stock Corporation Act (AktG) totalled 476,605 shares as at December 31, 2009 (previous year: 432,234 shares). The value of 6,599 thousand euros shown in the separate financial statements of CEWE COLOR Holding AG, Oldenburg, prepared in accordance with the German Commercial Code (HGB), has the effect of a distribution freeze. The 112,752 shares held by CEWE COLOR Versorgungskasse e. V., Wiesbaden, are not deemed treasury shares in the sense of the Stock Corporation Act. However, pursuant to IAS 19 the shares held by CEWE COLOR Versorgungskasse e. V., Wiesbaden, (112,752 no-par shares) are to be included in the consolidated financial statements. The number of 476,605 treasury shares to be recorded as at December 31, 2009 pursuant to the Stock Corporation Act is to be adjusted according to IAS 32 in conjunction with IAS 19 by the 112,752 shares in CEWE COLOR Holding AG now held by CEWE COLOR Versorgungskasse e. V., Wiesbaden, as of the balance sheet date December 31, 2009, since these must be included in the consolidated financial statements pursuant to the aforementioned regulations. Accordingly, the special item for treasury shares pursuant to IAS 32 shows 589,357 no-par shares at a total value of 17,007 thousand euros.

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

The group's net earnings are raised by minority interests amounting to 5 thousand euros (previous year: 2 thousand euros).

54 | Revenue reserves and net earnings

Under HGB accounting the net earnings of CEWE COLOR Holding AG, Oldenburg, serve as basis for distribution. After allocation to revenue reserves pursuant to Section 58 (2) AktG, the CEWE COLOR Holding AG's net earnings totalled 13,781 thousand euros (previous year: 7,106 thousand euros) as at December 31, 2009. Distribution freeze exists for the treasury shares held by the company (476,605 no-par shares, previous year: 432,234 no-par shares).

The item Other revenue reserves recognises items including changes in the fair value of hedge transactions that meet the hedge accounting conditions and the revaluation reserve for successive acquisitions of companies. For hedges of net investments in economically independent foreign subsidiaries, changes not affecting income of applicable fair values amounting to –68 thousand euros (previous year: 128 thousand euros) were shown. In addition, hedges of net investments in economically independent foreign subsidiaries of 0 thousand euros (previous year: 97 thousand euros) were reported with effect on income to the extent they concern the ineffective portion of the hedging relationship.

55 | Minority interests

This item discloses the minority interests held in the capital of the group companies (totalling 35 thousand euros; previous year: 58 thousand euros). Minority interests in the capital of CEWE COLOR a. s., Prague, Czech Republic, 0 thousand euros (previous year: 0 thousand euros, rounded commercially).

For information on changes in equity please refer to the consolidated statement of changes in equity (page 92).

56 | Non-current special items for investment grants

The special item for investment grants discloses investment grants and investment subsidies from funds of the common task "Improvement to the regional economic structure" that have already been granted.

57 | Non-current pension provisions

Non-current pension provisions						
<i>Figures in thousand euros</i>	Balance on Jan. 1, 2009	Currency difference	Consumption	Addition	Reversal	Balance on Dec. 31, 2009
Change in business year 2009	9,743	0	–85	271	–234	9,695

Non-current pension provisions						
<i>Figures in thousand euros</i>	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

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

For defined-benefit plans, the company 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 IAS 19 in order to determine the expenses of the relevant period. At the relevant balance sheet date (December 31 of each 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 offset by using the corridor method.

On the other hand, for defined-contribution plans, fixed contributions (e.g. related to the decisive income) are committed and paid. The employer actually has no other commitment than to pay the contributions. No provisions are to be set up in the balance sheet for defined contributions. Only the amount to be paid by the company is recognised in the profit and loss account as an expense item.

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

Change in the scope of obligation		
<i>Figures in thousand euros</i>	2009	2008
Defined-benefit obligation at the start of the business year	12,719	12,945
Current service cost	270	377
Interest expense	603	685
Actuarial (gains)/losses	551	(440)
Payment of benefits	567	633
Past service cost	108	0
Reduction on account of the shutdown of production in Paris	(325)	0
Changes in the group of consolidated companies	0	(215)
Reclassification of defined-benefit obligations	(2,011)	0
Cash value of defined benefit obligation at the end of the business year	11,348	12,719
<i>thereof directly committed (without plan assets)</i>	10,638	9,857
<i>thereof funded with plan assets</i>	710	2,862

Dedicated assets for pension obligations qualifying as plan assets exist in France and the Netherlands. As of 2009 the Netherlands converted their pension plan to a congruent pension plan with reinsurance coverage. These obligations will in future be recognised without effect on the balance sheet under the item “Defined contributions”. In summary, these assets have developed as follows:

Change in plan assets		
<i>Figures in thousand euros</i>	2009	2008
Fair value of plan assets at the beginning of the business year	1,964	1,849
Expected returns on plan assets	9	107
Actuarial (gains)/losses	3	(138)
Employer contributions	35	172
Employee contributions	0	29
Payment of benefits	0	55
Reclassification of defined-benefit obligations	(1,768)	0
Fair value of plan assets at the end of the business year	237	1,964

The funded status is as follows:

Funded status <i>Figures in thousand euros</i>	2009	2008
Cash value of defined-benefit obligation at the end of the business year (DBO)	11,348	12,719
Fair value of the plan assets at the end of the business year	237	1,964
Unrecognised (gains)/losses	1,519	1,137
Balance sheet value at the end of the business year	108	9,618
Experience adjustment in cash value of the defined-benefit obligation	9,484	119
Experience adjustment of the fair value of the plan asset	283	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 <i>Figures in thousand euros</i>	2009	2008
Current service cost	270	377
Interest expense	603	685
Expected return on plan assets	(9)	(108)
Amortisation of actuarial (gains)/losses	20	63
Amortisation of effects of plan cuts and/or compensations	(389)	(254)
Total	495	763

Actuarial gains totalling 548 thousand euros (previous year: 578 thousand euros) were generated in the fiscal year 2009.

The premises for the actuarial valuation of the present 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. Furthermore, assumptions regarding both the future employee fluctuation in relation to age and length of service and group-specific pension probabilities are taken into account.

In relation to the present value, the following weighted valuation assumptions result for the defined-benefit obligation:

Weighted assumptions for the determination of the defined-benefit obligation <i>Figures in %</i>	Dec. 31, 2009	Dec. 31, 2008
Accounting interest rate	5.75	6.00
Salary trend/rate of pension increase during waiting period	2.50	2.50
Rate of pension increase during benefit period	2.00	2.00
Fluctuation	1.50	1.50

Weighted assumptions for the determination of the net pension cost <i>Figures in %</i>	Dec. 31, 2009	Dec. 31, 2008
Accounting interest rate	6.00	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	2.00	1.75
Fluctuation	1.50	1.50

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

In Germany, the plan assets consist of treasury shares and in the Netherlands and France of reinsurance contracts. Accordingly, the investment strategy and the expected income are based on their specifications and statutory provisions. The contributions for 2010 to the French plan are likely to amount to 35 thousand euros. The actual returns on the plan assets amounted to 6 thousand euros (previous year: 78 thousand euros).

