SPECTOR PHOTO GROUP

ANNUAL REPORT 2008

THIS ANNUAL REPORT IS PRESENTED IN ONE OF OUR NEWEST PRODUCTS, THE "CREATE" PHOTO BOOK WITH PHOTO COVER. IT HAS A PANORAMIC FORMAT THAT IS IDEAL FOR PHOTOS TO ACHIEVE THE BEST POSSIBLE PRESENTATION. MOREOVER IT HAS BEEN PRODUCED FROM START TO FINISH IN OUR OWN LABS, PRINTED ON THE MOST UP-TO-DATE HP INDIGO DIGITAL PRESSES.

This report is an English translation of the official Dutch version. Contact the Spector Photo Group head office mentioned on the back cover or see www.spectorphotogroup.com.

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Key Figures

AUDITED AND CONSOLIDATED FIGURES PREPARED ACCORDING TO IFRS (IN € '000)

INCOME STATEMENT FOR THE YEAR ENDING ON 31 DECEMBER

	2007	2008
Revenue	270 438	266 159
Profit/loss (-) from operating activities, before non-recurring items (REBIT)	4 786	5 758
Non-recurring items from operating activities	- 484	- 786
Profit/loss (-) from operating activities (EBIT)	4 302	4 972
Financial result	- 4 675	- 7 582
Income tax expense (-)/income	- 156	- 908
Profit/loss (-) from continuing activities	**- 530**	**- 3 518**
Profit/loss (-) from discontinued operations	- 635	- 4 229
Profit/loss (-) for the period	**- 1 164**	**- 7 748**
Attributable to the group	**- 1 164**	**- 7 748**

BALANCE SHEET FIGURES

	2007	2008
Balance sheet total	161 014	136 505
Gross financial debt	61 519	48 592
Net financial debt	47 990	36 150
Total equity	41 579	30 559
Solvency ratio	25.8%	22.4%
Gearing ratio	115.4%	118.3%
Current ratio	116.5%	115.6%

SEGMENT INFORMATION

	2007	2008
Revenue		
Retail	195 152	190 414
Imaging	76 243	76 512
Corporate	1 067	762
Intersegment	- 2 024	- 1 530
Spector Photo Group	**270 438**	**266 159**
Discontinued operations	25 610	24 470
Inter-segment		- 76
Total	**296 047**	**290 553**
Profit from operating activities, before non-recurring items (REBIT)		
Retail	10 700	7 632
Imaging	- 5 607	- 1 342
Corporate	- 307	- 532
REBITDA		
Retail	13 762	10 479
Imaging	4 343	6 329
Corporate	- 145	- 524
Profit/loss (-) from operating activities (EBIT)		
Retail	10 700	7 632
Imaging	- 5 986	- 2 128
Corporate	- 412	- 532
EBITDA		
Retail	13 762	10 479
Imaging	4 002	5 627
Corporate	- 250	- 524

CASH FLOW DATA

	2007	2008
REBITDA	17 959	16 284
EBITDA	17 513	15 583
EBITDA as % of revenue	6.5%	5.9%
Profit/loss (-) before taxes, corrected for non-cash items	13 433	11 013
Profit/loss (-) from continuing activities, corrected for non-cash items	11 527	9 505
Profit/loss (-) from continuing activities, corrected for non-cash items as % of revenue	4.3%	3.6%
Net result of the year attributable to equity holders of the parent company, corrected for non-cash items	11 492	7 066

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 depreciations, amortisations and provisions.
EBITDA = Profit/loss (-) from operating activities corrected for depreciations, amortisations and provisions.
Profit/loss (-) before taxes, corrected for non-cash items = Profit/loss (-) before taxes corrected for depreciations, amortisations, provisions and financial non-cash elements.
Profit/loss (-) from continuing activities, corrected for non-cash items = Profit/loss (-) after taxes corrected for depreciations, amortisations, provisions, financial non-cash elements and deferred taxes.
Net result of the year attributable to equity holders of the parent company, corrected for non-cash items = Net result corrected for depreciations, amortisations, provisions, financial non cash elements, deferred taxes and non cash elements from discontinued activities.
Net Financial debt = Financial obligations less cash, cash equivalents and other non-current financial assets.
Solvency ratio = Shareholders equity as percentage of the balance sheet total.
Gearing ratio = Net financial debt as percentage of the shareholders equity.
Current ratio = Current assets as percentage of the current liabilities.

Letter to the Shareholders

2008 was an atypical year for Spector Photo Group. The Retail Group was confronted with substantial cost inflation during the first half-year, while the second half-year suffered seriously from the impact of the credit crisis.

The Imaging Group, on the other hand, suffered little or not from the disappointing economic circumstances and reaped the benefits of its long term strategy in digital photography. Photo prints, both analogue and digital, still represent a significant portion of the revenue, but the photo-related products, photo books, calendars, greetings cards, photo on canvas, etc., are gradually commanding an important position, not least because of their exponential growth.

The significant improvement of the Imaging Group's results and the fall in the net financial liabilities by 11.84 million euros to 36.15 million euros were important characteristics of the 2008 financial year. In the area of results, this positive development was partially undone by the Retail Group's less encouraging figures, as well as the non-recurring write-downs on the Hungarian Föfoto and the Italian FLT subsidiaries.
The write-off of the full value of the Italian FLT completes the restructuring of the Imaging Group. As far as the Retail Group is concerned, we look forward to 2009 with some caution because of the uncertain economic prospects.

We would like to express our sincere gratitude to our employees in Belgium and abroad, our faithful shareholders, as well as our suppliers and partners, and first and foremost to our customers for the confidence they have shown in our group during 2008.

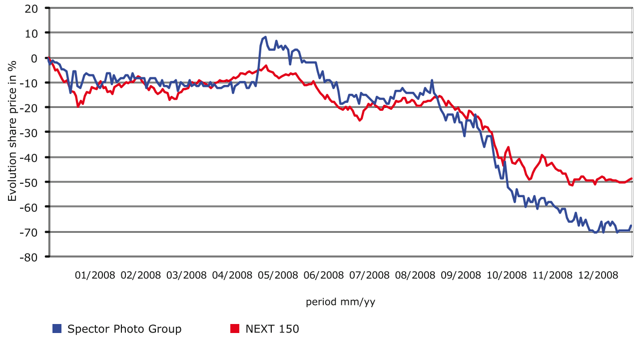
Tonny Van Doorslaer
Managing Director

Luc Vansteenkiste
Chairman of the Board of Directors

Information for the Shareholders

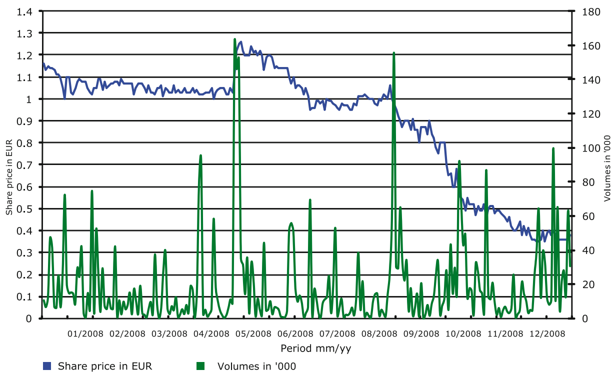
DEVELOPMENT SHARE PRICE IN %
SPECTOR PHOTO GROUP / NEXT 150 INDEX

January-December 2008



SPECTOR SHARE PRICE AND VOLUMES

January-December 2008



LISTING

The Spector Photo Group share is listed on Euronext Brussels.

- ISIN code : BE0003663748
- SRW code : 3663.74
- Stock code : SPEC
- Reuters code : SPEC.BR

RELEVANT FIGURES OF THE SHARE

	2007	2008
Closing rate as per end of December	1.15 €	0.38 €
Average closing rate	1.29 €	0.90 €
Highest closing rate	1.54 €	1.26 €
Highest intraday rate	1.58 €	1.29 €
Lowest closing rate	0.95 €	0.35 €
Lowest intraday rate	0.96 €	0.32 €
Total volume traded	14 842 814	4 758 470
Average daily volume	58 207	18 883
Total turnover	19 520 149 €	4 185 923 €
Estimation average daily turnover	76 550 €	16 611 €
Rotation*	70.78%	22.52%

* rotation calculated on the free float of shares as it appears from the latest notifications received by the company

COMMUNICATION WITH THE SHAREHOLDERS AND INVESTORS

Spector Photo Group attaches particular importance to regular and transparent communication to its shareholders and investors.

- Publication of trading updates en results (please see below).
- Separate “Investor Relations” section on the website www.spectorphotogroup.com.
- Free subscription for investors to receive press releases, via the same website.

DIARY FOR THE SHAREHOLDERS

13 May 2009	before trading hours	Trading update for first quarter of 2009
13 May 2009	at 2 p.m.	Annual General Meeting of Shareholders
29 August 2009	after trading hours	Publication of half-year results and half-yearly financial report for 2009
10 November 2009*	after trading hours	Trading update for third quarter of 2009
9 February 2010*	after trading hours	Trading update for 2009
9 March 2010*	before trading hours	Annual communiqué of results for 2009

* indicative data

KEY FIGURES PER SHARE

Number of shares with dividend rights as at 1 January 2008	36 487 708
Acquisition of treasury shares dd. 27 March 2008	-1 075 275
	35 412 433
Weighted average number of dilluted ordinary shares as at 31 December 2008	35 668 731

(in €, except for the number of shares)	2007	2008	2008
Number of shares	**36 619 505**	**36 619 505**	**36 619 505**
Shares with dividend rights	**Number**	**Number**	**Weighted average number**
	36 487 708	**35 412 433**	**35 668 731**
Revenue	7.41	7.52	7.46
Profit/loss (-) from operating activities, after non-recurring elements (EBIT)	0.12	0.14	0.14
REBITDA	0.49	0.46	0.46
EBITDA	0.48	0.44	0.44
Profit/loss (-) before taxes	-0.01	-0.07	-0.07
Profit/loss (-) from continuing activities	-0.01	-0.10	-0.10
Profit/loss (-) from discontinued operations	-0.02	-0.12	-0.12
Profit/loss (-) for the period	-0.03	-0.22	-0.22
Profit/loss (-) before taxes, corrected for non-cash elements	0.37	0.31	0.31
Profit/loss (-) from continuing activities, corrected for non-cash elements	0.32	0.27	0.27
Profit/loss (-) for the period attributable to equity holders of the parent company	-0.03	-0.22	-0.22
Profit/loss (-) for the period attributable to equity holders of the parent company, corrected for non-cash elements	0.31	0.20	0.20
Share price per 31 December	1.15	0.38	0.38

On 27 March 2008, 1,075,275 treasury shares were acquired for an amount of EUR 1,118 ('000). As a means of partially paying the outstanding receivable, Fotoinvest CVBA, in liquidation, transferred the bundle of shares in Spector Photo Group NV to Spector Coördinatiecentrum NV. The companies Fotoinvest CVBA, in liquidation, and Partimage CVA, on the one hand, and Spector Coördinatiecentrum NV, Alexander Photo SA and Spector Photo Group NV on the other, submitted an official notification of this transfer, dated 28 March 2008, to the Belgian Banking, Finance and Insurance Commission and to Euronext Brussels.

NUMBER OF SHARES

The total number of shares listed is 36 619 505.
The structure of the shareholdership is included on page 109 of this document

FINANCIAL SERVICES

The financial service relating to the shares is provided by by Fortis Bank and KBC Bank in Belgium, free of charge for the shareholders. If the company should change its policy concerning this matter, it will be published in the Belgian financial press.

DEMATERIALISATION OF SECURITIES

Persuant ot the Belgian Law of 14 December 2005 governing the abolition of bearer securities and the resulting mandatory dematerialisation of bearer securities with effect from 1 January 2008, Spector Photo Group is calling on the services of Euroclear Belgium NV.
Euroclear Belgium NV is the Belgian Central Depository that offers all kinds of services to financial intermediaries and issuers of securities, including custody of securities, dematerialisation services, processing of stock exchange transactions, etc.
The Articles of Association of Spector Photo Group NV in compliance with the amended legislation concerning the abolition of bearer securities and dematerialisation of securities, were amended on 6 November 2007, published in the Appendices to the Belgian Bulletin of Acts and Decrees of 21 November 2007.

Macro-economic environment

At the start of 2008, nothing seemed to indicate that 2008 would suffer seriously from the most serious financial crisis since the Second World War. The first half-year was dominated by the sharp rise of inflation due to strongly rising commodity prices, with oil prices in particular reaching historical peaks. Due to automatic indexation, Belgium experienced one of the highest inflation rates in Europe, but the economic impact was limited.

The bankruptcy of the American Lehman Brothers merchant bank in mid-September was a very different matter, and led to a deep financial crisis that resulted very swiftly in an economic crisis. Certainly, all economic indicators ended up heavily in the red in the fourth quarter of 2008.

Thus, 2008 was a seriously challenging and difficult year for all companies, due to the slowdown of economic growth, inflation, the credit crisis and, for the retail segment of the Spector Photo Group in particular, due to the sharp decline of consumer confidence.

Source: NBB

Source: NBB

Profile Spector Photo Group

Spector Photo Group is a diversified multimedia group operating in 15 countries. It consists of two separate groups, the Retail Group, on the one hand, and the Imaging Group on the other, both mainly supplying services and products to consumers. The Retail Group focuses on consumer electronics and on multimedia products on some local markets. It presents itself more as a retailer providing service than as a price-cutter. Today, the new digital photoproducts dominate at the Imaging Group, but the individual photo prints remain very important, and this on a European scale.
They each develop a separate strategy and use the most suitable distribution channels for this. The main characteristic is that the customer is always the main point of focus.

Milestones

1964: Foundation of DBM Color.

1965: DBM Color commenced operations.

1976: Creation of the Spector logo

1977: Creation of the Spector brand name and link with the logo.

1982: Expansion into the Netherlands..

1984: Joint venture for mail-order activities in France under the name of ExtraFilm (joint venture between DBM Color and ExtraFilm from Sweden).

1988: Acquisition of Tecnocrome (photofinishing organisation in Belgium).

1990: ExtraFilm (Sweden) joined the Group + French ExtraFilm joint venture became a full subsidiary.

1991: Acquisition of majority interest in Prominvest (holding company listed on the Brussels stock exchange) + Prominvest acquires the group (reverse takeover), which results in a listing.

1993: Change of the group's name: Spector Photo Group + merger by absorption of Prominvest by Spector Photo Group.

1994: Acquisition of photofinishing labs in France.

1995: Expansion into Austria + acquisition of majority interest in ExtraFilm Switzerland.

1996: Agreement with the Swiss Interdiscount holding company provides access to Hungarian and German markets; ensures 100% control of ExtraFilm Switzerland; also means the acquisition of Photo Hall in Belgium; and was followed by the takeover of the French mail-order company Maxicolor.

1997: Maxicolor expands activities into Belgium and the Netherlands.

1998: Listing of Photo Hall, followed by takeover of Hifi International in Luxembourg.

1999: Participation acquired in the Italian photo lab FLT.

2001: Withdrawal from the German and Austrian markets, and streamlining of the photofinishing division to five (5) labs in Belgium, Sweden, France, Hungary, and Italy.

2002: Merger by absorption of Photo Hall by Spector Photo Group, followed by the start of a programme to remodel the Hungarian organisation to match the Belgian Photo Hall concept.

2003: Start of programme to expand ExtraFilm to become the group's brand name for 'web-to-post' activities in Europe.

2004: Acquisition of the trading securities of KodaPost in Scandinavia, and of Litto-Color, a photofinishing lab in Belgium with commercial activities in the Benelux and France. Closing of the lab in Hungary.

2005: ExtraFilm becomes the recommended photo print partner for Windows XP in France, Germany, Great Britain and Spain. Closing of the lab in Munster, France. Capital increase of 41.8 million euros.

2006: Litto-Color, the lab in Ostend, was divested.
Sacap France was closed.

2007: The brand names ExtraFilm, Maxicolor and Wistiti were combined under the ExtraFilm name.
Centralisation of the two channels for photo shops, Filmobel (hardware) and Spector (photo service), under one organisation in Wetteren, Belgium.

2008: Completion of the restructuring of the Imaging Group with the centralisation of ExtraFilm France in Belgium. The marketing of ExtraFilm France remains located in France (Paris).
Photo Hall celebrated its 75th birthday.
Breakthrough of digital photography.
Decision to divest Föfoto.

GEOGRAPHICAL PRESENCE

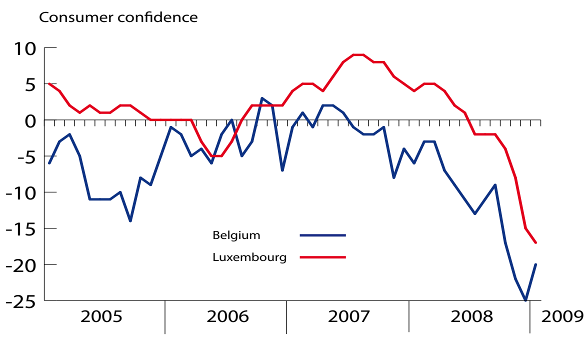
Countries	Brand name (division)
Belgium	Photo Hall (Retail) Spector (Imaging) ExtraFilm (Imaging)
Luxembourg	Hifi International (Retail) ExtraFilm (Imaging)
The Netherlands	Spector (Imaging) ExtraFilm (Imaging)
France	ExtraFilm (Imaging) Hifi International (Retail)
Hungary	Photo Hall (Retail)
Sweden	ExtraFilm (Imaging)
Norway	ExtraFilm (Imaging)
Finland	ExtraFilm (Imaging)
Denmark	ExtraFilm (Imaging)
Switzerland	ExtraFilm (Imaging)
Italy	FLT (Imaging)
Germany	ExtraFilm (Imaging)
United Kingdom	ExtraFilm (Imaging)
Spain	ExtraFilm (Imaging)

Retail Group

CONSUMER CONFIDENCE

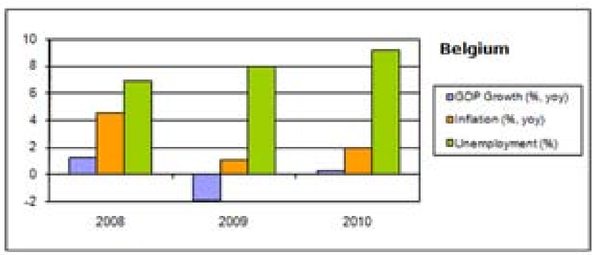
The financial crisis and the economic recession have had a significant impact on individuals in 2008. At the financial level, there was the fear that they could lose their savings due to banks going bankrupt, while, on their equity investments and their investment funds they lost an estimated 150 billion euros (source NBB), higher than the 118 billion euros that were lost in 2002.

The fear for increased unemployment was also an element that put pressure on consumer confidence.

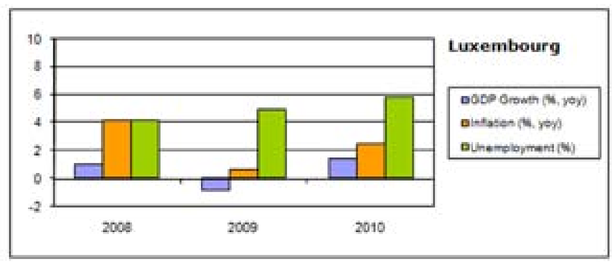


Source: NBB and BCL

During the third quarter of 2008, GDP decreased by 0.2% in both the Eurozone and the EU. The job market situation started to deteriorate in most of the member states in 2008. It is expected that employment will show negative growth in 2009. In contrast, inflationary pressure decreased rapidly. The sharp increase in commodity prices, which led to inflation peaking in the summer of 2008, was reversed under the effects of the gloomy growth prospects, on the one hand, and the deteriorated job market situations, on the other.



Source: European Commission - Interim Forecast January 2009



Source: European Commission - Interim Forecast January 2009

Thanks to the measures for stabilisation of the financial markets, the easing of the monetary policy, and the economic recovery plans, should be able to draw a line under the deterioration of the economy in 2009. Expectations are that the reduction of inflationary pressure will encourage private consumption.

SPECTOR PHOTO GROUP RETAIL OPERATIONS

Spector Photo Group's retail operations consist of:

- Photo Hall (Belgium)
- Hifi International (Luxembourg)

With Photo Hall in Belgium and Hifi International in Luxembourg, the Retail Group occupies a prominent market position. It combines the benefits of a large group in the field of economies of scale and critical mass, as well as the advantages of a local presence, expertise and high level of services of an independent specialist. The retail outlets are situated in town centres, shopping centres and in retail warehouses.

The Belgian 'Consumer Electronics' market, in which Photo Hall operates, had a difficult year in 2008. It is estimated that there was a downturn of minus 6% to 9% in value. In spite of these negative elements, Photo Hall succeeded in increasing its market share.

The qualities of Photo Hall Belgium and Hifi International Luxembourg are typified by their 10 commitments to the customer:

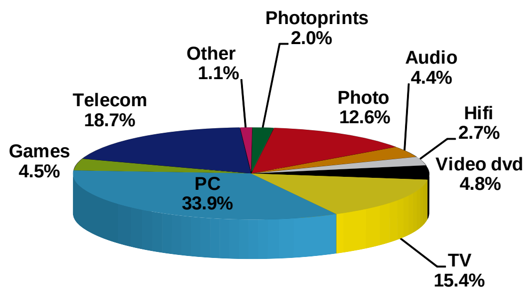
1. Close proximity: network of shops distributed all over Belgium and Luxembourg.
2. Hospitality: customers have direct contact with the sales staff and have a pleasant buying experience created in a welcoming manner.
3. Advice: the special training of the sales staff ensures that customers receive the best possible advice.
4. Best choice: the best special offers on the market and the most advanced innovations.
5. Prices: Photo Hall and Hifi International are preferred partners for the major brand names, which translates into irresistible prices throughout the entire year.
6. Credit with annual interest cost of 0%: Photo Hall offers numerous payment facilities with which payments can be spread in instalments without additional costs. Hifi International also always has articles on offer, and payment on credit at 0% interest during the promotional periods.
7. Customer service: Photo Hall and Hifi Luxemburg also want to assist customers with after-sales services: a repair service is available in case of any defect.
8. TV service: televisions are delivered to the customer's home under special terms and conditions. Additional services, e.g. wall mounting, are offered at very reasonable prices.
9. PC service: possibility of installation and configuration of the new computer at the customer's home, internet connection, Wi-Fi network, etc. Repairs at home are also offered.
10. E-commerce service: the websites www.photohall.be and www.hifi.lu provide customers with the opportunity to purchase from home.

The Retail Group offers its customers a sophisticated product range, centred on A-brands. Photo Hall and Hifi International have built up long-term relationships with the producers of these A-brands, which guarantee the availability of the most popular models and enable good stock control. The rapid developments in the consumer electronics market make these relationships even more important. These developments, mainly at technological level, lead to varying performance in the various product categories from year to year.

2008 was not different, with increasing revenues in TV, games and Hifi, and falling revenues in video/DVD, telecom and photo prints. The sale of white goods is slowly but surely becoming an important part of Hifi International's sales strategy.

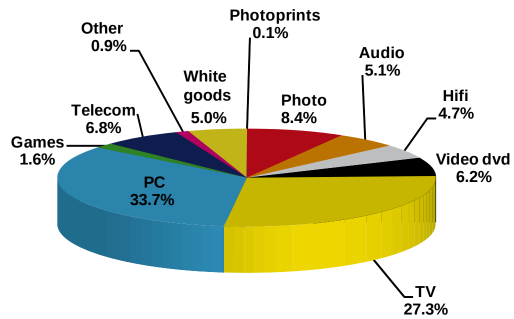
	B	Lux
Fotoprints	↘	↘
Photo	↘	↗
Audio	↘	=
Hifi	↗	↗
Video dvd	↘	↘
TV	↗	=
PC	↘	=
Games	↗	↗
Telecom	↘	↘

In 2008, the revenue breakdown of Photo Hall Belgium was as follows:



As in 2007, computers, television sets and telecom products remained the three most important product categories.

In 2008, the revenue breakdown of Hifi International was as follows:

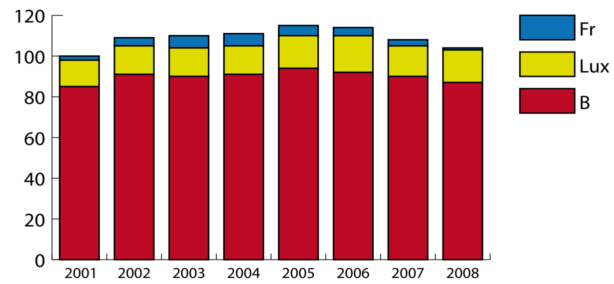


DEVELOPMENT OF THE NUMBER OF SHOPS

In 2008, the group's number of shops decreased from 108 to 104. In Belgium, three shops were closed, mainly because leases expired. In France, the group closed two shops. Finally, a new shop was opened in Luxembourg, in spite of the great scarcity of available retail premises in the Grand Duchy.

	Number of outlets		Relative part of revenue	
	2007	2008	2007	2008
Belgium	90	87	58.7%	57.7%
Luxembourg	15	16	39.4%	41.4%
France	3	1	1.9%	0.9%

Development of the number of shops



HUNGARY

At the end of 2008, the Board of Directors of Spector Photo Group took the difficult decision to put the Hungarian Főfoto chain of shops up for sale. During recent years, numerous efforts were made to restore the profitability, but the poor economic climate in the country and the low chance of improvement over time led to this drastic measure being taken.

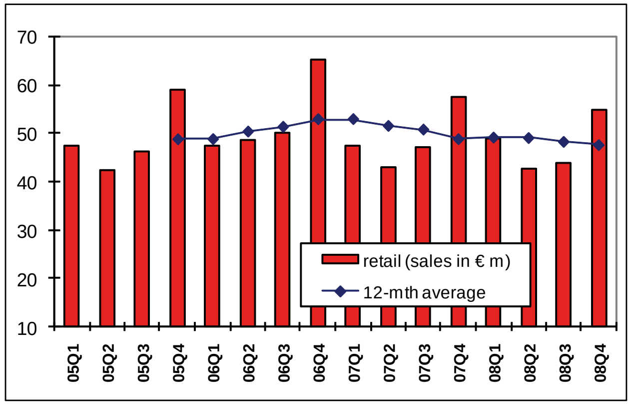
Főfoto became part of the Spector Photo Group in 1996, as part of a transaction with the Interdiscount group concerning the acquisition of the German Porst group. Főfoto then consisted of a photo lab and a chain of own shops and under franchises granted, which focused mainly on photo activities.

KEY FIGURES FOR THE RETAIL GROUP

(in € million)	2007	2007 revised	2008	Δ in %
Revenu	219.956	195.152	190.414	-2.4%
EBIT	10.554	10.700	7.632	-28.7%
EBITDA	14.279	13.762	10.479	-23.9%

LONG-TERM DEVELOPMENT

The development of quarterly revenues since 2005, after a gradual increase in 2006 and 2007, showed a downturn in 2008. On the one hand, this was a result of the deconsolidation of Föfoto and, on the other, as a result of less revenue in Belgium, due to the poor economic situation, and France, where the number of shops reduced from three to one. In Luxembourg, revenues increased in 2008, with a slowdown toward the year-end. (figures for 2007 and 2008 without Föfoto)



Imaging Group

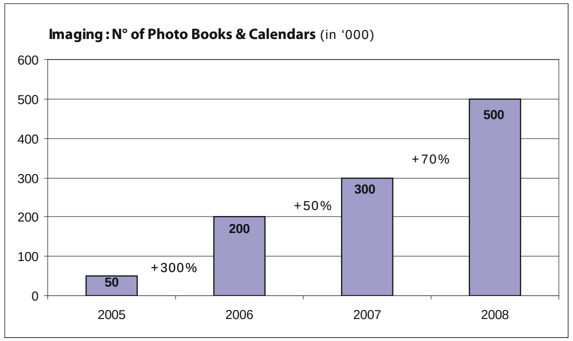
GENERAL DEVELOPMENTS

Digitalisation has drastically changed the photo market. An initial result was the sharp decline, year after year, of the number of traditional (analogue) photo prints. From 2004 to 2008, the number of analogue photo prints dropped by more than 70%. This was an unavoidable development, because the rapid entry and high penetration of digital cameras and mobile phones equipped with a camera, mean that consumers take more photos, up to four or five times more than previously. Nevertheless, it rapidly became apparent that consumers do not always have these photos printed externally.

The fall could therefore only be compensated partially by the strong growth of digital prints. The belief that digital photos were eventually going to compensate for analogue prints persisted for a long time. Many competitors continued focusing their marketing efforts on digital prints alone, with little attention paid to derivative products such as books, calendars and gifts. Since 2006, both ExtraFilm and Spector chose a different approach: less emphasis on traditional prints, and more focus on products with higher added value. The market has clearly developed in this direction since 2008, with the volume of traditional digital prints no longer growing, but the other photoproducts increasing enormously.

Due to its pioneering role with these products, Spector Photo Group benefits more than others from this development. The average growth for the group in these products is double that of the market, with an increasingly larger market share as a result.
Photo books are very important in this context, because they can become the product replacing the film. Real added value for the consumers, the dealers and the producers. The success of these photo books is closely related to the fact that they allow a lot of photos to be 'assimilated' in a short time. The most important customers for this product are parents with children, with a concentration of the X-generation, from 31 to 43 years' old. The emotional aspect plays a large role in this context. The breakthrough of photo books is highly dependent on broadband internet penetration and familiarity with the product. Currently, still only less than 10% of consumers who have broadband have created a photo book. It is only a question of time before many more consumers will create photo books. Estimates indicate up to ten times the current volumes.

The increased importance of photo-related products is a strategic choice for the group. Whereas 40% of the digital revenue came from photo-related products in 2007, this percentage rose to 55% in 2008. This has increased the average revenue per customer as well as the margins, both relative and absolute. This development will persist in the coming years.



Besides the emotional aspects, the social and creative elements are other important supporting factors for photo books and photo products. They allow individuals to share their experiences with others, to print them and keep them. The success of social networking sites and of internet in general, is also an expression of this. Extensive research has also proved that, to be successful, one must always continue innovating with new products, to attract new customers. The fact of being able to make something unique and to personalise it is decisively important. And what is more personal than a photo?

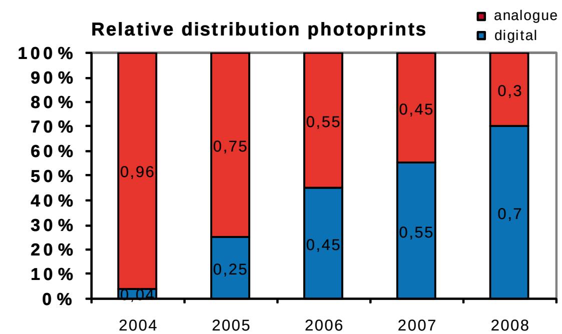
This research also indicates that consumers attach great importance to ease of use and friendliness, and do not want to lose time unnecessarily. Investing in accessible software and in designs that give a professional result in two ticks is therefore of the greatest importance.This demands a specific approach that has been consistently followed by the group since 2006. User-friendly software is also an important factor for gaining customer loyalty. Another aspect that appeals to the consumer is the quality, together with a rapid and reliable delivery time. It was therefore a conscious decision to carry out the production of these new products, such as books, calendars, as well as canvas and gifts, in house. This guarantees end-to-end quality control and a short delivery time. Producing unique personalised products, and sending these millions of packages through the whole of Europe is a know-how that the group has already had in house for many years.

Spector Photo Group has selected the HP digital printing solutions, more particularly the Indigo presses. In September 2007, the group ordered two HP Indigo 5500 digital presses. In November 2008, two HP Indigo 7000 presses followed and, at the start of 2009, a fifth press was ordered for the lab in Sweden, which has consequently more than doubled its capacity. Continued investments during 2009 will allow the group to cope with future growth without problems.

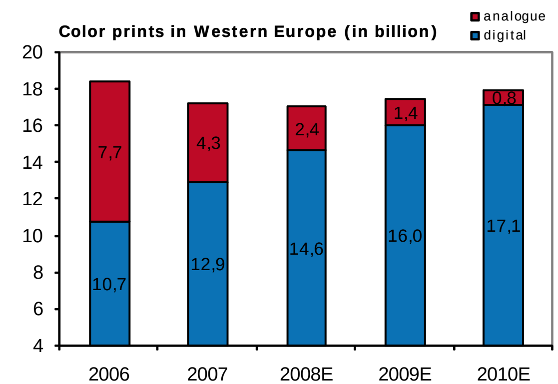
NEW BUSINESS MODELS

The decline in the number of analogue photos to develop has had a major impact on the sector. On the one hand, it has required the large players to drastically change their business models and, on the other, it initially attracted a considerable number of new smaller players. Studies clearly show that 2008 or 2009 could be the years of the turnaround, in which the growth of digital prints would almost compensate for the fall in the number of analogue prints, but not in revenues, due to the lower selling price of digital prints.Because there is currently no longer any growth in traditional digital prints, the smaller competitors are finding it increasingly more difficult. The entry threshold is becoming higher and higher due to the need for industrial investment that products such as photo books demand.

The group has clearly taken the lead compared with the smaller players on the market. Currently, ExtraFilm indisputably belongs to the top three of the digital world in Europe. Spector Photo Group's figures show this reversal to be a fact; the turnaround was confirmed by the strong figures of the fourth quarter, the best evidence that the followed strategy is the right one.



