

Annual Report 2012



ANNUAL REPORT 2012

"Apart from being the established market leader in the industrial photo-finishing of analogue photos, we succeeded, with the commitment of our employees, in also becoming the market leader in a completely new market for digital photo products. The most striking evidence for this successful transformation is the market leading CEWE PHOTOBOOK. We intend to further extend this position.

At the same time, we have used our newly gained digital competence to break new ground in commercial online printing. The acquisition of Saxoprint in February 2012 is another step towards accelerating this development. In this way, online printing progressed to become a veritable new business segment with good prospects for the future of CEWE."

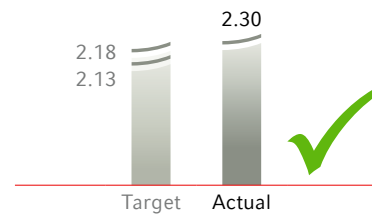
Dr. Rolf Hollander, Chairman of the Boards of Management of CEWE COLOR Holding AG and the Neumüller CEWE COLOR Stiftung



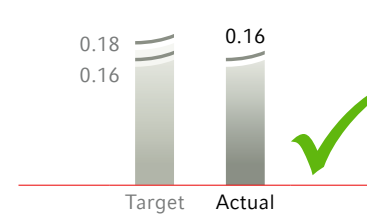
HIGHLIGHTS 2012

2012 targets achieved

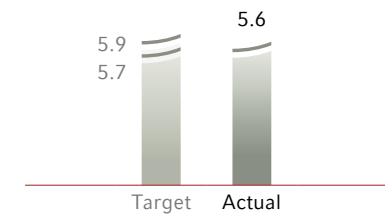
Digital prints in billion units



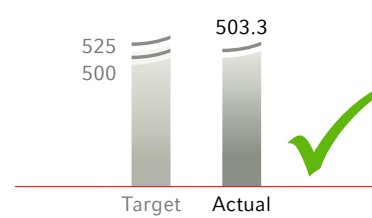
Prints from film in billion units



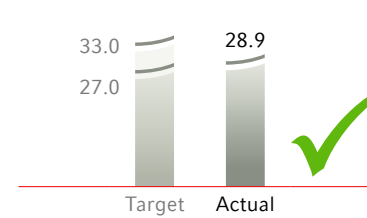
CEWE PHOTOBOOKS in mill. units



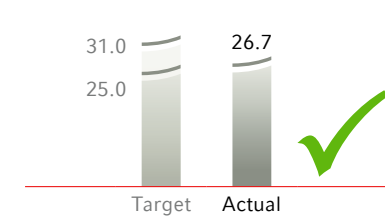
Turnover in million euros



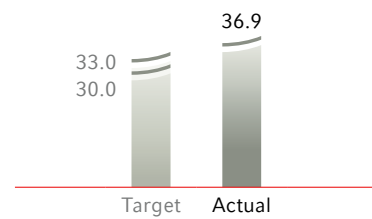
EBIT in million euros



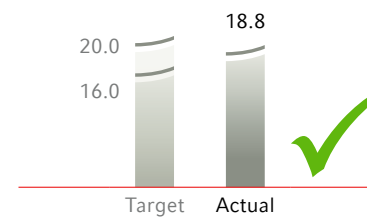
EBT in million euros



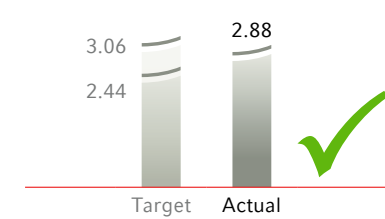
Investments in million euros



Earnings after taxes in million euros



Earnings per share in euros/share



Photofinishing sales: total volume exceeds expectations

- ▶ Total photo volume of 2.46 billion photos exceeds expectations
- ▶ 5.6 million CEWE PHOTOBOOKS with increasing value
- ▶ Calendars, greeting cards and wall decoration items continue to grow strongly
- ▶ More than 93 % digital photos
- ▶ 67 % of all photos are collected in the stores – Clicks & Bricks

Photofinishing results: EBIT +1.5 million euros

- ▶ Turnover target fully achieved at 355.4 million euros in spite of the default of an important business partner
- ▶ Q4 turnover with 132.0 million euros again increased by +1.9 % on a year-on-year basis
- ▶ Value-added products strengthen Photofinishing turnover
- ▶ Turnover per photo continues to increase: +1.5 % to 14.44 euro-cent per photo
- ▶ Strong Christmas business resulted in higher Q4 Photofinishing EBIT by 16.2 %: 28.8 million euros
- ▶ Fourth quarter makes up 90 % of the total annual Photofinishing results: Seasonal shift continues
- ▶ Total annual EBIT in Photofinishing at the top end of the planned target corridor: 32.0 million euros
- ▶ Photofinishing margin increases to 9.0 % in the entire year 2012

Online Printing results: 4.8 million euros start-up investment

- ▶ Strong turnover growth to 43.0 million euros in 2012 – mainly due to Saxoprint acquisition
- ▶ Viaprinto triples turnover to 4.1 million euros
- ▶ Viaprinto improves previous year's EBIT by 1.5 million euros
- ▶ Start-up losses through marketing investments impair EBIT

Retail results: 1.7 million euros contribution to EBIT

- ▶ Retail segment provides turnover of 105.0 million euros in total 2012, 6.4 % less than in the previous year
- ▶ Subdued consumption environment in Poland main reason for total decline in turnover
- ▶ Retail contributes sound 1.7 million euros EBIT to the group results (previous year: 2.4 million euros)

Consolidated profit and loss account: core business increases; offset, however, by online printing investment

- ▶ All targets achieved for 2012: Turnover 503.3 million euros, EBIT 28.9 million euros
- ▶ Q4 supports more than 100 % of annual EBIT: 29.2 million euros
- ▶ Photofinishing improves EBIT margin from 8.6 % (2011) to 9.0 % (2012)
- ▶ Other operating income increased, also due to Saxoprint acquisition
- ▶ Cost of materials share remains constant on a year- on-year basis: 37.0 % of turnover
- ▶ Personnel expenses share rises slightly: +1.2 % to 24.3 % of turnover
- ▶ Other operating expenses increase due to marketing measures for online printing
- ▶ Depreciation base and financing costs increase due to Saxoprint acquisition
- ▶ Tax ratio decreases due to special effects to 29.6 %
- ▶ Earnings per share rise to 2.88 euros

Balance sheet

- ▶ Non-current assets increased due to Saxoprint acquisition
- ▶ Core business again reduces tied-up capital
- ▶ Sound financing: equity ratio 41.8 %

Cash Flow

- ▶ Higher EBIT-induced cash flow
- ▶ Working capital absorbs cash
- ▶ Saxoprint makes positive contribution to free cash flow
- ▶ Free cash flow in the fourth quarter tripled

Capital Employed

- ▶ Capital Employed of core business further reduced by 8.2 million euros
- ▶ CEWE core business again with increasing yield: ROCE increases from 22.3 % to 23.1 %
- ▶ Online printing results in an increase in average Capital Employed to 193.3 million euros and decrease of ROCE to 15.0 %

*CEWE – Europe's leading photo service and
innovative online print partner*

CEWE supplies consumers with photos and digital print products both through over-the-counter trade and Internet sales. CEWE is a service partner for the leading brands in the European photographic market.

In 2012, the company developed and produced 2.5 billion photos, also in 5.6 million CEWE PHOTOBOOKS and photo gifts. Europe's leading photo book brand "CEWE PHOTOBOOK", our high level of competence in digital printing, the benefits of scale of our efficient industrial production and logistics system, broad distribution via the Internet and more than 34,000 retailers are CEWE's key competitive advantages.

CEWE is increasingly also an online printing service provider through its CEWE PRINT, Saxoprint and viaprinto.de brands.







CEWE at a glance

- 13 Production plants
- 24 European countries
- more than 50 years Successful in Europe
- 3,300 Employees
- above 34,000 Retailers
- 5.6 millions CEWE PHOTOBOOKS
- 2.5 billions Digital prints





TO THE SHAREHOLDERS	8
Letter to the Shareholders	8
Report of the Supervisory Board	12
Interview with Dr. Rolf Hollander	17
CEWE Share	23
GROUP MANAGEMENT REPORT	26
Markets	28
Results	40
Corporate Functions	69
Sustainability	84
Corporate Governance	91
Report on Expected Developments	118
Board of Management and Managing Directors	122
CONSOLIDATED FINANCIAL STATEMENTS	124
Consolidated Profit and Loss Account	126
Consolidated Statement of Comprehensive Income	127
Consolidated Balance Sheet	128
Consolidated Statement of Changes in Equity	130
Consolidated Cash Flow Statement	132
Segment Reporting	134
Notes with Auditor's Opinion	135
Confirmation of the Balance Sheet	185
Auditor's Opinion	186
CEWE Group – Structure and Corporate Bodies	187
FURTHER INFORMATION	188
Financial Statements of CEWE COLOR Holding AG	190
Multi-year Overview	192
Production Plants and Distribution Branches	198
Financial Diary	199
Imprint	199
Glossary	200

-  Page reference
-  Reference to table or graphic
-  Internet reference
-  Supplementary information

“With the acquisition of Saxoprint GmbH we are now returning to growth following the analogue-to-digital transformation.”



Dr. Rolf Hollander, Chairman of the Boards of Management of CEWE COLOR Holding AG and the Neumüller CEWE COLOR Stiftung

Dear Shareholders,

Earnings targets 2012 were achieved – the fourth quarter provided the expected contribution

In 2007, we announced that we wanted to generate turnover of more than 500 million euros in 2012. This has happened: Turnover of 503.3 million euros is shown in our books for 2012, although important business partners retired from the market in 2012. Even more important is the result: The fourth quarter contributed 29.2 million euros to the EBIT, which is, for the first time in the company's history, more than 100 % of the annual result totalling 28.9 million euros. The seasonal shift into the fourth quarter, primarily due to the strong demand for our products as Christmas gifts, continued in 2012.

The core business has exceeded our earnings forecasts ...

This seasonal shift occurred in the Photofinishing core business and led to record results in this segment as well: 28.8 million euros EBIT contribution in the fourth quarter in the Photofinishing segment led to an EBIT of 32.0 million euros in Photofinishing in total 2012. The CEWE PHOTOBOK and the other photo gifts were very much in demand at Christmas. As regards these value-added products, where we are responsible for a major part of value creation, the EBIT margin in Photofinishing increased again. From 8.6 % to 9.0 % in 2012. A pleasing development. If we also include the retail trade, the core business contributed 33.7 million euros to the EBIT.

... and thus enabled the successful establishment of the online printing business

We identified online printing as a source of growth that is suited to your company. Here, we invested substantial amounts in marketing in 2012. For this reason, marketing costs in the entire company increased from 36.1 million euros in 2011 to 43.8 million euros. Due to this high level of marketing investments, the Online Printing segment contributed results of –4.8 million euros to the total EBIT. The strong Photofinishing results enabled us to make this heavy initial investment. It is a very meaningful collaboration between the established core business and the future business, at the financial level as well. As regards the cash flow, Saxoprint was already viable without the support of the core business. In spite of strong growth, a positive free cash flow in the medium one-digit million euro range was generated.

2012 – an important year: a major step into the Online Printing business due to successful Saxoprint acquisition

And, the investment was successful! After we had acquired the Saxoprint online printing business in February 2012, we announced an Online Printing turnover target of 40 million euros. In fact, we achieved 43.0 million euros – target exceeded. This acquisition was an important step for your enterprise to enter this segment of growth. For 2013, we are aiming at a turnover of approx. 60 million euros, with the objective being to exceed the 100 million euros turnover threshold at the latest in 2016.

In 2013: growth in the Online Printing segment and expansion of CEWE PHOTOBOOK and other value-added products in Photofinishing

Promoting this growth in the Online Printing business will be the main direction of your company in 2013. We are working on this with a great deal of energy. We also have great plans also in the Photofinishing segment: After we had presented a huge bundle of innovations – both new products (e. g. videos in books) and new ordering options (e. g. the CEWE PHOTOWORLD App) at the world's largest photography trade fair "photokina" in autumn 2012, we will continue to market them and add further innovations.

Seasonal shift will also exist in 2013

Of course, during the entire year, we have to prepare for the Christmas business. At least one thing we have learnt from the developments in the last few years: 2013 will again be a year characterised by a seasonal shift into the fourth quarter. Although the success in the Online Printing segment will balance this seasonal shift slightly, the strengthening of the fourth quarter in Photofinishing will continue. And in Online Printing, there is also a strong fourth quarter, in which business people order their marketing matter for their Christmas business at the beginning of the quarter.



Therefore, dear shareholders, you can expect a stable Q1, a subdued Q2 and Q3 and a strengthened Q4. All of the management team and employees are working hard to bring you a successful year in 2013 as well. We invite you to try our innovations: Visit our website at www.cewe-print.de and test our Online Printing services. Download our Android or iPad® App and enjoy designing a CEWE PHOTOBOOK or a holiday greeting card with your own photo on your tablet computer or smartphone.

We wish you a successful 2013 with your company CEWE and also beyond that!

Oldenburg, March 12, 2013

With best wishes

A handwritten signature in blue ink that reads "Rolf Hollander". The signature is written in a cursive, flowing style.



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

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the year under review, the Supervisory Board performed its duties as required by law, the articles of association and the rules of procedure. Within the sense of good Corporate Governance, the Supervisory Board advised and monitored the Board of Management on the basis of close and trustful cooperation. The Board of Management promptly and comprehensively informed the Supervisory Board, both verbally and in writing, on a regular basis about all the relevant questions of the company planning, the strategic further development in a changing market environment as well as the group's situation including the risks, risk management and compliance.

In the year under review, the Supervisory Board met at five meetings, three of which took place in the first six months and two in the second half of the calendar year. All Supervisory Board members attended at least three meetings.

Following the meetings, the Supervisory Board regularly convened internal meetings, and otherwise always used the presentations and reports of the Board of Management and, if necessary, of external consultants.

Composition of the Supervisory Board

In the year under review up to the general meeting on June 6, 2012, the Supervisory Board consisted of the following persons:

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

A new Supervisory Board was appointed at the general meeting on June 6, 2012 as required by the articles of association. Two out of the six members, i. e. Prof. Dr. Dr. h. c. Hans-Jürgen Appelrath and Otto Korte, were delegated pursuant to section 4.1.1 of the articles of association; the others were elected by the general meeting. Accordingly, the Supervisory Board is made up as follows:

Otto Korte (Chairman)
 Prof. Dr. Dr. h. c. Hans-Jürgen Appelrath (Deputy Chairman)
 Dr. Christian Jacobs
 Prof. Dr. Christiane Hipp
 Corinna Linner
 Prof. Dr. Michael Paetsch

The Chairman and the Deputy Chairman were elected at the meeting following the general meeting.

This composition is in line both with the Supervisory Board resolution of November 15, 2011 as regards diversity and with the recommendation in section 5.4.2 of the applicable version of the German Corporate Governance Code, which requires that the Supervisory Board shall include an adequate number of independent members.

The Supervisory Board thanks the departed members, Mr. Hubert Rothärmel and Mr. Hartmut Fromm, for their many years of successful activity in this body.

Dr. Christian Jacobs resigned from his office effective as of the end of February 2013 for personal reasons by a written declaration of November 30, 2012. The Supervisory Board also thanks him for his committed cooperation.

The Board of Management of CEWE COLOR Holding AG performed its duties in the 2012 financial year in the same composition as before.

Meetings of the Supervisory Board

In the 2012 year under review, the Supervisory Board held five meetings, namely on February 16, March 21 (balance sheet meeting), June 6, September 16, and November 6. The balance sheet meeting on March 21 was also the meeting of the Audit Committee.

Two Supervisory Board meetings have been held so far in 2013, i. e. on February 14 and on March 26 (balance sheet meeting).

“The Supervisory Board welcomes the acquisition of Saxoprint GmbH and has clear expectations of growth for 2013 regarding the new ‘Online Printing’ business segment.”

Main areas of consultation within the Supervisory Board

The following topics were dealt with intensively at the meetings of the Supervisory Board:

At each meeting, the existing business segments around Photofinishing and the new segments of digital printing for commercial customers and Online Printing were discussed. The Supervisory Board welcomes the successful combination of the previous corporate activities, in particular with the Saxoprint online printing shop in Dresden. In addition, the Supervisory Board was informed about potential acquisitions from the investment portfolio of the “High-Tech Gründerfonds II”.

At the Supervisory Board meeting on February 16, 2012, the Supervisory Board assured itself that a comprehensive system for early recognition of risk is in place. In addition, the Supervisory Board was comprehensively informed with respect to risk assessment and risk management, including by the auditors engaged by the company. There was no cause for objections. For further information on risk management and internal audits, please refer to page 98 et. seq. of the annual report.

The Supervisory Board dealt with the group’s cash situation in each of its meetings. This also included the individual national companies and their financial position, net assets and results of operations.

Committees

With its six members, the Supervisory Board is relatively small.

Therefore, it also exercises 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 of an Audit Committee. Due to the particular expertise in questions of accounting and risk management, the prime responsibility for these areas in the Supervisory Board lies with Ms. Corinna Linner, auditor, since the 2012 general meeting (previously under the responsibility of the lawyer Mr. Otto Korte). When the Supervisory Board met as Audit Committee in 2012, Mr. Korte chaired the meeting.

The Supervisory Board in its full composition also performs the duties of a Personnel and Nomination Committee.

Corporate governance

The Board of Management and the Supervisory Board issued their joint declaration of conformity according to Section 161 AktG in February 2013. This declaration was made accessible permanently on the website at www.cewecolor.de. CEWE complies largely with the recommendations of the German Corporate Governance Code in the version of May 15, 2012.

The declaration of conformity of February 1, 2013, including an explanation of deviations, is contained on page 91 of the annual report.

Any further explanations are included in the group management report by the Board of Management and the Supervisory Board on pages 91–95.

Ombudsman

In his report of January 28, 2013, the ombudsman revealed that only one comment was received in the year under review, which related to a working time issue and was settled satisfactorily.

Quarterly reports

The Supervisory Board discussed the figures and the statements of the quarterly reports with the Board of Management prior to their publication.

Efficiency audit

Also in 2012, the Supervisory Board carried out an efficiency audit of its work. The conclusions were acted upon in the ongoing work of the Supervisory Board.

Separate and consolidated financial statements as well as management and group management report

The separate and consolidated financial statements as well as the management and the group management report for the 2012 financial year were audited by and bear the unqualified opinion of COMMERCIAL TREUHAND Gesellschaft mit beschränkter Haftung Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Oldenburg, which was again appointed as statutory auditor by the general meeting on June 6, 2012. In addition, in the context of the audit, the auditor also came to the conclusion that the Board of Management has established a risk management system in line with the statutory provisions and that this system is fundamentally suited to detect in good time any developments that could threaten the company's continued existence.

The reporting documents and the proposal for the appropriation of net profit made by the Board of Management as well as the auditor's reports were handed over to the Supervisory Board in due time prior to its meeting. They were scrutinized by the Supervisory Board and discussed comprehensively in the presence of the auditor in the balance sheet meeting on March 26, 2013. The auditor reported on significant results of his audit. In addition, he explained the scope, audit priorities and the costs of the audit of the financial statements.

The auditor rendered services to the company (including to affiliated companies), whereby the total fees are presented in the notes to the financial statements on page 150.

 Page 107 | Remuneration Report

 Page 91 | Corporate Governance
Page 98 | Risk Management

The Supervisory Board approved the results of the audit obtained by the auditor. Following the final result of its own examination, no objections were to be raised. The Supervisory Board approved the annual financial statements and the consolidated financial statements as well as the management report and group management report as prepared by the Board of Management as at December 31, 2012. The annual financial statements of CEWE COLOR Holding AG are thus adopted.

Furthermore, the Supervisory Board discussed the appropriation of the net profits and the dividend policy with the Board of Management. In view of the company's sound financial position as well as the expectations of the shareholders and the capital market, the Supervisory Board followed the proposal of the Board of Management without any restrictions.

Dependency report

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.

Concluding remarks

In conclusion: CEWE is set for the future. This has been proven again by the last financial year, in which our turnover increased by more than 8 % and exceeded the limit of 500 million euros for the first time.

The dividend of 1.45 euros, proposed to you by the Board of Management and the Supervisory Board at this year's general meeting, is a sign of trust and continuity. We want you to benefit from the sound development of our enterprise and to accompany us with your consistent confidence.

Within this sense, the Supervisory Board would like to express its gratitude to all employees and members of the Board of Management as well as the employee representatives. Owing to their commitment, which was particularly required in the year under review, they contributed a great deal to coping successfully with the challenges in the market.

Oldenburg, March 26, 2013

The Supervisory Board of CEWE COLOR Holding AG



Otto Korte (Chairman)

INTERVIEW WITH DR. ROLF HOLLANDER

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

Dr. Hollander, in 2012 the profit fell from 30.1 to 28.9 million euros – on EBIT level. You nevertheless write that it was a good year?

Absolutely! Firstly, we arrived exactly in the announced range of 27 to 33 million euros with 28.9 million euros. Bullseye! ... Despite important trading partners having left the market in 2012. Then – and this is the most important for me – we have made big progress in the new business segment Online Printing. By way of the acquisition of Saxoprint in February 2012 and the further growth in this business segment over the course of 2012, another veritable business segment developed for CEWE with excellent growth prospects. The third point is the successful interaction of the business segments. We have boosted this growth in Online Printing with 4.8 million euros. This money came from the core businesses, Photofinishing and retail. If you look at these core businesses, you may add this 4.8 million euros invested into Online Printing as a profit to the 28.9 million euros. This adds up to a sum of 33.7 million euros and thus is even above the target range of 27 to 33 million euros and also above the 33.0 million euros which were earned in the core business in 2011.

However, with regard to your star product, the CEWE PHOTOBOOK, you failed to achieve your growth target, haven't you?

You mean purely in terms of volume? With 5.6 million euros worth of CEWE PHOTOBOOKS, we border on the target of at least 5.7 million euros worth of books. This corresponds to a volume growth of 8%. We would have liked to maybe come close to the 5.7 million euros worth of books with an 11% growth. If you, however, change from the volume to the turnover level, the CEWE PHOTOBOOK has again already achieved this growth rate. The reason for this is



the positive development to higher-quality books. In this respect: The CEWE PHOTOBOOK has performed well in 2012, all the more, as we experienced the very “sporty” distractions of our consumer particularly in the summer. As explained at the time in the quarterly reports, we have definitely felt the strong “leisure time focus” on the Summer Olympic Games and the European Football Championship in the CEWE PHOTOBOOK sales. Against this background, the CEWE PHOTOBOOK 2012 has even shown a strong development. In the first weeks of 2013, this positive development continues.

You always emphasise the CEWE PHOTOBOOK and do not talk of ‘Photobook’. Why is that?

Because there is a huge difference! With the development away from individual photos towards the CEWE PHOTOBOOK, we were given the opportunity to establish a distinguishable and thus marketable product, and we have to continue to do this. The entire brand promise stands behind the brand CEWE PHOTOBOOK: Not only printing and the quality of book binding, but also software quality and range, functionality, production speed, service quality and product diversity, etc. are features which consumers may associate with the CEWE PHOTOBOOK. This aspect should always be involved when speaking about the CEWE PHOTOBOOK. For consumers to be able to find this product, we always have to refer to it in this way. By the way, this is also very much to the benefit of all trading partners that offer this product in their portfolio.



... and what has the CEWE PHOTOBOOK to do with CEWE-PRINT? Have you got a taste for it and would you now like to compile your own brand collection?

Let me initially answer your first question: In Online Printing, we started off with the brand viaprinto – in elegant grey and modern orange – as we had the impression that the consumer brand CEWE PHOTOBOOK should represent something else. Talks with companies which we wanted to gain as customers have then shown: Mentioning the brand CEWE PHOTOBOOK alone is an icebreaker in these talks: “Oh, that’s you!” was often the very positive response. Obviously! The company representatives to whom we talk about viaprinto are also private individuals and have often already experienced the CEWE PHOTOBOOK – in most cases this was a very positive experience. There, we realised: We need to make use of this strength of the CEWE PHOTOBOOK. Thus, the brand CEWE-PRINT was born as an umbrella brand for the Online Printing in order to create a clear link to the CEWE PHOTOBOOK and thus to also transfer the trust which is put into the CEWE PHOTOBOOK to the Online Printing segment.

In which way does viaprinto fit into this concept... or Saxoprint? There is again the start of the CEWE brand collection?

Viaprinto by now has its very own customers. Trainers, banks, Investor Relations departments, etc. order from viaprinto. For them, it is about high-quality bound books with several pages, in a small number of copies – this again involves our established digital printing segment – and often also preferably at very short notice, which is overnight.

Saxoprint has its own customer base which likes this brand and puts its trust into it. We do not want to disappoint these customers. Therefore, the brand Saxoprint will continue to exist. Saxoprint and CEWE-PRINT may co-exist with very similar functionalities.

“The entire brand promise stands behind the brand CEWE PHOTOBOOK. This aspect should always be involved when speaking about the CEWE PHOTOBOOK.”

With regard to Online Printing, we therefore have the brands which we need. To pick up on your provocative expression “brand collection” ...

... please ...

... with regard to the core business of Photofinishing we are certainly considering as to whether or not the CEWE PHOTOBOOK is able to also represent the other value-added products. Around the other products, too, we offer the consumer a real advantage which we should back up with a brand. In this respect, it is certainly not about a brand collection but rather to make our products, with their special value proposition, easily identifiable and easy to find for the consumer in the shops of our trading partners.

 www.viaprinto.de

Since we are talking about new brands, the topic “New corporate legal form” is not far: What is it all about the KGaA [Kommanditgesellschaft auf Aktien – partnership limited by shares]? Why this change?

In this context, you need to bear in mind our somewhat special structure: The entire operational business is in the OHG [Offene Handelsgesellschaft – general partnership]. The OHG and the subsidiaries are the home of our more than 3,000 employees. This is where the value-added takes place.

“By changing from the current OHG to the more known KGaA, we increase the company value by approx. 10 million euros by normalising our tax burdens. Otherwise, everything stays as it is today.”

This OHG has two partners: The Stiftung [Foundation] and the listed AG [Aktiengesellschaft – public limited company]. The AG has no operational business. Indeed, costs have been incurring for years at this level, particularly for the shareholders’ meeting and the remaining Investor Relations work. So, as the AG does not run a business activity, these costs are not deductible in terms of a trade income tax. Over the years, an enormous loss carried forward (more than

20 million euros) has thus accrued which we would never be able to offset against tax in the current company structure, but which would rather continue to increase in the next years. Therefore, we would permanently pay more tax than we actually should. This situation is inefficient. Having successfully worked on the analogue/digital transformation with 100 % attentiveness, the time has come for these structural topics. We will deal with this. The change of form into the KGaA serves this purpose.

So, your tax effect worth 10 million euros comes only from the use of these losses carried forward?

More than 3 million euros come from the use of the losses carried forward. In addition, we can also offset these costs against the trade income tax in future. Thus, we will deduct the taxes every year. Furthermore, there is the effect of the deductibility of input tax. As the AG itself does not make any turnover, it is also not possible to offset the input tax paid. By changing the form, we would also change this state in the future. Both future effects have together a cash value of approx. 7 million euros. The entire reduction of the tax expenditure thus amounts to a cash value of 10 million euro. In other words, CEWE is worth 10 million euros more with this step. A worthwhile step.

And why the KGaA?

We cannot change anything with regard to the mechanism of the overall system. The Stiftung has to serve its purpose and has to maintain an equally active role and the shareholders should be in the position to fully rely on their rights. This will be achieved by the KGaA in an optimum manner. Moreover, the KGaA is much better known in the stock market than our current OHG structure. The OHG requires some explanation, while large-scale players also operate as a KGaA in the German capital market: Henkel, Merck, Fresenius, Dräger, Bertelsmann and others.

Further aspects: The shareholders have a direct influence on the operational business. Furthermore, we will have a co-determined Supervisory Board – this is also a modernisation. Last but not least, the structure is simplified in this way. One company less means less administrative expenditure.

To conclude, it is a very harmonious transformation: Basically, everything stays the same. The most important point is the clearing of the fiscal structure. This is a lasting benefit which the shareholders will feel. Otherwise, CEWE remains for the shareholders, what it is today.

Dr. Hollander, many thanks for this interview.



Your online print shop

- ✓ Free service hotline
- ✓ Standard artwork check included
- ✓ Print samples free of charge
- ✓ Print templates free of cost
- ✓ Delivery costs included



CEWE SHARE

- ▶ *CEWE share with a stable price development in 2012*
- ▶ *Solid demand for CEWE Shares: 14,902 shares traded per day*
- ▶ *Continuously positive opinions from analysts*
- ▶ *Strengthened positioning in the SDAX*
- ▶ *Continued stable shareholder structure*

Financial markets recover in 2012

In 2012, the financial markets were strongly influenced by the impact of political decisions as part of mastering the euro and the debt crisis. Stability in the capital markets was ensured by way of the permanent European rescue package “European Stability Mechanism” (ESM) and the “Outright Monetary Transactions” (OMT) resolved by the ECB which enables a purchasing program for euro government bonds. In comparison to the previous year, the DAX rose by +29.1 %, the MDAX climbed by 33.9 % in the same period and the SDAX almost developed just as positively with +18.7 %.

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 (average 2012)	14,902 units
Annual high 2012	35.00 euros
Annual low 2012	27.50 euros
Closing rate 2012	31.04 euros

CEWE share January 1, 2012 to March 15, 2013 in euros



Stable price development of the CEWE share in 2012

In 2012, the CEWE share reached its maximum price in March: 35.00 euros per share following an end-of-year price of 31.39 euros in 2011. However, over the further course of the year, the CEWE share was unable to further develop this price level and, 31.04 euros per share on December 31, 2012, almost concluded again at the closing price of the previous year.

Continued solid demand for CEWE shares


The CEWE share continued to be traded with great interest at the German stock markets. On average, 14,902 CEWE shares per day changed their owner. In the full year 2012, more than 3.7 million CEWE shares were thus traded at German stock markets.

Continuously positive opinions of analysts for the CEWE share

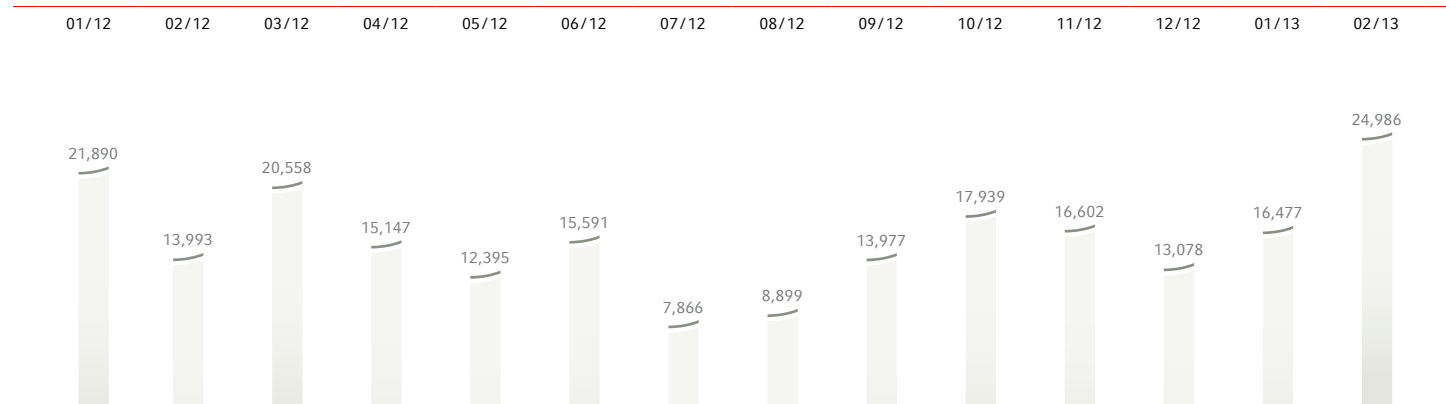
All ten external analysts who track CEWE were unanimous in their positive analysis: Nine of them arrive at the summarising “Buy” or “Overweight” rating, one analyst rates the CEWE share at “Hold”. In doing so, their estimations range between 34.50 and 41.00 euros as the stock price target. CEWE publishes all analyst reports made available to the company on its website at www.cewecolor.de/investor-relations/cewe-color-aktie/analysten.

CEWE COLOR: a solid SDAX member

According to the criterion “trading volume”, CEWE was ranked 74th in December 2012 (previous year: 79th), and 89th (previous year: 90th) when assessed according to market capitalisation. Thus, the CEWE share continues to present itself as an established player in the SDAX index, which typically takes into account shares as from position 110 and better.

 www.cewecolor.de/investor-relations/cewe-color-aktie/analysten

Average trading volume in shares per day



Stable shareholder structure strengthens the Management's policy

Thanks to its anchor investor, the heirs of Senator h. c. Heinz Neumüller (ACN Vermögensverwaltungsgesellschaft mbH & Co. KG) (27.4 %), CEWE has a high degree of stability on the owner's side. Apart from this, the Danish capital investment company Sparinvest has been a constant investor in the group of shareholders subject to registration for many years.

CEWE works for its shareholders

At CEWE COLOR, the Investor Relations efforts are dedicated to keeping all market participants informed promptly, comprehensively and to an equal extent, and to ensuring a high level of overall transparency.

CEWE publishes all business and interim reports simultaneously on the Internet at www.cewecolor.de. Since 2009, all analyst telephone conferences to the quarterly financial statements have already been made available as web- and audiocasts on the CEWE Internet site. In parallel, all material presentations of the company at conferences and other events are also published on the Internet.

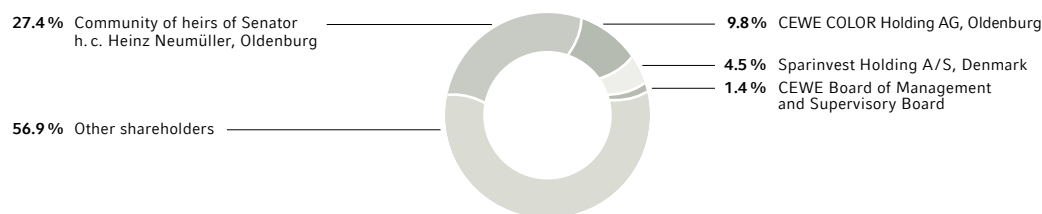
In 2012, the Board of Management and the Investor Relations Team presented the company at four capital market conferences and conducted again more than 20 days of roadshows at European financial centres. The up-to-date dates for 2013 can be found in the financial diary on page 199 of this report.

 Page 199 | Financial Diary

 www.cewecolor.de/en/investor-relations

Overview of the current analyst ratings	Analysis	Date
Bankhaus Lampe	Buy	Nov. 5, 2012
Berenberg Bank	Buy	Nov. 6, 2012
BHF Bank	Overweight	Nov. 8, 2012
Close Brothers Seydler Bank	Hold	Nov. 8, 2012
Commerzbank	Buy	Jan. 31, 2012
Deutsche Bank	Buy	June 21, 2012
DZ Bank	Buy	Aug. 3, 2012
GSC Research	Buy	Feb. 13, 2012
Nord/LB	Buy	Jan. 17, 2013
Warburg Research	Buy	Jan. 17, 2013
Westend Brokers	Buy	Jan. 17, 2013

Shareholder structure (March 2013) in % (100 % refer to 7.38 million shares)






GROUP MANAGEMENT REPORT

Markets	28	Sustainability	84
General Economic Setting	28	Corporate Responsibility	84
Photofinishing Market	30	Economic Responsibility	85
Online Printing Market	31	Environmental Responsibility	87
Retail Market	32	Social Responsibility	88
		Social Commitment	89
Results	40	Corporate Governance	91
Fotofinishing business area	41	Compliance	95
Online Printing business area	52	Risk Policy	98
Retail business area	54	Risk Management	98
Consolidated Profit and Loss Account	55	Business Management Report	105
Balance Sheet and Financial Management	60	Remuneration Report	107
Cash Flow	63	Statements according to Section 315 (4) HGB	112
Return on Capital Employed	65	Related Party Disclosures	115
General Statement on the Economic Situation	67	Organisation	115
		Special Events Following the End of the Financial Year	117
Corporate Functions	69	Report on Expected Developments	118
Marketing and Sales	69		
Research and Development	71	Board of Management and Managing Directors	122
IT	74		
Production	75		
Employees	77		
Logistics	78		
Purchasing and Materials Management	79		
Finances	81		

 Page reference

 Reference to table or graphic

 Internet reference

 Supplementary information

MARKETS

General Economic Setting

Pace of growth of the global economic decreases: 3.2 %

According to the IWF report published in January 2013, the global economy expanded by 3.2 % – and thus slower than in 2011 (3.9 %) and in 2010 (5.1 %). The overall economic situation in 2012 was mainly affected by the recession in the euro zone (–0.4 %) which resulted from the government debt crisis and the active consolidation measures to limit debts. In Germany, too, growth decelerated in comparison to the previous year to 0.9 % (2011: from 3.1 %). Whilst France still recorded a weak growth rate of 0.2 % (2011: 1.7 %), the Italian economy dwindled by –2.1 % (2011: 0.4 %) and the Spanish by –1.4 % (2011: 0.4 %). Outside the euro zone, the economic development was also negative in Europe: the gross domestic product of Great Britain remained 0.2 % below previous year's value (2011: +0.9 %). Only due to the growth in the USA (2.3 %), the industrial states recorded an overall increase of 1.2 %. At the end of the year, the risk of automatic cost-cutting measures and tax increases in the event of the borrowing ceiling of 16.4 trillion US dollar being exceeded had an adverse effect in the USA. It was only possible at the last minute to prevent the automatism of the so-called "Fiscal Cliff" by way of a compromise.

Emerging economies also record less growth dynamics

In contrast, the emerging economies of Eastern Europe, Asia, Latin America and Africa gained 5.1 % and therefore made the biggest contribution to the world economic growth. In this respect, China (7.8 %) and India (4.5 %) showed the most dynamic development. However, in 2011, the emerging and developing countries had still expanded by overall 6.3 %. Although the growth in Asia in particular declined noticeably: the increase in China thus remained 1.5 % and in India even –3.4 % below previous year's value.

Interest rates

Since the repeated cut in interest rates of the ECB on July 5, 2012 by 0.25 percentage points, the European prime rate level is at a historically low level. For the main lending facility, the ECB has fixed an interest rate of 0.75 %, for the marginal lending facility a rate of 1.5 % and for the deposit facility a rate of 0 %. The yields of long-term government bonds with an AAA rating amongst the currencies of the euro zone were at around 1.8 % on January 9, 2013. In the United States, yields reached around 1.9 % on January 9, 2013. For the first time since the beginning of 2011, the normal interest rates of 10-year government bonds amongst the currencies of the euro zone were thus lower than in the United States. On January 9, 2013, the

corresponding interest rate spread was at around five base points. In Japan, the yields of the 10-year government bonds rose by around 15 base points in the reporting period and most recently accounted for around 0.8 %. This increase was recorded after the elections, based on the outcome of which further fiscal measures can be expected according to market analysts.

Inflation

Inflation noticeably decreased worldwide in 2012: in the developed states, the increase in consumer prices dropped to 2.0 % following 2.7 % in the previous year. In the emerging states, the price of goods and services increased by 6.1 % following 7.2 % in the previous year. In the euro zone, the consumer prices (HICCP) rose by 2.5 % (2011: 2.7 %). The lower price dynamics with regard to producer prices and commodities (without energy) were primarily responsible for this development: the industrial producer prices increased by 2.6 % (2011: 5.9 %), the commodity prices by a mere 0.5 % (2011: 12.2 %). In Germany, too, the rate of price increase decreased from 2.3 % to 2.0 %.

Exchange rate

The nominally effective exchange rate of the euro (in terms of the currencies of the 20 most important trading partners of the euro zone) was 0.3 % above the value posted in the previous year. The development of the bilateral exchange rates was very inconsistent: with regard to January 9, 2012, the exchange rate of the euro rose by 16.8 % in comparison to the Japanese yen and by 2.6 % compared to the US dollar. In contrast, the euro lost 8.3 % of its value in comparison to the Polish zloty and its value decreased by 1.1 % compared to the British pound.

Photofinishing Market

Single-lens reflect and digital cameras as growth engines

The trip, the birthday party or Christmas Eve – wonderful moments as well as family and friends are always worth a photograph. Modern recording devices such as digital, single-lens reflect camera, smartphone or tablet have become constant companions in everyday life and are ready for immediate use. The number of recording devices in households is as high as ever – forecasts of Prophoto GmbH and of GfK Retail and Technology GmbH showed for 2012 that almost every tenth German buys a new camera every year. When including camera mobile phones, smartphones and camcorders, more than 4.4 billion recording devices are in use worldwide according to this information. Single-lens reflect and digital cameras are also one of the growth engines of the photo and imaging industry in Germany. At present, 64 % of Germans have a digital camera and another 10 % a single-lens reflect camera. The renunciation of the analogue world is a logical consequence of the development towards digitisation. Technical innovations and the desire for professionalism are amongst the major reasons why consumers rely on the newest digital cameras. However, according to a study of the Gesellschaft für Konsumforschung (GfK – Association for Consumer Research) from 2012, digital single-lens reflect cameras are used particularly intensively. According to this study, more than half of the people owning such a camera (51 %) use it often, another 41 % use it occasionally.

Consumers value high-quality image presentation

The times in which every consumer took around 100 photos with their camera a year are gone. Today, more than 2,000 photos are taken every second in Germany alone. With the increasing digitisation, the consumer of today has many possibilities to present their

own photos. Classic photo products such as photo books, photo calendars and photo greeting cards boost the market just like posters, photos on canvas and photos behind acrylic glass. This is completed by a broad range of photo gifts, such as customisable smartphone cases and door signs. Studies show that, in particular, users of single-lens reflect cameras and compact system cameras use photo books for their own image presentation. Already every fourth occasional photographer and almost half of all hobby photographers have already created their own photo book. To make other people happy, to appreciate wonderful moments and the visual experience are important incentives to create a photo book. Photo greeting cards also play an important role in the Photofinishing segment: they reach a level of awareness of 56 %. They make full use of their strengths with regard to topics such as notes of thanks and invitations.

Mobile Imaging as a key issue for the future

The familiarity with photo equipment holds great potential for the photofinishing market – also in terms of the tablet and smartphone photography. Already 21 million Germans own a smartphone for their Employees use; a trend with a rapid growth rate: there were only 10.5 million in 2011, as evidenced by a study of the Gesellschaft für Konsumforschung (GfK) from 2012. In 2011 alone, the share of mobile phone/smartphone photos in all photos taken accounted for 5 %. The younger generation is growing up with the mobile phone photography and already makes extensive use of it. Amongst those under the age of 30, every fourth already uses their mobile phone for holiday photos and for taking pictures during festivities. In recent years, the Mobile Imaging reached new dimensions due to the increasing demand for smartphones, tablets and internet-capable

camera models. Over the past few years, apps were one of the primary trend topics of the photo and imaging industry. They create more application options for mobile photo design and ordering. In 2011 alone, around 18 billion apps were downloaded worldwide according to Gartner – IT analysts and consultants. In this way, even the connection to kiosk systems takes place without any complex

Online Printing Market

Structural changes in the printing industry continue

The printing industry continues to be clearly shaped by conventional “offline companies”. Therefore, 2012, too was overall a very difficult year for the printing industry. Like in the previous year, both the number of businesses and of employees decreased. The again increasing number of insolvencies in the first quarter of 2012 was particularly striking for the industry. (source: industry report of the printing industry, BVDM, August 2012)

Online printing companies benefit

This demonstrates once again that the structural changes in the German printing industry continue unabated. The online providers for printed material continue to be the drivers for and beneficiaries of these structural changes with their standardised and cost-efficient offers with short lead times, which are able to best serve the changing requirements of the market.

plug connections. Mobile Imaging is a key issue for the future and guarantees the photo industry new services with an increased sales potential. The photofinishing market has identified this trend at an early stage and addressed it with innovative technologies.

Over the course of the financial year 2012, there were no recognisable bottlenecks in the relevant commodity markets. In particular, the availability of printing papers and printing plates was not jeopardised at any time. The price development regarding the procurement of goods and services may be described as being stable.

It was also possible in 2012 to observe the appearance of new online market participants. They mainly have their origin in conventional printing companies and/or in advertising companies. However, no development of a new market participant with in-house manufacturing up to a relevant competitor was recorded. Only CEWE was able to penetrate the relevant online market with the “CEWE-PRINT” brand.

The barriers to market entry, such as necessary investment funds and high advertising expenses continue to represent effective obstacles for new market participants.

Retail Market

CEWE retail operates in Scandinavia and Central and Eastern Europe, with a clear focus on Norway and Poland. The countries differ significantly in part with regard to their market situation; for this reason, the different situations are illustrated in the following.

Norway

The Norwegian economy experiences strong growth of both the income from employment and public services. In addition, inflation is low. The annual growth of the actually available household income is between 4.5 and 5 % during 2012–2014. The purchasing power per inhabitant accounts for 32 thousand euros. In the course of the financial crisis, the savings ratio of the private households slightly increased because of the uncertainty with regard to Employees income.

The turnover of the Norwegian retail market was almost unchanged in the second half of 2012. More than 33 % of the turnover in the retail market accounted for groceries. Most sectors showed a slight increase of the sales quantity from November to December 2012. The sales quantity of leisure articles, e.g. sports articles and books, dropped in this period. With regard to the full year, the retail was able to increase its turnover by a total of 3 % compared to 2011.

However, the total consumption of private households was for the first time for decades 1.1 % lower in December 2012 than in the same month of the previous year. (source: ssb.no)

Sweden

The poor economic activity in other countries restricted the demand for the export for Swedish goods and the trust of the households and companies. The economy got weaker and the Swedish gross domestic product (GDP) decreased in the fourth quarter of 2012. The unemployment rate of 7.7 % will continue to rise and recovery will not kick in before the end of 2013. In the first three quarters of 2012, Sweden performed better than the euro zone. However, the slight increase was limited in time and occurred thanks to the increasing government demand and the build-up of inventories in the companies.

The purchasing power per inhabitant accounts for approx. 20 thousand euros, similar to Germany. There are big differences between the various retail sectors. (source: konj.se)

Poland

In Poland, the real GDP growth slowed down to 2 % in 2012 compared to the previous year. The employment rate which increased over the course of 2012 (Dec. 13.4 %) and the lower level of consumer confidence are indicators that the private consumption might remain moderate. Polish households reduced their household spending as a reaction to the financial crisis and a low availability of mortgages and consumer loans. As a result, there was also a significant increase in the number of insolvencies in the retail industry. In comparison to 2011, the number of debtors increased by 22 %, that is, 36,634 (20,298 retailers) companies (source: retailpoland.com). Consumer sales are partially financed by savings. The purchasing power per inhabitant amounts to around 5.8 thousand euros. The dominance of shopping centres is a particular point of the Polish retail market. At present, there are approx. 380 modern shopping centres in Poland. They combine around 92 % of the entire retail area.

Czech Republic

In 2012, the Czech Republic again slipped into recession. The real GDP shrank by around 1 % compared to the previous year. The base interest rate is now at 0.05 % and thus one of the lowest worldwide. The unemployment rate in the mean time has risen to 7.5 %. The retail turnover has fallen by 1.1 % in 2012. The sale of fuel decreased by 1.0 % and the sale of food stuff by 2.5 %. The latter also results

from the psychological effects caused by the increase of the reduced VAT rate from 10 % to 14 %. The sale of non-food goods increased by 0.9 %. The sale of goods via the Internet or the mail-order business recorded the highest growth (8.2 %). Specialist shops showed a mixed development: sales of computer and communication technology (-5.8 %), clothing and shoes (5.6 %), sports, culture and leisure products (3.0 %) and pharmaceuticals, medical engineering products and cosmetic products (1.2 % (source: <http://epp.eurostat.ec.europa.eu>). At the beginning of 2013, the value added tax (VAT) was increased by one percentage point to 21 % and to 15 %. The purchasing power per inhabitant is at 7.5 thousand euros.

Slovakia

The Slovakian economy largely depends on the engineering and automotive sector and is therefore very exposed to fluctuations. At present, the national debt accounts for approx. 50 % of the GDP. The government has decided to abandon the flat tax of 19 % and to increase the tax for incomes from approx. 3,300 euros to 25 % monthly. It was refrained from the feared VAT increase in order not to put any further strain on private consumption. Incomes in Slovakia continue to rise, but the increases are distributed very unevenly; the average gross wage amounts to approx. 800 euros and the purchasing power per inhabitant is at approx. 7.7 thousand euros.

PRODUCT INNOVATIONS 2012

CEWE PHOTOBOOK XXL Landscape on matt/glossy photo paper

The CEWE PHOTOBOOK turns over a new leaf: This CEWE bestseller is keeping step with ongoing developments in the photo industry. The CEWE PHOTOBOOK offers consumers the ideal medium for the high-quality presentation of their favourite photos.