Present value of commitments and fair value of plan assets <i>Figures in thousand euros</i>	2009	2008	2007
Present value of commitments	11,348	12,719	12,945
Fair value of plan assets	237	1,964	1,849
Deficit	11,111	10,755	11,096

Adjustments based on experience <i>Figures in thousand euros</i>	2009	2008	2007
Plan liabilities	283	119	52
Plan assets	3	30	6

There is no detailed information on this. In fiscal year 2009, the company expensed a total of 110 thousand euros for defined-contributions commitments (previous year: 124 thousand euros).

58 | Non-current deferred tax liabilities

Non-current deferred tax liabilities <i>Figures in thousand euros</i>	Balance on Jan. 1, 2009	Change in the group of cons. comp.	Currency difference	Consumption	Addition	Transfer	Reversal	Balance on Dec. 31, 2009
Change during the business year 2009	2,324	0	2	0	491	0	-1,167	1,650

Non-current deferred tax liabilities <i>Figures in thousand euros</i>	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	0	226	-535	1,903	-1	2,324

The changes in deferred taxes primarily relate to the change in temporary differences. In the preceding year, the changes mainly related to changes in the group of consolidated companies (see item A 3), and the different treatment of provisions for restructuring. The maturities of deferred taxes are largely between one and five years.

59 | Other non-current provisions

Other non-current provisions <i>Figures in thousand euros</i>	Balance on Jan. 1, 2009	Addition	Consump- tion	Reversal	Transfer	Currency difference	Balance on Dec. 31, 2009
Employee commitments	65	0	0	0	14	0	65
Provisions for threatening losses	1,412	0	0	0	-349	0	1,412
Development during business year 2009	1,477	0	0	0	-335	0	1,477

Other non-current provisions <i>Figures in thousand euros</i>	Balance on Jan. 1, 2008	Addition	Consump- tion	Reversal	Transfer	Currency difference	Balance on Dec. 31, 2008
Employee commitments	131	0	-131	0	65	0	65
Provisions for threatening losses	1,740	40	0	-40	-328	0	1,412
Development during business year 2008	1,871	40	-131	-40	-263	0	1,477

The non-current employee commitments relate almost exclusively to benefits for partial retirement in Germany. The item provisions for threatening losses includes losses to be expected by long-term contracts regarding the laboratory in Hamburg shut 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 market. The actual value of the obligation is determined by discounting at an accounting interest rate of 5.75 %, which corresponds to the valuation of non-current provisions for pensions (previous year: 6 %). The adjustment of the interest rate results in a negative interest effect of 10 thousand euros. The transfers relate to reclassifications to the current provisions.

60 | Non-current
financial
liabilities

Non-current financial liabilities <i>Figures in thousand euros</i>	Balance on Dec. 31, 2009	Balance on Dec. 31, 2008	thereof residual term 1 to 5 years	thereof residual term over 5 years
Total noncurrent financial liabilities	26,062	14,505	26,062	0

Financial liabilities exist exclusively with respect to banks. Interest rates for the current medium- and long-term loan agreements range from 2.50 % to 4.84 % (previous year: 3.62 % and 5.35 %). For further details, please refer to the item "Current financial liabilities" (see item D 63).

61 | Current
provisions
for taxes

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

Current provisions for taxes <i>Figures in thousand euros</i>	Balance on Jan. 1, 2009	Change in group of cons. comp.	Currency difference	Consump- tion	Addition	Transfer	Reversal	Balance on Dec. 31, 2009
Income taxes	2,703	0	0	-1,481	2,253	0	-72	3,403
Other taxes	315	0	1	-183	125	0	-2	256
Development in business year 2009	3,018	0	1	-1,664	2,378	0	-74	3,659

Current provisions for taxes <i>Figures in thousand euros</i>	Balance on Jan. 1, 2008	Change in group of cons. comp.	Currency difference	Consump- tion	Addition	Transfer	Reversal	Balance on Dec. 31, 2008
Income taxes	2,679	113	0	-820	1,302	-357	-214	2,703
Other taxes	117	0	42	-324	205	221	0	315
Development in business year 2008	2,850	113	42	-1,144	1,507	-136	-214	3,018

62 | Current other provisions

<i>Figures in thousand euros</i>	Balance on Jan. 1, 2009	Change in group of cons. comp.	Currency difference	Consump- tion	Addition	Transfer	Reversal	Balance on Dec. 31, 2009
Restructurings	3,997	0	0	-3,299	4,838	0	-197	5,339
Conditional purchase price commitments	2,000	0	0	0	0	0	0	2,000
Employee commitments	895	0	50	-820	1,005	-14	-17	1,099
Audit of annual financial statements including inter- nal costs of fin. statem.	370	0	3	-351	304	0	-12	314
Provisions for threatened losses	227	0	0	-261	0	349	-68	247
Warranties and goodwill	221	0	0	-21	387	0	-200	387
Printing costs	180	0	0	-180	90	0	0	90
Expenses for members of the Board of Trustees	64	0	0	-51	103	0	-13	103
Supervisory Board remunerations	64	0	0	-60	123	0	-4	123
Legal and consulting costs	50	0	0	-22	2	0	-1	29
Sundry other commitments	2,880	0	34	-1,275	1,104	0	-839	1,904
Change in business year 2009	10,948	0	87	-6,340	7,956	335	-1,351	11,635

<i>Figures in thousand euros</i>	Balance on Jan. 1, 2008	Change in group of cons. comp.	Currency difference	Consump- tion	Addition	Transfer	Reversal	Balance on Dec. 31, 2008
Restructurings	2,028	0	0	0	-6,143	2,975	5,166	-29
Conditional purchase price commitments	0	0	0	0	0	2,000	0	0
Employee commitments	953	38	0	-23	-680	709	-65	-37
Audit of annual financial statements including inter- nal costs of fin. statem.	303	13	0	-10	-263	378	0	-51
Provisions for threatened losses	230	0	0	0	-247	0	329	-85
Warranties and goodwill	98	24	0	0	0	103	0	-4
Printing costs	180	0	0	0	-180	180	0	0
Expenses for members of the Board of Trustees	64	0	0	0	-64	64	0	0
Supervisory Board remunerations	64	0	0	0	-64	64	0	0
Legal and consulting costs	82	0	0	0	-52	50	0	-30
Sundry other commitments	7,352	0	0	-39	-1,214	2,813	-5,030	-1,002
Change in business year 2009	11,354	75	0	-72	-8,907	9,336	400	-1,238

Provisions for employee liabilities include, in particular, commitments in the context of 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. trade associations), and miscellaneous provisions relating to ongoing litigations and other commitments. Restructuring was effected by shutting down and partially shutting down production facilities or non-profitable retail branches. For details regarding restructuring expenses refer to item C27. The transfers relate to reclassifications from the non-current provisions.

63 | Current financial liabilities

Current financial liabilities are explained by the following table:

Current financial liabilities <i>Figures in thousand euros</i>	Balance on Dec. 31, 2009	Balance on Dec. 31, 2008
Loans from banks	477	11,574
Current accounts with banks	5,985	9,194
Total current financial liabilities	6,462	20,768

64 | Other current trade payables

Trade payables totalled 73,225 thousand euros (previous year: 63,614 thousand euros). Their rise by 9.6 million euros is explained by the seasonal migration of business into the fourth quarter. Corresponding to the increased business volume, more supplies and services are deployed at the year-end than in the past.