Source: Spector Photo Group



Source : Understanding & Solutions

STRUCTURE OF IMAGING

The Imaging Group's activities are divided into:

Mail order, operating under the ExtraFilm brand name.

- These activities focus directly on private customers via the various national websites and offer photo services, as well as digital photoproducts. These products are delivered to customers' homes by post.
- ExtraFilm's headquarters are in Wetteren, Belgium, where both the software and product development takes place.
- ExtraFilm operates in 14 European countries via four regional offices: Nordics (Sweden), Central Europe (Switzerland), Southern Europe (France) and Benelux (Belgium). Production takes place in Belgium (Wetteren) and Sweden.
- This is the largest division of the Imaging group (60%), which also has the biggest digital growth.

Photo specialists: using two channels, Imaging supports independent photo specialists in Belgium and the Netherlands:

- Spector: providing photo services and digital photoproducts that are ordered and/or delivered via independent photo specialists. This channel represents 12% of Imaging's revenues.
- Filmobel: wholesaling hardware that is delivered directly to independent photo specialists (B2B). This activity is growing strongly and represents 28% of the Imaging Group.

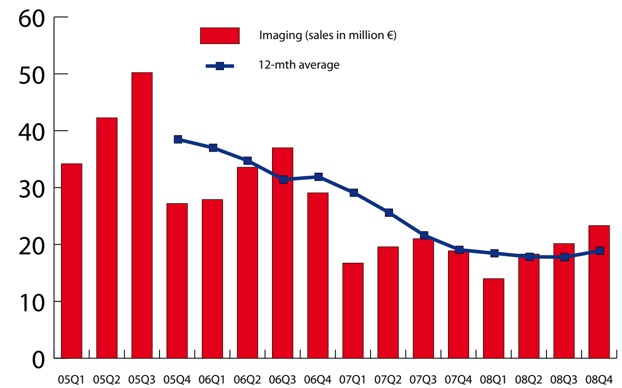
KEY FIGURES FOR THE IMAGING GROUP

(in € million)	2007	2008	Δ in %
Revenue	76.243	76.512	0.4%
REBIT	-5.607	-1.342	76.1%
REBITDA	4.343	6.329	45.7%
EBIT	-5.986	-2.128	64.5%
EBITDA	4.002	5.627	40.6%

LONG-TERM DEVELOPMENT

The chart of the quarterly revenue development for the last three years shows various trends. In 2005 and 2006, the volumes of analogue photography decreased, which prompted a reduction in the structure and centralisation of the basic development. 2007 was the year of rebuilding with a structure adapted to internet with new people. In 2008, expansion was the main point of focus, with the development and adaptation of the websites for the new products.

The chart also shows a change in seasonal pattern. In 2008, the fourth quarter was the most important of the year, whereas this was the third quarter in previous years. One example clearly illustrates this change. In 2002, for example, 35% of the operating income was realised in the third quarter and 19% in the fourth. In 2008, the third quarter produced 19% of the operating income, but the fourth quarter produced 31%. It is clear that the new digital photoproducts, such as calendars, greetings cards and photo books, are ideal gifts during the year-end period.



Board of Directors' Report on the consolidated financial statements

RETAIL:

had a less successful year (REBITDA –23.9% to € 10.48 million)

- First half-year suffered from higher operating costs
- Second half-year very weak due to the effects of the negative economic climate

IMAGING:

digital turnover increased strongly and turnaround was confirmed with a very strong fourth quarter (REBITDA +45.7% to € 6.33 million)

GROUP:

- The net result suffered a heavy negative impact from one-off non-cash costs
- At group level, the net financial debt decreased further by € 11.84 million to € 36.15 million

CONSOLIDATED RESULTS FOR THE 2008 FINANCIAL YEAR

RECURRING RESULTS FROM OPERATING ACTIVITIES

Spector Photo Group realised a revenue of € 266.2 million (-1.6%) in the 2008 financial year, with EBIT of € 4.97 million (+15.6%), compared to € 270.44 and € 4.3 million respectively in 2007 (revised figures). The following elements were typical for the results of the past financial year:

IN RETAIL:

- a decline in the revenue to € 190 million (-2.4%)
- a fall in the REBIT to € 7.63 million (-28.7%)
- a fall in the REBITDA to € 10.48 million (-23.9%)

All the group's retail operations were significantly affected by the difficult economic situation and the sharply declining consumer confidence. Sales in Belgium fell by 4%. Hifi International in Luxembourg saw its sales rise (+2.4%), thanks to a strong first half-year. One new shop was opened, bringing the number of outlets to 16.

The Hungarian Föfoto suffered severely from the very disappointing performance of the Hungarian economy, which meant the strenuous efforts and heavy investments of recent years were nullified. This forced the Board of Directors to take the difficult decision to put the chain up for sale. As a result of this, Föfoto has been recognised under 'discontinued operations' for the whole of 2008, and the entire holding was written off. For the impact, please see the 'discontinued operations' and balance sheet. The corresponding figures for 2007 have been revised in accordance with IFRS 5 and also recognised under 'discontinued operations'.

IN IMAGING:

the revenue increased slightly by 0.4% to € 76.51 million. The fourth-quarter growth in turnover amounted to 24.4% (unaudited). The REBIT improved from minus € 5.6 million to minus € 1.34 million, and the REBITDA rose 45.7% to € 6.33 million. Since the fourth quarter, the 49% holding in the Italian lab FLT has no longer been consolidated on a proportional basis and has been recognised as a financial asset. Excluding FLT in the fourth quarter of 2007, turnover growth would have been 1.5% on an annual basis, and 30.2% in the fourth quarter on a quarterly basis.

NON-RECURRING ITEMS FROM OPERATING ACTIVITIES

The non-recurring items amounted to € 0.79 million (€ 0.48 million in 2007). These were mainly recognised in the Imaging Group and consist of costs for the closure of the back office for ExtraFilm in Northern France. This completed the restructuring for the transition from analogue to digital.

FINANCIAL RESULT

The financial result before non-recurring items for the 2008 financial year declined from minus € 4.7 million in 2007 to minus € 5.2 million in 2008. The difference of € 0.5 million is the result of unfavourable exchange rates (minus € 0.74 million in 2007, compared to minus € 1.18 million in 2008) due to the falls of the Swedish Krona and Swiss Franc.

The non-recurring financial items amounting to minus € 2.4 million are related to write-downs recognised on a number of assets. The 49% holding in FLT amounting to € 1.7 million was fully written off for safety's sake. A write-down on the receivable from Spector ImmobilienVerwaltung GmbH was recognised as a result of the sale of the company's building (minus € 0.5 million); the participating interest in this company was also written down (minus € 0.025 million).

TAXES

The taxes in 2008 amounted to € 0.91 million and were higher than the amount of only € 0.16 million for 2007. In 2007, however, there was a positive impact after the settlement of a dispute with the tax authorities. Because of this, and due to the lower taxable profit of the Retail Group, the taxes payable decreased from € 1.9 million to € 1.5 million. The parent company and the Imaging Group still have significant tax losses carried forward.

DISCONTINUED OPERATIONS

The discontinued operations as at the 2008 year-end consist of the entities Litto Color NV (in liquidation) from the Imaging Group and the Hungarian Föfoto from the Retail Group. The sale of the participating interest in the Austrian Spector Fotohandel GmbH was realised in the fourth quarter. The loss of € 4.2 million consists, on the one hand, of a combination of the operating loss and write-downs of the chain in Hungary (minus € 3.6 million) and, on the other, of the operating loss and loss from the sale of the Austrian participating interest (minus € 0.7 million).

RESULT FOR THE FINANCIAL YEAR

Compared to a loss of € 1.16 million in 2007, the loss for the 2008 financial year amounted to € 7.75 million. The downturn in the result by a rounded € 6.5 million can be explained simply as follows:

- Discontinued operations: € -3.6 million
- Financial result, write-downs: minus € 2.4 million.
- Financial result, exchange rate differences: minus € 0.5 million.
- Taxes: minus € 0.7 million.
- Operating profit: plus € 0.7 million.

INVESTMENTS

The investments in 2008 amounted to € 5.25 million, more than a million less than in 2007. To a lesser degree, investments were made in the equipment and furnishings of shop points for the Retail Group; the Imaging Group again invested in new printing machines. Additional investments were made in the expansion of the data centres for the website and other software, and in the acquisition of external customer relationships.

DIVIDEND

The Board of Directors will recommend the General Meeting of Shareholders not to pay a dividend for the 2008 financial year.

CONSOLIDATED BALANCE SHEET

The most important items are the following:

- Net financial debt has decreased as at the 2008 year-end by € 11.84 million from € 47.99 million to € 36.15 million. Thus the recent years' reduction of debt has been continued (€ 59 million at year-end 2005, € 51 million at year-end 2006).
- The equity fell by € 11 million to € 30.56 million and amounts to € 0.84 per share, due to the net loss of € 7.75 million on the one hand, and on the other, from the purchasing of the company's treasury shares (€ 1.12 million) and reversal of the revaluation gains on buildings in Hungary (€ 2.14 million).
- The net carrying amount for the external customer relationships amounted to € 11.2 million, of which € 8.2 million was for externally acquired customer relationships and € 3.0 million of directly attributable costs.
- The inventories and trade receivables dropped significantly, partly due to the changes in the scope of consolidation by minus € 5.1 million.
- The assets held for sale increased to € 6.7 million.

The ratio of net financial debt to operating cash flow (net debt/ EBITDA) for 2008 amounted to 2.32. If no account is taken of the preference shares of NIB in a subsidiary amounting to € 12.5 million - considered as equity under Belgian accounting principles, but which according to the IFRS standards is recognised as a debt - the ratio improves to 1.51.

CURRENT SITUATION OF EACH DIVISION

RETAIL GROUP – PHOTO HALL

Belgium continues to be a very competitive market due to the presence and growth of major domestic and foreign chain stores. Nevertheless, Photo Hall was able to strengthen its market share. Provisional market figures show a 10% decline in the market, whereas Photo Hall booked only a 4% reduction in turnover. The expiry of leases and not extending them led to the closing of shops. A new increase in the number of shops by five (+5) is proposed for 2009.

The clear profile of Photo Hall, which combines the benefits of a local presence in town centres and shopping centres with the economies of scale of a large chain, plus a strong customer service, continues to appeal to consumers. In a market in which the consumer electronics technology is developing strongly, the customer service factor is clearly appreciated. In addition to this, Photo Hall benefits from its long-term relationships with the suppliers of A-brands, which allow it to offer the best price/quality ratio to its customers.

The higher employee expenses and rental costs due to indexation and higher energy prices in 2008, however, put pressure on the group's profitability.

The top three in the product range of Photo Hall remained flat screens, computer products and telecom. The TV, Hifi and computer games segments showed the strongest growth.

In **Luxembourg**, the revenue and the results of Hifi International developed positively, supported by the opening of one additional shop. The same trend was also observed in the sales of the product groups as in Belgium. The sales of household appliances did very well with growth in double digit figures.

Number of sales outlets	2007	2008
Belgium		
own sales outlets	83	82
e-commerce	1	1
under franchising	7	5
Luxembourg		
own sales outlets	15	16
e-commerce	1	1
France		
own sales outlets	3	1
Total continuing activities		
own sales outlets	101	99
e-commerce	2	2
under franchising	7	5
Total number of sales outlets continuing activities	**110**	**106**

IMAGING GROUP - PHOTOMEDIA

In spite of the continuing decline of analogue photography, the group was able to close 2008 with higher revenue. The fourth quarter was the trendsetter for this and set a new seasonal pattern. Whereas previously the third quarter was the most important one on an annual basis, the predominance has now shifted to the fourth quarter.

The revenue from mail-order activities (ExtraFilm) increased over the entire year by 40% compared to 2007. Digital produced 70% of the turnover, with 30% still analogue. It is noticeable that the quantities of pure digital photo prints decreased in relative terms, from 60% to 45% rounded, in contrast to the new digital products that are showing exponential growth. This has a lot to do with the strongly increased importance of new photoproducts, such as photo books, photo calendars, photo gifts and photo on canvas, which are especially popular towards the end of the year. The photo books, which more than doubled in turnover, provide the best example of this. Overall, digital turnover rose by 40%. The number of digital customers increased with 20%.

This shows that the group is now reaping the benefits not only of its wide range with competitive prices, but also from its years of experience in direct marketing and its continued investments in

Internet and software. These lower the threshold for customers and allow the group to process large quantities efficiently. In order to process these larger quantities, the group is investing in people and machines. Whereas previously subcontractors performed certain orders, everything can now be processed internally, which improves the margins. Employment at the central lab in Wetteren increased accordingly. During the first two months of 2009, 25 people were recruited.
For ExtraFilm, the expansion of the digital database remains one of the main objectives. After a 38% increase in database of active digital customers in 2007, growth of 20% was achieved in 2008.

Filmobel, the hardware wholesaler to the professional photography trade, also enjoyed a strong increase in turnover that was mainly achieved internally. Supplying shops in Belgium's Camara group had only a limited positive effect. Filmobel has clearly developed itself into the preferred partner for the independent photography trade and is now reaping the benefit of the various reorientation initiatives of recent years.

The Spector brand, which is used exclusively for supplying specialised photographic businesses, did not enjoy the same growth figures as the other Imaging departments due to its slower breakthrough with the new photoproducts.

PROSPECTS FOR 2009

The very low consumer confidence demands prudence for the Retail Group's activities. The opening of 5 new shops in Belgium should have a positive effect on turnover.
In 2009, the Imaging Group should continue to benefit from the turnaround that started during the course of 2008. The growth in turnover of the new photoproducts is expected to continue in 2009.
Finally, the financial expenses in 2009 will decrease as a result of the significant reduction in debt that was achieved in 2008. The reduction of debt will be continued.

RISK MANAGEMENT

The management of risks forms an integral part of the way in which the group is managed. The group has taken measures with a view to controlling these risks as effectively as possible, and will continue to do so. These measures include among other the recognition of provisions.

However, no assurance can be given that these measures will be fully effective in any given instance and therefore it is impossible to rule out that some of these risks could arise and could have an impact on the company. Other risks currently unknown to the Company or which are not considered material at present could prove detrimental to the Company or to the value of its shares.

FINANCIAL RISKS

The most important financial risks to which the Group is exposed are related to the Groups financial liabilities, the outstanding trade receivables and transactions in currencies other than the euro.

- In accordance with the realignment of the financial liabilities that was agreed with the bank consortium in December 2005, at the end of 2010 the remainder of the unredeemed loans and advances become due and payable and the loans may have to be renegotiated or refinanced. The availability of credit therefore coincides with the degree to which the group succeeds in generating free cash flows with which it can further reduce its debt position between 2009 and 2010. The group manages this risk by continuing to develop a transparent and constructive relationship with the bank consortium.

- A significant proportion of the Imaging Group's activities are conducted by means of "remote sales" to the end-consumer. This involves exposure to the risk of many, relatively small, trade receivables being uncollectible. The group manages this risk by encouraging online payment for its e-commerce activities on the one hand and, on the other, conducting proper credit management. In cases of non-payment on the due date, additional costs are charged depending on the expired periods. In due course, the collection of the receivables is handed over to debt-collection agencies. For other trade receivables, credit limits and payment terms are set for each customer. Dunning procedures are started when these terms are exceeded. Deliveries are blocked to customers who have exceeded their credit limit or payment terms. There was no significant risk concentration as at 31 December 2008 and 2007. No write-downs are recognised for the overdue receivables since their collectability is considered as probable.

- The Company publishes its consolidated financial statements in euros. A significant portion of its assets, liabilities, revenues and costs are expressed in currencies other than the euro, including the Hungarian Forint, the Swiss Franc and the Swedish Krona. Although exchange rate fluctuations can have an effect on the Group's results, the company judges this risk too small to take specific measures apart from strict management monitoring.

MARKET RISKS

With the Imaging Group, the company mainly operates in a market that is highly susceptible to changes. The most important market-related risks correspond to technological developments and their impact on consumer behaviour, the development of consumer prices, the competitive position and the dependence on a limited number of major customers of the Imaging Group.

- The strategy of the Imaging Group is to a high degree based on the findings of prospective market research from which new opportunities emerge for the enterprise after the transition from analogue to digital photography. These findings have an inherent risk of error, and they can also be affected by future technological developments that have not yet been taken into account. The group manages these risks by permanently keeping in touch with the technological world, the market and consumers so that, if necessary, it can rapidly revise not only its strategy, but also its investment and business plans.

- The future profitability of the Company – for both the Retail Group and the Imaging Group – will also depend on the selling prices that it can achieve for its products and services. The price elasticity of demand, combined with the development of the margins, involves a risk for the Group's profitability. Although, for its business plan, the Group assumes continued price pressure, it proactively manages other risks by reducing its fixed overhead costs on the one hand and, on the other, by continuously developing new products that are less susceptible to the general price pressure.

- The future market share and business figures of the group – both in the Retail Group and in the Imaging Group – can be affected by actions by existing competitors or the entry of new competitors. By permanently monitoring its competitive position, the Group takes this factor into account in the further development of its plans and its operations. The current economic crisis means we are now experiencing some pressure on the operating income within the Retail Group. Consumers are more careful about purchasing more expensive consumer goods.

RISK RELATED TO DISPUTES

The Company and some of its subsidiaries are involved in tax disputes that are pending in the tax courts, and provisions have been recorded for these. For certain tax disputes, however, the Company's opinion is that no provisions need to be recorded. On the one hand, this concerns the tax deductibility of insurance premiums which the Company and some of its subsidiaries have paid to an insurance company that itself reinsured with a reinsurance company that is controlled by the Company. On the other hand, it mainly concerns discussions around the tax deductibility of payments in the context of transactions with group companies. A favourable ruling for the benefit of the group was delivered at the end of 2007. This ruling had a positive impact on the tax expenses for the 2007 financial year. The tax administration's refunds of the disputed taxes and postponement of payment interest amounts were received in January and March 2009 respectively.
After the settlement of the disputes mentioned above, there is a tax dispute that has been made pending by the tax courts and for which a provision of € 0.8 million has been recorded.

There are pending disputes for which the Company's opinion is that no provision needs to be recorded. Among others, these concern (i) the tax deductibility of the loss that was incurred with the merger of Hifi International with Hifi Video and Hifi Connection in 2001. The amount under dispute is approximately € 0.8 million; (ii) the recognition of the taxes under the alternative taxable basis; and (iii) an abnormal benefit that a subsidiary is alleged to have received as a result of a subsidiary's liquidation.

Furthermore, there is still a dispute with a supplier amounting to € 0.6 million, for which a provision of € 0.3 million has been recognised.

THE POSSIBLE CHANGING OR INTERPRETATION UNDER IAS/ IFRS OF THE RULES ON THE RECOGNITION OF INTANGIBLE ASSETS (MORE SPECIFICALLY, EXTERNALLY ACQUIRED CUSTOMER RELATIONSHIPS OF THE IMAGING GROUP)

The Board of Directors decided to value the externally acquired customer relationships according to the cost model (IAS 38, §74) for the opening balance as at 1 January 2004.
According to the Board of Directors, this means that the directly attributable preparatory costs were considered as a component of the cost price of the externally acquired customer relationships, which is in accordance with IAS 38, §27. At the time this annual report was drawn up, there has still been no official interpretation on this from the competent body. It is not known whether such an official interpretation will be provided, and what this may then carry with it. Depending on the issuance of such an interpretation and its contents, whether in any change of circumstances, the entry could be adjusted. For reasons of transparency, the company always publishes a breakdown.

Note: A more detailed explanation of the risks can be found in the prospectus that was published for the increase of share capital of December 2005. This document can be downloaded and inspected on the corporate website www.spectorphotogroup.com.

SIGNIFICANT ASSUMPTIONS CONCERNING THE FUTURE

The assumptions concerning the future of the intangible assets other than goodwill and trading securities, mainly the externally-acquired customer relationships, are closely connected to the strategy of the Imaging Group concerning the transition from analogue to digital photography – as described in the market risks – and the translation of this strategy in the business plan that is the basis of the impairment tests referred to under note 13 of the annual report.

The development of the total customer portfolio and therefore the development of the externally-acquired customer relationships will be the result of future efforts invested in acquiring new customers. Expenditure concerned is only incurred under the prerequisite of profitable growth, monitored by means of the "Lifetime value"-concept. Expenditure within the "Lifetime value"-concept is only allowed for acquiring customers that have a pay-back period of less than three years, in which the pay-back is calculated on the basis of the future expected cash flows.

As a result of the combination, on the one hand, of the amortisation on the intangible assets and, on the other, limiting the capital expenditure by means of the "Lifetime value"-concept, the group believes that risks related to this asset is limited.

The Board of Directors agrees with the Audit committee's opinion that the changed market in which the group is currently operating does not provide a reason for a permanent write-down on the company's intangible assets.

INFORMATION CONCERNING FOTOINVEST CVBA

The former reference shareholder Fotoinvest CVBA was put into liquidation on 20 December 2007. Its holding in Spector Photo Group NV was sold to Spector Coördinatiecentrum NV on 27 March 2008. The liquidation of Fotoinvest CVBA was finally closed and the company definitively ceased to exist as of June 20, 2008.

CONFLICT OF INTERESTS

Directors' conflicts of interests of a proprietary nature in areas of application of Section 523 of the Belgian Company Code.

In 2008, the Board of Directors followed the procedure prescribed by Section 523 of the Belgian Company Code in the Board meeting of 14 May 2008. The relevant part of the minutes of this Board Meeting is shown below:

"Directors declarations

Mr. Luc Vansteenkiste declared that he, as permanent representative and controlling shareholder of VEAN NV, has a conflict of interests concerning agenda item 1, since this is the resolution of his appointment as chairman of the Company. As the chairman receives a special management remuneration of EUR 25,000, the procedure provided in Section 523 of the Belgian Company Code must be complied with. He will leave the meeting whenever agenda item 1 must be deliberated and rejoin the meeting after agenda item 1 has been resolved.

Mr. Tonny Van Doorslaer declared that he has a conflict of interests concerning agenda item 3, since this is the resolution on his appointment and associated remuneration as managing director of the Company. Consequently, the procedure provided in Section 523 of the Belgian Company Code must be complied with. He will leave the meeting after the resolution of agenda item 2, and rejoin it after the resolution of agenda item 3.

Messrs. Norbert Verkimpe (as permanent representative and controlling shareholder of Norbert Verkimpe BVBA) and Patrick De Greve declared that they have a conflict of interests concerning agenda item 5, since this is the resolution of their appointments and associated remuneration as members of the audit committee. Consequently, the procedure provided in Section 523 of the Belgian Company Code must be complied with. The directors concerned will therefore leave the meeting after the resolution of agenda items 1 to 4.

The statutory auditors will be informed of the conflicts of interests.

Deliberations and resolutions

1. Appointment of VEAN NV as chairman - Remuneration

The Board of Directors deliberated on the appointment of VEAN NV, represented by Mr. Luc Vansteenkiste as its chairman.

After deliberation, the Board of Directors voted unanimously, with the exception of Mr Luc Vansteenkiste, in favour of the appointment of VEAN NV, represented by Mr Luc Vansteenkiste, as chairman of the Board for the duration of his current authorisation. The appointment of chairman is remunerated in accordance with the resolution of the General Meeting of 14 May 2008 (EUR 25,000). This remuneration is justifiable commercially and in line with the market. There are no negative financial consequences for the company since this is a continuation of the remuneration policy used to date. Moreover, the appointments and remuneration committee proposed the remuneration. After this resolution, Mr. Luc Vansteenkiste rejoined the meeting.

3. Reappointment of Mr. Tonny Van Doorslaer as managing director - Remuneration

Mr. Tonny Van Doorslaer left the meeting. After deliberation, the Board of Directors voted unanimously, with the exception of Mr. T. Van Doorslaer, in favour of the appointment of Mr. T. Van Doorslaer as managing director for the duration of his current authorisation as director. The appointment as managing director is remunerated in accordance with the resolution of the appointments and remuneration committee. The remuneration for this appointment amounts to EUR 25,000. This remuneration is justifiable commercially and in line with the market. There are no negative financial consequences for the company since this is a continuation of the remuneration policy used to date. Moreover, the appointments and remuneration committee proposed the remuneration.

After this resolution, Mr. Tonny Van Doorslaer rejoined the meeting.

5. Appointment and remuneration of audit committee members

Messrs. Norbert Verkimpe (as permanent representative and controlling shareholder of Norbert Verkimpe BVBA) and Patrick De Greve left the meeting.

After deliberation, the Board of Directors appointed the following members of the audit committee, for a term of three (3) years:

- MCM BVBA, represented by Mr. Geert Vanderstappen (chairman)
- Mr. Patrick De Greve
- Norbert Verkimpe BVBA, represented by Mr. Norbert Verkimpe

The appointment as member of the audit committee is remunerated in accordance with the resolution of the appointments and remuneration committee (EUR 2,500). This remuneration is justifiable commercially and in line with the market. There are no negative financial consequences for the company since this is a continuation of the remuneration policy used to date. Moreover, the appointments and remuneration committee proposed the remuneration. Messrs. Norbert Verkimpe and Patrick De Greve rejoined the meeting."

During 2008, there have been no conflicts of interest between a director and the company as referred to in Section 524 of the Belgian Company Code.

EVENTS AFTER BALANCE SHEET DATE

Since the closing of the 2008 financial year, no events have occurred that could have a significant effect on the results of the company.

REMUNERATION OF THE COMMITTEE OF STATUTORY AUDITORS

The Committee of Statutory Auditors receives an annual fee of € 37 ('000), in accordance with the resolution of the Ordinary General Meeting of Shareholders of 14 May 2008 and indexed according to the general consumer price index.

In addition, local auditors were granted total reimbursements of € 218 ('000) for work concerning the audits in the dependent enterprises with which Spector Photo Group forms a group.

During the 2008 financial year, the Committee of Statutory Auditors and the local auditors received an additional fee totalling € 52 ('000) for work outside the scope of their engagement. This mainly concerned work in the area of simplification of the group structure, tax-related work and specific IFRS audits.

Apart from these, no remunerations or benefits in kind were granted, neither by Spector Photo Group NV, nor by any other of its dependent enterprises. There were also no payments made to persons with whom the statutory auditors have concluded joint ventures, with the exception of the companies that conducted the local audits in the foreign branches of the Group.

APPLICATION OF THE ACT OF 17 DECEMBER 2008 ON CREATING AN AUDIT COMMITTEE IN LISTED COMPANIES AND FINANCIAL INSTITUTIONS

The composition of the audit committee satisfies the requirements stipulated in the Act. In accordance with Section 526, the Audit Committee is composed of three (3) independent members of the Board of Directors, of whom at least one member has competences in accountancy and audit matters.

The Audit Committee is composed as follows: MCM BVBA, permanently represented by Mr. Geert Vanderstappen, Mr. Patrick De Greve and Norbert Verkimpe BVBA, permanently represented by Mr. Norbert Verkimpe.
Mr. Geert Vanderstappen possesses the necessary expertise and professional experience in the field of accounting and audit as a result of his career and current professional activities.

THE ISSUERS'S PUBLIC DISCLOSURE REQUIREMENTS IN ACCORDANCE WITH THE BELGIAN ROYAL DECREE OF 14 NOVEMBER 2007

Mr. Tonny Van Doorslaer, Chief Executive Officer, Mr. Christophe Levie, Managing Director of the Retail Group, Mr. Stef De corte, Managing Director of the Imaging Group and Mr. Luc Vansteenkiste, Chairman of the Board of Directors declare, in the name and on behalf of Spector Photo Group, that to the best of their knowledge:

- the audited financial statements, which have been prepared in accordance with the applicable standards for financial statements, present a true and fair view of the assets, of the financial position and of the results of Spector Photo Group NV and the enterprises incorporated in the consolidation;

- the annual report presents a true and fair summary of the development of the results and of the position of Spector Photo Group and the enterprises incorporated in the consolidation.

A description of the most significant risks and uncertainties can be found on pages 22 and following.

Corporate Governance

CORPORATE GOVERNANCE CHARTER

Spector Photo Group NV commits itself to comply with all the relevant statutory provisions concerning Corporate Governance and also subscribes to all principles from the Belgian Corporate Governance Code, which came into effect on 1 January 2005.

Spector Photo Group published its Corporate Governance Charter via its website www.spectorphotogroup.com. at the end of December 2005. The most recent version of this Charter is always available on the website stated above.

In this section, the company also states those recommendations from the Belgian Corporate Governance Code of 9 December 2004 with which it does not comply and explains the reason in each case. This concerns two recommendations that are indicated with a margin bullet (*) in this section.

INTERNAL MEASURES TO PROMOTE GOOD CORPORATE GOVERNANCE PRACTICES

On the basis of the provisional timetable of publications for 2009, the Board of Directors has set the following 'closed periods' for itself:

- from 13 April 2009 to 14 May 2009 included
- from 31 July 2009 to 1 September 2009 included
- from 10 October 2009 to 12 November 2009 included
- from 9 February 2010 to 10 March 2010 included

BOARD OF DIRECTORS

Absolutely no member of the Board of Directors has family connections with other members of the executive, management or supervisory bodies of the company.

BOARD OF DIRECTORS' REPORT ON ACTIVITIES IN 2008

In 2008, 7 meetings were held under the chairmanship of VEAN NV, permanently represented by Mr. Luc Vansteenkiste.

One meeting dealt mainly with the budget for 2008, two meetings dealt mainly with the approval of the financial statements as at 31 December 2007 and the interim accounts as at 30 June 2008.

At the other meetings, the Board of Directors mainly discussed the regular reporting concerning the results of the group and the company's financial position. The Board of Directors reviewed matters including the strategy and progress of each division, the management structure, and analysed proposals for acquisitions or divestitures.

Composition of the Board of Directors	
Name	**Function**
Vean NV, represented by its permanent representative Mr. Luc Vansteenkiste	Chairman (non-executive director) (B)
Mr. Philippe Vlerick	Deputy Chairman (non-executive director) (B)
Mr. Tonny Van Doorslaer	Managing Director (executive director)
Exceca Allocation AB, represented by its permanent representative Mr.Jonas Sjögren	Director (non-executive director) (B)
Mr. Christian Dumolin	Director (non-executive director)
Mr. Patrick De Greve	Director (non-executive director) (A)
MCM BVBA, represented by its permanent representative Mr. Geert Vanderstappen	Director (non-executive director) (A)
Norbert Verkimpe BVBA, represented by its permanent representative Mr. Norbert Verkimpe	Director (non-executive director) (A)
	A Member of the Audit Committee
	B Member of the Nomination and Remuneration Committee

CONFLICT OF INTERESTS

In 2008, the Board of Directors followed the procedure foreseen by Article 523 of the Belgian Company Code in the Board meeting of 14 May 2008. The relevant part of the minutes of this Board Meeting is shown below:

"Directors' declarations

Mr. Luc Vansteenkiste declared that he, as permanent representative and controlling shareholder of VEAN NV, would have a conflict of interests concerning agenda point 1, since this is the decision on his appointment as chairman of the Company. As the chairman receives a special management remuneration of EUR 25,000, the procedure provided in Article 523 of the Belgian Company Code must be complied with. He will leave the meeting whenever agenda point 1 must be deliberated and rejoin the meeting after agenda point 1 has been decided.

Mr. Tonny Van Doorslaer declared that he has a conflict of interests concerning agenda point 3, since this is the decision on his appointment and associated remuneration as managing director of the Company. Consequently, the procedure provided in Article 523 of the Belgian Company Code must be complied with. He will leave the meeting after the resolution of agenda point 3, and rejoin it after agenda point 3 has been resolved.

Messrs. Norbert Verkimpe (as permanent representative and controlling shareholder of Norbert Verkimpe BVBA) and Patrick De Greve declared that they have a conflict of interests concerning agenda point 5, since this is the resolution of their nominations and associated remuneration as members of the audit committee. Consequently, the procedure provided in Article 523 of the Belgian Company Code must be complied with. The directors concerned will therefore leave the meeting the resolution of agenda points 1 to 4.
The statutory auditors will be informed of the conflicts of interests.

Deliberations and resolutions

1. Appointment of VEAN NV as chairman - Remuneration
The Board of Directors deliberated on the appointment of VEAN NV, represented by Mr. Luc Vansteenkiste, as chairman.
After deliberation, the Board of Directors voted unanimously, with the exception of Mr Luc Vansteenkiste, in favour of the appointment of VEAN NV, represented by Mr Luc Vansteenkiste, as chairman of the Board for the duration of his current authorisation. The appointment of chairman is remunerated in accordance with the resolution of the General Meeting of 14 May 2008 (EUR 25,000). This remuneration is economically justifiable and in line with the market conditions. There are no negative financial consequences for the company since this is a continuation of the remuneration policy used to date. Moreover, the nomination and remuneration committee proposed the remuneration. After this resolution, Mr. Luc Vansteenkiste rejoined the meeting.

3. Reappointment of Mr. Tonny Van Doorslaer as managing director - Remuneration
Mr. Tonny Van Doorslaer left the meeting.

After deliberation, the Board of Directors voted unanimously, with the exception of Mr. T. Van Doorslaer, in favour of the appointment of Mr. T. Van Doorslaer as managing director for the duration of his current mandate as director. The appointment as managing director is remunerated in accordance with the resolution of the nomination and remuneration committee. The remuneration for this appointment amounts to EUR 25,000. This remuneration is economically justifiable and in line with the market conditions. There are no negative financial consequences for the company since this is a continuation of the remuneration policy used to date. Moreover, the appointments and remuneration committee proposed the remuneration.