A new format for the bestseller

The CEWE PHOTOBOOK is available in more than 40 different variants for digital print or photo paper - with more being added all the time. The XXL Landscape format is no different in that it meets the high standards which (amateur) photographers expect from the medium on which their shots are presented. With optimal exposure on matt or glossy photo paper, users can get the best-possible results: photos with brilliant colours, soft detail and depth.

Perfect presentation thanks to lay-flat binding

The CEWE PHOTOBOOK XXL Landscape is available with lay-flat binding, to allow for large photos to be presented in a double-page spread. This is possible because there is no seam.



Incorporate videos into the CEWE PHOTOBOOK

Moving images

One innovative feature allows for memories recorded in the CEWE PHOTOBOOK to be brought to life. Videos can now be incorporated into the CEWE PHOTOBOOK as well as photos. The video appears as a single image or a piece of film of up to six frames from the video. This can be placed anywhere beside the other shots in the CEWE PHOTOBOOK. If so desired, a QR code can be generated automatically, offering an attractive media mix. Using a free reader on a smartphone or tablet, the video clip can be relived over and over.



The keyvisual of the CEWE PHOTOBOOK brand was enhanced, and the new claim "My Life" added. The brand looks more modern, high quality and sympathetic.

PRODUCT INNOVATIONS 2012

CEWE GREETING CARDS and CEWE CALENDARS

Creative freedom: The time and thought that go into a CEWE GREETING CARD or a CEWE CALENDAR are what make them very special. Ease of use and high quality crown the enjoyment of creating one's own photo product.



Greeting cards

Unbridled creativity: In 2012 CEWE is offering 300 new design templates for greeting cards for over 20 different occasions such as wedding, Christmas and birth. The simplified search and filter function, which is available both online and in the CEWE ordering software, makes it even quicker and easier to find the right designs. And now it is possible to search by colour and style as well as by occasion.

Wall calendars

Genuine quality: The new CEWE WALL CALENDAR in A4 Landscape format on photo paper provides a varied constant companion throughout the seasons. The brilliant colours, outstanding depth and sharp detail make for captivating motifs.

Stiftung Warentest certified the high standard of quality of the CEWE CALENDAR in their photo calendar test in autumn 2012: The CEWE photo laboratory came out on top.



Winner:



CEWE PHOTO GIFTS

Cases for the smartphone and tablet

Singular and practical: Smartphones and tablets are now widespread and popular devices. A personalised CEWE protective case makes a beloved constant companion one of a kind. The user's choice of photo, design and text is simply put on the aluminium panel on the back of the classic matt-black cover, and the order placed. Thus mobile devices can not only be personalised, but also protected against scratches and knocks.



Door sign

A welcome with a difference: Not only is the postman on his or her daily rounds pleasantly surprised to see a visual welcome on the front door. The CEWE door sign, measuring 15 cm x 20 cm, offers the creative scope for a composition of photo, text and house number. The weather-resistant acrylic glass allows for an original welcome to be put up on the exterior wall and there's also the additional option of a stainless steel wall bracket.



Latte mugs

The coffee mug accessory: The CEWE latte mug turns the daily coffee routine into something very personal. A favourite printed motif along with suitable design and text can serve as a personal accessory in the office and as a reminder of good times or special people. The picture adorns the 15 cm tall, tapered mug in the form of a wrap-around landscape motif.

PRODUCT INNOVATIONS 2012

CEWE WALL DECORATION



Multi-piece posters

Unique wall art in the living space: CEWE WALL DECORATION in the form of a modern split panel creates a very special effect in the home. The print is split into two, three or four parts, which are then hung up approximately three centimetres apart. Available in a variety of materials and a number of colour combinations, the multi-piece posters are creative and striking.

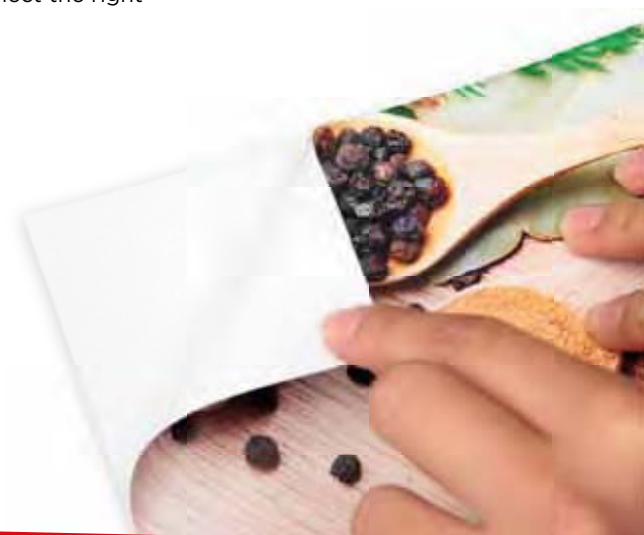


Motif gallery

Professional motifs at home: The extensive motif gallery offers great possibilities for elegant decorating when consumers do not have a suitable picture in their own photo album. With more than 1,000 professional images, sorted by theme, consumers can select the right one for them.

Self-adhesive posters

Versatile and decorative: Be they for wall, window, fridge or laptop, the versatile self-adhesive posters can be affixed to a wide variety of surfaces. Also redecorating is no problem for this new addition to the CEWE WALL DECORATION range. The posters can be removed without leaving any mark and can even be reused.



CEWE PHOTOWORLD APP

Design CEWE PHOTOBOOK and other photo products on the go

CEWE photo products can be designed on a mobile device, be it an iPad®, Android tablet® or smartphone. Whether out and about or sitting at home on the sofa, alone or with the family, it takes just a few steps for users to get their personal photos onto the pages of a customised CEWE PHOTOBOOK or order them direct as photo prints or postcards. Those who cannot wait and need top-quality photos right now can use the "Instant prints" function on the CEWE PHOTOSTATION.



CEWE PHOTOWORLD



RESULTS

As announced in the financial statement 2011, CEWE has changed the segment breakdown in the reporting since the first quarter 2012: the acquisition of Saxoprint gives a much greater significance to the online printing segment than ever before. For this reason, CEWE has adjusted the Management Reporting and the classification of segment reporting. The new classification illustrates the Management's viewpoint of the strategic business segments of the company.

Online printing activities, which to date were reported in the photofinishing segment Central Europe, are now being shown as a segment "Online Printing" together with the business development of Saxoprint GmbH acquired in the first quarter of 2012. The present regional classification of the photofinishing segments has been combined to the "Photofinishing" segment: the turnover and earnings of this segment comprise the business with prints from films, digital photos, CEWE PHOTOBOOKS, photo calendars and photo greeting cards as well as other photo gifts and Employeeesised products. Alongside the turnover from business with trading partners, this

also includes the turnover that some CEWE companies generate from direct business with consumers. The "Retail" segment remains unchanged and continues to encompass the turnover resulting from hardware – that is, for example, cameras and camera accessory – that is traded by CEWE without any processing.

The developments in these segments explain the changes in the profit and loss account of the CEWE Group. Therefore, the order of this report is changed compared to the previous year: first, the most important trends per segment and their effects on the segment turnover and EBIT are explained, then, the group's profit and loss account is examined.

The explanations of the results always refer to the nominal values, that is, including the currency effects. If currency effects have an appreciable effect, this will be explained in each case.

Photofinishing business area

Developments in Photofinishing

2012 was an important year for CEWE. As part of photokina, the international leading photo fair, the company received an overwhelming media and customer feedback for the latest product innovations. CEWE was represented with numerous innovations in the photofinishing segment and fulfilled its role as an innovation leader. Precisely the linking of mobile applications with the CEWE PHOTOBOOK was met with great enthusiasm on the fair. In 2012, the activities also focussed on the brand best seller in the areas of product development and marketing.

A highlight at the photokina 2012 was the video in the CEWE PHOTOBOOK which was awarded the coveted photokina STAR Award.

Thanks to an innovative tool, it is now also possible to experience moving images in the CEWE PHOTOBOOK.

CEWE demonstrates power of innovation

However, CEWE also launched initiatives beyond product and design innovations to secure and extend its market leadership. CEWE continues to receive awards from prestigious institutions, such as Stiftung Warentest, for the user-friendliness of the software, the design possibilities and the quality of the photo products. In order to maintain the high standards, CEWE has introduced the CEWE PHOTOBOOK Satisfaction Guarantee as part of a quality offensive. Within six weeks following the receipt, the CEWE PHOTOBOOK may be returned if the customer is not 100 % satisfied with the product. According to the customer's request, a new CEWE PHOTOBOOK will be made at no cost or the purchase price will be reimbursed.

On account of its comprehensive customer service, CEWE is very much appreciated by the end user. Every day from 9 a. m. to 10 p. m., numerous customer service experts are available via nearly all channels of communication – by email, phone, chat, via a forum or social media – to reply to consumer questions and questions of trading partners.

After an internal screening process, the feedback thus obtained flows into the innovation and optimisation process. This enables CEWE to quickly identify trends and optimisation potential, to steadily improve its products or order channels and to adjust to customer requirements.

CEWE PHOTOBOOK – a success story

With meanwhile more than 20 million sold copies of the CEWE PHOTOBOOK since its introduction, CEWE secures market leadership in Europe. The sales figures prove that the CEWE PHOTOBOOK brand is not only known but also established in the market and that it also stands for quality. Numerous product innovations and marketing activities contributed to this success.

Optimum imaging results in the CEWE PHOTOBOOK

Meanwhile, over 40 versions of the CEWE PHOTOBOOK are available. Whatever the preference, Mini or XXL Panorama, with leather cover or customised hard-/softcover, digitally printed on photographic paper, matt or glossy finish – the right version is available for everyone.

Whether you are on the go with your mobile phone or on holiday with a video and digital camera – never has it been so easy to record good-quality films. For an innovative presentation option, CEWE offers: alongside photos, it is now possible to also integrate videos in the CEWE PHOTOBOOK. They are shown together with a QR code and may be played at any time and anywhere by scanning the QR code with a smart phone or a tablet. This product innovation is an innovative solution in order to combine both media in a CEWE PHOTOBOOK. Those who like may view the CEWE PHOTOBOOK designed by them online whilst sharing it with friends. Via the gallery of the online photo service, it is very easy to generate a link and send it by email.

The CEWE PHOTOBOOK XXL Panorama on photographic paper, matt and glossy, launched in 2012 is an ideal match to the continuous optimisations of the photo industry and ensures the best possible results. The optimum exposure ensures maximum luminosity of the photos on special photographic paper and the photos impress with particular attention to detail and depth of field. The lay-flat binding without a fold line in the middle offers the option to also display large photos perfectly on a double page.

An additional highlight of the CEWE PHOTOBOOK is the digital printing with high-gloss finish which ensures particular luminosity of the colours as well as an elegant design and feel. In 2012, this option was also introduced for the formats Compact Panorama, Large, Large Panorama, XL and XXL Panorama.

With regard to the software, there were also innovations in 2012. Now, the design section has a newly developed user interface offering more space for photo and design selection. Both new and experienced users will find it easier to navigate around and arrive quicker at their goal. Alongside many new design templates, clip arts and styles, CEWE PHOTOWORLD also offers functionally new design options. There is the option to place transparent photos on top of others amongst others so that the photos on the bottom becomes visible through the one placed on top.

Marketing activities around the bestseller

The CEWE PHOTOBOOK brand has been continuously developed since 2005, and is now known throughout Europe. Last year, the twenty millionth copy was sold and communicatively accompanied with a handover ceremony on the premises of the trading partner dm. Furthermore, the bestseller was also advertised in all media channels in 2012.

In the summer, CEWE ran its new TV campaign with more than 400 spots in quality environments. Thus, it was possible to make more than 250 million gross contacts. In 2012, too, the captain of the German national football team, Philipp Lahm, had his appearance by completing the familiar CEWE family. The tourist season was the thematic focus of the spots; accordingly, it was broadcasted between August and September. Complementing this theme, the campaign was supported by a special advertising format of seven seconds each time at the beginning and the end of the NDR travel magazine "Länder, Menschen, Abenteuer" with twelve broadcasts. In addition, two prominently placed advertisements in the German tabloid "Bild" drew attention to the CEWE PHOTOBOOK.

At the photokina 2012, the largest photo fair worldwide, CEWE presented itself as an innovation leader in the Photofinishing segment. In one of the largest exhibition spaces (1,400 m²), the focus was clearly on the successful product, the CEWE PHOTOBOOK. A large-scale advertising campaign in the fair environment already got the photokina visitors into the mood for the fireworks of innovation. This important ordering and communication platform particularly offered the possibility to maintain and intensify the contacts to and relationships with the trading partners and media. By means of a photokina Special, editorial contributions and advertorials in the magazine AudioVideoFoto Bild, CEWE had an eye-catching representation during the fair period in the target-group relevant consumer press. Together with the high-circulation magazine, CEWE was also searching "Das Goldene Foto 2012" [The golden photo 2012] over a period of six months. During the competition, more than 22,000 photos overall were uploaded on computerbild.de. Advertorials and

advertisements in specialist photographic journals, such as Photographie, Foto Hits and fotocommunity, completed the media mix of CEWE for the photokina 2012. The product innovations were met with a great response in the printing and online media landscape. Furthermore, CEWE was covered in 14 TV reports.

At Christmas time, CEWE continued its TV presence in the form of 350 spots with approx. 300 million gross contacts. The spots were placed in high-quality environments (e.g. ARD, RTL and SAT1) and at prime time. Moreover, CEWE secured the ARD Best Minute immediately before the Tagesschau news, the most widespread news program. From mid-November to mid-December, the brand was placed in the exclusive and credible advertising environment on a daily basis. In December, extensive coverage in the target group was also generated by means of a split screen during the programme "Menschen, Bilder, Emotionen" broadcasted by the German TV channel RTL. Both the summer and the winter campaign were accompanied by a four-page supplement in the Stern magazine which achieved a circulation of 1.5 million copies.

Beyond that, the CEWE PHOTOBOK was present on stadium banners of ten professional football clubs in the first and second German

Bundesliga attracting media coverage. Advertisements in target-group specific media, such as Bella, Tina, Bild der Frau, Laura Wohnen kreativ, Eltern family as well as DB mobil, Merian and the Zeit magazine complete the media mix of CEWE.

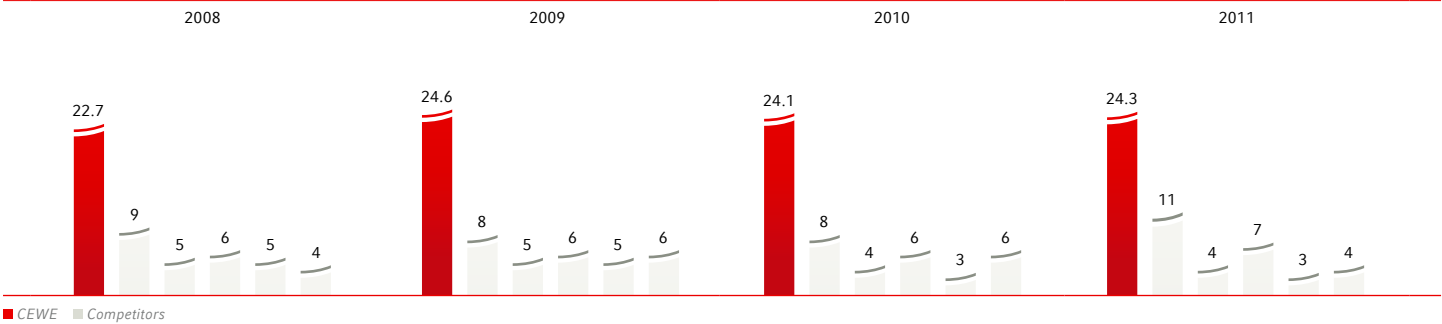
World of images without borders

By way of the digitisation, images are the means of communication of our society and turn social media channels into a world of images without borders. The video, too, is nearly omnipresent. Whether mobile phone, digital camera or multimedia cam – no mobile image recording device today refrains from this increasingly popular function. This is also evidenced by a study of Prophoto GmbH and GfK Retail and Technology GmbH from September 2012. In 2011, around a billion videos were watched on YouTube every day, 80 % of which were recorded with video-enabled mobile phones. Around 60 % of all images in social networks come from smartphones and other mobile end devices. CEWE identified this trend at an early stage and addressed it with innovative product innovations such as the video in the CEWE PHOTOBOK. To increase the awareness of the photo products and to also reach the younger technophile target groups, CEWE significantly upgraded its app offer in the past year. By means of the apps of Europe's leading photo provider, products – such as

Some awards for the CEWE PHOTOBOK



Market shares CEWE PHOTOBOK in % of revenue



Source: FutureSource December 2012

the CEWE PHOOTBOOK or greeting cards – may directly be designed and ordered. Employees photos may be optimised in a very short period of time and can immediately be printed in a retail store via the Immediate Print function.

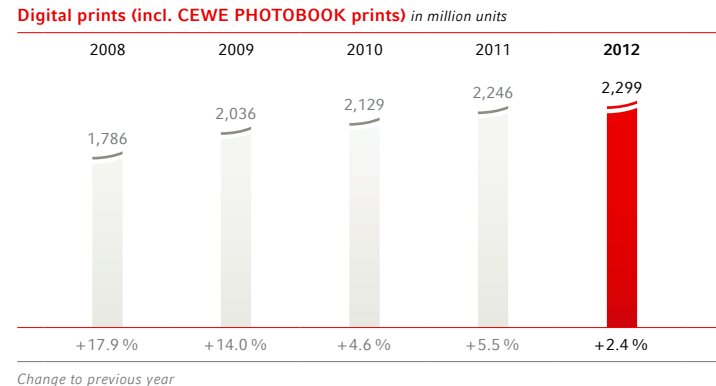
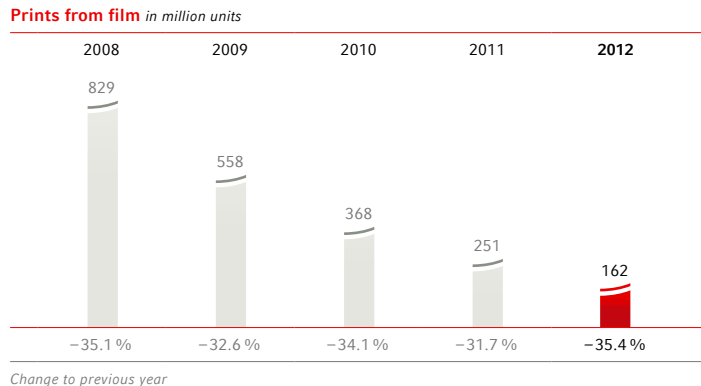
CEWE conquers the mobile market

The mobile internet has become an integral part of our every day life. Cameras are on hand at all times and photos are one of today’s most important means of communications. As Europe’s leading photo and online printing service, CEWE presented numerous new apps for the CEWE PHOTOBOOK in the past year. For example, the CEWE PHOTOWORLD app makes it possible to design and order the CEWE PHOTOBOOK, greeting cards and photos entirely independently and individually, whether you are on the move or at home. The finished CEWE PHOTOBOOK can be ordered directly from the mobile end devices. In doing so, the tablet user can choose between four (Mini, Compact Panorama, Large, Large Panorama) formats and the smartphone user between two (Mini and Compact Panorama) formats of the CEWE PHOTOBOOK. Those who would like to save shipping costs collect the finished product directly at their trading partner of choice. Postcards, too, may be designed and sent according to your very own requirements – no matter where in the world the sender is with their mobile end device at the moment.

Digital photos taken with the smartphone or tablet may also be put directly on brilliant photographic paper via the CEWE PHOTO-WORLD app. Simply compile the desired images on your mobile device and send the order via the app.

Those who do not want to wait a long time for their photo products can prepare the order from almost any location for immediate print via the CEWE PHOTOS IMMEDIATE app: the format for the photo prints is selected and the data can then be sent from the smartphone to the CEWE PHOTOSTATION with immediate print service via wireless transmission using Bluetooth or AirPrint. By means of another application – the CEWE BOOTH app – it is possible to create both proper and funny passport pictures with the smartphone for immediate printing. This works similar to a photo booth. Those who do not know where the next CEWE PHOTOSTATION can be found, use the CEWE PHOTOS IMMEDIATE finder which displays the nearest branch of a trading partner and also points the way upon request.

In addition, the CEWE PHOTOBOOK online viewer makes it possible to view an ordered CEWE PHOTOBOOK whilst being on the move and at any location from almost any internet-enabled end device – whether it is a PC, a tablet, a smartphone or a TV. It is easy to generate a link via the gallery of the online photo service of one of the numerous



CEWE trading partners. Via this link, the CEWE PHOTOBOOK can be viewed and sent to friends and relatives by email. Moreover, there is the option to publish the CEWE PHOTOBOOK on Facebook.

All CEWE apps are available in the Apple App Store and in the Google Android Market free of charge.

Star product CEWE PHOTOBOOK: well-deserved test winner and award winner

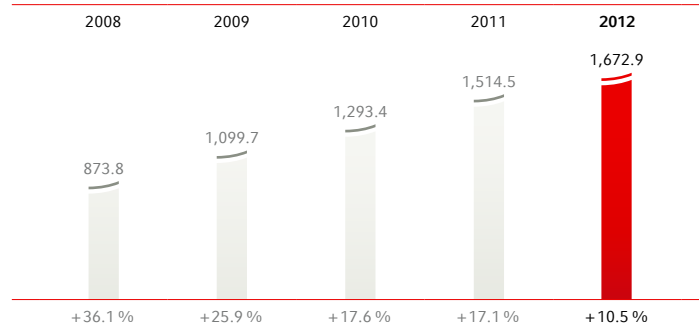
In 2012, CEWE emerged as a winner from numerous tests. The specialist journal CHIP FOTO-VIDEO presented its award to the CEWE PHOTOBOOK of Onlinefotoservice.de as the “best overall package” in its November issue. When it comes to operating the software and the level of workmanship, the CEWE PHOTOBOOK was clearly ahead of the competition. PHOTOGRAPHIE – a magazine for photography and image processing – also awarded a prize to the CEWE PHOTOBOOK software. The decisive criteria were the clear arrangement, data backup as well as flexibility and variety. The product innovation of the past year, the video in the CEWE PHOTOBOOK, was furthermore crowned “Highlight of the photokina 2012” and awarded one of the prestigious photokina STARS.

Excellent and diverse – the CEWE CALENDAR and CEWE GREETING CARDS

CEWE was also able to convince all along the line in the photo calendar segment. The company emerged as the best photographic laboratory from the photo calendar test of Stiftung Warentest (issue 10/2012). The photo calendars of the CEWE trading partners FotoInsight, OnlineFotoservice, Promarkt, dm and Saturn rank one to five in the test and received the test rating “good” with grades between 1.6 and 2.0. Except for one other provider in the test, the trading partners of CEWE are also the only ones who offer reimbursement of costs in the event of dissatisfaction, even if the photo products were a technically flawless print. Moreover, Stiftung Warentest commended the CEWE design software. They said that it excels the competitors’ one and offers the most options.

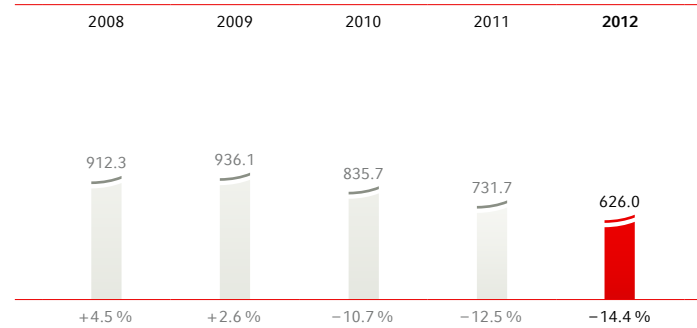
CEWE offers a great variety of high-quality photo calendars: from printed wall and desk calendars with and without high-gloss finish to fine table decoration calendars and calendars on photographic paper. The wall calendars are available in the formats A4 to A2. Numerous design templates assist in designing the individual photo calendar. Desk, kitchen and birthday calendars distinguish themselves by way of unusual dimensions.

Digital print orders via the Internet in million units



Change to previous year

Digital print orders in stores in million units



Change to previous year

The range was also extended by expanding the portfolio of greeting cards with further design templates. With regard to greeting cards, the trends 2012 were called Ethic Elegance, Individual Charme or New Retro. In time for the photokina, 300 design templates as good as new were launched – for more than 20 different events such as wedding, Christmas or birth. With the simplified search and filter function which is integrated into the online software, it is even quicker and easier to find the suitable motives. This way, it is possible to search for both events as well as colours and styles.

CEWE WALL-DECO – Individual photographs as an exquisite eye-catcher

In the field of wall decoration, the trend from 2012 are multi-parts. Here, a photo is printed in two, three or four parts. The individual parts are hung up at three centimetre intervals from one another and thus generate their special effect. The multi-parts are available in many different materials and numerous format combinations from CEWE. The photo selected is automatically broken down in several parts and may be viewed via a Preview. Another innovation are self-adhesive posters. They can conveniently be affixed to walls, pieces of furniture or windows, can be removed without leaving a trace and may even be reused. CEWE offers 18 formats between 20 cm × 30 cm and 100 cm × 150 cm. Those who do not have their individual photograph available for the wall decoration, will in future find a selection of more than 15 million professional motives in the motive gallery for their own four walls.

Furthermore, CEWE offers a particular way of viewing in the area of wall decoration. By means of the CEWE DECO app, the room is recorded via smartphone or tablet camera, then a preview of the photos may be viewed as a wall decoration in 3D. Thanks to this particular service, iPhone® and iPad® owners receive a first view of what photos will look as posters, photos on canvas, on aluminium Dibond or as a Gallery Print on their own wall at home.

CEWE PHOTO GIFTS – Employees and individual

In 2012, the photo gifts segment of CEWE underwent a comprehensive quality improvement. By introducing numerous new products, the photo provider extended its portfolio and expanded the quality offensive initiated in 2011 to further articles. Whether smartphone and tablet covers, Latte cups or door signs – the product innovations 2012 comprise the entire portfolio of the market leader. Furthermore, Europe's leading photofinisher presented ideas regarding the 3D technology. For example, the 3D photo may consist of two classic images which are combined and cause a 'wagging' effect. As an alternative, the customer uses a conventional photo and combines it with a 3D design. It is also possible to order three dimensional pictures, which were already taken with a special camera, in best printing quality.

Strengthening the umbrella brand CEWE

Brand awareness doubled in the past two years and the recommendation rate of the CEWE PHOTOBOOK is higher than for other top brands. As most photos are taken during the peak summer travel season, CEWE launched a large-scale holiday campaign in summer 2012 centring the successful product CEWE PHOTOBOOK to further strengthen the umbrella brand CEWE. Whether at the check-in, on the motorway, on the train or at the destination airport – CEWE is present at all relevant points of contact of the target group, the tourists, and positions itself as the preferred provider in the field of photography. On the back of the boarding passes of all established airlines, air travellers find a voucher for a CEWE PHOTOBOOK. In the air and at popular holiday destinations, CEWE is represented with a TUifly-Boeing branded as a "CEWE PHOTOBOOK". In addition, four locomotives decorated in the CEWE PHOTOBOOK design are travelling in the IC and EC railway network. Wide-scale publicity measures, branded luggage belts and boarding pass advertisement in 13 airports as well as city light posters at 285 service areas completed the large-scale holiday campaign.

Photofinishing Results

Sales of the CEWE COLOR photo products are basically characterised by two continuous consumer trends: the trend to higher-quality products and the seasonal migration into the fourth quarter.

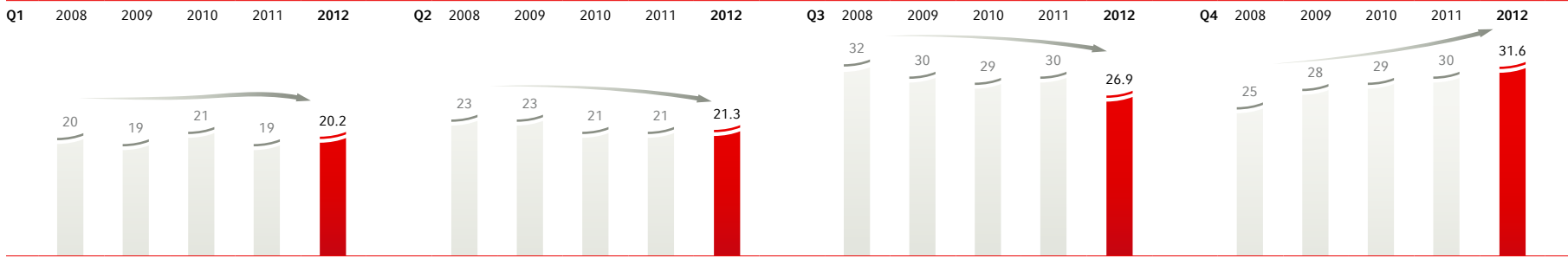
Seasonal migration persists

The main source of sales, even more of turnover and particularly of revenues of digital products is in the fourth quarter. Many consumers appreciate CEWE PHOTOBOOKS and photo calendars, greeting cards and wall decorations as well as other photo gifts as Christmas presents. Therefore, the seasonal profile of the CEWE business has very clearly migrated to the end of the year. As shown in the graphics on this page, this migration continues to persist.

Change in the product mix towards value-added products increases the seasonal migration of the profit

Consumers are becoming more selective and demand higher-quality photo products. Individual, "ordinary" photo prints are declining – of course, on an analogue basis but also with regard to digital data. Prints in value-added products with a high raising value compensate for a part of this decline. The product mix of CEWE COLOR increasingly changes in favour of these value-added products, such as the CEWE PHOTOBOOKS or the photo gifts. As typical gifts, these articles – as described above – do not only explain the seasonal migration, but they even enhance this migration on turnover and earnings level as the share of the "ordinary", individual photo prints drops in the first as well as precisely in the second and third quarter of every year, whilst the share of the pictures in value-added products picks up significantly in the fourth quarter. As CEWE COLOR tends to generate a higher turnover with value-added products and higher earnings per picture, the seasonal migration is even more pronounced with regard to the turnover and particularly the revenues than with regard to the volume, and potentially even continues.

Total photos – seasonal allocation in %



Photofinishing Sales

- ▶ Total photo volume increases to 2.46 billion photos and thus exceeds expectations
- ▶ 5.6 million CEWE PHOTOBOOKS with a raising value
- ▶ Calendars, greeting cards and wall decorations continue to experience strong growth
- ▶ More than 93 % of photos are digital photos
- ▶ 67 % of all photos are picked up at the POS

Annual targets in the photo volume exceeded

For 2012, a photo volume of 2.29 billion to 2.36 billion photos was planned (–5 % to –3 % compared to the previous year 2011); alongside the individual pictures, this photo count also includes the pictures in other photo products – that is, e. g. the CEWE PHOTOBOOK and other value-added products. With 2.46 billion photos produced (–1.4 % compared to the previous year 2011), this target was exceeded.

In this respect, the fourth quarter repeatedly provided for the expected growth. After the photo volume was still declining by –3.0 % (1.68 billion photos) in the first three quarters according to the seasonal migration, the important fourth quarter was even able to

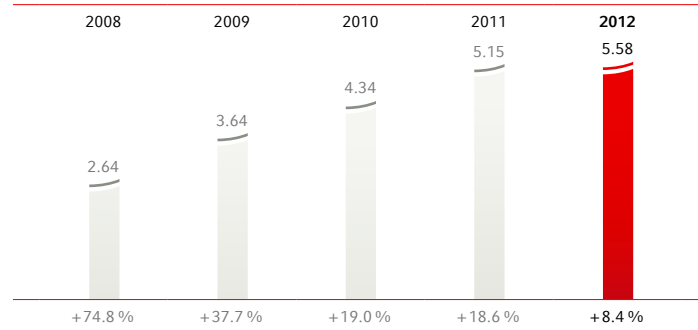
further increase by 2.2 % to 778 million photos. As the graphics on p. 47 shows, the long-term trend of seasonal migration continues with an increasing proportion of volume in the fourth quarter.

Figures in billion units	Target	Actual	Change*
Digital prints	2.13–2.18	2.30	6.7 %
Prints from film	0.16–0.18	0.16	–4.5 %
Total prints	2.29–2.36	2.46	5.9 %
CEWE PHOTOBOOKS (in million units)	5.7–5.9	5.58	–3.8 %

* Estimated on the basis of the average of the planned target corridor

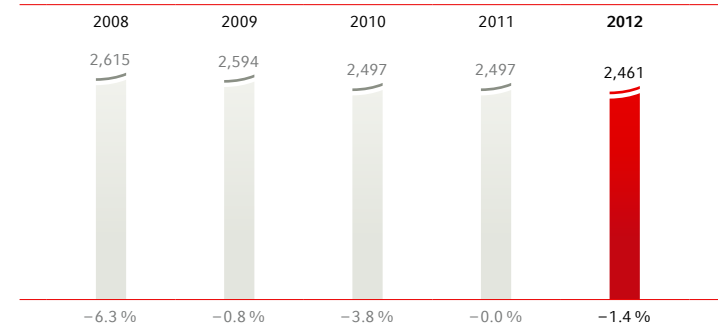
Q4 in million units	2012	2011	Change
Total prints	777.6	761.1	+2.2 %
– of which digital prints	747.1	713.1	+4.8 %
– of which prints from film	30.5	48.0	–36.5 %
CEWE PHOTOBOOK	2.1	1.90	+10.3 %

CEWE PHOTOBOOKS in million units



Change to previous year

Total prints in million units



Change to previous year

CEWE PHOTOBOOK increases its value

In the year under review, the CEWE PHOTOBOOK sales continued to experience strong growth: overall, the CEWE PHOTOBOOK sold 5.6 million copies (+8.4 % compared to the previous year). Thus, growth was only slightly below the growth target of at least 5.7 million books (+11 % compared to the previous year 2011). In contrast, on the turnover level, the target growth rate of 11 % was fully achieved by way of an increase in value of the CEWE PHOTOBOOKS. This development was supported by the persistent trend to larger-size CEWE PHOTOBOOKS with more pages and the up-selling measures, such as the high-gloss finish.

In 2012, 38 % of CEWE PHOTOBOOKS were purchased by customers in the fourth quarter: 2.1 billion books. Thus, the volume in the important fourth quarter also increased more strongly than the annual average, that is, by +10.3 %. Therefore, the branded "CEWE PHOTOBOOK" product has once again made a significant contribution to the company's success.

The remaining value-added products continue to increase

The sales of the remaining value-added products also continue to demonstrate dynamic growth. In the full year 2012, the product groups Photo Calendars, Photo Greeting Cards and Wall Decorations increased by a sound growth rate.

93.4 % of photos are digital photos

As expected, the number of analogue prints from films again declined with -35.4 % to 162 million photos in 2012 (Q4 2012: -36.5 % to 31 million photos). By way of the success of the CEWE PHOTOBOOK and of other value-added products, the digitisation is approaching more and more the 100 % mark. Following 89.9 % in 2011, 93.4 % of all photos in the year under review were already of digital origin. In the fourth quarter, the digital proportion of photos even accounted for 96.1 % (Q4 2011: 93.7 %).

The smart way "Online orders, pick up at the POS" confirms CEWE positioning

The proportion of digital photos ordered via the Internet grew from 67.4 % in 2011 to 72.8 % in the year under review. 51 % of these consumers opted for picking up their completed orders at the POS of the dealers supplied by CEWE COLOR. 49 % received their photos by mail. Thus, the customers overall picked up 67 % of all photos at the POS of the CEWE trading partners. This underlines the strength of the CEWE positioning "clicks and bricks", that is, the strategic connection between stationary stores and the Internet. CEWE allows customers to purchase at the POS and pick up photos in the store as well as to receive photos by mail.

Photofinishing Turnover

- ▶ Turnover target was fully achieved with 355.4 million euros
- ▶ Q4 turnover of 132.0 million euros once again increased by +1.9 % compared to the previous year
- ▶ Value-added products strengthen the Photofinishing turnover
- ▶ Turnover per photo continues to increase: +1.5 % to 14.44 eurocent per photo

Increase in Photofinishing turnover is fully in line with expectations

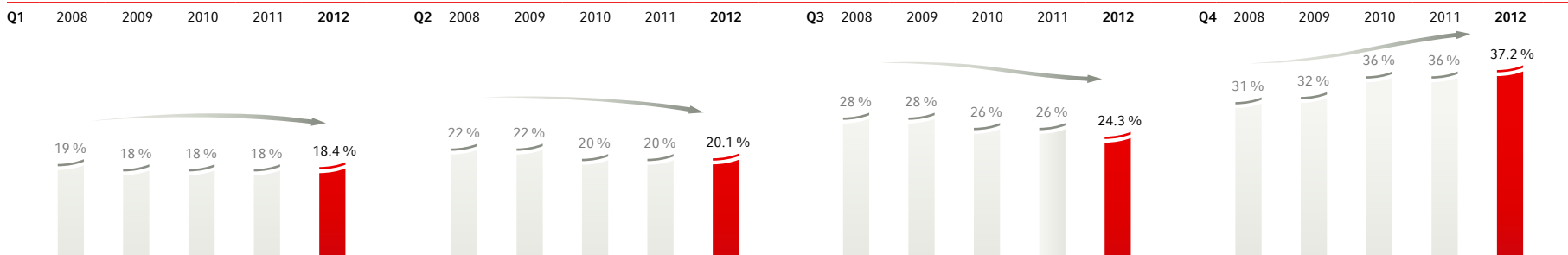
The turnover generated in 2012 in the Photofinishing business division completely meets expectations. With 355.4 million euros realised, the turnover is almost in the middle of the planned target corridor of 347.8 million euros to 372.8 million euros. The same applies to the fourth quarter 2012. With an expected turnover range between 129.4 and 138.7 million euros, the turnover generated amounting to 132.0 million euros (previous year: 129.6 million euros, +1.9 %) was able to correspond to the planning. In this respect, the proportion of turnover of the fourth quarter further increased in comparison to the fourth quarter of the previous year: Whilst the fourth quarter of the previous year still accounted for 36.5 % of the

total annual turnover, the fourth quarter of 2012 already made up 37.2 % with 132.0 million euros. This shows, that the seasonal migration into the fourth quarter in terms of the volume already described in the section "Photofinishing Sales" continues on the turnover side.

Value-added products strengthen the Photofinishing turnover

In the quarter under review, the share in turnover of the value-added products – with the share of the CEWE PHOTOBOOK leading the way – increased in the total turnover. The trend towards higher-quality photo products therefore continues to strengthen the turnover development. The turnover per photo repeatedly increased in the year under review: by 1.5 % from 14.23 eurocent per photo in the previous year 2011 to 14.44 eurocent per photo in 2012. In the fourth quarter of 2012 considered in isolation, the turnover per photo was more or less on the previous year's level with -0.3 %: 16.98 eurocent per photo (previous year: 17.03 eurocent per photo). The slight decline of 0.05 eurocent per photo is caused by the trend towards a further increasing number of photos in the CEWE PHOTOBOOKS.

Development of CEWE photofinishing turnover per season in % of revenue



Photofinishing Earnings

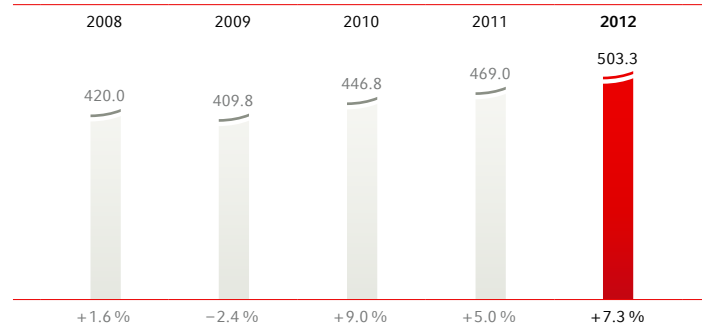
- ▶ **Strong Christmas business is making Q4 Photofinishing EBIT rise by 16.2 %: 28.8 million euros**
- ▶ **Fourth quarter provides for 90 % of the total annual earnings in the Photofinishing segment**
- ▶ **Overall annual EBIT in Photofinishing at the upper end of the planned target corridor: 32.0 million euros**
- ▶ **Photofinishing margin rises to 9.0 % in the full year 2012**

As shown in the graphics of the seasonal distribution of the earnings, in the analogue era, CEWE generated the largest portion of its annual profit particularly in the holiday quarter (third calendar quarter), but this time – because of the seasonal migration – even a bigger portion in the Christmas quarter (fourth calendar quarter): Whereas previously the third quarter with the photos of the summer holidays was clearly the main quarter, the seasonal peak has increasingly migrated into the fourth quarter for years in which there is a particularly strong demand for the CEWE PHOTOBOOK as well as photo calendars, greeting cards and wall decoration as Christmas presents.

Strong Christmas business: Q4 Photofinishing EBIT gains 16.2 %

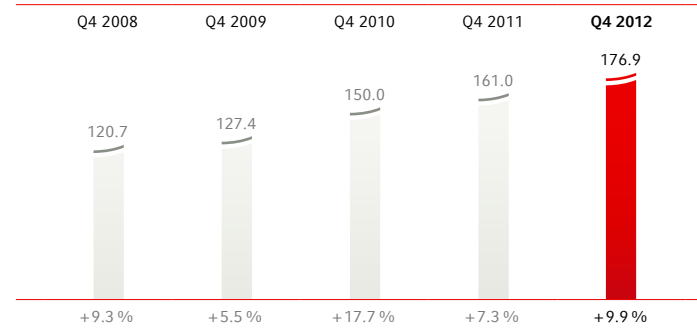
According to the seasonal migration described, the revenues of the main business segment “Photofinishing” have also once again increased in the fourth quarter. In Q4, the EBIT in the Photofinishing segment rose by 16.2 % to 28.8 million euros. With this value, the EBIT realised was even above the planned target corridor of 22.1 million euros to 28.1 million euros. Thus, the portion of earnings of the fourth quarter in the Photofinishing earnings of the full year 2012 now increased to 90 % after 81 % in the previous year: On the earnings level, the seasonal migration becomes most obvious – driven by the sales of value-added products with a higher margin, e. g. CEWE PHOTOBOOKS, calendars, greeting cards and wall decorations, which increases in the Christmas business.

Turnover in million euros



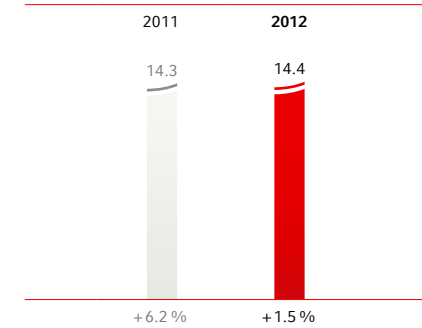
Change to previous year

Turnover Q4 in million euros



Change to previous year

Turnover per photo in euro cents



Change to previous year

Photofinishing EBIT completely meets expectations: 32.0 million euros in the full year 2012

With an EBIT of 32.0 million euros, the Photofinishing business segment was able to repeatedly expand its strength in terms of revenues following a EBIT of 30.5 million euros in the previous year (+4.8%). Thus, the total annual earnings were at the upper end of the planned target corridor of 24.5 million euros to 30.5 million euros and have completely met expectations.

Online Printing business area

Developments in Online Printing

CEWE PRINT is the main brand of the Online Printing segment

CEWE has reorganised the brand structure in the strategic "Online Printing" business area. The aim was to combine the acquired brand "Saxoprint" and the organically grown brand "viaprinto" with the high degree of brand awareness of the very positively perceived CEWE PHOTOBOOK so that synergies can be used: firstly, the already existing Photofinishing brand CEWE PHOTOBOOK is intended to positively influence the Online Printing business. Secondly, the future advertising expenses should be focussed efficiently. For these reasons, the new brand in Online Printing should make use of the umbrella brand "CEWE" and, at the same time, highlight the printing competence: CEWE PRINT and the website www.cewe-print.de benefit from the brand awareness of the CEWE PHOTOBOOK and will, on their part, have a positive effect on this brand in future. In terms of its functionality, the website www.cewe-print.de is based on the site www.saxoprint.de. The website www.viaprinto.de, which has specifically been designed for digital printing, can be accessed via a direct link from cewe-print.de.

The activities of CEWE PRINT initially focus on Germany, but the company is planning to develop markets in other European countries step-by-step over the next years. The roll-out speed is based on the resources available.

Photofinishing margin rises to 9.0% in the full year 2012

The change in product mix, which has been persisting for years in Photofinishing – the exchange of individual photos, e.g. in the 9", 10" or 13" format, for value-added photo products such as the CEWE PHOTOBOOK, greeting cards, calendars or wall decorations – also resulted in a further increasing EBIT margin of this business division in 2012: 9.0% following 8.6% in the previous year.

Advertising for CEWE PRINT started in August 2012

At the start of the German professional football league, the Bundesliga, CEWE introduced the brand CEWE PRINT – based on football advertising boards, TV campaigns and targeted advertising on the Internet. The websites of the brands -Saxoprint and viaprinto continue to exist. They continue to be advertised by way of targeted online-marketing in order to further promote direct business. Significant investments in a brand development are exclusively made for the brand CEWE PRINT – of course, with the exception of the CEWE PHOTOBOOK in Photofinishing.

Marketing costs are investments in the business development

The marketing costs required for this brand development will initially characterise the profit and loss account of the Online Printing business area. CEWE makes use of the profitability of the established Photofinishing business area in order to expand the Online Printing growth environment which has strong potential. In the quarter under review, the EBIT margin in Photofinishing also grew so that CEWE was able to use these revenues in order to invest in the marketing costs for Online Printing which, at present, do not yet result in clearly negative earnings.

Online Printing Results

- ▶ *Strong growth in turnover in 2012 – with the acquisition of Saxoprint leading the way: 43.0 million euros*
- ▶ *Viaprinto triples turnover to 4.1 million euros*
- ▶ *Start-up losses due to marketing investments lower EBIT*
- ▶ *Viaprinto improves the previous year's EBIT by 1.5 million euros*

Turnover jumps to 43.0 million euros particularly because of the acquisition of Saxoprint

The Online Printing offer under viaprinto.de, on which the entire Online Printing turnover of the previous year is based, tripled its turnover to 4.1 million euros in the financial year 2012. The lion's share in the turnover of the new business area "Online Printing" was contributed by Saxoprint acquired in February 2012/CEWE PRINT with 38.9 million euros and thus increased by around 30 % compared to Saxoprint's value of the previous year. For CEWE, the turnover of Online Printing jumps by 41.6 million euros to 43.0 million euros.

Start-up losses due to marketing investments

Viaprinto also continued to clearly reduce its start-up losses in the full year 2012 by 1.5 million euros by way of the significant increase in turnover down to –1.3 million euros EBIT. The negative EBIT of Saxoprint/CEWE PRINT for 2012 amounting to –3.5 million euros clearly shows the marketing costs explained and the depreciation of the Saxoprint customer base arising from the acquisition. Overall, the "Online Printing" EBIT thus accounted for –4.8 million euros.

Compared to previous year's corresponding period, viaprinto improved its EBIT by 0.6 million euros to +/- 0.0 million euros in the fourth quarter. The EBIT of Saxoprint/CEWE PRINT was at –1.2 million euros; accordingly, Online Printing also showed start-up losses of overall –1.2 million euros for the fourth quarter. Thus, viaprinto has demonstrated its ability to break even in the fourth quarter and will (given these high growth rates) continue on the way of profitability in 2013.

As a separation in Viaprinto reporting and CEWE PRINT/Saxoprint reporting makes less sense with an increasing combination of the marketing appearances, the Online Printing will be explained as a whole as from the first quarter of 2013.

Sales development by segments <i>in million euros</i>	2012	2011	Change
Photofinishing	355.4	355.5	+0.0 %
Retail	105.0	112.2	–6.4 %
Online Printing	43.0	1.4	+2,970 %
Total	503.3	469.0	+7.3 %

EBIT by segments <i>in million euros</i>	2012	2011	Change
Photofinishing	32.0	30.5	+4.8 %
Retail	1.7	2.4	–30.7 %
Online Printing	–4.8	–2.8	–68.3 %
Total	28.9	30.1	–4.0 %

Retail business area

Developments in Retail

Own Retail with Important Functions

CEWE operates multi-channel retail chains in Poland, the Czech Republic, Slovakia as well as in Norway and Sweden in the form of stationary stores and online shops (brands are e.g. Fotojoker, Fotolab, Japan Photo). This retail trade fulfils important functions for CEWE COLOR: firstly, it is a significant distribution channel for CEWE laboratory services directly to the end consumers. The corresponding

turnovers and revenues are shown in the Photofinishing segment. Secondly, CEWE has the opportunity to directly test and further develop new marketing strategies for digital value-added products – first and foremost the CEWE PHOTOBOOK – on the Internet and in the POS. Thirdly, this know-how can then be passed on to the trading partners. For this purpose, the CEWE retail business provides important findings and references.