65 | Other current liabilities

Other current liabilities <i>Figures in thousand euros</i>	Balance on Dec. 31, 2009	Balance on Dec. 31, 2008
Payments received on account of orders	38	143
Liabilities to shareholders	944	636
Other liabilities	21,678	21,018
Total liabilities	22,660	21,797

A portion of the liabilities amounting to 5,706 thousand euros (previous year: 7,869 thousand euros) was determined using best-possible estimates. Essentially they relate to future charges and the resulting payment for deliveries and services already received as well as obligations towards customers. The remaining other current liabilities remained nearly unchanged. They include primarily liabilities from outstanding wages and salaries, tax liabilities and liabilities to customers.

66 | Financial risk management

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

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

As at December 31, 2009, the CEWE COLOR Group has the following credit lines at its disposal:

Credit lines <i>Figures in million euros</i>	Total credit lines Dec. 31, 2009	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
Germany	92.40	37.05	55.35	73.09	61.09	12.00
Abroad	0.68	0.65	0.03	0.21	0.20	0.00
Total	93.08	37.70	55.38	73.30	61.30	12.00

Of these credit lines, 60.75 million euros (previous year: 38.02 million euros) have not been drawn as at the balance sheet date and were available, in addition to cash and cash equivalents amounting to 8.2 million euros (previous year: 10.1 million euros) to cover future demands for liquidity.

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 at the balance sheet date of December 31, 2009:

Cash flows from financial liabilities <i>Figures in thousand euros</i>	Dec. 31, 2009 book value	Residual term			Dec. 31, 2009 total
		up to 1 year	more than 1 up to 5 years	more than 5 years	
Liabilities to banks	32,524	6,462	26,062	0	32,524
Trade payables	73,225	73,225	0	0	73,225
Other financial instruments	21,044	21,044	1,714	0	22,758

Cash flows from financial liabilities <i>Figures in thousand euros</i>	Dec. 31, 2008 book value	Residual term			Dec. 31, 2008 total
		up to 1 year	more than 1 up to 5 years	more than 5 years	
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

Owing to the international orientation of the CEWE COLOR Group, payment flows in different currencies are generated. Currency risks result from 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. Risk management continuously monitors the risk positions resulting from currency risks. In order to limit these risk items, business relationships denominated in euros of companies in countries not belonging to the euro zone are reduced, if possible, outside the field of delivery and service. Following a detailed examination, hedge transactions are concluded with the principal bankers for current business beyond the currency area from case to case.

The essential market risk in the area of foreign currencies concerns open currency items at balance sheet date. Significant foreign currency items 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) or risks, respectively (negative values) would result:

Currency sensitivity <i>Figures in thousand euros</i>	2009	2008
Financial assets	-1,176	-907
Financial liabilities	803	957

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

Currency sensitivity <i>Figures in thousand euros</i>	2009	2008
Financial assets	2,183	1,684
Financial liabilities	-1,066	-1,778

The CEWE COLOR Group is subject to negligible interest risks vis-à-vis third parties. Interest-sensitive assets include loans to customers, employees as well as short-term credit balance with banks. Interest-sensitive financial liabilities include non-current liabilities to banks. This did not result in any essential risk items 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 rates for financial assets and liabilities bearing variable interest were to decrease by 10 %, the following opportunities (positive values) or risks, respectively (negative values) would result:

Interest sensitivity <i>Figures in thousand euros</i>	2009	2008
Income from interest	-16	-7
Interest expenditure	179	121

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

Interest sensitivity <i>Figures in thousand euros</i>	2009	2008
Income from interest	16	7
Interest expenditure	-179	-121

The following hedge transactions existed:

Derivative transactions <i>Figures in thousand euros</i>	Nominal volume		Remaining term > 1 year		Fair value	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Currency derivatives						
<i>Interest rate/curr. swaps</i>	1,500	1,500	1,500	1,500	-380	431
Interest rate derivatives						
<i>Rate swaps</i>	3,000	0	3,000	0	-81	0
<i>Option transactions</i>	0	5,000	0	0	0	0

Hedging relationships exist primarily to hedge interest-rate and currency risks from non-current loans to group companies with foreign functional currencies and from non-current 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 at fair value and recognised in income relate to derivative financial instruments. There are no financial assets classified as available for sale. Financial liabilities measured at fair value and recognised in income also relate to derivative financial instruments as well as possible compensation obligations to minority shareholders of CEWE COLOR AG & Co. OHG, Oldenburg.

Net results from financial instruments by measurement categories <i>Figures in thousand euros</i>	Balance on Dec. 31, 2009	Balance on Dec. 31, 2008
Financial assets measured at fair value affecting profit or loss	85	76
Financial assets measured at amortised cost	-366	-1,817
Total	-281	-1,741

The net results from these financial instruments include, in particular, interest, valuation adjustments, income from receivables written down and result from the measurement at fair value. Income from dividends are not included. No additions (previous year: additions amounting to 0 thousand euros) from cash flow hedges were recognised in equity not affecting income. Ineffectiveness amounting to 251 thousand euros (previous year: 97 thousand euros) from cash flow hedges was recognised in income. No amounts were withdrawn from equity and included in the result of the period in the year under review 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 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 731 thousand euros (previous year: 69 thousand euros) and between two and five years, to outflows amounting to 1,714 thousand euros (previous year: 2,025 thousand euros). Interest income not related to the financial instruments measured at fair value and recognised in income totals 155 thousand euros (previous year: 81 thousand euros), corresponding interest expenses total 1,788 thousand euros (previous year: 1,971 thousand euros). This results in a balance of -1,633 thousand euros (previous year: 1,890 thousand euros). Write-downs of financial instruments that were measured at amortised cost amounted to 828 thousand euros in 2009 (previous year: 575 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, 2009 is as follows:

Financial instruments Dec. 31, 2009 <i>Figures in thousand euros</i>	Balance sheet item as of Dec. 31, 2009	Measurement according to IAS 39				Total of items valued according to IAS 39	
		no measure- ment according to IAS 39	amortised ac- quisition costs (category: loans and receivables)	amortised acqui- sition costs (category: available for Sale)	Fair value (rest)	Book values	Fair values
Non-current assets							
Financial assets	294	265	0	29	0	29	29
Non-current receivables	334	71	263	0	0	263	263
Current assets							
Trade receivables	66,533	0	66,533	0	0	66,533	66,533
Other current receivables and assets	8,720	3,796	4,924	0	0	8,720	8,720
Cash and cash equivalents	8,218	0	0	0	8,218	8,218	8,218
Non-current liabilities							
Non-current financial liabilities	26,062	0	26,062	0	0	26,062	26,062
Other non-current liabilities	73	0	73	0	0	73	73
Current liabilities							
Current financial liabilities	6,462	0	6,462	0	0	6,462	6,462
Other current trade payables	73,225	0	73,225	0	0	73,225	73,225
Other current liabilities	22,660	182	22,478	0	0	22,660	22,660

Financial instruments Dec. 31, 2008 <i>Figures in thousand euros</i>	Balance sheet item as of Dec. 31, 2008	Measurement according to IAS 39				Total of items valued according to IAS 39	
		no measure- ment according to IAS 39	amortised ac- quisition costs (category: loans and receivables)	amortised acqui- sition costs (category: available for Sale)	Fair value (rest)	Book values	Fair values
Non-current assets							
Financial assets	273	244	0	29	0	29	29
Non-current receivables	473	96	377	0	0	377	377
Current assets							
Trade receivables	54,338	0	54,338	0	0	54,338	54,338
Other current 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
Non-current liabilities							
Non-current financial liabilities	14,505	0	14,505	0	0	14,505	14,505
Other non-current 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

The book values are determined in line with banking practices.