After this resolution, Mr. Tonny Van Doorslaer rejoined the meeting.

5. Appointment and remuneration of audit committee members
Messrs. Norbert Verkimpe (as permanent representative and controlling shareholder of Norbert Verkimpe BVBA) and Patrick De Greve left the meeting.
After deliberation, the Board of Directors appointed the following members of the audit committee, for a term of three (3) years:
MCM BVBA, represented by Mr. Geert Vanderstappen (chairman); Mr. Patrick De Greve; and Norbert Verkimpe BVBA, represented by Mr. Norbert Verkimpe.
The appointment as member of the audit committee is remunerated in accordance with the resolution of the Nomination and Remuneration committee (EUR 2,500). This remuneration is economically justifiable and in line with the market conditions. There are no negative financial consequences for the company since this is a continuation of the remuneration policy used to date. Moreover, the nomination and remuneration committee proposed the remuneration. Messrs. Norbert Verkimpe and Patrick De Greve rejoined the meeting."

During 2008, there have been no conflicts of interest between a director and the company as referred to in Article 524 of the Belgian Company Code.

Of 53 possible attendees, 3 meetings x 7 directors plus 4 meetings x 8 directors, there were 6 apologies for absence. The following directors excused themselves once: Mr. Jonas Sjögren and Exceca Allocation AB, permanently represented by Mr. Jonas Sjögren. The following directors excused themselves twice: Messrs. Christian Dumolin and Patrick De Greve.

Although the articles of association state that the decisions can be made by a majority of votes, all decisions made by the Board of Directors in 2008 were unanimous.

DIRECTORSHIPS AT OTHER COMPANIES

The brief biographies of the Board members (please see pages 33 to 36 of this document) each contain their main directorships at other companies.

TERM OF THE CURRENT NOMINATIONS

At the General Meeting of 14 May 2008, the directors identified above were nominated for a period of three (3) years, until after the Annual General Meeting of Shareholders of 2011, which will be held on 11 May 2011.

The Board of Directors proposes the following motions for the General Meeting of Shareholders on 13 May 2009:

- to dismiss Mr. Patrick De Greve as director
- to nominate BVBA Patrick De Greve, permanently represented by Mr. Patrick De Greve, as director and this for a period of two (2) years, starting from 13 May 2009, and finishing after the Ordinary General Meeting of Shareholders of 2011.

ONE EXECUTIVE AND SEVEN NON-EXECUTIVE DIRECTORS

With the exception of Mr Van Doorslaer, managing director, the other Board members fulfil no executive duties within the company.

FOUR INDEPENDENT DIRECTORS

The Board of Directors considers the following members to be independent directors:

- VEAN NV, permanently represented by Mr. Luc Vansteenkiste;
- MCM BVBA, permanently represented by Mr. Geert Vanderstappen;
- Mr. Patrick De Greve;
- Norbert Verkimpe BVBA, permanently represented by Mr. Norbert Verkimpe.

The General Meeting of Shareholders of 14 May 2008 ratified the independence of VEAN NV, MCM BVBA and Norbert Verkimpe BVBA, as well as their permanent representatives, and of Mr. Patrick De Greve, in accordance with Article 524 §4 of the Belgian Company Code.

The meeting also ratified that MCM BVBA, Norbert Verkimpe BVBA, as well as their permanent representatives, and Mr. Patrick De Greve also meet the independence criteria of the Corporate Governance Code.

* VEAN NV, permanently represented by Mr. Vansteenkiste, also meets all the independence criteria of the Belgian Corporate Governance Code, with one exception: he is the managing director of Recticel NV, where Mr. Van Doorslaer is a non-executive director. The Board of Directors believes, however, that the independent decision-making of Mr Vansteenkiste, as director of the Company, is not compromised by this, which has been effectively demonstrated by experience over recent years.

COMMITTEES OF THE BOARD OF DIRECTORS AND THEIR COMPOSITION

The Board of Directors has established two committees: an Audit Committee, and a Nomination and Remuneration Committee.

The regulations of both committees have been incorporated in the Corporate Governance Charter.

AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

Until the Board of Directors meeting of 14 May 2008, the Audit Committee was composed as follows:

- Mr. Geert Vanderstappen, independent director and chairman of the committee;
- Mr. Patrick De Greve, independent director; and
- Mr. Jonas Sjögren, non-executive director.

The Board of Directors meeting of 14 May 2008 appointed the following members to the Audit Committee for a term of three (3) years:

- MCM BVBA, permanently represented by Mr. Geert Vanderstappen, independent director and chairman of the committee;
- Mr. Patrick De Greve, independent director; and
- Norbert Verkimpe BVBA, permanently represented by Mr. Norbert Verkimpe, independent director.

The composition of the Audit Committee meets all the requirements stipulated in the Belgian Corporate Governance Code and the requirements provided in the Act of 17 December 2008 on setting up an Audit Committee for listed companies and financial enterprises.

In accordance with Article 526 of the Belgian Company Code, the Audit Committee is composed of three (3) independent members of the Board of Directors, of whom at least one member possesses the necessary expertise and professional experience in the field of accounting and audit.

Mr. Geert Vanderstappen possesses the necessary expertise and professional experience in the field of accounting and audit as a result of his career and current professional activities.

AUDIT COMMITTEE'S REPORT ON ACTIVITIES IN 2008

The Audit Committee met three (3) times in 2008. Two meetings were mainly devoted to reviewing the consolidated financial statements as at 31 December 2007 and the half-yearly consolidated figures as at 30 June 2008. One meeting was devoted to the annual impairment tests concerning the identified cash-generating units, to examine whether any impairment should be recognised. Other important agenda items for the committee were compliance with the code of conduct, the programme for the internal audit, internal controls and risk management, and questions concerning reporting according to IFRS.

All members attended the meetings, with the exception of Mr. Jonas Sjögren who sent apologies for absence for the meeting of 28 February 2008.

NOMINATION AND REMUNERATION COMMITTEE

COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors meeting of 14 May 2008 appointed the following members to the Nomination and Remuneration Committee for a term of three (3) years:

- VEAN NV, represented by Mr. Luc Vansteenkiste, chairman of the committee; independent director
- Mr. Philippe Vlerick, non-executive director;
- Mr. Jonas Sjögren, non-executive director.

* The proposed composition of the Nomination and Remuneration Committee deviates from the recommendations on the issue, as stated in Appendices D and E to the Belgian Corporate Governance Code of 9 December 2004. According to these recommendations, the Nomination and Remuneration Committee should consist of a majority of independent directors. However, the current composition is a balanced division of tasks between the directors.

In accordance with the provisions of the Corporate Governance Code on this issue, Mr. Tonny Van Doorslaer participates in meetings at which the remuneration of other members of the executive management is handled.

NOMINATION AND REMUNERATION COMMITTEE'S REPORT ON ACTIVITIES IN 2008

The Nomination and Remuneration committee met twice in 2008, and handled matters including the general remuneration policy and individual remunerations for members of the executive committee. All members attended the meetings.

REMUNERATIONS AND INTERESTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

The non-executive directors, Mr. Philippe Vlerick, Exceca Allocation AB, Mr. Christian Dumolin, Mr. Patrick De Greve, MCM BVBA, and Norbert Verkimpe BVBA, each receive remuneration of EUR 12,500 per annum.
The chairman, VEAN NV, is entitled to a total annual fee of EUR 25,000.
The remuneration of the Managing Director – also Chief Executive Officer – is reported on page 32 of this document, under 'Remunerations and interests of the members of the executive committee'.

There are no separate reimbursements provided for the members of the committees, except for the three non-executive directors who are members of the audit committee, Mr. Patrick De Greve, MCM BVBA and Norbert Verkimpe BVBA. As a supplement to their general annual fee, they each receive an annual fee of EUR 2,500 for this. In addition to the remuneration mentioned above, Mr. Philippe Vlerick indirectly receives an annual fee of EUR 20,000 from his appointment as non-executive director and chairman of the board of directors for a subsidiary.

Total directors' reimbursements are EUR 115 ('000) paid out during the 2008 financial year, and EUR 95 ('000) for the 2007 financial year

There is no contract between the company or its associated companies and the members of the Board of Directors that provides for any payment on their retirement as director. Such a scheme does exist, however, for Mr Tonny Van Doorslaer, but exclusively in his capacity as member of the executive committee (please see brief biographies on page 34 of this document).

The non-executive directors were not permitted to subscribe to the current share option plans, nor to the warrant plan (please see pages 43 and 44).

The directors directly hold a total of 221,449 shares of the company. Certain directors represent another reference shareholder, and are indirect shareholders. A breakdown of these indirect interests can be found on pages 109 and 33 to 35 of this document.
Only executive directors were allowed to subscribe to the current share option plan and warrant plan. Their applications are included in the figures reported for the executive committee (see below).

None of the directors has received a loan granted by Spector Photo Group NV or any other associated company.

THE RELATIONSHIP OF THE BOARD OF DIRECTORS WITH THE ASSOCIATED COMPANIES

Spector Photo Group NV holds – directly and/or indirectly – at least 95% of the shares in all its associated subsidiaries and 49% in FLT (Fotolabore Tagliabue).
See also: pages 61 to 63 for a full summary showing the exact participating interests.

DAY-TO-DAY MANAGEMENT

MANAGING DIRECTOR

In accordance with article 19 of the Articles of Association, the authority of the executive committee has been delegated to a managing director.
The Managing Director or two directors acting jointly represent the enterprise in and out of court and in fact. The Board of Directors of Spector Photo Group NV has appointed Mr. Tonny Van Doorslaer as Managing Director.

EXECUTIVE COMMITTEE

The Managing Director has selected an Executive Committee for the day-to-day management of the enterprise, which consists of:

- Tonny Van Doorslaer, Chief Executive Officer (CEO);
- Stef De corte, Managing Director of the Imaging Group;
- Christophe Levie, Managing Director of the Retail Group.

Spector Photo Group does not have a management committee in the sense of the Act of 2 August 2002 concerning Corporate Governance.

REMUNERATIONS AND INTERESTS OF THE MEMBERS OF THE EXECUTIVE COMMITTEE (IN € ‘000)

Executive committee member	**Fixed remuneration component (1)**	**Variable remuneration component (1) (2)**	**Other remuneration components (1) (3)**	**Number of share options (date of option plan, exercise price) (4)**	**Number of warrants (exercise price per warrant)**
1. Tonny Van Doorslaer	326	132	15	4 000 (2001 – EUR 9.69) 7 500 (2002 – EUR 10.65)	400 000 (EUR 3.36)
2. Stef De corte				4 000 (2001 – EUR 9.69) 5 500 (2002 – EUR 10.65)	150 000 (EUR 3.36)
2. Christophe Levie					50 000 (EUR 3.36)
Total 1, 2 and 3	665	433	20		600 000 (EUR 3.36)

(1) Cost to the company, i.e. gross amount including social security contributions (employee’s and employer’s).
(2) The variable component is provided in the form of a bonus plan that is determined each year by the remuneration committee. This bonus plan includes financial targets.
(3) The other components refer to the costs for pensions, insurance policies, and the cash value of the other benefits in kind (expense allowances, company car, etc.).
(4) For the exercise periods, please see page 43 of this document.

The total remuneration for the 2008 financial year amounted to EUR 1,118 (‘000). The remuneration components for the executive committee members are shown above. No guarantees or loans have been granted to the members of the executive committee by Spector Photo Group NV or associated enterprises.

Separately from their remuneration, Messrs Van Doorslaer and De corte also held Spector Photo Group shares as at 31 December 2008. Details can be found in the brief biographies below in this document.

BRIEF BIOGRAPHY OF THE MEMBERS OF THE BOARD OF DIRECTORS

LUC VANSTEENKISTE
Permanent representative of VEAN NV, chairman of the Board of Directors
Office address: Recticel N.V., Olympiadenlaan 2, 1140 Brussels, Belgium.

Qualified Chemical Engineer. Extensive experience as director in numerous companies and as a manager at Recticel that, under his leadership, has developed into a listed company with activities in 28 countries. Honorary Chairman of the Federation of Belgian Enterprises (VBO-FEB), also active in several other sector federations and special interest groups of the entrepreneurial world.
Non-executive, independent director at the company since 1995, and Chairman of the Board since 2001. Also chairman of the Nomination and Remuneration committee since 28 November 2005. His current appointment as director with the company runs until the Annual General Meeting of Shareholders of 2011.

Current appointments with other companies:

- Telindus NV (chairman);
- Sioen Industries NV (director);
- Ter Beke Vleeswaren NV (director);
- Compagnie Mobilière & Foncière du Bois Sauvage (director);
- Delhaize Group NV (director);
- Recticel NV (director);
- Fortis Bank NV (director);
- Guberna (director).

Mr. Vansteenkiste has no family connections with other members of the executive, management or supervisory bodies of the company.
Mr. Vansteenkiste holds no registered shares and no share options of Spector Photo Group NV and also has no other commercial link with the Group.
There is no contract between the company or its associated companies and Mr. Vansteenkiste, which provides any benefit on resignation or retirement.

PHILIPPE VLERICK
Deputy chairman of the Board of Directors
Office address:
Vlerick Group,
Doorniksewijk 49,
8500 Kortrijk, Belgium.

Holder of several degrees from Belgian and foreign universities in philosophy, law, management, and business administration. Extensive experience as director and manager in numerous companies, of which several in the financial and industrial sectors. Active in sector federations and special interest groups of the entrepreneurial world (VBO-FEB, Voka, etc.).
Non-executive director at the company since 1995. Deputy chairman since 28 November 2005. Member of the Nomination and Remuneration Committee. His current appointment as director with the company runs until the Annual General Meeting of Shareholders of 2011.

Current appointments with other companies include:

- BIC Carpets NV (chairman);
- UCO NV (chairman, managing director);
- Exmar NV (director);
- KBC Group (deputy chairman);
- Besix NV (director);
- BMT NV (director);
- ETEX (director);
- Alcopa NV (director);
- Kredietbank Luxemburg (deputy chairman);
- Vlerick Leuven Gent Management School (partner-director);
- Photo Hall Multimedia NV (chairman);
- Corelia NV (director);
- LVD Company NV (director).

Moreover, Mr. Vlerick is director of several family companies, including VIT NV, Lutherick NV and Mercurius Invest NV.
Mr. Vlerick has no family connections with other members of the executive, management or supervisory bodies of the company.
Mr. Vlerick holds no share options of Spector Photo Group NV. He holds no registered shares of the company, but is the main shareholder of the companies that have united in the VIT Consortium , which is holder of 6,914,244 shares (18.8%) of Spector Photo Group NV, of which 36,072 shares are held by Mr. Vlerick in a private capacity.
There is no contract between the company or its associated companies and Mr. Vlerick, which provides any benefit on resignation or retirement.

TONNY VAN DOORSLAER
Managing Director
Office address:
Spector Photo Group N.V.
Kwatrechtsteenweg 160,
9230 Wetteren, Belgium

Master in Law. After a ten-year career in the financial world with Kredietbank, Mr, Van Doorslaer has fulfilled various management functions within the Group, in both the financial and general management areas.
Managing director at the company since 1987.
His current appointment runs until the Annual General Meeting of Shareholders of 2011.
Member of the Executive Committee since 1987 and Chief Executive Officer since 2001.

Current appointments with other disassociated companies include:

- Recticel NV (director and member of the Audit Committee)
- Lessius NV (chairman);
- Transposia NV (director);
- Lennart NV (director);
- Guberna (Belgian Corporate Governance Institute - member of the Board of Trustees).

Mr. Van Doorslaer has no family connections with other members of the executive, management or supervisory bodies of the company.
Mr. Van Doorslaer is holder of 221,449 registered shares, 400,000 warrants and 11,500 share options of Spector Photo Group NV.
He has a contract that - only on resignation at the company's request - provides him with financial compensation that amounts to a maximum of 12 times his monthly remuneration.

JONAS SJÖGREN
Permanent representative of
Exceca Allocation AB,
director
Office address:
Landbovägen 2D,
S-42166 Västra Frölunda,
Sweden.

Mr. Sjögren has an MBA from Insead and a 'Master degree in science and electrical engineering ' from the Chalmers University of Technology. Before starting his own company, Mr. Sjögren fulfilled several management positions at companies in the Ericsson group – mainly in the field of product management. From 1996 onwards, he was involved with several projects in the field of IP network solutions and mobile internet (3G) – areas that are highly relevant to Spector Photo Group the more the media convergence increases.
Non-executive director at the company since 1995. Member of the Appointments and Remuneration Committee. Until 14 May 2008, Mr. Sjögren was also a member of the Audit Committee. His current appointment as director with the company runs until the Annual General Meeting of Shareholders of 2011.

Current appointments with other companies include:

- Exceca AB, Sweden (managing director)
- Storytel AB, Sweden (director).

Apart from an appointment as director in Fotoinvest CVBA now liquidated, until 16 June 2006, and Lennart NV, in liquidation, Mr Sjögren fulfilled no directorships at any companies not stated above during the last five (5) years.
Mr. Sjögren has no family connections with other members of the executive, management or supervisory bodies of the company.
Mr. Sjögren holds no share options of Spector Photo Group NV. He holds no registered shares of the company, but represents Audhumla SA that holds 1,514,304 shares (4.1%) of Spector Photo Group.
There is no contract between the company or its associated companies and Mr. Sjögren, which provides any benefit on resignation or retirement.

PATRICK DE GREVE
Director
Office address:
Vlerick Leuven Gent
Management School,
Reep 1,
9000 Gent, Belgium.

Master in Economic Sciences and in Management (MBA).
As general manager of a management school with an international reputation, Mr. De Greve is very familiar with strategic and operational policy aspects of listed and unlisted companies. He also brings with him the necessary expertise in connection with change processes in organisations and companies.
Non-executive, independent director at the company since 2004, and member of the Audit Committee since 2005.
2005. Mr. De Greve meets the independence criteria stipulated in Article 526 of the Belgian Company Code, as provided for by the Act of 17 December 2008 on setting up an Audit Committee for listed companies and financial enterprises. His current appointment as director with the company runs until the Annual General Meeting of Shareholders of 2011.
During the past five years, Mr. De Greve only fulfilled a director's appointment at the Vlerick Leuven Ghent Management School, and since 2008 he has been a member of the Board of Directors at Guberna.
Mr. De Greve has no family connections with other members of the executive, management or supervisory bodies of the company.

Mr. De Greve holds no registered shares or share options of Spector Photo Group NV and also has no other commercial link with the Group, which enables him to act as an independent director.
There is no contract between the company or its associated companies and Mr. De Greve, which provides any benefit on resignation or retirement.

GEERT VANDERSTAPPEN
Permanent representative of MCM BVBA, director
Office address:
Pentahold N.V.,
Bourgetlaan 50,
1130 Brussels, Belgium.

Qualified Engineer. Acted as the financial director with the company between 1993 and 1999 – thus more than five years ago.
As partner at Pentahold NV and Buy-Out Fund CVA, Mr. Vanderstappen possesses sound financial expertise.
Non-executive, independent director since 28 November 2005. Director and chairman of the Audit Committee. Mr. Vanderstappen meets the independence criteria stipulated in Article 526 of the Belgian Company Code, and also possesses the necessary expertise in the field of accounting and audit in the sense of Article 526b §2 of the same Code as provided by the Act of 17 December 2008 on setting up an Audit Committee for listed companies and financial enterprises.
His current appointment as director with the company runs until the Annual General Meeting of Shareholders of 2011.

Current appointments with other companies include:
- Kinepolis NV;
- Vergokan International NV;
- Pentahold NV;
- Best² NV;
- Interio International NV.

He has no family connections with other members of the executive, management or supervisory bodies of the company.
Mr. Vanderstappen holds no registered shares of Spector Photo Group NV and also has not subscribed to any share options.
There is no contract between the company or its associated companies and Mr. Vanderstappen, which provides any benefit on resignation or retirement.

CHRISTIAN DUMOLIN
Director
Office address:
Koramic Investment Group N.V.,
Kapel ter Bede 84,
8500 Kortrijk, Belgium.

Chairman and CEO of Koramic Investment Group (and subsidiaries). Extensive experience as director and manager in numerous companies, of which several in the financial and industrial sectors. Active in sector federations and special interest groups of the entrepreneurial world (VBO-FEB, Vlajo - Flemish youth enterprises, the Belgian Corporate Governance Institute). Non-executive director at the company since 2006. His current appointment as director with the company runs until the Annual General Meeting of Shareholders of 2011.

Huidige mandaten bij andere vennootschappen zoals:
- Vitalo Industries (chairman);
- Wienerberger (Austria) (deputy chairman of Board of Directors (Aufsichtsrat) and member of Strategic Committee);
- Nationale Bank van België (honorary governor of the Belgian central bank);
- USG People (Netherlands) (supervisory director and chairman of Audit Committee);
- Director in various Belgian and foreign companies, including:
  - Clear2Pay (Belgium);
  - Auguria Residential Real Estate Fund (Belgium);
  - Brinvest (Belgium);
  - E & L Real Estates (Poland);
  - EKY (Turkey);
  - Mercapital Sociedad de Capital Inversion (Netherlands);
- Belgian Banking, Finance and Insurance Commission (Commissie voor het Bank-, Financie- en Assurantiewezen (CBFA) - Supervisory Board member);
- Vlerick Leuven Gent Management School (partner-director);
- Federation of Belgian Enterprises (VBO-FEB - Executive Committee member);
- Vlaamse Jonge Ondernemingen (VLAJO – Flemish youth enterprises - member of Board of Directors);
- Guberna (Belgian Corporate Governance Institute - member of the Board of Trustees).

Mr. Dumolin has no family connections with other members of the executive, management or supervisory bodies of the company.
Mr. Dumolin holds no share options of Spector Photo Group NV. He holds no registered shares of the company, but is the main shareholder of Koramic Finance Company NV, which holds 3,933,775 shares (10.74%) of Spector Photo Group NV.
There is no contract between the company or its associated companies and Mr. Dumolin, which provides any benefit on resignation or retirement.

NORBERT VERKIMPE
Permanent representative
of Norbert Verkimpe BVBA,
director
Office address:
Norbert Verkimpe B.V.B.A.,
Bommelsrede 29,
9070 Destelbergen, Belgium.

Regional Director and Competence Centre Director of Bisnode AB (Sweden), CEO of WDM International BV, chairman of WDM Belgium, WDM Belgium Holding and Spectron Business Solutions. Extensive experience as director in numerous companies.

Active in special interest groups of the entrepreneurial world (Guberna, Flemish Management Association, Belgian Direct Marketing Association).

Non-executive, independent director and member of the Audit Committee since 14 May 2008. Mr. Verkimpe meets the independence criteria stipulated in Article 526 ter of the Belgian Company Code, as provided for by the Act of 17 December 2008 on setting up an Audit Committee for listed companies and financial enterprises. His current appointment as director with the company runs until the Annual General Meeting of Shareholders of 2011.

Current appointments with other companies include:

- WDM International BV (CEO);
- WDM Belgium (chairman);
- WDM Belgium Holding (CEO & chairman);
- Spectron Business Solutions (chairman);
- Vadis Consulting (director);
- Synkronis (CEO & chairman);
- D-Trix (CEO & chairman);
- Kemapro BV (director);
- Tijdbank VZW (director).

Mr. Verkimpe has no family connections with other members of the executive, management or supervisory bodies of the company.

Mr. Verkimpe possesses no share options of Spector Photo Group NV and holds no registered shares of the company in a private capacity. There is no contract between the company or its associated companies and Mr. Verkimpe, which provides benefits on resignation or retirement.

BRIEF BIOGRAPHY OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

TONNY VAN DOORSLAER
See the brief biography of the members of the Board of Directors on page 34 of the annual report.

CHRISTOPHE LEVIE
Managing Director Retail Group
Office address:
Photo Hall Multimedia N.V.,
Lusambostraat 36,
1190 Brussels, Belgium.

Mr. Levie is a Master in Law, and has been active since 1986 in several management functions within Photo Hall Multimedia NV, which merged into the group in 1996.

Since 1998, Christophe Levie has been managing director of Photo hall – with activities in Belgium, Luxembourg and France – and since 2004 has also been responsible for Photo Hall Hungary.

Member of the executive committee of Spector Photo Group since 2005.

Mr. Levie fulfils no director's appointments at any other disassociated company, nor has he done so during the past five years.

He has no family connections with other members of the executive, management or supervisory bodies of the company.

Mr. Levie holds no shares of Spector Photo Group NV and also has no subscription to any share options. Mr. Levie holds 50,000 warrants.

He has a contract that - only on resignation at the company's request - provides him with financial compensation that amounts to twice his average annual reimbursement over the last three years.

STEF DE CORTE
Managing Director Imaging Group
Office address:
Photomedia N.V.,
Kwatrechtsteenweg 160,
9230 Wetteren, Belgium

Qualified Engineer. Active in the company since 1999, first as Finance & Administration Manager, then Director of the Wholesale Division, which then included 18 labs in Europe, later as Chief Financial Officer, and since December 2005 as Managing Director of the Imaging Group.

Formerly active in several consultant positions in the area of production, logistics and general business policy, with Bekaert-Stanwick and at ABB Service.

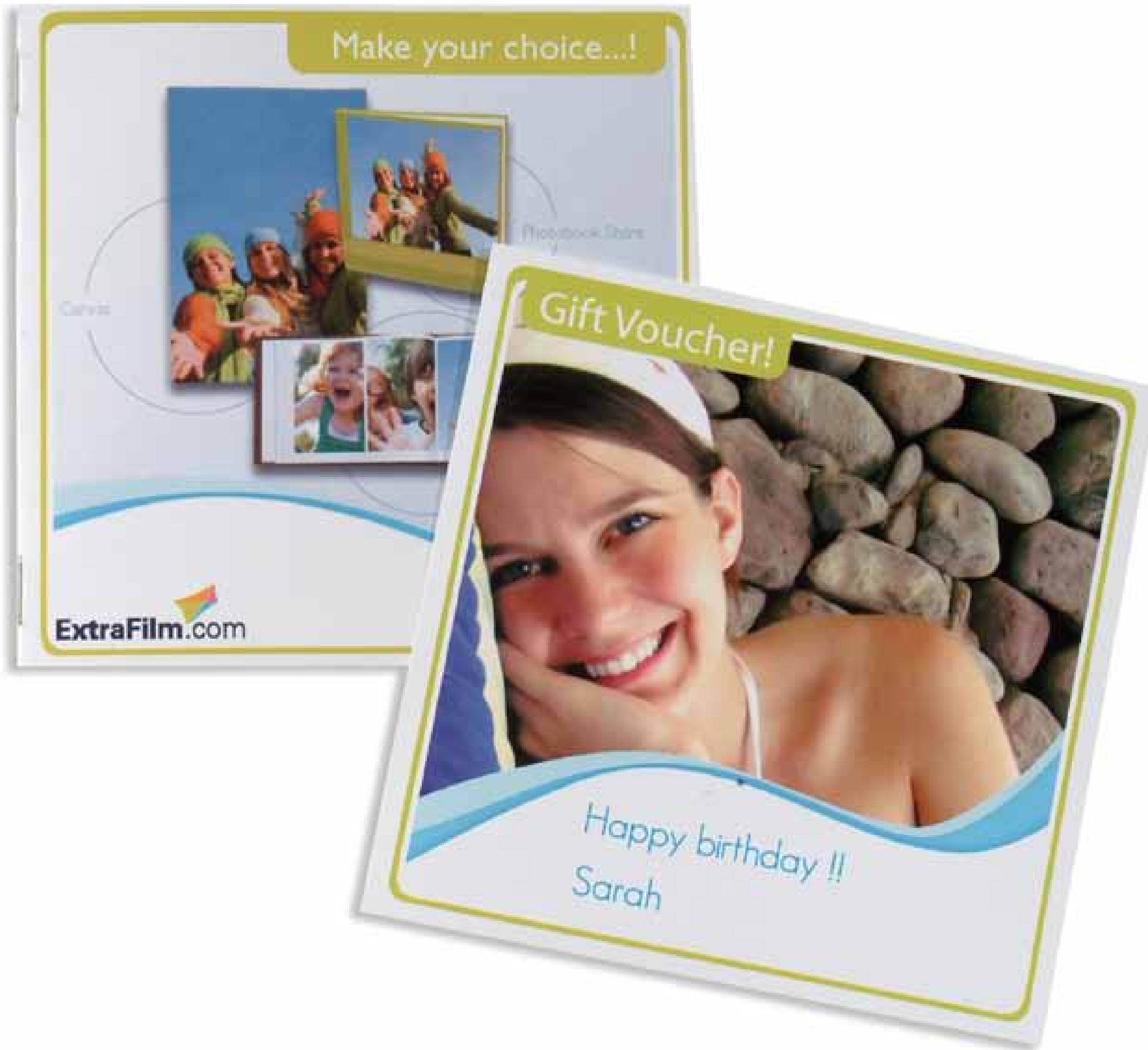
Executive committee member since 1999.

With the exception of his director's appointment at Acortis BVBA, Mr. De corte fulfils no director's appointments at any other disassociated company, nor has he done so during the past five years.

He has no family connections with other members of the executive, management or supervisory bodies of the company.

Mr. De corte holds no shares in Spector Photo Group NV, but Acortis BVBA holds 52,500 shares. Mr. De corte has subscribed to 9,500 share options and 150,000 warrants.

He has a contract that - only on resignation at the company's request - provides him with financial compensation of 12 monthly reimbursements.



SHAREHOLDERS

STRUCTURE OF THE SHAREHOLDERSHIP (PRE-WARRANTS)

More detailed information on the shareholdership in the company, as at the year-end closing date, can be found on page 109 of this document.

Free float	57.70%
Consortium VIT	18.88%
Koramic Finance Company	10.74%
Groes Gerard	5.01%
Audhumla	4.14%
Treasury shares	3.30%
Partimage	0.23%

Remunerations and interests of member of the supervisory bodies: please see page 32 of this document.

REFERENCE SHAREHOLDERSHIP

The former reference shareholder Fotoinvest CVBA was put into liquidation on 20 December 2007. Its holding in Spector Photo Group NV was sold to Spector Coördinatiecentrum NV on 27 March 2008. The liquidation of Fotoinvest CVBA was finally closed and the company definitively ceased to exist as at 20 June 2008. As a result of this, the dissolution will be commenced of the Stichting Administratiekantoor Consortium Ex-IPG. For any other information, please see the Board of Directors' report on pages 24 onwards.

GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting takes place on the second Wednesday of the month of May at 2 p.m. The right to take part in the General Meeting will only be granted, either on the basis of the registration of the shareholders in the register of the company's registered shares or bonds or warrants and after communication to the Board of Directors by letter, telegram, telex, fax or in other written manner, of their wish to take part in the meeting, unless specified otherwise in the convocation; or on the basis of the deposit of the dematerialised shares or bonds or warrants at the registered office of the company, unless specified otherwise in the convocation of the meeting; or if the shares or bonds or warrants are represented by a global certificate that is deposited with a settlement institution, on the basis of a certificate drawn up by the holder of the global certificate or by the financial intermediary at which the shareholder, bondholder or warrant holder holds the respective shares, bonds or warrants on a securities account, which states the unavailability of the shares, bonds or warrants until on the date of the General Meeting at the places and time stated in the letter of convocation; or on the basis of a certificate drawn up by the recognised account holder or by the settlement institution, which states the unavailability of the dematerialised shares or bonds or warrants until on the date of the General Meeting at the places stated in the letter of convocation; this at least three working days and at most six working days before the date stipulated for the assembly of the General Meeting, all this subject to subsequent legal amendments concerning this matter.

COMMUNICATION WITH SHAREHOLDERS

Spector Photo Group attaches particular importance to regular and transparent communication to its shareholders.
This communication includes, among other things:

- Publication of annual results, interim results and quarterly trading updates
- A separate 'Investor Relations' section on the corporate website
- Free subscription to the relevant press releases for investors via the same website
- Regular presence at presentations and events for private investors

AUDITORS

COMMITTEE OF STATUTORY AUDITORS

- PKF bedrijfsrevisoren CVBA, represented by Mr. Danny De Jonge, Statutory Auditor (present appointment runs until the Ordinary General Meeting of Shareholders of 2011).
- Grant Thornton, Lippens & Rabaey BVCV, represented by J. Lippens, Statutory Auditor (present appointment runs until the Ordinary General Meeting of Shareholders of 2011).

General information concerning Spector Photo Group

1. GENERAL INFORMATION CONCERNING THE COMPANY

1.1. Identity

The company's name is 'Spector Photo Group N.V.', abbreviated to 'Spector'. Its registered office is at Kwatrechtsteenweg 160, 9230 Wetteren, Belgium.

1.2. Foundation and duration

Spector was founded for an indefinite term on 23 December 1964 under the name ` DBM Color N.V.' by deed passed in the presence of Civil-law notary Luc Verstraeten at Assenede, published in the Supplements to the Belgian Official Gazette of 15 January 1965. The Articles of Association were last modified by deed passed in the presence of Civil-law notary Tom De Sagher on 6 November 2007, published in the Supplements to the Belgian Official Gazette of 21 November 2007, as a result of the Act of 14 December 2005 governing the abolition of bearer securities.

1.3. Legal form

Spector was set up as a public limited liability company (naamloze vennootschap) according to Belgian law.

