



UNDER EMBARGO UNTIL 30 AUGUST – 5.40 p.m.

PRESS RELEASE – Regulated information

Wetteren, Belgium, 30 August 2012

RESULTS FOR THE FIRST HALF-YEAR OF 2012

Spector Photo Group:

- Retail:
 - Photo Hall is looking for a buyer via the Law on the Continuity of Companies
 - Decrease in revenues continues (-18.7%)
 - REBITDA negative, amounting to minus EUR 2.795 million
- Imaging:
 - Further reduction in both analogue and digital prints causes decrease in revenues (-3.7%)
 - EBIT falls from minus EUR 0.643 million to minus EUR 1.120 million
- Group: As at 30 June 2012, Photo Hall Group was still recognised under continuing operations
 - Net result developed from minus EUR 1.789 million to minus EUR 6.083 million
 - REBIT amounted to minus EUR 4.545 million compared to minus EUR 2.466 million
 - Net financial debt amounted to EUR 37.537 million compared to EUR 36.074 million in 2011

Key figures

Audited figures, prepared in accordance with IFRS

Income Statement	(in € '000)	June 2011	June 2012	Δ in %
Revenue		93 753	79 924	-14.8%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)		- 2 656	- 4 691	-76.6%
Non-cash items from operating activities, before non-recurring items		2 568	1 609	-37.3%
REBITDA		- 88	- 3 082	-
Non-recurring items from operating activities		- 117	- 521	-346.4%
Profit/loss (-) from operating activities (EBIT)		- 2 773	- 5 212	-88.0%
Non-recurring non-cash items from operating activities		0	233	-
EBITDA		- 204	- 3 370	-1548.7%
Financial result		1 147	- 932	-
Income tax expense (-)/income		- 163	61	137.6%
Profit/loss (-) from continuing activities		- 1 789	- 6 083	-
Non-cash items from continuing activities		2 833	885	-68.8%
Profit/loss (-) from continuing activities, corrected for non-cash items		1 044	- 5 198	-597.7%
Profit/loss (-) from discontinued operations		0	0	-
Profit/loss (-) for the period		- 1 789	- 6 083	-
Attributable to the group		- 1 789	- 6 083	-

Statement of financial position	(in € '000)	June 2011	June 2012	Δ in %
Total equity		20 698	18 765	-9.3%
Statement of financial position total		90 473	85 375	-5.6%
Net financial debt		36 074	37 537	4.1%
Customer relationships		169	0	-

Reportable segments	(in € '000)	June 2011	June 2012	Δ in %
Revenue				
Retail		69 184	56 244	-18.7%
Imaging		24 850	23 925	-3.7%
Intersegment		- 281	- 246	12.5%
Total revenue reportable segments		93 753	79 924	-14.8%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)		- 2 466	- 4 545	-84.3%
Retail		- 1 822	- 3 425	-88.0%
Imaging		- 643	- 1 120	-74.0%
REBITDA		100	- 2 939	-
Retail		- 948	- 2 795	-194.8%
Imaging		1 048	- 144	-
Profit/loss (-) from operating activities (EBIT)		- 2 582	- 5 066	-96.2%
Retail		- 1 939	- 3 946	-103.5%
Imaging		- 643	- 1 120	-74.0%
EBITDA		- 16	- 3 227	-
Retail		- 1 065	- 3 083	-189.6%
Imaging		1 048	- 144	-

Based on the opinion of the EECS (European Enforcers' Coordination Sessions) and the FSMA relating the interpretation of IAS 38.88 concerning externally acquired customer relationships, in particular the definite or indefinite useful life of these intangible assets, the Board of Directors published a change to the 2010 and 2011 consolidated figures. This implies that the comparable figures of the first half-year were adjusted. The reconciliation of the consolidated figures of the first half of 2011 as published on August 30, 2011 and the adjusted consolidated figures of the first half of 2011 is included in Appendix 1 of the 2012 half-yearly financial report.

The fully consolidated **"2012 half-yearly financial report"** is available on the website www.spectorphotogroup.com.

The Committee of Statutory Auditors has conducted a limited review of the interim consolidated position. The Committee of Statutory Auditors' report is included towards the end of this document.