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 receivables 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 medium-sized and large customers. To the extent that no insurance coverage or excess insurance exists, individual allowances are made for other accounts receivable, if there are substantive indications suggesting that the receivable will very probably become uncollectible. The overall risk of default is countered by general provisions for bad debts based on experience. The maximum credit risk resulting from a possible insolvency of debtors from loans and receivables amounts to 71,720 thousand euros as at December 31, 2009 (previous year: 61,423 thousand euros) and is composed as follows:

Credit risk	Dec. 31, 2009	Dec. 31, 2008
<i>Figures in thousand euros</i>		
Non-current receivables	263	377
Trade receivables and other current receivables	71,457	61,046
Total	71,720	61,423

The adjusted loans and receivables have changed as follows:

<i>Figures in thousand euros</i>	Dec. 31, 2009	Jan. 1, 2009
Gross value	11,123	11,462
Valuation adjustment	-8,540	-9,552
	2,583	1,910

Another 8,722 thousand euros were already overdue, but not value-adjusted. The maturity of the overdue receivables is as follows:

<i>Figures in thousand euros</i>	
Up to 30 days	6,646
Between 30 and 90 days	2,443
Older than 90 days	-367

The foremost aim of capital management of the CEWE COLOR Group is to ensure the group's ability to redeem debts and to also preserve its intrinsic value in the future.

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

<i>Figures in thousand euros</i>	Balance on Dec. 31, 2009	Balance on Dec. 31, 2008
Total assets	268,572	261,977
Equity	111,694	112,409
Equity ratio (in %)	41.6	42.9
Non-current financial liabilities	26,062	14,505
Current financial liabilities	6,462	20,768
Cash and cash equivalents	8,218	10,080
Net financial liabilities	24,306	25,193

The capital management aims at ensuring a sufficient funding in particular through long-term debts. On the back of this, CEWE COLOR AG & Co. OHG, Oldenburg, restructured the funding of the group with the principal banking partners, at mid-year 2009. Apart from securing the long-term supply of liquidity, the interest rate risk was limited and a renewed flexible loan structure as coverage of the seasonal course of business was achieved. Beyond the reinforcement of uniform covenant regulations with the banking partners involved, no collateral was provided.

The parameters agreed upon were a slightly adapted form of equity ratio uniform to all banks, as well as the ratio of net financial liabilities to operating results before depreciation (EBITDA), the net debt equity ratio. Both parameters were determined in such a way that there is sufficient margin for future fluctuations during the course of business, usual in the industry. In the long-term hypothetical retrospect as well, CEWE COLOR did not exceed or fall short of the binding threshold values at any point. In case of a breach of covenant the lending banks would be entitled to a price adjustment or to give notice, if required. The compliance with the agreed parameters is monitored consistently within the scope of capital management.

According to the articles of association, CEWE COLOR Holding AG, Oldenburg, is not subject to any capital requirements. For further details regarding 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 48, D 49 and D 50).

E. Other Notes

67 | Shareholdings

Shareholdings	2009 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	0.00	99.75
5. CEWE COLOR S.A.S., Paris, France	99.75	99.75
6. CEWE COLOR Belgium N.V., Kontich, Belgium ³	99.75	99.75
7. CEWE COLOR Nederland B.V., Nunspeet, The Netherlands	99.75	99.75
8. Printpartners Nederland B.V., Veenendaal, The Netherlands ³	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	99.75	99.75
12. CEWE COLOR Fotoservice AG, Dübendorf, Switzerland	99.75	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 A/S, Oppegård, Norway	99.75	99.75
17. Japan Photo Danmark A/S, Copenhagen, Denmark	99.75	99.75
18. Japan Photo Sverige AB, Gothenburg, Sweden	99.75	99.75
19. CEWE COLOR Zagreb d.o.o., 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. Dignet GmbH & Co. KG, Cologne ²	99.75	99.75
23. Bilder-planet.de GmbH, Cologne ³	99.75	99.75
24. Dignet Management GmbH, Munich	99.75	99.75
25. Numérique S.A.S., Paris, France	99.75	99.75
26. Wöltje GmbH & Co. KG, Oldenburg ²	99.75	99.75
27. Wöltje Verwaltungs GmbH, Oldenburg	99.75	99.75
28. diron Wirtschaftsinformatik GmbH & Co. KG, Münster ²	99.75	99.75
29. diron Wirtschaftsinformatik Beteiligungs GmbH, Münster	99.75	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.

³ Not included in consolidated financial statements

The cash flow statement shows how the cash and cash equivalents in the group have changed during the business years 2009 and 2008. 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.

68 | Notes to the
cash flow
statement

For the business year 2009, the representation of the cash flow statement was adapted within the scope of the provisions of IAS 7. For the purposes of comparison the information relating to inflowing and outflowing funds of the previous year were modified accordingly. This modification is intended to provide decision-making-oriented information on the capital flows in the area of operating working capital and other working capital – both in cash flow from operating business – as well as information on the overall inflow and outflow of funds from and to shareholders in the cash flow for financing activity. It also shows how the free cash flow situation looks, i. e. the liquidity flows after the investing activity but before the inflows and outflows from financing activity.

In the previous year all the share of the following companies were acquired: Numérique S. A. S., Paris, France, Wöltje GmbH & Co. KG, Oldenburg, Wöltje Verwaltungs-GmbH, Oldenburg, (previously: COMTREU 206 Beteiligungs GmbH), diron Wirtschaftsinformatik GmbH & Co. KG, Münster, diron Wirtschaftsinformatik Beteiligungs-GmbH, Münster.

<i>Figures in thousand euros</i>	2009	2008
Purchase price	0	4,664
Less cash and cash equivalents taken over	0	-33
Outflow of funds from acquisitions according to IAS 7.42	0	4,631

In the previous year, 4,661 thousand euros of the purchase prices was settled with cash and cash equivalents.

The cash inflows and outflows from the change in financial debts result from repayments, scheduled reclassifications and the taking up of loan as follows:

<i>Figures in thousand euros</i>	Balance on Dec. 31, 2007	Repay- ments	Reclassifi- cation	Taking up of loans	Balance on Dec. 31, 2008	Repay- ments	Reclassifi- cation	Taking up of loans	Balance on Dec. 31, 2009
Current financial liabilities	10,240	0	2,116	8,413	20,768	-14,783	429	49	6,463
Non-current financial liabilities	10,426	-9,833	-2,166	16,028	14,505	-12,014	-429	24,000	26,062
Gross financial liabilities	20,666	-9,833	0	24,441	35,273	-26,797	0	24,049	32,525

The taking up of long-term loans in 2009, in the amount of 24,000 thousand euros was effected within the scope of a reorganisation of financing.

Since financial year 2009, segment reporting has been effected in accordance with the regulations of IFRS 8 "Operating Segments". The segment report in the photofinishing segments will be divided into the segments Central Europe, Western Europe, Benelux and Central Eastern Europe, as well as the segment retail trade. This division corresponds to the internal management reporting. Contrary to the previous year the results will no longer be reported according to the EBT and the segment result according to IAS 14, but rather only according to the EBT. The previous year's figures were adapted subject to the application of IFRS 8 and have been aligned exclusively to the segment classification in the management reporting. Any and all changes do not affect the net assets, financial position and results of the company.