1.4. Company objective

The objective of the company is defined in article 3 of the Articles of Association as follows:

a) the production, import, purchase, sale, supply, renting out, leasing and storage of all products, materials and equipment for recoding and reproduction of pictures, signals and sound, and in the field electronic equipment, information technology, multimedia, sound and picture media, telecommunications, office equipment, photography, photoengraving, film and software, as well as their accessories and the associated services and related articles;

b) the acquisition, production, use and development of every brand image, trade name and patent that may or may not be related to the activities identified above and licence provision.

c) the purchase, sale, reconstruction, letting, sub-letting, financial borrowing, leasing, concession and operating, in any form whatsoever, of all moveable and immovable property and machines, plants, equipment, commercial vehicles and cars, which are relevant to the company's activities;

d) the investing, managing and using of financial assets;

e) the setting up and cooperating with enterprises and companies, the purchase and the management of participating interests or shares in companies or enterprises of which the objective is similar or related to the objective defined above or is of the nature to promote achieving it, and in financial companies; the financing of such companies or enterprises by loans, guarantees or any other similar form whatsoever; the participation as member of the Board of Directors or of any other similar body for the management and the observation of the position of liquidator for the companies identified above;

f) the performance of all operations, studies and management services of administrative, technical, commercial and financial nature, chargeable to companies of which it is a shareholder or chargeable to third parties.

The company may, in Belgium and abroad, at its own expense of at the expense of third parties, conduct all industrial, trading and financial transactions that could directly or indirectly extend or benefit its business.

1.5. Register

Spector is registered at the legal entities register of Dendermonde under number RPR 0405.706.755. Its number for Value-Added Tax is BE 0405.706.755.

2. GENERAL INFORMATION CONCERNING THE CAPITAL

2.1. Issued capital

The authorised and paid-up capital of Spector as at 31 December 2008 amounted to EUR 64,193,915.72, and is represented by 36,619,505 fully paid-up authorised shares without par value.

There are also 31,874,597 VVPR strips that provide the right to a reduced withholding tax of 15% instead of 25% on dividends. In order to enjoy this benefit, the shareholders need to present their coupons of the shares at the same time with the coupons of the VVPR strips to the dividend-paying organisation, and do this before 30 November of the year in which the dividend is granted.

2.2. Registered capital, convertible bonds

Article 34 of the Articles of Association regulates, among other things, the authorisation of the Board of Directors over a period of five years, counting from the publication in the Belgian Official Gazette on 5 January 2006 of the amendment to the Articles of Association of 14 December 2005, to increase the capital by an amount of EUR 64,193,915.72 on one or more occasions.

The Board of Directors is authorised for a term of five years starting from the publication of the resolution of the General Shareholders' Meeting of 28 November 2005 in the Supplements to the Belgian Official Gazette, within the statutory limitations, to increase the issued authorised share capital on one or more occasions, both by contributions in cash and by contributions in kind as well as by means of the incorporation of reserves and/or issue premiums, with or without issuing new shares, as well as by means of issuing, once or several times, bonds convertible into shares, bonds with warrants or warrants connected or not connected to another security, and all this for a maximum global amount of EUR 64,193,915.72. This ceiling applies to the issue of bonds convertible into shares, bonds with warrants, or warrants that are connected or not connected to another security, to the amount of the capital increases that could result from the conversion of these bonds or the exercising of these warrants.

The Board of Directors is hereby authorised by the General Shareholders' Meeting, based on a resolution taken in accordance with the provisions of Article 560 of the Belgian Company Code, within the framework of issuing securities within the registered capital, to modify the respective rights of the existing categories of shares or securities that do or do not represent the capital.

This authorisation is valid in so far as it is in accordance with the applicable statutory provisions. The Board of Directors will not in any case use this authorisation with the aim to, or in such a way that this would, prejudice the shareholders' rights connected to the existing shares.

The Board of Directors is explicitly authorised for a term of three years starting from the publication of the resolution of the General Meeting of Shareholders of the twenty eighth of November two thousand and five in the Supplements to the Belgian Official Gazette, to use the authorisation granted by the present clause to increase the capital, in the circumstances, under the conditions and within the restrictions of Article 607 of the Belgian Company Code.

The Board of Directors determines the dates and the conditions of the capital increases that it has decided to implement pursuant to the previous paragraphs, including the possible payment of the share premiums. It determines the conditions for the issue of bonds upon which it has decided pursuant to the previous paragraphs. When use is made of the previous paragraphs, the Board of Directors determines, in accordance with Articles 592 and following of the Belgian Company Code, the period and other conditions for the exercising of the preferential rights by shareholders when they are vested with this right by law. The Board of Director can also, in accordance with the same Articles 592 and following, in the interest of the Company and under the conditions provided by law, restrict or exclude the pre-emptive rights of the shareholders, in favour of one or several persons selected by the Board of Directors, regardless whether these persons are staff members of the Company or of its subsidiaries.

When a share premium is paid as a consequence of the present clause, it will automatically be transferred to a non-distributable account called "share premiums" which can only be disposed of under the conditions required for the capital reduction. However, the premium can be incorporated in the registered share capital at any time, this resolution can be taken by the Board of Directors in accordance with the first paragraph."

2.3. Profit-sharing certificates

None.

2.4. Conditions for changes of the capital

Statutory conditions

2.5. Transactions

a) 08 November 1991 (publication in Belgian Official Gazette of 29 November 1991):

Capital increase in the context of the share option plan, by cash contribution worth BEF 2,872,620 and creation of 23,609 new shares. As a result of this, the registered capital amounted to BEF 1,016,633,457, represented by 1,425,510 shares of which 205,140 were AFV shares.

b) 05 June 1991 (publication in Belgian Official Gazette of 27 June 1992):

Capital increase by cash contribution worth BEF 117,166,543 by creation of 68,921 new shares. Accordingly, the capital amounted to BEF 1,133,800,000, represented by 1,494,431 shares of which 205,140 were AFV shares.

c) 29 December 1992 (publication in Belgian Official Gazette of 23 January 1993):

Capital increase in the context of the share option plan, by cash contribution worth BEF 3,569,693 by creation of 29,907 new shares. Accordingly, the capital amounted to BEF 1,137,369,693, represented by 1,524,338 shares of which 205,140 were AFV shares.

d) 09 July 1993 (publication in Belgian Official Gazette of 03 July 1993):

Capital increase in the context of the share option plan, by cash contribution worth BEF 1,497,581 by creation of 6,809 new shares. Accordingly, the registered capital amounted to BEF 1,138,867,274, represented by 1,531,147 shares of which 205,140 were AFV shares.

e) Conversion of shares (publication in Belgian Official Gazette of 2 October 1993): In view of the merger with Prominvest that would take place on 29 October 1993, the extraordinary General Meeting of 7 September 1993 decided to proceed with the conversion of all 1,531,147 existing Spector shares into 2,703,317 new shares, in which each existing share gave the right to 1.76555 new shares. As a result of this, the registered capital would be represented by 2,703,317 new shares, of which 362,185 were AFV shares. This conversion was performed in order to create an exchange ration of one Spector share to one Prominvest share.

After this operation, Prominvest held 96% of the Spector shares.

f) 29 October 1993 (publication in Belgian Official Gazette of 23 November 1993):

Merger due to acquisition by Prominvest NV: in the merger, the capital of Prominvest was added to Spector's capital. This increased Spector's registered capital to BEF 2,265,805,017 by the creation of 2,675,000 new shares, so that 5,378,317 shares represented the capital.

After this, the capital was increased by BEF 341,690,111 and BEF 1,406,194,933, by including the revaluation gains and share premiums respectively, each without issuing new shares, to an amount of BEF 4,013,690,061. Immediately after this transaction, the capital was reduced by BEF 3,050,082,500 and 2,596,810 Spector treasury shares were destroyed, including all AFV shares. After the merger, Spector's capital therefore amounted to BEF 963,607,561, represented by 2,781,507 shares.

g) 15 February 1994 (publication in Belgian Official Gazette of 15 March 1994):

Capital increase by exercising of warrants: due to the exercising of the warrants, the capital was increased to BEF 1,488,390,561, represented by 3,306,290 shares, of which 524,783 were VVPR shares.

h) 10 May 1995 (publication in Belgian Official Gazette of 03 June 1995):

Increase of share capital under suspensive condition amounting to the number of shares subscribed to by means of warrants, multiplied by the accounting parity of the existing registered shares at the moment of exercising the warrants. The maximum number of shares to be created was 826,572 VVPR shares.

i) 04 October 1996: Bringing into line of ordinary and VVPR shares by granting of the VVPR-strip coupon sheet. As result of this there were 524,783 VVPR strips created and the capital was represented by 3,306,290 ordinary shares.

j) 05 October 1996 (publication in Belgian Official Gazette of 29 October 1996):

Increase of share capital due to exercising of 14,658 warrants, subscription at par of BEF 450 per share, supplemented with the payment of a share premium of BEF 1,125 per share, as a result of which 14,658 new ordinary shares with the same number of VVPR strips were created. As result of this the capital was raised by BEF 6,596,100 to BEF 1,496,986,661, represented by 3,320,948 ordinary shares, with 539,441 VVPR strips in circulation.

k) 08 November 1996 (publication in Belgian Official Gazette of 03 December 1996):

Increase of share capital in the context of the authorised capital by a cash contribution of BEF 2,159,176,311 BEF, which is BEF 664,189,650 capital supplemented by a share premium of BEF 2,088,507,455 by creation of 1,475,977 new ordinary shares and the same number of VVPR strips. As result of this, the capital amounted to BEF 2,159,176,311, represented by 4,796,925 shares, with 2,015,418 VVPR strips in circulation.

l) 13 May 1998 (publication in Belgian Official Gazette of 06 June 1998):

(i) Increase of share capital by incorporation of BEF 2,104,997,705 of share premiums, without creation of new shares. As result of this, the capital amounted to BEF 4,264,174,016, represented by 4,796,925 shares, with 2,015,418 VVPR strips in circulation;

(ii) Issue of 600,000 transferable registered warrants, with discontinuation of preferential right to the benefit of Fotoinvest CVBA or its legal successors. Each warrant gives the right to subscribe to 1 new share of the company at a price per share equal to the average of the closing prices of Spector shares during the 60 trading days that precede the exercising, with a minimum equal to the average of the stock exchange price during thirty days prior to the date of issue. The warrant can be exercised at every moment, individually or jointly, during a period of five years counting from the date of emission, (i) with effect from the notification by the Belgian Banking, Finance and Insurance Commission (CBFA) of a public takeover bid on the shares of the company, or (ii) with effect from moment that an audit announcement is sent to the Banking and Finance Commission and/or the company receives knowledge of the purchase by one or more persons who by mutual agreement act with 20% or more of the voting-right securities of the company, or (iii) as soon as the price of the company's shares on the Brussels Stock Exchange's First Market become identifiably and substantially affected by systematic buying orders or by constant rumours concerning a take-over bid on the shares of the company,

of the warrants identified above amounting to the maximum amount equal to the number of subscription rights represented by the warrants, multiplied by the fraction unit value of the share at the moment of subscription.

m) 23 June1998 (publication in Belgian Official Gazette of 21 July 1998):

Increase of share capital due to exercising of 115 warrants, subscription at par of BEF 889 per share, supplemented with the payment of a share premium of BEF 651 per share, as a result of which 115 new shares with the same number of VVPR strips were created. As result of this, the capital amounted to BEF 4,264,351,116, represented by 4,797,040 shares, with 2,015,533 VVPR strips in circulation;

n) 14 June 2000 (publication in Belgian Official Gazette of 06 July 2000):

Increase of share capital due to exercising of 812 warrants, subscription at par of BEF 889 per share, supplemented with the payment of a share premium of BEF 651 per share, as a result of which 812 new shares with the same number of VVPR strips were created. As result of this, the capital amounted to BEF 4,265,601,596, represented by 4,797,852 shares, with 2,016,345 VVPR strips in circulation;

o) 30 March 2001 (publication in Belgian Official Gazette of 20 April 2001):

(i) Capital reduction by BEF 3,850,394,314 to bring the registered share capital from BEF 4,265,601,596 to BEF 415,207,282 by settlement of losses incurred on the actually paid-up capital for tax purposes without destruction of shares, with proportional reduction

of the fraction unit value of the shares, and subject to approval for the corresponding amendment of article 5 of the Articles of Association concerning the level of the registered capital;
(ii) Increase of share capital, with discontinuation of preferential right, by cash contribution of BEF 300 million and issue of 783,046 registered shares without no indication of par value;
(iii) Incorporation of the share premium amounting to BEF 232,235,199 in the capital so that the issued registered share capital was increased by an Amount of BEF 232,235,199 to bring it from BEF 482,972,083 to BEF 715,207,282 without creation of new shares;
(iv) Conversion of the issued registered share capital amounting to BEF 715,207,282, rounded off, to EUR 17,729 525.41 so that the issued registered capital after conversion amounts to EUR 17,729 525,41.

p) 19 July 2002 (publication in Belgian Official Gazette of 15 August 2002):
(i) Increase of share capital by an amount of EUR 3,749,778.97 to increase it from EUR 17,729,525.41 to EUR 21,479 304.38 by contribution in the context of the merger by acquisition of the NV Photo Hall Multimedia,
in which the entire capital of NV Photo Hall without exception or qualification transfers under universal title to Spector Photo Group NV issuing 1,180,355 new shares, coupon number 11 and following attached, without indication of par value, of the same nature and providing the same rights and benefits as the existing shares;
(ii) Incorporation of share premium amounting to EUR 913,057.14 in order to bring it from EUR 21,479,304.38 to EUR 22,392,361.52 without issuing new shares.

q) 14 December 2005 (publication in Belgian Official Gazette of 05 January 2006):
(i) Capital increase by an amount of EUR 39,999,999.20 thus bringing it from EUR 22,392,361.52 to EUR 62,392,360.72 by the issue at EUR 1.40 per newly created share of 28,571,428 newly created VVPR bearer shares without indication of their par value, offering the same rights and benefits as the Company's existing shares with reduced withholding taxes (the VVPR shares); (ii) capital increase by EUR 1,801,555.00 thus bringing it from EUR 62,392,360.72 to EUR 64,193,915.72, by contribution in kind of a receivable belonging to De Bommels NV, and of a receivable belonging to R.N.A. NV, and of a receivable belonging to Olca NV, by the issue at an issue price of EUR 1.40 per share of 1,286,824 new Company bearer shares without indication of their par value, offering the same rights and benefits as the Company's existing shares with reduced withholding taxes (the so-called VVPR shares); (iii) Recording the issue of 600,000 warrants in total, which at their being exercised at the exercise price of EUR 3.36 per warrant, give right to one share with the same rights and benefits as the Company's existing shares with reduced withholding taxes (the so-called VVPR shares); (iv) Recording the amount of the authorised capital at EUR 64,193,915.72.

r) 06 November 2007 (publication in Belgian Official Gazette of 21 November 2007):
(i) Approval of the resolution to amend the Articles of Association as a result of the amended legislation concerning the abolition of bearer securities and the dematerialisation of securities;
(ii) Amending article 35 of the Articles of Association concerning acquisition or disposal of treasury shares. For more information, see point 2.9. Treasury shares

2.6. Summary of transactions

Year	Number of shares	Capital
1964	200	BEF 1 000 000
1966	400	BEF 2 000 000
1970	800	BEF 4 000 000
1976	1 124	BEF 8 000 000
1983	1 904	BEF 13 550 480
1987	500 752	BEF 50 864 428
1988	699 500	BEF 180 000 000
1989	791 402	BEF 383 000 000
1990	1 401 901	BEF 1 013 760 837
1991	1 425 510	BEF 1 016 633 457
1992	1 524 338	BEF 1 137 369 693
1993	2 781 507	BEF 963 607 561
1994	3 306 290	BEF 1 488 390 561
1996	4 796 925	BEF 2 159 176 311
1998	4 797 040	BEF 4 264 351 116
2000	4 797 852	BEF 4 265 601 596
2001	5 580 898	EUR 17 729 525.41
2002	6 761 253	EUR 22 392 361.52
2005	36 619 505	EUR 64 193 915.72

On 27 March 2008, Fotoinvest CVBA, in liquidation, transferred its bundle of shares in Spector Photo Group NV to Spector Coördinatiecentrum NV. As this transaction exceeded the transparency threshold, the companies Fotoinvest CVBA, in liquidation, and Partimage CVA, on the one hand, and Spector Coördinatiecentrum NV, Alexander Photo SA and Spector Photo Group NV on the other, submitted an official notification of this, dated 28 March 2008, to the Belgian Banking, Finance and Insurance Commission and to Euronext Brussels.
The total number of treasury shares is currently 1,207,072 or 3.3 % of the total number of shares.

2.7. Joint control

Spector are not aware of any agreements between specific shareholders as a result of which a joint policy concerning Spector is conducted.

2.8. Group structure

See Annual Report page 118.

2.9. Treasury shares

See the explanatory notes to the company's financial statements

The General Meeting of 6 November 2007 explicitly authorised the Board of Directors in accordance with the provisions of the Belgian Company Code, to acquire treasury shares or profit-sharing certificates by purchase or exchange, or dispose of them, without a prior resolution of the General Meeting being required, directly or via a person acting under their own name but on behalf of the company, or via a direct subsidiary as referred to in Article 627 of the Belgian Company Code, if this acquisition or disposal is necessary to avoid an impending serious disadvantage for the company.
This authorisation applies for a period of three years from the publication of the resolution identified above in the Supplements to the Belgian Official Gazette and, pursuant to Article 620 §1 of the Belgian Company Code, can be renewed.
The company's treasury shares included in the 'Eurolist by Euronext' can be disposed of by the Board of Directors without prior approval of the General Meeting.
The General Meeting of 6 November 2007 also authorised the Board of Directors, in accordance with Article 620 of the Belgian Company Code, to acquire by purchase or exchange the maximum permitted number of shares at a price equal to at least eighty-five percent (85%) and no more than one hundred and fifteen percent (115%) of the most recent closing price at which these shares were listed on the Eurolist by Euronext on the day preceding the purchase or exchange. This authorisation applies for a period of 18 months from the publication of this resolution in the Supplements to the Belgian Official Gazette and, pursuant to Article 620 §1 of the Belgian Company Code, can be renewed.

2.10. Share option plan

The Board of Directors decided unanimously at its meeting on 26 November 1999 to introduce share option plans for the benefit of employees and consultants of Spector Photo Group NV and associated companies (in the sense of Article 11 of the Belgian Company Code).
The free offer of the options to the employees will be considered as a benefit in kind that is taxable as remuneration. In view of the fixed measurement of this benefit, as provided for in the law of 26 March 1999, concerning the Belgian Action Plan for Employment and including various provisions, this constitutes a form of remuneration that is beneficial for tax purposes.
The share options from 1999, which expired at year-end 2007, have lost all their value.
The table below shows the exercise price, the number of options offered, the number of options accepted and the number still outstanding, which have been offered in the implementation of this plan.

Year of offer per portion	2001	2002
Exercise price	€ 9.69	€ 10.65
Number of options offered	85 200	67 500
Number of accepted options	65 250	61 250
Number of outstanding options	54 450	48 500
Initial exercise periods	04/2005	04/2006
	04/2006	04/2007
	12/2006	12/2007
Additional exercise periods in accordance with the Law of 24 December 2002		
	04/2008	04/2009
	04/2009	04/2010
	12/2009	12/2010

As a result of the law of 24 December 2002, the beneficiaries of the option plans were asked to agree to an extension of the exercise periods by three years. All the beneficiaries have now agreed to this, and the proposal is therefore approved. At the exercising of these options, the company will use treasury shares held by the company.
The Corporate Governance Charter of Spector Photo Group NV includes a code of conduct concerning the purchasing and disposal of treasury shares.

2.11. Warrant plan

The Extraordinary General Meeting of Shareholders of Spector Photo Group NV on 28 November 2005 resolved to issue 600,000 warrants in the sense of Article 42 of the Law of 26 March 1999 concerning the Belgian 1998 Action Plan for Employment and containing various provisions (the "Share Options Act"). Each warrant gives the right to subscribe for a single share. This warrant plan is designed to create a long-term incentive for the beneficiaries who, as directors or consultants, can make a significant contribution to the success and the growth of the company. In addition, this warrant plan aims to create a common interest among the beneficiaries and the shareholders that is directed towards an increase in the Company's share price.

Year of offer		2005
Exercise price		€ 3.36
Number of warrants offered		600 000
Number of outstanding/accepted warrants		600 000
Initial exercise periods	03/2006	09/2006
	03/2007	09/2007
	03/2008	09/2008
	03/2009	09/2009
	03/2010	09/2010

Granting and exercising the warrants will have an effect on the employee expenses and thus on the results of the company, because of the application of IFRS 2 'payments based on shares'. The 'theoretical value' of the warrants, calculated according to a conventional valuation method (Black & Scholes), amounts to EUR 0.22366 per warrant or a total of EUR 134,198, and is recognised as an employee expense for the financial year in which they were issued (2005). For this theoretical measurement of the value, account was taken of the last closing price of the share before the offer of these warrants, which was EUR 1.48, and with the exercise price of the warrants at EUR 3.36. The expected volatility was based on the average volatility over a period of one year. No effects of any expected premature exercising were included, as this was not considered relevant.

Share price at allotment	€ 1.48
Exercise price	€ 3.36
Duration	5 years
Expected volatility	40%
Dividend yield	0%
Risk-free interest rate	3.10%

3. OTHER INFORMATION

3.1. Composition of the Board of Directors

Please see pages 33 to 36.

3.2. General Meeting and conditions of admission

Please see page 38.

Consolidated Financial Statements 2008

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INCOME STATEMENT (IN € '000)

	Note	2007	2008
Revenue	2	270 438	266 159
Other operating income	3	6 542	7 282
Work performed by enterprise and capiltalised		350	
Trade goods, raw materials and consumables	4	188 216	190 839
Employee expenses	5	32 607	32 095
Depreciation and amortisation expenses	6	12 745	10 642
Other operating expenses	7	38 975	34 107
Profit/loss (-) from operating activities, before non-recurring items	8	**4 786**	**5 758**
Non-recurring items from operating activities	9	- 484	- 786
Profit/loss (-) from operating activities		**4 302**	**4 972**
Financial income	10	1 569	896
Financial costs	10	- 6 296	- 6 074
Financial cost-net, before non-recurring items		**- 4 727**	**- 5 177**
Non-recurring financial items	10	53	- 2 405
Financial result	10	- 4 675	- 7 582
Profit/loss (-) before taxes, before non-recurring financial items		**- 426**	**- 205**
Profit/loss (-) before taxes		- 373	- 2 610
Income tax expense (-)/income	11	- 156	- 908
Profit/loss (-) from continuing activities		**- 530**	**- 3 518**

	Note	2007	2008
Discontinued operations			
Profit/loss (-) from discontinued operations	19	- 635	- 4 229
Profit/loss (-) for the period		**- 1 164**	**- 7 748**
Attributable to minority interests			
Attributable to equity holders of the parent company		**- 1 164**	**- 7 748**

Key figures per share	**2007**	**2008**	**2008**
Total number of shares	**36 619 505**	**36 619 505**	**36 619 505**
Shares with dividend rights	**Number of shares**	**Number of shares**	**Weighted average number of shares**
	36 487 708	**35 412 433**	**35 668 731**
Profit/loss (-) from continuing activities	-0.01	-0.10	-0.10
Profit/loss (-) from discontinued activities	-0.02	-0.12	-0.12
Profit/loss (-) for the period attributable to equity holders of the parent	-0.03	-0.22	-0.22

BALANCE SHEET (IN € '000)

ASSETS	Note	2007	2008
Non-current assets			
Property, plant and equipment	12	27 014	18 260
Consolidation goodwill and other goodwill	13	21 084	19 517
Intangible assets other than goodwill	14	15 822	12 315
Available-for-sale investments	15	25	
Other non-current financial assets	16	49	49
Long term receivables	17	1 896	248
Deferred tax assets	18	7 238	7 049
Non-current assets		**73 129**	**57 439**
Current assets			
Assets held for sale	19	5 459	6 712
Inventories	20	40 410	36 622
Trade and other receivables	21	25 559	20 138
Investment securities - current		3	3
Cash and cash equivalents	22	13 526	12 438
Current income tax assets	23	2 927	3 152
Current assets		**87 884**	**79 066**
TOTAL ASSETS		**161 014**	**136 505**

EQUITY AND LIABILITIES	Note	2007	2008
Total equity			
Capital		64 194	64 194
Reserves and retained earnings/ accumulated loss (-)		- 22 367	- 30 115
Revaluation surplus		2 139	
Treasury shares (-)		- 1 304	- 2 422
Currency translation adjustments		- 1 083	- 1 098
Shareholder's equity		**41 579**	**30 559**
Total equity	24	**41 579**	**30 559**
Non-current liabilities			
Non-current interest bearing financial obligations	25	38 050	32 730
Employee benefit liabilities	26	445	190
Provisions more than one year	27	1 775	1 852
Deferred tax liabilities	18 / 29	3 730	2 785
Non-current liabilities		**44 000**	**37 558**
Current liabilities			
Liabilities held for sale	19 / 30	3 316	6 746
Current interest bearing financial obligations	25	23 469	15 862
Trade and other payables	31	40 227	37 948
Employee benefit liabilities	26	4 398	4 174
Current income tax liabilities	32	3 634	3 465
Current provisions	28	390	194
Current liabilities		**75 434**	**68 388**
TOTAL EQUITY AND LIABILITIES		**161 014**	**136 505**

According to IAS 16.39 and 16.40 the heading "Revaluation surplus" is presented separately on the balance sheet for the years 2007 and 2008.

STATEMENT OF CHANGES IN EQUITY (IN € '000)

	Capital	Retained earnings	Revaluation surplus	Treasury shares	Currency translation adjustments	Shareholders' equity	Minority interests	Total equity
Balance as at 31.12.2006	**64 194**	**-21 203**	**1 787**	**-1 304**	**-1 601**	**41 873**	**18**	**41 891**
Currency translation differences					518	518		518
Net gains/losses (-) not recognised in the income statement			353			353		353
Net profit/loss (-) for the period		-1 164				-1 164		-1 164
Total recognised gains and losses (-)		**-1 164**	**353**		**518**	**- 294**		**- 294**
Others							- 18	- 18
Balance as at 31.12.2007	**64 194**	**-22 367**	**2 139**	**-1 304**	**-1 083**	**41 579**		**41 579**
Acquisition/sale of treasury shares				-1 118		-1 118		-1 118
Currency translation differences					- 15	- 15		- 15
Net gains and losses not recognised in the income statement			-2 139			-2 139		-2 139
Net profit/loss (-) for the period		-7 748				-7 748		-7 748
Total recognised gains and losses (-)		**-7 748**	**-2 139**		**- 15**	**-9 902**		**-9 902**
Balance as at 31.12.2008	**64 194**	**-30 115**		**-2 422**	**-1 098**	**30 559**		**30 559**

CONSOLIDATED CASH FLOW STATEMENT (IN €'000)

For the year ended on 31 December	2007	2008
Operating activities		
Net result	- 1 164	- 7 748
Depreciation, write-offs, impairment of property, plant and equipment	5 457	5 190
Depreciation, write-offs, impairment of intangible assets	8 073	6 564
Write-offs, impairment on current and non-current assets	- 195	2 724
Provisions	477	- 116
Unrealised foreign exchange losses/gains (-)	- 5	- 10
Net interest income (-)/expense	4 575	4 166
Loss/gain (-) on sale of property, plant and equipment	- 191	- 44
Loss/gain (-) on sale of intangible assets	- 374	
Income tax expenses	- 1 749	- 599
Profit from operations before changes in working capital and provisions	**14 905**	**10 128**
Decrease/increase (-) in trade and other receivables	10 721	7 516
Decrease/increase (-) in inventories	45	3 153
Increase/decrease (-) in trade and other payables	- 11 885	87
Increase/decrease (-) in provisions	330	
Cash generated from operations	**14 116**	**20 885**
Interest paid (-)/received	- 4 855	- 4 874
Income tax paid (-)/received	- 1 495	- 1 153
Cash flow from operating activities	**7 765**	**14 858**

	2007	2008
Investing activities		
Proceeds from sale of property, plant and equipment	2 071	1 862
Proceeds from sale of intangible assets	385	
Proceeds from other non-current receivables	10	
Proceeds from sale of subsidiaries	- 137	- 5
Acquisition of property, plant and equipment	- 3 367	- 2 815
Acquisition of intangible assets	- 3 074	- 2 439
Cash flow from investing activities	**- 4 112**	**- 3 397**
Financing activities		
Acquisition of treasury shares		- 1 118
Proceeds from borrowings	1 410	1 017
Repayments of borrowings	- 12 709	- 11 939
Cash flow from financing actvities	**- 11 299**	**- 12 040**
Net increase/decrease (-) in cash and cash equivalents	**- 7 645**	**- 579**
Cash and cash equivalents at the beginning of the year	21 411	13 526
Cash and cash equivalents at the beginning of the year discontinued operations	437	629
Effect of exchange rate fluctuations	- 47	- 240
Cash and cash equivalents at the end of the period	13 526	12 438
Cash and cash equivalents at the end of the period in assets held for sale	629	898
Total cash and cash equivalents	**14 155**	**13 336**

BRIEF NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement is based on the net result, to which the non-cash items are added up in order to obtain the cash flows.

Cash flow from operating activities

The cash flow from operating activities is mainly affected by the net result and the non-cash elements.
Details about the depreciation, amortisation and impairments can be found in the notes to the consolidated balance sheet on pages 73 to 79 of this document. The non-cash flows mainly concern write-downs on investments in plant and equipment, and on intangible assets.

In the 2007 financial year, write-downs on non-current and current assets amounted to minus EUR 195 ('000). Provisions and write-downs are further disclosed on pages 73 to 79 of this annual report.

In the 2008 financial year, EUR 2,724 ('000) was recognised for provisions, write-downs on non-current and current assets, of which EUR 1,714 ('000) concerned financial assets, EUR 247 ('000) on other receivables, and EUR 557 ('000) on inventories of the discontinued operations.

The interest expenses decreased from EUR 4,575 ('000) in 2007 to EUR 4,166 ('000) in 2008. A portion of these, however, were still not paid during 2007 and thus led to a cash outflow in 2008.
Furthermore, the cash flow is affected by the changes in the working capital.

At group level, the trade receivables, other receivables and the inventories decreased further. In the Imaging Group there is a decrease in the trade receivables and trade payables, both in the continuing operations and the assets and liabilities held for sale. In the Retail Group there is an increase in the inventories, the trade receivables and trade payables. In 2007, the other tax assets decreased by EUR 5,243 ('000) and the other tax liabilities decreased by EUR 5,858 ('000). This is explained in more detail on pages 84 and 96.

Cash flow from investing activities

In 2007, there was an increase in investments in plant and equipment. The Imaging Group invested mainly in a user-friendly, interactive website and the extension of underlying infrastructure with the company's in-house production for the new photo products such as photo books, photo calendars, photo gifts and photos on canvas. In 2008, the Imaging Group invested further in new machines for the printing of photo books and photo calendars. In addition, there were investments in the continued expansion of the data centres for the website and storage of digital pictures.
In the Retail Group, the investments in 2007 and 2008 mainly concerned the furnishing of new shops and the refurbishment of existing shops.

In 2007, the sale of property, plant and equipment provided a cash inflow amounting to EUR 2,071 ('000). This concerns the sale of buildings and other divestments. In 2008, the cash inflow amounted to EUR 1,862 ('000). This mainly concerns the sale of the building of Litto Color NV in Ostend.

The 'Proceeds from the sale of subsidiaries' item in 2007 related to the sale of ExtraFilm Australia amounting to minus EUR 137 ('000). In 2008, the amount of minus EUR 5 ('000) relates to the sale of Spector Fotohandel GmbH.

Cash flow from financing activities

In 2008, the liabilities were reduced by EUR 10,922 ('000), compared to EUR 11,299 ('000) in 2007. This reduction in debt related to not only the continuing operations, but also the liabilities held for sale, and the change in the consolidation method for the Italian subsidiary FLT SpA. Furthermore, the participation in Fotoinvest, in liquidation, in Spector Photo Group NV was sold to the Imaging Group for an amount of EUR 1,118 ('000). This is further explained on page 83.
This finally resulted in a reduction in the cash and cash equivalents of EUR 7,645 ('000) for the 2007 financial year to EUR 14,155 ('000) in cash and cash equivalents as at the 2007 financial year-end. In 2008, the cash and cash equivalents dropped by EUR 579 ('000) to EUR 13,336 ('000) as at the financial year-end.

Sale of subsidiaries

(in € '000)	**2007**	**2008**
Property, plant and equipment	102	3 000
Intangible assets	43	
Inventories	41	
Trade and other receivables	34	17
Cash and cash equivalents	137	5
Non-current provisions	- 34	
Non-current interest-bearing financial obligations		-2 634
Current trade and other payables	- 324	- 388
Total sale price	**0**	**0**
Less cash and cash equivalents of subsidiaries	- 137	- 5
Proceeds from the sale of subsidiaries	**- 137**	**- 5**

Statement of compliance

Spector Photo Group NV is a company domiciled in Belgium. The balance sheet and income statement of Spector Photo Group includes the company, its subsidiaries, the Group's proportional share in joint ventures and the Group's interest in associates, jointly referred to as 'Spector Photo Group' or the 'Group'. The Board of Directors issued the balance sheets and income statement for publication on 16 April 2009.

