



Regulated information

Wetteren (Belgium), 31 August 2009

Spector Photo Group: 2009 half-year results

Retail Group:

- Drop in revenue of 11.1% due to difficult economic market conditions and low consumer confidence
- EBITDA falls from EUR 4.13 million to EUR 1.12 million (-72.9%)

Imaging Group:

- Business model is a success: Revenue increases by 15.6% on comparative basis (excluding FLT in the first half-year of 2008)
- EBITDA increases from EUR 0.97 million to EUR 1.13 million (+17.3%)

Key figures

Audited figures, drawn up in accordance with IFRS

Income Statement	(in €'000)	June 2008	June 2008 revised	June 2009	Δ in %
Revenue		134 967	123 794	117 145	-5.4%
REBITDA		4 508	5 418	1 827	-66.3%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)		- 713	471	- 2 270	-582.1%
Non-recurring items from operating activities		- 709	- 709	0	100.0%
Profit/loss (-) from operating activities (EBIT)		- 1 422	- 238	- 2 270	-853.1%
EBITDA		3 883	4 793	1 827	-61.9%
Financial result		- 3 244	- 3 114	- 1 618	48.0%
Income tax expense (-)/income		- 238	- 237	431	281.6%
Profit/loss (-) from continuing activities		- 4 904	- 3 589	- 3 457	3.7%
Profit/loss (-) from continuing activities, corrected for non-cash items		69	1 160	- 963	-183.0%
Profit/loss (-) from discontinued operations		- 272	- 1 587	- 1 050	33.8%
Profit/loss (-) for the period		- 5 176	- 5 176	- 4 507	12.9%
Attributable to the group		- 5 176	- 5 176	- 4 507	12.9%

Statement of financial position	(in €'000)	June 2008	June 2009	Δ in %
Total equity		35 995	26 637	-26.0%
Statement of financial position - Total		142 146	112 216	-21.1%
Net financial debt		46 201	34 754	-24.8%
Customer relationships		12 600	9 989	-20.7%
Investments		1 011	744	-26.3%
Amortisations		- 2 376	- 1 929	18.8%

(in €'000)	June 2008	June 2008 revised	June 2009	Δ in %
Revenue				
Retail	102 669	91 511	81 338	-11.1%
Imaging	32 656	32 656	36 191	10.8%
Corporate	385	385	389	1.1%
Intersegment	- 743	- 759	- 773	-1.9%
Spector Photo Group	134 967	123 794	117 145	-5.4%
Discontinued activities		11 193	3 437	-69.3%
Intersegment		- 20	0	-
Total	134 967	134 967	120 582	-10.7%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)				
Retail	1 612	2 797	148	-94.7%
Imaging	- 2 014	- 2 014	- 1 990	1.2%
Corporate	- 312	- 312	- 428	-37.4%
REBITDA				
Retail	3 225	4 135	1 120	-72.9%
Imaging	1 591	1 591	1 133	-28.8%
Corporate	- 308	- 308	- 426	-38.4%
Profit/loss (-) from operating activities (EBIT)				
Retail	1 612	2 797	148	-94.7%
Imaging	- 2 723	- 2 723	- 1 990	26.9%
Corporate	- 312	- 312	- 428	-37.2%
EBITDA				
Retail	3 225	4 135	1 120	-72.9%
Imaging	966	966	1 133	17.3%
Corporate	- 308	- 308	- 426	-38.4%

The figures for the first half-year of 2008 were revised in accordance with IFRS 5, whereby Föfoto Kft was recognised under the 'discontinued operations'. This 100% participation was divested via a management buy-out (MBO) during the second quarter of 2009. Furthermore, the figures for the first half-year of 2008 still took into account the Italian FLT, part of the Imaging Group, which was recognised as a financial asset with effect from the fourth quarter of 2008. Without FLT in the first half-year of 2008, the revenue of the Imaging Group for the first half-year of 2009 achieved a relative increase of 15.6%.

The full consolidated "**2009 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 report of the Committee of Statutory Auditors is included towards the end of this document.

Recurring items from operating activities

During the first half-year of 2009, **Spector Photo Group** realised EUR 117.15 million revenue from continuing activities, of which EUR 81.34 million was realised by the Retail Group and EUR 36.19 million by the Imaging Group, including intersegment revenue. The recurring result from operating activities amounted to minus EUR 2.27 million, compared to EUR 0.47 million during the same period last year.