69 | Segment Re-
porting

As of the annual report 2008, CEWE COLOR allocated its turnover to the product categories that generate the turnover: turnover with photofinishing products – i.e. analogue and digital photos, CEWE PHOTO-BOOKS, photo calendars and greeting cards as well as other photo gifts and personalised products – were allocated to the segment photofinishing. Turnover with hardware sold without further processing, e. g. cameras and accessories, was allocated to the segment retail trade.

Internal revenues of the group are consolidated in the column eliminations. The segment earnings before taxes are reported as key earnings and performance indicator. A detailed explanation of the segment report is shown in the management report (page 32).

To better show the operating performance, the segment earnings before taxes (EBT) was adjusted by the restructuring effects of the year under review and the previous year.

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

The turnover breakdown for the following geographic regions is as follows:

<i>Figures in thousand euros</i>	2009	2008
Germany	164,439	165,473
Abroad	245,373	254,516
<i>thereof Poland (more than 10 % of total turnover)</i>	54,792	66,086

The turnover categories are photofinishing revenues and retail trade revenues. Their breakdown is as shown in the segment report.

In the year under review and in the previous year turnover with a major account was above 10 %.

The non-current assets breakdown for the following geographic regions is as follows:

<i>Figures in thousand euros</i>	2009	2008
Germany	90,094	91,888
Abroad	30,755	39,657
	120,849	131,545

Contingent liabilities existed from the granting of guarantees and grants to third parties, from pending risk of litigation and from other issues in the amount of 5,469 thousand euros (previous year: 7,720 thousand euros). The risk of claims being filed for these contingent liabilities is estimated as low to less probable. The estimation of the amounts and the respective level of their probability of occurrence are monitored continuously. Contingent claims did not exist. In each case the information represents nominal values.

The CEWE COLOR Group defines the related parties to include the members of the Board of Management and the Supervisory Board, as well as the heirs of Senator h.c. Heinz Neumüller, Oldenburg and companies associated with the latter.

In the year under review a total of 968 thousand euros was incurred for short-term payments to members of the Board of Management. For payments after the termination of the employment relations, 442 thousand euros (previous year: 292 thousand euros) were expended (previous year: 292 thousand euros). The increase is explained mainly by claims of Mr. Michael Wefers as retired member of the Board of Management totalling 143 thousand euros, by a post-contractual prohibition of competition (103 thousand euros), and by bonus payments in 2009 for 2008 as last year of his active employment (40 thousand euros). No other payments were granted because of the termination of employment or other share-based remunerations.

Business transactions with related companies and persons occurred to a small extent only in 2009. Major transactions concern some leases conducted 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 2,173 thousand euros (previous year: 2,506 thousand euros). Any and all transactions with related parties are dealt with at conditions customary in the market. The remuneration report as part of the management report of the CEWE COLOR Group provides further individualised information on 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 127 thousand euros (previous year: 141 thousand euros) accrued for these commitments. The total of the present values of the performance-related commitments amounts to 2,834 thousand euros (previous year: 2,500 thousand euros).

Various delivery and service relationships exist among the companies of the CEWE COLOR Group, as well as financing and funding with cash and cash equivalents. All transactions within the group are conducted at standard commercial terms.

In February 2010 the Board of Management resolved to shut down the production operations in Bratislava, Slovakia. The resulting commitments and depreciation are not recorded in these consolidated financial statements because of the lacking recognition criteria of IAS 37 (restructuring measures). We expect total restructuring expenses of 2.7 million euros with respect to depreciation, expenses for social plans and other expenditures.

On March 8, 2010 the Board of Management decided to offer shares of CEWE COLOR Holding AG, Oldenburg, as employee shares to the employees of the CEWE COLOR Group according to Section 3 no. 39 ESTG.

71 | Corporate
bodies

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

Hubert Rothärmel, resident in Oldenburg (Chairman)

Retired, 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 Stiftung, 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 (up to November 4, 2009) *) **)
- 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
- Chairman of the Supervisory Board of M. Tech Technologie und Beteiligungs AG, Unterensingen
- Member of the Supervisory Board of Swarco AG, Wattens, Austria **)
- 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 **)
- Member of the Advisory Board of Zamek Nahrungsmittel GmbH & Co. KG, Düsseldorf

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

University professor for information technology at the Oldenburg University

- 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
- Chairman of the Supervisory Board of InfoAnalytics AG, Oldenburg

Otto Korte, resident in Oldenburg

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

- Member of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg
- Member of the Board of Trustees of Neumüller CEWE COLOR Stiftung, Oldenburg
- Member of the Advisory Board of Deerberg Systems GmbH, Oldenburg

Professor Dr. Michael Paetsch, resident in Willich

Professor at the University of Applied Sciences 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 **)

Dr. Joh. Christian Jacobs, resident in Hamburg

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

- Member of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg
- 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 **)

Dr. Rolf Hollander, resident in Oldenburg

- Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung, 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 (up to November 4, 2009) *)**)

Andreas F. L. Heydemann, resident in Bad Zwischenahn

- Member of the Supervisory Board of CEWE COLOR S. A. S., Paris, France (up to November 4, 2009) *)**)
- 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, Oppedgård, Norway *)**)
- Member of the Supervisory Board of Japan Photo Sverige AB, Göteborg/Sweden *)**)
- Member of the Supervisory Board of Japan Photo Danmark A/S, Skødstrup, Denmark *)**)

Dr. Reiner Fageth, resident in Oldenburg

- Member of the Supervisory Board of CEWE COLOR a. s., Prague, Czech Republic *)**)

Dr. Olaf Holzkämper, resident in Oldenburg

(from April 1, 2010)

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

Total remuneration of the members of the Board of Management of CEWE COLOR Holding AG, Oldenburg, in fiscal 2009, which they received for the execution of their tasks in the parent company and the subsidiaries amounted to 968 thousand euros (previous year: 1,160 thousand euros) for active members and 442 thousand euros (previous year: 292 thousand euros) for former members. As of the balance sheet date of December 31, 2009, the Board of Management held 54,175 no-par shares (previous year: 56,175 no-par shares). In addition, the members of the Board of Management held a total of 30,000 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. For details please see the explanations on personnel expenses on page 107 (item C 24).

In the year under review, the variable remuneration elements connected with the group result totalled 212 thousand euros (previous year: 262 thousand euros). They decreased by 19.4 % compared to the previous year. The portion of total remuneration amounted to 21.9 % (previous year: 22.6 %). Variable, performance-related special benefits for the business year 2009 to be paid in 2010 will, in the forecast, be at approx. 240 thousand euros on account of the 2009 earnings situation.

In the business year 2009, the total remunerations of the Supervisory Board amounted to 122.7 thousand euros (previous year: 108.7 thousand euros) and were composed of fixed remunerations of 45.0 thousand euros (previous year: 27.0 thousand euros), attendance fees of 27.0 thousand euros (previous year: 17.5 thousand euros) and additional remuneration depending on the decided dividend amounting to 50.7 thousand euros (previous year: 64.2 thousand euros). The amounts are net amounts. As of December 31, 2009, members of the Supervisory Board held a total of 50,000 no-par shares (previous year: 50,000 no-par 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 of the Supervisory Board, please refer to the remuneration report on page 69 (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 11.2 thousand euros (previous year: 94.2 thousand euros). Previous and special approvals of the Supervisory Board existed for these services.