The consolidated balance sheets and income statement have been prepared in accordance with the International Financial Reporting Standards (IFRS), the standards for financial reporting and the interpretations issued by the International Accounting Standards Board (IASB), as approved by the European Union, and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

Application of IFRS standards and interpretations

The first application of the International Financial Reporting Standards (IFRS) to the consolidated financial statements of the Spector Photo Group was performed with the preparation of the consolidated balance sheet and income statement concerning 2005.

During the current financial year, the company applied all published new and revised standards and interpretations that are relevant to its activities and which are in force for the accounting period that started on 1 January 2008, as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

The group has not yet proceeded with the early application of the new standards and interpretations that, although they had already been issued, were not yet in force on the date of the financial statements' approval:

IAS 1 Presentation of the financial statements, revised version of 2007: applicable for annual periods beginning on or after 1 January 2009
IAS 23 Finance costs, revised version of 2007: applicable for annual periods beginning on or after 1 January 2009
IAS 27 Consolidated and separate financial statements, revised version of 2008: applicable for annual periods beginning on or after 1 July 2009
IAS 32 Financial instruments: Presentation – Puttable financial instruments and Obligations arising on liquidation: applicable for annual periods beginning on or after 1 July 2009
IAS 39 Amendments to IAS 39 Financial instruments: Recognition and measurement – Eligible hedged items: applicable for annual periods beginning on or after 1 July 2009
IFRS 1 Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards (as revised in 2008): applicable for annual periods beginning on or after 1 July 2009
IFRS 2 Share-based payment, revision of 2007 relating to Vesting conditions and cancellations: applicable for annual periods beginning on or after 1 January 2009
IFRS 3 Business combinations (as revised in 2008): applicable for annual periods beginning on or after 1 July 2009
IFRS 8 Operating segments: applicable for annual periods beginning on or after 1 January 2009
IFRIC 13 Customer loyalty programmes: applicable for annual periods beginning on or after 1 July 2008
IFRIC 15 Agreements for the construction of real estate: applicable for annual periods beginning on or after 1 January 2009
IFRIC 16 Hedges of a net investment in a foreign operation: applicable for annual periods beginning on or after 1 October 2008
IFRIC 17 Distributions of non-cash assets to owners: applicable for annual periods beginning on or after 1 July 2009
IFRIC 18 Transfers of assets from customers: applicable for annual periods beginning on or after 1 July 2009

Except for IFRS 8, which could have an effect on the notes, and IAS 1 relating to the publication of realised and non-realised results where the income statement will be completed with the components of other comprehensive income (for 2008 the other comprehensive income amount to EUR – 2,154 ('000)), the future application of the standards and interpretations listed above will have no material impact on the financial statements.

Summary of significant accounting policies

Basis of preparation

The consolidated financial statements' presentation currency is the euro, rounded to the nearest thousand. The consolidated financial statements have been prepared under the historical cost convention. Any exceptions to this historical cost method will be disclosed in the accounting policies below.
The consolidated financial statements comprise the financial statements of Spector Photo Group NV and its subsidiaries drawn up as at 31 December each year. The consolidated financial statements is presented before the profit allocation of the parent company proposed to the General Meeting of Shareholders.

Consolidation principles

Subsidiaries are those companies in which Spector Photo Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has control, directly or indirectly, over the operations.

Subsidiaries are recognised in the consolidation using the full consolidation method. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date that control ceases.

Joint ventures are companies over which the Group exercises joint control. The financial statements of these companies are consolidated using the proportional consolidation method.

Associates are those companies in which Spector Photo Group has, directly or indirectly, significant influence over the financial and operating policies, but which it does not control. This is presumed by ownership of between 20% and 50% of the voting rights.
Associates are recognised using the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases. When Spector Photo Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that Spector Photo Group has incurred obligations or made payments on behalf of this associate.

Available-for-sale financial assets, and investments in associates over which Spector Photo Group exercises no control and holds less than 20% of the voting rights, are initially measured at fair value unless this cannot be reliably assessed. Investments that do not qualify for measurement at fair value are recognised at their historical cost. Fair value changes after initial recognition, with the exception of impairment losses that are recognised in the income statement, are incorporated directly in equity. On divestment, the cumulative changes previously recognised in the equity, are transferred to the income statement.

All intercompany transactions, balances, and unrealised gains and losses on transactions between group companies have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Spector Photo Group.
A list of the company's most significant subsidiaries and associates can be found in the notes.

Revenue

Sale of goods

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer; the entity does not retain the effective control or involvement which usually belongs to the owner concerning the goods sold; the amount of the income can be reliably established; it is probable that the economic benefits concerning the transaction will flow to the entity, and costs already incurred or still to be incurred concerning the transaction can be measured reliably.

Rendering of services

If the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction as at the balance sheet date.

Interest, royalties, and dividends

Interest is recognised in accordance with the effective interest method. Royalties are recognised on an accrual basis in accordance with the terms of agreements. Dividends are recognised at the time when the shareholder's right to receive payment is established.

Revenue is measured at the fair value of the payment for the sale of goods and services, net of value-added tax, trade rebates or volume discounts, and after eliminating sales within the Group.

Costs

The financial costs comprise interests payable on borrowings. Other non-operating costs or income comprise foreign exchange losses and gains with respect to non-operating activities, and losses and gains on hedging instruments with respect to non-operating activities.

Financing costs are recognised in the period to which they relate. Interest costs of repayments on financial leases are recognised in the income statement using the effective interest method.
Operating lease payments are recognised as expenses in the income statement on a straight-line basis over the term of the lease.

Foreign currency translation

The functional and presentation currency of Spector Photo Group NV and its subsidiaries in countries of the Eurozone is the euro.

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of the transaction or at the end of the month before the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Foreign exchange gains and losses are recognised in the income statement in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the date of the transaction.

Assets and liabilities of foreign subsidiaries are translated at the rates of exchange prevailing at balance sheet date. Income, expenses, cash flows, and other changes are translated at the average exchange rates for the period. The components of the shareholders' equity are translated at historical rates. Translation gains and losses arising from the conversion to euros of the equity at the rate on the balance sheet date, are disclosed as 'Currency translation adjustments' under the 'Shareholder's equity'.

Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. This principle applies both to initial costs incurred when the asset item is acquired or manufactured and to the costs of subsequent additions after initial capitalisation.

The cost of a property, plant and equipment asset comprises the purchase price, including import duties and non-refundable purchase taxes less any trade discounts or rebates, and any costs directly attributable to bring the asset to its operating condition and location for its intended use. Cost is discounted to present value if payment is deferred beyond normal credit terms. Subsequent expenditure is capitalised when it can be clearly demonstrated that it has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment.

Subsequent measurement

<u>*Land and buildings: revaluation model*</u>

Subsequent to initial recognition as an asset, land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent cumulative depreciation and subsequent impairment losses.

Increases in carrying value above depreciated costs are taken directly to equity in the revaluation reserve. However, the increase is recognised in the income statement in so far as it reverses a decrease in revaluation reserve recognised in the income statement for the same asset. If the carrying value of an asset decreases as a result of a revaluation, the decrease is recognised in the income statement. However, the decrease is taken directly to revaluation reserve in the income statement in so far as it does not exceed the amount recognised in revaluation reserve in the income statement for the same asset.

Buildings are depreciated using the straight-line method, proportionately on a monthly basis, and the estimated useful life is generally defined as follows:

- Administrative	3%
- Production	5%

<u>*Other property, plant and equipment: cost model*</u>

For all other items of property, plant and equipment, the carrying amount is its cost reduced by any accumulated depreciation and impairment losses.

The depreciable amount of an asset is allocated on a systematic basis over the useful life of the asset. The depreciation is recognised in the income statement, unless it is included in the carrying amount of another asset.

The residual value of an asset is often insignificant and therefore is immaterial in the calculation of the depreciable amount. All other items of property, plant and equipment are depreciated using the straight-line method, proportionately on a monthly basis, and generally the depreciate rates are as follows:

Plant	10% - 20%
Machines	14% - 20%
Minilabs	20%
Office equipment	14%
Company cars	20%
Vehicles	33%
Computer hardware	20% - 33%

Improvements to buildings are capitalised and depreciated over the residual useful life of the buildings themselves, whereas improvements to leased buildings are capitalised and depreciated over the lesser of the residual term of the lease or their expected useful life.

Derecognised assets

An item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from its use and subsequent disposal. Gains and losses on derecognition of property, plant and equipment are taken to income statement.

Leases

Leases under which the Group substantially assumes all the risks and rewards of ownership are classified as financial leases. Property, plant and equipment acquired by way of financial leases are capitalised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The minimum lease payments are partially recognised as financing costs and partially as payment of the outstanding debt. The financing costs are allocated to each period during the term of the lease so that this results in a constant regular rate of interest on the remaining balance of the liability. The corresponding liabilities are classified as other non-current payables or current liabilities, depending on the period in which they are due. Lease interest is charged to the income statement as a financial cost over the duration of the lease.

Capitalised leased assets are depreciated over the useful life of the asset, consistent with the depreciation policy for depreciable assets that are owned.

Leases under which substantially all the risks and rewards of ownership are effectively transferred to the lessor, are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line proportional basis over the lease term.

Investment property

Investment property is measured at depreciated cost less any accumulated impairment losses. The fair value of the investment property is disclosed in the notes to the consolidated financial statements. An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on the derecognition of an investment property are calculated as the difference between the net proceeds from disposal and the carrying amount of the asset, and are recognized in the income statement in the period of derecognition.

Goodwill

Goodwill acquired in a business combination is recognised as an asset and measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities. After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses.
Goodwill resulting from acquisitions from 1 January 2004 and later is not amortised, and goodwill previously carried on the balance sheet is no longer amortised after 1 January 2004.

Goodwill is subjected to an impairment test, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. An impairment loss recognised for goodwill cannot be reversed in a subsequent period. Gains and losses on the disposal of a business combination include the carrying amount of goodwill relating to the business combination sold. Goodwill is allocated to cash-generating entities for the purpose of impairment testing.

If the acquirer's interest in the carried net fair value of the identifiable assets, liabilities, and contingent liabilities exceeds the cost of the business combination, the acquirer reassesses the identification and measurement of the acquired party's identifiable assets, liabilities, and contingent liabilities and the measurement of the cost of the combination. Any excess remaining after that reassessment is recognised immediately in the income statement.

Intangible assets

An intangible asset is recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably. An intangible asset is measured initially at cost. Cost is discounted to present value if payment is deferred beyond normal credit terms.

Research and development costs

Research costs are recognised as an expense at the time they are incurred. Expenditure on development activities, in which research findings are applied to a plan or design for the production of new or substantially improved products, is capitalised as an intangible asset if the product is technically and commercially feasible and the Group has sufficient resources to complete this development (and use or sell the asset). The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is measured at cost less any accumulated amortisation and impairment losses. Other development costs are recognised as expenses at the time they are incurred.

Other intangible assets

Other intangible assets, acquired by the company, are stated at cost less any accumulated amortisation and impairment losses. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense at the time they are incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates (and if this expenditure can be measured and attributed to the asset reliably). All other expenditure is considered as expenses.

Depreciation

For an intangible asset with a limited useful life, the depreciable amount is allocated on a systematic basis over its estimated useful life. Intangible assets are depreciated using the straight-line method, proportionately on a monthly basis. The depreciation is recognised in the income statement, unless it is included in the carrying amount of another asset. Intangible assets are generally amortised using the following rates:

- Trading securities 5%
- Standard software packages are immediately taken to expenses
- Other intangible assets 14% - 20%

There is a rebuttable presumption that the useful life of an immaterial asset does not exceed 20 years.

Derecognition or disposal

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use and subsequent disposal. Gains and losses on derecognition are taken to income statement at the time of the asset's derecognition.

Externally acquired customer relationships

Capitalised customer relationships are measured at cost as at the date of transition to IFRS. Based on an analysis of all of the relevant factors, including the changing markets and the transition from analogue to digital photography, the Board has decided to amortise the value of these assets in the opening balance sheet and the future capitalised externally acquired customer relationships using the straight-line method over a period of seven years, with no residual value.

Subsequent expenditure

Externally acquired customer relationships are recognised as intangible assets if they meet the following criteria:

- customer relationships are identifiable
- the company has control over the customer relationships
- future proceeds must result from these customer relationships

The expenditure to acquire customer relationships is capitalised as intangible assets if the acquisition corresponds to the following methods:

(1) purchase from companies possessing customer relationships
(2) exchange with companies possessing customer relationships
(3) purchase of the right to access a channel by which customer relationships can be acquired in a privileged manner:

(1) Purchase from companies possessing customer relations

Mail-order companies within the Group regularly purchase customer relationship files from other mail-order companies outside the photographic sector. In fact, these companies sell the right to consider their customer relationships as customer relationships of Spector Photo Group, and to treat them as such; as a result of this, they effectively become customer relationships of Spector Photo Group.

The costs incurred that are directly attributable to the preparation of the asset for its intended use, are recognised in the balance sheet in accordance with IAS 38, paragraph 27.

(2) Exchange with companies possessing customer relationships

In line with the acquisition method described in (1), customer relationships are exchanged between mail-order companies of different industrial sectors. The related purchase invoices are the basis for the capitalisation of such exchange transactions, in accordance with IAS 38, paragraph 16.

In addition, as under (1), the directly attributable costs incurred in preparation of the immaterial asset for its intended use, are capitalised.

(3) Purchase of the right to access a channel by which customer relationships can be acquired in a privileged manner:

In contrast to acquisition methods (1) and (2), the first customer-supplier transaction is only acknowledged at acquisition. There is not yet an existing customer relationship, which is in fact the case in acquisition methods (1) and (2). Yet, there is a privileged relation between the customers and the entity, equal to a customer relationship. In these cases, the possible customers have given their explicit or implicit approval to be contacted by the entity in order to close a sales transaction leading to the acquisition of a customer relationship by the entity. The underlying invoices for the right to develop a future relationship are the basis for these externally acquired relationships to be recognised in the balance sheet.

In addition, as under (1), the directly attributable costs incurred in preparation of the immaterial asset for its intended use, are capitalised.

Financing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset requiring a long preparation period prior to its intended use or sale, are capitalised as part of the cost of this asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognised as a cost in the period in which they are incurred.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an item of property, plant and equipment and other non-current assets may be impaired.

If there is such an indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. A full impairment test is performed annually for goodwill and intangible assets with indefinite lives, or that are not yet available for use, by comparing their carrying amount with their recoverable amount. The recoverable amount of an asset is the higher of its net selling price and its value in use. The value in use is the net present value of the estimated future cash flows arising from the use of an asset or a cash-generating unit. For an asset to which no future cash flows can be attributed, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. Where an asset's recoverable amount is below the carrying amount, the latter is reduced to the recoverable amount. This impairment is immediately recognised in the income statement. Where a previously recorded impairment no longer exists, the carrying amount is partially or totally raised to its recoverable amount. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of the inventories is calculated using the weighted-average cost method. The group continually examines the inventories to identify damaged, obsolete or unmarketable stocks. Such inventories are written down to the net realisable value, provided this is less than the cost price according to the method stated above. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and any necessary selling costs. If inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the corresponding revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period that the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognized as a reduction in the amount for inventories recognised as an expense in the period in which the reversal occurs.

Trade and other receivables

Trade and other receivables are carried at nominal value less impairment losses. At each reporting date, an estimate is made for bad debts when it is probable that the entity will not be able to collect all amounts due. Bad debts are written off during the year in which they are identified as such.

Income taxes

Income tax on the profit or loss for the year comprises both current and deferred taxes.

Current tax for current and prior periods is, to the extent that it remains unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset. The possible refunding of taxes paid in prior periods as a result of a tax loss in subsequent years, is also recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substansively enacted in legislation at the balance sheet date.

Deferred income tax liabilities and assets are calculated, using the “balance sheet liability method”, for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised to the extent that is probable that future taxable profits will be available against which the unallocated taxable losses and tax assets can be utilised.
A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted in legislation on the balance sheet date.
Current and deferred tax assets and liabilities are measured using the government’s announced tax rates (and tax laws) provided that these announced rates (and laws) have the substantive effect of actual enactment.

Derivative financial instruments

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The effective part of the gains or losses from the changes in fair value of derivatives, which are specifically recognised as hedging instruments for hedging the variability of cash flows of an asset or liability recognised in the balance sheet, an off-balance sheet firm commitment or an expected transaction, is recognised in equity. Changes in fair value of derivatives not formally recognised as hedging instruments or not eligible for hedge accounting, are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at banks, on-demand deposits with an original maturity of three months or less, and highly liquid investments that are readily convertible to known amounts of cash and for which the risk of change in value is negligible.
The cash and cash equivalents include current account overdrafts which are payable on demand at the request of the bank.

Share capital

Repurchase of own shares

When share capital recognised under shareholders’ equity is repurchased, the amount paid, including directly attributable costs, is recognised as a change in equity. Repurchased own shares are classified as treasury shares and presented as a deduction from shareholders’ equity.

Dividends

Dividends are recognised at the moment the General Meeting of Shareholders approves their payment.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at cost, taking no account of transaction costs incurred. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised proportionately in the income statement over the period of borrowing on an effective interest rate basis.

Trade debts and other payables

Trade debts and other payables are measured at nominal value.

Employee benefits

Employee benefits are recognised as an expense when the Group utilises the economic benefit arising from services performed by an employee in exchange for employee benefits, and as a liability when an employee has provided service in exchange for employee benefits to be paid in the future.

Current employee benefits

Current employee benefits are employee benefits that are entirely payable within twelve months after the end of the period in which the employees have completed the related performance.

Post-employment benefits

Post-employment benefits include pensions and other post-employment benefits, such as life insurance policies, and medical care benefits after leaving the company's service.

- Defined contribution pension plans

  Contributions to defined contribution benefit pension plans are recognised as en expense in the income statement for the year to which they are related.

  Any contributions already paid in advance of the balance sheet date, which are in excess of the payable contribution for performance, are reflected as assets under prepaid expenses and accruals. Any accrued contributions to a defined contribution plan that do not fall due within 12 months beyond the balance sheet date in which the employees complete the related performance, are discounted to their present value.

- Defined benefit pension plans

  For defined benefit plans, the amount recognised in the balance sheet is determined as the present value of the gross defined benefit plan commitments, taking account of the unrecognised actuarial gains and losses, and less any past service costs not yet recognised and the fair value of any of the plan's assets. Where this calculation results in a net surplus, the recognised asset is limited to the total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

  The recognition of actuarial gains and losses is determined separately for each defined benefit plan. To the extent that the net cumulative unrecognised gain or loss exceeds 10% of the greater of the present value of the gross defined benefit commitments and the fair value of plan assets, that surplus is recognised in the income statement over the expected average remaining working lives of the employees participating in that plan.

  Past service costs are recognised as an expense allocated on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested following the introduction of, or changes to, a defined benefit plan, past service costs are immediately recognised as an expense.

  The present value of the gross defined benefit commitments and the related service costs are calculated by a qualified actuary using the projected unit credit method. The discount rate used is the market yield at balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's estimated gross commitments related to pension benefit payments. The amount recognised in the income statement consists of current service costs, interest costs, the expected return on any plan assets, and actuarial gains and losses.

Other non-current employee benefits

The net obligation for non-current employee benefits, other than pension plans, post-employment life insurance, and medical care, is the net amount of future benefits that employees have earned in return for their service in current or prior periods.

These benefits are accrued over the employees' periods of employment using the accounting methodology similar to that for defined benefit pension plans. However, actuarial gains and losses and any past service cost are immediately recognised with no bandwidth.

Termination benefits

Termination benefits are recognised as a liability and an expense when the Group is demonstrably committed to either terminate the employment of an employee or group of employees, before the normal retirement date, according to a detailed formal plan without possibility of withdrawal of the plan, or provide termination benefits as a result of an offer made to the employees in order to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Remuneration in the form of equity instruments

The share option programmes allow the Group's employees to acquire shares of Spector Photo Group NV. The option exercise price equals the average market price of the underlying shares during an agreed period before the date of the offer.

No compensation expense is recognised for the options issued before 7 November 2002 (IFRS 2 transition rules).

Share-based payments to employees and other people, who provided similar services, are measured at fair value of the equity instruments at the moment they are awarded. The fair value is measured using a Black & Scholes model. The fair value, as measured on the date of the share-based payments award, is recognised in costs that can be spread over any waiting period using the straight-line method.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for restructuring is recognised provided the Group has approved a detailed and formal restructuring plan, identifying at least the following: the operation or part of the business concerned, the principal locations affected, the location, function and estimated number of employees who will be compensated for terminating their services, the costs related to this, and when the plan will be implemented.

Moreover, the Group has raised a valid expectation among those affected that the restructuring will be carried out. Costs relating to the ongoing activities of the company are not provided for.

A provision for onerous contracts is recognised if the unavoidable cost of meeting its obligations under the contract exceeds the expected economic benefits to be received from a contract. Provisions are not recognised for future operating losses.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that all associated conditions will be met and the grant will be received. Government grants should be recognised as income over the periods necessary to allocate the grant on a systematic basis to the related costs that it is intended to compensate.

Where the grants relate to the purchase of an asset, the fair value is recorded as a deferred income item that is systematically and rationally released to the income statement over the expected useful life of the asset.

Segmented information

The Group's primary reporting format is business segments and its secondary format is geographical segments.

The Group's internal organisational and management structure and internal financial accounting is based on the nature of the goods or services or groups of related goods or services that the companies produce or provide. The primary segmentation is based on the following operating segments: 'Retail', 'Imaging' and 'Corporate'.

The Group's geographical segments are determined by the location of the Group's activities and operations. The secondary segmentation is based on the following geographical segments: 'European Union' and 'Other'.

Segment results include revenue and expenses directly generated by a segment, including the relevant portion of revenue and expenses reasonably attributable to the segment.

Segment assets and liabilities consist of those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets and liabilities do not include income tax items.

Transfer prices between business segments are set 'at arm's length' basis in a manner similar to transactions with third parties.

THE EXTERNALLY ACQUIRED CUSTOMER RELATIONSHIPS OF SPECTOR PHOTO GROUP UNDER IFRS

Customer relationships are classified as intangible assets by IFRS.

Customer relationships have an undeniable economic value. After all, the investments in customer relations represent the future yield of the business.

The concept of 'customer relationships' is recognised by IAS, which state in IAS 38, paragraph 16:

'An entity may have a portfolio of customers or a market share and expect that, because of its efforts in building customer relationships and loyalty, the customers will continue to trade with the entity. However, in the absence of legal rights to protect, or other ways to control, the relationships with customers or the loyalty of the customers to the entity, the entity usually has insufficient control over the expected economic benefits from customer relationships and loyalty for such items (e.g. portfolio of customers, market shares, customer relationships and customer loyalty) to meet the definition of intangible assets. In the absence of legal rights to protect customer relationships, exchange transactions for the same or similar non-contractual customer relationships (other than as part of a business combination) provide evidence that the entity is nonetheless able to control the expected future economic benefits flowing from the customer relationships. Because such exchange transactions also provide evidence that the customer relationships are separable, those customer relationships meet the definition of an intangible asset.'

To be considered an intangible asset, the customer relationships must meet the following criteria:

a. customer relationships must be identifiable
b. the company must have control over the customer relationships
c. future proceeds must result from these customer relationships

The customer relationships of Spector Photo Group's mail-order businesses meet all these criteria:

a. Spector Photo Group's mail-order companies have databases at their disposal that contain the name and address of each customer relationship, supplemented by important details of each individual

customer's order and payment behaviour (such as date of last order, order frequency, ordered products, preference for certain promotions, correct payment, etc.).
The customer relations are therefore identifiable and they are the subject of exchange, rental and sales transactions with mail-order companies from other sectors. They are therefore detachable (see IAS 38, paragraph 12: an asset meets the identification criterion if it is detachable and can be sold, rented, or exchanged).

b. In compliance with all legal provisions, Spector Photo Group's mail-order companies can approach these customer relationships autonomously without any obligations to any third parties. In addition, the existence of previous transactions between the company and the customer indicates a contractual tie, even if this is not formally recognised. Legally speaking, Spector possesses an exclusive property. For that matter, the company is also legally responsible for the protection of the information regarding these customer relations (the legal and judicial aspects are dealt with in several European guidelines, translated into legal provisions by each member state). Finally, the afore-mentioned exchange, rental, and sales transactions also demonstrate the existence of control. The fact that, in addition to rental and sales transactions, exchange transactions can also be concluded, demonstrates that access by third parties can be restricted.
c. The mail-order companies can determine the future business volume with each customer relation on a statistical basis. These are not assessments or estimates, but mathematical calculations according to the 'Lifetime Value Model". This model allows the calculation of the 'Net Present Value' of future economic benefits for a group of customer relationships, and takes all elements of the income statement into account. Because it has sufficient statistical data on each individual customer, Spector can apply this model to the customer relationships of its mail-order organizations to a high degree of certainty and reliability. Because of the changing market in which the Group operates today, verification of these statistical models is required on an annual basis.

Recognition of intangible assets according to IFRS

IAS 38, paragraph 21 states that an intangible asset must be recognised if it will in all probability generate future economic benefits for the entity and can be reliably measured. The probability criterion is always considered to be met by separately acquired intangible assets (IAS 38, paragraph 25).

The acquisition cost of the customer relationships is substantiated by purchase invoices.

The separate acquisition of customer relationships is accomplished using various methods. The most common external acquisition methods, besides the acquisition of trading companies securities, retained under IFRS are:

a. purchase from companies possessing customer relationships
b. exchange with companies possessing customer relationships
c. purchase of the right to access a channel by which customer relationships can be acquired in a privileged manner

a. Purchase from companies possessing customer relationships

Mail-order companies within the Group regularly purchase customer relationships files from other mail-order companies outside the photographic sector. These are customer relationships of companies such as La Redoute, 3 Suisses, etc.
Additionally, an invoice is drawn up for each of these transactions.

To acquire customer relationships from another company, the mail-order organisations must incur costs to prepare the asset for its intended use. For example, a specific offer must be prepared for the customer relationships of the selling company. This comprises mainly the postal charges and specially printed envelopes containing separate acquisition codes, which effectively enable customers accept the offer, after which they become acquired customer relationships of the Spector companies. Since these costs are necessary to realise the intangible asset, they are considered part of this intangible asset. Gifts and business presents, for example, are not included in this context.

An essential difference with publicity is the fact that such transactions involve not merely the communication of a message, but that an actual specific offer is made to a specific target group of the public. Thus, not everyone can make use of this offer. For each of these offers, a separate acquisition code is defined, which is necessary to grant the customers access to the offer, and is also subsequently used by Spector to gain a detailed insight into the company's economic benefit per customer relationship.

These costs are thoroughly audited, and only those costs that the Board of Directors believes meet the definition of "preparatory costs" as specified in IAS 38, paragraph 27 are selected. These only include the costs that can effectively be directly attributed to the preparation of the asset for its intended use. For Spector Photo Group, thus, these directly attributable costs do not include any advertising or promotional costs, but only specific preparatory costs. Expenses that cannot be part of the cost of an intangible asset, as specified in IAS 38, paragraph 29, are excluded from this. Also, in accordance with IAS 38, paragraph 30, the initial operating losses are excluded from the intangible asset's carrying amount.

b. Exchange with companies possessing customer relationships

Fully in line with the acquisition method described above, customer relationships are sometimes exchanged between mail-order companies from different industries, for example between 3 Suisses France, and Extra Film France.

The invoices concerned in this context demonstrate that these are also separate external acquisitions. Since for each outgoing invoice in such exchange transactions there is an incoming invoice for the same amount, there is no actual cash flow.

In addition, directly attributable expenses are incurred to prepare the intangible asset for its intended use.
The invoices for these costs are also capitalised.

c. Purchase of the right to access a channel by which customer relationships can be acquired in a privileged manner

This acquisition method differs from the preceding ones because the first customer-supplier transaction occurs upon acquisition. In other words: the selling company has not necessarily already concluded any sales transaction with its customer relations. Yet these persons and the company involved have an actual privileged relationship, equal to a customer relationship. In all cases, the people involved have indeed explicitly or implicitly consented to being contacted by the company, resulting in the acquisition of a customer relationship. As with the previous acquisition methods, these customer relationships can make use of a special offer, with its own unique acquisition code that is not valid for everyone.

Specifically, for example, these concern customer relationships from companies selling the Boîtes Roses and Boîtes Bleues (the pink and blue boxes). Such boxes contain specific offers by several companies, specifically distributed among new mothers or mothers of toddlers, who have explicitly or implicitly agreed to receive these offers.
In the internet world, this involves the acquisition of relations that have registered on a specific website, thereby explicitly consenting to a privileged relation with a view to future transactions.

In view of the privileged relation, in which the consumer grants the right for developing a future customer relationship, these relationships also effectively apply as customer relationships. These are also externally procured customer relationships, as an invoice is also drawn up for this right – in certain cases even based on a fixed amount for each effectively acquired customer relationship, or on a commission for each effective order.

This last method differs from a “normal” commission arrangement because, at the same time, the Spector companies acquire the right to approach the customer directly for the following transaction - in other words, because they have acquired control over these customer relationships.

Measurement of the customer relations

After examination of the “external acquisition” matter by the Statutory Auditors Committee, under IFRS, the decision was taken to retain the three methods mentioned above, selected from a total of eight methods. All other acquisition methods were excluded, because they do not qualify for capitalisation under IFRS.

The value at which the externally-acquired customer relationships are recognised according to the cost-price model of IAS 38, paragraph 74, are also separated for the sake of clarity into the costs of externally-acquired customer relationships and the directly attributable costs.

COMPANIES BELONGING TO THE GROUP

Subsidiaries, fully consolidated (❑), or jointly controlled entities using proportionate consolidation (❍) :

Name, full address of registered office	V.A.T.- or national number	Share in the capital (in %)
❑ ALEXANDER PHOTO S.A. Boulevard Royal 11, 2449 Luxembourg, Luxembourg	1999 2234 620	100.00
❑ DBM COLOR N.V. Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0402.247.617	100.00
❑ EDRO B.V.B.A. (liquidated) * Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0437.051.118	100.00
❑ EXTRA FILM AB 14 V. Götalands Län, 35 Tanum Kommun, Sweden	SE 556 069 600 601	100.00
❑ EXTRA FILM AG Hauptstrasse 70, 4132 Muttenz, Switzerland	CH 213.717	100.00
❑ EXTRA FILM A/S postboks 197, 7601 Levanger, Norway	NO 919 322 942	100.00
❑ EXTRA FILM N.V. Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0447.697.065	100.00
❑ EXTRA FILM DENMARK A/S (liquidated) * Peder Hesselvej 52, 2880 Bagsvaerd, Denmark	DK 17 42 19 05	100.00
❑ EXTRA FILM FINLAND OY (liquidated) * P.B. 1440, 00002 Helsingfors, Finland	FI 0107865-1	100.00
❑ EXTRA FILM EUROPE N.V. (liquidated) * Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0425.953.625	100.00
❑ EXTRA FILM FRANCE S.A. Rue du Faubourg de Douai 128, 5900 Lille, France	FR 48 331 704 122	100.00
❑ EXTRA FILM LOGISTICS AG Grabenstrasse 25, 6340 Baar, Switzerland	CH 562.363	100.00
❑ FILMOBEL N.V. Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0408.058.709	100.00
❍ FLT S.p.A. (until 30 September 2008) Galleria Passarella 1, 20122 Milaan, Italy	IT 13146200152	49.00

Name, full address of registered office	V.A.T.- or national number	Share in the capital (in %)
❑ FOTRONIC S.A. (in liquidation) Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0423.052.731	100.00
❑ FÖFOTO Kft Fehérvári út 104, 1119 Budapest, Hungary	10655302-2-44	100.00
❑ HIFI INTERNATIONAL S.A. Route de Luxembourg, BP 1, 3201 Bettembourg, Luxembourg	LU 124.90.336	100.00
❑ LITTO-COLOR N.V. (in liquidation) Zandvoordestraat 530, 8400 Oostende, Belgium	BE 0414 004 215	100.00
❑ ORC EUROPE S.A.R.L. Rue du Faubourg de Douai 128, 5900 Lille, France	FR 51 348 331 281	100.00
❑ PHOTO HALL FRANCE S.A.R.L. Lotissement Augny 2000, 57685 Augny, France	FR 70 391 700 440	100.00
❑ PHOTO HALL MULTIMEDIA N.V. Lusambostraat 36, 1190 Brussel, Belgium	BE 0477.890.096	100.00
❑ PHOTO HOLDINGS IRELAND Ltd. (in liquidation) 38/39, Fitzwilliam Square, Dublin 2, Ireland	659 45 42 I	100.00
❑ PHOTOMEDIA N.V. Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0439.476.019	100.00
❑ PHOTO RE Ltd. (in liquidation) 38/39, Fitzwilliam Square, Dublin 2, Ireland	659 5115 R	100.00
❑ PLASTIC UNIT PRODUCTION HOLDING S.A. (in liquidation) Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0431.368.205	100.00
❑ PROMO CONCEPT INVESTMENT B.V.B.A. Kwatrechtsteenweg 158, 9230 Wetteren, Belgium	0423.852.188	100.00
❑ SACAP Ltd. (in liquidation) Unit A, 19/F, One Capital Place - 18, Luard Road, Wanchai, Hong Kong		100.00
❑ SACAP S.A. Rue Logelbach 124, 68000 Colmar, France	FR 19 353 224 694	100.00
❑ SPECTOR COORDINATIECENTRUM N.V. Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0437.663.406	100.00
❑ SPECTOR FOTOHANDEL GmbH * Babenbergerstrasse 88, 8020 Graz, Austria	ATU 151 36 500	100.00

Name, full address of registered office	V.A.T.- or national number	Share in the capital (in %)
❑ SPECTOR GRAND EST SAS (liquidated) * Rue des clefs 6, 68320 Muntzenheim, France	FR 01 312 519 317	100.00
❑ SPECTOR NEDERLAND B.V. Postbus 10274, 1301 AG Almere, The Netherlands	NL 6511004B01	100.00
❑ SPECTOR ROUTING B.V.B.A. (liquidated) * Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	BE 0432.931.289	100.00
❑ VIVIAN FOTO AB 14 V Götalands Län, 35 Tanum Kommun, Sweden	SE 556334-8100	100.00
❑ VIVIAN PHOTO PRODUCTS N.V. Kwatrechtsteenweg 160, 9230 Wetteren, Belgium	0428.718.323	100.00

* These companies were no longer part of the Group as at 31/12/2008

Key changes in the scope of consolidation

The key changes in the scope of consolidation between 2007 and 2008 are summarised below:

The Hungarian **Föfoto Kft** suffered severely from the very disappointing performance of the Hungarian economy, which meant the strenuous efforts and heavy investments of recent years were nullified. This forced the Board of Directors to take the difficult decision to put the chain up for sale. As a result, with effect from the 2008 financial year, the assets and liabilities of this company were classified as 'assets and liabilities held for sale'. Föfoto Kft operates in the retailing of consumer electronics and related products.