Retail Results

- ▶ *Retail generates a turnover of 105.0 million euros in the full year 2012, that is, 6.4 % less than in the previous year*
- ▶ *Continued reluctance of Polish consumers to spend is a main reason for the overall decrease in turnover*
- ▶ *Retail makes a solid contribution of 1.7 million euro EBIT to the group income (previous year: 2.4 million euro)*

Retail turnover declined by 6.4 %, mainly due to the continued reluctance of Polish consumers to spend

The retail trade had to rise to the challenge of a clear dipping of the consumer confidence as a consequence of the financial crisis. Nevertheless, it was able to maintain and expand its strong market positions in the countries as it exploited its advantages from the combination of attractive retail business and Internet business which has been established for years. The Polish market experienced difficulties with a reluctance to buy (increasing unemployment rate, declining income available) and the resulting losses of turnover and declining margins; in all other markets, it was possible to increase the turnovers in the area of retail products. In total, the turnover of the retail business division amounted to 105.0 million euros (2011: 112.2 million euros, –6.4 %) for 2012.

The isolated consideration of the fourth quarter also underlines the importance of the Christmas business for the CEWE retail: despite a continued reluctance of the consumers to spend, the business area was able to generate a turnover of 30.5 million euros due to a solid Christmas business and thus remained only 1.4 % below the previous year's value of 30.9 million euros.

Retail makes a solid contribution of 1.7 million euros EBIT to the group income

Overall, the retail was able to contribute 1.7 million euros (2011: 2.4 million euros) to the group's EBIT of 2012. Despite the depressed consumer sentiment in Poland and its effect on the earnings situation of the CEWE retail chain Fotojoker based there, it has been possible to realise – with a 1.6 % EBIT margin – a sound earnings-turnover relation for a retail trade segment only selling hardware (2011: 2.2 %).

In the fourth quarter 2012, the Retail business division was, in absolute terms, with a EBIT of 1.5 million euros only slightly below the previous year's level of 1.6 million euros. The EBIT margin also joined the sound margin situation of the previous year's quarter (5.2 %) with 5.0 % and thus demonstrated the repeated sound performance of the CEWE retail in the Christmas business – despite the depressed consumer sentiment.

Consolidated Profit and Loss Account

- ▶ All targets for 2012 have been achieved: 503.3 million euros turnover, 28.9 million euros EBIT
- ▶ Q4 supports more than 100 % of the annual EBIT: 29.2 million euros
- ▶ Photofinishing improves the EBIT margin from 8.6 % (2011) to 9.0 % (2012)
- ▶ Other operating income increased due to acquisition of Saxoprint amongst others
- ▶ Cost of materials ratio remains constant compared to the previous year: 37 % of the turnover
- ▶ Slight increase in the employee expenses ratio: +1.2 percentage points to 24.3 % of the turnover
- ▶ Other operating expenses increase due to marketing measures for Online Printing
- ▶ Basis of depreciation and funding expenditure increased due to acquisition of Saxoprint
- ▶ Tax burden decreased to 29.6 % due to accrual
- ▶ Earnings per share increase to 2.88 euros

All annual targets achieved: the important Q4 has repeatedly delivered

The continued seasonal migration in the Photofinishing segment into the fourth quarter illustrated in the 'Photofinishing business area' section and, in addition, the start-up expenses for Online Printing, e. g. due to integration expenses for Saxoprint and particularly the marketing costs, put a clear strain on the first three quarters. After CEWE had reported a loss for the first time in company history at the end of the third quarter 2012 due to this situation, the expectations resting on the fourth quarter had again increased. These expectations were fully met by the fourth quarter 2012. Based on the contributions of the fourth quarter, it was possible to fully achieve the turnover and earnings results.

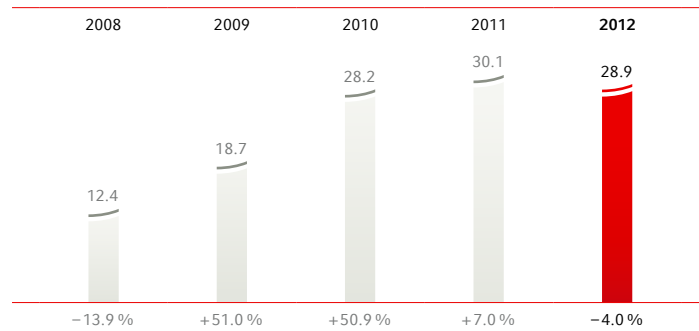
Page 48 | Sales

Page 50 | Turnover

Figures in million euros	Target	Actual	Change*
Turnover	500–525	503.3	–1.8 %
EBIT	27–33	28.9	–3.6 %
EBT	25–31	26.7	–4.6 %
Earnings after taxes	16–20	18.8	4.6 %
Earnings per share (euros/share)	2.44–3.06	2.88	4.7 %

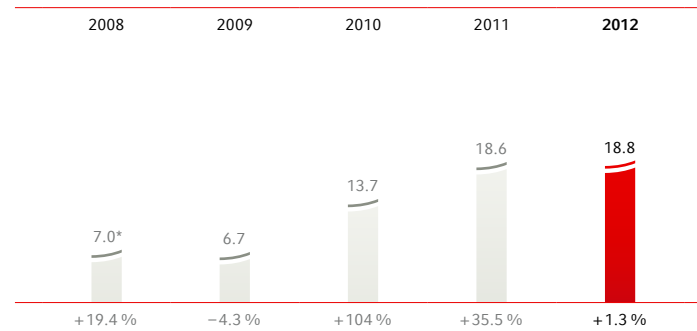
* Estimated on the basis of the average of the planned target corridor

Operating result (EBIT) in million euros



Change to previous year

Earnings after taxes in million euros



Change to previous year

* One-time effect on account of insurance benefits of 13.4 million euros.

Page 48 | Sales

Page 50 | Turnover

Withdrawal of trading partners was successfully compensated

The important fourth quarter delivered the increases which were planned and announced, even though the turnover on the level of trading partners turned out in the low double-digit millions due to the trading partners Schlecker and also Kodak Gallery leaving the market. Based on the strength, particularly of the brand product CEWE PHOTOBOOK, it is assumed that it was possible to maintain a portion – which cannot be determined in more detail – of this turnover on consumer level via other trading partners. Through this and due to the effect of the acquisition of Saxoprint in Online Printing, the turnover increased by +7.3 % to 503.3 million euros and thus into the target range of 500 to 525 million euros (Q4 2012: 176.9 million euros, +9.9 %).

Q4 supports more than 100 % of the annual EBIT

The fourth quarter is of particular importance for the annual EBIT due to the pronounced seasonal peak of the Photofinishing segment. In the quarter under review, the EBIT gained 13.3 % or 3.4 million euros to 29.2 million euros. By way of this strong contribution of the fourth quarter, it was possible to compensate for the slight minus of the first three quarters and to generate an annual EBIT of

28.9 million euros. Thus, the target corridor of 27 to 33 million euros has clearly been achieved. Based on the marketing start-up expenses deliberately incurred in Online Printing (–4.8 million euros, as described in the ‘Online Printing business area’ section), it was with 1.2 million euros slightly below the previous year’s value.

Established Photofinishing and Retail business areas with a strong EBIT

Without the start-up expenses of the Online Printing growth area (that is, in the traditional business areas Photofinishing and Retail), CEWE has generated an EBIT of 33.7 million euros in the year under review (+0.7 million euros) and is therefore – despite a slowdown in consumption in Polish retail – even above the target corridor and above the 33.0 million euros of the previous year. The promotion of the new business area Online Printing is also visible in the EBIT margin: whilst CEWE’s total margin has declined to 5.7 % in the year under review (2011: 6.4 %), it rose from 7.1 % to 7.3 % when cutting out the growth segment Online Printing. The driving force of this development was the Photofinishing which increased its margin from 8.6 % to 9.0 %.

EBIT prior to restructuring – seasonal distribution of Photofinishing as % of EBIT



Increased share of value-added activities leads to shift in the structure of the profit and loss account

The trend towards value-added Photofinishing products is affecting the structure of CEWE's profit and loss account (P & L). The cost of materials is declining whilst the employee expenses and the other operating expenses are increasing. Moreover, the end of the investments associated with the analogue/digital changeover results in lower depreciations – even though this effect should also level off. In line with the development of the respective turnover shares, these trends in the high-turnover Photofinishing business area will partly work against the circumstances in the Online Printing and/or Retail segments. In the following discussion of the profit and loss account structure, these effects are explained in reference to key items. The discussion is limited to an analysis of trends in the year under review. The development in the fourth quarter is only commented on, insofar as trends clearly different from those in the full year become evident.

As a rule, this analysis is hampered due to the status of the corporate development: whilst it was still possible in the first quarters to clearly separate the effects to be attributable to Saxoprint from the situation of CEWE's traditional business, now a comparison between CEWE's traditional business from 2011 and the new mixed business from 2012 becomes necessary as the year progresses. This is in part very difficult, but the main influencing factors are listed below for the purpose of transparency. Except for January, this will be simplified in 2013, at least insofar as a normal comparison between the new mixed business 2013 (that is, including Saxoprint) and the same mixed business 2012 can then be made.

Other operating income fluctuates: increased income this time

In 2012, other operating income – which traditionally fluctuates – is reflected with 29.7 million euros following 23.1 million euros in the previous year. Approx. half of this difference results from the acquisition of Saxoprint. The other half comprises e.g. the release of provisions for litigation expenses and duty credits achieved through optimisation of handling procedures.

Cost of materials ratio remains constant

The trend towards value-added products has further reduced the cost of materials in Photofinishing, as described in the introduction to the profit and loss account structure. The reduced importance of the Retail segment also works in this direction. However, the enhanced significance of Online Printing has made up for this effect so that the cost of materials value in the year under review was with 37.0 % exactly at the value of the previous year. Due to the higher turnover share of the Photofinishing in the fourth quarter, the effect of the Photofinishing lowering the cost of materials ratio had minimum impact during this period so that the ratio dropped from 33.8 % to 33.7 %.

As usual in the Online Printing sector, the mail-order expenses for the delivery of print products to the customer are reported under cost of materials. This is another reason why the cost of materials for Online Printing is higher than for Photofinishing and now provides a stronger contribution to the group's average in line with the increased share in turnover yielded by Online Printing.

Employee expenses rise to 24.3 %

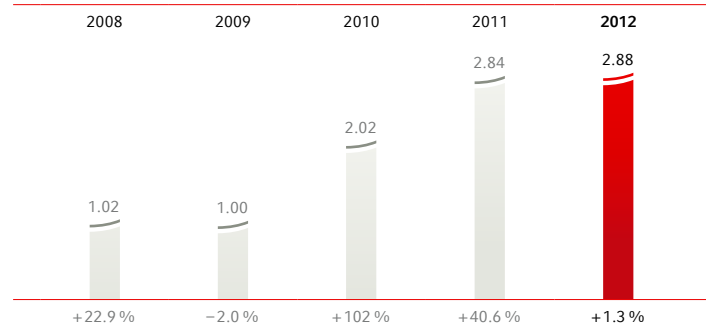
The higher value added and the growing share in turnover of value-added products in the Photofinishing is linked to additional employee expenses – both in production and the areas of overheads – for instance in marketing, product management and in IT. Even a lower proportion of Retail turnover has a tendency to contribute to a higher employee expenses ratio. With regard to the group's average, these effects result in an increase in employee expenses of 1.2 percentage points to 24.3 %.

Online Printing marketing causes other operating expenses to increase

CEWE initiated the market launch of CEWE PRINT in the quarter under review with corresponding marketing costs. Even though the value-added products in Photofinishing require a lower input of materials, more intensive marketing is furthermore necessary. These two factors caused the other operating expenses to increase from 31.4 % to 31.7 % of the turnover in the quarter under review.

Q4 in million euros	2012	2011	Change
Earnings before taxes (EBT)	28.7	25.6	+12.4 %
Earnings after taxes	22.0	18.1	+21.4 %

Earnings per share in euros



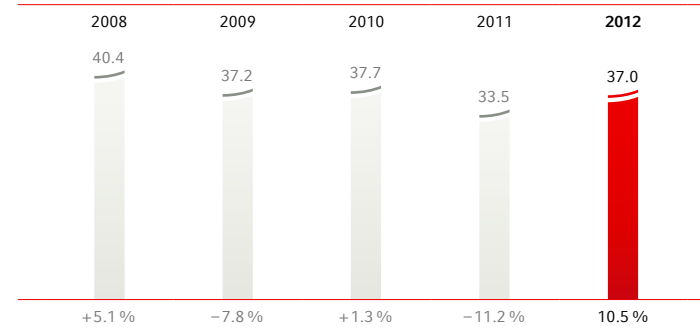
Change to previous year

Saxoprint acquisition results in increased depreciations

Long-term depreciations have been on the decline for years at CEWE, as the investments of the past years have fallen significantly short of the peak investment years of the analogue/digital transformation (2003 to 2008). This trend is still continuing so that depreciations in the core business also continued to decline in the quarter under review. However, the acquisition of Saxoprint has resulted in significant depreciations for two reasons: first of all, Saxoprint had installed two new large-size printing machines at the end of 2011. These machines make it possible to show the current volume of turnover growth in the production. However, they have an adverse effect on earnings due to corresponding depreciations. Secondly, the value of Saxoprint's customer base was determined as part of the provisional purchase price allocation and is now written off over a period of five years. Both of these factors make a significant contribution to the increased depreciations arising from the Saxoprint commitment.

For the group as a whole, the depreciations therefore increased from 7.1 % to 7.4 %.

Amortisation/depreciation in million euros



Change to previous year

Saxoprint acquisition increases the funding expenditure

As described in the section "Balance Sheet and Financial Management", the acquisition of Saxoprint and the loans assumed in this context resulted in higher capital requirements. Despite the fallen interest rates, an additional funding expenditure of 1.2 million euros incurred so that the net financial income accounted for –2.2 million euros in the year under review.

Income tax ratio lowered to 27.4 %

In the consolidated profit and loss account, a clearly reduced group tax rate of 29.6 % is evident for 2012 (2011: 36.3 %). If this ratio is adjusted for the effect of the "taxes chargeable as expenses", it even drops down to 27.4 % (2011: 34.6 %). For example, the deviation from a tax rate of approx. 30 % – which is considered to be normal – is due to the accrual of the operating company of viaprinto.de, that

is diron GmbH & Co. KG, in CEWE COLOR OHG. Thus, the portion of diron's loss carried forward, which had not yet been activated as deferred taxes, was offset against tax compared to the OHG earnings and has therefore lowered the tax rate. Moreover, the profit distribution of 2012 has increasingly taken into account countries with a slightly more favourable tax rate. This also contributed to the decrease in tax expenses.

Earnings per share increase to 2.88 euros

Even though the investments made in Online Printing positioned the annual EBIT 2012 below the value of 2011, these tax effects caused an increase in the earnings after tax by 1.3 % to 18.8 million euros and therefore also increased the earnings per share by 1.3 % to 2.88 euros.

Balance Sheet and Finance Management

- ▶ *Non-current assets increased due to acquisition of Saxoprint*
- ▶ *Core business once again reduces tied-up capital*
- ▶ *Solid funding: equity rate of 41.8 %*

In the following, the balance sheet and the finance management of CEWE are explained along the components of the capital employed. In the following, this is mainly done on the basis of a comparison with the previous year. Insofar as it is required for a deeper understanding, explanations regarding the fourth quarter are consulted.

Non-current assets increased due to acquisition of Saxoprint

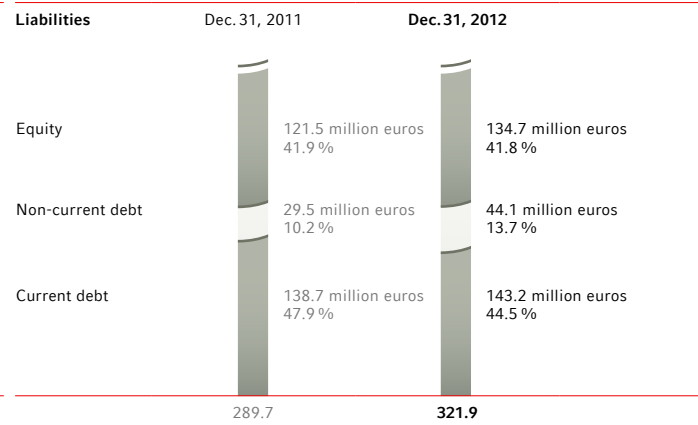
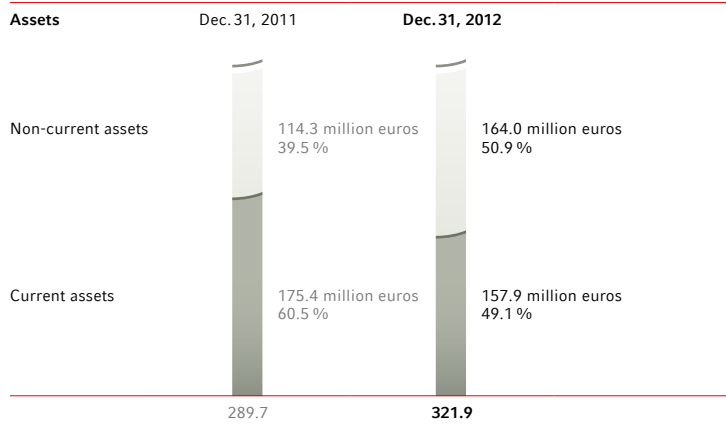
The fixed assets have increased by 22.0 million euros. This increase almost stems entirely from the new group company Saxoprint. The growth in intangible assets (8.7 million euros, mainly software and customer base) primarily also stems from this acquisition. Finally, the rise of the goodwill by 19.5 million euros to 28.5 million euros mainly results from the acquisition. Overall, virtually 100 % of the

increase in non-current assets (plus 49.6 million euros) comprise Saxoprint assets. Therefore, the strategically important step overall brings for the CEWE group a higher ratio of fixed to total assets (50.9 % following 39.5 % in the previous year) and a higher depreciation potential which does not put a strain on the operating cash flow. Further information regarding the acquisition of Saxoprint can be found in the Annex (p. 137 et. seq.).

Operating net working capital increased to 32.7 million euros due to the turnover growth amongst others

Compared to the previous year, the operating net working capital rose by 5.1 million euros to 32.7 million euros. The reasons for the changes in this item are explained in the "Cash Flow" section. However, the effects set out therein cannot be observed in the balance sheet in roughly equivalent proportions. For example, an increase in the operating working capital by 6.4 million euros in the year under review can be seen in the balance sheet. The reason for this

Statement of financial position in million euros and in %



difference is the portion of changes in the balance sheet which is caused by the acquisition of Saxoprint by February 1 of the year under review. This part of the changes can be viewed in the cash flow from the investment activity in the item 'outflows from purchases of consolidated shares/acquisitions'.

This increase in the operating net working capital also results in a slight rise of the coverage in days from 16 days on December 31, 2011 to 17 days. This slight increase was based on the reduction effects with regard to trade payables and the provision with, for example, kiosk printing paper.

Other net working capital contributes to the funding

The other net working capital was at –23.2 million euros and thus shows a clear funding effect; this effect – and therefore the negative net working capital – had gained another 9.0 million in 2012. The sole (more than 100 %) reason for this is the maturity of a fixed-interest investment of 11.0 million euros which thus went from the other current assets into the liquid funds. Adjusted for this effect, the other net working capital would thus have increased by 2.0 million euros. Part of the operational reasons for this slight increase is explained in the "Cash Flow" section (0.4 million euros). The remaining effect results from the acquisition of Saxoprint on February 1, 2012.

Cash and cash equivalents returned to normal level

The stock of cash and cash equivalents has reduced from 30.8 million euros to 13.4 million euros on previous year. Hence, the cash levels of CEWE returned to the normal level as part of the acquisition of Saxoprint.

Core business reduces tied-up capital

The capital employed has gained 28.3 million euros to 186.8 million euros and is solely (more than 100 %) explained by the acquisition of Saxoprint, reduced by the decline in cash and cash equivalents. In the core business (Photofinishing and Retail), the capital employed decreased from 152.7 to 144.4 million euros over the course of 2012. Furthermore, the capital commitment in the core business was further reduced.

Almost 50 % of capital employment for Online Printing is equity-financed

A look at the corresponding size 'capital invested' shows that the rise by 28.3 million euros was mainly financed by an increase in equity (+13.2 million euros) and the net increase of non-current debts which remained following the redemptions and amounted to 14.5 million euros as well as 0.6 million euros of current non-operating debts.

Solid equity base

Despite a clearly increased balance sheet sum from 289.7 million euros to now 321.9 million euros, the equity ratio remains virtually unchanged with 41.8 % (previous year: 41.9 %) and therefore very solid. The rise in equity of 13.2 million euros is primarily caused by the earnings after tax (+18.8 million euros, previous year: 18.6 million euros) half of which was distributed to the shareholders (–9.2 million euros, previous year; –8.5 million euros). Moreover, effects not affecting income (+3.1 million euros, previous year: –2.5 million euros) and the sale of own shares as part of employee share programs (+0.5 million euros, previous year: +0.3 million euros) played a role.

Gross financial debts are extinguished over the course of the year

The mentioned gain of 0.6 million euros regarding current non-operating debts was driven by 100 % by current financial liabilities which now account for 8.0 million euros.

The plus of non-current debts also stated and amounting to 14.5 million euros is composed of an increase in the non-current financial liabilities by 6.8 million euros to 23.5 million euros, an addition to the deferred tax liabilities amounting to 3.3 million euros from the purchase price allocation of Saxoprint to 4.0 million euros and a plus with regard to the remaining non-current liabilities by 4.2 million euros to 4.2 million euros – particularly due to the purchase price re-tainer of the acquisition of Saxoprint.

Therefore, the financial liabilities specifically increased by only 7.4 million euros (0.6 million euros current and 6.8 million euros non-current) despite Saxoprint's financial liabilities amounting to 14.9 million euros also having been assumed. As a result, financial liabilities amounting to 7.5 million euros were thus extinguished over the course of the year – adjusted for the Saxoprint debts. Of course, the Saxoprint debts were partly replaced by more cost-effective funding, something which is not evident from these figures.

Funding secured in the long term

During the financial year, negotiations took place about the restructuring and securing of long-term credit facilities long time before the expiry of the long-term loan agreements. In the first weeks of the new financial year 2013, these negotiations were successfully concluded so that the long-term supply of liquidity continued to be secured on a broad basis.

Golden balance sheet rule has been observed

Overall, the soundness of the CEWE balance sheet once again becomes clear when looking at the standard of the classic golden balance sheet rule: even though the ratio of fixed to total assets has significantly increased, the non-current assets (50.9 % of the balance sheet sum, previous year: 39.5 %) are fully covered by equity (41.8 %, previous year: 41.9 %) and non-current debts (13.7 %, previous year: 10.2 %).

Cash Flow

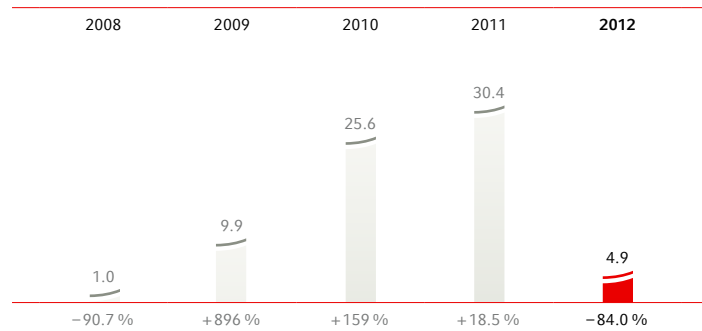
- ▶ Acquisition dominates cash flow from investment activity and thus the free cash flow
- ▶ EBIT-induced cash flow has increased
- ▶ Working capital raises cash
- ▶ Saxoprint makes a very positive contribution to the free cash flow
- ▶ Free cash flow of the fourth quarter tripled

The following explanations initially refer to the cash flow of the expired financial year. At the end of this section, information is provided regarding the 4th quarter. The cash flow is influenced on all levels by the acquisition of Saxoprint and the associated investments in the Online Printing business area as well as the retail business.

EBIT-induced cash flow has increased

The EBIT as a starting point of the cash flow calculation of CEWE is mainly adjusted for effects not affecting income with regard to the calculation of the EBIT-induced cash flow. Whilst the EBIT 2012 fell 1.2 million euros short of the previous year's EBIT at 28.9 million euros, the EBIT-induced cash flow of the financial year 2012 gained 5.4 million euros to 68.0 million euros due to Online Printing depreciations and currency effects.

Free cash flow in million euros



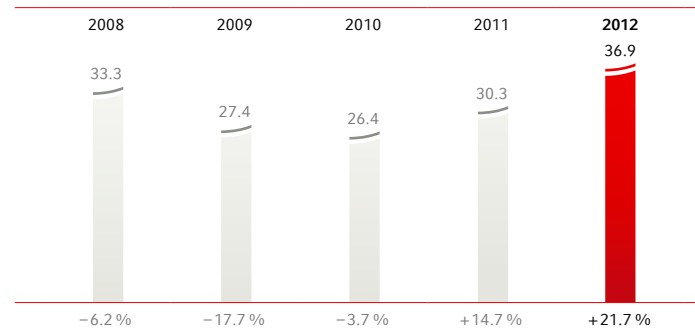
Change to previous year

Accumulation of working capital puts a strain on the cash flow from operational activity

The working capital and the tax-induced cash flow clearly decreased in the financial year 2012 by 16.1 million euros to -17.3 million euros so that the cash flow from operation activity declined by 10.7 million euros to 50.7 million euros.

The following effects had an impact on the working capital and the tax-induced cash flow: a significant base effect was the increase in stock (in part from the acquisition, in part from the core business, here in the Photofinishing, the Kiosk Printing Paper and in Retail) by 13.7 million euros instead of a slight reduction by 2.3 million euros in the previous year. In the net working capital, it was possible to largely exclude this effect due to trade payables risen in parallel. These liabilities were subject to an offsetting effect due to the fact that e.g. less liabilities from the annual bonus to trading partners were deferred not least due to the known withdrawal of an important trading partner from the market. In total, the trade payables therefore increased by only 0.6 million euros (2011: +6.6 million euros). In a cash flow enhancing way, trade payables were reduced by 6.7 million euros (2011: build up by 5.8 million euros). This development was partly caused

Investments in million euros



Change to previous year

by the payment of the credit insurance as part of the known insolvency of the trading partner and also by the increase in the mail-order business, which is outlined in the 'Photofinishing business area' section. With regard to this form of business processing, CEWE takes charge of the entire management of consumer receivables for the trading partners. The effect of this expenditure for CEWE is typically a reduction in the receivable portfolio if the consumers are able to represent a cash-in at a sufficiently early stage. In the other working capital, the reduction of the net turnover tax burden particularly had an effect so that the cash contribution reduced by 5.2 million euro to 0.4 million euros. With regard to taxes, an increased sum of income tax amounting to 1.5 million was paid in the year under review, 11.3 million euros.

Acquisition pushed cash flow from investment activity to 45.9 million euros

The outflows from investments into fixed assets were at 33.8 million euros and therefore slightly exceeded the previous year's value (30.3 million euros) due to the business expansion. In the fixed assets, a total addition of 36.9 million euros was reported.

28.2 million euros of the 36.9 million euros were invested in fixed assets and 6.8 million euros in intangible assets. In the area of fixed assets, 8.4 million euros were used for the presence at the Point of Sale. A further portion amounting to 11.8 million euros was invested in digital printing and its further processing. 3.9 millions were spent on the expansion of the EDP infrastructure. The remaining amount of 4.1 million euros comprises the investments in building, vehicle fleet and other equipment.

The cash flow from investment activity was dominated by the acquisition of Saxoprint in 2012 amounting to 21.2 million euros. In this regard, the final purchase price payment of 2.4 million euros to the old shareholders of Diron GmbH & Co. KG is also part of this context. Therefore, a total of 23.5 million euros from the outflow into the cash flow from investment activity results from acquisitions.

The expiry of a fixed-interest current investment of 11.0 million euros with a duration of more than three month and the additions from the sale of fixed assets amounting to 0.9 million euros had a positive impact on the cash flow from investment activity. Taking into account additional smaller effects, the cash flow from investment activity therefore amounted to 45.9 million euros (2011: 31.0 million euros).

Free cash flow shows the accumulation of working capital

The adjusted free cash flow (without cash-out for acquisitions and without cash flow for current investments) is at 17.4 million euros following 31.4 million in the previous year. The decline is caused by the effects of the working capital explained above: -9.4 million euros particularly due to the accumulation of the operational net working capital and -5.2 million euros from the other working capital.

Saxoprint already makes a positive contribution to the free cash flow

If cash-outs from the payment of the purchase price are cut out, Saxoprint has contributed a medium one-digit million euro amount to the free cash flow, despite the start-up investments for the online printing overall having resulted in the known EBIT of -4.8 million euros. The main difference is that the high depreciations of the Online Printing segment for the invested machine capacities and for the customer base (activated as part of the purchase price allocation) are, of course, not cash-relevant. Saxoprint, the main generator of turnover of the new business area Online Printing, has therefore - even as a company experiencing strong growth - made a positive contribution to the cash flow.

Cash flow from funding activity virtually unchanged with –22.5 million euros

In 2012, the cash flow from funding activity was at –22.5 million euros, that is a cash-out of 0.2 million euros less than in the previous year. Even if 6.8 million euros less were invested in share repurchases in 2012, there was nevertheless an increased outflow of dividend payments amounting to 0.7 million euros than in the previous year (9.2 million euros) and 3.3 million euros more were paid to banks: redemption payments increased by 2.1 million euros to 8.7 million euros; interest payments gained 1.2 million euros to 2.1 million euros.

Q4 cash flow tripled

In the fourth quarter 2012, the EBIT-induced cash flow rose by 2.9 million euros to 37.8 million euros. The working capital- and tax-induced cash flow rose by 7.8 million euros to 10.7 million euros. Hence, the cash flow from operating activities increased by 10.8 million euros to 48.5 million euros.

Return on Capital Employed (ROCE)

- ▶ *Capital employed of the core business again reduced by 8.2 million euros*
- ▶ *Yield of the CEWE core business continues to rise: ROCE increases from 22.3 % to 23.1 %*
- ▶ *Online Printing causes an increase of the average capital employed to 193.3 million euros and reduces ROCE to 15.0 %*

Capital employed of the core business again reduced by 8.2 million euros

As explained in the balance sheet, the capital employed rose by 28.3 million euros to 186.8 million euros at the end of 2012; of which 42.4 million euros relate to the online printing. Adjusted for this effect, the result is a capital employed which amounted to 144.4 mil-

lion euros at the end of 2012, that is, 8.2 million euros less than at the end of the previous year.

As in the previous year, investments were also made in the fourth quarter 2012 in the required increase in capacity so that the cash flow from investment activity was at –11.0 million euros (2011: –22.0 million euros). In the previous year's quarter, the cash flow from investment activity comprised an investment into a current investment of 11.0 million euros with a duration of more than three months so that the cash flow from investment activity adjusted for this investment also was at –11.0 million euros in 2011.

Accordingly, the free cash flow of the fourth quarter reported reached 37.4 million euros (2011: 15.7 million euros). Similar to the earnings, the operational cash flow of the fourth quarter is also of vital importance in the free cash flow.

Average capital employed increases to 193.3 million euros due to acquisitions

When we consider the return on capital employed, the total profit of a year refers to the average capital employment of the same year in order to calculate an annual return on capital employed by dividing the profit by the capital employed. Calculated on the basis of the four quarterly record dates, the average capital employed in 2012 amounted to 193.3 million euros, an increase of 40.9 million euros compared to last year's corresponding period which results from the acquisition of Saxoprint.

Page 55 | Consolidated Profit and Loss Account

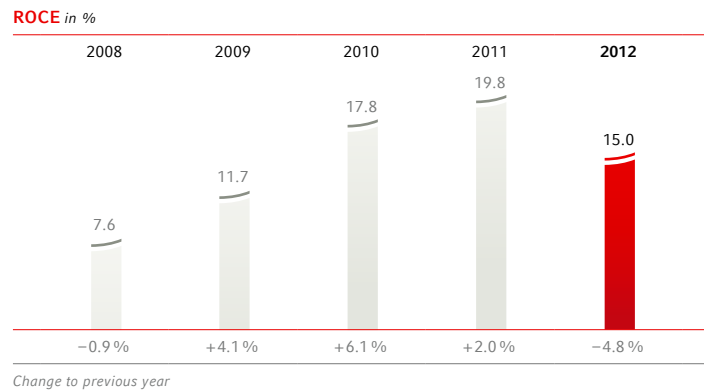
Yield of the CEWE core business continues to rise: ROCE increases from 22.3 % to 23.1 %

In 2012, the EBIT (see the section "Earnings and Structure of the Profit and Loss Account") decreased from 30.1 million euros to 28.9 million euros due to start-up investments in online printing. In relation to the average capital employed, this results in a continuous acquisition-related decline of the ROCE from 19.8 % in 2011 to 15.0 % in 2012. If the EBIT and the average capital employed at adjusted for the online printing business, this continues to result in a continuously increasing yield of the core business from 23.1 % in 2012 following 22.3 % in the previous year.

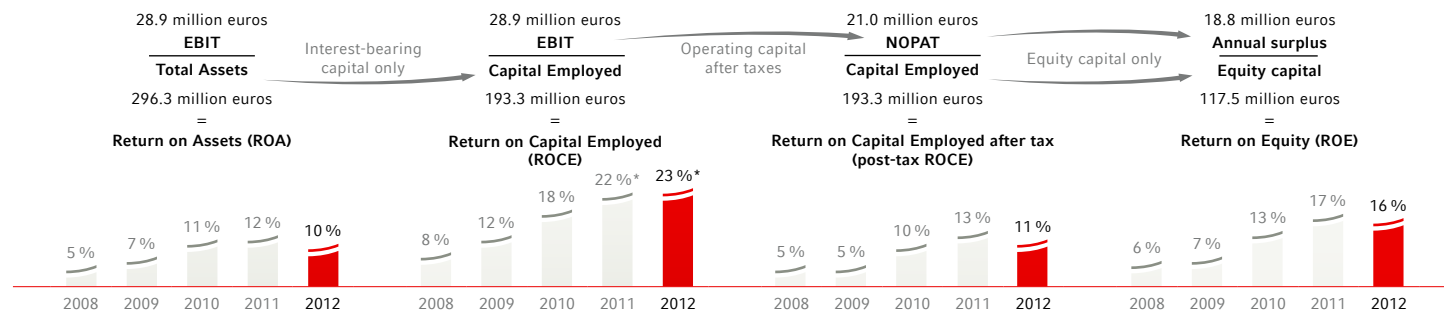
Return of capital employed (ROCE) of the core business: more than tripled in the past five years

ROCE was continuously increased and thus more than tripled in the core business over the past years; this was, for example, accounted for by the rise in earnings through value-added products, the end of the analogue-to-digital transformation-related restructuring, the corresponding reduction of fixed assets and the ongoing efforts regarding the working capital.

Page 60 | Balance Sheet and Finance Management



From the total return on capital to return on equity in % (sample calculation for 2012)



*ROCE of core business (photofinishing and retail trade)

General Statement on the Economic Situation

Based on the development during the course of the financial year 2012, the Board of Management makes a positive assessment of the economic situation.

The “Results” chapter contains a detailed discussion of the developments in turnover and earnings according to business areas, in the P & L Account structure, the Balance Sheet and Finance Management as well as in the Cash Flow and the Return on Capital Employed. The volume targets were largely achieved or exceeded. However, the product with the narrowly missed volume target achieved the target level due to the raising value in the turnover growth. Much more important: all turnover and earnings targets were also met in 2012 – and this despite the fact that the online printing growth has substantially reduced the total income due to a cross-subsidisation from the Photofinishing and Retail segments amounting to 4.8 million euros. Without this start-up investment, the EBIT would have amounted to 33.7 million euros and thus would be above the group’s target corridor of 27 to 33 million euros.

In Photofinishing, the product transition of the last remaining turnover with analogue prints from films to digital turnover is successful; moreover, the decline of individual photos in digital turnover setting in is successfully made up for with value-added products, with the CEWE PHOTOBOOK leading the way. With regard to these value-added products, CEWE has a higher value added and therefore also the opportunity to generate a slightly higher margin.

As set out in the report of the business area, the retail trade does not only play a role due to its contribution to earnings from the sales of photo hardware: it also serves as a photo marketing showcase for

CEWE COLOR’s trading partners and as a distribution channel for photofinishing products in various countries. The retail trade is quite successful in this role.

CEWE has identified its third pillar as online printing. This is a market segment of the large printing market which experiences strong growth and for which CEWE is well positioned thanks to a number of competencies acquired in Photofinishing: online marketing, placing and receiving of online orders, processing of digital orders, digital printing production, mail order dispatch as well as all supporting systems such as online payment, customer service via various communication channels, etc. have been part of the core competencies of CEWE in the Photofinishing segment for many years now. What was missing was the offset printing segment which would also permit the production of larger number of copies. By way of the acquisition of Saxoprint in 2012, mostly new, recently installed and highly efficient offset production facilities, including an established online job flow as well as an existing and growing customer base, were purchased. With its international position, CEWE is a strong parent company for Saxoprint with the assistance of which the internationalisation of the business can successfully be implemented. Thus, the online printing developed into a veritable new business area with a promising future for CEWE in 2012.

At the beginning of 2013, the CEWE business development also continued in line with the expectations of the Board of Management and has confirmed the Board in the targets set for the financial year 2013 stated in Chapter “Report of Expected Developments”.

 Page 40 | Results

 Page 118
Report on Expected Developments

Europe's
No.1
photo book

from
£ 5.99*



My
cewe photobook
My Life

www.cewe-photobook.co.uk

 **cewe**
BEST IN PRINT

*Recommended listed price for a "small" CEWE PHOTOBOOK including VAT. Price may be subject to packing and postage charge.

CORPORATE FUNCTIONS

Marketing and Sales

CEWE PHOTOBOOK as a branded article

The sale of the twenty millionth CEWE PHOTOBOOK and the photokina were two important milestones for CEWE in 2012. The brand bestseller will also continue to deliver a growth contribution in future by way of a steady expansion of the product portfolio and the continuous further development of the software. In order to continue to clearly distinguish itself from the competition and to secure the continued European market leadership in the Photofinishing segment, CEWE is committed to quality as an important product feature and the brand's emotional component. As part of the Customer Relationship Management (CRM), analysis and campaign instruments are systematically applied. This results in differentiated segmentation strategies which take into account the various requirements of the consumers. By way of a more individual relationship marketing, new turnover potentials may be exploited.

All strategic and integrated measures of communication in all marketing areas such as CRM, trading and product marketing, PR and sponsoring were hence orientated towards boosting sales.


In order to further emphasize the quality of the branded product and to communicate this feature more effectively to the public, the 100 % Satisfaction Guarantee for the CEWE PHOTOBOOK also played an important communicative role at CEWE in the past year. The seal specifically developed for this purpose was integrated into the websites and nearly all communication activities centring the CEWE PHOTOBOOK.

On the occasion of the two seasonal peaks – holiday time and Christmas – CEWE embraced emotions in the new TV spots. In the summer and the Christmas spot, everything revolves around the moment to hold the Employees CEWE PHOTOBOOKS in one's hands. Matching the occasion, the spots were broadcasted at prime time between August and September and/or at Christmas time on TV stations such as ARD, Sat.1, RTL, ProSieben and VOX. As a friend of the brand, Philipp Lahm was integrated in the TV spot as a part of the summer campaign shot in South Africa. Alongside the TV advertising campaign, additional adverts in print publications and PR measures were deployed.

Increased online presence

The Internet serves CEWE as an important order channel and has an increasing impact on the business. Accordingly, the topics search engine optimisation (SEO) and search engine marketing (SEM) are significant components of the communication activities in the online area. They are continuously refined and extended. The websites of the trading partners also make a valuable contribution to distribution and here, CEWE performs marketing work for the trading partners. For example, CEWE designs the "Photo" section of the website. Moreover, CEWE also coordinates all online marketing measures and newsletter editions of the trading partners alongside its own.

 www.cewe-fotobuch.de
www.cewe-color.de
www.cewe.de

 [www.cewe-photobook.co.uk/
photobook-samples.php](http://www.cewe-photobook.co.uk/photobook-samples.php)

The company's websites with the heading CEWE PHOTOWORLD with their various sub-sites (www.cewe-photobook.com, www.cewe.de) received a new, high-quality design in 2012 and were standardised to this effect. Improvement with regard to usability and navigation invite the visitor to linger. The websites serve as information platforms for CEWE's entire product portfolio and offer a discussion forum, tips for the design of photo books and links to the various trading partners amongst others. Furthermore, all customer service contact details can be found on these websites.

Under the category "Customer Examples" on the website www.cewe-photobook.com, customers have the opportunity to present their own CEWE PHOTOBOOK in the matching subject areas. Those interested may evaluate example books and submit corresponding comments. Not only does this exchange inspire customers and give them ideas in designing photo books for their own upcoming events, but it also encourages them to interact more intensively with the CEWE PHOTOBOOK, something which in turn increases brand recognition.

CEWE uses its social media channels in order to place competitions, news on photography, the company and product innovations in the best possible and in an eye-catching way. In particular, a lively discussion with end consumers takes place on the Facebook page of the CEWE PHOTOBOOK. The number of fans has continuously risen to around 20,000 in the past year.

With regard to the most important events around the CEWE PHOTOBOOK, CEWE regularly initiates photo competitions. In this way, the consumers are consulted, customer loyalty is enhanced and traffic for the websites is increased. By way of the competition "Europe is beautiful 2" in 2012, the photo provider succeeded in strengthening the premium standards of the CEWE PHOTOBOOK and to make the successful product accessible to a new target group segment.

Successful cooperation with the trading partners

In recent years, CEWE strongly supported its trading partners at the POS by way of a marketing campaign for the CEWE PHOTOBOOK. A sales-oriented and attractive presentation of the products promote sales and revenues – which is way CEWE gave its trading partners the opportunity in 2012 to offer them extensive support with regard to the instore design. CEWE addresses the trend towards individualisation with customised partner URLs. Customisable presentation options for orders placed by the customers themselves via the Internet, such as shop components, sales displays and information material complete this particular service. Moreover, CEWE provides its partners with sample books and example copies of further photo products in different decors.

During the handover ceremony of the twenty millionth CEWE PHOTOBOOK in a Düsseldorf branch of the trading partner dm, CEWE was able to successfully position itself at the POS. Europe's leading photo provider is a company which builds on longstanding and successful partnerships. CEWE reaches the customers even better due to the strong commercial brands. CEWE was also able to initiate a direct dialogue with important trading partners and to present the latest product innovations at the photokina, the photographic fair in Cologne.

CEWE in the media

The marketing and distribution targets are significant for CEWE's PR strategy. In 2012, the company succeeded in prominently positioning the branded CEWE PHOTOBOOK product and also the CEWE photo calendar, greeting cards, wall decorations and the CEWE photo gifts in the media by using a variety of measures, such as event-related press information and tips from photo experts with value added for the journalists. Public relations are aimed at specific target groups, the daily and the general press as well as specialist media.

On the occasion of the photokina 2012, it was possible to establish and deepen important contacts to journalists from the specialist and general press. More than 90 media representatives participated in the press conference at the CEWE booth. The product innovations of Europe's leading photofinisher received an overwhelming press feedback in numerous print, TV and online media.

Research and Development

Many new innovations for the photokina

This year, the large number of new product and software innovations had to be implemented up to the photokina at the end of September; however, this also meant that they were already available for some of the trading partners for the Christmas season 2012. Alongside the already established order channels via the CEWE desktop software, the online applications and the photo stations, a number of apps were developed for mobile end devices (tablets and smartphones), for the operating systems Android and iOS (Apple) in each case. For this reason, one of the guiding principle at the photokina was: "cewe goes mobile".

My CEWE PHOTOWORLD

By means of this software, which is most important to us at present, CEWE customers order via a software installed on their computers. In the past year, this software was again successfully installed more than 10 million times. In the current version 5.0, new CEWE PHOTOBOOK formats and improvements can be ordered; with regard to all other product categories, the offer was extended considerably.

In the dialogue with the customers

In 2012, CEWE maintained intensive contact and dialogue with its customers in order to meet the consumers' requirements and to be able to give corresponding impulses to buy. We will continue on this path in 2013.

In addition, the version 5.0 presents itself with a strongly improved usability function, the customer service feedback, the online surveys and the CEWE PHOTOBOOK forum were taken into account when optimising and elaborating the new look-and-feel of the user interface. It is now even easier to find the number of attractive backgrounds, interesting clip arts and even more beautiful layouts, which has also been greatly increased, via a download portal and to use it whilst designing a CEWE PHOTOBOOK. The clear arrangement has been improved with regard to both the editor and in the shopping basket, and the additional information is also presented in a clearer and therefore more attractive form.

Videos by means of the QR code in the CEWE PHOTOBOOK

Many customer do not only take pictures with their digital cameras and mobile end devices but they also record short videos more and more frequently. Hence, these videos "replace" a picture which can then be missing for telling the entire story in the CEWE PHOTOBOOK. In 2009, CEWE had identified the desire for a "talking" CEWE PHOTOBOOK during a workshop with customers. In 2011, CEWE business in Prague then developed a photo book with an integrated display.

In a workshop, CEWE then developed – together with a trading partner – the idea which was very successfully presented at the photokina. A QR code (Quick Response) is printed into a CEWE PHOTOBOOK together with one to six pictures from the video in a fully automated process. The user can select the pictures themselves or have the system suggest them. The QR code is scanned with a smartphone or a tablet by means of widespread QR code readers (known from marketing campaigns) and the video is played. In this way, CEWE was the first to successfully combine pictures and videos to an even more interesting storytelling. CEWE received the photokina Star as a special award at the fair and very positive reporting across all media. The videos in the CEWE PHOTOBOOK are a further example of the successful open innovation culture within CEWE.

Strong back-end secures Christmas business

To have an ideal appearance at Christmas, the back-end processes were optimised and the central redundant database was implemented using a new and even more efficient concept. On peak days in the week before Christmas, the platform has moved more than 25 terabytes of data (pictures of customers, downloading the software, distribution in the production locations, etc.).

Larger product portfolio and integration of Facebook on the CEWE photo stations

The new software for the photo stations was also presented at the photokina. Many products, such as the expansion of the product range for the calendars, was integrated in good time for the Christmas season and the ordering of further value-added products, such as photos on canvas and acrylic photos, was given an even more attractive design with a realistic 3D representation in the order editors. The Facebook connection was also met with a particularly positive response at the fair immediately following the installation at the customers. It is now possible for users to directly print their or their friends' pictures from their Facebook account and to design them as a greeting card or even as a collage.

Apps for mobile end devices

In 2011, CEWE has made available the first apps for ordering pictures online and for printing them at the photo stations. In addition, there were also service apps to track the order status and to view a picture as a wall decoration (CEWE Deco App) in one's own home by means of augmented reality.



For the photokina, CEWE has presented the CEWE PHOTOWORLD for iOS and Android. By means of these apps, it is possible to order CEWE PHOTOBOOKS, greeting cards and pictures from smartphones and tablets. With regard to the development, the advantages of the touch screen were used and thus the joy when handling Employees pictures was the focus. Image enhancement and attractive image operations as well as manipulations can simply be tested and hence be integrated into the product.

The feedback received at the fair shows that “cewe goes mobile” is an important direction of the development. Further apps regarding special topics, such as image enhancement, for the production of film strips like in the well-known instant picture machines were also presented at the photokina. All these apps aim to arrive at printed products via the joy in handling one’s own pictures.

Production management

Like for the production, CEWE also develops both in-house data workflows for the digital prints and in-house machines. By means of the integration of Saxoprint, the start was made to automatically manage the products between CEWE, Viaprinto and Saxoprint via a joint interface at the best production and logistic places. Production developed own machines specifically for the dispatch which simplified the sorting during the Christmas season and made it possible to increase packaging speed of the products.



IT

EDP further optimised

The central IT systems continued to be expanded in the financial year 2012. At the heart of the central IT system is the SAP system with the following modules: Financials (FI), Controlling (CO), Sales and Distribution (SD) and Consolidation (EC-CS) for Financing and Accounting, Materials Management (MM) for Purchasing/Materials Management as well as Customer Service (CS) to support repairs and maintenance of our DigiFoto Makers.

A major project in 2011 and 2012 was the introduction of a new SAP CRM system by means of which we were able to improve our target group-specific marketing and the easy servicing of the customer service.

Fotofinishing-specific processes continue to be operated using CEWE COLOR's own "ICOS" (integrated CEWE Organisation System) IT system. In this respect, ICOS concentrates particularly on the areas of pricing/preparation of delivery notes and master data (Master Data Management).

The combination of standard software adjusted and optimised in-house and an individual software specifically developed for CEWE make it possible to fulfil customer requirements very quickly and flexibly, offering CEWE a genuine competitive advantage.

In 2012, a new data processing centre was also set up in Oldenburg and operations were taken up; this new centre replaces several server rooms. This data processing centre will realise a particularly energy efficient and CO₂ reduced operation. As part of its green IT activities, CEWE is a member in the ERTEMIS network which enables a bidirectional transfer of knowledge between science (University of Oldenburg amongst others) and the economy. Findings from this project were integrated into the new data processing centre.