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

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 the shareholders via the Internet at www.cewecolor.de.

72 | Declaration concerning the German Corporate Governance Code

Oldenburg, March 17, 2010

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.

Oldenburg, March 17, 2010

CEWE COLOR Holding AG
– The Board of Management –



Dr. Rolf Hollander

(Chairman of the Board of Management)



Dr. Reiner Fageth



Andreas F.L. Heydemann

Auditor's Opinion

We have audited the consolidated financial statements of CEWE COLOR Holding AG, Oldenburg, comprised of 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, 2009. 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 is 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. In addition, we were commissioned to evaluate the compliance of the consolidated financial statements with the IFRS as a whole.

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 worth, financial position and results of operations in the consolidated financial statements in accordance with the generally accepted auditing standards and 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 in 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 are of the opinion 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 worth, financial position and result 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 17, 2010

COMMERZIAL TREUHAND
Gesellschaft mit beschränkter Haftung
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dipl.-Kfm. Heinrich Sanders
Certified Public Accountant

ppa. Dipl.-Kfm. Thomas Münchenberg
Certified Public Accountant

THE CEWE COLOR GROUP – STRUCTURE AND CORPORATE 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)
- Dr. Michael Fries, Oldenburg (as of July 1, 2009)
- Harald H. Pirwitz, Oldenburg
- Felix Thalmann, Westerstede
- Frank Zweigle, Oldenburg

Management

- Dr. Reiner Fageth, Oldenburg
- Dr. Michael Fries, Oldenburg (until June 30, 2009)
- Thomas Grunau, Oldenburg
- Andreas F.L. Heydemann, Bad Zwischenahn
- Dr. Olaf Holzkämper, Oldenburg

CEWE COLOR Holding AG

Supervisory Board

- Hubert Rothärmel, Oldenburg (Chairman)
Retired; 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 technology at Oldenburg University
- Otto Korte, Oldenburg
Lawyer/tax advisor/specialist for tax law and partner of the law firm Korte Dierkes Künnemann & Partner, Oldenburg
- Prof. Dr. Michael Paetsch, Willich
Professor at the University of Applied Sciences Pforzheim
- Dr. Joh. Christian Jacobs, Hamburg
Lawyer and partner, White & Case LLP lawyers, Hamburg,

Board of Management

- Dr. Rolf Hollander, Oldenburg (Chairman)
- Dr. Reiner Fageth, Oldenburg
- Andreas F.L. Heydemann, Bad Zwischenahn
- Dr. Olaf Holzkämper, Oldenburg (as of April 1, 2010)



3.6 million CEWE PHOTOBOOKS –
number 1 position expanded.



FURTHER INFORMATION

FINANCIAL STATEMENTS OF CEWE COLOR HOLDING AG	154
Profit and Loss Account of CEWE COLOR Holding AG	154
Balance Sheet of CEWE COLOR Holding AG	155
Multi-Year Overview	156
Production Plants and Distribution Branches	162
Financial Diary	163
Imprint	163
Glossary	164

FINANCIAL STATEMENTS OF CEWE COLOR HOLDING AG

Profit and Loss Account of CEWE COLOR Holding AG

for the period from January 1 to December 31, 2009 (according to HGB)

<i>Figures in euros</i>	2009	2008
1. Income from investments	16,411,943.61	11,441,998.41
2. Other operating income	25,558.39	19,015.66
3. Personnel expenses		
a) Wages and salaries	-156,299.30	-208,132.00
b) Social security, pension and other benefit costs	-50,970.86	76,132.00
	-207,270.16	-132,000.00
4. Depreciation of own shares	0.00	-4,162,025.11
5. Other operating expenses	-1,526,625.79	-2,230,252.28
6. Other interest and similar income	3,539,254.75	5,785,824.57
7. Result from operating activities	18,242,860.80	10,722,561.25
8. Income taxes	-4,055,959.81	-2,156,167.01
9. Net income for the year	14,186,900.99	8,566,394.24
10. Profit carried forward from previous year	202,895.13	421,027.93
11. Withdrawal from revenue reserves	0.00	4,162,025.11
12. Addition to revenue reserves		
a) to the provision for own shares	-608,494.05	-2,243,137.15
b) to other revenue reserves	0.00	-3,800,000.00
13. Net retained profits	13,781,302.07	7,106,310.13

Balance Sheet of CEWE COLOR Holding AG

as of December 31, 2009 (according to HGB)

ASSETS <i>Figures in euros</i>	2009	2008
A. Non-current assets		
Financial assets	20,748,051.99	20,748,232.99
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	130,041,896.86	120,475,497.63
2. Other assets	3,588,001.31	5,513,649.24
	133,629,898.17	125,989,146.87
II. Securities		
Own shares	6,599,257.29	5,990,763.24
III. Checks, cash in hand and balances with banks	680.04	16,848.82
Prepaid expenses	27,818.00	26,241.00
	161,005,705.49	152,771,232.92
LIABILITIES AND SHAREHOLDERS' EQUITY <i>Figures in euros</i>	2009	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	6,599,257.29	5,990,763.24
3. Other revenue reserves	61,846,272.55	61,846,272.55
	69,979,410.60	69,370,916.55
IV. Net retained profits	13,781,302.07	7,106,310.13
Total equity	159,145,420.08	151,861,934.09
B. Provisions		
1. Provisions for pensions and similar commitments	276,131.00	245,091.00
2. Provisions for tax	975,100.00	0.00
3. Other provisions	321,910.00	357,125.00
	1,573,141.00	602,216.00
C. Liabilities		
1. Trade payables	217,735.76	239,813.38
2. Other liabilities	69,408.65	67,269.45
	287,144.41	307,082.83
	161,005,705.49	152,771,232.92

MULTI-YEAR OVERVIEW

Consolidated Profit and Loss Account

Figures in million euros

Revenues

Increase/decrease in the inventory of finished and unfinished products

Other own work capitalised

Other operating income

Cost of materials

Gross profit

Personnel expenses

Depreciation of property, plant and equipment and amortisation of intangible assets

Other operating expenses

Earnings before interest and taxes (EBIT)

Financial results

Earnings before taxes (EBT)

Income taxes

Other taxes

Earnings after taxes

Profit/loss attributable to minority shareholders

Profit/loss attributable to shareholders of the parent company

2003	2004	2005	2006	2007	2008	2009
416.2	428.4	431.1	396.0	413.5	420.0	409.8
-0.4	0.0	-0.1	-0.1	0.0	-0.1	0.0
1.6	1.5	1.5	0.9	1.5	1.6	1.2
20.8	21.0	34.6	24.9	24.6	27.3	28.3
-162.7	-162.8	-153.1	-139.6	-154.6	-163.2	-154.7
275.5	288.1	314.0	282.1	285.0	285.6	284.6
-119.5	-124.3	-131.1	-111.5	-108.4	-105.0	-104.8
-42.9	-44.3	-39.9	-36.8	-38.5	-40.4	-37.2
-97.9	-103.6	-114.3	-107.4	-123.8	-127.9	-124.0
15.2	15.9	28.7	26.4	14.3	12.4	18.7
-2.0	-1.7	-3.2	-5.3	-1.5	-1.7	-1.9
13.2	14.2	25.5	21.1	12.8	10.7	16.8
-7.2	-10.7	-11.6	-1.0	-5.5	-2.5	-9.2
-2.4	-2.3	-2.4	-2.2	-1.4	-1.1	-0.8
3.6	1.2	11.5	17.9	5.9	7.0	6.7
-1.4	-0.9	-4.4	-3.8	0.0	0.0	0.0
5.0	2.1	15.9	21.7	5.9	7.0	6.7