Föfoto Kft, in accordance with IFRS 5§32, was recognised under 'discontinued operations' for the entire 2008 financial year. The corresponding figures for 2007 were adjusted in compliance with IFRS 5 and also recognised under 'discontinued operations'. The loss for the 2007 financial year amounted to minus EUR 381 ('000). The loss of minus EUR 3,554 ('000) for the 2008 financial year is a combination of the operating loss of minus EUR 2,095 ('000) and an impairment loss of minus EUR 1,459 ('000) concerning the writing down of assets to the recoverable amount.

The property, plant and equipment held for sale includes land and buildings for an amount of EUR 934 ('000). The revaluation surplus on land and buildings, which was accrued during the course of the years, was reversed to the recoverable amount. The reversal of the revaluation gain was recognised directly in equity. The other property, plant and equipment held for sale were also recognised at their recoverable amount. The liabilities of Föfoto Kft were recognised under the 'current liabilities held for sale' item. The secured borrowings have been guaranteed for EUR 4,687 ('000) by mortgages on land and buildings,

The 49% participating interest in **FLT SpA**, an Italian company active in photofinishing, was consolidated on a proportional basis up until the end of the third quarter of 2008. With effect from the fourth quarter of 2008, as a minority shareholder, the group no longer had joint control over the entity and, in accordance with IAS 31§45, it had to be treated as a financial asset in compliance with IAS 39.
In spite of representation in the Board of Directors, measures including a change in the composition of the local management in the fourth quarter of 2008, led to the group losing the power to participate in the financial and operational policy and decision-making of FLT SpA in the fourth quarter of 2008. The directors of Spector Photo Group were no longer involved in the decision-making process and essential information was no longer provided. Thus it was no longer possible to obtain reliable financial information timely and the majority shareholders manage the company without consulting the company's Board of Directors of which the, by Spector Photo Group appointed directors, are

member. The rights of the directors appointed by Spector Photo Group were therefore no longer respected.
This minority interest concerns an investment for which there is no listed price on an active market, and for which the fair value cannot be reliably determined, which means this investment must be measured at cost, amounting to EUR 1,689 ('000). Furthermore, there is no shareholder's agreement that provides for any liquidity procedure with or without any agreed method on which valuation could be based. After assessing the objective indications of impairment, the cost of the financial assets was not recoverable, as a result of a combination of events that occurred and which have such a negative impact on the future cash flows from the financial asset, and an impairment loss was recognised on the financial asset of the full cost, amounting to minus EUR 1,689 ('000). The objective indications as stated above include information that show a decrease in the expected future cash flows due to the transition from analogue to digital photography; a lowering of the entity's credit rating, the existence of substantial receivables on the FLT SpA balance sheet, the collectability of which is dubious and, not insignificantly, the lack of prompt and reliable financial information.
The impairment loss on this 'available for sale financial asset' is recognised in the income statement under the 'non-recurring financial items' heading.

The investment in the German company **Spector Immobilien Verwaltung GmbH** had as its most important asset, a building in Dresden, which was sold in May 2008. This company was put into liquidation in November 2008. The investment in this company was then written down, by minus EUR 25 ('000), with the write-down recognised under 'non-recurring financial items'.

Sale of the investment in **Spector Fotohandel GmbH**. The activity of this company consisted of renting out commercial buildings in which the former Austrian shop activities were located. Spector Fotohandel GmbH had been recognised under the 'discontinued operations' since the third quarter of 2005, when the Board of Directors decided to discontinue the operations. The sale of Spector Fotohandel GmbH, in which the shares were sold, was completed on 5 November 2008. The result of minus EUR 675 ('000), recognised under 'discontinued operations', is entirely attributable to the operating loss and the loss on the sale of this Austrian investment.

Litto-Color NV was put into liquidation on 6 November 2006. With effect from the 2006 financial year, the assets and liabilities of this company were classified as 'assets and liabilities held for sale'. Litto-Color NV, in liquidation, operated mainly in the Wholesale photofinishing market. The building in Ostend of Litto-Color NV, in liquidation, was sold for an amount of EUR 1,766 ('000) in 2008. This sale had no impact on the income statement. The sale of the building means the liquidation of this company can be closed.

Merger of the companies **Spector Nederland BV** and **Photo Finance BV**. The key activities of Spector Nederland BV are analogue, digital and hybrid photofinishing and sale of photo-related merchandise, leisure electronics and telecommunication products in cooperation with photo specialists in the Netherlands as partners. These activities are performed under the Spector™ brand name.

Of the companies already put into liquidation, the **liquidation was completed in 2008** for the following companies:
- Extra Film Finland OY, the company whose activities were integrated in 2007 into Extra Film (Sweden) AB, which is the company that runs the mail-order activities in Denmark, Finland and Sweden under the ExtraFilmTM brand name.
- Spector Grand Est SA, the company put into liquidation in 2008, in which the photofinishing activities were carried out at that time, with these activities having been transferred to the lab in Wetteren, Belgium during the first half-year of 2005.

The following companies were **put into liquidation in 2008**: Photo Re Ltd, a company in Ireland previously operating as a reinsurance company; Photo Holdings Ireland Ltd, the holding company of the abovementioned company; and Sacap Hong Kong Ltd, a company formerly operating as a procurement centre for gadgets.

Of the companies put into liquidation in 2007, that is, Fotronic SA, a company that formerly carried out the trading activity in production equipment, and Plastic Unit Production Holding SA, a former holding company, **the liquidations have not been completed yet**.

Subsidiaries excluded from the consolidation :

Name, full address of registered office	V.A.T.- or national number	Share in the capital (in %) (1)
FLT S.p.A. (2) (as from 1 October 2008)	IT 13146200152	49.00
Galleria Passarella 1, 20122 Milaan, Italy		
SPECTOR IMMOBILIEN VERWALTUNG GmbH (in liquidation) (2)	241 116 44302	100.00
Laufamholzstrasse 171, 90482 Nurnberg, Germany		
SPECTOR VERWALTUNG GmbH (2)	214 116 20551	100.00
Laufamholzstrasse 171, 90482 Nürnberg, Germany		
VH SERVICE S.A. (2)	BE 0427.390.611	100.00
Avenue Victor Hugo 7, 1420 Braine l'Alleud, Belgium		

(1) Part of the capital of these companies that is held by companies included in the consolidation and people who act in their own name but at the cost of these companies

(2) FLT is the Italian lab, active in the photofinishing market. As of the fourth quarter of 2008 recorded as a financial asset.

Spector Immobilien Verwaltung GmbH is a subsidiary for which the object of the company is to rent or sell the remaining property of the group in Germany (the building in Dresden). The sale of the building was achieved on 28 May 2008. Subsequently, the company was put into liquidation, of wich the announcement was published on 10 November 2008.

Spector Verwaltung GmbH was till 2001 active in the market of wholesale photofinishing.

VH Service SA is a company that was active in selling equipment for medical imaging. During 2003, the goodwill and other assets of VH Service have been sold.

1. SEGMENTED INFORMATION - BUSINESS SEGMENTS

(in € '000)	RETAIL		IMAGING		CORPORATE		Eliminations		Continuing activities		Discontinued operations Retail		Discontinued operations Imaging		Spector Photo Group	
	2007	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Revenue																
External revenue	195 134	190 373	75 304	75 786					270 438	266 159	24 819	24 394	791		296 048	290 553
Inter-segment	18	41	939	726	1 067	762	2 024	1 605				76				
Total revenue	**195 152**	**190 414**	**76 243**	**76 512**	**1 067**	**762**	**- 2 024**	**- 1 605**	**270 438**	**266 159**	**24 819**	**24 470**	**791**		**296 048**	**290 553**
External other operating income	3 790	4 439	2 660	2 779	92	64			6 542	7 282	1 971	809	865	151	9 377	8 242
Inter-segment			28	64	1 199	319	1 228	383			2					
Total other operating income	**3 790**	**4 439**	**2 689**	**2 843**	**1 290**	**383**	**-1 228**	**- 383**	**6 542**	**7 282**	**1 973**	**809**	**865**	**151**	**9 377**	**8 242**
Profit/loss (-) from operating activities, before non-recurring items	10 700	7 632	- 5 607	- 1 342	- 307	- 532			4 786	5 758	- 146	-1 653	60	- 20		
Profit/loss (-) from operating activities	10 700	7 632	- 5 986	- 2 128	- 412	- 532			4 302	4 972	- 146	-1 653	260	- 20		
Financial result									- 4 675	- 7 582						
Income tax expense(-)/ income									- 156	- 908						
Profit/loss (-) from continuing activities									- 530	-3 518						
Profit/loss (-) from discontinued operations									- 635	-4 229						
Profit/loss (-) for the period									- 1 164	-7 748						
Attributable to equity holders of the parent									**- 1 164**	**-7 748**						
Total operating segment assets	**81 950**	**67 704**	**62 545**	**50 875**	**9 476**	**9 128**	**- 11 351**	**- 8 310**	**142 621**	**119 397**		**5 946**	**5 530**	**837**	**161 014**	**136 505**
Unallocated assets							- 33 166	- 32 340	12 863	10 302						
Total operating segment liabilities	**28 407**	**27 067**	**16 059**	**15 891**	**1 011**	**901**	**- 5 851**	**- 2 310**	**39 625**	**41 550**		**3 826**	**7 242**	**2 810**	**119 435**	**105 946**
Unallocated liabilities							- 38 666	- 38 340	66 067	55 118						

(in € '000)	RETAIL		IMAGING		CORPORATE		Eliminations		Continuing activities		Discontinued operations Retail		Discontinued operations Imaging		Spector Photo Group	
	2007	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Total capital expenditures property, plant & equipment	1 122	797	2 246	1 753		10			3 367	2 560		255			3 367	2 815
Total capital expenditures intangible assets other than goodwill	23	29	3 051	2 407					3 074	2 436		3			3 074	2 439
Depreciations and other non-cash expenses	3 152	2 684	10 075	7 606	115	9			13 342	10 299	664	539	- 94	- 210	13 912	10 627
Impairment losses recognised																
in operating result	- 91	162	- 87	150	47				- 131	312		1 459	30		- 101	1 771
in equity												2 139				2 139
Number of persons employed in FTE end of the period	500	499	337	286	3	3			840	788	179	171			1 019	959

1. SEGMENTED INFORMATION - GEOGRAPHICAL SEGMENTS

(in €' 000)	European Union		Other		Eliminations		Spector Photo Group	
	2007	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Revenue								
External revenue	260 337	257 976	10 101	8 182			270 438	266 159
Inter-segment	4 439	3 690	0		4 439	3 690		
Total revenue	**264 775**	**261 667**	**10 101**	**8 182**	**-4 439**	**-3 690**	**270 438**	**266 159**
Total operating segment assets	**145 975**	**123 627**	**10 216**	**8 096**	**-8 041**	**-5 520**	**148 151**	**126 202**
Unallocated assets							12 863	10 302
Total assets							**161 014**	**136 505**
Total capital expenditures property, plant & equipment	3 367	2 815					3 367	2 815
Total capital expenditures intangible assets other than goodwill	3 052	2 385	23	54			3 074	2 439

The Spector Photo Group reporting covers two segments (Retail Group and Imaging Group), and is completed by Corporate and Discontinued Operations.

Retail segment

The Retail segment consists entirely of the Retail Group operating division. This division consists of the legal entity Photo Hall Multimedia NV (Belgium) and its wholly-owned subsidiaries Photo Hall France SARL, and Hifi International SARL (Luxembourg). The Hungarian Föfoto Kft suffered severely from the very disappointing performance of the Hungarian economy, which meant the strenuous efforts and heavy investments of recent years were nullified. This forced the Board of Directors to take the difficult decision to put the chain up for sale. As a result, Föfoto Kft has been recognised under 'discontinued operations' for the entire 2008 financial year. The corresponding figures from the income statement for 2007 were adjusted in compliance with IFRS 5 and also restated under 'discontinued operations'. The Retail Group is centrally organised under Photo Hall Multimedia NV and is also centrally managed at operational level by the managing director of Photo Hall Multimedia NV, who reports directly to the Chief Executive Officer of Spector Photo Group NV on all of this Group's activities.

This division and its entities all operate in the same field: the retail trade in consumer electronics and related products.

The customers in this segment are also the final consumers in the countries in which this division's entities operate.

All these division's entities primarily put their products on the market via the channel of retail outlets. Although all of the entities also operate websites on internet, the internet sales are not yet significant for their total revenue. In Luxembourg, there is also a wholesale division, active in France, Germany and Benelux.

These entities have similar levels of investment requirements and working capital needs, and generate comparable gross margins and EBIT margins. The Retail Group has a risk profile that differs from that of the Imaging Group.

Imaging segment

The Imaging segment also consists entirely of one operating division – the Imaging Group. This division contains the legal entity Photomedia NV (Belgium) and its wholly-owned subsidiaries. The Imaging Group is centrally organised under Photomedia NV and is also centrally managed at operational level by the managing director of Photomedia NV, who reports directly to the Chief Executive Officer of Spector Photo Group NV on all of the Imaging Group's activities.

The operating entities within the Imaging Group provide goods and services that are directly related to photography (both analogue and digital in the broad sense). These are mainly products and services related to the production of photo prints, which implies a specific production process for "photofinishing". A limited number of entities of the Imaging Group is active in trading goods that are required for taking pictures and printing them.

The end-customers for these activities are almost always consumers. For the majority of the Imaging Group's entities, the end-consumer is also the direct customer. The marketing concept that Filmobel NV uses under the Spector™ brand name is also aimed at the end-consumer, although professional photographers are the direct customers.

The distribution channels are aligned with the market characteristics, which are often determined nationally and culturally. While these distribution channels in the traditional "analogue" market can be used to justify separate segmentation, this is being flattened out in the new, digital, market. Generally speaking, the differences between mail order and trade appear to be smoothing out on the digital market. An early trend can be identified in which the pricing in these distribution channels is converging and, at the same time, so are the relative marketing efforts. It is also already clear today that the boundaries between the distribution channels will not only blur, but will also even disappear, so that a cross-channel concept will emerge. For example, it will increasingly occur that consumers ordering photo prints via the Internet sometimes want the photos delivered at home by mail and, at other times, want to collect the photos from a retail outlet in their neighbourhood.

The returns from virtually all the entities in this division are of similar size – notwithstanding any national, culture-related or channel-specific differences. These entities have similar levels of investment requirements and working capital needs, and generate comparable gross margins and EBIT margins. One of the Imaging Group's most important challenges is to retain the low cost level that has been achieved. This goal can only be realised within the Imaging Group as a whole, and not in a smaller entity or group.

Specific "key performance indicators" have been identified for the development of the Imaging Group's digital operations. The returns of these entities clearly differ from entities in the Retail Group (see above). The criteria for internal controlling are not relevant for the Retail Group. The Imaging Group has a risk profile that differs from that of the Retail Group.

Discontinued operations

The discontinued operations concern both the Imaging Group and the Retail Group.

More information about this is included in note 19 'assets held for sale'.

2. REVENUE

The revenue from the continuing operations, before the transfer of Föfoto Kft to 'discontinued operations' decreased with 7.1% in 2007.
The Retail Group realised an increase in revenue of 4.2% in 2007. The traditional product ranges continued to do well. Top items were TV-HIFI and computer products, followed by telecom and cameras.
In Imaging, the revenue decreased with 31.9% to EUR 76,243 ('000). During the course of 2007, a number of activities were divested or discontinued (disposal of the minority interest in Digital Photoworks Ltd. (ExtraFilm Australia)). The Imaging Group succeeded in further increasing its digital income, mainly in the new product lines, such as photo books, photo calendars, photo gifts and photo on canvas. These new products have already achieved 31.5% of the annual digital revenue in the mail-order business.
In 2008, Spector Photo Group realised a revenue of EUR 266,159 ('000).
The Hungarian Föfoto Kft suffered severely from the very disappointing performance of the Hungarian economy. This forced the Board of Directors to put the chain up for sale. As a result of this, Föfoto Kft has been recognised under 'discontinued operations' for the whole of 2008, and the comparable figures from the income statement for 2007 were accordingly restated under 'discontinued operations'.

In 2008, the Retail Group recorded a drop of 2.4% in the revenue. Revenue in Belgium fell by 4%. In Luxemburg, an increase in the operating income by 2.4% was realised thanks to a strong first half-year. Besides the economic conditions, the decrease in the number of shops from 108 to 104 also had a negative impact on the development of the revenue. As in 2007, the product groups of HIFI, TV and computer games were successful. Lower sales figures were recorded for telecom (GSM mobile phones), computer hardware and software, and video/DVD. The revenue in Imaging saw a limited increase of 0.4% in 2008. Since the fourth quarter, the 49% participating interest in the Italian lab FLT was no longer proportionally consolidated. Excluding FLT for the fourth quarter of 2007, revenue would have increased with 1.5% on an annual basis. The revenue from mail-order activities of ExtraFilm increased over the entire year by 40% compared to 2007. Digital represented 70% of the revenue, with 30% still analogue. The new product lines, such as photo books, calendars and photo on canvas are showing exponential growth.

3. OTHER OPERATING INCOME

The marketing support from strategic suppliers to the Retail Group represented the most important share in the other operating income and represents more than 65% for 2007 and 2008.
The other operating income for the Retail Group in both 2007 and 2008 is mainly related to rental income, charged-on costs, and income reimbursed by insurance companies relating claims.
In 2008, the Imaging Group's other operating income remained at the same level of 2007.
The most important components for the Imaging Group are: the sale of waste materials from the laboratories to recycling companies, the recovered outstanding payments from mail-order customers, unused discount vouchers, and marketing contributions from the channel of the specialised photographic businesses.

4. GOODS FOR RESALE, RAW MATERIALS AND CONSUMABLES

In 2007, the Retail Group recorded an increase in the costs of goods for resale, raw materials and consumables, before the transfer of Föfoto Kft to 'discontinued operations', attributable to the continued growth in revenue. For the Imaging Group, the total cost of goods for resale, raw materials and consumables decreased by another 31% in 2007, in proportion to the drop in revenue.
The cost of goods for resale, raw materials and consumables increased slightly by +1.4% in 2008 compared to 2007.
In the Retail Group, the cost of goods for resale, raw materials and consumables decreased by -1.6% in 2008, and thus less than the decrease in the revenue attributable to the pressure on the margins. Due to the continued growth of the revenue from digital mail-order operations and partly due to the positive impact of the wholesaling of hardware for the professional photography trade, the cost of goods for resale, raw materials and consumables increased for the Imaging Group in 2008.

5. EMPLOYEE EXPENSES

(in € '000)	**2007**	**2008**
Wages and salaries	25 640	24 729
Social security contributions	5 960	6 088
Other employee expenses	817	1 008
Contributions to defined contribution plans	247	244
Increase/ decrease (-) in the defined benefit obligations	- 41	- 11
Increase/decrease (-) in the other long-term employee benefit liabilities	- 15	36
Total	**32 607**	**32 095**

In 2007, before the transfer of Föfoto Kft to 'discontinued operations', the employee expenses had further dropped by 10.1% as a result of the past restructurings.
In 2008, the employee expenses decreased by –1.6%. The main contribution to this was the decrease of the Imaging Group's employee expenses by -8% as a result of the drop in the number of employees. The Retail Group saw an increase in the employee expenses by 3% as a result of the indexed pay rise for a stable staffing level.
The number of employees for continued operations, expressed as full-time equivalents (FTEs), fell at the 2008 year-end to 788 compared to 840 at the 2007 year-end (FLT was not counted in the 2008 figures, but had 42 FTEs included for 2007).

Remunerations and interests of the members of the executive committee (in € '000)

Executive committee member	Fixed remuneration component (1)	Variable remuneration component (1) (2)	Other remuneration components (3)	Number of share options (date of option plan, exercise price) (4)	Number of warrants (exercise price per warrant)
1.Tonny Van Doorslaer	316	155	8	4 000 (2001 - EUR 9.69) 7 500 (2002 - EUR 10.65)	400 000 (EUR 3.36)
2. Stef De corte				4 000 (2001 - EUR 9.69) 5 500 (2002 - EUR 10.65)	150 000 (EUR 3.36)
3. Christophe Levie					50 000 (EUR 3.36)
Totaal 1, 2 en 3	665	433	20		600 000 (EUR 3.36)

(1) Cost to the company, i.e. gross amount including social security contributions (employee's and employer's).
(2) The variable component is provided in the form of a bonus plan that is determined each year by the remuneration committee. This bonus plan includes financial targets.
(3) The other components refer to the costs for pensions, insurances, and the cash value of the other benefits in kind (expense allowances, company car, etc.).
(4) For the exercise periods: please see page 43 of this document.

6. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

(in € '000)	2007	2008
Amortisation and write-downs on intangible assets, goodwill and trading securities	8 018	6 097
Depreciation and write-downs on property, plant and equipment	4 853	4 317
Write-downs on inventories	- 23	- 106
Write-downs on trade receivables	- 103	333
Total	**12 745**	**10 642**

In 2007, before the transfer of Föfoto Kft to 'discontinued operations', the Retail Group recorded a decrease in the depreciation, amortisation and write-downs by 17.0%. The depreciation, amortisation and write-downs for the Imaging Group decreased by 4.1%. After all, there has been less invested in machines and equipment for the laboratories during recent years.

In 2008, the depreciation and amortisation decreased further. The depreciation and amortisation in the Retail Group remained almost stable. The decrease of the depreciation and amortisation in the Imaging Group is mainly attributable to the amortisation on intangible assets. Most of the decrease in the depreciation on the property, plant and equipment was compensated by the increase in the write-downs on the trade receivables.

7. OTHER OPERATING EXPENSES

(in € '000)	2007	2008
Services & other costs	37 294	32 922
Other operating taxes	391	553
Losses on disposal of intangible assets, property, plant and equipment		32
Loss on disposal of trade receivables	273	312
Other operating charges	533	429
Provisions: increase/decrease (-)	484	- 141
Total	**38 975**	**34 107**

The other operating expenses before the transfer of Föfoto Kft to 'discontinued operations' decreased with 12.0% in 2007. This decrease is mainly attributable to the Imaging Group. The other expenses for 2007 mainly relate to services amounting to EUR 37,294 ('000). These service costs consisted mainly of marketing costs (27.11%), overhead costs (25.51%) and rental costs (24.16%). The remaining portion comprises costs for energy, maintenance, transport, and postage for the mail order.

In 2008, the other operating expenses decreased by EUR 4,868 ('000). In the Retail Group, the other expenses show a rise of 5% mainly due to the increase of rental costs and the higher energy prices. In contrast, the costs in the Imaging Group decreased by 26%. This was mainly due to continued cost control of marketing and overhead costs. Mail costs also dropped significantly due to the transition to digital photography and as a result of digital marketing campaigns instead of mailings and door-to-door leaflets.

8. PROFIT /LOSS (-) FROM OPERATING ACTIVITIES, BEFORE NON-RECURRING ITEMS

Spector Photo Group achieved a recurrent operating result of EUR 4,786 ('000) from the continued operations in 2007.

In 2008, the Group achieved a recurrent operating result of EUR 5,758 ('000) from the continuing operations.

9. NON-RECURRING ITEMS FROM OPERATING ACTIVITIES

The non-recurring items for 2007 amounted to minus EUR 484 ('000). These were attributable to the Imaging Group (78.3%) and to Corporate (21.7%).

On the one hand, the non-recurring items included the proceeds from the sale of ExtraFilm Australia, amounting to EUR 191 ('000), and the sale of property, amounting to EUR 881 ('000). On the other hand, they consisted of costs of minus EUR 983 ('000) for reducing the number of employees, termination of rental and other contracts for minus EUR 293 ('000), and lawyers' fees of minus EUR 280 ('000).

The non-recurring items for 2008, amounting to minus EUR 786 ('000) are attributable to the Imaging Group. The non-recurrent items mainly consist of the costs for closing the site at Villeneuve d'Asq due to centralisation in Belgium of the services of ExtraFilm France, the company that performs the mail-order activities in France under the brand name ExtraFilmTM. The marketing of ExtraFilm France remains located in France (Paris).

10. FINANCIAL RESULT

(in € '000)	2007	2008
Interest income	930	587
Interest expenses	-4 928	-4 475
Net gain/ loss (-) on realisation of other receivables & non-current financial assets	3	2
Addition (-)/reversal of impairment on other receivables & non-current financial assets	- 55	- 99
Net foreign exchange gains/losses (-)	- 736	-1 182
Other financial income/expenses (-)	58	- 10
Finance costs – net, before non-recurring financial items	**-4 727**	**-5 177**
Non-recurring financial items	53	-2 405
Finance costs - net	**-4 675**	**-7 582**

Recurring financial items

The financial result before non-recurring items amounted to minus EUR 5,177 ('000) compared to minus EUR 4,727 ('000) in 2007. This development can be explained by, on the one hand, lower interest expenses due to the fall in the debts and, on the other, by the negative exchange differences of minus EUR 1,182 ('000) compared to minus EUR 736 ('000) negative exchange rate differences in 2007, impact minus EUR 446 ('000). The exchange rate differences stem from various transactions between Spector Photo Group NV and its subsidiaries in countries outside the Eurozone. The exchange rate differences mainly concern the translation differences for the Swiss franc and the Swedish Krona.

Non-recurring financial items

In 2007, a reversal of a write-down was recognised on the unexpired receivable from Fotoinvest (in liquidation) amounting to EUR 53 ('000). The interest income concerning this receivable amounted to EUR 167 ('000) in the 2007 financial year.

The non-recurring financial items amounting to minus EUR 2,405 ('000) in 2008 are related to write-downs recognised on a number of assets. The 49% participating interest in FLT, amounting to minus EUR 1,689 ('000), was fully written off for safety's sake. A write-down on the receivable from Spector Immobilien Verwaltung GmbH was recognised as a result of the sale of the company's assets (minus EUR 543 ('000)); the participating interest in this company was also written down (minus EUR 25 ('000)). In addition, following the completion of the liquidation of Fotoinvest CVBA, another write-down of minus EUR 148 ('000) had to be recognised.

The financial statements were prepared using the following exchange rates.

Currency exchange rates	Closing rate		Average rate	
	2007	**2008**	**2007**	**2008**
Australian dollar	1.6457	2.0274	1.6338	1.7487
Swiss franc	1.6547	1.4850	1.6457	1.5786
Danish krone	7.4583	7.4506	7.4512	7.4558
Hungarian forint	253.7300	266.7000	251.4200	251.0483
Norwegian krone	7.9580	9.7500	8.0107	8.2858
Swedish krona	9.4415	10.8700	9.2650	9.6833
American dollar	1.4721	1.3917	1.3795	1.4726

11. INCOME TAX INCOME / EXPENSES (-)

Amounts recognised in the income statement

(in € '000)	2007	2008
Current tax expenses (-)/Income		
Taxes on the result for the financial year	-2 903	-1 612
Adjustments to taxes for preceding periods	998	105
Addition to provisions for taxes	- 34	- 34
Utilization and write-back from provisions for taxes	817	
	-1 122	**-1 541**
Deferred taxes		
Originating and reversal of temporary differences	1 898	634
Utilization of preceding years' losses	- 931	- 1
	966	**633**
Income tax expenses (-)/Income recognized in the income statement	**- 156**	**- 908**

Reconciliation of effective tax income/expenses (-)

(in € '000)	2007	2008
Tax calculated at the theoretical tax rate*	-5 456	-3 672
Profit/ Loss (-) before tax	- 373	-2 610
Theoretical tax rate	32.46%	32.05%
Impact of tax exempt revenues	905	1 217
Impact of non-deductible expenses	- 765	-1 322
Tax deduction for risk capital	1 841	1 366
Impact of utilised tax losses	615	870
Increase in provisions concerning tax claims	-34	- 34
Decrease in provisions concerning tax claims	817	
Over/ under (-) provided in preceding years	998	105
Other	- 44	- 72
Effective current income tax expenses (-)/income	**-1 122**	**-1 541**
Impact of deferred taxes	966	633
Income tax expenses (-)/income recognised in the income statement	**- 156**	**- 908**

** The theoretical tax rate is calculated as the weighted average of the domestic theoretical tax rates applicable to profits of the taxable entities in the countries concerned.*

The non-tax-deductible expenses consist mainly of write-downs on non-current financial assets, non-deductible car expenses, reception and canteen expenses, non-deductible taxes, cash fines and social benefits such as meal vouchers.

In view of the overall loss situation, an effective tax rate is not applicable to the group as a whole for 2007, or for 2008.

12. PROPERTY, PLANT AND EQUIPMENT

(in € '000)	Land & buildings	Plant,machinery & equipment	Furniture,fixtures & vehicles	Assets under construction	Total
Acquisition value					
Balance at end of previous year	26 408	44 038	25 174	7	95 626
Mutation					
Acquisitions	3	1 875	929	9	2 815
Sales & disposals (-)	- 129	- 4 286	- 2 098	- 3	- 6 516
Revaluation increase/decrease (-)	- 3 176				- 3 176
Transfer to assets classified as held for sale	- 1 762	- 1 336	- 2 734	- 6	- 5 838
Other transfers			108	- 3	105
Translation differences	- 539	- 1 892	- 163		- 2 595
Other changes		- 2 860	- 162		- 3 023
Balance at end of current period	20 804	35 538	21 054	4	77 399
Depreciation and impairment					
Balance at end of previous year	12 846	39 351	16 414		68 612
Mutation					
Depreciation	776	1 653	2 493	3	4 924
Impairment losses recognised/reversed (-)		40	225	1	266
Sales and disposals (-)	- 129	- 4 274	- 2 057	- 3	- 6 464
Transfer to assets classified as held for sale	- 828	- 1 146	- 1 666	- 1	- 3 641
Other transfers			47		47
Translation differences	- 358	- 1 809	- 112		- 2 280
Other changes		- 2 207	- 119	0	- 2 326
Balance at end of current period	12 307	31 608	15 224		59 138
Carrying amount					
at end of previous year	**13 561**	**4 686**	**8 760**	**7**	**27 014**
at end of current period	**8 497**	**3 930**	**5 830**	**4**	**18 260**

Leased assets, reported in the table above, which the Group leases in the form of financial leases, contain:

(in € '000)	Acquisition value	Accumulated depreciation and impairment	Carrying amount
Plant, machinery & equipment	1 692	- 1 033	659
Furniture, fixtures & vehicles	51	- 14	37
Total leased assets	1 743	- 1 047	696

Recognition at fair value used as the deemed cost

In accordance with IFRS 1, it was decided to measure buildings and land at the date of transition to IFRS at fair value and to use this fair value as the deemed cost at that date.

As a result of this option in the transition to IFRS on 1 January 2004, a gain of EUR 3,054 ('000) was recognised for the land, translated at the closing rate on 31 December 2008. This additional value concerns land of the subsidiaries Photo Hall Multimedia NV, Fotronic NV, Extra Film (Sweden) AB, and Promo Concept Investment BVBA.

In 2005, the buildings of Fotronic NV in Braine-l'Alleud (Belgium), and in Munster and Colmar were eliminated from the 'Land and Buildings' category because of the classification of these buildings as 'assets held for sale'. These buildings were sold during the course of 2006 and 2007, and are therefore no longer recognised in the assets as at year-end 2008.

On 31 December 2005, a revaluation gain of EUR 1,926 ('000) – translated at the closing rate on 31 December 2008 – was recognised for the site in Budapest, Hungary. Of this, EUR 666 ('000) related to land and EUR 1,260 ('000) to buildings. On the basis of the annual calculation of the fair value of the land and buildings owned by the Hungarian subsidiary, additional revaluation gains were recognised for the buildings during the course of the 2006, 2007 and 2008 financial years. As at 31 December 2008, the land and buildings of this company were eliminated from the 'Land and Buildings' category because of their classification as 'assets held for sale'. The corresponding revaluation gains on land and buildings were reversed.