Production

Expansion of digital print production and refinement

Digital printing at CEWE also continued to grow in the financial year 2012. New generations of machines helped increase printing capacities and further improved productivity and quality. Here, the expansion of sheet offset printing is of particular importance.

Further processing was supplemented by expanding the production of glossy finished products, such as the CEWE PHOTOBOOK, CEWE CALENDARS and CEWE GREETING CARDS.

CEWE has a great deal of know-how with regard to automation and process management in its industrial production plants. All ten finishing sites are completely equipped with a uniform digital production structure and operate using the same IT infrastructure. This is the basis in order to provide digital photo services to both consumers and the trade with the same high level of quality and the shortest possible lead times. More than 60 high-quality four-colour digital printing machines ensure in the laboratories that the CEWE PHOTOBOOKS can be produced to the highest possible quality and with ever shorter lead times. This high number of machines – unique in Europe – also provides CEWE with sufficient capacities in order to be able to offer digital print for commercial applications, such as the online printshops Saxoprint, cewe-print.de and viaprinto.de. Furthermore, these capacities ensure a high degree of production flexibility, particularly in the Christmas business.

In 2012, investments were also made in the large-format flat-bed printing, by means of which wall decoration products in large formats in particular may efficiently be produced. The area of wall decoration where very high-quality products are offered on canvas, alu, acryl or other substrates is also a very interesting growth area.

Offset printing

By way of acquiring the online printing provider Saxoprint in February 2012, CEWE has moved to a new production technology, offset printing. The production uses the state-of-the-art offset printing technology, such as Heidelberger Speedmaster XL 162, 4/4 large-format printing machines which are able to produce up to 15,000 printed sheets in the format 121 cm x 162 cm per hour.

The further processing of this large-sheet technology also happens with state-of-the-art systems. Therefore, CEWE is the technological market leader in online offset printing. The production of an online offset printshops perfectly matches CEWE in terms of the technology as, in this business model, orders also have to be received in online systems, processed and edited by computers and managed in a highly efficient production. Hence, Saxoprint is a reasonable supplement to the CEWE production portfolio.

Investments 2012 in digital printing and Points of Sale

In 2012, investments also continued to focus on expanding our digital printing and processing capacity as well as on the development of software for generating and processing our orders. Our Internet order platforms and software for the computers of our end customers were developed and made even more efficient. At the same time, new solutions were also created for our kiosk systems. Another focus of our investment activities in 2012 was on equipping many POS with on-site printing options the majority of which is now connected online with our plants.

By way of the CEWE Imaging System (CIS), CEWE positioned a large-scale solution for the kiosk requirements at the POS in the market. Here, several order stations featuring the possibility to print photos, posters, gift cards, greeting cards, calendars and other products were linked. Thus, CEWE accounts for the increasing demand in on-site printing options in the trade.

Development of commercial digital printing

Viaprinto has established itself as Germany's fastest online printshop in 2012. Viaprinto brings together the competencies of CEWE in the high-quality production of smaller print runs with the market requirements, that is, to also prepare small print runs in the commercial area for various applications, such as training materials, operating instructions, manuals, documentations, target group-specific advertising materials and similar at very short notice.

By acquiring Saxoprint and developing CEWE-PRINT, the production opportunities in commercial digital printing which were developed with viaprinto.de find another distribution channel.

In 2012, intensive use was already made of the synergies between the customer acquisition via Saxoprint and CEWE-PRINT and the production of products in small print runs in the digital printing production of the finishing plants.

Decline in prints from film

The declining importance of the development of films and the production of prints from films was accounted for by entirely ceasing the production of prints from films and the development of films in the first CEWE plants in 2012. This development will also continue in 2013. Thus the CEWE plants are increasingly mere digital plants which produce the most varied, Employeesised products from data.

Employees

Number of employees

On the annual average of 2012, 3,305 persons, 113 of whom apprentices, were employed with the CEWE Group (previous year: 2,823).

Of the total number of staff, 2,093 persons and thus around 63 % (previous year: 1,654 and/or 59 %) worked in the domestic production plants and 1,212 employees or around 37 % (previous year: 1,169 and/or 41 %) in the foreign production plants of the group.

Changes in collective wage policy

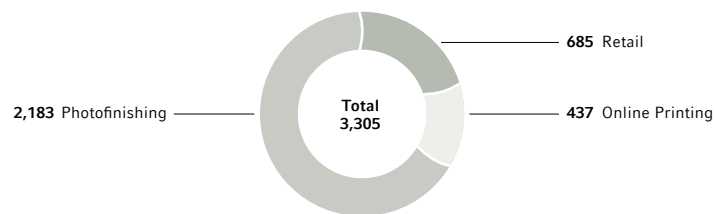
Both collective tariff agreements for workers and employees were combined into a single uniform collective tariff agreement. The collective tariff agreement was concluded on October 1, 2012.

Occupational health and safety

Occupational health and safety for employees is an important and integral part of the daily work in the CEWE Group. As in previous years, CEWE is characterised by a low sick leave rate. At the German production sites, this rate was at 3.7 % in 2012 (2011: 3.5 %), in the foreign plants at 3.4 % (2011: 3.3 %). In 2012, 21 accidents requiring reporting were recorded, six of which occurred whilst commuting to or from work.

Various screening examinations and training courses as well as the annual Health Day were conducted with the objective of increasing the employees' alertness and awareness.

Number of employees CEWE Group on the annual average 2012 in number of employees



Apprentices in Germany on the annual average

	2012	2011
Integrated degree programme Business Administration	2	4
Integrated degree programme IT Specialist	11	8
Industrial sales representative	17	19
Sales representative for dialogue marketing	4	1
Photo media expert	6	9
Photo media laboratory assistant	3	11
Photographer	3	6
Electronic technician for devices and systems	4	—
Mechatronics technician	6	13
IT specialist	11	11
Warehouse logistics specialist	4	5
Media technology print processing	12	5
Media technology printing	10	3
Media designer digital & print	16	13
Commercial clerk	4	4
Total	113	112

Apprenticeship quota continues to be high

In the past year, CEWE provided 113 young people (2011: 112) in Germany with an apprenticeship in 15 different jobs – male/female commercial clerk, warehouse logistic specialist, photographic media laboratory technician, photographer, electronics engineer for devices and systems, mechatronics engineer, photo media specialist, IT specialist for application/system technology, office clerks, male clerk for dialogue marketing, media technology print processing, media technology printing as well as media designer for digital and printing. Moreover, the integrated degree programs Business Administration and Computer Sciences in Economics, graduating with a Bachelor of Arts and/or Science, were filled. This corresponds to a apprenticeship quota of more than 5 % of all employees in Germany.

Logistics

Growth regarding the dispatch by mail persists

The year 2012 continues to be marked by an increase in the dispatch by mail throughout Europe. CEWE was able to absorb the increase in dispatch volume via all laboratory locations and is successfully positioned for the future. As in previous years, the concept of sustainability also remains a major topic within CEWE COLOR's logistic division. CEWE continues to participate in the GoGreen initiative of Deutsche Post DHL. As part of the GoGreen initiative, the CO₂ emissions arising from the transport of our letters and parcels are determined according to a certified procedure (ISO 14064). In compliance with the objectives and requirements of the Kyoto Protocol, these emissions are compensated by the climate protection projects supported by Deutsche Post DHL. CEWE supports climate protection as 0.85 euros per 1,000 letters and 0.05 euros per parcel are for the benefit of climate protection projects.

Good cooperation

As in the past, the cooperation with the Works Councils and the trade union IG BCE represented in the plants was constructive and based on mutual trust in the financial year 2012. The Board of Management thanks all employees for their dedicated and loyal commitment.

Significance of the delivery to Points of Sale remains unchanged

The delivery to our trading partners' points of sale – of which there are still 34,000 at present – continues to be an important unique selling proposition of CEWE COLOR. A large portion of the articles produced by CEWE are delivered to the POS of our trading partners. However, the structure of our business with the POS is changing from year to year. Increasingly less articles are picked up from the POS and brought to our laboratories. At the same time, ever increasing quantities are ordered via the Internet and delivered to the POS of our trading partners. An increasing number of orders now relates to CEWE PHOTOBOOKS and photo gifts.



Purchasing and Materials Management

Central purchasing secures the expansion of costs and quality leadership

The continuous expansion of the product portfolio requires a permanent optimisation of the supplier base. It is CEWE COLOR's objective to achieve an improved cost situation and to sustainably guarantee the product quality together with strong, innovative partners. CEWE was and is a reliable partner for its suppliers, not only due to the increasing quantities purchased.

As in the past, the central purchasing at CEWE does not only stand for a price-conscious procurement to expand the cost leadership, but also for an integrated quality management.

New concepts for processing purchasing potential

The classic strategic classification of production material in a concept of categories of goods allows us to have a specific view on this purchasing segment.

By way of a comparable system, the strategic purchasing was realigned for the area of indirect costs. A dedicated category responsibility now supplements the project-related use of resources in order to continue to achieve comprehensive results and to provide more intensive support to the specialist divisions.

In addition, a comprehensive series of training sessions on the topic of "negotiations" was conducted for management staff and purchasing employees last year for a reinforced realisation of purchasing potential.

Central purchasing successfully supports CEWE COLOR's power of innovation

CEWE COLOR's central purchasing is an integral part of innovation topics.

With the assistance of our innovative partners, it was possible to bring the wide range of new products to the market within a short period time at the photokina, the leading fair – taking into account all requirements in terms of product safety and quality.

Particularly in 2012, a comprehensive integration and qualification of new partners took successfully place, e. g. in the area of concept, design and construction of machines and systems.

In future, central purchasing will continue to evaluate and select the supplier partners not only according to costs, but according to extensive selection criteria (such as the capacity for innovation).

Risk management in purchasing

Additional suppliers were also integrated in the supply chain in the past year in order to minimise the risk of loss of production or service. In particular for supply-critical production material, a switch to a two-supplier strategy (dual source) was made. By way of this proactive risk management, it was for example possible to compensate for the absence of two strategic suppliers without any adverse effects.

The longstanding constructive cooperation with all key suppliers based on mutual trust and the new supplier structure made a decisive contribution to the fact that no losses and supply difficulties arose.

Process optimisation and transparency

CEWE COLOR's central purchasing also stands for optimised processes.

For this purpose, we continuously optimised our procurement processes (e. g. electronic procurement catalogues or ED connection to the suppliers) in order to increase the process safety and to relieve the specialist divisions.

Subsequently to the concept of categories of goods with regard to the production material, the continuous classification of suppliers into categories was completed In 2012; this created an expanded basis for the supplier and risk management.

In addition, the cross-organisational creation of a centralised, electronic contract database was commenced in cooperation with several specialist divisions. Contracts are only available online and are therefore followed-up centrally instead of locally.

Sustainability in purchasing

In 2009, CEWE already joined the "Verhaltenskodex des Bundesverbandes Materialwirtschaft und Einkauf" (BME – Code of Conduct of the Federal Association for Materials Management and Purchasing) and has been a member of the BSI (Business Social Compliance Initiative) as well as of United Nation Global Compact since 2010.

Furthermore, CEWE joined the "Niedersächsische Allianz für Sustainability" (Lower Saxony Alliance for Sustainability). The alliance's objective is an increase in the capacity for innovation and an environmentally sustainable economic growth along the lines of the principle of sustainability.


We have underpinned activities as part of the BSCI membership by internal supplier audits with our suppliers in China. The subject areas of quality, product safety and social compliance (child labour, occupational health and safety) were reviewed for all imported material groups. We were able to satisfy ourselves that our sustainability requirements are met along the entire value-added chain.

Improvement of the material supply by means of modern logistic processes

Due to the central determination of the target figures for the distribution, it was possible to simulate the future demand for the most important production material in such a manner that the overseas planning accuracy was increased despite the noticeably longer lead times of materials. The resulting continuous planning represents a significant improvement in the cooperation with CEWE COLOR's suppliers in order to reduce stock and the resulting costs along the entire value-added chain.

Internal logistics have now been switched to new logistic concepts (PULL principle, Kanban supply) in all relevant sub-areas. By means of these procedures, the production work in progress is reduced. At the same time, supply security for the production is increased by a higher supply frequency.



 www.cewecolor.de/en/company/central-purchasing/code-of-conduct-ampl.html

Finances

Credit facilities renegotiated at an early stage

CEWE has newly regulated the credit facilities clearly before the regular expiry of the old loan agreements. In the first weeks of the new financial year 2013, these negotiations were successfully concluded so that the long-term supply of liquidity continued to be secured on a broad basis. The new credit facilities amount to clearly more than 100 million euros, with a long-term promise existing for around 80 million euros.

CEWE is ready for the uniform European payment area (SEPA).

In 2011, CEWE already began the necessary works to changeover systems and processes to the new SEPA formats. This step has already been successfully completed with regard to the active payment transactions of the majority of the CEWE Group. The same applies to the compliance with the requirements for direct debiting. Work is in progress with regard to all remaining outstanding activities so that CEWE will be prepared for the uniform European payment area in good time.

Modern financial processes for innovative steps in the market

To make use of the strongly growing turnover potential in the Internet business, it is important that the company can offer the range of modern e-payment procedures. In this respect, CEWE is well positioned on a European wide level. In this area, the most recent projects focussed on standardising the payment processes across various countries. This had a positive impact on the conditions and on the integration of new business areas. Another focus of the work performed was on guaranteeing high quality and safety standards. This is ensured by the continuous renewal of important certificates and regular audits.

Controlling/Performance Management expanded at all levels

Within the context of continuous improvement, Controlling continued to optimise the performance-based analyses and the regular reportings on topics such as product contribution margins, working capital, prices and investments. The continuous increase in the importance of marketing and advertising measures was supported by corresponding marketing controlling instruments. Moreover, new business areas were closely monitored in terms of business management and profit centre structures were established in existing areas in 2012. Controlling has thus made valuable contributions that are relevant for decision-making processes at management control level.

Germany's fastest Online Printer.

Order by 18 p.m. today for delivery by 10.30 a.m. tomorrow*.

Your CEWE COLOR Online Print Service.

viaprinto makes premium print material out of your documents in a twinkling of the eye:

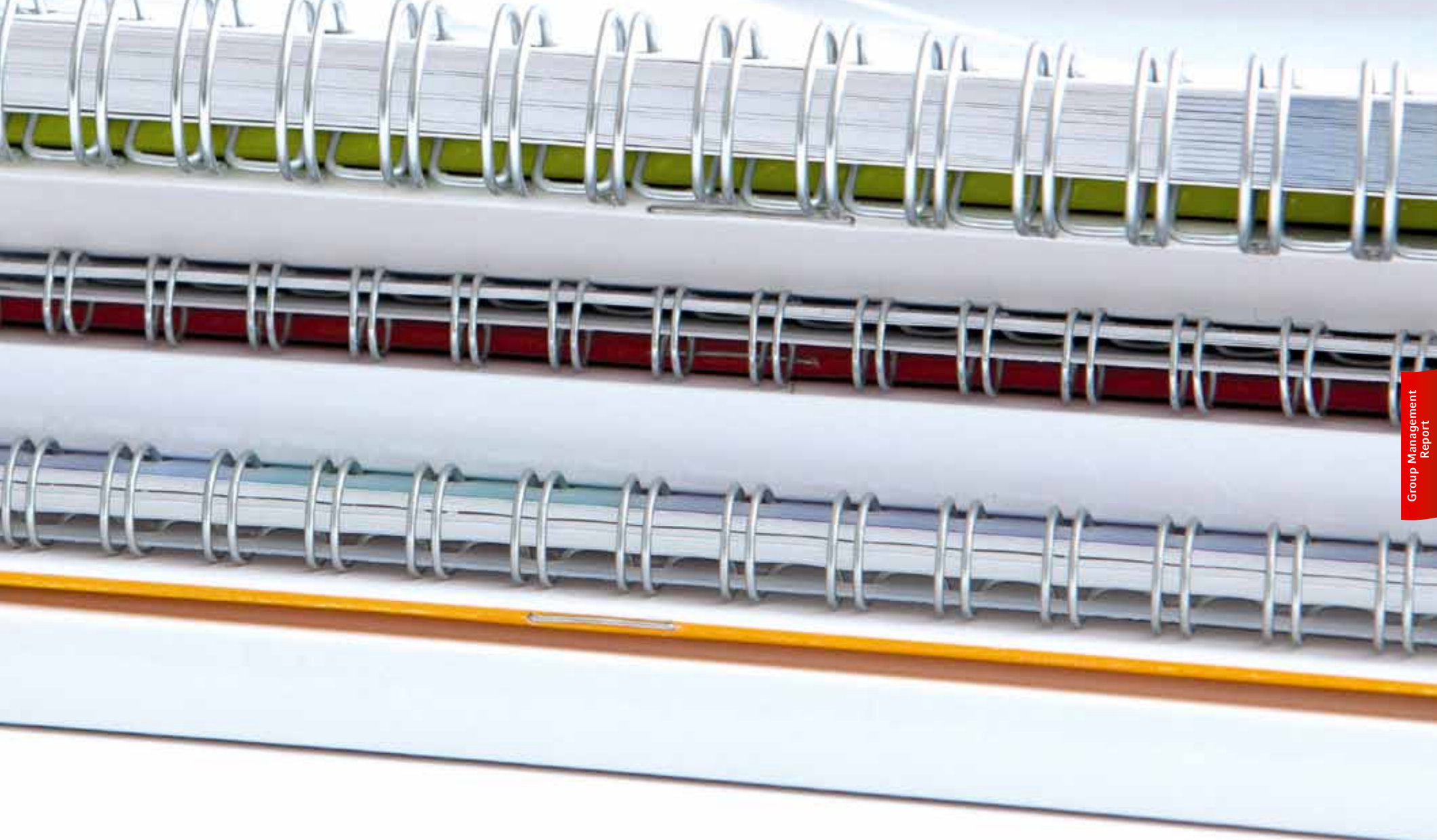
- ▶ **Superior quality** - always printed fast and reliable
- ▶ **Absolutely flexible** - all products with no minimum order quantity
- ▶ **Amazingly simple** - upload documents, check preview, order and quick delivered

www.viaprinto.de

Award-winning viaprinto:

Druck & Medien
AWARDS
2011
FINALIST





To contact us:
Phone +49(0)251 - 203 111 101 00

* Overnight-Service available in many regions of Germany.

 **viaprinto**
Impressive pages bound for success.

SUSTAINABILITY

Sustainability Report

PDF download at
[www.cewecolor.de/en/
 company/sustainability](http://www.cewecolor.de/en/company/sustainability)

Request printed copy:
nachhaltigkeit@cewecolor.de

Sustainable economic success is created by a comprehensive commitment beyond the purely economic area. In this process, entrepreneurial responsibility in ethical, social and ecological issues is just as decisive as economic responsibility. For this reason, CEWE started developing an extensive sustainability management system at the beginning of 2010. The responsibility for this project lies in the hands of the Board of Management; the Board member in charge is Andreas F. L. Heydemann. He also chairs the Sustainability Coordination Group, which is comprised of the segments personnel, legal, production/quality assurance, finance/controllers, environment, communication/marketing and logistics/distribution. To do justice to the significance of sustainability, CEWE published its first

sustainability report on the occasion of photokina in September 2010, with additional reports following in May 2011 and May 2012. These can be viewed at www.cewecolor.de/de/unternehmen/Sustainability.html. The 2012 sustainability report will be available in due time for the general meeting. This report describes in detail the work of CEWE regarding entrepreneurial, economic, environmental and social responsibility as well as the social commitment of the company. For this reason, we will only elaborate briefly on individual segments here. You can order a printed copy of the current sustainability report in German and English from the email address: Sustainability@cewecolor.de.

Corporate Responsibility

Understanding of management approach

The corporate culture of CEWE is characterised by partnership and respect for the individual. Mutual trust, respect for others and the principle of delegating responsibility are the fundamentals of management based on partnership. This is why the employees of the CEWE Group have the maximum freedom and participate both in decision-making processes and the economic success of the company within the context of their responsibility. Well-informed and highly motivated staff are the guarantors for quality, efficiency, innovation capability and growth.

Business partners and competitors

CEWE COLOR's relationship with its business partners is characterised by trust and fairness. It is based on honesty and reliability. CEWE is a reliable partner and expects that the applicable laws and regulations are observed in all aspects of the business. CEWE feels obliged to fair competition and attaches great importance to innovative quality and performance. The company rejects illegal arrangements or sham offers.

Code of conduct

From the self-image of the CEWE Group, a code of conduct for the employees was generated. The company considers itself responsible towards the customers. Both customers and business partners can trust CEWE COLOR. This code of conduct includes the company always adhering to the law, being fair in competition and being a reliable partner. The CEWE Group is convinced that this is the only way to ensure competitiveness and, thus, employment and economic success on a permanent basis.

The code of conduct includes principles and minimum standards in the form of guidelines that are binding on all staff members alike. Beyond this, CEWE wants to encourage all those cooperating with the company to adopt these principles as well. Among other aims, the code of conduct strives at observing the following behavioural principles:

- Integrity and legitimate behaviour determine our actions.
- Our business relations are professional and free from unfair practices.
- In particular, the employees of the CEWE Group are forbidden to accept gifts or other donations.

Economic Responsibility

Increase in value by efficiency and commitment

From an economic point of view, sustainability means investing in the future potential of the company. At an early stage, the company already began to react to the changed market conditions, i. e. the switch from analogue to digital film processing. Since 2002, CEWE has invested around 280 million euros in new technologies – including in over 50 modern digital printing machines, industrial book binding production lines, and 29,000 order terminals and instant printers for the trading partners. These investments were funded by the CEWE cash flow. In addition, management pushed forward product innovations at an early stage, dealt with the adjustment of the distribution channels, and successfully positioned the brand CEWE PHOTOBOOK in the market. Over the coming years, the CEWE Group will impress by the power of innovation and performance, and thus permanently raise the corporate value. Based on its under-

standing of sustainability, CEWE will take the necessary measures to secure its position as the number one in the European photographic services area. In this process, management will consistently focus the company on attractive growth markets, increase the efficiency of processes and the use of resources, and deploy new IT technologies such as Green IT.

Quality management

At CEWE COLOR, Quality Management gears its work to the high expectations of the consumers with respect to the highly individual products. On account of this high standard, special significance is attached to the flexible handling of complaints. Moreover, it is an important factor of success that customer feedback is continuously taken into account in our quality management as well.

In addition to the evaluation of complaints, numerous internal and external tests serve to constantly improve our product quality. As a result, product quality is influenced by both the printing processes and the photographic processes as well as by the optimisation of photos in CEWE's own digital production workflow. The comprehensive quality assurance system established at the main location as well as at all production locations will guarantee this.

At CEWE COLOR, quality management begins with the selection of the processes and the materials used. All materials used are regularly checked and evaluated in conjunction with the supplier's quality controls.

Permanent process inspections enhanced by CEWE allow the method of photographic processing and electrophotographic digital printing to be performed at a top level, thus ensuring a uniform colour quality throughout the group. As far as inkjet printing is concerned, we are using a twelve-colour system with pigment-based inks that guarantee maximum colour space combined with maximum stability.

Special significance is attached to the processing of digital data. The digital CEWE production workflow is self-programmed and is subject to continuous processes of improvement. Likewise, according to our

tests we employ the best software for the enhancement of photos, the parameters of which we adjust ourselves and examine continuously.

The quality process ends with the final inspection. The high-quality products are subject to a 100 % check, and other products are checked according to statistical measures. Here, too, the target is a continuous improvement in our product quality.

Materials and product safety

Product safety and environmental friendliness are both decisive criteria for materials. Therefore, all materials are subject to continuous monitoring of their marketability in close coordination with the suppliers. We actively keep up to date with current legislation, and additional product tests are made, aimed at observing all current recommendations of the Federal Institute for Risk Assessment (Bundesinstitut für Risikobewertung – BfR). The German CEWE plants were certified according to FSC® (Forest Stewardship Council for Sustained Forestry) in 2010. In 2011, all plants of the CEWE Group obtained certification according to FSC®. CEWE has already been using FSC-certified paper extensively for quite some time now.

Environmental Responsibility

The central goals of the environmental policy of CEWE include securing industrial safety, conserving resources, protecting water and saving energy. To achieve these goals and to support our responsibility for the environment, the environmental management system according to DIN ISO 14001 was introduced and certified in 2011 at the Oldenburg location. In 2012, the environmental management system was introduced in the other German photographic laboratory and digital printing locations and will be certified at the beginning of 2013.

Energy and carbon dioxide footprint

In 2005 and every year since 2010, CEWE has participated in the Carbon Disclosure Project (www.cdproject.net), where the 200 largest German stock companies publish their carbon dioxide emissions. Due to the good quality and transparency of the published figures, CEWE was accepted in the Carbon Disclosure Leadership Index both in 2010 and 2011.

The direct (scope 1) CO₂ emissions 2012 were 3,620 tonnes and the indirect (scope 2) ones 10,740 tonnes. Thus they declined by approx. 10 % as compared to 2005. These figures include the values of Saxoprint GmbH, which was taken over in February 2012. Expressed as specific variables, the CO₂ emissions generated by CEWE amount to about 29 tonnes per 1 million euros revenue. By comparison, the CO₂ emissions for the delivery of goods and logistics, not caused by but associated with the business activities (scope 3), are more than twice as high.

Consequently, the energy-saving management is not only aimed at the internal business processes, but also deals with the optimisation of supplier logistics and distribution logistics. One example to be mentioned is CEWE's participation in the carbon-neutral delivery to mail order customers in Germany through the GoGreen dispatch of Deutsche Post DHL. Another example is the participation in the ERTEMIS project aimed at the implementation of a Green IT strategy in cooperation with the universities in Oldenburg, Osnabrück and Göttingen.

In 2011, a new data processing centre was erected at the main location in Oldenburg according to the latest ecological viewpoints of Green IT, which started its operations at the beginning of 2012. CEWE expects a reduction of electric power consumption, and thus of the scope 2 CO₂ emissions.

Water

CEWE uses water for the development of films and photographic paper. Water protection means using less water. On the one hand, in comparison to the reference year 2002, CEWE used about 2.2 litres of water per square metre of photographic paper in 2012, which represents a reduction of 60 %. On the other hand, successful efforts are made to discharge wastewater largely without dangerous agents. All relevant wastewater parameters are therefore permanently monitored by the central analysis laboratory at the Oldenburg plant.

Social Responsibility

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

The CEWE staff

In 2012, the proportion of female staff in Germany was around 55 % (previous year: 57 %; all figures in this section relate to the CEWE plants in Germany); the average age of the employees was 38.6 years (2011: 43.0). The high employee satisfaction is reflected in the fluctuation rate which accounted for 9.6 % in 2012 (previous year: 7.8 %). The percentage is even lower when regarding employee termination in isolation. The value will then be 1.8 %. In 2012, the average length of service with the company was 9.6 years (previous year: 12.4 years). Accordingly, there are quite a number of employees celebrating their anniversaries each year: in 2012, it was 146 employees of which over one quarter were with CEWE for 25 years or more.

Apprenticeship and further education

Also in the past year, CEWE ranked among the largest employers and trainers in the photographic industry. In the year under review, the number of apprentices in Germany was 113 in 15 different professions (previous year: 112). This corresponds to a training ratio of 5 % of all employees in Germany.

Within the scope of the project “Ready for Europe”, CEWE enables its apprentices, in conjunction with the BNW (Bildungswerk der Niedersächsischen Wirtschaft) to go abroad to expand their language, social and professional competencies.

In addition, CEWE 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.

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

Apart from the required technical advanced training seminars, management seminars are also being conducted. Individual coaching of employees is also a part of human resources development. Within the scope of the project “CEWE Wissen” (CEWE know-how), CEWE offers in-house and external language, IT, photography and work-life balances courses free of charge to all employees.

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

Health management and safety at work

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

Particularly in production, industrial safety plays a central role and is secured by regular medical care. As in the previous years, CEWE carried out risk analyses and rescue training and gave vaccinations to prevent flue.

The group distinguishes itself by a persistently low level of sick leave of 3.5 %.

CEWE supports leisure time sports. A special offer is the cooperation with an association of fitness studios in the Oldenburg area, offering attractive membership rates for CEWE 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 2010, 2011 and 2012. Again, the response of the employees was a very positive one. The CEWE Health Day with various activities serves as stimulation for the employees with respect to leisure time, sports, nutrition and fitness. The Health Day took place on March 5, together with the Environment Day.

Social Commitment

Investing in the future

At CEWE COLOR, taking on a social commitment means investing in the future. For this reason, projects in the areas of education and research have been a significant focus of the socio-cultural commitment of CEWE for many years. To be successful in doing so, the company takes over responsibility where it is active, where it has experience and competencies, and where it can make a large contribution to the common welfare.

Fringe benefits and employee incentive share programme

CEWE employees 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 may purchase CEWE shares by means of an annual staff share programme, which is supported by a financial contribution from the company, which is free of tax and social security contributions. The staff stock option plan, started in 2005, was also continued in 2012. The rate of participation rose from 32.6 % to 64.3 %.

The offer for the employees in Oldenburg was expanded to include free consultation with the parents' and senior citizens' service of the workers' welfare organization (AWO). This service assists the employees in finding child-minding facilities and facilities for senior citizens that are in need of care. CEWE bears the costs for the consultation and mediation. The service was again well accepted by the employees in 2012. In addition, special leisure time child-minding possibilities were developed and offered to the employees.

Supporting junior specialists

The company has been successfully supporting the development of junior experts for over ten years now. The non-profit organisation, Neumüller CEWE COLOR Stiftung, is thus devoted to the promotion of junior staff. Among other tasks, the Stiftung awards scholarships for the Cologne University of Applied Sciences, Faculty Sector Institute for Media and Technology, or comparable institutions, and supports the Photo + Medienforum Kiel with its grants to promote the technical and scientific junior staff in photography.

CEWE supports the Cologne University of Applied Sciences by transferring professional know-how and by donations in kind in the form of teaching aids. Furthermore, the company awards one Masters and three Bachelor scholarships each semester. The company also supports the Carl von Ossietzky University in Oldenburg and the University of Applied Sciences in Oldenburg/Ostfriesland/Wilhelmshaven. Here, support is provided for doctorates, masters study courses and research projects for students who have completed their studies with very good results. Apart from this, the Heinz-Neumüller prize is awarded for the best thesis or the best qualification of the year at the above-mentioned institutes.

Since the establishment of the foundation, considerable funds were invested in these institutes and persons. CEWE also supports the relevant teaching institutions by providing state-of-the-art equipment for demonstration purposes (equipment, office supplies, advertising, etc.) so that the teaching there can be very hands-on, professional, and up-to-date. Moreover, CEWE supports the Photo + Medienforum by carrying out product training, e. g. for the CEWE PHOTOBOOK.

Finally, CEWE participates regularly in the meetings of the board of trustees of the Photo+ Medienforum; at the same time, the Board member, Harald H. Pirwitz, who is responsible for marketing and distribution, has an advisory function on this committee.

For 14 years now, the company has been organising the corporate strategy planning simulation “Management Information Game” for pupils of the Liebfrauenschule in Oldenburg.

High commitment in culture, society and politics

Cultural support by CEWE also enjoys a long tradition. By supporting different facilities such as the state theatre or museums as well as clubs and associations, the company contributes to the cultural life at the Oldenburg site as well as at other production sites of the group.

Traditionally, CEWE maintains an active dialogue with representatives from politics, industry and all socially relevant interest groups. This commitment is part of the company’s corporate responsibility. This also includes the company’s active membership in DIN and ISO committees and associations such as the Photoindustrie-Verband (German Association of Industrial Photography), the Bundesverband der Photogroßlaboratorien BGL (Federal Association of Industrial Photo-finishing Laboratories), the Deutsche Gesellschaft für Photographie (DGPh) (German Association for Photography), and the Deutsche Verband für Fotografie (DVF – German Society for Photography).

The assumption of social responsibility also includes the fact that the company has been actively supporting social facilities, such as the Löwenherz Children’s Hospice for children with cancer (in Syke) and the German Maritime Search and Rescue Service, for many years.

Active sports promotion

In the area of sports promotion, CEWE is involved as well with a focus on long-term support of the football clubs VfB Oldenburg and VfL Oldenburg. In professional sports, CEWE supports the handball ladies of the VfL Oldenburg, the Oldenburg basketball team EWE Baskets, as well as the football clubs Borussia Mönchengladbach and SC Freiburg and the Philipp Lahm foundation, thus making use of the opportunity to position the brand CEWE PHOTOBOOK for the long term.

CORPORATE GOVERNANCE

To a large extent, CEWE meets the high German standards

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

The Board of Management and the Supervisory Board have committed themselves to following 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, reporting directly 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:

- Publication of all the stock market-relevant information on 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. CEWE COLOR Holding AG comments on the corporate governance principles on its website at www.cewecolor.de/investor-relations/corporate-governance, which is accessible to everyone.

Once again, CEWE COLOR Holding AG observed the regulations of the German Corporate Governance Code in almost all points:

Declaration of conformity with the German Corporate Governance Code according to Section 161 AktG for 2012

CEWE COLOR Holding AG attaches great significance 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 May 15, 2012 announced by the German Federal Ministry of Justice in the official part of the Federal Gazette are and have been adhered to with the following exceptions:

Creation of specialised commissions (deviation from item 5.3.1)

The present practice consisting in the fact that the complete Supervisory Board will always deal with all the topics shall be maintained. This also applies to the establishment of an Audit Committee and a Nomination Committee.

Establishment of an Audit Committee (deviation from item 5.3.2)

The entire Supervisory Board acts as the Audit Committee. Initially, Mr. Otto Korte, lawyer, had the primary responsibility in the Supervisory Board for these fields. Since the end of the ordinary general meeting on June 6, 2012, Ms. Corinna Linner, auditor, has assumed this position. Both Mr. Korte and Ms. Linner have special expert knowledge in questions of accountancy and risk management.

**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.

**Additional information for election proposals
(deviation from item 5.4.1 paras. 4 to 6)**

The Supervisory Board will provide all information required by law about the Supervisory Board members in its proposals for election submitted to the general meeting. In addition, the candidates will be introduced at the general meeting.

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 will conform to the legal rules which provide for a maximum of ten mandates.

Consolidated annual financial statements within 90 days, interim reports available within 45 days after the end of the period under review (deviation from item 7.1.2)

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

Board of Management and Supervisory Board and their interaction

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 sustainability increasing the value added of the company. The rules of procedure for the Board of Management, established by the Supervisory Board, regulate the allocation of business and cooperation within the Board of Management. The Board of Management reports to the Supervi-

sory Board regularly as well as promptly and comprehensively on all the questions concerning, in particular, planning, business development, the company's strategic alignment, 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. The Board of Management and the Supervisory Board cooperate trustfully and closely for the benefit of the company. All essential business transactions are treated together. 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. The rules of procedure of the CEWE Group were adapted to comply with the corporate governance regulations as well as the stipulations of compliance in 2010, and have not been changed since.

Furthermore, the rules of procedure of the Supervisory Board determine the duties of the Supervisory Board. Among the central duties of the Supervisory Board is the discussion of the quarterly reports and the examination and approval of the financial statements of CEWE COLOR Holding AG and the consolidated financial statements. The last regular elections to the Supervisory Board took place in the general meeting on June 6, 2012.

The members of the Board of Management and the Supervisory Board disclose any conflicts of interest to the Supervisory Board.

Diversity

Items 4.1.5., 5.1.2. and 5.4.1. of the German Corporate Governance Code in its version of May 15, 2012 deal with the subject of diversity, namely regarding the composition of the Supervisory Board, the Board of Management and the management level. Within the context of good corporate governance, the Board of Management and the Supervisory Board of CEWE COLOR Holding AG have dealt extensively with this subject.

Composition of the Supervisory Board

The Supervisory Board of CEWE COLOR Holding AG has six members. In its present composition, it fulfils the stipulations of item 5.4.1.(2) of the German Corporate Governance Code:

- Traditionally, the Supervisory Board of CEWE COLOR Holding AG is composed of members with international experience.
- There is no conflict of interest regarding any member of the present Supervisory Board of CEWE COLOR Holding AG.
- § 2.1 of the rules of procedure provides for an age limit for the members of the Supervisory Board of CEWE COLOR Holding AG.
- The Supervisory Board includes two women. In this way, the target of filling at least one seat in the Supervisory Board with a relevantly qualified woman, as determined in the resolution of the Supervisory Board of September 8, 2010, has been fulfilled. Future nominations will also take into consideration this additional goal set by the Supervisory Board; as in the past, the nominations will take into account the existence of the know-how, abilities and expertise required for the proper fulfilment of the duties of a Supervisory Board.

Composition of the Board of Management

The present Board of Management of CEWE COLOR Holding AG consists of four male members. All members of the Board of Management have international experience.

In order to implement item 5.1.2. of the German Corporate Governance Code, the Supervisory Board adopted the following resolution on September 8, 2010:

An adequate consideration of women will be made and care will be taken to ensure diversity in general in the selection of Board members. This resolution continues to apply to appointments of new Supervisory Board members.

Appointment of management positions

CEWE COLOR Holding AG has already implemented a number of measures to promote diversity in executive functions – in particular regarding a higher quota of women – in order to meet the requirements of item 4.1.5. of the German Corporate Governance Code.

Thus, CEWE COLOR Holding AG, for instance, implemented the following concrete measures to support the compatibility of professional life and family:

- Flexible working hours' model
- Contract with the parents' and senior citizens' service of the workers' welfare organization (AWO) in Oldenburg for free consultation for employees needing assistance with child-minding facilities, or with the care of parents
- Offer of a day care centre in the immediate vicinity of CEWE COLOR Holding AG in Oldenburg

Furthermore, the Board of Management passed the following resolution in its meeting on January 31, 2011:

An adequate consideration of women will be made and care will be taken to ensure diversity in general in the filling of executive positions in the company. Apart from the already existing measures to support these criteria, the following measures are to be implemented:

Preparation and implementation of a programme which deals particularly with the subjects of "Women in executive positions", "Supporting women as junior executives" and "Internationality on the management level".

This resolution continues to apply to the allocation of executive positions.

 www.cewecolor.de

Shareholders and general meeting

Our shareholders are regularly informed by a financial diary available on the Internet at www.cewecolor.de/investor-relations about major events and, in our quarterly and annual reports, about the company's net worth, financial and earnings position as well as the current state of the business. Within the scope of our investor relations activities, we also hold regular meetings with analysts and shareholders. In general, a number of road shows and telephone conferences are organised for analysts on the occasion of the publication of the quarterly figures in addition to the annual analysts' conference.

Within the scope of the articles of association and as stipulated by law, the shareholders exercise their rights prior to and during the general meeting. 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 issues assigned to it.

The last general meeting of CEWE COLOR Holding AG took place on June 6, 2012.

Remuneration report


Regarding the remuneration of the Board of Management and the Supervisory Board in the 2012 financial year, reference is made to our detailed remuneration report printed on pages 107 et seq. as part of the group management report.

Details on Stock Option Plans

In accordance with the decision of the general meeting of June 30, 2005, CEWE COLOR Holding AG established a new Stock Option Plan for its top executives in Germany and abroad in 2010. 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 June 1, 2010, thus ending on May 31, 2015. The option right can be exercised for the first time following the expiration of the waiting period of four years, on May 31, 2014, if the final knock-down prices of shares in the Xetra trading of the Deutsche Börse AG (or a successor system to the Xetra system) amounted to at least 115 % of the basic price on average on ten consecutive stock trading days. The basic price was determined at 27.00 euros. Since the waiting period has not yet expired, no report can be made on the exercise of rights from this option plan.

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 opportunity of promptly gathering information on current developments within the group. All the press and ad-hoc releases as well as the company's articles of association are published on our web site at www.cewecolor.de. Furthermore, all interested parties have the opportunity of subscribing to a newsletter which provides information on the group's innovations.

 www.cewecolor.de/en/investor-relations/corporate-governance/directors-dealing.html

 Page 107 | Remuneration Report

Shares held by the Board of Management and the Supervisory Board

As at December 31, 2012, the shares in CEWE COLOR Holding AG held by all members of the Board of Management and the Supervisory Board amounted to 106,675 of the shares issued by the company. Thereof, 0.68 % were held by the members of the Board of Management and 0.77 % by the Supervisory Board members.

Details on the directors' dealings

According to Section 15a Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), individuals performing executive functions (in particular the members of the Board of Management and the Supervisory Board as well as certain employees having executive functions) and closely related persons have to disclose their own transactions with shares and related financial instruments to the extent that the total of the securities transactions executed by a person having executive functions or a closely related person corresponds to or exceeds the amount of at least 5,000.00 euros within a calendar year. The securities dealings effected to date in 2012 that are subject to disclosure can be viewed on our website at www.cewecolor.de.

Compliance

The company attaches great significance to the issue of compliance, which is understood to include actions relating to adherence to laws, 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.

Thus, 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, as Compliance Officer with effect of January 1, 2009. The Compliance Officer permanently deals with the required and company-rele-

Accounting and statutory audit


Commerzial Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Oldenburg, was appointed auditor of CEWE COLOR Holding AG, Oldenburg, for the 2012 financial year. The auditor will report any reasons for exclusion or partiality which might come up in the course of the audit to the Chairman of the Supervisory Board without delay. Furthermore, the auditor undertakes to report on any findings and incidents essential to the tasks of the Supervisory Board and detected during the audit immediately. Moreover, the auditor will inform the Supervisory Board if it detects facts that are incompatible with the declaration of conformity issued by the Board of Management and the Supervisory Board according to Section 161 AktG during the course of the audit.


vant upkeep and further development of the compliance organisation of the company or respectively of the group. Particular attention is paid to staff training and legal risk management. The Compliance Officer reports to the general management. For specific issues, the Compliance Officer resorts to the respective department managers and, if required, to external legal counsel.

In this overall context, the company also maintains an insider register. 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.

 Page 91 | Declaration of Conformity

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 period under review, no infringements of law or guidelines were reported or disclosed.

 www.cewecolor.de/en/investor-relations/corporate-governance/

 www.cewecolor.de/en/company/compliance/code-of-conduct.html

Business management report

The business management report according to Section 289a HGB (German Commercial Code) comprises the declaration of conformity according to Section 161 AktG, the relevant information on the business management policies deployed beyond the legal requirements, along with an indication of how these can be publicly accessed, and a description of the working practices of the Board of Management and the Supervisory Board, as well as the composition and working practices of their respective committees.

 www.cewecolor.de/en/company/compliance/mission-statement.html

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 annual report on pages 91–95. and on the Internet at www.cewecolor.de/de/investor-relations/corporate-governance.

 www.bme.de/Compliance

Relevant information on business management policies

The CEWE Group 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 Group manages its operations traditionally in accordance with national and international laws as well as generally accepted ethical principles. In this context, the CEWE 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 viewed on the Internet at www.cewecolor.de/de/unternehmen/compliance/leitbild.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 binding on all employees of the group and serves to implement the following behavioural principles:

Integrity and legitimate behaviour determine our actions

Our business relations are professional and free from unfair practices.

We avoid conflicts of interests between the CEWE Group and private interests. We do not tolerate any abuse of one’s own position for personal gain, for the interest of third parties, or to the disadvantage of the CEWE Group.

More detailed information on the code of conduct is publicly accessible on the following website: www.cewecolor.de/de/unternehmen/compliance/verhaltensgrundsuetze.html

Our membership of the Business Social Compliance Initiative (BSCI) and the UN Global Compact communicate our commitment in the area of compliance both internally and externally. The CEWE Group additionally supports the principles of the Compliance-Initiative of Bundesverband Materialwirtschaft, Einkauf und Logistik e. V. (BME – Federal Association for Materials Management, Purchasing and Logistics). Further information on these principles can be found at www.bme.de/Compliance.

Working practice of the Board of Management and the Supervisory Board as well as the composition and working practices 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 for the Board of Management and the Supervisory Board. The Supervisory Board regularly supervises and advises the Board of Management. The Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all issues of planning, including financial and investment planning, the economic situation 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 to the occurrence of changes in the strategy and the development of the group. Beyond this, the Board of Management reports regularly, comprehensively and promptly on all events that are of essential significance to the company, both orally and in writing. The Supervisory Board is included in all decisions at an early stage. The Board of Management

and the Supervisory Board also regularly discuss strategic issues 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
- 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 found in the Report of the Supervisory Board (pages 12 et seq. of the annual report and on the Internet at www.cewecolor.de/de/investor-relations/geschaeftsberichte) as well as the corporate governance report (pages 91 et seq. of the annual report and on the Internet at www.cewecolor.de/de/investor-relations/corporate-governance)

 Page 12
Report of the Supervisory Board

 www.cewecolor.de/de/investor-relations/geschaeftsberichte

 Page 91 | Corporate Governance

Risk Policy

The corporate policy of the CEWE Group is oriented to securing the existence of the company, to sustainably raising goodwill and to generating attractive yields in the long term. To achieve this target, the company's activities throughout Europe demand a responsible and prudent consideration of opportunities and risks. Seizing opportunities and the ability to register, analyse and reduce risks with suitable strategies are important factors in entrepreneurial activities. Systematic chance and risk management is the ongoing task of the Board of Management and the executive function in every area of responsibility.

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 system in order to detect and evaluate potential risks at an early stage 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 in the information and communication system of the CEWE Group, and is an essential part of the management system of the CEWE Group. The control and risk management is based on a systematic process of risk detection, evaluation and monitoring comprising the entire group.

Assessment of the overall situation

The total risk is assessed on the basis of the risk management system in combination with the planning, steering and control systems in place. At present, based on our findings of medium-term planning, no grave risks are recognisable for the future development, which, individually or in combination with other risks, might result in a permanent impairment of the net assets, financial and earnings position of the CEWE Group, which might endanger the company's existence. We have created all organisational prerequisites to be able to recognise possible opportunities and risks at an early stage.

Entrusted with the control and risk management are 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 the 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 evaluation takes place each quarter. These reviews are then reported to the Supervisory Board at least quarterly. 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 the formation of respective provisions.

The internal control system is an integral part of the business procedures of the CEWE Group; it comprises a number of supervision and steering mechanisms, and is essentially based on four principles, which are explained 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 Group, which specifically governs the access and activities of individuals 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 with respect to the position and outlook of the group. The planning process is a combination of bottom-up and top-down approach and is targeted towards monthly plan figures. The existing group information system is guaranteed both at the level of the individual profit centres and at the 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 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, IT, technical safety and insurance as well as to an “Internal audit” in the remaining functional areas at regular intervals.

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

Key features of the internal control system in relation to the group accounting process

As part of the entire Internal Control System of the CEWE Group, the accounting-related internal control system is integrated into the group-wide risk management system. It serves to minimise the risk of material misstatements in accounting and in external reporting, to identify negative developments at an early stage and to take countermeasures. This guarantees that group-relevant facts are presented in compliance with laws and standards in the separate financial statements and in the consolidated financial statements.

The “Group Accounting” unit of the Finance central department is responsible for preparing the consolidated financial statements, including all consolidation steps. The preparation of the financial statements of the CEWE Group is based on group-wide uniform accounting guidelines, which are aligned regularly to the legal framework conditions. The responsibility for the accounting guidelines lies exclusively in the hands of the Board of Management.

The group accounting guidelines govern the accounting pursuant to IFRS for all group companies in Germany and abroad in order to ensure the application of uniform measurement, valuation and recognition methods to the IFRS consolidated financial statements. Binding instructions exist for group-internal reconciliations and other financial statement work. In addition, all significant dates are specified for the entire group in the group accounting guidelines.

Standard SAP software is used for presenting accounting transactions in the separate financial statements and for preparing the consolidated financial statements. The relevant access rights of the involved individuals are regulated clearly in a detailed permission concept. The employees involved in the accounting process meet all qualitative requirements and receive regular training. Complex actuarial opinions and assessments are drawn up by expert service providers or correspondingly qualified employees.

The local companies are responsible for complying with relevant regulations and, in this process, are supported and monitored by the Group Accounting unit. Consolidation of the group companies' separate financial statements, which are prepared mainly in SAP, is done centrally by the Group Accounting unit in a specific consolidation module. Apart from the actual financial statements, additional information relevant to the financial statements is transferred in the form of “packages” and then analysed at the group level. Necessary adjustments to the group-wide uniform measurement, valuation and recognition methods are made on a decentralised basis within the consolidation module (commercial balance sheet II).

The working steps necessary in the context of accounting are subjected to various automatic and manual controls and plausibility checks. In addition, the effectiveness of accounting-related internal controls is reviewed in the form of an internal audit and through the ongoing engagement of an external auditor. A rolling procedure guarantees that all companies included in the scope of consolidation are covered by the control process. The results of the effectiveness reviews are reported regularly to the Board of Management and the Supervisory Board.

In the context of the audit of financial statements, the external auditor examines selected internal controls and assesses their effectiveness. The separate financial statements included in the consolidated financial statements are audited by separate local auditors. In this process, compliance with applicable accounting provisions as well as the correctness and completeness of all other locally prepared accounting-relevant documents is ensured. The findings obtained in the audit of the separate and the consolidated financial statements regarding the effectiveness of the accounting-related internal control system of the CEWE Group are summarised and reported to the Supervisory Board by the external auditor.