MULTI-YEAR OVERVIEW

Consolidated Balance Sheet

ASSETS *Figures in million euros*

Property, plant and equipment
Real estate held as financial investment
Goodwill
Intangible assets
Financial assets
Non-current receivables from income tax refund
Non-current receivables and assets
Deferred tax assets
Non-current assets
Assets held available for sale
Inventories
Current trade receivables
Current receivables from income tax refund
Current other receivables and assets
Cash and cash equivalents
Current Assets

SHAREHOLDERS' EQUITY AND LIABILITIES *Figures in million euros*

Subscribed capital
Capital reserve
Special item for treasury shares
Revenue reserves and net profits
Third-party interests
Equity
Non-current special items for investment grants
Non-current provisions for pensions
Non-current deferred tax liabilities
Non-current other provisions
Non-current financial liabilities
Non-current other liabilities
Non-current liabilities
Current special items for investment grants
Current provisions for taxes
Current other provisions
Current financial liabilities
Current other trade payables
Current other liabilities
Current liabilities

2003	2004	2005	2006	2007	2008	2009
121.4	118.5	116.4	110.6	110.9	95.4	86.7
0.0	0.0	0.0	0.0	0.0	3.2	5.3
11.6	6.2	2.5	2.5	5.3	10.3	10.3
8.0	8.7	9.0	9.4	21.5	22.6	18.5
1.3	1.3	1.9	2.1	0.3	0.3	0.3
0.0	0.0	0.0	4.2	3.7	3.3	3.0
0.0	3.0	0.6	0.5	0.6	0.5	0.3
2.3	1.6	2.9	3.1	5.7	5.5	5.2
144.6	139.3	133.2	132.4	148.0	141.2	129.7
0.0	0.0	0.0	0.0	0.0	2.8	2.0
31.3	34.6	39.0	34.2	41.2	36.8	52.3
49.7	60.4	53.4	56.4	55.8	54.3	66.5
0.0	0.6	0.4	6.9	3.3	5.8	1.1
13.3	8.7	8.0	13.1	9.5	10.9	8.7
11.4	17.2	27.4	14.5	7.1	10.1	8.2
105.7	121.4	128.1	125.0	116.8	120.8	138.9
250.3	260.7	261.3	257.4	264.8	262.0	268.6

2003	2004	2005	2006	2007	2008	2009
15.6	15.6	15.6	19.2	19.2	19.2	19.2
29.2	29.2	29.2	58.6	56.2	56.2	56.2
-12.0	-12.1	-10.4	-6.0	-14.2	-16.4	-17.0
62.2	60.4	65.0	55.6	59.3	53.3	53.2
12.6	13.4	13.7	0.0	0.1	0.1	0.0
107.6	106.4	113.0	127.4	120.6	112.4	111.7
1.9	1.2	1.0	0.9	0.7	0.6	0.5
7.8	8.3	8.7	9.3	9.7	9.7	9.7
7.0	4.5	2.0	1.5	5.7	2.3	1.7
0.0	4.2	4.4	2.2	1.9	1.5	1.1
19.0	11.8	10.1	5.6	10.4	14.5	26.1
0.0	12.9	14.2	0.9	0.6	0.7	0.1
35.6	43.0	40.3	20.4	29.1	29.3	39.1
0.0	0.3	0.2	0.1	0.1	0.1	0.1
5.9	5.8	8.4	7.9	2.9	3.0	3.7
11.0	8.7	14.0	11.1	11.4	10.9	11.6
1.8	8.8	7.2	17.3	10.2	20.8	6.5
47.8	58.8	45.7	46.9	66.7	63.6	73.2
40.6	28.9	32.5	26.4	23.9	21.8	22.7
107.1	111.3	107.9	109.7	115.1	120.2	117.7
250.3	260.7	261.3	257.4	264.8	262.0	268.6

MULTI-YEAR OVERVIEW

Key Figures

VOLUME AND EMPLOYEES

Digital prints	<i>in million units</i>
Prints from film	<i>in million units</i>
Total prints	<i>in million units</i>
CEWE PHOTOBOOKS	<i>in million units</i>
Employees <i>on a full-time basis</i>	

INCOME

Revenues	<i>in million euros</i>
EBITDA	<i>in million euros</i>
EBITDA margin	<i>in % of revenue</i>
EBIT	<i>in million euros</i>
EBIT margin	<i>in % of revenue</i>
EBT	<i>in million euros</i>
Restructuring costs	<i>in million euros</i>
EBT before restructuring	<i>in million euros</i>
Profit after taxes	<i>in million euros</i>

CAPITAL

Total assets	<i>in million euros</i>
Capital employed	<i>in million euros</i>
Equity	<i>in million euros</i>
Equity ratio	<i>in % of Assets</i>
Net debt	<i>in million euros</i>
ROCE	<i>in % of Capital Employed</i>

CASH FLOW

Gross cash flow	<i>in million euros</i>
Investments	<i>in million euros</i>
Net cash flow	<i>in million euros</i>
Cash flow from operations	<i>in million euros</i>
Cash flow from investments	<i>in million euros</i>
Free cash flow	<i>in million euros</i>

SHARE

Earnings per share (diluted)	<i>in euros</i>
Year-end share price	<i>in euros</i>
Dividend per share	<i>in euros</i>
Year-end dividend yield	<i>in %</i>

2003	2004	2005	2006	2007	2008	2009
170.3	508.6	829.8	1,114.4	1,514.5	1,786.1	2,035.8
3,231.7	3,025.4	2,603.0	1,765.0	1,277.3	828.9	558.3
3,402	3,534	3,433	2,879	2,792	2,615	2,594
		0.1	0.5	1.5	2.6	3.6
3,906	3,829	3,730	3,131	3,124	2,921	2,742

2003	2004	2005	2006	2007	2008	2009
416.2	428.4	431.1	396.0	413.5	420.0	409.8
58.1	60.2	68.6	63.2	52.8	52.8	55.9
14.0 %	14.1 %	15.9 %	16.0 %	12.8 %	12.6 %	13.6 %
15.2	15.9	28.7	26.4	14.3	12.4	18.7
3.7 %	3.7 %	6.7 %	6.7 %	3.5 %	2.9 %	4.6 %
13.2	14.2	25.5	21.1	12.8	10.7	16.8
0.0	2.6	12.9	6.7	12.2	11.4	9.5
13.2	16.8	38.4	27.8	25.0	22.1	26.3
3.6	1.2	11.5	17.9	5.9	7.0	6.7

2003	2004	2005	2006	2007	2008	2009
250.3	260.7	261.3	257.4	264.8	262.0	268.6
145.0	158.5	160.8	165.1	160.0	162.6	157.4
107.6	106.4	113.0	127.4	120.6	112.4	111.7
43.0 %	40.8 %	43.3 %	49.5 %	45.5 %	42.9 %	41.6 %
9.4	3.4	-10.0	8.3	13.6	25.2	24.3
10.5 %	10.0 %	17.9 %	16.0 %	9.0 %	7.6 %	11.9 %