The low consumer confidence in Belgium and Luxembourg continues to put pressure on the performance of the **Retail Group**, which saw its revenue decrease by 11.1% during the first half-year. After a fall of 12.5% in the first quarter of 2009, the second quarter saw a drop in revenue of 9.5%; notwithstanding the second quarter being the weakest on an annual basis (22.5% of the annual revenue in 2008).

The REBIT, equivalent to EBIT, amounted to EUR 0.15 million, in contrast to EUR 2.8 million as at 30 June 2008 (-94,7%). The REBITDA, equivalent to EBITDA, fell from EUR 4.14 million to EUR 1.12 million (-72,9%). The limited opportunities for cost savings, the continuing high rents, and the indexations on wages of 2008 explain this fall in the results.

The **Imaging Group** realised an increase in revenue of 10.8% during the first half-year of 2009. Abstracting the contribution of FLT in 2008, the revenue would have increased by 15.6%. The REBITDA fell by 28.8%, from EUR 1.59 million to EUR 1.13 million. This was basically due to the higher operating costs for processing the heavily increased production volumes (e.g. new printers and recruiting staff), various promotional campaigns, and the further decline of the very profitable analogue photography. The REBIT remained more or less stable at minus EUR 2 million, because of decreased depreciation and amortisation. The EBITDA rose by 17.3%, from EUR 0.97 million to EUR 1.13 million.

Non-recurring items from operating activities

As previously announced, during the first half-year, there were no non-recurring items from operating activities that affected the result. Last year, these amounted to minus EUR 0.7 million. These then related to closing the site at Villeneuve d'Asq, France, due to centralisation of the services of the Extrafilm France entity.

Financial result

The financial result saw a sensitive improvement from minus EUR 3.11 million in the first half of 2008, to minus EUR 1.62 million in first half of 2009. Three items supported this development. First, the net financial costs of EUR 2 million decreased to EUR 1.79 million, thanks to a fall in interest rates on the current liabilities, lower intake of short-term loans, and the decrease of the net financial debt, from EUR 46.2 to EUR 34.75 million. A second element concerns the exchange rate differences. Whereas these had a negative effect of EUR 0.39 million in 2008, there was a positive effect of EUR 0.17 million in 2009. Finally, the financial result in the first half of 2008 was negatively affected by non-recurring items amounting to EUR 0.7 million.

Taxes

Spector Photo Group realised a positive tax result of EUR 0.43 million during the first half-year of 2009, compared to minus EUR 0.24 million a year ago.

In the first half-year of 2009, the current taxes amounted to EUR -1.12 million, of which EUR -0.8 million as a result of a write-back of a tax receivable of Hifi international in Luxembourg, with no cash impact in 2009. The deferred taxes amounted to a positive EUR 1.55 million, of which EUR 1.06 million was a result of offsetting tax losses with profits from previous years (carry-back), concerning Extrafilm France, where taxes paid were refunded.

Discontinued operations

The results of the discontinued operations concern the divestment on 4 June 2009 by means of an MBO (management buy-out) of the 100% participation in the Hungarian Föfoto retail chain. The loss of EUR 1.05 million comprises, on the one hand, a non-cash loss of EUR 0.76 million resulting from the currency translation differences that were transferred from the currency translation differences in the shareholders' equity to the income statement at the moment of realisation and, on the other, of EUR 0.29 million costs related to the settlement of this transaction.

Result for the first half-year of 2009

The loss as at 30 June 2009 amounted to minus EUR 4.51 million, compared to minus EUR 5.18 million in 2008. The loss per share amounts to EUR 0.13. Simplified, this result can be explained as follows:

- Loss of EUR 3.46 million from continuing activities, composed as follows:
 - operating loss of EUR 2.27 million
 - a negative financial result of EUR 1.62 million
 - a positive tax result of EUR 0.43 million.
- Loss amounting to EUR 1.05 million from discontinued operations.

Investments

The investments over the first half-year of 2009 amounted to approximately EUR 3.1 million. The EUR 1.97 million of investments in property, plant and equipment was mainly for purchasing machines for the Imaging Group, EUR 1.37 million, as a result of the strong growth and expansion of the product range. The other investments were mainly for the equipment and furnishing of existing and new shops for the Retail Group. The EUR 1.13 million investment in intangible assets was mainly related to the Imaging Group, specifically investment of EUR 0.33 million in the renewed website, and the acquisition of external customer relationships, amounting to EUR 0.74 million.