Current situation of each division

Retail Group – Photo Hall

On 24 July 2012, Photo Hall Multimedia NV informed its Works Council that the procedure had been started with the Commercial Court to appeal to the Law on the Continuity of Companies (*Wet op de Continuïteit van Ondernemingen - WCO*) in order to use this procedure to find a buyer for the operations of the Retail Group in Belgium and Luxembourg ⁽¹⁾.

As a result of this decision by the Board of Directors of Photo Hall Multimedia NV, Spector Photo Group NV will recognise the Retail Group as assets held for sale in its consolidated figures in accordance with IFRS 5 with effect from 1 July 2012. In the consolidated figures as at 30 June 2012, the Retail Group is still recognised under the continuing operations in accordance with IAS 10.10.

For some time now, the Retail Group has been experiencing the impact of the crisis, combined with the decline in the market for consumer electronics, the pressure on prices, and increased competition.

Since the start of 2011, various measures have been taken to try to improve the situation. In addition to the closure of several shops in 2011 and 2012, the management has been changed. There was also a reduction in the number of staff, inventories were drastically reduced, and the parent company, Spector Photo Group NV, increased the shareholders' equity of Photo Hall Multimedia NV. The result of these measures turned out to be insufficient to reach an agreement with the lenders in the short term. The Board of Directors of Photo Hall Multimedia NV therefore decided to seek a buyer for its activities under the protection of the Law on the Continuity of Companies – Articles 59 to 70 – 'Judicial reorganisation through transfer under judicial authority' (*Gerechtelijke reorganisatie door overdracht onder gerechtelijk gezag*).

With this procedure, Photo Hall wants to make every effort to ensure the continuity, to retain employment, to guarantee service to its customers, and to safeguard relationships with its commercial partners.

At final deconsolidation, there will be no negative effect under IFRS on the consolidated equity of Spector Photo Group. Since there is no financial commitment from Spector Photo Group NV to the creditors of its subsidiary Photo Hall Multimedia NV, there will therefore be no further negative financial effect on the Group. The net financial debt of Spector Photo Group as at 30 June 2012 amounted to EUR 37.537 million, of which EUR 32.125 million related to the Retail Group.

⁽¹⁾ See press release of 24 July 2012

Evolution of the first half-year of 2012

The revenues of the retail operations within the Photo Hall Group amounted to EUR 56.244 million in the first half of 2012, a decrease by 18.7% compared to the EUR 69.184 million in the same period last year. Several factors underlie this further decrease of the revenues. During the past year, 15 unprofitable shops were closed, reducing the number of shops in Belgium from 92 to 78, and 16 shops remain in Luxembourg (one shop was closed). Consumer confidence continues to be low and manufacturers are reluctant to make investments, which results in a lack of product innovations. Moreover, a high level of competition causes price erosion and puts continuous pressure on profit margins.

The REBIT of the Retail Group fell from minus EUR 1.822 million to minus EUR 3.425 million, with the REBITDA decreasing from minus EUR 0.948 million to minus EUR 2.795 million in the first half of 2012.

Number of shops	June 2011	June 2012	Δ
Belgium			
own shops	89	75	-14
e-commerce	1	1	
under franchising	3	3	
Luxembourg			
own shops	17	16	-1
e-commerce	1	1	
Subtotal			
own shops	106	91	-15
e-commerce	2	2	
under franchising	3	3	
Total number of shops	111	96	-15

smartphoto™ Group – Photomedia

The revenues from the smartphoto™ Group amounted to EUR 23.925 million in the first half-year of 2012, a decrease of only 3.7% in comparison with the same period in 2011. The REBIT developed from minus EUR 0.643 million in the first half of 2011 to minus EUR 1.120 million in 2012.

The group's activities are shifting more and more into the last quarter, due to a greater focus on products with higher margins, such as photo books, photo cards, and photo gifts. The decline in sales figures for digital and analogue prints reinforces this phenomenon.

The mail order photo activities experienced a sharp decline in analogue and digital prints: -48% for analogue and -24% for digital. The increase in sales of photo books, photo cards, and photo gifts ensured that digital revenues remained at the same level as last year. This also resulted in the margin being retained. On the other hand, the transition to the new smartphoto™ brand led to increased marketing costs in the first half-year of 2012.

The photo activity in the retail shops experienced the same decrease in analogue and digital prints, but since the proportion of these products there is much greater, this puts heavy pressure on both the revenues from and profitability of this activity.

The sale of hardware via Filmobel remained stable, but the continuing pressure on margins also depressed the profitability in this area.