2003	2004	2005	2006	2007	2008	2009
46.5	45.4	51.4	54.7	44.4	47.4	44.0
40.4	37.2	36.2	32.5	35.5	33.3	27.4
6.1	8.2	15.2	22.2	8.9	14.1	16.6
	45.9	50.6	33.8	52.6	35.5	36.5
	-35.0	-34.3	-32.8	-41.9	-33.8	-26.6
	10.9	16.3	1.0	10.7	1.0	9.9

2003	2004	2005	2006	2007	2008	2009
0.52	0.19	1.43	2.39	0.83	1.02	1.00
18.80	22.26	41.35	33.00	27.00	14.05	22.60
0.80	0.60	1.20	1.20	1.20	1.00	1.05
4.25	2.25	2.90	3.64	4.44	7.12	4.64

PRODUCTION PLANTS AND DISTRIBUTION BRANCHES

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■ Erftstraße 40
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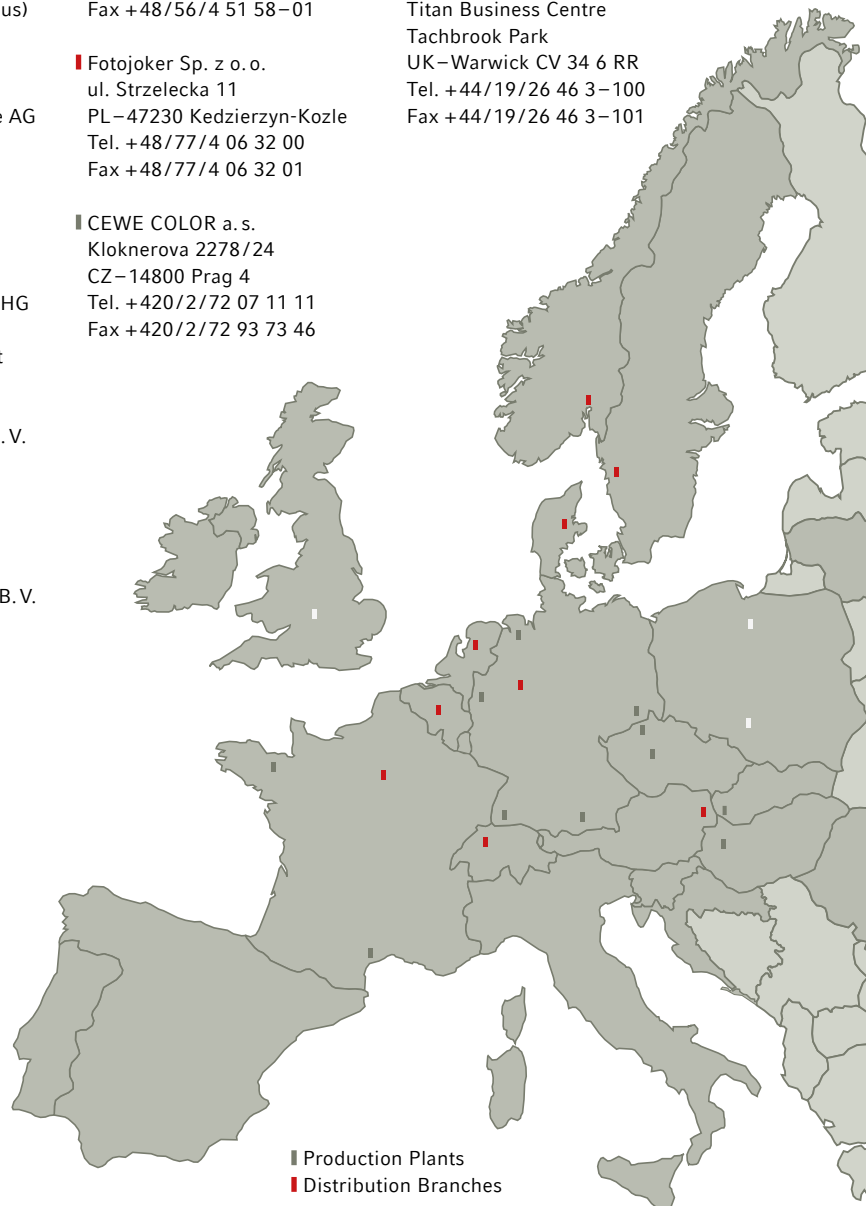
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■ Production Plants
■ Distribution Branches

FINANCIAL DIARY

- April 13, 2010 Financial statements press conference 2010, Frankfurt
- April 13, 2010 Analyst conference, Frankfurt
- April 22, 2010 Bankhaus Lampe conference
"Listed family businesses", Baden-Baden
- May 18, 2010 Announcement of Q1 figures 2010
- May 18, 2010 Analyst telephone conference regarding Q1/2010
- June 02, 2010 General Meeting 2010, Park Hotel, Bremen
- June 10, 2010 Baader Small & Mid Cap conference, Unterschleissheim
- Aug. 17, 2010 Announcement of Q2 figures 2010
- Aug. 17, 2010 Analyst telephone conference regarding Q2/2010
- Aug. 19, 2010 Conference "Consumption/Retail" Bankhaus Lampe, Frankfurt
- Aug. 30, 2010 SCC_Small Cap Conference, Frankfurt
- Nov. 16, 2010 Announcement of Q3 figures 2010
- Nov. 16, 2010 Analyst telephone conference regarding Q3/2010
- Nov. 22, 2010 Equity Forum of the Deutsche Börse, Frankfurt

IMPRINT

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

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GLOSSARY

Gross cash flow

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

Gross financial indebtedness

Total of non-current financial liabilities and current financial liabilities

Capital employed (CE)

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

EBT

Income before taxes

EBIT

Income before taxes and interest

EBITDA

Income before taxes, interest and depreciation

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

Non-current 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

Liquidity ratio

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

Net cash

Non-current financial liabilities plus current financial liabilities minus cash and cash equivalents

Net working capital

Current assets without cash and cash equivalents 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

Note:

The mention of digital photos in this annual report always includes the number of CEWE PHOTOBOOK prints as well as the photos of the photo gifts. All of these figures are generally rounded with the most accurate values and rounded commercially in the table. This might lead to differences in the subsequent rounding of the decimal point.



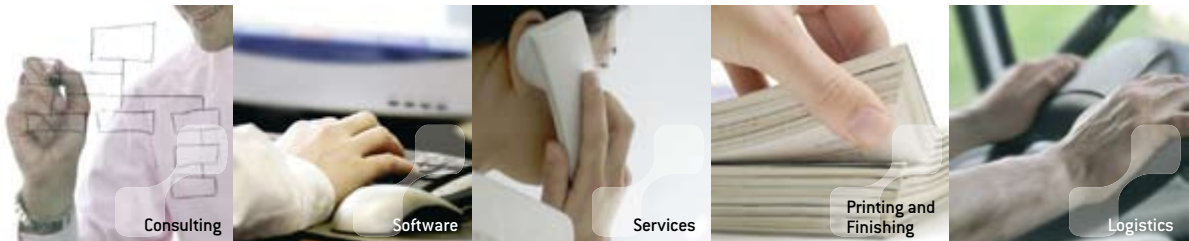
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