Statement of financial position

The most important items are the following:

- The net financial debt has further decreased to EUR 34.75 million during the first six months of 2009, in contrast to EUR 46.2 million at the same time during the previous year. At year-end 2008, the net financial debt amounted to EUR 36.15 million.
- The shareholders' equity has generally decreased due to the impact of the negative result and, at the end of June 2009, amounted to EUR 26.64 million, representing EUR 0.75 for each dividend bearing share.
- After investments and write-downs, the value of the externally acquired customer relationships amounted to EUR 9.99 million, of which EUR 7.68 million is for externally acquired customer relationships and EUR 2.31 million relating directly attributable costs.
- The inventories and receivables items decreased by EUR 13.75 million, whereas the suppliers' credits decreased by EUR 11 million.
- The assets held for sale and their directly related liabilities decreased as a result of the sale of Föfoto, and now only contain assets and liabilities related to Litto-Color.

RESULTS BY DIVISION – THE RETAIL GROUP

The economic external factors remained negatively oriented during first half of 2009, and allowed no improvement in consumer confidence. It is clear that, in this climate of uncertainty, durable goods purchases are being postponed. The decrease the Retail Group noticed in the second quarter, however, was less than in the first quarter.

Belgium:

A survey by GfK Retail and Technology showed that the revenue of consumer electronics in Belgium decreased by 14% in the second quarter. The decrease of the revenue of Photo Hall Belgium was lower than the market average. Falling volumes and especially price erosion were the reasons for the lower revenue. In some product groups, the revenue did indeed increase, but this did not always balance out the strong price erosion. Moreover, Photo Hall Belgium was able to keep its market share stable. Nevertheless, the first half-year of 2009 closed with an operating loss.

Luxembourg:

The revenue of Hifi international showed a steeper decline than that of Photo Hall Belgium, mainly due to a sharp fall in the trading activities. The impact of the economic crisis manifested itself in Luxembourg with a six-month delay compared to Belgium. However, Hifi International was able to close the first half-year of 2009 with a positive operating profit. With effect from September 2008, Photo Hall has retained a single shop in France that is fully incorporated in the Luxembourg organisation.

Number of points of sale

The number of points of sale has decreased by one unit, which is the result of closing one of the two shops in France. In Belgium, the number of points of sale remained unchanged because two franchise shops were taken under own management, one franchise was closed and one new own shop was opened.

Number of points of sale	June 2008	June 2009
Belgium		
own shops	82	85
e-commerce	1	1
under franchising	7	4
Luxembourg		
own shops	16	16
e-commerce	1	1
France		
own shops	2	1
Subtotal		
own shops	100	102
e-commerce	2	2
under franchising	7	4
Total number of points of sale	109	108

RESULTS BY DIVISION – THE IMAGING GROUP

The positive trend, which has been noticed since the fourth quarter of 2008, could be continued and led to a revenue increase of 10.8%, 15.6% on comparative basis without FLT. The growth of 10.8% is the resultant of an increase of 22.3% in the first quarter and of 4.2% in the second quarter.

The mail-order activities experienced a slight decline in revenue. On the one hand, there was the negative impact of a stronger than expected fall in analogue photography (-51%) – is currently less than 20 % of the mail order sales - and of the fall in the Swedish krona's value. On the other hand, the digital revenue, from digital photos, photo books and other photoproducts, saw an increase of 34%. Photo books, photo calendars, photo cards and other photo products now already represent 57.5% of the revenue of digital photography; this was only 45.3% in first half of 2008. A very important part of this is the sale of photo books and calendars, which enjoyed growth of 117%. The sale of individual prints remained stable, but is becoming a less important parameter for the future due to the success of the new products. These new products, with a higher added value, built around digital prints, offer customers more opportunities to be different in comparison with the ordinary printing of digital prints. The number of customers rose by 14%, the order for each customer increased by 20% due to the changes in product mix to products with more added value.

In July, the Internet site is being updated with a completely new range of photo books, photo cards, etc. The costs and investments for this are included in the figures for the second quarter of 2009.

Filmobel, the supplier of photographic hardware that has built up a strong position on the Belgian market, continues to do well and again realised a strong two-figure growth. Moreover, Spector continues to promote itself as the full service supplier for photo specialists, by offering customised solutions for digital photography and making available its complete know-how concerning new products (photo books, photos on canvas, etc.) and new software; however, this is not yet reflected by an increase in the revenue, because the fall of analogue is not yet being fully compensated.