In the following, the individual risk categories maintained in the risk management system are explained in detail:

Operating risks

The market for films and analogue pictures has a share of only approx. 5 % in total revenues and is continually decreasing at a rate of approx. 30 % annually. The large 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 hard discs and are not printed on photographic paper. The CEWE Group regards the CEWE PHOTOBOK as an opportunity to further increase the printing volume. The immediate printing volume at the POS also rose. On the Internet, the volume of calendars and greeting cards again rose at the end of the year.

Moreover, consumer buying behaviour regarding photo products as holiday and leisure time products is being influenced – even if to a limited extent – by the economic developments in Europe. The economic forecasts on hand expect a reduced economic development for 2013.

Change in GDP year-on-year in %	2009	2010	2011	2012	e2013
Germany	-5.1	4.2	3.0	0.7	0.5
Switzerland	-1.9	3	1.9	1.0	1.4
Austria	-3.8	2.1	2.7	0.7	0.7
Denmark	-5.7	1.6	1.1	-0.4	1.1
Sweden	-5.0	6.6	3.7	1.0	1.3
Norway	-1.6	0.5	1.2	3.2	2.6
The Netherlands	-3.7	1.6	1.0	-0.9	-0.6
Belgium	-2.8	2.4	1.8	-0.2	0.2
United Kingdom	-4	1.8	0.9	0.0	0.9
France	-3.1	1.7	1.7	0.0	0.1
Poland	1.6	3.9	4.3	2.0	1.2
Hungary	-6.8	1.3	1.6	-1.7	-0.1
Czech Republic	-4.5	2.5	1.9	-1.1	0.0
Slovakia	-4.9	4.4	3.2	2.0	1.1

Source: Eurostat – Growth rate of the real GDP per capita (data as of February 27, 2013)

Apart from the development of quantities, the topic of “earnings development” is decisive for the success of the company. Here, the branded product CEWE PHOTOBOK with its outstanding quality, the leading software with the order wizard as well as the consistently expanded product range is the key to success. The turnover per CEWE PHOTOBOK increases as a result of glossy finish, larger formats and more pages per book. In the analogue sector, prices will again be adjusted due to declining quantities, increased production costs and higher costs for photographic paper.

Also, we are well positioned in the growth area of online printing with CEWE PRINT, Saxoprint and viaprinto. This business segment is growing strongly as described in the section “Online Printing Segment”.

Alongside the development of the volume, the topic ‘price development’ is key to the company’s success. With regard to the photo paper suppliers, we have consolidated our volumes to one main supplier and have contractually secured them in the long term. With regard to

paper for digital printing, there are additional suppliers that are of interest to us. 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 set up alternative suppliers for strategic articles by risk-oriented points of view.

The significance of major customers tends to increase due to the growing concentration in retail. In comparison to other companies, it is worth highlighting that the five largest customers with their individual distribution channels account for less than 33 % of the CEWE turnover. An increasing share in direct business with consumers, which CEWE conducts in some countries, has an offsetting effect.

In the area of the environmental risk, which is monitored by regular internal controls at all production sites, no violations of environmental provisions were registered in 2012 either.

The CEWE Group has to rely on a great number of IT systems. The continuously rising integration of IT systems in the business processes has increased the importance of IT. The dependency on availability and quality of data is a growing potential of risk. For instance, non-availability of commercial or technical IT systems and applications may have a direct impact on the production of logistics management. To minimise these risks, the CEWE Group has user-specific, stable and mainly redundant IT systems, backup processes, virus and access protection mechanisms, encryption systems as well as integrated and group-wide standardised IT infrastructures and applications. In the expired financial year, the commercial and technical IT was again examined by an external auditing company to further improve IT security and to raise efficiency.

The competence and commitment of our employees are of decisive significance for the successful development of the CEWE Group. To secure and strengthen these factors, we have taken numerous measures in our personnel policy, also on the back of the demographic

change. These measures include interesting offers for vocational training and further education, strong fringe benefits, a performance-related remuneration, and other measures. In addition, our human resources work focuses on promoting female employees. In particular with regard to key positions, we analyse our regulations on representation and succession planning on a regular basis in order to be able to recruit junior executive staff in good time (see also section C 8 in the group annex).

Financial risks

The management of liquidity, currency, interest rate risks and the risk in the marketing of silver is performed in the central units of the CEWE Group in close coordination with the responsible units in the group companies. Management and monitoring of the bad debt risk take place in the operating companies; here, too, there is close coordination and an intensive exchange of information between the central services and the bodies responsible at a local level (see also section 68 in the group annex).

Liquidity risks

The risks in fluctuations of cash flows are detected early on within the scope of our liquidity planning. The use of liquid funds in the group is optimised by cash pools and supplementary cash management measures. Owing to our good creditworthiness and the credit lines bindingly committed by the banks, we always have access to extensive liquid funds. The organisation of the external and group-internal cash management as well as the structure of credit facilities are tailored to the extremely seasonal business and the relevant cash flow. CEWE extended the credit agreements with partner banks in due time prior to the expiry of the former agreements. This resulted in a further expansion of credit facilities, long-term, staggered maturities and covenants that are in line with the good creditworthiness.

Currency risks

CEWE COLOR's competitiveness and earnings potential is influenced by changes in foreign exchange rates to a very limited extent only. The main portion of operating business is handled in euro. The group's functional currencies not denominated in euro account for about one third of the business volume. Here, the majority of foreign currencies relate to local production plants, where currency-matching cash flows exist (natural hedge).

Financial currency risks result primarily from the conversion at the closing rate on the reporting date into the functional currency of the relevant foreign entity in the case of trade receivables and trade liabilities as well as other monetary items as defined by IAS 21. As a whole, the extent of these cash-relevant risks, if any, is only of secondary importance. Further currency risks exist within the scope of valuation for consolidation (translation risks) and are not cash-relevant. In line with this risk structure, derivative instruments are not or very rarely used for hedging purposes.

Interest rate risks

CEWE can be subject to interest rate risks due to potential changes in market interest rates. Fundamentally, these may be significant regarding all assets (impairment tests for customer relationships, technologies or brands as well as goodwill) and liabilities (such as pension obligations or financial liabilities at floating interest rates) where interest-relevant effects on valuation and earnings may occur. We regard the impairment risk for assets as low. The risks in financial items are very secondary in accordance with the financing structure and the seasonally highly fluctuating development of net finance debt. Interest rate fluctuations due to changed credit risk premiums are reduced by means of fixed margins agreed upon in the long term and the sustainably good credit rating. The solid equity ratio of 41.8 % and committed, medium-term fixed interest loans reduce strongly the risk-relevant, floating interest rate risk area. There, again, the seasonally caused cash inflow has a further risk-

minimising effect, because it reduces strongly or offsets the variable financing needs for about the half of the year. In phases in which the growing cash position reduces or even offsets the financial debts as regards fixed credits, the interest rate risk only extends to the difference between debit and credit interest. Accordingly, in the area of interest rate risks as well, derivative instruments are not or only very rarely used for hedging purposes due to the existing risk structure.

Risk in the marketing of silver

Within the scope of film development (analogue photography) and development on photographic paper (analogue and digital photography) residual silver is produced, which is harvested by electrolytic processes. The pure silver generated after silver processing is sold on the free market. Apart from that, no commodity trading and marketing transactions are made. Due to the strong decline in analogue photography and the change in photo products, the potential of silver harvesting declines as well. Thus, the relevance of income generated from the sale of silver to earnings also reduces; they have the character of secondary marketing. The prices in the market for pure silver are determined by the value-securing function of precious metals and the consumption as industrial material. In the current global situation influenced by crises, the probability of a sustained loss in value is very low. Due to the costs of hedging transactions our declared goal of avoiding speculative measures, derivative instruments are not or only very rarely used for hedging purposes.

Default risks

Trade receivables relate to commercial third-party customers and consumers; other receivables exist vis-à-vis the state, employees, insurance companies, and other parties. At CEWE COLOR, potential impairments due to default exist primarily as regards commercial third-party customers. The risk is reduced by continuously monitoring, in close cooperation with the market-oriented units of the company, the creditworthiness and payment behaviour of customers. In addition, the business volume is controlled based on individual decisions in the case of conspicuous customers. Impairments in the area of consumer receivables are minimised through professional collection management and system settings for risk avoidance and acquiring information. The risk regarding other receivables is controlled through close observance of the individual parties. Individual risks that may occur are recognised through sufficient impairments if and to the extent that the occurrence of the default is sufficiently probable. We regard the risk for impairments in the receivables area to be low.

Strategic risks

The risks from the acquisition of Saxoprint have been taken into account fully in the plans; rather, here there are opportunities for additional growth.

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 increase the edge over our competitors. We try to address the decline in turnover in the retail segment concerning the hardware area (sale of cameras) by means of new web shops.

Business and logistics risks

CEWE COLOR's commercial online printing volume is largely handled by Saxoprint in Dresden, with the company's successful growth creating significant staffing needs. In parallel, CEWE operates by far the smallest German photofinishing business in Dresden. The strong growth in online printing now makes consolidation at one location possible. All employees of the former CEWE business in Dresden will receive an offer of employment from Saxoprint in Dresden or a comparable job within the CEWE Group. The company's four large production plants will then absorb the photofinishing production volume of the former Dresden business. Furthermore, production in Poland will be concentrated in the plant in Kozle. Sales and Customer Service will remain at the second, much smaller location in Graudenz. Operating business risks due to the failure of machines are considered as being low.

Since a large number of transport companies are employed, the logistics risk is calculable; however, the risk of fuel price increases has risen.

Legal risks

Significant legal risks are possible violations of statutory provisions or internal guidelines. Malicious acts such as theft, fraud, breach, embezzlement and corruption can lead to significant material losses and a loss of reputation. CEWE uses various instruments to counter these risks. These include the corporate governance system, the internal control system, internal auditing and group controlling.

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.

Business Management Report

The business management report according to Section 289a HGB (German Commercial Code) comprises the declaration of conformity according to Section 161 AktG, relevant information on the business management policies, a description of the working practices of the Board of Management and the Supervisory Board, as well as the composition and working practices 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 annual report on pages 91 et seq. and on the Internet at www.cewecolor.de/de/investor-relations.

Relevant information on business management policies

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 Group manages its operations traditionally in accordance with national and international laws as well as generally accepted ethical principles. In this context, the CEWE 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 viewed on the Internet at www.cewecolor.de/de/unternehmen/compliance/leitbild.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 binding on all employees of the group and serves to implement the following behavioural principles:

Integrity and legitimate behaviour determine our actions

Our business relations are professional and free from unfair practices.

We avoid conflicts of interests between the CEWE Group and private interests. We do not tolerate any abuse of one's own position for personal gain, for the interest of third parties, or to the disadvantage of the CEWE Group.


More detailed information on the code of conduct is publicly accessible on the following website: www.cewecolor.de/de/unternehmen/compliance/verhaltensgrundsätze.html.

CEWE COLOR Holding AG additionally supports the principles of the Compliance-Initiative of Bundesverband Materialwirtschaft, Einkauf und Logistik e. V. (BME – Federal Association for Materials Management, Purchasing and Logistics). Further information on these principles can be found at www.bme.de/Compliance.


Working practice of the 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 for the Board of Management. The Supervisory Board regularly supervises and advises the Board of Management. The Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all issues of planning, including financial and investment planning, the economic situation 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 that the course of business deviates from the original plans and

 Page 91 | Declaration of conformity

 www.cewecolor.de/en/company/compliance/code-of-conduct.html

 www.bme.de/Compliance

 www.cewecolor.de/en/company/compliance/mission-statement.html

targets, the Board will immediately inform the Supervisory Board thereof. This also applies to the occurrence of changes in the strategy and the development of the group. Beyond this, the Board of Management reports regularly, comprehensively and promptly on all events that are of essential significance to the company, both orally and in writing. The Supervisory Board is included in all decisions at an early stage. The Board of Management and the Supervisory Board also regularly discuss strategic issues and questions regarding planning as well as the current status of the business outside the meetings. 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
- 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 12 et seq. of the annual report and on the Internet at www.cewecolor.de/de/investor-relations/geschaeftsberichte) as well as the corporate governance report (pages 91 et seq. of the annual report and on the Internet at www.cewecolor.de/de/investor-relations/corporate-governance).

Corporate governance report

In the 2012 financial year as well, the Board of Management and the Supervisory Board of CEWE COLOR Holding AG intensively dealt with the subject of corporate governance, in particular with the German Corporate Governance Code, hereinafter referred to as Code or DCGK. Corporate governance stands for a responsible and sustainable added value-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.

 Page 12
Report of the Supervisory Board

 Page 91 | Corporate Governance

Remuneration Report

Statutory disclosures pursuant to Section 315 (2) no. 4 HGB (German Commercial Code) Remuneration report for the Board of Management

The remuneration for the members of the Board of Management of CEWE COLOR Holding AG, Oldenburg, is determined by the Supervisory Board. As before, it is composed of fixed and performance-related variable earnings. The fixed earnings consist of a basic monetary amount and benefits in kind, and the performance-related part includes a profit-sharing bonus as well as components with a long-term incentive effect. In addition to the duties of the Board of Management and the personal performance, the performance of the complete Board of Management as well as the economic success and the comparable environment of the CEWE Group constitute the criteria for the calculation of the total remuneration. The Supervisory Board has implemented the statutory provisions of the Act on the Appropriateness of Management Board Compensation (VorstAG), effective as at August 5, 2009, through a resolution of April 8, 2010, and, based on this, through individual contractual supplements.

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 of Management receive benefits in kind which are reported according to the taxable amounts. In general, this concerns the use of a company car as well as the function-related insurance premiums; the benefits in kind are subject to taxes to be paid by the individual members of the Board of Management, who are all equally entitled to such benefits.

The new provisions according to VorstAG affect the variable, performance-related portion of the remuneration. The structure of these portions of the remuneration was regulated in the same manner for all members of the Board of Management and has the following main content.

The performance-related bonus as part of the total remuneration is oriented to the earnings before taxes and to the depreciation of fixed assets and intangible assets of the CEWE Group. It is limited to at most 100 % of the fixed remuneration for the same year. Furthermore, only such depreciation-relevant bonus shares will be taken into consideration which were earned through the pre-tax earnings (earned depreciation). A basis of assessment over several years for the variable remuneration components is created by the fact that only 80 % of the calculated bonus claim are paid out to the Board of Management (Bonus I) in the year following the relevant financial year. The remaining 20 % (Bonus II) is credited to the account of a personal bonus bank. This bonus bank credit balance is retained for the multi-annual duration of the term of the personal contract, accrues 5.0 % interest p.a. and is paid out upon maturity including this interest credit balance. Any negative pre-tax earnings, insofar as these exceed the corresponding annual depreciation, lead to a negative bonus contribution this debited from the personal bonus account. To this extent, the final sum of the bonus bank account is paid out only at the end of the term of the contract, and to the extent that it is in the black. In the event of an early retirement, rules for a pro-rata payment shall apply.

The fourth stock option plan was launched in 2010 to renew a further performance-dependent remuneration component. 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 pursuant to IFRS 2.10 et seq. for members of the Board of Management amounted to 6.39 euros per option as at the date of granting. Neither in the 2012 financial year 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. Apart from that, reference is made to the notes on equity in the consolidated financial statements on page 163 et seq. The members of the Board of Management participated with a purchase of a total of 31,500 option rights in 2010; the number of option rights remained unchanged since this purchase.

Total remuneration, non-performance-related and performance related (bonus) remunerations of the members of the Board of Management of CEWE COLOR Holding AG, Oldenburg, in the 2012 financial year, which they received for the performance of their duties in the parent company and at the subsidiaries, total 1,558 thousand euros (previous year: 1,549 thousand euros). Remuneration is attributable as follows:

The fixed remuneration of Dr. Rolf Hollander remains unchanged for the period from January 1, 2010 to December 31, 2014. The fixed remuneration of the other Board members are adjusted annually to the same extent that the fixed remuneration of the other German senior executives of the CEWE Group are changed.

The variable performance-related earnings of the active members of the Board of Management of CEWE COLOR Holding AG, Oldenburg, amounted to 496 thousand euros in the year under review and are thus 1.4 % higher than in the previous year (489 thousand euros). Deducting the bonus bank amount, the bonus paid in 2012 amounted to 397 thousand euros (Bonus I, previous year: 391 thousand euros).

The variable earnings (bonus) of the members of the Board of Management of CEWE COLOR Holding AG for the financial year 2012, with payout in 2013, amount to 391 thousand euros (Bonus I) and are thus 1.5 % lower than those paid out in 2012 (397 thousand euros). In addition to this, a total of 98 thousand euros is deposited as

Bonus II in the bonus bank account (previous year: 99 thousand euros) so that the total bonus claims of the Board members for the 2012 financial year amount to 489 thousand euros (previous year: 496 thousand euros).

The scope of cover of the existing D & O insurance for Board members was reorganised to the effect that 10 % of a possible loss remain with the insured party, i. e. up to the amount of one-and-a-half times the fixed annual remuneration. The individual Board member can decide whether to take out supplementary insurance cover at his/her own expense.

The following provisions apply to Board members in the event of a premature termination of the contractual relationship: In the case of a dismissal for good cause, the contract is terminated at the time of dismissal. If the dismissal is not due to good cause or if the Board member is not responsible for the dismissal, the fixed remuneration will be paid to the end of the term of the contract. The provisions for a pro-rata payment apply to the payment of any possible bonus bank credit balance. Dr. Rolf Hollander shall also receive a one-off compensation payment in the amount of one year's salary or a time-related lower amount if he retires correspondingly earlier. Moreover, no compensation agreements have been concluded with the members of the Board of Management in the case of a takeover bid (Section 315 (4) no. 9; also refer to page 114).

	2012					2011				
	Fixed remuneration	Variable remuneration	Total remuneration	Shareholdings in units	Option rights in units	Fixed remuneration	Variable remuneration	Total remuneration	Shareholdings in units	Option rights in units
Board of Management remuneration, shareholdings, options in thousand euros										
Dr. Rolf Hollander (Chairman)	500	262	762	46,375	8,500	500	258	758	46,375	8,500
Andreas F. L. Heydemann	178	78	256	5,000	8,500	185	77	262	5,000	8,500
Dr. Reiner Fageth	198	78	276	2,800	6,000	194	77	271	2,800	6,000
Dr. Olaf Holzkämper	185	78	263	2,500	8,500	181	77	258	2,500	8,500
Total	1,061	496	1,557	56,675	31,500	1,060	489	1,549	56,675	31,500

Pension obligations, for which in part reinsurance policies were taken out, exist for the members of the Board of Management. The amount of the pension commitments is determined by two ninths of the last fixed remuneration received for each period of five years of the activity as a member of the Board of Management, however six ninths at most. For Dr. Rolf Hollander and Mr. Andreas F. L. Heydemann, the total fixed remuneration for their activity as members of the Board of Management of CEWE COLOR Holding AG, Oldenburg, and of the Neumüller CEWE COLOR Stiftung, Oldenburg, serve as the reference value. For Dr. Reiner Fageth and Dr. Olaf Holzkämper, the fixed remuneration for their duties as a Board member of CEWE COLOR Holding AG, Oldenburg, was decisive in the 2012 financial year. With effect from January 1, 2012, the pension commitment for Dr. Reiner Fageth was adjusted to such an extent that the total fixed remuneration for his activity as member of the Board of Management of CEWE COLOR Holding AG, Oldenburg, and the Neumüller CEWE COLOR Stiftung, Oldenburg, serves as reference for him as well. As a rule, these commitments do not include survivors' benefits. For Dr. Reiner Fageth however, a survivors' benefit was set up which, according to actuarial principles, is not subject to extra costs as is generally the case. The service cost for pension benefits in 2012 is shown below taking into account an actuarial interest rate of 3.10 % (previous year: 5.50 %) 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 for a direct pension commitment. This includes survivors' benefits amounting to 50 % of the respective pension. Dr. Reiner Fageth and Dr. Olaf Holzkämper 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 also taken out. The annual expenditure for these amounts to 1 thousand euros for each member of the Board of Management (previous year: 1 thousand euros). No loans or advance payments were granted. Moreover, no contingent liabilities were assumed for the benefit of members of the Board of Management.

Page 112
Statements according to
Section 315 (4) HGB

	2012			2011		
Pensions for the members of the Board of Management in thousand euros	Pension entitlements acquired	Pension entitlements Dec. 31, 2012	Provision	Pension entitlements acquired	Pension entitlements Dec. 31, 2011	Provision
Dr. Rolf Hollander (Chairman)	0.0	267.0	147.0	0.0	267.0	152.0
Andreas F. L. Heydemann	0.0	34.0	19.0	11.0	34.0	19.0
Dr. Reiner Fageth	0.0	11.0	11.0	11.0	11.0	12.0
Dr. Olaf Holzkämper	0.0	0.0	9.0	0.0	0.0	10.0
Total	0.0	312.0	186.0	22.0	312.0	193.0

Standard company pension scheme <i>in thousand euros</i>	2012			2011		
	Pension entitlements acquired	Pension entitlements Dec. 31, 2012	Provision	Pension entitlements acquired	Pension entitlements Dec. 31, 2011	Provision
Dr. Rolf Hollander (Chairman)	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	0.0	3.0	1.0	0.0	3.0	1.0
Dr. Olaf Holzkämper	0.0	3.0	1.0	0.0	3.0	1.0
Gesamt	0.0	12.0	4.0	0.0	12.0	4.0

Remuneration report for the Supervisory Board

According to the articles of association, the Supervisory Board of CEWE COLOR Holding AG consists of six members. The remuneration of the members of the Supervisory Board is defined by the articles of association and is composed of one fixed and three variable components. The fixed remuneration amounts to 6,000.00 euros per year, whereby the Chairman of the Supervisory Board receives double that amount and the Deputy Chairman receives one-and-a-half times that amount. In addition, each member of the Supervisory Board receives an attendance fee of 1,000.00 euros for each attendance at a Supervisory Board meeting. These amounts are payable after the end of the financial year.

In addition, each member of the Supervisory Board receives a performance- and dividend-related annual remuneration. This remuneration is based on the basic profit per share according to IFRS

and amounts to 250.00 euros for each 0.05 euros of that part of the profit that exceeds the profit of 0.25 euros per share. The dividend-related remuneration is calculated as follows: If a dividend of more than 0.25 euros per share is declared, the remuneration amounts to 500.00 euros for each 0.05 euros of that share of the dividend that exceeds the dividend of 0.25 euros per share. In this case too, the Chairman of the Supervisory Board shall receive double and his/her deputy one-and-a-half times the performance- and dividend-related remuneration. For all, this remuneration shall be payable ten days after the general meeting, which decides on the discharge of the Supervisory Board for the respective financial year. Members of the Supervisory Board who belonged to the Supervisory Board for only part the financial year shall be remunerated on a pro-rata basis.

The following remunerations were paid to the members of the Supervisory Board.

	2012							2011						
	Fixed remuneration	Meeting fees	Amounts dependent on results	Amounts dependent on dividends	Total remuneration	Shareholdings	Option rights	Fixed remuneration	Meeting fees	Amounts dependent on results	Amounts dependent on dividends	Total remuneration	Shareholdings	Option rights
Supervisory Board remuneration, shareholdings, options in thousand euros														
Hubert Rothärmel (Chairman to June 6, 2012)	5.0	2.0	26.5	23.0	56.5	50,000	0	12.0	5.0	17.5	20.0	54.5	50,000	0
Hartmut Fromm (Deputy Chairman to June 6, 2012)	3.8	1.0	19.9	17.3	41.9	0	0	9.0	4.0	13.1	15.0	41.1	0	0
Prof. Dr. Dr. h. c. Hans-Jürgen Appelrath (Deputy Chairman from June 6, 2012)	7.8	4.0	13.3	11.5	36.5	0	0	6.0	5.0	8.8	10.0	29.8	0	0
Otto Korte (Chairman from June 6, 2012)	9.5	5.0	13.3	11.5	39.3	0	0	6.0	4.0	8.8	10.0	28.8	0	0
Prof. Dr. Michael Paetsch	6.0	5.0	13.3	11.5	35.8	0	0	6.0	5.0	8.8	10.0	29.8	0	0
Dr. Joh. Christian Jacobs (to February 28, 2013)	6.0	1.0	13.3	11.5	31.8	0	0	6.0	5.0	8.8	10.0	29.8	393,517	0
Prof. Dr. Christiane Hipp (from June 6, 2012)	3.5	3.0	0.0	0.0	6.5	0	0	0.0	0.0	0.0	0.0	0.0	0	0
Corinna Linner (from June 6, 2012)	3.5	3.0	0.0	0.0	6.5	0	0	0.0	0.0	0.0	0.0	0.0	0	0
Entire Supervisory Board*	45.0	24.0	99.4	86.3	254.6	50,000	0	45.0	28.0	65.8	75.0	213.8	443,517	0

* The figures are calculated with the most accurate values and rounded in accordance with standard commercial practice. The totals line shows the precise value.

CEWE COLOR Holding AG refunds the members of the Supervisory Board for any turnover tax charged in relation to their remuneration. The above amounts do not include turnover tax. None of the members of the Supervisory Board owned any options rights, either in the previous year or in the financial year 2012.

Members of the Supervisory Board are also covered by the D & O insurance. A self-retention of 10 % of the possible loss up to an amount totalling twice the Supervisory Board's remuneration was set up for them. No loans or advance payments were granted to the members of the Supervisory Board. Nor were any contingent liabilities entered into for their benefit.

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

No payments were granted to former members of the Supervisory Board. Pension provisions for former members of the Board of Management amounted to 2,392 thousand euros on the reporting date of December 31, 2012 (previous year: 2,426 thousand euro). The pension benefits for the 2012 financial year amounted to 310 thousand euros (previous year: 307 thousand euros). The pension provisions made for this group of persons were transferred to CEWE COLOR Versorgungskasse e. V., Wiesbaden, with effect from April 1, 2007. The consolidated financial statements include this company according to IAS 32 in conjunction with IAS 19. No loans or advance payments were granted and no contingent liabilities were assumed for former members of the Supervisory Board and of the Board of Management of CEWE COLOR Holding AG.

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 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). According to the requirements of the law on the appropriateness of the remuneration of the Board of Management (VorstAG), the insurance cover for the members of the Board of Management and of the Supervisory Board of CEWE COLOR Holding AG was adjusted in the manner described above. In addition, there is 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.

Statements according to Section 315 (4) HGB

Composition of the subscribed capital and restrictions relating to voting rights or the transfer of shares (Section 315 (4) nos. 1 and 2 HGB)

The subscribed capital of CEWE COLOR Holding AG, Oldenburg, is composed of the following types of shares:

Share type	ISIN	Form of share	Number in class	Interest in subscribed capital in euros	Interest in subscribed capital in %	Rights and obligations
Bearer shares	DE 0005403901	Shares without a par value	7,380,000	19,188,000.00	99.9997 %	· 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 %	

The company is not aware of any other voting right or transfer restrictions as defined by Section 315 (4) no. 2 HGB.

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

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

Party with reporting obligation	Type of interest	Proportion of notified voting rights in the subscribed capital
ACN Vermögensverwaltungsgesellschaft mbH & Co. KG, Oldenburg (community of heirs of Senator h.c. Neumüller, Oldenburg)	direct	27.37 %
Neumüller Beteiligungsgesellschaft mbH, Oldenburg (community of heirs of Senator h.c. Neumüller, Oldenburg)	indirect	27.37 %

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

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

Board, as is the possible appointment of a chairman or a spokesperson of the Board of Management and deputy members of the Board of Management. Apart from that, the legal provisions regarding the appointment and dismissal of members of the Board of Management (Sections 84 and 85 AktG) shall apply. For the modification of the articles of association, the legal provisions shall apply (Sections 133 and 179 et seq. AktG).

Type of control of voting rights in the event of employees' participations (Sections 315 (4) no. 5 HGB)

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

Rights of the Board of Management to issue and buy back shares (Section 315 (4) no. 7 HGB)

According to Section 2.4.1 of the articles of association, the Board of Management is authorised to increase the share capital of the company by May 27, 2014, with the approval of the Supervisory Board, by issuing new bearer shares against cash and/or non-cash contributions on one or several occasions, up to a maximum of 9,590,000.00 euros. In the case of non-cash contributions, shareholders' subscription rights are excluded.

Legal provisions and stipulations in the articles of association on the appointment and dismissal of members of the Board of Management and on 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 are effected in accordance with Section 5.1 and Section 5.2 of the articles of association by the Supervisory

Furthermore, according to Section 2.3 of the articles of association, the share capital was contingently increased by up to 52,000.00 euros, divided into 20,000 bearer shares, based on the resolutions of the general meeting of June 16, 1992, June 17, 1999, and June 24, 2004. As regards this contingent capital, the Neumüller CEWE COLOR Stiftung, Oldenburg, has a subscription right in

the nominal amount of a further 52,000.00 euros, only insofar as the foundation exchanges its general partner participation of 52,000.00 euros in CEWE COLOR AG & Co. OHG, Oldenburg, against shares in this company in order to initiate the amalgamation of the participation in this company. Persons other than the aforementioned beneficiaries are excluded from the subscription right with respect to the contingent capital. This contingent capital is only assigned to the extent that the Neumüller CEWE COLOR Stiftung, Oldenburg, exercises its right to exchange. More details of the realisation are regulated by the resolution of the general meeting of June 16, 1992.

According to the resolution of the general meeting of June 2, 2010, the company is authorised, until June 1, 2015, to purchase 10 % of the share capital existing on the date of the resolution. Such authorisation was granted in order to

- sell the shares again, with the consent of the Supervisory Board, via the stock exchange or via an offer to all shareholders in compliance with the principle of equal treatment (Section 53a AktG);
- redeem the shares in full or in part, on one or several occasions, with the consent of the Supervisory Board, without a further resolution of the general meeting being required for redemption or its implementation; The shares can also be redeemed in a simplified process, without reducing the share capital, by adjusting the proportion of the company's share capital represented by each of the remaining no-par shares. However, in any case, the redemption may only be carried out for a total number of 600,000 shares of the company.
- sell the shares, with the consent of the Supervisory Board, in return for non-cash payment; in particular, they can be offered or granted to third parties in connection with mergers or acquisitions of companies;
- offer the shares, with the consent of the Supervisory Board, to employees of the company or of any affiliated companies within the meaning of Sections 15 et seq. AktG or to grant or transfer the shares with a lockup period of at least one year;

- with the consent of the Supervisory Board, to sell the shares acquired on account of the aforementioned authorisation in a manner other than via the stock exchange or via an offer to all shareholders.
- According to the resolution of the general meeting of June 2, 2010, the Supervisory Board is authorised to offer the treasury shares purchased on account of the aforementioned or a previous authorisation to the members of the Board of Management of CEWE COLOR Holding AG as share-based remuneration or to grant or transfer them with a lockup period of at least one year. The details of the share-based remuneration for the members of the Board of Management are determined by the Supervisory Board.

Material agreements that take effect in the event of a change of control following a takeover bid (Section 315 (4) no. 8 HGB)

The new financing agreements entered into with major banking partners contain the usual change-of-control regulations; under certain circumstances these may require a revision of existing credit agreements. Apart from this, there are no agreements between CEWE COLOR Holding AG, Oldenburg, and third parties which take effect in the event of a change of control following a takeover bid and which, individually or in their entirety, might have any consequences.

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

There are no agreements between CEWE COLOR Holding AG, Oldenburg, and members of the Board of Management or other employees, which were concluded for the event of a takeover bid and which might result in a compensation or other benefits to be provided by the company.

Related Party Disclosures

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 the Chairman of the Supervisory Board.

As for the rest, we refer to the explanations in the notes on IAS 24 (see page 181).

Page 181 | Other explanatory notes

Organisation

CEWE Group is structured as follows:

Page 122
Board of Management and
Managing Directors

Shareholders



CEWE COLOR Holding AG

4 Members on the Board of Management, no other employees

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

Neumüller CEWE COLOR Stiftung

8 Members on the Board of Management/Executive Board, no other employees

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



CEWE COLOR AG & Co. OHG

ca. 3,300 employees

- Conducts the entire operations of CEWE Group

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 ensure two things in particular: that his entrepreneurial principles were permanently incorporated into the company and that the company's long-term prospects were safeguarded at all times. This purpose serves the Neumüller CEWE COLOR Stiftung and the large shareholding of the ACN Vermögensverwaltungsgesellschaft mbH & Co. KG (community of heirs of Senator h. c. Heinz Neumüller, largest shareholder with 27.4 %). The Neumüller CEWE COLOR Stiftung guarantees the continued operation of the group retaining 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, it also has the function of a managing shareholder of the company.

The company founder always required the CEWE Group to act innovatively and maximise profits. These corporate goals are effectively supported by the capital market. The protection of the shareholders' interests in attractive investments 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 consistently sound and attractive performance of the company, and thus of the investment.

The combination of both advantages allows the management of an economically sustainable and income-related innovative business, which also does justice to its social role as employer and the economic factor.


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

The Board members and managing directors of Neumüller CEWE COLOR Stiftung are responsible for the overall planning and realisation of the objectives of the CEWE Group. As CEWE COLOR Holding AG bears the essential opportunities and risks, all relevant decisions are traditionally made by mutual agreement with the corporate AG bodies. In cases of doubt, the AG has possibilities to ensure that the interests of its shareholders are taken into account at short notice. The members of the Board of Management of CEWE COLOR Holding AG are, concurrently, also Board members and/or managing directors of Neumüller CEWE COLOR Stiftung. The allocation of responsibilities is explained in the chapter "Board of Management and Managing Directors". In the course of the intended change of form into the legal form of the KGaA (cf. p. 117), CEWE OHG shall accrue to the KGaA by exercising the conversion rights of the Stiftung which exist according to resolutions passed in previous shareholders' meetings. Thus, the shareholders would even be directly involved in the operational business in future.

Objective: profitable and capital-efficient growth with the aim of increasing the value of the going concern

The foremost long-term objective of the CEWE Group is a profitable and capital-efficient growth. In the difficult analogue-to-digital transformation stage, the positive basic trend in the digital business was outweighed by the reduction of turnover in the analogue photos from films business. The result of the transformation shows that the orientation to sustainable, profitable, capital-efficient growth raises the goodwill on a permanent basis.

 Page 25 | Shareholder structure

 Page 122
Board of Management
and Managing Directors

 Page 40 | Results

Regular strategic work

The long-term strategy of the CEWE 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 stra-

tegic alignment and control the success of the resulting strategic and operating measures of implementation in order to expand the range of competence. External experts are also invited to these discussions when the overall situation calls for their involvement. Several scenarios are worked out for potential developments in the profit and loss account, balance sheet and cash flow.

Special Events Following the End of the Financial Year

In January of the new financial year 2013, an important trading partner of a foreign subsidiary filed an insolvency petition. Meanwhile, the local customer base was acquired in order to be able to continue essential parts of the business and to attract new customers as well as to possibly generate advantages in terms of the margin. We do not see any significant negative impact arising from the loss of the major trading partner.

In good time, prior to the expiry of the previous long-term credit agreements, restructuring and securing the long-term credit facilities was regulated in the first few weeks of the new 2013 financial year. The agreements with almost all partner banks were documented fully and concluded.

The company decided to shut down the by far smallest German photofinishing business in Dresden of CEWE COLOR. The strong growth in online printing now makes efficient restructuring possible. The high personnel requirements for commercial printing at Saxoprint, located in Dresden as well, can be met by the qualified staff of the former location and cost advantages can be generated. All employees of the former CEWE business in Dresden will receive an offer of employment from Saxoprint or a comparable job within the CEWE Group. The production volume of the Photofinishing segment of the small, old Dresden plant is then taken up by the four large German plants of the company.

To adjust the production structure in neighbouring foreign countries, the shutdown of the production at the Graudenz location, Poland was also decided and has already implemented. Distribution and customer service operations will continue at this location; in contrast, the production will be transferred to the significantly larger Kozle location.

The Board of Management of CEWE COLOR Holding AG, Oldenburg has resolved to propose a change in the form of the company into a Kommanditgesellschaft auf Aktien (KGaA – limited joint-stock partnership) at the general meeting on June 5, 2013. This change in the form shall be connected with a transfer of the operating business handled by CEWE COLOR AG & Co. OHG, Oldenburg, to this company. In this way, a structural tax drawback in the company will no longer apply. In the next few years, a tax benefit of a cash value of around 10 million euros will be achieved. The transaction still requires the approval of the bodies in charge.

Furthermore, the Board of Management of CEWE COLOR Holding AG resolved to establish an employee stock option plan by the general meeting on June 5, 2013. The structure will largely be identical to the plan implemented last year. The employees may purchase CEWE shares with the support of a financial contribution by CEWE, which is free of tax and social security contributions.

REPORT ON EXPECTED DEVELOPMENTS

Page 71 |
Research and Development

CEWE wants to grow sustainably through a new business field

To lay the foundation for future growth in online printing, CEWE took over Saxoprint GmbH, Dresden in February 2012. CEWE now has at its disposal offset print capacities in addition to digital printing capacities for an efficient industrial production of larger print runs.

In photofinishing, CEWE continues its approach of developing a branded product, the CEWE PHOTOBOOK, which is positioned and promoted in the premium segment. The objective is to achieve "advance sales" with the consumers, thus directing them to the trading partners. No further significant expansion is planned with the retail trade.

Focus remains on Europe

CEWE currently operates 100 % of its business in Europe. This will probably be the case in the next few years as well. However, the area of activities could be expanded, depending on the opportunities that present themselves.

Continuous improvement of the technological basis

As in the past, CEWE will continue to attempt to increase the effectiveness and efficiency of its production and data transfer technologies. New ideas in this direction are being elaborated both within the company, through best practice transfer between the business units, and outside, for instance, through regular participation in conferences and the selected deployment of external consultants. On the one hand, the acquisition of Saxoprint, in particular, has allowed CEWE to further develop its technology in 2012 and, on the other hand, to open up to the new online printing market. Saxoprint is also integrated into the exchange of best practices within the CEWE Group.

Continuous innovation also includes products and services

The portfolio of CEWE products and services has to be constantly improved. Over the last few years, this was a very pronounced characteristic of the analogue-to-digital transformation. CEWE is striving to maintain the forces of innovation, which have become an almost taken-for-granted factor in recent years, in order to consolidate and expand its frequently market-leading position. The most recent examples of this innovative work are the possibility of integrating films into the CEWE PHOTOBOOK and "CEWE goes mobile", the migration of ordering software to all common tablet computers.

The IMF expects negative economic developments in the euro area

The International Monetary Fund (IMF) predicts global growth of 3.5 % for 2013 and of 4.1 % for 2014. Although the risks of a declining global economy are still regarded as significant, the IMF assesses them to be decreasing as a whole in its forecast of January 2013. According to the IMF, the political developments in the euro area and the US economy have decreased but not eliminated the acute risk. The IMF assesses the financial situation to be still critical, in particular in the euro area, while the emerging markets and developing countries as well as the US economy are regarded as the main sources of growth in 2013. For the industrialised nations, the IMF predicts growth of 1.4 %, to which the USA will make the largest contribution with 2.0 %, while the euro area will face a downwards development by -0.2 % according to the IMF. A positive development is expected for the United Kingdom (0.9 %), Japan (1.2 %) and Canada (1.8 %). The main sources of global growth will be primarily the emerging countries in Latin America, the Far East, Eastern Europe and Africa (5.5 %). China (8.2 %) and India (5.5 %) will see particularly strong growth.

Globally, the IMF predicts an inflation rate of 1.6 % for the industrialised nations and of 6.1 % for emerging countries. In view of the current prices of oil forward contracts in the next few months, the ECB expects a further decline of price increases to below 2 %. According to the estimates of the ECB, over the policy-relevant horizon, the underlying price pressure is expected to remain moderate against the background of a weak economy in the euro area and fixed long-term inflation expectations. The ECB regards the risks regarding price development prospects still to be largely balanced in the medium term.

Assessment of CEWE management regarding the overall economic conditions

The overall economic environment in Europe has further deteriorated. The Central European markets that are essential for CEWE are characterised by recession. Since the inflation risks seem to be controllable, the ECB adheres to its policy of historically low interest so that outside funding conditions for companies should not deteriorate.

Regardless of this, CEWE does not see any financing risks worth mentioning on account of its sound financial structure. CEWE is not likely to be affected by a potentially more restrictive lending policy of the financial sector due to higher equity requirements. The risk of debt reduction of individual countries in the euro area will remain, however, it will not lead to material risks for CEWE COLOR. With regard to the outstanding receivables, management currently expects no noticeable burdens, since the receivables vis-à-vis the trading partners are largely covered by bad-debt insurances.

CEWE sales are stable despite an overall difficult economy

Past experience has shown that economic development as a whole, but also general consumer sentiment hardly correlate with the demand for CEWE photofinishing products. The influence of economic developments could rise theoretically if the proportion of corporate customers in CEWE COLOR's turnover rises. At present, manage-

ment even sees additional opportunities in the online printing business area even in economically weak phases, since the cost-effectiveness ratio of the products for corporate customers can be regarded as an even more significant differentiating feature. Management expects that only the retail trade might develop in parallel to the overall economy.

Photofinishing will remain constant

CEWE is fostering the growing market share of value-added products to offset the decline in single photos in the conventional chemical silver-halide process. This affects the commencing retreat of single photos from digital data, alongside the advanced decline of analogue photos from film. With the CEWE PHOTOBOOK (the European market leader), additional value-added products and its strong Internet competence, CEWE is excellently positioned to actively promote and profit from this transformation.

As a result, the trend towards value-added products should continue to strengthen the Photofinishing in 2013 and 2014 and offers the opportunity for a medium-term increase in the margin. However, management views various factors of uncertainty for 2013: The continued economic slowdown could endanger further business partners, requiring potential valuation adjustments on receivables. In addition, a further increase in personnel costs must be expected when the current collective agreement ends in 2013. This cost increase must be offset by relevant measures.

Retail trade at the same level

In general, management assumes a development in the retail trade in line with the general economic growth for 2013 and 2014. Sales of compact digital cameras are likely to decline further. We are working on alternative products and segments. The development in CEWE's retail trade in 2012 was subdued by the ongoing weakness in consumption in the Polish market. However, a slight recovery was recognisable at the end of 2012.

CEWE PRINT launched – brand synergies in mind

The CEWE PRINT brand was launched in the Online Printing segment in the year under review. The goal was to combine the acquired “Saxoprint” brand and the organically evolved brand “viaprinto” with the strong and highly positive brand profile of the CEWE PHOTOBOOK to exploit synergies. The brand CEWE PRINT serves for this purpose. In the future, CEWE will focus its marketing expenditure on two closely connected brands: CEWE PHOTOBOOK in photofinishing and CEWE PRINT in online printing. The marketing expenditure necessary to establish these brands will characterise the profit and loss account of this segment during the first period of online printing. We intend to use the higher profits in the photofinishing segment to strengthen the online printing segment.

Growth of online printing independent of the economic situation

Online printing has many advantages for the customer: a gain in quality through highly professional print products well above the currently popular copy-shop quality or the quality of office printers, a well as a time gain through user-friendly internet ordering, quick production and prompt delivery. Furthermore, customers can also save agency outlay through easy-to-use standard office programmes for designing their product products and utilise reasonably priced, demand-oriented small print runs. Customers want to avail of these benefits – at least regardless of the overall economic situation or maybe even just in economically difficult situations. Management thus expects a very positive development of turnover in the area of online printing for 2013 and 2014. Since special importance is initially attached to growth, management expects slightly negative earnings for 2013. Depreciation of the customer base taken over and, in particular, investments in brand and advertising expenses will have a negative impact on earnings.

Focus for 2014 will be on value-added products and online printing

In 2014 as well, the focus will be on the advancement of the CEWE PHOTOBOOK and other value-added products as well as the rapid development of online printing. From the current point of view, these development strategies will also be the dominating ones for CEWE in the medium term even beyond 2013.

Earnings target corridor 2013 the same as in 2012

Due to the ongoing general uncertainty in many markets, the management decided to continue to adhere to a wider results target corridor.

Targets for 2013		Change to previous year
Digital prints	2.10–2.15 billion units	–9 % to –6 %
Prints from film	0.10–0.11 billion units	–38 % to –32 %
Total prints	2.20–2.26 billion units	–11 % to –8 %
CEWE PHOTOBOOKS	5.8–6.0 million units	4 % to 7 %
Investments	37.0 million euros	–0.0 %
Revenues	510–530 million euros	1 % to 5 %
EBIT	27–33 million euros	–7 % to 14 %
Earnings before taxes (EBT)	25–31 million euros	–6 % to 16 %
Earnings after tax	16–20 million euros	–15 % to 6 %
Earnings per share	2.44–3.06 euros/share	–15 % to 7 %

The plans are to increase the turnover from 503.3 million euros to between 510 and 530 million euros, i. e. an average plus of approx. 17 million euros. These 17 million euros are the declared goal of growth for online printing where the turnover is planned to rise from 43 to 60 million euros. As explained by management for a long time and also outlined in this annual report, this implies stable turnover in the core business: In photofinishing the growing value-added products (particularly the CEWE PHOTOBOOK) should further offset the decline in individual photos (prints from film and digital prints). As

regards the retail trade, a change in turnover is currently not recognisable and not intended. The importance of the retail business for CEWE is the sales of photofinishing products to consumers

The EBIT is planned to be in the corridor of 27 to 33 million euros – identical to 2012. We are working on improvements for the contribution by the business segments of Photofinishing, Online Printing and Retail. In Photofinishing, the shift in the product mix towards value-added products means an opportunity of increasing margins, since the value creation contribution rises. In Retail it is possible that the subdued consumer behaviour in Poland will improve so as to increase profitability. In Online Printing it is possible that a positive margin can be generated, since the marketing expenses might be lower in relation to turnover. Nobody dares to say whether these working strategies will in fact be successful over other trends in the markets – especially in view of current market uncertainties. Accord-

ingly the Board of Management deems the outlook of 27 to 33 million euros EBIT for 2013 as adequate.

Consistent dividend policy

CEWE basically pursues the goal of dividend continuity, insofar as this appears appropriate in view of the economic situation of the company and the existing investment opportunities. At the same time, the shareholders are to participate in the company's increased earnings. In this respect, the focus is clearly on the absolute amount of the dividend, with the dividend payout ratio being a residual of this policy. In terms of this dividend policy, the Board of Management proposes an increase of the dividend to 1.45 euros per share. Besides the dividend, CEWE uses share repurchasing as a means in order to – in the event of share prices being considered to be favourable and in the event of a corresponding cash flow situation – grant funds to the shareholders by way of share repurchases.

 Page 153 | Earnings per share

Oldenburg, March 12, 2013

CEWE COLOR Holding AG
– The Board of Management –



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



Dr. Reiner Fageth



Andreas F. L. Heydemann



Dr. Olaf Holzkämper

Statements oriented to the future

This report contains information and forecasts that relate to the future development of the CEWE Group and its subsidiaries. The forecasts are estimates made on the basis of all information and data available to us at this time. In the event that the underlying assumptions are not correct, or in the occurrence of risks – such as those mentioned in the risk report – the actual developments and results are likely to deviate from present expectations.

Apart from the statutory requirements for publication, the company is not committed to update any statements contained in this management report.