Most important items from the statement of comprehensive income

In the first half-year of the 2012 financial year, **Spector Photo Group** realised revenues of EUR 79.924 million (-14.8%) with a REBIT of minus EUR 4.691 million, compared to EUR 93.753 million and minus EUR 2.656 million respectively in the first half of 2011. The EBIT decreased from minus EUR 2.773 million to minus EUR 5.212 million. At the level of its REBITDA, Spector Photo Group experienced a deterioration of EUR 0.088 million to minus EUR 3.082 million. The contribution of the Retail Group in the REBITDA amounted to minus EUR 2.795 million, while the Imaging Group operated at almost break-even.

Due to the nature and development of the activities of the Retail Group, but especially of the Imaging Group, the focus of the financial year lies in the fourth quarter.

Restructuring measures implemented within the Retail Group during the first half of the year led to non-recurring expenses of EUR 0.521 million and mainly included severance payments of EUR 0.272 million and additional depreciation of EUR 0.182 million as a result of closing shops. During the first half-year of last year, the non-recurring costs of EUR 0.117 million were also exclusively related to the Retail Group, principally severance payments.

Financial result

The financial result decreased by EUR 2.080 million in comparison with the first half of 2011, and amounted to minus EUR 0.932 million compared to EUR 1.147 million in the preceding year. This decrease is the result of the non-recurring income of EUR 2.011 million realised in the first half-year of 2011 as a result of the loan and facility agreement concluded with NIBC Bank in April 2011. The recurring financial result remained almost the same due to the combination of lower financial charges of EUR 0.045 million, and the negative change in realised and unrealised exchange rate gains and losses of minus EUR 0.112 million.

Taxes

In the first half of 2012, Spector Photo Group achieved a tax result of EUR 0.061 million compared to minus EUR 0.163 million in the first half of 2011. The income taxes amount EUR -0.123 million. The mutation in the deferred taxes amounts to EUR 0.185 million.

Result for the financial year

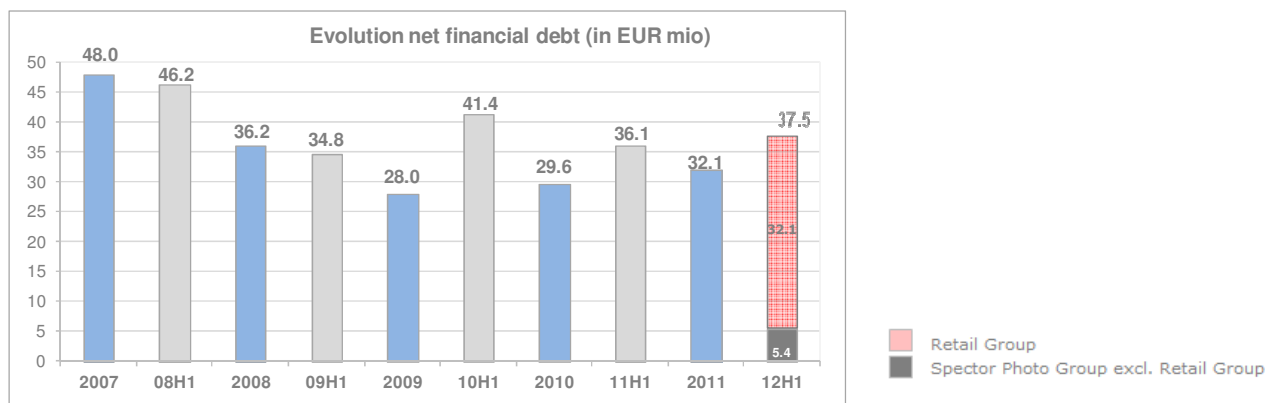
The first half of the 2012 financial year was closed with a loss of EUR 6.083 million, compared to a loss of EUR 1.789 million in the same period of 2011. This decline in the result by minus EUR 4.294 million can be explained as follows:

- Operating result: decrease of EUR 2.439 million, of which EUR 2.007 million related to the Retail Group.
- Financial result: decrease of EUR 2.080 million, mainly due to the non-recurring income of EUR 2.011 million in the first half-year.
- Income taxes: decrease of the tax expenses by EUR 0.224 million.