CHANGES IN THE MANAGEMENT OF THE GROUP

Spector Photo Group NV has two operational divisions, Retail and Imaging, structured in two separate legal entities, being Photo Hall Multimedia NV (Retail) with Mr. Christophe Levie as the CEO and Photomedia NV (Imaging) with Mr. Stef De corte as CEO. These divisions function autonomously each with its own strategy and its own decision-making and financial structure. To simplify and to better adapt the group structure to this reality, Mr. Luc Vansteenkiste has decided to make the position of Chairman of the Board of Directors available. The Board of Directors asked Mr. Tonny Van Doorslaer to assume the function of Executive Chairman. Mr. Tonny Van Doorslaer has accepted this function which changes the function of group CEO towards group Executive Chairman. The Board of Directors explicitly wishes to thank Mr. Vansteenkiste for his years of commitment and close involvement in the group. Mr. Vansteenkiste, permanent representative of VEAN NV, does remain director of Spector Photo Group NV.

Also within this framework, the Board of Directors has decided to propose Mr. Christophe Levie, managing director of Photo Hall Multimedia NV, and Mr. Stef De corte, managing director of Photomedia NV, to be appointed as directors of Spector Photo Group NV at the next General Meeting of Shareholders.

REPORT OF THE COMMITTEE OF STATUTORY AUDITORS

REPORT CONCERNING THE LIMITED REVIEW ON THE INTERIM CONSOLIDATED SITUATION OF SPECTOR PHOTO GROUP AS OF 30 JUNE 2009

We have performed a limited review of the interim consolidated situation of Spector Photo Group as of 30 June 2009 in accordance with the recommendations of the "Institut des Reviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". This interim consolidated situation was prepared under the responsibility of the Board of Directors of Spector Photo Group.

This review consisted primarily of the analysis, the comparison and discussion of the financial information that we received. It is consequently less elaborate than a full audit, the purpose of which, is to give a fair opinion on the net worth, the financial position and the consolidated results of the operations at year-end. Accordingly we do not express an audit opinion.

This review has not disclosed elements that could lead to significant corrections of this interim consolidated situation, taking into account that the valuation of the intangible assets of the Imaginggroup depends on the further positive evolution of the sales and the rentability which is linked to the transition to digital photography.

Ghent, August 26, 2009

PKF bedrijfsrevisoren
Statutory Auditor
Represented by



D. De Jonge

Grant Thornton, Lippens & Rabaey
Statutory Auditor
Represented by



J. Lippens

PROSPECTS (*)

Photo Hall – Retail Group

The difficult economic environment that has a negative effect on consumption could still affect the activities in Photo Hall during the second half-year.

Photomedia – Imaging Group

Despite the difficult economic conditions, it is anticipated that the market for digital photography will continue to develop favourably. It is expected that there will be continued growth of the photo books, photo calendars, photo cards, photo on canvas, photo gifts and other photo products.

Spector Photo Group's profile

Spector Photo Group is a diversified multimedia and photo group with some 800 employees, operating in 14 European countries. Spector Photo Group's shares are traded on Euronext Brussels.

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 2009, the Retail Group had 108 shops, of which 102 are under the group's own management, spread across Belgium, the Grand Duchy of Luxembourg, and France. The Retail Group's revenue represents 69% of the revenue of the group's continuing activities as at the end of June 2009.

The Imaging Group converts digital and analogue photographs into photo prints, photo calendars, photo diaries, photo books, photo on canvas, photo gifts, etc. Imaging uses ExtraFilm™ as its strategic brand name for its mail-order service. In addition, the group reserves its Spector™ brand name for its partnership with specialised photographic businesses. The Imaging Group's revenue represented 31% of the revenue of the group's continuing activities as at the end of June 2009.

Financial calendar

10 November 2009	Trading Update for third quarter of 2009
9 February 2010*	Trading update for 2009
9 March 2010*	2009 Annual results
12 May 2010	Trading update for first quarter of 2010
30 August 2010*	Half-year results and Half-yearly financial report for 2010

* indicative dates

Definitions

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

EBIT = Profit/loss (-) from operating activities

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

EBITDA = profit/loss (-) from operating activities corrected for depreciation, amortisation and provisions.

Net Financial debt = Financial obligations less cash, cash equivalents and non-current investment securities

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(*) This press communication contains forward-looking information that is based on the current internal estimates and expectations. The forward-looking statements contain inherent risks and only apply at the date on which they are communicated. It cannot be excluded that the actual results differ considerably from the forward-looking expectations that have been incorporated in this message.

[This press release is an English translation of the official Dutch version.](#)