The determination of the fair value of the land and buildings mentioned above was performed by the accredited assessors Valorem Expertises (Belgium), Ateamus (Hungary) and Claesson Konsult (Sweden). The properties were valued as unencumbered by tenancy. The costs of the transaction, such as costs for registration, civil-law notary, possible VAT, publicity and estate agent's fees, were not included. Since the assessors noted that there was no market data available, in view of the specialised category of the properties and that these assets are seldom sold, except as premises in use by a company, these assets were recognised at their 'depreciated replacement value' in accordance with IAS 16. This means that the starting point is an estimate of the cost for rebuilding the property, including the cost of deeds, the costs of preparing the site, the construction costs and all applicable taxes. This initial recognition value is then depreciated for expenses including the commercial and physical age of the buildings, the cyclic economic conditions, and losses in value associated with any sale.

If there had not been opted to recognise land and buildings at their fair value, the net carrying amount at the prior financial year-end would amount to EUR 8,313 ('000) instead of EUR 13,561 ('000). As at the end of the current period under review, this would have resulted in a net carrying amount of EUR 5,987 ('000) instead of EUR 8,497 ('000).

Net carrying amount

2007 mutation

The net carrying amount of the property, plant and equipment decreased by EUR 2,488 ('000) between 2006 and 2007.

Also in 2007, the main decrease in the net carrying amount relates to an imbalance between the investment rhythm and depreciation. For the 2007 financial year, the investments amounted to EUR 3,367 ('000), whereas the depreciation amounted to minus EUR 5,456 ('000).

The net carrying amount also decreased during the 2007 financial year due to derecognition of the assets of the entity Digital Photoworks Ltd (ExtraFilm Australia) (minus EUR 103 ('000)) and a building in Wetteren (minus EUR 431 ('000)).

2008 mutation

The net carrying amount of the property, plant and equipment decreased by EUR 8,754 ('000) between 2007 and 2008.

This decrease is mainly attributable to the recognition of the Hungarian entity Föfoto Kft under 'discontinued operations', whereby the property, plant and equipment are recognised as 'assets held for sale' (minus EUR 2,197 ('000)). The recognised revaluation gains on the land and buildings of this entity were reversed (minus EUR 3,176 ('000)).

The change in the consolidation method for the Italian subsidiary FLT SpA, whereby this entity has now been recognised as a financial asset and is no longer proportionally consolidated, reduced the net carrying amount of the property, plant and equipment by minus EUR 697 ('000).

Furthermore, the net carrying amount decreased due to the imbalance between the investment rhythm and depreciation. For the 2008 financial year, the investments amounted to EUR 2,815 ('000), whereas the depreciation amounted to minus EUR 4,924 ('000). Exchange rate changes also negatively affected the net carrying amount by minus EUR 315 ('000).

Investments in the Imaging Group

In 2007, the Imaging Group invested EUR 2,246 ('000) in a user-friendly, interactive website and the development of underlying infrastructure with the company's in-house production for the new photo products such as photo books, photo calendars, photo gifts and photo on canvas.

In 2008, the Imaging Group invested further in new machines for printing photo books and photo calendars. In addition, there were investments in the further development of the data centres for the website and storage of digital pictures (EUR 1,753 ('000)).

Investments in the Retail Group

The majority of the Retail Group's shops are rented. However, the main building of Photo Hall in Vorst, Belgium is owned by the Group, as is the main building of Photo Hall in Budapest and several of the Hungarian entities' shops. The investments also mainly concern the furnishing of new shops and the renovations of existing shops —under the brand of Photo Hall or Hifi International. In 2007, these investments amounted to EUR 1,122 ('000); in 2008 an amount of EUR 1,052 ('000) was invested. As at 31 December 2008, the property, plant and equipment of the Hungarian entity was recognised under the 'assets held for sale'.

13. CONSOLIDATION GOODWILL AND OTHER GOODWILL

(in € '000)	Consolidation goodwill	Other goodwill	Total
Gross carrying amount			
Balance at end of previous year	47 700	14 333	62 033
Mutation			
Sales & disposals (-)		- 217	- 217
Other transfers		- 105	- 105
Translation differences		- 563	- 563
Other changes	- 878		- 878
Balance at end of current period	46 822	13 448	60 270
Amortisation and impairment			
Balance at end of previous year	29 458	11 491	40 948
Mutation			
Amortisation		361	361
Impairment losses recognised/reversed (-)	436		436
Sales and disposals (-)		- 217	- 217
Other transfers		- 47	- 47
Translation differences		- 563	- 563
Other changes	- 165		- 165
Balance at end of current period	29 728	11 024	40 753
Carrying amount			
at end of previous year	**18 242**	**2 842**	**21 084**
at end of current period	**17 094**	**2 423**	**19 517**

On the one hand, this item concerns the consolidation goodwill, with the main components being: EUR 6,932 ('000) for Photo Hall (Belgium and Luxembourg) and EUR 5,254 ('000) for ExtraFilm Scandinavia. Compared to 2007, the consolidation goodwill decreased by minus EUR 1,148 ('000) due to the recognition of an impairment loss on the goodwill related to the Hungarian entity of minus EUR 436 ('000), and due to the treatment of the Italian entity as a financial asset (minus EUR 713 ('000)) with effect from the fourth quarter of 2008.

On the other hand, this item also contains local goodwill of EUR 2,106 ('000) for shops in the Retail Group and EUR 317 ('000) goodwill for the customer database of Positif Group, which was acquired by the Imaging Group. Neither in 2007, nor in 2008 were there any acquisitions; the net carrying amount for local goodwill continued to be amortised.

In accordance with IAS 36, the company performed impairment tests at the end of December in both 2007 and 2008 concerning the identified cash-generating units to examine whether they had suffered any impairment loss. These tests demonstrated that in each case the recoverable amount of the entities was higher than the carrying amount of the entity. Consequently, no impairment needed to be recognised for the continuing operations.

The results of the tests for the four most important cash-generating units are discussed in more detail below.

These four business units combined represent the total net carrying amount of the consolidation goodwill. This concerns the cash-generating business units: Mail Order (Belgium, the Netherlands, France, Switzerland, Scandinavia...); Hifi International, operating in the retail consumer electronics market in Luxembourg and France; Photo Hall Belgium, operating in the retail consumer electronics market in Belgium; and Spector BeNe – the cash-generating unit that contains the operations under the Spector™ concept and the related wholesale business in photo-linked products, with which the Spector™ concept provides a full range of photofinishing and photo-related products to its customers, who are professional photographers in Belgium and the Netherlands.

Mail order

The net carrying amount of the consolidation goodwill attributed to this unit was EUR 9,550 ('000) as at 31 December 2008.
The recoverable amount is higher than the net carrying amount stated above. The recoverable amount is calculated on the basis of the value in use.

This calculation uses projections of the future free cash flows for the five coming financial years and adds a continuing annual growth of 2%. The projections for 2009 correspond with the budgets approved by the Board of Directors, without taking account of the cost savings that could result from the restructuring measures still to be implemented. The projections for 2010, 2011, 2012 and 2013 are based on prudent extrapolations by the management, as included in the business plan approved by the Board of Directors. The continuing annual growth of 2% is justified by the permanent nature of the activities, including an increase in the overheads due to inflation and a conservative development in revenue that takes account of the changing market conditions.

The growth rates in the projections are results of the individual developments for each product group: (i) a fall in the revenue from analogue photography, based on the developments in recent years and confirmed for coming years by several market studies. This fall is the result of a decrease in the number of customers using analogue photography, whereby the revenue for each customer remains stable. With effect from 2009, the weight of analogue will be very limited within the total revenue as a result of which this constant fall has little impact on the development of the total mail-order operations; (ii) a rise in the number of digital customers in accordance with the database model. This increase is the combination of, on the one hand, attracting new customers in pursuance of the continuing increase in the penetration rate of digital cameras and the marketing campaigns and, on the other, the dynamics in the composition of the customer database in which the proportion of new customers in relation to the total number of customers is decreasing year after year; (iii) an increase in the average revenue from each digital customer. This increase results from the increasing supply of products other than traditional photos, such as photo books, photo calendars, photo gifts and photo on canvas, with a higher price for each order. This market development from traditional photos to new products is also confirmed by various market studies.

The results of these calculations are discounted at 12.01%, for the coming five years, taking account of the tax losses carried forward, and at 16.06% for the terminal value. These discount rates reflect: a market-level return on equity and loan capital, the current balance between equity and loan capital for this cash-generating unit and the estimates of additional risks and volatility for the potential developments in the market in which this entity operates.

Hifi International Luxembourg

The net carrying amount of the consolidation goodwill that was attributed to this entity was EUR 3,595 ('000) as at 31 December 2008.
The recoverable amount is higher than the net carrying amount stated above. The recoverable amount is calculated on the basis of the value in use.

This calculation takes the projections of the future free cash flows for the coming four financial years and adds a continuing annual growth of 2%. While the projections for 2009 correspond with the budgets approved by the Board of Directors, the projections for 2010, 2011, 2012 and 2013 are based on prudent extrapolations by the management, as included in the business plan approved by the Board of Directors. The constant annual growth of 2% is justified by the permanent nature of the activities, reflecting an increase in overhead costs due to inflation. The most important assumptions are a stable free cash flow for the period 2009 to 2012, and a stable gross margin.

The results of this calculation are discounted at 9.69%. This discount rate reflects a market-level return on equity and loan capital in their current mutual balance.

Photo Hall Belgium

The net carrying amount of the consolidation goodwill that was attributed to this unit was EUR 3,337 ('000) as at 31 December 2008.
The recoverable amount is higher than the net carrying amount stated above. The recoverable amount is calculated on the basis of the value in use.

This calculation takes the projections of the future free cash flows for the coming four financial years and adds a continuing annual growth of 2%. The projections for 2009 correspond with the budgets approved by the Board of Directors, without taking account of the cost savings that could result from restructuring measures that could still be implemented. The projections for 2010, 2011, 2012 and 2013 are based on extrapolations by the management, as included in the business plan approved by the Board of Directors. The constant annual growth of 2% is justified by the permanent nature of the activities, reflecting an increase in overhead costs due to inflation. The most important assumptions are a stable free cash flow for the period 2009 to 2012, and a stable gross margin.

This calculation also uses a discount rate of 9.69% and reflects a market-level return on equity and loan capital in their current mutual balance.

Spector BeNe

The net carrying amount of the consolidated goodwill that was attributed to this entity was EUR 612 ('000) as at 31 December 2008.
The recoverable amount is higher than the net carrying amount stated above. The recoverable amount is calculated on the basis of the value in use.
This calculation takes the projections of the future free cash flows for the five coming financial years and adds a continuing annual growth of 2%. While the projections for 2009 correspond with the budgets approved by the Board of Directors, the projections for 2010, 2011, 2012 and 2013 are based on prudent extrapolations by the management, as included in the business plan approved by the Board of Directors. The continuing annual growth of 2% is justified by the permanent nature of the activities, including an increase in the overheads due to inflation and a conservative development in operating income that takes account of the changing market conditions.
The results of these calculations are discounted at 10.13%, for the coming five years, taking account of the tax loss carry-forward, and at 12.66% for the terminal value. These discount rates reflect: a market-level return on equity and loan capital, the current balance between equity and loan capital for this cash-generating unit, and the estimates of additional risks and volatility for the potential developments in the market in which this entity operates.

(in € '000)	Concessions, patents, licenses, etc.	Development expenses capitalised	Customer relationships	Total
Acquisition Value				
Balance at end of previous year	16 072	108	69 528	85 708
Mutation				
Acquisitions	329		2 110	2 439
Sales & disposals (-)	- 295	- 34		- 329
Transfer to assets classified as held for sale	- 432			- 432
Translation differences	- 159		- 2 460	- 2 620
Other changes	- 153			- 153
Balance at end of current period	15 361	75	69 178	84 613
Amortisation and impairment				
Balance at end of previous year	14 187	106	55 592	69 885
Mutation				
Amortisation	966	1	4 800	5 767
Sales and disposals (-)	- 295	- 34		- 329
Transfer to assets classified as held for sale	- 374			- 374
Translation differences	- 157		- 2 396	- 2 553
Other changes	- 99			- 99
Balance at end of current period	14 228	73	57 996	72 298
Carrying amount				
at end of previous year	**1 884**	**2**	**13 936**	**15 822**
at end of current period	**1 133**	**1**	**11 181**	**12 315**

14. INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets mainly concern the externally acquired customer relationships of the mail-order enterprises in the Imaging Group of EUR 11,181 ('000) and, to a limited extent, patents, licences and software developed in-house. Page 59 of this document provides more detailed information on the externally acquired customer relationships.

Up until 2004, there was a relative balance between the newly acquired customer relationships and the amortisation associated with them. Because of the transition from analogue to digital photography, the Imaging Group calls on other techniques and instruments to acquire new customers. These techniques qualify on fewer of the criteria for recognition as intangible assets. Compared to EUR 2,069 ('000) in acquisitions of external customer relationships, there was EUR 5,608 ('000) in amortisation of external customer relationships in 2007. In 2008, this concerned EUR 2,110 ('000) in acquisitions of external customer relationships contrasting with EUR 4,800 ('000) in amortisation.

The net carrying amount for concessions, patents and licences has decreased by minus EUR 739 ('000) compared with 2007. The investments amounted to EUR 329 ('000) for the 2008 financial year, and mainly concern investments in the context of the further expansion of the new applications for a central IT platform. No software developed in-house was capitalised in 2008. Amortisation in the 2008 financial year amounted to EUR 954 ('000) for this item.

The assumptions concerning the future of the intangible assets other than goodwill, mainly the externally-acquired customer relationships, are closely connected with the strategy of the Imaging Group concerning the transition from analogue to digital photography – as described in the market risks on page 102 of this document – and the translation of this strategy in the business plan that is the basis of the impairment tests (see pages 76 and following).

The development of the total customer portfolio and therefore also the development of the customer relationships acquired externally, will be the result of future efforts invested in acquiring new customers. Expenditure concerned is only incurred under the prerequisite of profitable growth, measured using the “Lifetime Value”-concept. Expenditure within the “Lifetime Value”-concept is only allowed for acquiring customers that have a payback period of less than three years, in which the payback is calculated on the basis of expected future cash flows.
As a result of the combination of amortisation on intangible assets on the one hand and, on the other, limiting the capital expenditure by means of the “Lifetime Value”-concept, the risks related to these assets are limited.

15. AVAILABLE-FOR-SALE INVESTMENTS

Promo Concept Investment (PCI) BVBA, a subsidiary, owns the shares of Spector Immobilien Verwaltung. This investment in the German company Spector Immobilien Verwaltung had a building in Dresden as its most important asset. This building was sold in May 2008. This company was put into liquidation in November 2008 and, partly due to this, the participating interest in this company was written down, with minus EUR 25 (‘000) being recognised under the non-recurring financial items.

16. OTHER NON-CURRENT FINANCIAL ASSETS

This item contains all the unconsolidated investments. This concerns unlisted assets of which the fair value cannot be reliably determined. The fair value is deemed to be equal to cost adjusted for write-downs.

(in € ‘000)	**2007**	**2008**
Other non-current financial assets, opening balance		
Gross amount	3 033	3 024
Accumulated impairment losses (-)	-2 985	-2 975
Decreases through sales and other movements (-)		-1 869
Effect of exchange rate changes	- 10	
Accumulated impairment losses (-) due to sales and other movements		1 869
Accumulated impairment losses (-) from effect of exchange rate changes	10	
Other non-current financial assets, closing balance		
Gross amount	3 024	1 154
Accumulated impairment losses (-)	-2 975	-1 106
Other non-current financial assets	49	49

17. TRADE AND OTHER RECEIVABLES (NON-CURRENT PORTION)

(in € '000)	2007	2008
Trade receivables	301	
Cash guarantees	320	196
Other receivables	3 752	1 927
Gross carrying amount	**4 373**	**2 122**
Accumulated allowance for bad and doubtful debts in other receivables (-)	-2 477	-1 875
Net carrying amount	**1 896**	**248**

Related parties

(in € '000)	2007			2008		
	With subsi-diaries	**With other related parties**	**Total**	**With subsi-diaries**	**With other related parties**	**Total**
Assets with related parties						
Other receivables	1 213	1 349	2 561			

The trade receivables (non-current portion) in 2007 contained trade receivables from the proportional consolidation of the Italian subsidiary. Since the fourth quarter of 2008, the 49% holding in the Italian lab FLT SpA has no longer been consolidated on a proportional basis and has been recognised as a financial asset; see note on page 63.

The change in other receivables in 2008 mainly concerns a receivable within the Imaging Group, on Spector Immobilien Verwaltung, amounting to EUR 1,213 ('000). As a result of the sale of this company's building, the receivable was partially reimbursed and, for the remaining balance, a write-down of minus EUR 543 ('000) was recognised in the non-recurring financial items.

The 'other receivables' on subsidiaries concern a receivable on Spector Immobilien Verwaltung amounting to EUR 1,213 ('000). As a result of the sale of this company's building on 28 May 2008, the receivable was partially reimbursed and, for the remaining balance, a write-down of minus EUR 543 ('000) was recognised in the non-recurring financial items. The Group has no other outstanding receivables on subsidiaries not included in the consolidation.

In 2007, the Group still had an outstanding current receivable owed by Fotoinvest, in liquidation, amounting to EUR 1,349 ('000), recognised under the other related parties. The only asset of Fotoinvest, in liquidation, was an investment in Spector Photo Group, and the repayment possibilities of Fotoinvest, in liquidation, were based exclusively on the value of this investment. Fotoinvest, in liquidation, was only able to repay its debt to the amount of the value of its investment in Spector Photo Group at the moment that the debt became due and payable. In Spector Photo Group's consolidated accounts, therefore, a write-down was recognised that corresponded with the difference between the value of the investment (determined on the basis of the share price of the Spector share) and the outstanding amount of the receivable. As at 31 December 2007, the outstanding amount of the receivable was EUR 3,345 ('000) and a write-down of EUR 1,996 ('000) was recognised.

The former reference shareholder Fotoinvest, in liquidation, was put into liquidation on 20 December 2007, and the liquidation was completed on 20 June 2008.

The investment of Fotoinvest, in liquidation, in Spector Photo Group NV was sold to Spector Coördinatiecentrum NV. The transfer of the 1,075,275 shares of Spector Photo Group NV on 27 March 2008 was recognised in the consolidated balance sheet in the equity under the 'Treasury Shares' item for an amount of EUR 1,118 ('000). After settlement of the costs and proceeds with Fotoinvest, in liquidation, an additional write-down of EUR 148,000 was recognised under the non-recurring financial items.
The remunerations for managers in key positions are reported on page 70.

Joint ventures

The shares of FLT SpA, mainly operating in the Wholesale photofinishing market, are held via Photomedia, a subsidiary of Spector Photo Group NV. FLT SpA was proportionally (49%) consolidated for the entire 2007 financial year. Since the fourth quarter of 2008, the 49% investment in the Italian lab FLT SpA has no longer been proportionally consolidated and has been recognised as a financial asset; see note on page 63.

FLT SpA is recognised proportionally in the consolidated financial statements under the continuing operations for the following amounts:

(in € '000)	2007	2008
Non-current assets	1 943	
Current assets	1 487	
Non-current liabilities	380	
Current liabilities	1 429	
Operating income	3 675	2 266
Operating expenses	3 721	2 198

18. DEFERRED TAX ASSETS

(in € '000)	Balance at end of previous financial year	Recognised in result	Effect of exchange rate changes	Other changes	Balance at the end of current period
Property, plant and equipment	30	- 30			
Intangible assets	155			- 155	
Provisions	24	- 4			20
Tax effect of tax losses carried forward	7 030	- 1			7 029
	7 238	**- 35**		**- 155**	**7 049**

This category consists mainly of the tax losses carried forward of Spector Photo Group NV, for which a tax asset is capitalised. The deferred tax asset for Spector Photo Group NV amounts to EUR 7,029 ('000) for the 2008 financial year, compared to EUR 7,030 ('000) in 2007.

Spector Photo group NV will generate taxable profits in the future, which will mainly consist of financial income from loans granted to subsidiaries. The taxable profits in the future will be able to be set off against the tax losses. The decrease in the deferred tax asset in 2008 and 2007 in Spector Photo Group NV was affected by the profits for the financial year, and a decrease in the tax losses carried forward resulting from the settlement of a dispute with the tax authorities. As a result of the merger between Extra Film France SA and Omninet SARL in 2007, the EUR 402 ('000) deferred tax asset of Omninet SARL was deducted from the deferred tax liabilities of Extra Film France SA. The change in intangible assets and in property, plant and equipment are attributable to FLT SpA. This subsidiary was proportionally (49%) consolidated for the 2007 financial year. Since the fourth quarter of 2008, the 49% participating interest in the Italian lab FLT SpA was no longer proportionally consolidated and is recognised as a financial asset; see note on page 63.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the unallocated taxable losses and tax assets can be utilised.

The summary below shows not only deferred tax assets, but also deferred tax liabilities and the net effect.

Recognised deferred tax assets and liabilities	Assets		Liabilities		Net	
(in € '000)	2007	2008	2007	2008	2007	2008
Property, plant and equipment	30		2 020	1 465	-1 990	-1 465
Intangible assets	155		1 710	1 320	-1 556	-1 320
Provisions	24	20			24	20
Tax effect of tax losses carried forward	7 030	7 029			7 030	7 029
Gross deferred tax assets and liabilities	**7 238**	**7 049**	**3 730**	**2 785**	**3 508**	**4 264**

Tax losses carried forward for the 2007 financial year amounted to EUR 69,563 ('000), of which EUR 2,174 ('000) expires at the end of 2014. For these losses, no deferred tax assets were recognised because it is improbable that there will be sufficient taxable profit available to be able to realise the tax benefits.

Tax losses carried forward for which no deferred tax assets have been recognised amounted to EUR 67,796 ('000) for the 2008 financial year, of which EUR 2,174 ('000) expire at the 2014 year-end, and EUR 468 ('000) expire at the end of 2015. The other tax losses carried forward have no time limit.

19. ASSETS HELD FOR SALE

Discontinued operations

IMAGING

Spector Fotohandel

In the third quarter of 2005, the Board of Directors decided to discontinue the operations of Spector Fotohandel Gmbh in Austria. The activity of Spector Fotohandel consisted of renting out commercial buildings in which the former Austrian shop outlet activities were located. Spector Fotohandel GmbH is recognised under this item because it concerns a separate geographical area, Austria. The sale of Spector Fotohandel GmbH, whereby the shares were sold, was completed on 5 November 2008.

Litto-Color

Litto-Color NV was put into liquidation on 6 November 2006. With effect from the 2006 financial year, the assets and liabilities of this company were classified as 'assets and liabilities held for sale'. Litto-Color, in liquidation, operated mainly in the Wholesale photofinishing market.

RETAIL

Föfoto Kft

The Hungarian Föfoto Kft suffered severely from the very disappointing performance of the Hungarian economy, which meant the strenuous efforts and heavy investments of recent years were nullified. This forced the Board of Directors to take the difficult decision to put the chain up for sale. As a result, with effect from the 2008 financial year, the assets and liabilities of this company were classified as 'assets and liabilities held for sale'. Föfoto Kft operates in the retailing of consumer electronics and related products.

The result and cash flow from these discontinued operations can be summarised as follows:

Discontinued operations of the Imaging Group

(in € '000)	2007	2008
Post-tax profit/loss (-) of discontinued operations	- 254	- 675
Revenue from ordinary activities	791	
Other income from ordinary activities	865	151
Expenses from ordinary activities	-1 910	- 825
Pre-tax profit/loss (-) from discontinued operations	- 254	- 674
Taxes		- 1
Cash flow from operating activities	383	443
Cash flow from investing activities	201	
Cash flow from financing activities	- 391	- 308

The discontinued operations of the Imaging Group concern the entities Litto Color NV, in liquidation, and Spector Fotohandel GmbH.

The loss from these operations amounted to EUR 254 ('000) in 2007. This amount was mainly the net result of rental income and leasing costs of the property in Austria. The sale of the participating interest in the Austrian Spector Fotohandel GmbH was realised in the fourth quarter of 2008. The result of minus EUR 675 ('000) is entirely attributable to the operating loss and the loss on the sale of this Austrian investment.

Discontinued operations of the Retail Group

(in € '000)	2007	2008
Post-tax profit/loss (-) of discontinued operations	- 381	-3 554
Revenue from ordinary activities	24 819	24 394
Other income from ordinary activities	1 971	809
Expenses from ordinary activities	-27 171	-28 683
Pre-tax profit/loss (-) from discontinued operations	- 381	-3 480
Taxes		- 74
Loss recognised on the re-measurement to fair value		-1 459
Cash flow from operating activities	281	-1 060
Cash flow from investing activities	- 394	- 255
Cash flow from financing activities	404	689

The discontinued operations of the Retail Group comprise the Hungarian Föfoto Kft.

Föfoto Kft was recognised under 'discontinued operations' for the entire 2008 financial year. The corresponding figures for 2007 were adjusted in compliance with IFRS 5 and similarly restated under 'discontinued operations'. The loss for the 2007 financial year amounted to minus EUR 381 ('000).

The loss of minus EUR 3,554('000) for the 2008 financial year is a combination of the operating loss of minus EUR 2,095 ('000) and an impairment loss of minus EUR 1,459 ('000) concerning the writing down of assets to the recoverable amount.

Assets held for sale and liabilities directly linked to them

The assets held for sale and liabilities directly linked to them concern:

- the discontinued operations of Litto-Color NV, in liquidation, from the Imaging Group;
- the discontinued operations of Föfoto Kft from the Retail Group

Imaging Group

(in € '000)	2007	2008
Assets		
Property, plant and equipment	4 766	
Trade and other receivables	63	1
Cash and cash equivalents	629	764
Assets held for sale	**5 459**	**765**
Liabilities		
Provisions		47
Interest-bearing liabilities	2 942	
Employee benefit liabilities	354	609
Trade and other payables	21	126
Liabilities directly linked to assets held for sale	**3 317**	**782**

The decision on this classification for the operations of Spector Fotohandel GmbH was taken in 2005. The sale of the holding in the Austrian Spector Fotohandel GmbH was realised in the fourth quarter of 2008. Litto-Color NV, in liquidation, operating in the Wholesale photofinishing market, was put into liquidation on 6 November 2006, and was also classified in the assets held for sale and the liabilities directly linked to them.

In 2008, the change in property, plant and equipment held for sale concerns the sale of Spector Fotohandel GmbH, in which the land and buildings value of EUR 3,000 ('000) was derecognised. This also meant derecognising the financial interest-bearing liabilities. The property, plant and equipment also decreased in 2008, due to the sale of the building of Litto-Color NV, in liquidation, in Ostend for an amount of EUR 1,766 ('000). The change in the other assets and liabilities mainly concerns Litto-Color NV, in liquidation.

Retail Group

(in € '000)	2007	2008
Assets		
Property, plant and equipment		2 255
Inventories		2 650
Trade and other receivables		909
Cash and cash equivalents		133
Assets held for sale		**5 947**
Liabilities		
Provisions		11
Interest-bearing liabilities		2 143
Employee benefit liabilities		173
Trade and other payables		3 636
Liabilities directly linked to assets held for sale		**5 963**

The Board of Directors took the difficult decision in 2008 to put Föfoto Kft up for sale. As a result of this, Föfoto Kft has been recognised under 'discontinued operations' for the whole year.

The property, plant and equipment held for sale includes land and buildings amounting to EUR 934 ('000). The revaluation gain on land and buildings, which was formed during the course of the years, was reversed to the recoverable amount. The reversal of the revaluation gain was recognised directly via equity. The other property, plant and equipment held for sale was also recognised at their recoverable amount. The liabilities of Föfoto Kft were also recognised under the current liabilities held for sale item. The secured borrowings have been guaranteed for EUR 4,687 ('000) by mortgages on land and buildings.

20. INVENTORIES

(in € '000)	2007	2008
Goods for resale	41 262	37 650
Raw materials and consumables	853	502
Gross carrying amount	**42 115**	**38 152**
Depreciation and other write-downs (-)	-1 704	-1 530
Net carrying amount	**40 410**	**36 622**

The changes in the inventories within the Retail division in 2007 were mainly in line with the increase in the revenue. There was a drop of 38.39% in the Imaging division, which is mainly related to the fall in revenue. A reversal of EUR 34 ('000) was recognised in the 2007 financial year. The change in the 'inventories' item between 2007 and 2008 is mainly attributable to the transfer of the inventory of Föfoto Kft to 'assets held for sale', and FLT SpA, which was recognised as a non-current financial asset. In the 2008 financial year, a reversal of EUR 105 ('000) was recognised via the income statement.

21. TRADE AND OTHER RECEIVABLES (CURRENT PORTION)

(in € '000)	2007	2008
Trade Receivables, gross	24 693	21 645
Other receivables, gross	6 357	1 566
Accruals and deferrals	858	349
Gross carrying amount	**31 908**	**23 560**
Accumulated write-downs on bad and doubtful trade receivables (-)	-3 744	-2 836
Accumulated write-downs on bad and doubtful other receivables (-)	-2 605	- 587
Net carrying amount	**25 559**	**20 138**

The current portion of the trade and other receivables continued to decrease in 2007. The decrease in 2008 is mainly attributable to the transfer of the trade receivables of Föfoto Kft to 'assets held for sale ', and FLT SpA, which was recognised as a non-current financial asset. Of the accumulated write-downs on bad and doubtful trade receivables, EUR 97 ('000) was taken to the income statement in 2007. In 2008, EUR 333 ('000) was taken to the income statement.
In 2007, the income statement incorporates EUR 53 ('000) for non-recurring financial items and EUR 55 ('000) as recurring financial costs. In 2008, the income statement incorporates EUR 99 ('000) for recurring financial costs and EUR 691 ('000) as non-recurring financial items; see page 71.

The net other receivables, after deduction of accumulated write-downs, and including accrued income and deferred costs, are composed as follows:

(in € '000)	2007		2008	
Retail Group	682	14.8%	165	12.4%
Imaging Group	3 697	80.2%	938	70.7%
Other	231	5.0%	225	17.0%
Total	**4 610**	**100%**	**1 328**	**100%**

The net other receivables for the 2007 financial year contain the following main items: EUR 3,345 ('000) receivable from Fotoinvest CVBA, in liquidation, on which an impairment of EUR 1,996 ('000) has been recognised, the net amount of the receivable amounting EUR 1,349 ('000);
EUR 1,035 ('000) receivable of proceeds from the sale of a building, which was paid at the end of February 2008; EUR 959 ('000) receivable relating to value added taxes; EUR 409 ('000) other receivables; EUR 858 ('000) deferred costs and accrued income.
The net other receivables for the 2008 financial year decreased considerably and contain the following items:
EUR 874 ('000) receivable related to value added taxes, EUR 105 ('000) other receivables, and EUR 349 ('000) deferred costs and accrued income. The other receivable from Fotoinvest CVBA, in liquidation, was settled in March 2008; see page 80.

22. CASH AND CASH EQUIVALENTS

(in € '000)	2007	2008
Short term bank deposits	3 704	6 774
Other cash and cash equivalents	9 822	5 664
	13 526	**12 438**

See also the cash flow statement on page 50 of this annual report.

23. CURRENT INCOME TAX ASSETS

This heading mainly concerns income tax assets in certain consolidated entities related to pending tax claims, and should be considered jointly with the current income tax liabilities, under 'Equity and liabilities'. The fall in the income tax asset in 2007 was mainly the result of a favourable ruling for a number of Belgian companies in a dispute with the tax authorities, worth minus EUR 5,243 ('000). The current income tax assets remained almost stable in 2008. The payments were made by the Financial Administration in January and March 2009.

24. TOTAL EQUITY

Also, please see page 48, statement of changes in equity.

The Group has 1,207,072 treasury shares, of which 22,993 were acquired in the course of 2004, and 27,773 during 2003, at a price equal to or below the exercise price of the share options; see page 43 of this document. In 2008, 1,075,275 treasury shares were acquired; see page 80 of this document. Of the total of 1,207,072 shares, 77,271 are held by Spector Photo Group NV, 54,326 by the subsidiary Alexander Photo SA, and 1,075,275 by the subsidiary Spector Coördinatiecentrum NV. In accordance with IFRS, these treasury shares are measured at cost at their initial recognition in the IFRS balance sheet on 1 January 2004 for 131,797 shares, and for 1,075,275 shares at cost with the transfer on 27 March 2008. This amount is deducted from the equity.

The positive revaluation surplus of EUR 353 ('000) in 2007 was recognised on the buildings and rental rights of buildings in Hungary, as well as the deferred taxes related to these. In 2008, the total amount of minus EUR 2,139 ('000) was reversed from the revaluation surplus on the buildings and rental rights of buildings in Hungary, as well as the deferred taxes related to these.

Changes in the number of shares

	Ordinary shares	Preference shares	Total
1. Number of shares, opening balance	36 619 505		36 619 505
2. Number of shares issued			
3. Number of ordinary shares cancelled or reduced			
4. Number of preference shares redeemed, converted or reduced			
5. Other increase/decrease (-)			
6. Number of shares, closing balance	36 619 505		36 619 505
Other information:			
1. Nominal value of shares			
2. Number of shares owned by the company or related parties	1 207 072		1 207 072
3. Interim dividends paid during the year			

Calculation of the earnings per share (2007)

1. Number of shares

1.1. Weighted average number of shares entitled to dividends	36 487 708
1.2. Adjustments to calculate the diluted weighted average number of shares: Issue on 16 December 2005 of 600,000 warrants that each give right to one new share of the company to be created when exercised	600 000

2. Net earnings

	Net earnings (from continuing operations)	Net earnings (from discontinued operations)	Net earnings total
2.1. Profit/loss (-) attributable to equity holders of the parent (in € '000)	- 530	- 635	- 1 164
2.2. Adjustments to compute net profit (loss) available to ordinary shareholders: calculation of amount per share (in EUR) on the basis of the weighted average number of shares (see 1.1.)			
2.3. Profit/loss (-) available to ordinary shareholders (per share, amount in EUR)	-0.0148	-0.0178	-0.0326

Only shares with dividend rights are taken into account for the calculation of the earnings per share.