BOARD OF MANAGEMENT AND MANAGING DIRECTORS

of CEWE COLOR Holding AG and the Neumüller CEWE COLOR Stiftung

Page 187
Structure and Corporate Bodies

www.cewecolor.de/en/company/corporate-structure/board-of-management



Dr. Rolf Hollander

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



Dr. Reiner Fageth

Member of the Board of Management of CEWE COLOR Holding AG
Managing Director of the Neumüller CEWE COLOR Stiftung
Responsible for technology, research and development



Dr. Olaf Holzkämper

Member of the Board of Management of CEWE COLOR Holding AG
Managing Director of the Neumüller CEWE COLOR Stiftung
Responsible for finance & controlling, corporate development
and investor relations



Andreas F. L. Heydemann

Member of the Board of Management of CEWE COLOR Holding AG
Managing Director of the Neumüller CEWE COLOR Stiftung
Responsible for purchasing, materials management, IT, legal,
corporate governance and auditing



Dr. Michael Fries

Member of the Board of Management of
the Neumüller CEWE COLOR Stiftung
Responsible for the German plants, personnel and logistics



Felix Thalmann

Member of the Board of Management of
the Neumüller CEWE COLOR Stiftung
Responsible for foreign countries and expansion



Harald H. Pirwitz

Member of the Board of Management of
the Neumüller CEWE COLOR Stiftung
Responsible for sales in Germany, Austria and
Switzerland and marketing



Frank Zweigle

Member of the Board of Management of
the Neumüller CEWE COLOR Stiftung
Representative of the beneficiaries



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Profit and Loss Account	126
Consolidated Statement of Comprehensive Income	127
Consolidated Balance Sheet	128
Consolidated Statement of Changes in Equity	130
Consolidated Cash Flow Statement	132
Segment Reporting	134
Notes with Auditor's Opinion	135
A. General Information	135
B. Accounting and Valuation Principles	141
C. Notes to the Profit and Loss Account	148
D. Notes to the Balance Sheet	154
E. Other Notes	179
Confirmation of the Balance Sheet	185
Auditor's Opinion	186
CEWE Group – Structure and Corporate Bodies	187

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year 2012 of CEWE COLOR Holding AG, Oldenburg

<i>Figures in thousand euros</i>	2012	2011	Change	Notes
Revenues	503,346	469,043	7.3 %	C25
Increase/decrease in the inventory of finished and unfinished products	64	0	—	
Other work performed and capitalised	1,052	937	12.3 %	
Other operating income	29,682	23,142	28.3 %	C26
Cost of materials	-186,234	-173,631	-7.3 %	C27
Gross profit/loss	347,910	319,491	8.9 %	
Employee expenses	-122,531	-108,506	-12.9 %	C28
Other operating expenses	-159,439	-147,360	-8.2 %	C29
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	65,940	63,625	3.6 %	
Depreciation of property, plant and equipment and amortisation of intangible assets	-37,019	-33,498	-10.5 %	C30
Earnings before interest and taxes (EBIT)	28,921	30,127	-4.0 %	
Net financial income	-2,203	-954	-131 %	C32
Earnings before taxes (EBT)	26,718	29,173	-8.4 %	
Income taxes	-7,122	-9,848	27.7 %	C33
Other taxes	-771	-737	-4.6 %	C34
Earnings after taxes	18,825	18,588	1.3 %	
Earnings per share (in euros)				
basic	2.88	2.84	1.3 %	C36
diluted	2.88	2.84	1.3 %	C36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year 2012 of CEWE COLOR Holding AG, Oldenburg

<i>Figures in thousand euros</i>	2012	2011	Change	Notes
Earnings after tax	18,825	18,588	1.3 %	
Currency translation differences	2,801	-2,691	—	A 5
Expenses and income after taxes not affecting income	-63	-133	52.6 %	
Income and expenses after taxes recognised directly in equity	2,738	-2,824	—	C 33
Total profit/loss	21,563	15,764	36.8 %	

CONSOLIDATED BALANCE SHEET

as at December 31, 2012 of CEWE COLOR Holding AG, Oldenburg

ASSETS	<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011*	Jan. 1, 2011*	Change	<i>Notes</i>
Property, plant and equipment		101,211	79,216	80,495	27.8 %	D 36
Real estate held as financial investment		4,484	4,839	4,803	-7.3 %	D 38
Goodwill		28,529	9,072	9,053	214 %	D 39
Intangible assets		21,759	13,040	16,301	66.9 %	D 40
Non-current financial assets		322	214	200	50.5 %	D 41
Non-current receivables from income tax refund		2,092	2,551	2,896	-18.0 %	D 42
Non-current receivables and assets		443	257	274	72.4 %	D 43
Non-current other receivables and assets		237	324	83	-26.9 %	D 43
Deferred tax assets		4,873	4,798	5,387	1.6 %	D 44
Non-current assets		163,950	114,311	119,492	43.4 %	
Assets held available for sale		192	187	192	2.7 %	
Inventories		62,652	48,026	50,287	30.5 %	D 45
Current trade receivables		72,184	77,861	72,024	-7.3 %	D 46
Current receivables from income tax refund		1,639	971	1,150	68.8 %	D 47
Current financial assets		3,227	13,514	17,297	-76.1 %	D 48
Current other receivables and assets		4,661	4,104	3,686	13.6 %	D 48
Cash and cash equivalents		13,370	30,764	23,382	-56.5 %	D 49
Current assets		157,925	175,427	168,018	-10.0 %	
ASSETS		321,875	289,738	287,510	11.1 %	

*previous year's values adjusted in part (adjustments pursuant to IAS 8); for further information, please refer to the notes A 2 as well as D 48 and D 67

SHAREHOLDERS' EQUITY AND LIABILITIES	<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011*	Jan. 1, 2011*	Change	Notes
Subscribed capital		19,188	19,188	19,188	—	D 50
Capital reserves		56,228	56,228	56,228	—	D 55
Special items for treasury shares		-23,939	-24,431	-17,647	2.0 %	D 56
Retained earnings and net retained profits		83,196	70,502	62,897	18.0 %	D 57
Equity capital attributable to shareholders		134,673	121,487	120,666	10.9 %	
Minority interest		0	0	40	—	
Equity		134,673	121,487	120,706	10.9 %	
Non-current special items for investment grants		245	320	415	-23.4 %	D 58
Non-current provisions for pensions		11,482	10,796	10,025	6.4 %	D 59
Non-current deferred tax liabilities		3,988	641	1,791	522 %	D 60
Non-current other provisions		549	812	878	-32.4 %	D 61
Non-current financial liabilities		23,473	16,699	24,099	40.6 %	D 62
Non-current financial liabilities		4,228	0	0	—	
Other non-current liabilities		85	255	183	-66.7 %	
Non-current liabilities		44,050	29,523	37,391	49.2 %	
Current special items for investment grants		74	95	100	-22.1 %	
Current provisions for taxes		2,955	5,567	4,694	-46.9 %	D 63
Current other provisions		8,835	7,416	8,633	19.1 %	D 64
Current financial liabilities		8,005	7,393	6,641	8.3 %	D 65
Other current trade payables		102,186	98,344	91,787	3.9 %	D 66
Current financial liabilities		1,062	1,112	1,292	-4.5 %	D 67
Other current liabilities		20,035	18,801	16,266	6.6 %	D 67
Current liabilities		143,152	138,728	129,413	3.2 %	
Shareholders' Equity And Liabilities		321,875	289,738	287,510	11.1 %	

*previous year's values adjusted in part (adjustments pursuant to IAS 8); for further information, please refer to the notes A 2 as well as D 48 and D 67

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of CEWE COLOR Holding AG, Oldenburg

<i>Figures in thousand euros</i>	Subscribed capital	Capital reserves	Parent company <i>other comprehensive group income</i>				
			Revaluation reserves IFRS 3	Consolidated equity generated	Special item for Stock Option Plans	Other equity items	Adjustment item for currency translation in equity
Balance on Jan. 1, 2011	19,188	56,228	1,075	59,656*	309	-349	1,559
Earnings after tax	—	—	—	18,588	—	—	—
Changes in the scope of consolidation	—	—	—	—	—	—	—
Expenses and income not affecting profit or loss	—	—	—	—	—	—	-2,691
Total profit/loss	—	—	—	18,588	—	—	-2,691
Disbursed dividend	—	—	—	-8,478	—	—	—
Acquisition of treasury shares	—	—	—	—	—	—	—
Stock Option Plan 2010	—	—	—	—	319	—	—
Owner-related change in equity capital	—	—	—	-8,478	319	—	—
Balance on Dec. 31, 2011	19,188	56,228	1,075	69,766	628	-349	-1,132
Earnings after tax	—	—	—	18,825	—	—	—
Expenses and income not affecting profit or loss	—	—	—	—	—	—	2,801
Total profit/loss	—	—	—	18,825	—	—	2,801
Disbursed dividend	—	—	—	-9,188	—	—	—
Sale of treasury shares	—	—	—	—	—	—	—
Stock Option Plan 2010	—	—	—	—	319	—	—
Owner-related change in equity capital	—	—	—	-9,188	319	—	—
Balance on Dec. 31, 2012	19,188	56,228	1,075	79,403	947	-349	1,669

	Parent company other comprehensive group income				Minority shareholders				Notes	
	Income taxes without effect on net income taken into account	Retained earnings and net retained profits	Equity acc. to consol. statem. of fin. pos. 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 statement of financial position
	647	62,897	138,313	-17,647	120,666	51	-11	40	120,706	
	—	18,588	18,588	—	18,588	—	—	—	18,588	
	—	—	—	—	—	-51	11	-40	-40	
	-133	-2,824	-2,824	—	-2,824	—	—	—	-2,824	
	-133	15,764	15,764	—	15,764	-51	11	-40	15,724	
	—	-8,478	-8,478	—	-8,478	—	—	—	-8,478	D 57
	—	—	—	-6,784	-6,784	—	—	—	-6,784	D 56
	—	319	319	—	319	—	—	—	319	D 53
	—	-8,159	-8,159	-6,784	-14,943	—	—	—	-14,943	
	514	70,502	145,918	-24,431	121,487	—	—	—	121,487	
	—	18,825	18,825	—	18,825	—	—	—	18,825	
	-63	2,738	2,738	—	2,738	—	—	—	2,738	
	-63	21,563	21,563	—	21,563	—	—	—	21,563	
	—	-9,188	-9,188	—	-9,188	—	—	—	-9,188	D 57
	—	—	—	492	492	—	—	—	492	D 56
	—	319	319	—	319	—	—	—	319	D 53
	—	-8,869	-8,869	492	-8,377	—	—	—	-8,377	
	451	83,196	158,612	-23,939	134,673	—	—	—	134,673	

CONSOLIDATED CASH FLOW STATEMENT

for the financial year 2012 of
CEWE COLOR Holding AG, Oldenburg

 Notes E70

<i>Figures in thousand euros</i>	2012	2011 after adjustments	Adjustments*
EBIT	28,921	30,127	0
+/- Adjustments for:			
+/- Depreciation (+)/allocations (-) fixed assets and intangible assets	37,019	33,498	0
+/- Market valuation of hedge transactions	-68	0	0
+/- Depreciation (+)/allocations (-) financial assets	18	-5	-5
+/- Unrealised foreign currency effects	1,561	-1,541	0
+/- Change of other non-current debts	240	737	0
+/- Change of other non-current receivables	87	-241	-17
+/- Income/loss from the disposal of fixed assets	253	153	0
+/- Other non-cash transactions	-63	-137	0
= EBIT adjustment for cash flow	39,047	32,464	-22
= EBIT-induced cash flow	67,968	62,591	-22
+/- Decrease (+) / increase (-) operating net working capital	-6,393	2,981	-1,019
+/- Decrease (+) / increase (-) other operating net working capital (excluding income tax items)	427	5,588	2,199
- Taxes paid	-11,292	-9,749	0
= Working capital and tax-induced cash flow	-17,258	-1,180	1,180
= Cash flow from operating activities	50,710	61,411	1,158
- Outflows from investments in fixed assets	-33,775	-30,277	0
- Outflows from purchases of consolidated shares/acquisitions	-23,548	0	0
- Outflows from investments in financial investments	-95	-14	0
+/- Inflows (+)/outflows (-) from investments in non-current financial instruments	-300	17	17
+/- Inflows (+)/outflows (-) from investments in current financial instruments	11,000	-1,000	-1,000
+ Inflows from the disposal of tangible and intangible assets	870	259	0
= Cash flow from investing activities	-45,848	-31,015	-983
= Free cash flow	4,862	30,396	175
- Disbursed dividends	-9,188	-8,478	0
- Purchase of treasury shares	0	-6,784	0
+ Sale of treasury shares	492	0	0
+ Evaluation of stock options according to IFRS 2	319	319	0
= Outflows to shareholders	-8,377	-14,943	0
+/- Cash flow to (+) / cash flow from (-) the change of financial liabilities	-8,787	-6,648	0
+/- Cash flow to (+) / cash flow from (-) the change of interest income	-2,129	-975	0
+/- Other non-cash financial transactions	-3,238	-154	-175
= Cash flow from financing activities	-22,531	-22,720	-175
Cash and cash equivalents at start of period	30,764	23,382	0
+/- Effect of exchange rate changes on cash and cash equivalents	275	-294	0
+ Cash flow from operating activities	50,710	61,411	1,158
- Cash flow from investing activities	-45,848	-31,015	-983
- Cash flow from financing activities	-22,531	-22,720	-175
= Cash and cash equivalents at end of period	13,370	30,764	0

*Adjustments pursuant to IAS 8; for further information, please refer to the notes under A2.

2011	Deviation %
30,127	-4.0%
33,498	10.5%
0	—
0	—
-1,541	—
737	-67.4%
-224	—
153	65.4%
-137	54.0%
32,486	20.3%
62,613	8.6%
4,000	—
3,389	-92.4%
-9,749	-15.8%
-2,360	-1,363%
60,253	-17.4%
-30,277	-11.6%
0	—
-14	-579%
—	—
—	—
259	236%
-30,032	-47.8%
30,221	-84.0%
-8,478	-8.4%
-6,784	—
0	—
319	0.0%
-14,943	43.9%
-6,648	-32.2%
-975	-118%
21	-2,003%
-22,545	0.8%
23,382	31.6%
-294	—
60,253	-17.4%
-30,032	-47.8%
-22,545	0.8%
30,764	-56.5%

SEGMENT REPORTING BY BUSINESS FIELDS*

for the financial year 2012 of CEWE COLOR Holding AG, Oldenburg

Financial year 2012	<i>Figures in thousand euros</i>	Photofinishing	Retail	Online Printing	Scope of consolidation	CEWE Group
External revenues		355,402	104,960	42,984	—	503,346
Currency effects		-1,428	-798	—	—	-2,226
External revenues, currency-adjusted		353,974	104,162	42,984	—	501,120
Internal revenues		4,886	205	375	-5,466	—
Overall turnover		360,288	105,165	43,359	-5,466	503,346
Scheduled depreciation		-28,973	-1,967	-6,079	—	-37,019
EBIT		32,021	1,677	-4,777	—	28,921
Other financial result		—	12	-86	—	-74
Interest expense		-1,628	-5	-820	—	-2,453
Interest income		256	48	20	—	324
<hr/>						
Financial year 2011	<i>Figures in thousand euros</i>	Photofinishing	Retail	Online Printing	Scope of consolidation	CEWE Group
External revenues		355,500	112,155	1,388	—	469,043
Internal revenues		1,781	729	75	-2,585	—
Overall turnover		357,281	112,884	1,463	-2,585	469,043
Scheduled depreciation		-30,945	-2,267	-286	—	-33,498
EBIT		30,546	2,419	-2,838	—	30,127
Other financial result		21	—	—	—	21
Interest expense		-1,417	-9	—	—	-1,426
Interest income		381	70	—	—	451

* Segment reporting is an integral part of the notes to the consolidated financial statements, and is shown here for better readability. By the end of the first quarter of 2012, external turnover was designated as revenues with external third parties; internal turnover as revenues with other segments, and the total turnover as segment turnover.

NOTES

A. General Information

1 | Company information

CEWE COLOR Holding AG, based in Oldenburg, (hereinafter referred to as CEWE COLOR Holding) is the parent company of the CEWE Group (hereinafter referred to as CEWE COLOR) and is a stock-exchange-listed public limited company under German law.

The CEWE Group consists of CEWE COLOR Holding and its German and foreign subsidiaries. CEWE is an internationally active group, which focuses on photofinishing, the photo retail trade and online printing as a technology and market leader.

These consolidated financial statements and the group management report for the 2012 financial year 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 the preparation of the consolidated financial statements

The consolidated financial statements of CEWE COLOR Holding AG for the financial year from January 1, 2012 to December 31, 2012 were prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Accounting Interpretation Committee (IFRIC), as adopted by the EU, as well as the additionally applicable provisions pursuant to Section 315a (1) of the German Commercial Code (HGB).

No standards or interpretations were to be applied for the first time in the 2012 financial year.

The following standards and interpretations were already endorsed by the EU as at December 31, 2012, but their application was not mandatory on this date (in brackets: date of publication in the Federal Gazette):

- Amendment to IAS 1 “Presentation of Financial Statements” (June 5, 2012)
- Amendment to IAS 19 “Employee Benefits” (June 5, 2012)

- Amendment to IAS 12 “Deferred Taxes: Recovery of Underlying Assets” (December 11, 2012)
- IAS 27 (revised 2012) “Consolidated and Separate Financial Statements” (December 11, 2012)
- IAS 28 (revised 2012) “Investments in Associates and Joint Ventures” (December 11, 2012)
- Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” (December 11, 2012)
- IFRS 10 “Consolidated Financial Statements” (December 11, 2012)
- IFRS 11 “Joint Arrangements” (December 11, 2012)
- IFRS 12 “Disclosure of Interests in Other Entities” (December 11, 2012)
- IFRS 13 “Fair Value Measurement” (December 11, 2012)
- IFRIC Interpretation 20 “Stripping Costs in the Production Phase of a Surface Mine” (December 11, 2012)
- Amendments to IAS 32: “Financial Instruments: Presentation” (December 13, 2012)
- Amendments to IFRS 7 “Financial Instruments: Disclosures (December 13, 2012 and November 22, 2011)

The revision of IAS 19 deals with the treatment of defined-benefit plans and benefits on the occasion of termination of employment. The most important new feature refers to the balance sheet recognition of changes in defined-benefit obligations and in the fair value of plan assets when they occur. In future, the pension provisions are to be stated at the full present value of the defined benefit obligation. In addition, there is accelerated recognition of past service cost. All actuarial gains and losses are to be recorded immediately in other income in the year they occur. Furthermore, interest cost and the expected return on plan assets in line with the previous version of IAS 19 are now replaced by a net interest parameter, which is calculated by applying the discount rate to the net liability or the net asset of the defined benefit plan.

The revised IAS 19 is to be applied retrospectively. Initial recognition is made as at January 1, 2013. At CEWE, the adjustment effect from first-time application to be recognised in other income results in an increase, not affecting profit or loss, of pension provisions by 5,893 thousand euros. If we take the deferred tax effects into account, this results in calculated other income of -4,125 thousand euros so that the equity ratio will fall to 40.3 % when compared to December 31, 2012.

The following standards and interpretations were already published as at December 31, 2012, however not yet adopted by European law by this date (in brackets: date of publication by the IASB):

- IFRS 9 “Financial Instruments”, (November 12, 2009 and October 28, 2010)
- Amendment to IFRS 1 regarding public loans (March 13, 2012)
- Improvements to IFRS 2009 – 2011 (May 17, 2012)
- Amendments to IFRS 10, IFRS 11 and IFRS 12 by “Consolidated Financial Statements, Joint Arrangements, and Disclosures of Interests in other Entities: Transitional Guidelines (June 28, 2012)
- Amendments to IFRS 10, IFRS 12 and IAS 27 by “Investment Companies” (October 31, 2012)

IFRS 9 is expected to be applied initially from January 1, 2015. The amendments to IAS 32 and IFRS 10, IFRS 12 and IAS 27 are to be applied at the latest to financial years commencing on or after January 1, 2014. The amendment to IAS 1 “Presentation of Items of other Comprehensive Income” is to be applied initially for financial years commencing on or after July 1, 2012. All other standards and amendments are to be applied initially for financial years commencing on or after January 1, 2013. The time when the application of the standards is legally mandatory depends on the endorsement procedure of the EU.

To the extent that new standards that have not yet become effective for 2012 can be applied on a voluntary basis, we have not made use of this option. The examination

of the effects which IFRS 9 will have on the consolidated financial statements has not been completed as yet. The application of the other standards published as of the reporting date, whose implementation is not yet mandatory, is not likely to have any essential effects on the net worth, financial position and results of operations. Circumstances permitting, some standards may require additional disclosures in the notes. The new standards will not be applied before the conclusion of the endorsement procedure in the EU.

In the past, other financial receivables and liabilities were not shown separately in the balance sheet, but in the notes, in deviation from IAS 1. This disclosure in the balance sheet was adjusted retrospectively in the 2012 financial year. In addition, reclassifications not affecting profit or loss were made in the balance sheet between “Miscellaneous other current liabilities” (sub-items “Debtors with a credit balance” and “Other current financial liabilities”) and “Trade liabilities”. The figures of the comparable periods were also adjusted retrospectively in this case. The reclassifications ensure a better reflection of the economic substance and, therefore, the communication of relevant information about CEWE Group’s financial position.

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the balance sheet and all tables as at January 1, 2011 were restated retrospectively; any figures published prior to this reporting date were not to be restated. The changes resulting from the adjustment on the cash flow statement were made retrospectively as at December 31, 2011. The effects of the adjustments on the 2011 consolidated balance sheet are presented under the relevant items in the Notes. The adjustment does not lead to a change in the earnings per share.

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.

3 | Scope of consolidation

In addition to CEWE COLOR Holding AG, the consolidated financial statements as at December 31, 2012 include the domestic and foreign companies in which CEWE COLOR Holding AG has a direct or indirect controlling interest. The companies are included in the consolidated financial statements starting with the period when control was obtained. Apart from CEWE COLOR Holding AG, Oldenburg, as parent company, the group of consolidated companies includes 11 domestic and 20 foreign companies as at December 31, 2012. In addition, the pension commitments transferred to CEWE COLOR Versorgungskasse e. V., Wiesbaden, remain included in the consolidated financial statements according to IAS 19.

On February 2, 2012, the CEWE Group acquired 100 % of the shares in the online printing firm Saxoprint GmbH, Dresden, together with five domestic and foreign sales companies. The group of companies is one of the leading enterprises in the online printing market and has comprehensive, online available offset printing capacities for greater print runs. With this acquisition, the CEWE Group completes its online printing range of offers and expands significantly CEWE COLOR'S product portfolio, which needs efficient production.

The first-time inclusion in the scope of consolidation of Saxoprint GmbH and its five domestic and foreign sales companies was effected as at February 1, 2012, whereby Saxoprint B. V., Dordrecht, Netherlands, is not included in the scope of consolidation due to its lesser economic significance.

The fair values of assets and liabilities acquired as recognised on the date of acquisition are shown in the following table:

<i>Figures in thousand euros</i>	Fair values as at acquisition date
Property, plant and equipment	21,546
Intangible assets	
Customer relationships	5,483
Brand name	1,850
Software	3,182
Other intangible assets	15
Financial assets	384
Deferred tax assets	411
Inventories	927
Trade receivables	1,008
Current other receivables and assets	4,990
Cash and cash equivalents	826
	40,622
Non-current liabilities	16,185
Deferred tax liabilities	4,048
Current liabilities	9,419
	29,652
Net assets	10,970
Goodwill	Fair values as at acquisition date
	<i>Figures in thousand euros</i>
Purchase price	28,780
Net assets	10,970
Goodwill	17,810

The purchase price for 100 % of the shares amounts to 28,780 thousand euros. In the first quarter of 2012, cash of 22,000 thousand euros was spent on the acquisition of the Saxoprint companies and cash of 826 thousand euros acquired.

Consideration transferred	<i>Figures in thousand euros</i>
Cash and cash equivalents	22,000
Security retention	3,000
Agreement on conditional consideration	3,780
Purchase price	28,780

The acquired customer base will be written off over a useful life of five years and the brand over a useful life of seven years. Software is written off over the expected operational useful life. The acquisition of the Saxoprint Group has resulted in goodwill, because the consideration paid also includes amounts that account for the benefits from expected synergies, turnover growth, future market developments and the know-how of current employees. The goodwill is not expected to be tax-deductible.

Under the agreement on conditional consideration, the group is obliged to pay an additional amount to the sellers. The value of this additional amount depends on the amount of the commercial EBT of Saxoprint GmbH, Dresden, in the years from 2012 to 2014. There are three earn-out components, which each will be distributed cumulatively depending on the relevant results. In accordance with the agreement, the earnings-based variable purchase price can be in a range of between 0 thousand euros and a maximum of 5,000 thousand euros. On the basis of the expected business plans, a presumable variable purchase price of 3,780 thousand euros was determined on the acquisition date for the years 2012 to 2014. The security deposit is shown in the balance sheet under non-current financial liabilities, and the conditional purchase price obligation under other current provisions.

The fair value of trade receivables and other current receivables and assets amounts to 5,998 thousand euros.

Of the fair value, an amount of 1,008 thousand euros is attributable to trade receivables and 4,990 thousand euros to other current receivables and assets. The gross amount of due trade receivables is 1,166 thousand euros, of which 158 thousand euros are expected to be bad debts.

Since the first-time consolidation, the activities that have been taken over have contributed 36,647 thousand euros to the consolidated turnover and –672 thousand euros to the earnings after taxes. If the Saxoprint group had been included in the scope of consolidation as at January 1, 2012, the consolidated turnover would have been 2,661 thousand euros higher and earnings after taxes –175 thousand euros lower.

In addition to the aforementioned Saxoprint B. V., Dordrecht, Netherlands, not included in consolidation was Bilder-planet.de GmbH, Cologne, on account of its subordinate economic significance. The share in total assets of the group assets is a mere 0.01 %, and the share of revenues in group revenues only 0.00 %. Printpartners Nederland B. V., Veenendaal, Netherlands, which was not included in the previous year due to its lesser economic significance, was deleted from the commercial register as at December 31, 2012.

In July 2012, the company agreed with the former shareholders of diron GmbH & Co. KG, Münster, on a final downstream purchase price amounting to 2,375 thousand euros. Since the acquisition of this company took place prior to the effective date of IFRS 3 (2008), the final purchase price payment will be treated in line with the provisions of IFRS 3 (2004). Accordingly, the goodwill increased due to the final purchase price payment, using a provision for the downstream purchase liability of 728 thousand euros, by 1,647 thousand euros.

CEWE PRINT GmbH, Oldenburg, established in July 2012, was fully included in the scope of consolidation for the first time in the third quarter. This company will mainly sell printing products and advertising media to business customers.

Based on the resolution of November 6, 2012, DIRON Wirtschaftsinformatik Beteiligungs-GmbH, Münster, as the general partner, retired from diron GmbH & Co. KG, Münster. Thus, DIRON GmbH & Co. KG, Münster, accrued to the remaining shareholder CEWE COLOR AG & CO. OHG, Oldenburg.

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 reporting date for the separate financial statements of all companies included in the consolidated financial statements corresponds to that of the consolidated financial statements, i. e. December 31, 2012. Business combinations are recognised according to the purchase method.

At initial consolidation, all assets and liabilities taken over are remeasured at their applicable fair values at the moment of acquisition. Positive balances resulting from the allocation of purchase prices are capitalised as goodwill.

In the event of an 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 already consolidated companies 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 position and results of operations. Intra-group deliveries and services are calculated based on both market prices and transfer prices, determined in line with the principle of dealings at arm's length. To the extent required, deferred taxation is carried out for consolidation processes affecting the income.

Stock Option Plans were measured as issued equity instruments for future performance according to IFRS 2 at fair value. The resulting effects were distributed over their term as expenses, carried under employee expenses, and booked against equity. To the extent that the option conditions are not fulfilled, the item is to be reversed within equity not affecting profit or loss.

Companies that are no longer to be classified as being consolidated companies are excluded from consolidation. The date is determined by the date on which the company withdrew from the group, i. e. the date on which control over the 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 leaves the group. All assets and liabilities representing the consolidated company at the moment directly prior to the company's 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.

5 | Currency translation

The financial statements of the foreign group companies are translated into 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.

The assets and liabilities of the foreign companies to be included are translated at the mean rate of exchange on the reporting date (balance sheet rate), income and expenses are translated at the annual average of the respective mean rate of exchange (profit and loss account rate).

Goodwill generated by foreign subsidiaries from capital consolidation is carried at historical cost of acquisition.

Equity is also translated at historical exchange rates. The resulting currency translation differences are not carried in the profit and loss account, but under a separate equity item. Currency differences from the translation of long-term loans to group companies are also carried directly under equity not affecting profit or loss.

Currency translation is based on the following key exchange rates:

		2012		2011	
Currency translation		Year-end price	Mean rate of exchange	Year-end price	Mean rate of exchange
CHF	Swiss franc	1.2072	1.2053	1.2156	1.2327
CZK	Czech crown	25.1400	25.1491	25.7870	24.5907
DKK	Danish crown	7.4610	7.4437	7.4342	7.4506
HUF	Hungarian forint	292.3000	289.2494	314.5800	279.4117
NOK	Norwegian crown	7.3483	7.4751	7.7540	7.7934
PLN	Polish zloty	4.0740	4.1847	4.4580	4.1211
SEK	Swedish crown	8.5820	8.7041	8.9120	9.0293
HRK	Croatian kuna	7.5575	7.5217	7.5370	7.4393
GBP	British pound sterling	0.8161	0.8109	0.8353	0.8678
USD	US dollar	1.3194	1.2848	1.2939	1.3918

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 individual statements. The accounting and valuation methods applied are unchanged compared to the previous year.

For the preparation of the consolidated financial statements, the Board of Management has to make a series of assessments and estimates 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 that assets of property, plant and equipment as well as intangible assets are acquired within the scope of business combinations, the applicable fair value of these assets at the moment of acquisition as well as the expected useful life have to be estimated. The determination of both the fair values and the useful lives is based on the management's assessments.

For the determination of impairments of assets of property, plant and equipment and of intangible assets as well as of goodwill, estimates with respect to the cause, the time and the amount of the impairment and, if permissible, write-ups 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 estimates 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 that the actual development of the demand fell below expectations, this would have a negative effect on the revenue and cash flows. This might result in further expenditure for value adjustments with a possible negative effect on the future earnings position.

In order to counter the receivables default risk, provisions for doubtful debts are made. The determination of the provisions is based on the maturity structure, the current market situation and past empirical values. If the financial position of the customers 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 estimates in future financial 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 deviate essentially from the actual development on account of changed market and economic conditions.

Recognition and measurement of other provisions and contingent liabilities depend to a large extent on the complexity of the underlying transaction and on estimates. 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 estimates may have a considerable effect on the earnings position.

Individual items in the profit and loss account and in the balance sheet are summarised. 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 reporting date.

7 | Realised earnings and expenses

The normal business activities of the CEWE Group lie in photofinishing and other printing services as well as trading in photo hardware and photofinishing products and services. All revenues that are connected with the ordinary business activities are shown as revenues in the profit and loss account. All other revenues are shown as "Other operating income". Revenues from the sale of products and provision of services as well as other operating income are recognised when the service is rendered, or the risks are transferred to the customer. Operating expenses are recognised in income when the service is used, or when they are occurred. Revenue-related expenses or provisions are generally taken into account when the corresponding revenues are recognised. This also includes estimated amounts for rebates, discounts and other reductions in revenues. Interest income and expenses are reported on an accrual basis.

8 | Property, plant and equipment

Property, plant and equipment is carried at cost of acquisition or production and, if subject to wear and tear, reduced by scheduled straight-line depreciation. The cost of production comprises 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 production. The basis of depreciation is reduced by an estimated residual value that the company can probably recognise at the end of the useful life, less the costs of disposal. The residual value at the reporting 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 remeasured at regular intervals. In the case of sold and scrapped assets, the historical cost of acquisition or production and the accumulated depreciation are written off. The resulting gains or losses from the write-off of the asset will be determined as the difference between the net sales proceeds and the book value, and recognised in the period in which the item is written off, in the profit and loss account as other operating income or expenses.

9 | Real estate held as financial investment

Real estate held as financial investment includes land and buildings held for generating rental income or for the purpose of increase in value, and not used for own production, for the delivery of goods or the provision of services, for administrative purposes, or for sale within the scope ordinary business.

At their initial measurement, the real estate is recognised at amortised cost of acquisition or production, including incidental costs. The book value includes the expenses for replacement investments for an existing real estate held as financial investment at the time such expenses are incurred, provided the recognition criteria are fulfilled. The book value does not include the costs for the daily maintenance of this real estate. Within the scope of the subsequent measurement, the real estate held as financial investments is recognised at amortised cost of acquisition.

Real estate held as financial investment is written off when it is sold or no longer used permanently and no future economic value is expected from its disposal. Gains and losses from the shutdown or disposal of a real estate held as financial investment will be posted in the year of shutdown or disposal.

Real properties are allocated to the portfolio of real estate held as financial investment if there is a change in use evidenced by the termination of own use, or the beginning of an operating leasing contract with a third party.

10 | Goodwill

Goodwill is not subject to scheduled amortisation 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 this effect, the fair values of the cash generating units, less any selling costs, will be determined. If this results in the need for impairment, extraordinary write-downs are made. Write-ups for goodwill are not permitted.

11 | Intangible assets

Intangible fixed assets are industrial property rights and similar rights, software acquired against payment, internally generated software, customer bases and lists, trademarks as well as the advance payments made on the listed assets. Acquired and internally generated intangible assets are capitalised under the prerequisites of IAS 38 "Intangible assets".

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 identified and measured are capitalised at the production cost and are subject to scheduled straight-line depreciation over the useful life. The cost of production comprises all directly attributable costs as well as reasonable portions of the production-related overheads. Financing costs are not capitalised, because there are no assets 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.

12 | Impairment

Scheduled depreciation of non-current assets is essentially calculated on the basis of the following useful lives uniform within the group:

Standard useful lives	<i>Useful lives in years</i>	Dec. 31, 2012	Dec. 31, 2011
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 useful lives are determined based on previous experience of using the asset, its current and expected opportunities for use, and specific technical developments.

Unscheduled depreciation is applied if there are reasons to believe that the recoverable amount of the asset is significantly less than its book value, e. g., in the case of disproportionately decreased market values or due to missing options for its 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. Reinsurance 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 costs of sales. If the applicable fair value increases at a later stage, the recorded impairment will be increased by the respective amount.

15 | Inventories

Inventories are carried at cost of acquisition or production. The cost of production includes the cost of materials, direct labour, and allocable material and manufacturing overheads on a pro-rata basis. Administrative costs are taken into account to the extent that 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 on the reporting date, this value will be applied. Inventories rarely used on account of aging or technical impairment are depreciated by marketability discounts. There are no long-term production orders.

16 | Primary financial instruments

Primary financial instruments are composed of financial assets (receivables, 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 financial assets is provided. Recognition or derecognition is generally effected at the applicable fair value, taking into consideration the transaction costs. To the extent that 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.

Financial assets

Loans and receivables not listed in an active market are generally measured at amortised cost. These include non-current receivables, trade receivables as well as other current financial 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 de-recognition 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 bank balances in foreign currencies are translated at the reporting date rate.

Financial liabilities

Financial liabilities regularly justify a restitution in funds or other financial assets. This includes, in particular, trade receivables, liabilities to banks, derivative financial liabilities and other liabilities.

Financial liabilities are measured at amortised cost.

17 | Derivative financial instruments

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 to be hedged. In 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 which serve 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 the case of a completely effective hedge, the expenses and income from the changes in value of the derivative completely compensate for those of the underlying transaction. Hedging for foreign net items is disclosed in analogy with cash flow hedges. If the hedging instrument is a derivative, the actual currency gains and losses from the derivative or from the translation of the credit are carried under equity. The relationships between the hedge instruments and the hedged items as well as the risk management targets for the hedge transaction are documented when the transaction is concluded. This approach links all derivatives classified as hedges with specific planned transactions. In addition, the assumption is documented as to whether the derivatives used as a hedge compensate highly effectively 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 reporting 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 differences of assets and liabilities between the tax balance sheet and the IFRS balance sheet, for tax credits and losses brought forward, as well as consolidation transactions with an effect on profit or loss. They are calculated at the reporting date using the national tax rates currently effective or expected in the 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 that circumstances which entail a change in deferred taxes are directly recorded against equity, the change in the deferred taxes will be recorded directly 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 tax balance sheets of the individual companies 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.

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

Average tax rates for the calculation of deferred taxes	<i>Figures in %</i>	2012	2011
Germany		30.00	30.00
The Netherlands		25.00	25.00
Belgium		33.99	33.99
France		34.43	34.43
Switzerland		25.00	25.00
Denmark		25.00	25.00
Norway		28.00	28.00
Poland		19.00	19.00
Slovakia		23.00	19.00
Czech Republic		19.00	19.00
Hungary		10.00	10.00
Croatia		20.00	20.00
United Kingdom		24.00	26.00
USA		42.31	23.50

19 | Equity capital

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. Due to the special item for treasury shares, deducted openly from equity capital, the treasury shares are disclosed at their full original acquisition and incidental acquisition costs on the date of their repurchase as deductible items (see item D58). 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 Pans (see item D57), and 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 conjunction with successive purchases of shares is transferred to the revaluation reserve under revenue reserves.

20 | Pension obligations

Provisions for pensions are determined 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 reporting date from the pension commitments is discounted under consideration of additional parameters to its present value. Deviations between the estimated values and the actual development as well as changes in the actuarial estimates lead to actuarial gains and losses. To the extent that these deviations are outside a corridor of 10 % of the total obligation at the beginning of the period, the actuarial gains and losses are recognised over the average residual service period of the beneficiaries proportionally for the period. The current service costs and the actuarial interest expenses are shown in the employee expenses.

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 2005G mortality tables published by Heubeck or comparable foreign mortality tables. There is a reinsurance policy in the event that extraordinary payments are required. Plan assets for pension commitments exist in France that can be used to satisfy the pension obligations existing there.

21 | Special item for investment grants

Public grants for assets are carried under a special item for investment grants as a deferred liability. Investment grants and investment subsidies are recognised in income on a pro-rata basis through reversal in line with the amortisation/depreciation of the subsidised investment assets.

22 | Provisions

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 reporting date.

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 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 employee 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.

23 | Research costs and development costs not eligible for capitalisation

Research costs and development costs not eligible for capitalisation are recognised in income at the time of their occurrence.

24 | Contingent liabilities and receivables

Contingent liabilities are liabilities resulting from a possible obligation due to a past event and whose existence is caused by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the control of the company. Contingent liabilities can also be generated by a present obligation that is based on past events, however that was not recognised as yet because

- the outflow of resources with economic use is not probable with the fulfilment of this obligation or
- the amount of the obligation cannot be estimated reliably.

If the outflow of resources with economic use for the company is not probable, no contingent liability will be disclosed.

Contingent receivables are not recognised in the balance sheet and are only disclosed if the inflow of an economic benefit is probable. 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 entirely under the control of the company.

C. Notes to the Profit and Loss Account

25 | Revenues

Revenues by segment	Figures in thousand euros	2012	Percentage	2011	Percentage
Photofinishing revenues		355,402	70.6 %	355,488	75.8 %
Change compared to the previous year in %		0.0 %			
Retail revenues		104,960	20.9 %	112,155	23.9 %
Change compared to the previous year in %		-6.4 %			
Online Printing revenues		42,984	8.5 %	1,400	0.3 %
Change compared to the previous year in %		2,970 %			
Total		503,346	100.0 %	469,043	100.0 %

Revenues are shown after all sales deductions. Other income not stemming from supplies and services of typical products, goods and services (ordinary business activity of the CEWE Group) is carried under other operating income.

26 | Other operating income

Other operating income	Figures in thousand euros	2012	2011
Income from expenses charged on		7,587	7,912
Income from silver sales		6,437	4,887
Income from the reversal of provisions		2,955	1,259
Income from currency translations		1,619	1,617
Income from the receipt of written-down receivables		695	615
Income from insurance benefits		440	241
Income from the reversal of special items for investment grants		92	100
Income from the disposal of fixed assets		53	207
Sundry other operating income		9,804	6,304
Total		29,682	23,142

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.

Income from currency translation includes essentially gains from exchange rate changes between the time the transaction arises and the date of payment or the valuation of the monetary item at the reporting date rate. Also included is income from translation for consolidation purposes. Currency losses from these transactions are carried under other operating expenses (see item C 29).

The gain from the reversal of provisions concern different individual items within the scope of ordinary business activities. Provisions were reversed if, according to the circumstances on the reporting date, they were no longer expected to be used or to a minor extent only.

Other operating income includes income from the reversal of other liabilities for sales reductions, rental income, income from car use, customs duty credits for previous years 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 2012.

27 | Cost of materials

Cost of materials	Figures in thousand euros	2012	2011
Expenses for raw materials, consumables and supplies and purchased goods		-178,726	-169,086
Cost of purchased services		-7,508	-4,545
Total		-186,234	-173,631

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, whereas in the online printing segment, mainly expenses for printing plates, paper and freight are shown. In the retail segment, this item includes the purchase of merchandise.

Expenses for purchased services include third-party work in the photofinishing and online printing segments.

28 | Employee expenses

Employee expenses	<i>Figures in thousand euros</i>	2012	2011
Wages and salaries		-101,709	-90,083
Social security		-18,995	-16,487
Expenses for pension plans and fringe benefits		-1,827	-1,936
Total employee expenses		-122,531	-108,506

Total wages for workers were 25,192 thousand euros (previous year: 22,437 thousand euros), and 64,777 thousand euros for salaries (previous year: 55,586 thousand euros). As in the previous year, no expenses for social plans were included in employee expenses in the year under review.

Expenses for pension plans and support costs relate primarily to additions to provisions for pensions; an amount of 177 thousand euros (previous year: 46 thousand euros) was allocated to members of the executive bodies of CEWE COLOR Holding AG, Oldenburg. For further details, we refer to the comments on the non-current provisions for pensions (see item D 59).

Number of employees	2012	2011
White-collar employees	1,931	1,715
Blue-collar employees	1,244	996
Apprentices	130	112
Employees in total	3,305	2,823

Number of employees by segment	2012	2011
Photofinishing	2,183	2,140
Retail	685	728
Online Printing	437	33
Employees in total	3,305	2,823

The figures are based on the annual average. As at December 31, 2012, a total of 3,895 persons were employed by the group (December 31, 2011: 3,400 employees).

The initial measurement upon recognition of the current Stock Option Plan (IFRS 2.10 et seq.) gives a present value of 1,277 thousand euros, which is taken into account on a pro-rata basis totalling 319 thousand euros by the end of the lock-up period on May 31, 2014. The offsetting entry is posted in equity under other revenue reserves. The structure of the current Stock Option Plan is detailed in the comments on equity (page 164 et seq.). A Monte Carlo simulation was used for valuation. In this, the log-normally distributed process for the price of CEWE COLOR'S shares is simulated in order to reflect the performance target in the form of an increase in the average closing price by at least 15 % compared to the underlying price on ten successive trading days.

The possibility of advance exercise is also taken into account in the simulation using a modified version of the method proposed by Hull and White, taking into account the exercise window and the so-called advance exercise behaviour of the participants. In the simulation, 3.00 % of the stock options were exercised per year immediately after the lock-up period if this is possible as a result of holders exiting the company. The risk-free interest rate for the term was assumed as being 1.97 % as at April 30, 2010. Discrete dividends were included in the calculation, with publicly available estimates being used as the basis for calculation. Finally, the historical volatility was included and estimated at 39.25 % as at April 30, 2010. No direct payments for benefits were incurred.

29 | Other operating expenses

Other operating expenses	<i>Figures in thousand euros</i>	2012	2011
Sales and marketing costs		-90,726	-83,529
Administrative costs		-19,395	-17,157
Room costs		-18,260	-17,300
Operating costs		-9,174	-8,333
Vehicle costs		-3,361	-3,102
Currency translation expenses		-1,200	-2,384
Amortisation/depreciation and write-down for current assets		-1,053	-2,361
Other operating expenses		-16,270	-13,194
Total other operating expenses		-159,439	-147,360

Sales and marketing costs as key items include expenses for courier services in the branches, shipping costs in the photofinishing mail order business and marketing expenses. The value adjustments for current assets relate primarily to individual value adjustments for receivables (2012: 301 thousand euros, 2011: 1,936 thousand euros), which result from estimated defaults of future returns.

The stated currency losses include primarily currency losses from exchange rate differences between the time the transaction arises and the date of payment as well as the valuation on the reporting date. Also included are expenses from translation for consolidation purposes. Currency gains from these transactions are carried under other operating income (see item C 26).

Included in the other operating expenses for the year under review are, apart from expenses for external services and employees of 2,049 thousand euros (previous year: 2,974 thousand euros), in particular incidental costs of monetary transactions totalling 2,781 thousand euros (previous year: 2,118 thousand euros) and losses from the disposal of non-current assets totalling 306 thousand euros (previous year: 360 thousand euros).

The auditor's fees for the consolidated financial statements totalled 661 thousand euros (previous year: 543 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>	2012	2011
Audit of financial statements		225	225
Other accounting and reviewing activities		60	60
Tax consultancy services		181	127
Other services rendered		195	131
Total		661	543

The auditor's fees include fees for the audit of the consolidated financial statements as well as for 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 auditing reviews with respect to the quarterly financial statements.

Tax consultancy services comprise the preparation of tax returns, the review of tax assessments, conducting appeal and legal proceedings, assistance on the occasion of tax audits as well as the assessment and evaluation of tax issues.

Other services encompass the participation at the general meeting, audit-related advisory services, project-related special consultancy and audits (including audits of the purchase price allocation regarding the acquisition of the Saxoprint group) as well as minor inquiries in the area of accounting.

30 | Amortisation of intangible assets

as well as depreciation of property, plant and equipment

The breakdown of amortisation, depreciation and unscheduled depreciation can be seen in the statement of changes in non-current assets. As in the 2011 financial year, there was no unscheduled amortisation of goodwill in 2012.

31 | Restructuring expenses

The potential expenses incurred by the shutdown of unprofitable retail branches are not restructuring expenses as defined by IAS 37; they are operating expenses incurred during the course of normal operations in the financial year. These transactions had no major effects on the annual results, either in 2012 or in 2011.

32 | Financial performance

Financial results	<i>Figures in thousand euros</i>	2012	2011
Other interest and similar income		324	451
Interest and similar expenses		-2,453	-1,426
Total net interest		-2,129	-975
Income and expenses regarding hedging transactions and derivatives/depreciation of financial assets/income from shareholdings		-74	21
Total other financial result		-74	21
Total		-2,203	-954

The expenses for hedging transactions and derivatives include the effects to be recognised in income from the measurement at fair value amounting to -68 thousand euros (previous year: -5 thousand euros). There are no hedging transactions to hedge income from the sale of silver. Other interest and similar income include interest for term money amounting to 45 thousand euros (previous year: 67 thousand euros).

33 | Taxes on income

Effective and deferred expenses for income taxes	<i>Figures in thousand euros</i>	2012	2011
Effective taxes Germany ¹		-5,971	-8,553
Effective taxes abroad ²		-1,553	-2,072
Total effective taxes		-7,524	-10,625
Deferred taxes Germany		249	760
Deferred taxes abroad		153	17
Total deferred taxes		402	777
Total income taxes		-7,122	-9,848
¹ thereof not pertaining to the period, domestic		-135	-1,361
² thereof not pertaining to the period, foreign		162	78

Income taxes in Germany include corporation tax and the solidarity tax as well as trade tax. Abroad, the respective comparable income taxes for the subsidiaries are included.

There were no major effects from tax rate changes or from the introduction of new national or foreign taxes.

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

Reconciliation of income tax expenses	<i>Figures in thousand euros</i>	2012	2011
Earnings before taxes		26,718	29,172
Theoretical tax rate		30.0 %	30.0 %
Expected income tax expenses		8,015	8,752
Increase and decrease in income tax charge due to			
Deviation through the application of the local tax rate		-381	-407
Deviation on account of differing assessment bases			
- Tax-exempt income (-)		-240	-670
- Non-deductible expenditure		436	1,291
- Other tax additions and deductions		-287	40
Recognition and measurement of deferred taxes			
- Non-recognition of deferred tax assets on loss carry-forwards		402	530
- Increase/subsequent recognition of deferred taxes			-
Aperiodic effects			
- Use of unaccounted loss brought forward (-)		-403	-505
- Other aperiodic effects		-35	602
Other effects		-385	215
Income tax expense shown		7,122	9,848

A theoretical tax rate of 30.0 % (previous year: 30.0 %) was used to calculate total income tax expenditure. It is made up of a tax rate for corporation tax of 15.0 % (previous year: 15.0 %), 5.5 % for the solidarity surcharge on the corporation tax liability (previous year: 5.5 %) and a flat rate average of around 14 % for trade tax (previous 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 is being paid in equal annual instalments of 560 thousand euros over a ten-year period from 2008. Due to the fact that the tax refunds do not bear interest, they are discounted and capitalised at their present value. As at December 31, 2012, an accounting interest rate of 2.04 % (previous year: 2.44 %) was used to calculate their present value. The item is shown in the balance sheet as non-current income tax receivable to the amount of 2,092 thousand euros (previous year: 2,551 thousand euros) and, in part, as current receivable of 560 thousand euros (previous year: 560 thousand euros).

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

	Dec. 31, 2012		Dec. 31, 2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Allocation to deferred taxes				
<i>Figures in thousand euros</i>				
Losses carried forward and tax credits	1,824		2,170	—
Property, plant and equipment	995	-905	919	-858
Intangible assets	1,168	-3,039	779	-922
Financial assets		0	—	-49
Inventories	193		172	—
Accounts receivable and other assets	66	-1,467	104	-1,140
Special item for investment grants (investment subsidies)	37	-895	59	—
Provisions for pensions	1,611		1,600	—
Other provisions	495		452	—
Financial liabilities	0		8	-1
Other liabilities	802		864	—
Deferred taxation on temporary difference	7,191	-6,306	7,127	-2,970
Netting	-2,318	-2,318	-2,329	2,329
Statement of financial position item	4,873	-3,988	4,798	-641

The total loss carry-forward for tax losses not yet used amounts to 44,624 thousand euros (previous year: 50,303 thousand euros) and relates primarily to the company in France. Decisive for the capitalisation of deferred taxes for loss carry-forwards is the future realisation which is largely dependent on future tax profits during those periods in which tax loss carry-forwards can be claimed. 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 to the amount of 14,169 thousand euros (previous year: 10,334 thousand euros). For companies suffering losses for at least two years, deferred tax assets amounting to 435 thousand euros (previous year: 754 thousand euros) were included in the balance sheet. The amounts capitalised in the previous year were retained, since the realisation of the losses brought forward can be expected in spite of the existing loss situation. Corresponding utilisation concepts are available for existing loss carry-forwards. Of the losses brought forward, 41,122 thousand euros (previous year: 42,300 thousand euros) can be brought forward without restriction. The remaining losses brought forward can be carried forward until 2017 at the latest.