Statement of financial position

The balance sheet total decreased from EUR 95.608 million at the 2011 year-end to EUR 85.375 million at the end of June 2012. The most important items are the following:

- The net financial debt amounted to EUR 37.537 million as at the end of June 2012, compared to EUR 36.074 million as at the end of June 2011. The net financial debt relating to the Retail Group as at the end of June 2012 amounted to EUR 32.125 million.



- Shareholders' equity compared to year-end 2011 decreased primarily due to the half-year loss and amounted as at the end of June 2012 EUR 18.765 million (EUR 0.53 for each dividend-bearing share).
- The non-current assets decreased by EUR 1.393 million, mainly as a result, on the one hand, of the depreciation of minus EUR 1.994 million and, on the other, the investments in property, plant and equipment and intangible assets of EUR 0.468 million, and a net increase in deferred tax assets of EUR 0.199 million. The investments relate mainly to the Imaging Group, in particular production material for the canvas division and the expansion of the web application for the website.

Prospects for 2012

The Retail Group is currently operating under protection against the main creditors via the Law on the Continuity of Companies (*Wet op de Continuïteit van Ondernemingen*). This procedure, in which a buyer is sought under the supervision of the trustees appointed by the court, ends at 31 December 2012.

For 2012, the Imaging Group expects a stabilisation of total revenues while retaining its profitability.

REPORT OF THE COMMITTEE OF STATUTORY AUDITORS



Business advisers



Grant Thornton

UNQUALIFIED OPINION OF THE AUDITORS WITH AN EXPLANATORY PARAGRAPH

The Committee of Statutory Auditors confirms that its auditing activities have been completed regarding the contents of this press release and that they did not reveal any significant correction that should be included in the financial data of this press release. The auditors remark that the present valuation of the consolidation goodwill depends on the future positive development of the markets on which the business plan is based.

Ghent, August 28, 2012

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Spector Photo Group's profile

Spector Photo Group is a diversified multimedia and photo group with some 650 employees, operating in 14 European countries. Spector Photo Group's shares are traded on Euronext Brussels (ISIN BE0003663748, stock code SPEC).

Spector Photo Group has two core activities that are structured into two separate divisions:

The Retail Group, which contains the retailing of consumer electronics and multimedia products under the brand names Photo Hall™ and Hifi International™. At the end of June 2012, the Retail Group had 94 shops, of which 91 were under the Group's own management, spread across Belgium and the Grand Duchy of Luxembourg. The group also operates two online shops. The Retail Group's revenue represented 70% of the revenue from the group's continuing operations during the first half of 2012.

The Imaging Group processes digital and analogue photographs into photo prints, photo calendars, photo diaries, photo books, photos on canvas, photo gifts, etc., using smartphoto™ as its strategic brand for this purpose. The Imaging Group's revenue represented 30% of the revenue from the group's continuing operations during the first half of 2012.

Financial calendar

25 October 2012*	after exchange closes	Trading update for third quarter of 2012
7 March 2013*	before exchange opens	2012 Annual results
8 May 2013	before exchange opens 2.00 p.m.	Trading update for first quarter of 2013
29 August 2013*	after exchange closes	Annual meeting of shareholders
		Half-year results and half-year financial report for 2013

*indicative dates

Definitions

REBIT = Profit/loss (-) from operating activities before non-recurring items.

EBIT = Profit/loss (-) from operating activities (Earnings Before Interest and Tax).

REBITDA = Profit/loss (-) from operating activities before non-recurring items, adjusted for depreciation, amortisation, impairment and provisions.

EBITDA = Profit/loss (-) from operating activities adjusted for depreciation, amortisation, impairment and provisions (Earnings Before Interest, Tax, Depreciation and Amortisation).

Profit/loss (-) before taxes, adjusted for non-cash items = Profit/loss (-) before taxes, adjusted for depreciation, amortisation, impairment, provisions, and financial non-cash items.

Profit/loss (-) from continuing operations, adjusted for non-cash items = Profit/loss (-) after taxes, adjusted for depreciation, amortisation, impairment, provisions, financial non-cash items and deferred taxes.

Share of the equity holders in the parent company in the cash flow for the financial year = Net profit/loss adjusted for depreciation, amortisation, impairment, provisions, financial non-cash items, deferred taxes and non-cash items from discontinued operations.

Net Financial debt = financial obligations less cash, cash equivalents and other non-current financial assets.

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This press release is an English translation of the official Dutch version.