Total income tax expense in equity:

	Figures in thousand euros	
	2012	2011
Total income tax expense in equity	2012	2011
Income tax expense disclosed in income statement	-7,122	-9,848
Tax expenditure directly recognised in equity/tax income	-63	-133
Total income tax expense in equity	-7,185	-9,981

34 | Other taxes

Other taxes for the group include, in particular, land and vehicle tax as well as various foreign taxes. Due to the "taxe professionnelle" levied in France, this figure includes 206 thousand euros (previous year: 238 thousand euros).

35 | Earnings per share

Earnings per share	<i>Figures in thousand euros</i>	2012	2011
Consolidated earnings after third-party interests		18,825	18,588
Weighted average basic number of shares (<i>in pieces</i>)		6,540,960	6,538,092
Basic earnings per share (<i>in euros</i>)		2.88	2.84
Consolidated earnings		18,825	18,588
+ Interests of third-party shareholders entitled to subscription rights		33	49
+ Interest expense from shareholder loans of OHG		10	13
- Current and deferred taxes		-5	-10
Adjusted consolidated earnings		18,863	18,640
Weighted average diluted number of shares (<i>in pieces</i>)		6,560,960	6,558,092
Diluted earnings per share (<i>in euros</i>)		2.88	2.84

The undiluted earnings per share are calculated as the consolidated earnings divided by the weighted average number of outstanding shares during the financial year, less the treasury shares.

The diluted earnings per share as at December 31, 2012 are stated for the purpose of comparison as well. Treasury shares are not included when calculating the diluted earnings per share.

D. Notes to the Balance Sheet

Total fixed assets of the CEWE COLOR Holding AG group

Development 2012 <i>Figures in thousand euros</i>	Property, plant and equipment	Real estate held as financial investment	Goodwill	Intangible assets	Non-current financial investments	Total
Acquisition and production costs						
Balance on Jan. 1	289,605	21,055	45,210	68,940	603	425,413
Changes in the scope of consolidation	21,543	—	17,810	10,532	418	50,303
Currency translation differences	2,259	—	43	435	—	2,737
Additions	28,089	123	1,647	6,791	209	36,859
Disposals	-23,073	—	—	-1,966	-501	-25,540
Reposting	-330	—	—	330	—	—
Balance on Dec. 31	304,129	21,178	64,710	85,062	729	475,808
Depreciation and amortisation						
Balance on Jan. 1	210,389	16,216	36,138	55,900	389	319,032
Currency translation differences	1,432	—	43	340	—	1,815
Scheduled additions	27,525	478	30	8,986	—	37,019
Unscheduled additions	—	—	—	—	18	18
Disposals	-22,464	—	—	-1,953	—	-24,417
Reposting	—	—	-30	30	—	—
Balance on Dec. 31	202,918	16,694	36,181	63,303	407	319,503
Book value Dec. 31	101,211	4,484	28,529	21,759	322	156,305

Development 2011 <i>Figures in thousand euros</i>	Property, plant and equipment	Real estate held as financial investment	Goodwill	Intangible assets	Non-current financial investments	Total
Acquisition and production costs						
Balance on Jan. 1	284,404	20,548	45,011	64,970	589	415,522
Changes in the scope of consolidation	—	—	—	—	—	—
Currency translation differences	-2,278	—	180	-288	—	-2,386
Additions	25,222	522	19	4,513	14	30,290
Disposals	-17,725	-15	—	-273	—	-18,013
Reposting	-18	—	—	18	—	—
Balance on Dec. 31	289,605	21,055	45,210	68,940	603	425,413
Depreciation and amortisation						
Balance on Jan. 1	203,909	15,745	35,958	48,669	389	304,670
Currency translation differences	-1,460	—	180	-257	—	-1,537
Scheduled additions	25,090	481	—	7,759	—	33,330
Unscheduled additions	167	—	—	—	—	167
Disposals	-17,315	-10	—	-273	—	-17,598
Reposting	-2	—	—	2	—	—
Balance on Dec. 31	210,389	16,216	36,138	55,900	389	319,032
Book value Dec. 31	79,216	4,839	9,072	13,040	214	106,381

36 | Fixed assets

For changes in fixed assets, please refer to the statement of changes in non-current assets (see page 154 et. seq.). The scheduled and unscheduled depreciation of fixed assets included in this table is recognised in the profit and loss account under the item amortisation of intangible assets and depreciation of fixed assets and property, plant and equipment.

The book value of the temporarily unused fixed assets is of subordinate significance; this also applies to fixed assets that are no longer in use. It is assumed that the fair value of fixed assets does not differ essentially from the book value. There are no

pledged items of fixed assets. The amount of commitments for the acquisition of fixed assets (order obligations) totals 435 thousand euros (previous year: 1,016 thousand euros).

Intra-group sales of fixed assets (e. g. digital printing machines, DigiFoto Makers, etc.) are mapped using the so-called net method. This means that the purchase price paid by the buyer is recognised in both the separate and the consolidated financial statements as new cost of acquisition. Historical cost of acquisition and production are derecognised.

	Land, land rights and buildings including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office	Advance payments and assets under construction	Total
Development of fixed assets 2012					
<i>Figures in thousand euros</i>					
Acquisition and production costs					
Balance on Jan. 1	47,252	178,928	62,530	895	289,605
Changes in the scope of consolidation	11	20,331	1,162	39	21,543
Currency translation differences	601	764	879	15	2,259
Additions	1,150	16,223	9,843	873	28,089
Disposals	-35	-20,068	-2,953	-17	-23,073
Reposting	49	258	167	-804	-330
Balance on Dec. 31	49,028	182,472	71,628	1,001	304,129
Depreciation and amortisation					
Balance on Jan. 1	22,942	143,585	43,862	—	210,389
Currency translation differences	160	621	651	—	1,432
Scheduled additions	1,556	17,469	8,500	—	27,525
Disposals	-29	-19,723	-2,712	—	-22,464
Balance on Dec. 31	24,629	127,988	50,301	—	202,918
Book value Dec. 31	24,399	54,484	21,327	1,001	101,211

	Land, land rights and buildings including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office	Advance payments and assets under construction	Total
Development of fixed assets 2011					
<i>Figures in thousand euros</i>					
Acquisition and production costs					
Balance on Jan. 1	47,163	180,718	56,166	357	284,404
Currency translation differences	-747	-842	-668	-21	-2,278
Additions	1,250	14,278	8,767	927	25,222
Disposals	-252	-15,369	-2,099	-5	-17,725
Reposting	-162	143	364	-363	-18
Balance on Dec. 31	47,252	178,928	62,530	895	289,605
Depreciation and amortisation					
Balance on Jan. 1	21,933	143,744	38,232	—	203,909
Currency translation differences	-208	-714	-538	—	-1,460
Scheduled additions	1,656	15,552	7,882	—	25,090
Unscheduled additions	—	167	—	—	167
Disposals	-193	-15,122	-2,000	—	-17,315
Reposting	-246	-42	286	—	-2
Balance on Dec. 31	22,942	143,585	43,862	—	210,389
Book value Dec. 31	24,310	35,343	18,668	895	79,216

37 | Leases

There were no finance leases within the meaning of IAS 17. Neither does CEWE COLOR Holding AG, Oldenburg, act as a lessor for finance 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. They 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 non-terminable operating leases are as follows:

Lease payments	<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011
Total future minimum income from lease		78,530	53,362
Due within one year		11,712	7,837
Due in one to five years		54,309	37,348
Due after more than five years		12,509	8,177

Assets let under operating leases have a total book value of 4,509 thousand euros (previous year: 4,976 thousand euros). The leasing agreements do not contain any provisions (e.g. extension, purchase or price adjustment options) which might lead to the assumption of a finance lease for the lessee. The total future minimum lease income as lessor from non-terminable operating leases is as follows:

Income from lease	<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011
Total future minimum income from lease		10,579	10,368
Due within one year		1,684	1,563
Due in one to five years		7,774	7,855
Due after more than five years		1,121	950

This relates to the lease of commercial areas as well as equipment rented to customers. The instalments received during the financial year totalled 1,694 thousand euros (previous year: 1,463 thousand euros). These are shown under the item "Miscellaneous other operating income". In the context of a systematic contract management potential lease components are registered and incorporated into the contracts.

38 | Real estate held as financial investment

The real estate held as financial investment refers to commercial properties in Bad Schwartau, Nuremberg and Berlin, rented to third parties and no longer used by the company for operating purposes. The buildings not used by the company are stated at their amortised purchasing costs according to IAS 40. The useful lives that constitute the basis of scheduled straight-line depreciations range between 25 and 50 years. The additions in the financial year exclusively concern subsequent cost of acquisition.

Income from rent totalled 1,006 thousand euros (previous year: 800 thousand euros) in the financial year. The leased objects accounted for expenses totalling 1,508 thousand euros (previous year: 2,164 thousand euros), including depreciation, maintenance and incidental expenses. 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.

Development of real estate held as financial investment	<i>Figures in thousand euros</i>	2012	2011
Acquisition and production costs			
Balance on Jan. 1		21,055	20,548
Additions		123	522
Disposals		—	-15
Balance on Dec. 31		21,178	21,055
Depreciation and amortisation			
Balance on Jan. 1		16,216	15,745
Scheduled additions		478	481
Disposals		—	-10
Balance on Dec. 31		16,694	16,216
Book value Dec. 31		4,484	4,839

39 | Goodwill

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

Development of goodwill 2012				Total
<i>Figures in thousand euros</i>	Photofinishing	Retail	Online Printing	
Balance on Jan. 1	5,970	382	2,720	9,072
Changes in the scope of consolidation	—	—	17,810	17,810
Additions	—	—	1,647	1,647
Balance on Dec. 31	5,970	382	22,177	28,529

Development of goodwill 2011				Total
<i>Figures in thousand euros</i>	Photofinishing	Retail	Online Printing	
Balance on Jan. 1	5,951	382	2,720	9,053
Additions	19	—	—	19
Balance on Dec. 31	5,970	382	2,720	9,072

The additions in the online printing segment concern goodwill of 17,810 thousand euros from the acquisition of Saxoprint GmbH, Dresden, and 1,647 thousand euros from the acquisition of Diron GmbH & Co. KG, Münster. The latter results from subsequently paid purchase price components.

As in the previous year, an impairment test for the year under review did not give rise to any write-downs. In the context of impairment tests, the recoverable amount of a cash-generating unit is compared with its book value.

Impairment tests were carried out for the respective subsidiaries under income-related aspects for the entire cash-generating unit. The recoverable amounts of the cash-generating units are determined using their individual value in use. This corresponds to the present value of future cash flows that are expected to be generated from a cash-generating unit. When determining the value, it was assumed that the companies being valued are active in separate regional markets. When estimating the cash flow, forecasts for the relevant market were assumed on which the operating budget was also based. The approaches used to determine the recoverable amount were the financial plans, approved by the corporate bodies and valid at the time of the impairment test, for the cash-generating unit and an additional estimate period totalling five years. Forecasts and estimates are based on assumptions regarding the development of quantities on the sales side, the development of selling prices, purchase prices, employee expenses, regarding interest rates and regarding general technical developments in the relevant market. These assumptions are based on past experience. In order to determine perpetuity, the last year was updated in the detailed planning. A growth rate of 0.0 % was assumed.

Capital cost rates are based on the concept of the Weighted Average Cost of Capital (WACC). The value in use after tax is calculated by discounting the cash flows at the weighted average cost of capital, determined separately for each cash-generating unit.

The discounting rates of cash-generating units, used in the impairment tests, range from 9.1 % to 12.5 % (previous year: from 7.2 % to 12.7 %).

The bandwidth of the discounting rate regarding goodwill, separated by segments, was as follows on the reporting date:

Segment	Figures in thousand euros	Goodwill	Range of discounting rate
Photofinishing		5,970	9.1–12.5 %
Retail		382	9.1–10.5 %
Online Printing		22,177	9.1 %
Total		28,529	9.1–12.5 %

Development of intangible assets in 2012 Figures in thousand euros	Purchased software	Internally generated intangible assets	Customer base/list/trademarks	Advance payments	Total
Acquisition and production costs					
Balance on Jan. 1	30,959	19,701	17,736	544	68,940
Changes in the scope of consolidation	4,799	—	5,733	—	10,532
Currency translation differences	157	—	278	—	435
Additions	4,264	800	1,221	506	6,791
Disposals	-1,087	-879	—	—	-1,966
Reposting	1,096	—	-230	-536	330
Balance on Dec. 31	40,188	19,622	24,738	514	85,062
Depreciation and amortisation					
Balance on Jan. 1	24,489	17,356	14,055	—	55,900
Currency translation differences	120	—	220	—	340
Scheduled additions	4,461	1,203	3,322	—	8,986
Disposals	-1,082	-871	—	—	-1,953
Reposting	—	—	30	—	30
Balance on Dec. 31	27,988	17,688	17,627	—	63,303
Book value Dec. 31	12,200	1,934	7,111	514	21,759

40 | Intangible assets

Software and similar industrial property rights relate to acquired ERP software, various office products for workstations as well as new and subsequent capitalisations of internally generated intangible assets for corporate use and support of the market for production, sales and commercial printing. Within the scope of internally generated software, own work was capitalised at 800 thousand euros (previous year: 683 thousand euros).

There were no unscheduled write-downs of intangible assets (see also item C30).

An existing order commitment for intangible assets amounted to 106 thousand euros (previous year: 431 thousand euros).

Development of intangible assets in 2011 Figures in thousand euros	Purchased software	Internally generated intangible assets	Customer base/list/trademarks	Advance payments	Total
Acquisition and production costs					
Balance on Jan. 1	28,621	19,018	17,086	245	64,970
Currency translation differences	-58	—	-230	—	-288
Additions	2,406	683	880	544	4,513
Disposals	-273	—	—	—	-273
Reposting	263	—	—	-245	18
Balance on Dec. 31	30,959	19,701	17,736	544	68,940
Depreciation and amortisation					
Balance on Jan. 1	21,566	15,801	11,302	—	48,669
Currency translation differences	-51	—	-206	—	-257
Scheduled additions	3,290	1,555	2,914	—	7,759
Disposals	-273	—	—	—	-273
Balance on Dec. 31	24,489	17,356	14,055	—	55,900
Book value Dec. 31	6,470	2,345	3,681	544	13,040

The book value of the only temporarily unused intangible assets is of subordinate significance; this also applies to intangible assets that are no longer in use. CEWE has customer bases, customer lists as well as trademarks in the segments photofinishing, retail trade and online printing. In particular, due to the acquisition of Saxoprint GmbH, Dresden, additional intangible assets were acquired in the year under review. The other customer bases, customer lists and trademarks stem from acquisitions of smaller competitors made at an earlier stage. Although we are of the opinion that they are important for the course of our business, none of them are decisive.

Research and development expenses, not capitalised, for intangible and other assets were incurred to the amount of 11,181 thousand euros (previous year: 11,102 thousand euros). They essentially consist of employee expenses and other operating expenses.

41 | Financial assets

The group's financial assets include interests in non-consolidated investments totalling 125 thousand euros (previous year: 28 thousand euros). Other loans in the amount of 197 thousand euros (previous year: 184 thousand euros) relate to the repurchase value of the corporate reinsurance policy.

Development of non-current financial assets 2012 <i>Figures in thousand euros</i>	Non-current interests in affiliates	Non-current investment interests	Non-current other loans	Total
Acquisition and production costs				
Balance on Jan. 1	28	391	184	603
Changes in the scope of consolidation	18	—	400	418
Additions	—	95	114	209
Disposals	—	—	-501	-501
Reposting	-3	3	—	—
Balance on Dec. 31	43	489	197	729
Depreciation and amortisation				
Balance on Jan. 1	—	389	—	389
Unscheduled additions	18	—	—	18
Balance on Dec. 31	18	389	—	407
Book value Dec. 31	25	100	197	322

Development of non-current financial assets 2011 <i>Figures in thousand euros</i>	Non-current interests in affiliates	Non-current investment interests	Non-current other loans	Total
Acquisition and production costs				
Balance on Jan. 1	28	389	172	589
Additions	—	2	12	14
Balance on Dec. 31	28	391	184	603
Depreciation and amortisation				
Balance on Jan. 1	—	389	—	389
Balance on Dec. 31	—	389	—	389
Book value Dec. 31	28	2	184	214

42 | Non-current receivables from income tax refunds

The non-interest bearing corporation tax balance totalling 2,802 thousand euros (previous year: 3,363 thousand euros) is to be discounted on account of the length of the refunding period. As at the reporting date, the present value amounts to 2,652 thousand euros, with the non-current portion totalling 2,092 thousand euros (previous year: 2,551 thousand euros). The current portion is carried under current assets. For details, please refer to the notes on income taxes (see item C 33).

43 | Non-current receivables and assets

Other non-current financial assets include primarily security deposits and other security payments. Other non-current receivables and assets exclusively concern prepaid expenses.

The effects from the adjustment of the amounts are shown in the following table:

ASSETS Balance sheet as at January 1, 2011 <i>Figures in thousand euros</i>	Published consolidated financial statements	Adjustment	Adjusted consolidated financial statements
Non-current receivables and assets	357	-357	0
Other non-current financial assets	0	274	274
Other non-current receivables and assets	0	83	83
	357	0	357
Balance sheet as at December 31, 2011			
Non-current receivables and assets	581	-581	0
Other non-current financial assets	0	257	257
Other non-current receivables and assets	0	324	324
	581	0	581

44 | Deferred tax assets

Deferred tax assets 2012 Composition and changes <i>Figures in thousand euros</i>	From temporary differences	From tax losses carried forward	Total
Balance on Jan. 1	2,626	2,172	4,798
Changes in the scope of consolidation	0	411	411
Addition	753	160	913
Reversal	-330	-919	-1,249
Balance on Dec. 31	3,049	1,824	4,873
Deferred tax assets 2011 Composition and changes <i>Figures in thousand euros</i>			
Balance on Jan. 1	2,931	2,456	5,387
Addition	268	120	388
Reversal	-573	-404	-977
Balance on Dec. 31	2,626	2,172	4,798

Deferred tax assets primarily show valuation differences for pension and other provisions as well as impacts on earnings from consolidation. The capitalisation of deferred taxes from existing loss carry-forwards are only made in such cases where the expected results of the relevant group company allow for the utilisation of losses with sufficient probability and within a reasonable timeframe. For details, please refer to the notes on income taxes (see item C33).

45 | Inventories

Inventories <i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011
Raw materials, consumables and supplies	17,041	13,728
Unfinished goods, work in progress	131	41
Finished products and merchandise	45,438	34,228
Advance payments	42	29
Total	62,652	48,026

The increase in raw materials, consumables and supplies relates primarily to inventories of photographic paper. The increase in "Finished products and merchandise" particularly concerns the stocks of merchandise for the group's retail companies.

Write-downs of inventories total 108 thousand euros (previous year: 350 thousand euros).

Depreciation of unfinished and finished goods and merchandise is carried in the profit and loss account under the item cost of materials. There were write-ups of inventories in the amount of 245 thousand euros, since new utilisation options were identified for written-down inventories. In the year under review, the inventories of Japan Photo Holding Norge AS, Opegård, Norway, having a book value of 476 thousand euros (previous year: 155 thousand euros) were pledged to hedge rent deposits.

46 | Current trade receivables

Current trade receivables	<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011
Trade receivables not impaired		67,339	68,779
<i>thereof amount covered by insurances</i>		50,416	43,781
Gross amount of impaired accounts receivable		12,479	17,651
Value adjustments set up		7,634	8,569
Total		72,184	77,861

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 course of the year:

Write-downs of trade receivables	<i>Figures in thousand euros</i>	Development in financial year 2012	Development in financial year 2011
Balance on Jan. 1		8,569	7,217
Currency difference		20	-11
Addition		628	2,240
Reversal		-462	-612
Use		-1,121	-265
Balance on Dec. 31		7,634	8,569

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". Direct defaults of trade receivables are also shown under "Other operating expenses" and total 744 thousand euros in the year under review (previous year: 424 thousand euros).

With respect to trade receivables neither impaired nor in default of payment, there are no indications on the reporting date that the debtors will not be able to meet their payment obligations. Accounts receivable not subject to impairment exist vis-à-vis trading partners and end consumers. In the year under review, customer receivables of Japan Photo Holding Norge AS, Oppegård, Norway having a book value of 136 thousand euros

(previous year: 129 thousand euros) are pledged. In accounting, valuation adjustments of receivables are recognised separately; this also applies correspondingly for additions, claims and reversals. A final derecognition is made when the receivable can no longer be collected for legal reasons or other facts and circumstances.

47 | Current receivables from income tax refund

This relates primarily to refund claims from advance tax payments made during the current year for the year under review. A portion consists of the long-term refund claim for corporation tax paid in advance, and due in annual instalments since 2008 (see item D 42).

48 | Other current receivables and assets

The effects from the adjustment of the amounts are shown in the following table:

ASSETS	<i>Figures in thousand euros</i>	Published consolidated financial statements	Adjustment	Adjusted consolidated financial statements
Balance sheet as at January 1, 2011				
Current other receivables and assets		20,983	-17,297	3,686
Current financial assets		0	17,297	17,297
		20,983	0	20,983
Balance sheet as at December 31, 2011				
Current other receivables and assets		17,618	-13,514	4,104
Current financial assets		0	13,514	13,514
		17,618	0	17,618

Current financial assets include the following items:

Current financial assets	<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011
Creditors with debit accounts		399	47
Loans to customers		351	349
Receivables from employees		40	105
Loans to suppliers		1	1
4-month investment		0	11,000
Current receivables and assets		2,436	2,012
Total		3,227	13,514

Other current receivables and assets include the following items:

Other current receivables and assets	<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011
Current prepaid expenses		2,759	2,393
Tax refund claims		1,865	1,691
Miscellaneous		37	20
Total		4,661	4,104

49 | Cash and cash equivalents

The item discloses bank balances that are exclusively current in nature as well as cash in hand. Balances in euros bore interest at different banks at average interest rates from 0.0 % and 0.5 % (previous year: 0.1 % and 1.0 %). Balances in foreign currency (2012: 11,079 thousand euros, previous year: 15,379 thousand euros) bore interest in line with the specific rates negotiated; they are measured at the exchange rate at the reporting date.

50 | Subscribed capital

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

Share capital totals 19,188 thousand euros and is – as in the previous year – divided into 7,380,000 no-par bearer shares and 20 no-par registered shares, or a total of 7,380,020 no-par 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 113 of the management report.

The outstanding shares developed as follows:

Outstanding shares	<i>Expressed in numbers</i>	Development of financial year 2012	Development of financial year 2011
Balance as at Jan. 1		6,529,316	6,767,213
Purchase of treasury shares		—	–248,787
Disposal of treasury shares		15,489	10,890
Balance as at Dec. 31		6,544,805	6,529,316

51 | Contingent capital

Contingent capital of 52 thousand euros secures the option rights of the holders of subscription 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 financial 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.

52 | Authorised capital

The Board of Management is authorised to increase the basic capital by May 27, 2014 with the consent of the Supervisory Board by issuing new bearer shares against cash and/or non-cash contributions on one or several occasions; however, up to a maximum of 9,590 thousand euros (authorised capital). The Board 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.

53 | Stock Option Plans

Based on the resolution of the general meeting of June 30, 2005, the Board of Management and the Supervisory Board issued the Stock Option Plan 2010 with a volume of up to 200,000 no-par shares on April 8, 2010. During the acquisition period from April 14 to April 30, 2012, the executives purchased a total of 95,500 of the options offered; the Board of Management and the managing directors bought a total of 104,500, representing 52.3 % of all 200,000 options granted. The provisions of the resolution of the general meeting of June 30, 2005 were observed.

Total scope of the Stock Option Plans

The following option rights were issued within the scope of the Stock Option Plan:

Of the issued options were attributable to:

Board of Management	31,500		
Managing directors of CEWE Group	73,000		
Other executives of CEWE Group		95,500	
Total	104,500	95,500	200,000
Strike price	31.05	31.05	

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

Structure of the Stock Option Plan 2010

The options were offered to top-level executives in Germany and abroad at an option premium of 0.50 euros per option. Following the expiration of the lock-up period, the options may only be exercised if the final knock-down prices of the CEWE share in Xetra trading of Deutschen Börse AG amounted to at least 115 % of the basic price on ten consecutive stock trading days.

Strike prices and exercise periods

The Stock Option Plan 2010 has a term of five years and started on June 1, 2010, thus ending on May 31, 2015 at the latest. The four-year waiting period ends on May 31, 2014. The basic price was fixed at 27.00 euros. Thus, the strike price as performance target is at 31.05 euros (115 % above the basic price). The stock options can be exercised after the end of the waiting period, because the necessary prerequisite, i. e. exceeding the performance target on ten consecutive stock trading days, was fulfilled in 2012.

Exercise periods

After the expiration of the lock-up period and achievement of the performance target, option rights can only be exercised within six four-week exercise periods. This is also the case for the later sale of shares from option transactions. The exercise periods commence in each case with the publication of the results of the expired financial year, the press briefing on annual results, the general meeting and the dates on which quarterly figures are published. The Compliance Officer of the CEWE Group ensures that these periods are complied with.

54 | 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
1/13/2012	Schroder Investment Management Limited, London, United Kingdom	2.997 %	1/3/2012	Undercutting 3 %	1/17/2012
1/4/2012	Schroders plc, London, United Kingdom	2.997 %	1/3/2012	Undercutting 3 %	1/9/2012
1/4/2012	Schroder Administration Limited, London, United Kingdom	2.997 %	1/3/2012	Undercutting 3 %	1/9/2012
1/4/2012	Schroder Investment Management Limited, London, United Kingdom	2.997 %	1/3/2012	Undercutting 3 %	1/9/2012
11/15/2012	ID Sparinvest A/S, Randers, Denmark	4.350 %	11/12/2012	Exceeding 3 %	11/16/2012
12/5/2012	Sentosa Beteiligungs GmbH, Hamburg, Germany	1.670 %	11/29/2012	Undercutting 5 % and 3 %	12/6/2012
12/5/2012	Joh. Jacobs & Co. (AG & Co.) KG, Hamburg, Germany	1.670 %	11/29/2012	Undercutting 5 % and 3 %	12/6/2012
12/5/2012	Jacobs AG, Hamburg, Germany	1.670 %	11/29/2012	Undercutting 5 % and 3 %	12/6/2012
12/5/2012	Joh. Jacobs Familien-GmbH & Co. KG, Hamburg, Germany	1.670 %	11/29/2012	Undercutting 5 % and 3 %	12/6/2012
12/5/2012	Jacobs Familien GmbH	1.670 %	11/29/2012	Undercutting 5 % and 3 %	12/6/2012
12/5/2012	Dr. Joh. Christian Jacobs; Hamburg, Germany	1.670 %	11/29/2012	Undercutting 5 % and 3 %	12/6/2012

55 | 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 (after the 1:10 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 2007 financial year, on account of the final settlement of this conversion. For details, please refer to the statement of changes in equity.

56 | Special item for treasury shares

Special item for treasury shares	Total	Buy-back	Total	Sales	Total
	Effect. date	Mar. 29, 2011	Effect. date	Apr. 4, 2012	Effect. date
	Dec. 31, 2010	to	Dec. 31, 2011	to	Dec. 31, 2012
Buy-back period		Oct. 28, 2011		Aug. 16, 2012	
Number of treasury shares held	612,807	237,897	850,704	-15,489	835,215
Interest in share capital as of effective date <i>in thousand euros</i>	1,593	619	2,212	-40	2,172
Interest in share capital as of effective date <i>in %</i>	8.31 %	3.22 %	11.53 %	0.21 %	11.32 %
Average purchase price per share <i>in euros</i>	28.80	28.66	28.70	31.76	28.68
Total value of redeemed shares <i>in thousand euros</i>	17,647	6,784	24,431	-492	23,939

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, thus reducing equity (cost method). The special item for treasury shares posted in the balance sheet includes transaction costs of 15 thousand euros.

Based on the resolution of the general meeting of May 28, 2008, CEWE COLOR Holding AG, Oldenburg, started a share repurchase programme on June 16, 2008.

The repurchase authorisation for treasury shares was renewed by a resolution of the general meeting of June 2, 2010, and is now effective until June 15, 2015.

In the 2011 financial year, the company sold a total of 10,890 no-par shares to employees within the scope of the Employee Stock Option Plan and, based on the resolution of the general meeting of June 2, 2010, repurchased a further 248,787 no-par shares by October 28, 2011. As a result, the company acquired 237,897 treasury shares in 2011.

Furthermore, the Board of Management resolved in March 2012 to offer the employees of the domestic subsidiaries of CEWE COLOR Holding AG, Oldenburg, company shares at a preferential price as staff shares. A total of 15,489 shares were required for this project. The shares required for this process were withdrawn from the portfolio of CEWE COLOR Holding AG, Oldenburg.

The number of treasury shares held according to the German Stock Corporation Act (AktG) as at December 31, 2012 by CEWE COLOR Holding AG, Oldenburg, totalled 722,463 (previous year: 737,952 shares). The 112,752 shares held by CEWE COLOR Versorgungskasse e. V., Wiesbaden, are not considered as being treasury shares in the meaning of the German Stock Corporation Act. According to IAS 19, they are to be included in the consolidated financial statements. Accordingly, the special item for treasury shares pursuant to IAS 32 shows 835,215 no par-value shares at a total value of 23,939 thousand euros.

In detail, these treasury shares developed as follows:

Development of treasury shares <i>Expressed in numbers</i>	CEWE COLOR Holding AG		CEWE COLOR Versorgungskasse e. V.		CEWE Group	
	2012	2011	2012	2011	2012	2011
Balance as at Jan. 1	737,952	500,055	112,752	112,752	850,704	612,807
Purchase of treasury shares	—	248,787	—	—	—	248,787
Disposal of treasury shares	-15,489	-10,890	—	—	-15,489	-10,890
Balance as at Dec. 31	722,463	737,952	112,752	112,752	835,215	850,704

57 | Revenue reserves and net earnings

Net earnings correspond to the item "Generated group equity" and include the respective earnings after taxes and the annually distributed dividend. Under HGB accounting, the net earnings of CEWE COLOR Holding AG, Oldenburg, serve as a basis for distribution. After the allocation to revenue reserves pursuant to Section 58 (2) AktG, the net earnings of CEWE COLOR Holding AG totalled 10,521 thousand euros on December 31, 2012 (previous year: 15,840 thousand euros). Distribution freezes exist for the treasury shares held by the company (2012: 722,463 no-par shares; previous year: 737,952 no-par shares). In 2012, the dividends distributed totalled 9,188 thousand euros. This corresponds to a distribution of 1.40 euros for each no-par share with dividend rights.

The components of the other revenue reserves can be taken from the consolidated statement of changes in equity. The revaluation reserve concerns the successive acquisition of Diginet GmbH & Co. KG, Cologne. The special item for Stock Option Plans includes the ongoing allocations to the Stock Option Plan 2010. The liquidity claim of the foundation within the scope of its right to convert its shareholdings in CEWE COLOR AG & Co. OHG, Oldenburg, into shares of CEWE COLOR Holding AG, Oldenburg, is posted under "Other equity items". The adjustment item from currency translation relates to all currency differences generated by the translation of the financial statements of foreign business operations. Income taxes considered as not affecting profit or loss exclusively related to the currency differences recognised in the adjustment item from currency translation with no effect on profit or loss concerning long-term intra-group loans in the year under review.

58 | 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", which have already been granted.

59 | Non-current pension provisions

Non-current pension provisions <i>Figures in thousand euros</i>	Development in financial year 2012	Development in financial year 2011
	Balance on Jan. 1	10,796
Consumption	-587	-586
Addition	1,296	1,373
Reversal	-23	-16
Balance on Dec. 31	11,482	10,796

There are different types of company pension commitments for current and former employees of CEWE 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 reporting 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. Deviations 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, 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 formed 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>	2012	2011
Defined-benefit obligation at the start of the financial year		12,829	12,913
Current service cost		481	504
Interest expense		683	627
Actuarial (gains)/losses		4,203	-612
Payment of benefits		-613	-603
Cash value of defined-benefit obligation at the end of the financial year		17,583	12,829
– thereof directly committed (without plan assets)		16,470	12,058
– thereof funded with plan assets		1,113	771

Dedicated assets for pension obligations exist in France in the form of reinsurance policies. In summary, these assets have developed as follows:

Change in plan assets	<i>Figures in thousand euros</i>	2012	2011
Fair value of plan assets at the beginning of the financial year		217	215
Expected returns on plan assets		7	8
Actuarial (gains)/losses		-1	-4
Employer contributions		23	17
Payment of benefits		-25	-19
Fair value of plan assets at the end of the financial year		221	217

The funded status is as follows:

Funded status	<i>Figures in thousand euros</i>	2012	2011
Cash value of defined-benefit obligation at the end of the financial year		17,583	12,829
Fair value of the plan assets at the end of the financial year		-221	-217
Unrecognised (gains)/losses		-5,807	-1,733
Changes to plans not yet amortised		-86	-93
Year-end value		11,469	10,786
Experience adjustment in cash value of the defined-benefit obligation		-46	161
Experience adjustment of the fair value of the plan asset		1	4

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>	2012	2011
Current service cost		481	504
Interest expense		683	627
Expected return on plan assets		-7	-8
Amortisation of actuarial losses		132	243
Amortisation of effects of plan cuts and/or compensations		7	7
Total		1,296	1,373

Expenses are expected to stay at about the same level in 2013. Concerning the effects of the change in the initial application of the changes in IAS 19 in the 2013 financial year, please refer to the explanations on the principles regarding the consolidated financial statements (page 135).

In the 2012 financial year, actuarial losses totalling -4,203 thousand euros were incurred (previous year: actuarial gains totalling 612 thousand euros). The actuarial result was influenced mainly by the accounting interest rate.

The premises for the actuarial valuation of the present value of the pension entitlements earned and of the net pension expenses depend on the situation of 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 as well as group-specific pension probabilities are taken into account.

In relation to the present value of the pension entitlements earned, the following weighted valuation assumptions have resulted:

Weighted assumptions for the determination of the defined-benefit obligation	<i>Figures in %</i>	Dec. 31, 2012	Dec. 31, 2011
Accounting interest rate		3.10	5.50
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

The biometric probability applicable in the individual countries was recognised. The earliest date on which the benefits can be claimed is the date of retirement.

The plan assets for French commitments consist of reinsurance contracts. Accordingly, the investment strategy and the expected income are based on their specifications and statutory provisions. The contributions for 2013 to the French plan are likely to amount to 23 thousand euros. The actual returns on the plan assets amounted to 8 thousand euros (previous year: 9 thousand euros).

Present value of commitments and fair value of plan assets	<i>Figures in thousand euros</i>	2012	2011	2010	2009
Present value of commitments		17,583	12,829	12,913	11,348
Fair value of plan assets*		221	217	215	237
Deficit		17,362	12,612	12,698	11,111

* Excluding the financial instruments of CEWE COLOR Versorgungskasse e. V. Wiesbaden.

Adjustments based on experience	<i>Figures in thousand euros</i>	2012	2011	2010	2009
Plan liabilities		-46	161	167	283
Plan assets		-1	-4	—	-3

In the 2012 financial year, the company expended the amount of 1,727 thousand euros for defined-contribution commitments.

60 | Non-current deferred tax liabilities

Non-current deferred tax liabilities	<i>Figures in thousand euros</i>	Development in financial year 2012	Development in financial year 2011
Balance on Jan. 1		641	1,791
Changes in the scope of consolidation		4,059	—
Currency difference		13	-14
Consumption		-313	—
Addition		383	198
Transfer		3	—
Reversal		-798	-1,334
Balance on Dec. 31		3,988	641

The changes in deferred taxes relate primarily to the change in temporary differences. The maturities of deferred taxes are largely between one and five years.

61 | Other non-current provisions

Other non-current provisions 2012	<i>Figures in thousand euros</i>	Employee commitments	Provisions for threatening losses	Total
Balance on Jan. 1		157	655	812
Transfer		-100	-163	-263
Balance on Dec. 31		57	492	549

Other non-current provisions 2011	<i>Figures in thousand euros</i>	Employee commitments	Provisions for threatening losses	Total
Balance on Jan. 1		57	821	878
Transfer		100	-166	-66
Balance on Dec. 31		157	655	812

The non-current employee commitments relate almost exclusively to benefits with respect to the part-time scheme for older staff (Altersteilzeit) 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 subleases against the backdrop of the best possible estimate of the respective local commercial property market. The present value of the obligations is calculated by discounting (current year: 4.22 %; previous year: 4.49 %). The compounding

and adjustment of the interest rate results in a negative interest effect of 81 thousand euros (previous year: 131 thousand euros). The transfers relate to reclassifications to the current provisions.

62 | Non-current financial liabilities

The financial liabilities exist exclusively with respect to banks and all have a residual term of one to seven years (previous year: one to three years). Interest rates for the current medium- and long-term loan agreements range from 3.82 % to 7.49 % (previous year: between 3.82 % and 4.84 %). For further details, please refer to the item "Current financial liabilities" (see item D 65).

63 | Current provisions for taxes

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

Current provisions for taxes 2012	<i>Figures in thousand euros</i>	Income taxes	Other taxes	Total
Balance on Jan. 1		5,168	399	5,567
Changes in the scope of consolidation		202	—	202
Currency difference		24	3	27
Consumption		-2,636	-239	-2,875
Addition		1,522	70	1,592
Transfer		-559	-144	-703
Reversal		-836	-19	-855
Balance on Dec. 31		2,885	70	2,955

Current provisions for taxes 2011	<i>Figures in thousand euros</i>	Income taxes	Other taxes	Total
Balance on Jan. 1		3,137	1,557	4,694
Currency difference		3	17	20
Consumption		-701	-1,271	-1,972
Addition		3,855	99	3,954
Reversal		-1,126	-3	-1,129
Balance on Dec. 31		5,168	399	5,567

64 | Other current provisions

Provisions for employee liabilities include, in particular, commitments in the context of claims earned within the scope of the part-time scheme for older staff (Altersteilzeit), vacation entitlements still outstanding from the year under review, 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. The transfers relate to reclassifications from the non-current provisions.

Current other provisions 2012 <i>Figures in thousand euros</i>	Restructurings	Conditional purchase price commitments	Employee commitments	Audit of annual financial statements including internal costs of financial statements	Provisions for threatened losses	Warranties and goodwill	Printing costs	Expenses for members of the Board of Trustees	Supervisory Board remunerations	Legal and consulting costs	Sundry other commitments	Total
Balance on Jan. 1	—	728	2,949	371	160	251	60	171	204	120	2,402	7,416
Changes in the scope of consolidation	—	—	50	23	—	19	—	—	—	6	126	224
Currency difference	—	—	49	5	—	—	—	—	—	—	43	97
Consumption	—	-728	-1,824	-370	-207	-20	-60	-171	-204	-12	-725	-4,321
Addition	—	3,447	1,760	348	221	3	90	186	191	14	847	7,107
Transfer	—	—	100	—	163	—	—	—	—	—	-333	-70
Reversal	—	—	-22	-9	—	-250	—	—	—	-111	-1,226	-1,618
Balance on Dec. 31	—	3,447	3,062	368	337	3	90	186	191	17	1,134	8,835

Current other provisions 2011 <i>Figures in thousand euros</i>	Restructurings	Conditional purchase price commitments	Employee commitments	Audit of annual financial statements including internal costs of financial statements	Provisions for threatened losses	Warranties and goodwill	Printing costs	Expenses for members of the Board of Trustees	Supervisory Board remunerations	Legal and consulting costs	Sundry other commitments	Total
Balance on Jan. 1	28	728	2,778	459	172	857	100	152	181	120	3,058	8,633
Currency difference	—	—	-2	1	—	—	—	—	—	—	-72	-73
Consumption	-28	—	-1,467	-387	-178	—	-57	-141	-167	-120	-1,675	-4,220
Addition	—	—	1,740	370	—	1	17	171	203	120	1,566	4,188
Transfer	—	—	-100	—	166	—	—	—	—	—	—	66
Reversal	—	—	—	-72	—	-607	—	-11	-13	—	-475	-1,178
Balance on Dec. 31	—	728	2,949	371	160	251	60	171	204	120	2,402	7,416

65 | Current financial liabilities

Current financial liabilities are explained by the following table:

Current financial liabilities	Balance on Dec. 31, 2012	Balance on Dec. 31, 2011
<i>Figures in thousand euros</i>		
Loans from banks	6,232	7,385
Current accounts with banks	1,773	8
Total	8,005	7,393

66 | Current trade payables

Trade payables amounted to 102,186 thousand euros (previous year: 98,344 thousand euros). The effects from the adjustment of the amounts are shown in the following table:

Balance sheet as at January 1, 2011	Published consolidated financial statements	Adjustment	Adjusted consolidated financial statements
<i>Figures in thousand euros</i>			
Other current trade payables	82,599	9,188	91,787
Current financial liabilities	0	1,292	1,292
Current other liabilities	26,746	-10,480	16,266
	109,345	0	109,345
Balance sheet as at December 31, 2011			
Other current trade payables	90,175	8,169	98,344
Current financial liabilities	0	1,112	1,112
Current other liabilities	28,082	-9,281	18,801
	118,257	0	118,257

67 | Current financial and other liabilities

Current financial liabilities	Balance on Dec. 31, 2012	Balance on Dec. 31, 2011
<i>Figures in thousand euros</i>		
Liabilities to partners	1,058	1,108
Liabilities from deferred interest expenditure	4	4
Total	1,062	1,112
Current other liabilities	Balance on Dec. 31, 2012	Balance on Dec. 31, 2011
<i>Figures in thousand euros</i>		
Liabilities from wages and salaries	8,513	7,724
Tax liabilities	7,592	7,507
Liabilities within the scope of social security	1,816	1,258
Deferred items	14	114
Other liabilities	2,100	2,198
Total	20,035	18,801

68 | Financial risk management

The company is exposed to financial risks in the course of its operations. They are in particular liquidity, currency, interest and credit risks. The risks are controlled and limited by the management. Monitoring is carried out by the group's risk management.

The liquidity risk is the risk that the company can no longer meet its financial obligations. This risk is counteracted by liquidity planning as well as by cash management by continuously monitoring and controlling all inflow and outflow of 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, 2012, the CEWE Group has the following credit lines at its disposal:

Credit lines 2012	<i>Figures in million euros</i>	thereof with residual term up to 1 year	thereof with residual term more than 1 year	Total as at Dec. 31
Germany		41.66	47.57	89.23
Abroad		0.41	0.00	0.41
Total		42.07	47.57	89.64

Credit lines 2011	<i>Figures in million euros</i>	thereof with residual term up to 1 year	thereof with residual term more than 1 year	Total as at Dec. 31
Germany		46.84	36.26	83.10
Abroad		0.23	0.01	0.24
Total		47.07	36.27	83.34

Of these credit lines, 58.10 million euros (previous year: 59.26 million euros) were not availed of and, in addition to cash and cash equivalents of 13.37 million euros (previous year: 30.8 million euros), were available to cover future liquidity requirements. The slight increase in the total credit lines results from the assumption of loans and facilities in the context of the Saxoprint acquisition.

An overview of the maturities of the undiscounted cash 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 reporting date of December 31, 2012.

Cash flows from financial liabilities 2012	Dec. 31, 2012 book value	Residual term up to 1 year	Residual term more than 1 up to 5 years	Total
<i>Figures in thousand euros</i>				
Liabilities to banks	31,478	9,009	24,343	33,352
Trade payables	102,186	102,186	—	102,186
Other financial instruments	18,980	19,137	219	19,356
Total	152,644	130,332	24,562	154,894

Cash flows from financial liabilities 2011	Dec. 31, 2011 book value	Residual term up to 1 year	Residual term more than 1 up to 5 years	Total
<i>Figures in thousand euros</i>				
Liabilities to banks	24,092	8,487	17,851	26,338
Trade payables*	98,344	98,344	—	98,344
Other financial instruments*	17,597	17,688	144	17,832
Total	140,033	124,519	17,995	142,514

*previous year's figures adjusted (correction pursuant to IAS 8)

Due to the international orientation of the CEWE Group, payment flows in different currencies are generated. Currency risks result from the sales invoiced in a currency different from the currency of the associated costs from the assets and liabilities in foreign currencies reported in the balance sheet, the fair value of which can be affected by a change in the exchange rates, as well as from pending transactions in foreign currencies whose future cash 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 the reporting date. Significant foreign currency items exist for the British and the Czech national companies. For a sensitivity analysis, the respective foreign currency items are assessed by hypothetical prices. If the two foreign currencies were to decrease in value by 30 % each compared to the euros, the following opportunities (positive values) or risks (negative values), respectively, would result:

Currency sensitivity	<i>Figures in thousand euros</i>	2012	2011
Financial assets		-1,961	-2,262
Financial liabilities		1,631	1,678

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

Currency sensitivity	<i>Figures in thousand euros</i>	2012	2011
Financial assets		3,643	4,201
Financial liabilities		-3,028	-3,117

The CEWE Group is subject to negligible interest risks vis-à-vis third parties. Interest-sensitive assets include loans to customers and employees as well as short-term credit balances 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 interest. If the interest for financial assets and liabilities bearing variable interest were to decrease by 10 %, the following opportunities (positive values) or risks (negative values), respectively, would result:

Interest sensitivity	<i>Figures in thousand euros</i>	2012	2011
Income from interest		-32	-45
Interest expenditure		5	0

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

Interest sensitivity	<i>Figures in thousand euros</i>	2012	2011
Income from interest		32	45
Interest expenditure		-5	0

The following hedge transactions existed:

Derivative transactions	Nominal volume		Remaining term > 1 year		Fair value		
	<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Interest-rate derivatives							
Rate swaps		6,225	3,000	5,765	3,000	-336	-158

In the year under review, there were no derivatives for hedging currency risks. The amount of the nominal volume allows conclusions to be drawn regarding the scope of the use of derivatives, it does not, however, reflect the group's risk from the use of derivatives. Risks from changes to interest rates and currencies regarding 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. Due to the lack of hedging relationships, the derivatives are measured at fair value with effect on earnings.

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

In the 2012 financial year, financial assets measured at amortised cost led to net results of –677 thousand euros (previous year: –3,194 thousand euros). The net results from these financial instruments include, in particular, valuation adjustments, income from receivables written down and the results from the measurement at fair value. Income from dividends and interest are not included.

The hedging transactions of the current and the previous period were not realised for hedging acquisition costs or another book value of non-financial assets or liabilities. Derivative transactions will lead to an outflow of funds or 157 thousand euros (previous year: 91 thousand euros) within one year and, between two and five years, to outflows of 219 thousand euros (previous year: 144 thousand euros). Interest income not related to the financial instruments measured at fair value and recognised in income totals 324 thousand euros (previous year: 451 thousand euros), corresponding interest expenses total 2,453 thousand euros (previous year: 1,426 thousand euros). This results in a balance of 2,129 thousand euros (previous year: –975 thousand euros). In 2012, impairments of financial assets measured at amortised cost totalled 744 thousand euros (previous year: 424 thousand euros); they were posted to receivables due to depreciation. No valuation adjustments were made for financial instruments recognised at fair value.

The reconciliation of balance sheet items to the classes of financial instruments as at December 31, 2012 is as follows:

	Figures in thousand euros	Statement of financial position item as of Dec. 31, 2012	Measurement according to IAS 39			Total of items valued according to IAS 39		
			No measurement according to IAS 39	Amortised acquisition costs (category: Loans and receivables)	Amortised acquisition costs (category: Available for sale)	Fair value (rest)	Book values	Fair values
Financial instruments								
Non-current assets								
Financial assets		322	197	—	125	—	125	125
Other non-current financial assets		443	—	443	—	—	443	443
Miscellaneous other non-current receivables and assets		237	237	—	—	—	—	—
Current assets								
Trade receivables		72,184	—	72,184	—	—	72,184	72,184
Current financial assets		3,227	—	3,227	—	—	3,227	3,227
Other current receivables and assets		4,661	4,624	37	—	—	37	37
Cash and cash equivalents		13,370	—	—	—	13,370	13,370	13,370
Non-current liabilities								
Non-current financial liabilities		23,473	—	23,473	—	—	23,473	23,473
Other non-current liabilities		85	—	85	—	—	3,085	3,085
Current liabilities								
Current financial liabilities		8,005	—	8,005	—	—	8,005	8,005
Other current trade payables		102,186	—	102,186	—	—	102,186	102,186
Current financial liabilities		1,062	—	1,062	—	—	1,062	1,062
Other current liabilities		20,035	14	20,021	—	—	20,021	20,021

Financial instruments	Figures in thousand euros	Statement of financial position item as of Dec. 31, 2011	No measurement according to IAS 39	Measurement according to IAS 39			Total of items valued according to IAS 39	
				Amortised acquisition costs (category: Loans and receivables)	Amortised acquisition costs (category: Available for sale)	Fair value (rest)	Book values	Fair values
Non-current assets								
Financial assets		214	184	—	30	—	30	30
Other non-current financial assets*		257	—	257	—	—	257	257
Miscellaneous other non-current receivables and assets*		324	324	—	—	—	—	—
Current assets								
Trade receivables		77,861	—	77,861	—	—	77,861	77,861
Current financial assets		13,514	—	13,514	—	—	13,514	13,514
Other current receivables and assets		4,104	4,084	20	—	—	20	20
Cash and cash equivalents		30,764	—	—	—	30,764	30,764	30,734
Non-current liabilities								
Non-current financial liabilities		16,699	—	16,699	—	—	16,699	16,699
Other non-current liabilities		255	—	255	—	—	255	255
Current liabilities								
Current financial liabilities		7,393	—	7,393	—	—	7,393	7,393
Other current trade payables*		98,344	—	98,344	—	—	98,344	98,344
Current financial liabilities*		1,112	—	1,112	—	—	1,112	1,112
Other current liabilities*		18,801	114	18,687	—	—	18,687	18,687

*previous year's figures adjusted (correction pursuant to IAS 8)

For current financial instruments, the book value corresponds to the fair value. In the case of non-current financial instruments, the fair value corresponds to the nominal value as these bear interest at normal market conditions.

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 receivable are analysed monthly in detail on the level of the individual companies, and 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 likely become uncollectible. The general risk of default is countered by general provisions for bad debts based on experience. The maximum credit risk resulting from a possible insolvability of debtors from loans and receivables amounts to 75,854 thousand euros as at December 31, 2012 (previous year: 91,632 thousand euros) and consists of the following:

Credit risk	<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011
Non-current receivables		443	257
Trade receivables and other current receivables		75,411	91,375
Total		75,854	91,632

The adjusted loans and receivables have changed as follows:

<i>Figures in thousand euros</i>	Dec. 31, 2012	Dec. 31, 2011
Gross value	12,479	17,651
Valuation adjustment	-7,634	-8,569
Total	4,845	9,082

Another 10,426 thousand euros (previous year: 8,053 thousand euros) were already overdue, but no value-adjusted. The maturity of the overdue receivables is as follows:

<i>Figures in thousand euros</i>	2012	2011
Up to 30 days	10,519	7,183
Between 30 and 90 days	-152	1,187
Older than 90 days	59	-317
Total	10,426	8,053

The foremost aim of capital management of the CEWE 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 reporting date.

<i>Figures in thousand euros</i>	Balance on Dec. 31, 2012	Balance on Dec. 31, 2011
Total assets	321,875	289,738
Equity	134,673	121,487
Equity ratio (<i>in %</i>)	41.8 %	41.9 %
Non-current financial liabilities	23,473	16,699
Current financial liabilities	8,005	7,393
Cash and cash equivalents	13,370	30,764
Net financial liabilities	18,108	-6,672

The capital management aims at ensuring sufficient funding, particularly through long-term financing facilities. Against this backdrop, CEWE COLOR AG & Co. OHG, Oldenburg, restructured the funding of the group with the principal banking partners in the first few weeks of 2013. 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. For further details, reference is made to the explanations in the risk report on page 98.

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 so as to provide sufficient margin for the future fluctuations during the course of business, usual in the industry. In the long-term hypothetical retrospect as well, CEWE did not exceed or fall short of the binding threshold values at any point. In case of a breach of the covenant, the lending banks would be entitled to a price adjustment or to give notice of termination, if required. Compliance with the agreed parameters is monitored consistently within the scope of capital management.

According to the articles of association, CEWE COLOR Holding AG is not subject to any capital requirements. For further details regarding the contingent capital, authorised capital and the obligation to sell or issue shares within the scope of Stock Option Plans, reference is made to the corresponding sections of these notes (D55, D56, D57).

E. Other Notes

69 | Shareholdings

Shareholdings	Interest in %	Dec. 31, 2012 fixed capital	Dec. 31, 2011 fixed capital
1. CEWE COLOR AG & Co. OHG, Oldenburg ^{1,2,4}		99.75	99.75
2. Fotocolor GmbH, Eschbach, Freiburg		99.75	99.75
3. CEWE COLOR Beteiligungsgesellschaft mbH, Oldenburg		99.75	99.75
4. CEWE COLOR S.A.S., Paris, France		99.75	99.75
5. CEWE COLOR Belgium N.V., Mechelen, Belgium		99.75	99.75
6. CEWE COLOR Nederland B.V., Nunspeet, The Netherlands		99.75	99.75
7. Printpartners Nederland B.V., Veenendaal, The Netherlands ³		0.00	99.75
8. CEWE COLOR Magyarország Kft., Budapest, Hungary		99.75	99.75
9. CEWE COLOR a.s., Prague, Czech Republic		99.75	99.75
10. CEWE COLOR a.s., Bratislava, Slovak Republic		99.75	99.75
11. CEWE COLOR Fotoservice AG, Dübendorf, Switzerland		99.75	99.75
12. CEWE COLOR Nordic ApS, Skødstrup, Denmark		99.75	99.75
13. Fotojoker Sp. z o.o., Kozle, Poland		99.75	99.75
14. CEWE COLOR Sp. z o.o., Kozle, Poland		99.75	99.75
15. Japan Photo Holding Norge A/S, Oslo, Norway		99.75	99.75
16. CEWE-PRINT NORDIC A/S (previously: Japan Photo Denmark A/S, Copenhagen, Denmark), Skødstrup, Denmark		99.75	99.75
17. Japan Photo Sverige AB, Gothenburg, Sweden		99.75	99.75
18. CEWE COLOR Zagreb d.o.o., Croatia		99.75	99.75
19. CEWE COLOR Limited, Warwick, United Kingdom		99.75	99.75
20. Zweite CEWE COLOR Beteiligungsgesellschaft AG, Dübendorf, Switzerland		99.75	99.75
21. Dignet GmbH & Co. KG, Cologne ²		99.75	99.75
22. Bilder-planet.de GmbH, Cologne ³		99.75	99.75
23. Dignet Management GmbH, Cologne		99.75	99.75
24. Wöltje GmbH & Co. KG, Oldenburg ²		99.75	99.75
25. Wöltje Verwaltungs-GmbH, Oldenburg		99.75	99.75
26. diron Wirtschaftsinformatik Beteiligungs-GmbH, Münster		99.75	99.75
27. CEWE COLOR Inc., New York, USA		99.75	99.75
28. diron GmbH & Co. KG, Münster		0.00	99.75
29. cewe-print GmbH, Oldenburg		99.75	0.00
30. Saxoprint GmbH, Dresden		99.75	0.00
31. Saxoprint Ltd., London, United Kingdom		99.75	0.00
32. Saxoprint AG, Zurich, Switzerland		99.75	0.00
33. Saxoprint EURL, Paris, France		99.75	0.00
34. Saxoprint B.V., Dordrecht, The Netherlands ³		99.75	0.00
35. Sell2you GmbH, Dresden		99.75	0.00

70 | Notes to the cash flow statement

The cash flow statement shows how the cash and cash equivalents in the group have changed during the 2012 and 2011 financial years. 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 reported cover the balance sheet items "Bank balances" with a residual term of up to three months and "Cash in hand" including any fixed-term deposits. They correspond to cash in hand recognised in the balance sheet. As explained in Section 2 Principles regarding the preparation of the consolidated financial statements (page 135), effects on the 2011 cash flow statement resulted from the changed amounts in the balance sheet. These were adjusted accordingly. The changed recognition of financial assets in registered bonds from the cash flow from operating activities in cash flow from investing activities resulted in the major impact on the operating cash flow.

The outflows for purchases of consolidated entities/acquisitions relate to the purchase of Saxoprint GmbH, Dresden, and the agreement on the final purchase price with the former companies of diron GmbH & Co. KG, Münster. With respect to further details, we refer to the notes on the scope of consolidation.

During the current financial year, a foreign subsidiary acquired a customer base for 1,200 thousand euros. Due to the way the contract was designed, there was no outflow of funds by the end of the reporting period in respect of liabilities amounting to 985 thousand euros. The balance of the inflow and outflow of funds from net interest income (–2,129 thousand euros) relates interest paid at –2,453 thousand euros and interest received at 324 thousand euros. The cash flow from financing activities includes non-cash transactions. In accordance with IFRS 2, the measurement of the stock option is reported at 319 thousand euros (previous year: 319 thousand euros).

In the year under review, the same applies to the shareholdings as in the previous year:

¹ Directly held holding companies; all other participating interests 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 list of shareholdings.

³ Non-consolidated companies.

⁴ The shareholding is composed of the paid-in capital to the amount of 15,600 thousand euros and an atypical silent partnership interest of 5,148 thousand euros.

The cash inflows and outflows from the change in financial debts are attributable to repayments, scheduled reclassifications and the taking up of loans as follows:

Change in financial indebtedness 2012 <i>Figures in thousand euros</i>	Current financial liabilities	Non-current financial liabilities	Gross financial liabilities
Balance on Jan. 1	7,393	16,699	24,092
Repayments	-11,240	-5,226	-16,466
Reclassification	6,095	-6,095	—
Taking up of loans	5,757	18,095	23,852
Balance on Dec. 31	8,005	23,473	31,478

Change in financial indebtedness 2011 <i>Figures in thousand euros</i>	Current financial liabilities	Non-current financial liabilities	Gross financial liabilities
Balance on Jan. 1	6,641	24,099	30,740
Repayments	-6,641	-15	-6,655
Reclassification	7,385	-7,385	—
Taking up of loans	8	—	8
Balance on Dec. 31	7,393	16,699	24,092

No further long-term loans were taken up in the 2012 financial year.

71 | Segment reporting

Since the 2009 financial year, segment reporting has been effected in compliance with the regulations of IFRS 8 "Operating Segments". The acquisition of Saxoprint means that the online printing field now has a much stronger weight than previously. CEWE has therefore revised its management reporting and the structure of its segment report. Online printing activities, which were previously reported in the Photofinishing segment for Central Europe, have been removed from this segment and are now shown together with Saxoprint's business development in the "Online Printing" business field. The photofinishing segments, which were previously presented by region, are now summarised in a single "Photofinishing" business field, which shows turnover and earnings for 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. Besides turnover realised with business partners, this also in-

cludes turnover generated by CEWE companies through direct business with consumers in several countries. The "Retail" business field remains unchanged and continues to comprise sales of hardware, i. e. such as cameras and camera accessories, which CEWE sells without any further processing. This structure corresponds to the company's internal management reporting of the strategic business fields. The group's internal revenues are eliminated in the "Consolidation" column. EBIT is reported as the key earnings and performance indicator. The figures for the previous year have also been revised. Detailed notes on segment reporting can be found in the Segments section of the management report.

In the "Eliminations" column, the intra-group sales revenues are consolidated. EBIT is reported as the key earnings and performance indicator. As a rule, sales and revenues between the segments are recorded at prices that would also be agreed with third parties. Administrative services are charged as cost allocations. The effects on earnings from consolidation were distributed to the segments according to their causes; where necessary, a best-possible estimate was made.

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

Turnover is broken down according to the following geographic regions:

<i>Figures in thousand euros</i>	2012	2011
Germany	222,635	182,623
Abroad	280,711	286,420
thereof Poland (more than 10 % of total turnover)	55,009	66,936
thereof Norway (more than 10 % of total turnover)	52,630	48,787

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

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

Intangible and fixed assets are broken down by the following geographic regions:

<i>Figures in thousand euros</i>	2012	2011
Germany	130,336	81,406
Abroad	25,647	24,761
Total	155,983	106,167

72 | Other explanatory notes

Contingent liabilities existed from the granting of guarantees and warranties to third parties, from pending risks of litigation and from other issues to the amount of 563 thousand euros (previous year: 2,233 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 Group defines the related parties to include the members of the Board of Management and the Supervisory Board as well as the members of the community of heirs of Senator h. c. Heinz Neumüller, Oldenburg, and companies associated with the community of heirs.

In the year under review, short-term benefits to members of the Board of Management totalled 1,557 thousand euros (previous year: 1,549 thousand euros). No other payments because of the termination of employment or other share-based remuneration were granted.

In 2012, business transactions with related companies and persons took place. Major transactions concern individual lease agreements with the group and affiliated companies of the community of heirs of Senator h. c. Heinz Neumüller, Oldenburg, existing for commercially used real estate. The benefits in connection therewith amounted to 2,369 thousand euros (previous year: 2,256 thousand euros). The remuneration report as part of the management report of the CEWE Group provides further individualised information on remuneration and the remuneration system for the Board of Management and the Supervisory Board (see page 107).

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 year under review, current service costs amounting to 186 thousand euros (previous year: 193 thousand euros) were incurred for these commitments. The total of the present values of the defined-benefit commitments amounts to 5,297 thousand euros (previous year: 3,529 thousand euros).

In February 2013, the Board of Management resolved to offer shares to the employees of the domestic companies of CEWE COLOR Holding at a favourable price as staff shares.

In January, a major business partner of a foreign company filed for insolvency. As a result, the customer base was purchased in order to secure portions of the previous turnover, to canvass new customers and to strengthen the margin and the Internet business.

The Board of Management decided to combine the smallest German photofinishing business operated in Dresden with the Saxoprint business. Reference is made to the explanations in the management report on page 117.

The Board of Management of CEWE COLOR Holding AG resolved on February 26, 2013 to propose a change in the form of the company into a Kommanditgesellschaft auf Aktien (KGaA – limited joint-stock partnership) at the general meeting on June 5, 2013. For further information, reference is made to the management report (page 117).

73 | Subsidiaries taking recourse to options of exemption

The following subsidiaries, included in the full consolidation of these consolidated financial statements, take recourse to the option of exemption from the disclosure provisions according to Section 325 HGB and the possibility of release from the duty of preparing a management report according to Section 264b HGB:

- CEWE COLOR AG & Co. OHG, Oldenburg
- Dignet GmbH & Co. KG, Cologne
- Wöltje GmbH & Co. KG, Oldenburg

74 | Corporate bodies

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

Hubert Rothärmel, resident in Oldenburg (Chairman until June 6, 2012)

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 (until June 6, 2012)
- 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^{1,2}
- Chairman of the Supervisory Board of CEWE COLOR a. s., Bratislava, Slovakian Republic^{1,2}
- Member of the Advisory Board of Gräper Holding GmbH, Ahlhorn²

Hartmut Fromm, resident in Berlin (Deputy Chairman until June 6, 2012)

Lawyer and partner in the law firm Buse Heberer Fromm Rechtsanwälte Steuerberater Partnerschaftsgesellschaft, Frankfurt am Main

- Deputy Chairman of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg (until June 6, 2012)
- Chairman of the Administrative Board of IMW Immobilien SE, Berlin
- Member of the Board of Directors of Vermar Verwaltungs- und Marktstudien AG, Zurich, Switzerland²
- President of the Board of Directors Vermar Beteiligungs AG, Baar, Switzerland²
- Chairing, non-executive member of the Administrative Board of Homburg Invest Inc., Halifax, Canada
- President & Secretary of HoT JWP Music Inc., Miami, USA
- President of the Board of Directors of Bohem Press AG, Zurich, Switzerland²
- President of the Board of Directors of ZOEY Beteiligungen AG, Zurich, Switzerland²
- Member of the Supervisory Board of easyApotheke (Holding) AG; Hildesheim
- President of the Board of HOA Sirenusa, Virgin Islands, USA²
- Director of WS LLC, Virgin Islands, USA

Otto Korte, resident in Oldenburg (Chairman from June 6, 2012)

Lawyer, tax advisory, specialist for tax law and partner of the law firm Korte Dierkes Künnemann & Partner, Oldenburg

- Member of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg (until June 6, 2012)
- Chairman of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg (from June 6, 2012)
- Member of the Board of Trustees of Neumüller CEWE COLOR Stiftung, Oldenburg
- Member of the Board of Trustees of Deerberg System GmbH, Oldenburg
- Member of the Foundation Board of the Stiftung Wirtschaftsakademie Ost-Friesland, Leer

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

(Deputy Chairman from June 6, 2012)

University professor for information technology at the Oldenburg university

- Member of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg (until June 6, 2012)
- Deputy Chairman of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg (from June 6, 2012)
- 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 InfoAnalytics AG, Oldenburg

Professor Dr. Michael Paetsch, resident in Willich

Professor at Pforzheim University

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

Dr. Joh. Christian Jacobs, resident in Hamburg (until February 28, 2013)

CEO, Jacobs AG, Hamburg

- Member of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg (until February 28, 2013)
- Member of the Administrative Board of Barry Callebaut Asia Pte. Ltd., Singapore²
- Member of the Administrative Board of Skytower Pte. Ltd., Singapore²
- Member of the Administrative Board of North Pacific Holding Pte. Ltd., Singapore²
- Member of the Supervisory Board of Neumann Gruppe GmbH, Hamburg
- Member of the Administrative Board of Hemro AG, Bachenbülach, Switzerland

Prof. Dr. Christiane Hipp, Cottbus (from June 6, 2012)

Professor of organisation, personnel management and business management at Brandenburg University of Technology, Cottbus

- Member of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg (from June 6, 2012)
- Member of the Advisory Board of inpro Innovationsgesellschaft mbH, Berlin
- Member of the Sustainability Committee of Krombacher GmbH & Co. KG, Kreuztal

Corinna Linner, resident in Baldham (from June 6, 2012)

Self-employed auditor and economist

- Member of the Supervisory Board of CEWE COLOR Holding AG, Oldenburg (from June 6, 2012)
- Member of the Supervisory Board of Donner & Reuschel AG, Hamburg (from March 6, 2012)

Dr. Rolf Hollander, resident in Oldenburg

- Chairman of the Board of Management of the Neumüller CEWE COLOR Stiftung, Oldenburg
- Member of the Supervisory Board of Vierol AG, Oldenburg

Andreas F. L. Heydemann, resident in Bad Zwischenahn

- Member of the Supervisory Board of CEWE COLOR Belgium N.V., Mechelen, Belgium^{1,2}
- Member of the Board of Directors of CEWE COLOR Fotoservice AG, Dübendorf, Zurich, Switzerland^{1,2}
- Member of the Board of Directors of Zweite CEWE COLOR Beteiligungsgesellschaft AG, Dübendorf, Zurich, Switzerland^{1,2}
- Member of the Supervisory Board of Japan Photo Holding Norge AS, Oppegård, Norway^{1,2}
- Member of the Supervisory Board of Japan Photo Sverige AB, Göteborg, Sweden^{1,2}
- Member of the Supervisory Board of CEWE PRINT Nordic, Skødstrup, Denmark^{1,2}
- Member of the Supervisory Board of CEWE COLOR Inc., New York, USA^{1,2}

Dr. Reiner Fageth, resident in Oldenburg

- Member of the Supervisory Board of CEWE COLOR a.s., Prague, Czech Republic^{1,2}
- Member of the Supervisory Board of CEWE COLOR Inc., New York, USA^{1,2}

Dr. Olaf Holzkämper, resident in Oldenburg

¹ Group mandate

² 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, for the 2012 financial year, received for the execution of their duties in the parent company and in the subsidiaries, amounted to 1,557 thousand euros (previous year: 1,549 thousand euros) for active members of 310 thousand euros (previous year: 307 thousand euros) for former members. As of the reporting date of December 31, 2012, the Board of Management held 56,675 no-par shares (previous year: 56,675 no-par shares). In addition, the members of the Board of Management held a total of 31,500 option rights (previous year: 31,500 option rights). The fair value per option pursuant to IFRS 2.10 et seq. for members of the Board of Management amounted to 6.39 euros as at the date of granting. For details, reference is made to the explanations on employee expenses on page 149 (item C28).

In the year under review, the variable remuneration elements connected with the group result totalled 496 thousand euros (previous year: 489 thousand euros). Compared to the previous year, they increased by 1.4%. The portion of the total remuneration amounted to 31.9% (previous year: 31.5%). Variable, performance-related special benefits for the 2012 financial year to be paid in 2013 will, in the forecast, be approx. 488 thousand euros on account of the 2012 earnings situation.

Total remuneration of the Supervisory Board in the amount of 254.6 thousand euros (previous year: 213.8 thousand euros) in 2012 were comprised of a fixed remuneration of 45 thousand euros (previous year: 45.0 thousand euros), attendance fees of 24 thousand euros (previous year: 28.0 thousand euros), an additional remuneration depending on the resolved dividend amounting to 86.3 thousand euros (previous year: 75.0 thousand euros) and a performance-related remuneration of 99.4 thousand euros (previous year: 65.8 thousand euros). The amounts are net amounts. As at December 31, 2012, the members of the Supervisory Board held a total of 50,000 no-par shares (previous year: 443,517 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 in the management report on page 107 (Section 315 (2) no. 4 sentence 2 HGB).

In the year under review, consulting and intermediary services and other personal services were performed by members of the Supervisory Board in the amount of 9 thousand euros (previous year: 0 thousand euros).

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.

For details, reference is made to the explanations of the remuneration report on page 107.

75 | Approval and publication of the consolidated financial statements as at December 31, 2012

The consolidated financial statements prepared by the Board of Management as at December 31, 2012, and the group management report of the CEWE Group will be approved upon the signing by the Board of Management.

76 | Declaration concerning the German Corporate Governance Code

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

Oldenburg, March 12, 2013

CEWE COLOR Holding AG

– The Board of Management –

CONFIRMATION OF THE BALANCE SHEET

Declaration pursuant 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 12, 2013

CEWE COLOR Holding AG

– The Board of Management –



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



Dr. Reiner Fageth



Andreas F.L. Heydemann



Dr. Olaf Holzkämper

AUDITOR'S OPINION

We have audited the consolidated financial statements of CEWE COLOR Holding AG, Oldenburg – comprising the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the financial statements – as well as the group management report for the financial year from January 1 to December 31, 2012. 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.

We conducted our audit in accordance with Section 317 HGB and observing the German principles of proper auditing adopted by the Institut der Wirtschaftsprüfer (IDW – German Institute of Chartered Accountants). 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 the consolidation, the definition of the scope of consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We 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 these are to be applied in the EU, and the supplementary provisions of Section 315a (1) HGB and the supplementary provisions of the articles of association, and convey a true and fair view of the group's net assets, financial position and results of operations in compliance with these provisions. The group management report is in line with the consolidated financial statements, provides an overall accurate picture of the group's situation and accurately reflects the opportunities and risks of future development.

Oldenburg, March 12, 2013

COMMERZIAL TREUHAND
Gesellschaft mit beschränkter Haftung
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dipl.-Kfm. Manfred Szuszies
Certified Public Accountant

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

CEWE GROUP – STRUCTURE AND CORPORATE BODIES

Neumüller CEWE COLOR Stiftung

Board of Trustees

- Wilfried Mocken, Rheinberg (Chairman)
- Otto Korte, Oldenburg (Deputy Chairman)
- Maximilian Ardel, Munich
- Helmut Hartig, Oldenburg
- Dr. Peter Nagel, Bad Kreuznach
- Hubert Rothärmel, Oldenburg

Board of Management

- Dr. Rolf Hollander, Oldenburg (Chairman)
- Dr. Michael Fries, Oldenburg
- Harald H. Pirwitz, Oldenburg
- Felix Thalmann, Oldenburg
- Frank Zweigle, Oldenburg

Management

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

CEWE COLOR Holding AG

Supervisory Board

- Hubert Rothärmel, Oldenburg (Chairman until June 6, 2012)
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 until June 6, 2012)
Lawyer and partner in the law firm Buse Heberer Fromm Rechtsanwälte Steuerberater Partnerschaftsgesellschaft, Frankfurt am Main
- Prof. Dr. Dr. h. c. Hans-Jürgen Appelrath, Oldenburg (Deputy Chairman from June 6, 2012)
University professor for information technology at the Oldenburg university
- Otto Korte, Oldenburg (Chairman from June 6, 2012)
Lawyer/tax advisor/specialist for tax law and partner in the law firm Korte Dierkes Künnemann & Partner, Oldenburg
- Professor Dr. Michael Paetsch, Willich
Professor at the Pforzheim university
- Dr. Joh. Christian Jacobs, Hamburg (until February 28, 2013),
CEO Jacobs AG, Hamburg
- Prof. Dr. Christiane Hipp, Cottbus (from June 6, 2012)
Professor of organisation, personnel management and business management at Brandenburg University of Technology, Cottbus
- Corinna Linner, Baldham (from June 6, 2012)
Self-employed auditor and economist

Board of Management

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



FURTHER INFORMATION

Financial Statements of CEWE COLOR Holding AG 190

Income Statement of CEWE COLOR Holding AG 190

Statement of Financial Position
of CEWE COLOR Holding AG 191

Multi-Year Overview 192

Production Plants and Distribution Branches 198

Financial Diary 199

Imprint 199

Glossary 200

FINANCIAL STATEMENTS OF CEWE COLOR HOLDING AG

Income Statement of CEWE COLOR Holding AG

for the period from January 1 to December 31, 2012 (according to HGB)

<i>Figures in thousand euros</i>	2012	2011
Income from investments	12,993	18,162
Other operating income	24	18
Personnel expenses		
Wages and salaries	-251	-250
Social security, pension and other benefit costs	-77	-88
	-328	-338
Depreciation of own shares	-1,735	-1,730
Other operating expenses	2,882	3,148
Other interest and similar income	-55	0
Result from operating activities	13,781	19,260
Profit carried forward from previous year	-3,379	-3,589
Withdrawal from revenue reserves	10,402	15,671
Addition to revenue reserves	15,840	16,866
Dividend	-9,321	-8,597
Allocations to other revenue reserves	-6,400	-8,100
Remaining profits brought forward from the previous year	119	169
Net retained profits	10,521	15,840

Statement of Financial Position of CEWE COLOR Holding AG

as of December 31, 2012 (according to HGB)

ASSETS	<i>Figures in thousand euros</i>	2012	2011
Non-current assets			
Financial assets		20,748	20,748
Current assets			
Receivables and other assets			
Receivables from affiliated companies		143,609	140,937
Other assets		2,655	3,119
		146,246	144,056
Prepaid expenses		42	56
		167,054	164,860
LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Figures in thousand euros</i>	2012	2011
Equity			
Subscribed capital		19,188	19,188
Own shares		-1,878	-1,919
Expended capital		17,310	17,269
Capital reserve		57,148	56,829
Revenue reserves			
Legal reserves		1,534	1,534
Provision set up for own shares		1,878	1,919
Other revenue reserves		76,555	69,663
		79,967	73,116
Net retained profits		10,521	15,840
Total equity		164,946	163,054
Provisions			
Provisions for pensions and similar commitments		595	518
Provisions for tax		967	740
Other provisions		380	383
		1,942	1,641
Liabilities			
Trade payables		158	155
Other liabilities		8	10
		166	165
		167,054	164,860

MULTI-YEAR OVERVIEW

Consolidated Profit and Loss Account Total Year

<i>Figures in million euros</i>	2005	2006	2007	2008	2009	2010	2011	2012
Revenues	431.1	396	413.5	420.0	409.8	446.8	469	503.3
Increase/decrease in the inventory of finished and unfinished products	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.1
Other own work capitalised	1.5	0.9	1.5	1.6	1.2	1.5	0.9	1.1
Other operating income	34.6	24.9	24.6	27.3	28.3	24.9	23.1	29.7
Cost of materials	-153.1	-139.6	-154.6	-163.2	-154.7	-168.7	-173.6	-186.2
Gross profit	314.0	282.1	285.0	285.6	284.6	304.5	319.5	347.9
Employee expenses	-131.1	-111.5	-108.4	-105.0	-104.8	-100.6	-108.5	-122.5
Other operating expenses	-114.3	-107.4	-123.8	-127.9	-124.0	-138.1	-147.4	-159.4
Income before taxes, interest and depreciation (EBITDA)	68.6	63.2	52.8	52.8	55.9	65.9	63.6	65.9
Depreciation of property, plant and equipment and amortisation of intangible assets	-39.9	-36.8	-38.5	-40.4	-37.2	-37.7	-33.5	-37.0
Earnings before interest and taxes (EBIT)	28.7	26.4	14.3	12.4	18.7	28.2	30.1	28.9
Financial results	-3.2	-5.3	-1.5	-1.7	-1.9	-1.8	-1.0	-2.2
Earnings before taxes (EBT)	25.5	21.1	12.8	10.7	16.8	26.4	29.2	26.7
Income taxes	-11.6	-1.0	-5.5	-2.5	-9.2	-11.7	-9.8	-7.1
Other taxes	-2.4	-2.2	-1.4	-1.1	-0.8	-0.9	-0.7	-0.8
Earnings after taxes	11.5	17.9	5.9	7.0	6.7	13.7	18.6	18.8
attributable to minority shareholders	4.4	3.8	0.0	0.0	0.0	0.0	0.0	0.0
attributable to shareholders of the parent company	7.1	14.0	5.9	7.0	6.7	13.7	18.6	18.8

Cash Flow Total Year

<i>Figures in million euros</i>	2005	2006	2007	2008	2009	2010	2011*	2012
Cash flow from operating activities	50.6	33.8	52.6	34.8	36.5	53.0	61.4	50.7
Cash flow from investments	-34.3	-32.8	-41.9	-33.8	-26.6	-27.3	-31.0	-45.8
Free cash flow	16.3	1.0	10.7	1.0	9.9	25.6	30.4	4.9
Cash flow from financing activity	-6.3	-14.0	-18.1	2.3	-11.9	-10.8	-22.7	-22.5
Net changes in liquid funds due to payments	10.0	-13.0	-7.4	3.3	-2.0	14.8	7.7	-17.7

*figures adjusted in part (correction pursuant to IAS 8)

Consolidated Profit and Loss Account Fourth Quarter

<i>Figures in million euros</i>	Q4 2005	Q4 2006	Q4 2007	Q4 2008	Q4 2009	Q4 2010	Q4 2011	Q4 2012
Revenues	102.6	96.4	110.5	120.7	127.4	150.0	161.0	176.9
Increase/decrease in the inventory of finished and unfinished products	-0.1	0.0	0.1	-0.1	0.0	0.0	0.0	-0.1
Other own work capitalised	0.4	-0.2	0.4	0.0	0.2	0.3	-0.1	0.4
Other operating income	9.1	12.4	7.6	9.1	8.2	8.7	9.3	10.3
Cost of materials	-33.4	-36.2	-41.1	-46.2	-44.7	-52.3	-54.4	-59.6
Gross profit	78.7	72.4	77.4	83.5	91.1	106.6	115.8	128.0
Employee expenses	-35.3	-29.0	-29.5	-24.7	-26.3	-27.5	-30.4	-34.2
Other operating expenses	-31.4	-31.6	-37.8	-40.5	-39.4	-48.3	-51.1	-55.3
Income before taxes, interest and depreciation (EBITDA)	12.0	11.8	10.1	18.3	25.4	30.9	34.3	38.5
Depreciation of property, plant and equipment and amortisation of intangible assets	-12.6	-12.0	-10.0	-10.1	-9.8	-9.1	-8.5	-9.3
Earnings before interest and taxes (EBIT)	-0.6	-0.2	0.1	8.2	15.7	21.8	25.8	29.2
Financial results	-1.3	-0.7	-0.6	-0.5	-0.5	-0.3	-0.2	-0.4
Earnings before taxes (EBT)	-2.0	-0.8	-0.4	7.7	15.2	21.5	25.6	28.7
Income taxes	-0.8	4.2	-0.3	-1.0	-5.3	-6.4	-7.2	-6.5
Other taxes	0.0	0.0	0.8	-0.2	-0.2	-0.2	-0.2	-0.2
Earnings after taxes	-2.7	3.4	0.1	6.6	9.8	14.8	18.1	22.0
Profit/loss attributable to minority shareholders	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss attributable to shareholders of the parent company	-2.6	3.4	0.1	6.6	9.8	14.8	18.1	22.0

Cash Flow Fourth Quarter

<i>Figures in million euros</i>	Q4 2005	Q4 2006	Q4 2007	Q4 2008	Q4 2009	Q4 2010	Q4 2011*	Q4 2012
Cash flow from operating activities	—	—	—	—	24.2	22.2	37.7	48.5
Cash flow from investments	—	—	—	—	-4.0	-8.1	-22.0	-11.0
Free cash flow	—	—	—	—	20.2	14.1	15.7	37.4
Cash flow from financing activity	—	—	—	—	-20.9	-8.9	-3.9	-31.0
Net changes in liquid funds due to payments	—	—	—	—	-0.7	5.2	11.7	6.5

* figures adjusted in part (correction pursuant to IAS 8)

MULTI-YEAR OVERVIEW

Consolidated Statement of Changes in Equity

ASSETS <i>Figures in million euros</i>	2005	2006	2007	2008	2009	2010*	2011*	2012
Property, plant and equipment	116.4	110.6	110.9	95.4	86.7	80.5	79.2	101.2
Real estate held as financial investment	0.0	0.0	0.0	3.2	5.3	4.8	4.8	4.5
Goodwill	2.5	2.5	5.3	10.3	10.3	9.1	9.1	28.5
Intangible assets	9.0	9.4	21.5	22.6	18.5	16.3	13.0	21.8
Financial assets	1.9	2.1	0.3	0.3	0.3	0.2	0.2	0.3
Non-current receivables from income tax refund	0.0	4.2	3.7	3.3	3.0	2.9	2.6	2.1
Non-current receivables and assets	0.6	0.5	0.6	0.5	0.3	0.0	0.0	0.0
Other non-current financial assets	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.4
Miscellaneous other non-current receivables and assets	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.2
Deferred tax assets	2.9	3.1	5.7	5.5	5.2	5.4	4.8	4.9
Non-current assets	133.2	132.4	148.0	141.2	129.7	119.5	114.3	164.0
Assets held available for sale	0.0	0.0	0.0	2.8	2.0	0.2	0.2	0.2
Inventories	39.0	34.2	41.2	36.8	52.3	50.3	48.0	62.7
Current trade receivables	53.4	56.4	55.8	54.3	66.5	72.0	77.9	72.2
Current receivables from income tax refund	0.4	6.9	3.3	5.8	1.1	1.2	1.0	1.6
Current financial assets	0.0	0.0	0.0	0.0	0.0	17.3	13.5	3.2
Miscellaneous other current receivables and assets	8.0	13.1	9.5	10.9	8.7	3.7	4.1	4.7
Cash and cash equivalents	27.4	14.5	7.1	10.1	8.2	23.4	30.8	13.4
Current assets	128.1	125.0	116.8	120.8	138.9	168.0	175.4	157.9
	261.3	257.4	264.8	262.0	268.6	287.5	289.7	321.9

*figures adjusted in part (correction pursuant to IAS 8)

PASSIVA <i>Figures in million euros</i>	2005	2006	2007	2008	2009	2010*	2011*	2012
Subscribed capital	15.6	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Capital reserve	29.2	58.6	56.2	56.2	56.2	56.2	56.2	56.2
Special item for treasury shares	-10.4	-6.0	-14.2	-16.4	-17.0	-17.6	-24.4	-23.9
Revenue reserves and net profits	65.0	55.6	59.3	53.3	53.3	62.9	70.5	83.2
Third-party interests	13.7	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Equity	113.0	127.4	120.6	112.4	111.7	120.7	121.5	134.7
Non-current special items for investment grants	1.0	0.9	0.7	0.6	0.5	0.4	0.3	0.2
Non-current provisions for pensions	8.7	9.3	9.7	9.7	9.7	10.0	10.8	11.5
Non-current deferred tax liabilities	2.0	1.5	5.7	2.3	1.7	1.8	0.6	4.0
Non-current other provisions	4.4	2.2	1.9	1.5	1.1	0.9	0.8	0.5
Non-current financial liabilities	10.1	5.6	10.4	14.5	26.1	24.1	16.7	23.5
Non-current financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2
Non-current other liabilities	14.2	0.9	0.6	0.7	0.1	0.2	0.3	0.1
Non-current liabilities	40.3	20.4	29.1	29.3	39.1	37.4	29.5	44.1
Current special items for investment grants	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Current provisions for taxes	8.4	7.9	2.9	3.0	3.7	4.7	5.6	3.0
Current other provisions	14.0	11.1	11.4	10.9	11.6	8.6	7.4	8.8
Current financial liabilities	7.2	17.3	10.2	20.8	6.5	6.6	7.4	8.0
Current other trade payables	45.7	46.9	66.7	63.6	73.2	91.8	98.3	102.2
Current financial liabilities	0.0	0.0	0.0	0.0	0.0	1.3	1.1	1.1
Current other liabilities	32.5	26.4	23.9	21.8	22.7	16.3	18.8	20.0
Current liabilities	108.0	109.7	115.1	120.2	117.7	129.4	138.7	143.2
	261.3	257.4	264.8	262.0	268.6	287.5	289.7	321.9

*figures adjusted in part (correction pursuant to IAS 8)

MULTI-YEAR OVERVIEW

Key Figures

Volume and Employees		2005	2006	2007	2008	2009	2010	2011	2012
Digital prints	<i>in million units</i>	829.8	1,114.4	1,514.5	1,786.1	2,035.8	2,129.1	2,246.1	2,298.9
Prints from film	<i>in million units</i>	2,603.0	1,765.0	1,277.3	828.9	558.3	367.7	251.3	162.3
Total prints	<i>in million units</i>	3,433	2,879	2,792	2,615	2,594	2,497	2,497	2,461
CEWE PHOTOBOOKS	<i>in million units</i>	0.1	0.5	1.5	2.6	3.6	4.3	5.1	5.6
Employees	<i>on a full-time basis</i>	3,730	3,131	3,124	2,921	2,742	2,681	2,823	3,305

Income		2005	2006	2007	2008	2009	2010	2011	2012
Revenues	<i>in million euros</i>	431.1	396.0	413.5	420.0	409.8	446.8	469.0	503.3
EBITDA	<i>in million euros</i>	68.6	63.2	52.8	52.8	55.9	65.9	63.6	65.9
EBITDA margin	<i>in % of revenue</i>	15.9 %	16.0 %	12.8 %	12.6 %	13.6 %	14.7 %	13.6 %	13.1 %
EBIT	<i>in million euros</i>	28.7	26.4	14.3	12.4	18.7	28.2	30.1	28.9
EBIT margin	<i>in % of revenue</i>	6.7 %	6.7 %	3.5 %	2.9 %	4.6 %	6.3 %	6.4 %	5.7 %
Restructuring costs	<i>in million euros</i>	12.9	6.7	12.2	11.4	9.5	2.2	0.0	0.0
EBT before restructuring	<i>in million euros</i>	41.6	33.1	26.5	23.8	28.2	30.4	30.1	28.9
EBT	<i>in million euros</i>	25.5	21.1	12.8	10.7	16.8	26.4	29.2	26.7
Profit after taxes	<i>in million euros</i>	11.5	17.9	5.9	7.0	6.7	13.7	18.6	18.8


Capital		2005	2006	2007	2008	2009	2010	2011	2012
Total assets	<i>in million euros</i>	261.3	257.4	264.8	262.0	268.6	287.5	289.7	321.9
Capital Employed (CE)	<i>in million euros</i>	160.8	165.1	160.0	162.6	157.4	164.8	158.5	186.8
Equity	<i>in million euros</i>	113.0	127.4	120.6	112.4	111.7	120.7	121.5	134.7
Equity ratio	<i>in % of assets</i>	43.3 %	49.5 %	45.5 %	42.9 %	41.6 %	42.0 %	41.9 %	41.8 %
Net debt	<i>in million euros</i>	-10.0	8.3	13.6	25.2	24.3	7.4	6.7	-18.1
ROCE (previous 12 months)	<i>in % of average capital employed</i>	18.1 %	16.6 %	8.5 %	7.6 %	11.7 %	17.8 %	19.8 %	15.0 %

Cash Flow		2005	2006	2007	2008	2009	2010	2011	2012
Gross cash flow	<i>in million euros</i>	51.4	54.7	44.4	47.5	44.0	51.4	52.1	55.8
Outflow of funds from investing activity	<i>in million euros</i>	36.2	32.5	35.5	33.3	27.4	26.4	30.3	33.8
Net cash flow	<i>in million euros</i>	15.2	22.2	8.9	14.1	16.6	25.1	21.8	22.1
Cash flow from operating activities	<i>in million euros</i>	50.6	33.8	52.6	34.8	36.5	53.0	60.3	50.7
Cash flow from investing activities	<i>in million euros</i>	-34.3	-32.8	-41.9	-33.8	-26.6	-27.3	-30.0	-45.8
Free cash flow	<i>in million euros</i>	16.3	1.0	10.7	1.0	9.9	25.6	30.2	4.9

Share		2005	2006	2007	2008	2009	2010	2011	2012
Number of shares (nominal value 2.60 euros)	<i>in units</i>	6,000,020	7,380,020	7,380,020	7,380,020	7,380,020	7,380,020	7,380,020	7,380,020
Earnings per share (diluted)	<i>in euros</i>	1.43	2.39	0.83	1.02	1.00	2.02	2.84	2.88
Year-end share price	<i>in euros</i>	41.35	33.00	27.00	14.05	22.60	33.35	31.39	31.04
Dividend per share	<i>in euros</i>	1.20	1.20	1.20	1.00	1.05	1.25	1.40	1.45*
Year-end dividend yield	<i>in %</i>	2.90 %	3.64 %	4.44 %	7.12 %	4.64 %	3.75 %	4.46 %	4.67 %

*Dividend proposal by the Board of Management and the Supervisory Board to the general meeting of June 5, 2013

PRODUCTION PLANTS AND DISTRIBUTION BRANCHES

 Page 5
General map with all locations

 Contact persons of our sales offices
[www.cewecolor.de/en/
company/marketing](http://www.cewecolor.de/en/company/marketing)

Germany

CEWE COLOR AG & Co. OHG
Meerweg 30–32
D–26133 Oldenburg
Tel. +49 (0) 4 41/4 04–0
Fax +49 (0) 4 41/4 04–421

CEWE COLOR AG & Co. OHG
Oskar-von-Miller-Straße 9
D–82110 Germering (Munich)
Tel. +49 (0) 89/8 40 07–0
Fax +49 (0) 89/8 40 07–30

CEWE COLOR AG & Co. OHG
Erfststraße 40
D–41238 Mönchengladbach
Tel. +49 (0) 21 66/8 53–0
Fax +49 (0) 21 66/8 53–109

CEWE COLOR AG & Co. OHG
Karl-Marx-Straße 18
D–01109 Dresden
Tel. +49 (0) 3 51/8 85 44–0
Fax +49 (0) 3 51/8 85 44–13

CEWE COLOR AG & Co. OHG
Freiburger Straße 20
D–79427 Eschbach (Freiburg)
Tel. +49 (0) 76 34/5 05–0
Fax +49 (0) 76 34/5 05–250

CEWE COLOR AG & Co. OHG
Otto-Hahn-Str. 21
D–48161 Münster
Tel. +49 (0) 25 34/5 81 69–0
Fax +49 (0) 25 34/5 81 69–20

Saxoprint GmbH
Enderstraße 92c
D–01277 Dresden
Tel. +49 (0) 351/20 44 300
Fax +49 (0) 351/20 56 747

Abroad

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

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

CEWE COLOR Nordic ApS
Segaltvej 16
DK–8541 Skødstrup (Århus)
Tel. +45/86/99 14 22
Fax +45/86/99 24 33

CEWE COLOR Fotoservice AG
Hochbordstraße 9
CH–8600 Dübendorf
(Zurich)
Tel. +41/1/8 02 90–30
Fax +41/1/8 02 90–40

CEWE COLOR AG & Co. OHG
Colerusgasse 24/1
A–1220 Vienna
Tel. +43/644 33 61 42 0

CEWE COLOR Belgium N. V.
Generaal De Wittelaan 9/b9
B–2800 Mechelen
Tel. +32/3/4 51 92–00
Fax +32/3/4 58 06–17

CEWE COLOR Nederland B. V.
Industrieweg 73
NL–8071 CS Nunspeet
Tel. +31/3 41/25 53–55
Fax +31/3 41/25 53–33

CEWE COLOR S. A. S.
La Tour d'Asnières
4 avenue Laurent Cély
F–92600 Asnières sur Seine
(Paris)
Tel. +33/1/80 21 04–50
Fax +33/1/80 21 04–48

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

CEWE COLOR S. A. S.
Z. A. E. des Trois Ponts
F–34690 Fabrègues
(Montpellier)
Tel. +33/4/67 07 01–80
Fax +33/4/67 07 01–60

CEWE COLOR Sp. z o. o.
ul. Strzelecka 11
PL–47230 Kedzierzyn-Kozle
Tel. +48/77/40 63–000
Fax +48/77/40 63–025

CEWE COLOR Sp. z o. o.
ul. Droga Mazowiecka 23
PL–86300 Graudenz
Tel. +48/56/4 51 58–00
Fax +48/56/4 51 58–01

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

CEWE COLOR a. s.
Kloknerova 2278/24
CZ–14800 Praguem 4
Tel. +420/2/72 07 11 11
Fax +420/2/72 93 73 46

CEWE COLOR a. s.
Kopcianska 14
SK–85101 Bratislava 5
Tel. +421/2/68 20 44–11
Fax +421/2/68 20 44–23

CEWE COLOR
Magyarország Kft.
Béke út 21–29
H–1135 Budapest
Tel. +36/1/4 51 10 88
Fax +36/1/2 38–07 09

CEWE COLOR Ltd.
Unit 4, Spartan Close
Titan Business Centre
Tachbrook Park
UK–Warwick CV 34 6 RR
Tel. +44/19/26 46 3–100
Fax +44/19/26 46 3–101

CEWE COLOR Zagreb d. o. o.
Jurisiceva 24
HR–10000 Zagreb
Tel. +36/1/451 10 88
Fax +36/1/238 07 09

FINANCIAL DIARY


March 27, 2013 Financial Statements Press Conference, Analyst Conference, Frankfurt/Main

May 13, 2013 Publication of the Interim Report Q1-2013

June 5, 2013 General Meeting 2013, Weser-Ems-Hallen, Oldenburg

August 14, 2013 Publication of the Interim Report Q2-2013

November 7, 2013 Publication of the Interim Report Q3-2013

 You will also find upcoming dates and events on the Internet at www.cewecolor.com

IMPRINT

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

Phone: +49 (0) 4 41/404-22 88

Fax: +49 (0) 4 41/404-421

IR@cewecolor.de

CEWE COLOR Holding AG is a member of the
Deutscher Investor Relations Kreis e. V.

Responsible

CEWE COLOR Holding AG
Meerweg 30-32, D-26133 Oldenburg

Phone: +49 (0) 4 41/404-0

Fax: +49 (0) 4 41/404-421

www.cewecolor.com

info@cewecolor.de

Concept and design

FIRST RABBIT GmbH, Cologne

Photos

CEWE COLOR AG & Co. OHG, Oldenburg

Printed by

CEWE COLOR AG & Co. OHG, Oldenburg

Auditor of the Consolidated Financial Statements

COMMERZIAL TREUHAND Gesellschaft mit beschränkter Haftung
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Wilhelmshavener Heerstrasse 79
D-26125 Oldenburg

GLOSSARY

i Please note:

Where digital photos are referred to in this annual report, figures include the number of CEWE PHOTO-BOOK prints and photos included in photo gifts.

All of the figures are generally calculated with the most accurate values and are rounded in the tables in accordance with standard commercial practice. This might lead to rounding differences, particular in totals lines.

Gross cash flow

Earnings after taxes plus amortisation on intangible assets and depreciation on property, plant and equipment

Gross financial liabilities

Total of non-current financial liabilities and current financial liabilities, see also Financial liabilities

Gross working capital

Current assets without cash and cash equivalents

Capital Employed (CE)

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

Core Capital Employed

Capital Employed less cash and cash equivalents and other financial assets, which exceed turnover of the previous twelve months by 5 %

Days working capital

Term of the net working capital in days measured by the turnover of the past quarter

EBIT

Earnings before interest and taxes

EBT

Earnings before taxes

EBITDA

Earnings before interest, taxes, depreciation and amortisation

Equity capital

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

Equity ratio

Share of equity capital in total capital; the mathematical ratio of equity to total assets

Financial liabilities

Non-current and current financial liabilities shown as such, without rights to repayment subject to interest shown in the balance sheet under other credit lines

Free cash flow

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

Borrowed capital

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

Liquidity ratio

Ratio between cash and cash equivalents and total assets

Net financial liabilities

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

Net working capital

Current assets without cash and cash equivalents less current liabilities without current special items for investment grants and without current financial liabilities

Net cash flow

Gross cash flow less investments

NOPAT

EBIT less income taxes and other taxes

Operating net working capital

Inventories plus current trade receivables less current trade payables

Return on capital employed (ROCE)

The ratio of earnings before interest and taxes (EBIT) versus the capital employed; in general, the twelve-month perspective is chosen for the calculation of a rolling annual return on investment

Other net working capital

Assets held for sale, current receivables from income tax refunds, other current receivables and assets less current provisions for taxes as well as other current provisions and other current liabilities

Working capital and tax-induced cash flow

Changes from net working capital and paid taxes



cewe-print.com
Your online print partner