Calculation of the earnings per share (2008)

1. Number of shares

1.1. Weighted average number of shares entitled to dividends	36 668 731
1.2. Adjustments to calculate the diluted weighted average number of shares: Issue on 16 December 2005 of 600,000 warrants that each give right to one new share of the company to be created when exercised	600 000

2. Net earnings

	Net earnings (from continuing operations)	Net earnings (from discontinued operations)	Net earnings total
2.1. Profit/loss (-) attributable to equity holders of the parent (in € '000)	- 3 518	- 4 229	- 7 748
2.2. Adjustments to compute net profit/loss (-) available to ordinary shareholders: calculation of amount per share (in EUR) on the basis of the weighted average number of shares (see 1.1.)			
2.3. Profit/loss (-) available to ordinary shareholders (per share, amount in EUR)	-0.0986	-0.1186	-0.2172

These earnings per share take into account the weighted average number of shares entitled to dividends as per 31.12.2008.

25. NON-CURRENT AND CURRENT INTEREST-BEARING FINANCIAL OBLIGATIONS

The interest-bearing obligations amounted to EUR 61,519 ('000) at year-end 2007, compared to EUR 48,592 ('000) at year-end 2008. The majority of the borrowings are subject to a variable interest-rate expense of EURIBOR + X%. The NIB Capital Bank NV participation certificates bear a fixed interest expense.

As at 31 December 2007, 96.3% of the total borrowings were in EUR, 2.6% in HUF and 1.1% in SEK. As at the 2008 balance sheet date, 99.5% of the total borrowings were in EUR, and 0.5% in SEK.

The split between non-current and current is shown in the table on page 88 and following.

At the 2007 year-end, the interest expense for non-current borrowings with variable interest rates in EUR varied between EURIBOR +0.25% and EURIBOR +4%. The interest payable for the borrowings in SEK was 5.27%. For the non-current borrowing in HUF, the interest expense amounted to BUBOR +0.60%. As at year-end 2008, this interest expense for the non-current borrowings in EUR varied between EURIBOR +0.25% and EURIBOR +4%, and in SEK at 5.45%.

As at year-end 2007, the interest expenses for the current borrowings with variable interest rate in EUR varied from EURIBOR +1% to EURIBOR +3%, in HUF from BUBOR +0.50% to BUBOR +0.60%, and in SEK at 5.27%.

For 2008, the interest rates for the current borrowings in EUR varied from EURIBOR +1% to EURIBOR +3%, and in SEK at 5.45%.

The secured borrowings have been guaranteed for EUR 10,495 ('000) by mortgages on land and buildings, for EUR 2,530 ('000) by mortgage powers of attorney on land and buildings, for EUR 21,750 ('000) by pledges on business assets of specific companies, and for EUR 2,750 ('000) by powers of attorney on pledged business assets of specific companies. Furthermore, shares of specific companies included in the consolidation have been given as collateral.

Disclosures concerning the financial obligations

(in € '000)	2007						
	Up to 1 year	**2009**	**2010**	**2011**	**2012**	**more than 5 years**	**Total**
Interest-bearing borrowings bank loans							
Secured bank loans	7 846	4 992	19 704	196	14		**32 751**
Unsecured bank loans	18	69				12 500	**12 587**
Finance leases							
Secured lease liabilities	154	277	280	11	9		**731**
Unsecured lease liabilities							
Bank overdrafts							
Secured bank overdrafts	15 450						**15 450**
Unsecured bank overdrafts							
Other borrowings							
Unsecured other borrowings							
Total interest-bearing borrowings according to their maturity	**23 469**	**5 337**	**19 984**	**206**	**23**	**12 500**	**61 519**
Liabilities held for sale							
Finance lease liabilities							
Secured lease liabilities	411	431	451	471	491	686	**2 942**

(in € '000)	2008						
	Up to 1 year	**2010**	**2011**	**2012**	**2013**	**more than 5 years**	**Total**
Interest-bearing borrowings bank loans							
Secured bank loans	4 896	19 627	165	1			**24 689**
Unsecured bank loans						12 500	**12 500**
Finance leases							
Secured lease liabilities	139	148	157	132			**576**
Unsecured lease liabilities							
Bank overdrafts							
Secured bank overdrafts	10 827						**10 827**
Total interest-bearing borrowings according to their maturity	**15 862**	**19 775**	**322**	**133**		**12 500**	**48 592**
Liabilities held for sale							
Interest-bearing borrowings bank loans							
Secured bank loans	2 041	69	32				**2 143**

Leasing liabilities disclosures:

Finance lease liabilities (in € '000)

2007						
Payments 2007	**Interest**	**Capital**	**Outstanding current payable**	**Outstanding non-current payable**	**Outstanding current interest**	**Outstanding non-current interest**
236	18	218	154	576	52	74

Finance lease liabilities held for sale (in € '000)

2007						
Payments 2007	**Interest**	**Capital**	**Outstanding current payable**	**Outstanding non-current payable**	**Outstanding current interest**	**Outstanding non-current interest**
540	149	391	411	2 531	119	342

Finance lease liabilities (in € '000)

2008						
Payments 2008	**Interest**	**Capital**	**Outstanding current payable**	**Outstanding non-current payable**	**Outstanding current interest**	**Outstanding non-current interest**
197	43	154	139	437	33	41

Finance lease liabilities held for sale (in € '000)

2008						
Payments 2008	**Interest**	**Capital**	**Outstanding current payable**	**Outstanding non-current payable**	**Outstanding current interest**	**Outstanding non-current interest**
412	104	308				

Operating lease liabilities

Leasing as lessee

Non-cancellable operating lease rentals are payable as follows:

(in € '000)	2007	2008
Rentals during the financial year	8 609	8 624
Less than one year	7 942	8 267
Between one and five years	20 231	25 085
More than five years	10 031	12 801

The most important liabilities for the Retail Group concern the retail premises over a period of nine years, with an option to renew the leases after the expiry date. The rent is raised annually to reflect market rental rates. Furthermore, the group rents a number of business offices and other operating facilities with contracts that run for several years.

Leasing as lessor

The Group leases out minilabs under operating leases.

(in € '000)	2007	2008
Rentals during the financial year	871	351
Less than one year	416	52
Between one and five years	759	15

26. NON-CURRENT AND CURRENT EMPLOYEE BENEFITS

'Non-current employee benefits' concern the pension obligations of the companies included in the consolidation scope. The decrease between 2007 and 2008 is mainly attributable to the transfer of the employee benefits of Föfoto Kft to 'liabilities held for sale ', and FLT SpA, which was recognised as a non-current financial asset.

'Current employee benefits' are liabilities concerning remuneration and social security charges. They mainly comprise the payable wages and salaries, as well as the corresponding social security contributions, payroll withholding tax and provisions for holiday pay. In 2008, they amounted to EUR 4,174 ('000) compared to EUR 4,398 ('000) in 2007.

Share option plans

The Board of Directors decided unanimously at its meeting on 26 November 1999 to introduce share option plans for the benefit of employees and consultants of Spector Photo Group NV and associated companies (in the sense of Article 11 of the Belgian Company Code). The free offer of the options to the employees will be considered as a benefit in kind that is taxable as remuneration. In view of the fixed measurement of this benefit, as provided for in the law of 26 March 1999, concerning the Belgian Action Plan for Employment and including various provisions, this constitutes a form of remuneration that is beneficial for tax purposes. The share options from 1999, expired since year-end 2007, have lost all their value.

Year of offer per portion	2001	2002
Exercise price	€ 9.69	€ 10.65
Number of options offered	85 200	67 500
Number of accepted options	65 250	61 250
Number of outstanding options	54 450	48 500
Initial exercise periods	04/2005	04/2006
	04/2006	04/2007
	12/2006	12/2007
Additional exercise periods in accordance with the Law of 24 December 2002	04/2008	04/2009
	04/2009	04/2010
	12/2009	12/2010

As a result of the law of 24 December 2002, the beneficiaries of the option plans were asked to agree to an extension of the exercise periods by three years. All the beneficiaries have now agreed to this, and the proposal is therefore approved.
The table above shows the exercise price, the number of options offered, the number of options accepted and the number still outstanding, which have been offered in the implementation of this plan. At the exercising of these options, the company will use treasury shares held by the company. The Corporate Governance Charter of Spector Photo Group NV includes a code of conduct concerning the purchase and disposal of treasury shares.

Warrant plan

The Extraordinary General Meeting of Shareholders of Spector Photo Group NV on 28 November 2005 resolved to issue 600,000 warrants in the sense of Article 42 of the Law of 26 March 1999 concerning the Belgian 1998 Action Plan for Employment and containing various provisions (the "Share Options Act"). Each warrant gives the right to subscribe to a new share. This warrant plan is designed to create a long-term incentive for the beneficiaries who, as directors or consultants, can make a significant contribution to the success and the growth of the company. In addition, this warrant plan aims to create a common interest among the beneficiaries and the shareholders that is directed towards an increase in the Company's share price.

Year of offer	2005	
Exercise price	€ 3.36	
Number of warrants offered	600 000	
Number of outstanding/accepted warrants	600 000	
Initial exercise periods	03/2006	09/2006
	03/2007	09/2007
	03/2008	09/2008
	03/2009	09/2009
	03/2010	09/2010

Granting and exercising the warrants will have an effect on the employee expenses and thus on the results of the company, because of the application of IFRS 2 "payments based on shares". The "theoretical value" of the warrants, calculated according to a conventional valuation method (Black & Scholes), amounts to EUR 0.22366 per warrant or a total of EUR 134,198, and is recognised as an employee expense for the 2005 financial year in which they were issued. For this theoretical measurement of the value, account was taken of the last closing price of the share before the offer of these warrants, which was EUR 1.48, and with the exercise price of the warrants at EUR 3.36. The expected volatility was based on the average volatility over a period of one year.
No effects of any expected premature exercising were included, as this was not considered relevant.

Share price at allotment	€ 1.48
Exercise price	€ 3.36
Duration	5 jaar
Expected volatility	40%
Dividend yield	0%
Risk-free interest rate	3.10%

Post-employment benefits

Defined contribution pension plans

With defined contribution plans, contributions are paid to insurance institutions; after payment of these contributions, the companies of the group have no further obligations. The contributions are recognised as an expense in the income statement for the year to which they are related. For 2007, the costs of the Group's defined contribution plans amounted to EUR 247 ('000) recognised under the 'Employee expenses' item. These costs amounted to EUR 244 ('000) for 2008.

Defined benefit pension plans

The group had defined benefit pension plans in Norway and France in 2006. In 2007, the defined benefit plans for the entity in Norway were converted to a defined contribution plan.

The applicable pension plans are drawn up in accordance with legal requirements and local customs. The pension plans are related to salary and seniority. No plan assets are held for the defined benefit plans in France.

The income concerning the Group's defined benefit plans amounted to EUR 41 ('000) for 2007, and EUR 11 ('000) for 2008.

These pension funds do not contain any shares issued by the Group or any of the Group companies' property.

Amounts recognised in the income statement under the 'Employee expenses' item.

(in € '000)	2007	2008
Costs attributed to the financial year	7	
Gain (-) / loss from curtailment of or discontinuing a plan	-48	-11
	-41	**-11**

The amount recognised in the balance sheet is composed as follows:

(in € '000)	2007	2008
Present value of defined benefit plan obligations for which no investments are held	67	57
	67	**57**

<u>Changes in the receivable (-) or liability recognised in the balance *sheet:*</u>

(in € '000)	2007	2008
Balance at end of previous financial year	107	67
Gains recognised in the income statement	-41	-11
Effect of exchange rate changes	1	
As at the financial year-end	**67**	**57**

<u>The main actuarial assumptions as at balance sheet date are:</u>

	2007	2008
Discount rate used	4% - 6%	4%
Expected return on plan assets	7%	
Percentage pay rise	2% - 4%	2%
Percentage increase in benefits	2.5%	2.5%

<u>Other non-current employee expenses</u>

The other non-current employee expenses mainly concern pre-pension provisions in the various underlying entities.

Changes in the receivable (-) or liability recognised in the balance sheet:

(in € '000)	2007	2008
Balance at end of previous financial year	427	378
Increase / decrease (-) of liability recognised in the income statement	-15	36
Other changes	-34	-280
As at the financial year-end	**378**	**134**

The 'Other changes' concerning 2007 relate to the sale of the minority interest in Digital Photoworks Ltd (ExtraFilm Australia). The 'Other changes' concerning the current financial year are related to the change in the consolidation method for FLT SpA, previously proportionally consolidated and recognised as a financial asset of minus EUR 280 ('000) since the fourth quarter of 2008.

27. NON-CURRENT PROVISIONS

2007				
(in € '000)	**Provisions for taxation**	**Provisions for restructuring**	**Other provisions**	**Total**
Balance at end of previous financial year	1 526	629	474	2 629
Additional provisions	34	100	408	542
Amounts of provisions used (-)		- 410	- 13	- 423
Unused amounts of provisions reversed (-)	- 817	- 152		- 969
Foreign currency exchange increase/decrease (-)			- 1	- 1
Other changes		- 4		- 4
Balance at the end of current period	**742**	**163**	**869**	**1 775**

In 2007, an additional provision of EUR 34 ('000) was recorded for tax claims. An amount of minus EUR 817 ('000) for provisions for taxes was reversed as a result of a favourable ruling in a dispute with the tax authorities. No settlement date is known for the outstanding amount of EUR 742 ('000).

In 2007, an additional provision of EUR 100 ('000) was recognised for further restructuring within the Imaging Group. EUR 410 ('000) was also utilised from the provisions recorded in 2006 for restructuring already completed. No settlement date is known for the outstanding amount of EUR 163 ('000).

An additional provision of EUR 408 ('000) was recorded under the 'Other Provisions'. EUR 13 ('000) was utilised for the settlement of a claim for damages. The provisions are mainly related to claims for damages from suppliers in the Imaging Group and claims for damages from owners of shops in the Retail Group. The settlement date for these claims is still unknown.

2008				
(in € '000)	**Provisions for taxation**	**Provisions for restructuring**	**Other provisions**	**Total**
Balance at end of previous financial year	742	163	869	1 775
Additional provisions	34		123	157
Amounts of provisions used (-)			- 68	- 68
Foreign currency exchange increase/decrease (-)			1	1
Other changes			- 12	- 12
Balance at the end of current period	**776**	**163**	**913**	**1 852**

In 2008, an additional provision of EUR 34 (‘000) was recognised for tax claims. An additional provision of EUR 123 (‘000) was recorded under the ‘Other Provisions’. EUR 68 (‘000) was utilised for the settlement of claims for damages. Furthermore, the minus EUR 12 (‘000) decrease in the other provisions concerns mainly the transfer of Fö-foto Kft to ‘liabilities held for sale‘. The provisions are mainly related to claims for damages from suppliers in the Imaging Group and claims for damages from owners of shops in the Retail Group. The settlement date for these claims is still unknown.

28. CURRENT PORTION OF PROVISIONS

2007			
(in € '000)	**Provisions for restructuring**	**Other provisions**	**Total**
Balance at end of previous financial year			
Additional provisions	336		336
Unused amounts of provisions reversed (-)		- 24	- 24
Other changes	4	74	77
Balance at the end of current period	**340**	**50**	**390**

An amount of EUR 336 ('000) was recognised in 2007 for current restructuring within the Imaging Group. The other current provisions concern a claim relating to Recupel amounting to EUR 50 ('000).

2008			
(in € '000)	**Provisions for restructuring**	**Other provisions**	**Total**
Balance at end of previous financial year	340	50	390
Amounts of provisions used (-)	- 196		- 196
Balance at the end of current period	**144**	**50**	**194**

In 2008, EUR 196 ('000) was utilised from the provisions recorded in 2007 for restructuring already completed.

29. DEFERRED TAX LIABILITIES

2007					
(in € '000)	**Balance at end of previous financial year**	**Recognised in result**	**Effect of exchange rate changes**	**Other changes**	**Balance at the end of current period**
Property, plant and equipment	2 134	- 115	- 12	14	2 020
Intangible assets	3 509	-1 787	- 11		1 710
Provisions	7	- 7			
	5 649	**-1 909**	**- 24**	**14**	**3 730**

The changes in 2007 mainly relate to the intangible assets, more specifically the deferred tax liabilities incurred for the externally acquired customer relationships by the Imaging Group's mail-order organisations. The fall is mainly explained because the amortisation on these customer relationships during the current financial year has been higher than the investments in externally acquired customer relationships, as a result of which the tax deferrals have been reduced. The decrease in property, plant and equipment mainly relates to the Retail Group.

2008					
(in € '000)	**Balance at end of previous financial year**	**Recognised in result**	**Effect of exchange rate changes**	**Other changes**	**Balance at the end of current period**
Property, plant and equipment	2 020	- 82	- 3	- 471	1 465
Intangible assets	1 710	- 586	19	177	1 320
	3 730	**- 668**	**16**	**- 294**	**2 785**

In 2008, the other changes in property, plant and equipment mainly relate to the deferred taxes of Föfoto Kft amounting to minus EUR 266 ('000). This decrease is a combination of the derecognising of the deferred taxes related to the reversal of the revaluation gain on the buildings, and the derecognising of the deferred taxes on the other property, plant and equipment. There is also a transfer of minus EUR 178 ('000) between property, plant and equipment and intangible assets. The decrease in the intangible assets in 2008 is also due to the evolution concerning the externally acquired customer relationships.

30. LIABILITIES HELD FOR SALE

Because a number of assets are held for sale, the corresponding liabilities from the respective categories are recognised under this separate heading.

31. CURRENT TRADE AND OTHER PAYABLES

(in € '000)	**2007**	**2008**
Trade payables: suppliers	30 046	28 491
Bills of exchange payable	1 884	1 857
Prepayments received on contracts in progress	821	382
Dividends payable	135	132
Other amounts payable	717	471
Other taxes and VAT payable	4 390	4 673
Accruals and deferrals	2 234	1 942
Net carrying amount	**40 227**	**37 948**

The current trade and other payables fell by minus EUR 2,279 ('000). The change in 2008 is mainly attributable to the transfer of minus EUR 5,676 ('000) current trade payables of Föfoto Kft to 'assets held for sale', and minus EUR 733 ('000) of FLT SpA, which was recognised as a non-current financial asset. There has also been an increase in the outstanding payables to suppliers in the Retail Group.

32. CURRENT INCOME TAX LIABILITIES

Current income tax liabilities for the current or prior periods, for which objections have been submitted, are recognised as payables. The decrease of the income tax liabilities in 2007 was mainly the result of a favourable ruling for a number of Belgian companies in a dispute with the tax authorities, worth minus EUR 5,848 ('000). The current income tax liabilities for 2008 remain at the same level as 2007.

33. RISK RELATED TO DISPUTES

The Company and some of its subsidiaries are involved in tax disputes that are pending in the tax courts, and for which provisions have been recorded. For certain tax disputes, however, the Company's opinion is that no provisions need to be recorded. On the one hand, this concerns the tax deductibility of insurance premiums which the Company and some of its subsidiaries have paid to an insurance company that reinsured itself with a reinsurance company that is controlled by the Company. On the other hand, it mainly concerns discussions around the tax deductibility of payments in the context of transactions with group companies. A favourable ruling for the benefit of the group was delivered at the end of 2007. This ruling had a positive impact on the tax expenses for the 2007 financial year. The tax administration's refunds of the disputed taxes and postponement of payment interest amounts were received in January and March 2009 respectively.
After the settlement of the disputes mentioned above, there is a tax dispute that has been made pending by the tax courts and for which a provision of EUR 776 ('000) has been recorded.

There are pending disputes for which the Company's opinion is that no provision needs to be recorded. Among others, these concern (i) the tax deductibility of the loss that was incurred with the merger of Hifi International with Hifi Video and Hifi Connection in 2001. The amount under dispute is approximately EUR 800 ('000); (ii) the recognition of the taxes under the alternative taxable basis; and (iii) an abnormal benefit that a subsidiary is alleged to have received as a result of a subsidiary's liquidation.

Furthermore, there is still a dispute with a supplier amounting to EUR 600 ('000), for which a provision of EUR 280 ('000) has been recognised.

34. IMPORTANT OBLIGATIONS

Spector Photo Group NV granted a put option to Kodak in 2001, in the context of the sale of its laboratories in France, Germany and Austria. One of the French companies sold, had granted supplier's credit to its most important customer, LLP, which was covered by a pledge on shares in a third French company. For the transactions with Kodak, Spector Photo Group NV had granted a put option to Kodak for the liabilities still outstanding. The complete transaction was settled during the course of 2007.

35. SIGNIFICANT ASSUMPTIONS CONCERNING THE FUTURE

The assumptions concerning the future of the intangible assets other than goodwill, being mainly the externally-acquired customer relationships, are closely connected to the strategy of the Imaging Group concerning the transition from analogue to digital photography – as described in the market risks on page 102 of this annual report – and the translation of this strategy in the business plan that is the basis of the impairment tests referred to on page 76.
The development of the total customer portfolio and therefore also the development of the customer relationships acquired externally, will be the result of future efforts invested in acquiring new customers. Expenditure concerned is only incurred under the prerequisite of profitable growth, measured using the "Lifetime value"-concept. Expenditure within this concept is only allowed for acquiring customers which have a pay-back period of less than three years, in which the pay-back is calculated on the basis of the future expected cash flows.
As a result of the combination of amortisation on the intangible assets on the one hand and, on the other, limiting the capital expenditure by means of the "Lifetime value"-concept, the group believes that risks related to this asset are limited.
After investment and amortisation, the value of the externally acquired customer relationships amounted to EUR 11,181 ('000). Of this, EUR 8,165 ('000) relates to externally acquired relationships and EUR 3,016 ('000) to the directly attributable costs.

36. REMUNERATION OF THE COMMITTEE OF STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORK FOR THE GROUP

Committee of Statutory Auditors: Auditor's fee EUR 37 ('000).

Audit fee Committee of Statutory Auditors and their network related to subsidiaries: EUR 147 ('000).

Fees for exceptional services or special assignments executed by the Committee of Statutory Auditors and their network: EUR 43,439, categorised as follows:

Performed by	**Committee of Statutory Auditors**	**The network linked to the Committee of Statutory Auditors**
Other audit assignments	2 578	
Tax consultancy	3 000	3 025
Other assignments external to the audit	6 342	28 494
Total	**11 920**	**31 519**

37. RISK FACTORS

As a result of the application of IFRS 7, further disclosures are made below concerning the financial assets and liabilities, which provide information for readers of the financial statements.

Credit risk

The aging of the trade and other receivables can be detailed as follows:

(in € '000)	Net carrying amount as at December 31, 2007	Of which neither impaired nor overdue on the reporting date	Of which not impaired as at the reporting date and overdue					
			Overdue - less than 30 days	Overdue - between 30 and 59 days	Overdue - between 60 and 89 days	Overdue - between 90 and 179 days	Overdue - between 180 and 359 days	Overdue - more than 359 days
Trade receivables (non-current)	301	301						
Other receivables (non-current)	1 595	1 595						
Trade receivables (current)	20 948	12 364	5 201	616	711	480	664	912
Other receivables (current)	3 753	3 646	105					1
Total	**26 597**	**17 906**	**5 307**	**616**	**711**	**480**	**664**	**914**

(in € '000)	Net carrying amount as at December 31, 2008	Of which neither impaired nor overdue on the reporting date	Of which not impaired as at the reporting date and overdue					
			Overdue - less than 30 days	Overdue - between 30 and 59 days	Overdue - between 60 and 89 days	Overdue - between 90 and 179 days	Overdue - between 180 and 359 days	Overdue - more than 359 days
Other receivables (non-current)	248	248						
Trade receivables (current)	18 810	12 651	2 710	2 159	350	179	65	696
Other receivables (current)	980	561	72	210	1			136
Total	**20 037**	**13 460**	**2 782**	**2 369**	**351**	**179**	**65**	**832**

A significant portion of the Imaging Group's activities are conducted by means of "remote sales" to the end-consumer. This involves exposure to non-collectability of many, relatively small, trade receivables. The group manages this risk by encouraging online payment for its e-commerce activities on the one hand, on the other, conducting proper credit management. In cases of non-payment on the due date, additional costs are charged depending on the expired periods. In due course, the receivables are transferred to external debt-collection agencies. For other trade receivables, credit limits and payment terms are set for each customer. Dunning procedures are started when these terms are exceeded. Deliveries are blocked to customers who have exceeded their credit limit or payment terms. There was no significant risk concentration as at 31 December 2008 and 2007. No write-downs are recognised for the overdue receivables if their collectability is considered as probable.

The following table shows a summary of the accumulated write-downs on the financial assets:

(in € '000)	2007					
	Other financial assets (non-current)	Other receivables (non-current)	Trade receivables	Other receivables (current)	Other financial assets (current)	Assets held for sale
Balance at end of previous financial year	-2 985	-2 291	-5 331	-2 771	- 163	- 81
Impairment (-)			97	- 3		- 16
Utilisation			1 440			
Translation differences	10		13			
Other changes		- 186	37	168		
Balance at end of current period	**-2 975**	**-2 477**	**-3 744**	**-2 605**	**- 163**	**- 97**

(in € '000)	2008						
	Available for sale investment	Other financial assets (non-current)	Other receivables (non-current)	Trade receivables	Other receivables (current)	Other financial assets (current)	Assets held for sale
Balance at end of previous year		-2 975	-2 477	-3 744	-2 605	- 163	- 97
Impairment (-)	-1 714		- 543	- 333	- 247		- 194
Utilisation		1 869	1 163	1 171	2 247		
Translation differences				- 25			16
Other changes			- 18	95	18		- 95
Balance at end of current period	**-1 714**	**-1 106**	**-1 875**	**-2 836**	**- 587**	**- 163**	**- 370**

The accumulated write-downs on 'Available for sale investments' relate to the participating interest in FLT SpA, written down to zero (EUR –1,689 ('000)) and the participating interest in the German entity Spector Immobilien Verwaltung GmbH (EUR -25 ('000)).

Liquidity risk

The following table shows a summary of the financial liabilities, including payable interest charges:

(in € '000)	2007							
	Carrying amount	**Contractual cash flows**	**Up to 1 year**	**2009**	**2010**	**2011**	**2012**	**More than 5 years**
Interest-bearing borrowings bank loans								
Secured bank loans	32 751	38 619	10 243	6 907	21 252	216		
Unsecured bank loans	12 587	5 639	948	996	924	924	924	924
Finance leases								
Secured lease liabilities	731	857	207	171	171	171	136	
Unsecured lease liabilities								
Bank overdrafts								
Secured bank overdrafts	15 450	15 645	15 645					
Unsecured bank overdrafts								
Trade & other payables	33 603	33 603	33 603					
Liabilities held for sale								
Secured lease liabilities	2 942	3 403	530	530	530	530	530	754
Secured interest-bearing borrowings								
Trade & other payables	21	21	21					
Total	**98 085**	**97 787**	**61 196**	**8 604**	**22 877**	**1 841**	**1 589**	**1 678**

(in € ‘000)	2008							
	Carrying amount	**Contractual cash flows**	**Up to 1 year**	**2010**	**2011**	**2012**	**2013**	**More than 5 years**
Interest-bearing borrowings bank loans								
Secured bank loans	24 689	28 466	6 969	21 326	170	1		
Unsecured bank loans	12 500	5 543	924	924	924	924	924	924
Finance leases								
Secured lease liabilities	576	650	171	171	171	136		
Unsecured lease liabilities								
Bank overdrafts								
Secured bank overdrafts	10 827	10 887	10 887					
Unsecured bank overdrafts								
Trade & other payables	31 333	31 333	31 333					
Liabilities held for sale								
Secured lease liabilities								
Secured interest-bearing borrowings	2 143	2 395	2 285	77	33			
Trade & other payables	3 762	3 762	3 762					
Total	**85 830**	**83 036**	**56 331**	**22 498**	**1 299**	**1 061**	**924**	**924**

Non-current payables are measured at amortised cost, approximating the fair value. The fair value of current payables is comparable with the carrying amount. Currently, no problems concerning the liquidity position are expected for the financial year 2009.

Currency risk

In both 2007 and 2008, Spector Photo Group NV realised more than 90% of its revenue in euros. The continuing activities in a currency other than the euro are mainly located in Sweden, Norway, Switzerland and the United Kingdom. The nature of the activities ensures that the majority of expenditures in non-euro entities were made in the same currency as the revenue. Expenditures in the euro entities are virtually all paid in euro. The discontinued operations are located in Hungary.

Because of the above, the remaining cash flows in currencies other than the euro are limited and Spector Photo Group NV opts not to hedge foreign currency transactions or cash flows.

The subsidiaries' borrowings from credit institutions are held in the currency of the subsidiary. Borrowings in the currency other than the euro amount to less than 1% of the total outstanding borrowings of the continuing activities.
Current borrowings between the subsidiaries in foreign currencies are converted at the closing exchange rate, of which the unrealised gains and losses are recognised in the income statement.

Non-current borrowings between the subsidiaries in foreign currencies are converted at the closing exchange rate. The related unrealised gains and losses are recognised as a separate component of the equity under the heading currency translation adjustments in accordance with IAS 21 §32.

No hedging instruments were in use as at 31 December 2008.

Interest rate risk

In 2008, 27.90% of the interest-bearing borrowings had a fixed rate of interest, compared to 20.46% in 2007. For the other borrowings, the interest rate is fixed for a period between three months and a year. Due to this procedure, Spector Photo Group NV accepts fluctuations in the financial expenses according to the evolution of market interest rates.

Based on the outstanding borrowings as at 31 December 2008, an increase or decrease in the market interest rate with 1% has a negative respectively positive impact on the financial result of 350 ('000), which was EUR 489 ('000) relating the outstanding borrowings as at 31 December 2007.

The cash and cash equivalents are invested free of risks.

Market risks

With the Imaging Group, the company mainly operates in a market that is highly susceptible to changes. The most important market-related risks correspond to technological developments and their impact on consumer behaviour, the development of consumer prices, the competitive position and the dependence on a limited number of major customers of the Imaging Group.

- The strategy of the Imaging Group is to a high degree based on the findings of prospective market research from which new opportunities emerge for the enterprise after the transition from analogue to digital photography. These findings have an inherent risk of error, and they can also be affected by future technological developments that have not yet been taken into account. The group manages these risks by permanently keeping in touch with the technological world, the market and consumers so that, if necessary, it can rapidly revise not only its strategy, but also its investment and business plans.

- The future profitability of the Company – for both the Retail Group and the Imaging Group – will also depend on the selling prices that it can achieve for its products and services. The price elasticity of demand, combined with the development of the margins, involves a risk for the Group's profitability. Although, for its business plan, the Group assumes continued price pressure, it proactively manages other risks by reducing its fixed overhead costs on the one hand and, on the other, by continuously developing new products that are less susceptible to the general price pressure.

- The future market share and business figures of the group – both in the Retail Group and in the Imaging Group – can be affected by actions by existing competitors or the entry of new competitors. By permanently monitoring its competitive position, the Group takes this factor into account in the further development of its plans and its operations. The current economic crisis means we are now experiencing some pressure on the operating income within the Retail Group. Consumers are more careful about purchasing more expensive consumer goods.

Capital structure

The group optimises its capital structure (combination of liabilities and equity). The most important objective of the capital structure is maximising the shareholders' value, while simultaneously retaining the required financial flexibility to implement strategic projects. Maintaining a fundamentally healthy financial structure is essential.
In the analysis of the capital structure, we use the IFRS classification for the distinction between equity and liabilities.

REPORT OF THE COMMITTEE OF STATUTORY AUDITORS

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF SPECTOR PHOTO GROUP NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

In accordance with the legal requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the consolidated financial statements as well as the required additional statement.

Unqualified audit opinion on the consolidated financial statements with an explanatory paragraph

We have audited the consolidated financial statements for the year ended December 31,2008 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which show a balance sheet total of EUR (000) 136.505 and a loss for the year of EUR (000) 7.748.

Management is responsible for the preparation and the fair presentation of these consolidated financial statements. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting principles and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d'Entreprises / Instituut van de Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the group's accounting system, as well as its internal control procedures. We have obtained from management and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the appropriateness of the accounting policies (1) and consolidation principles, the reasonableness of the significant accounting estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion the consolidated financial statements for the year ended December 31, 2008 give a true and fair view of the group's assets and liabilities, its financial position, the results of its operation and cash flow in accordance with International Financial Reporting Standards as adopted by the European Union.

Notwithstanding our unqualified opinion, we draw the attention to the consolidated director's report in which the valuation of the intangible assets is motivated, taken into account the changing market conditions.
The motivation of the valuation of the intangible assets is strongly linked to the success of the "business plan".

Additional statement

The preparation of the consolidated Director's report and its content are the responsibility of management.

Our responsibility is to supplement our report with the following additional statement, which do not modify our audit opinion on the consolidated financial statements:

- The consolidated Director's report includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the consolidated group is facing, and of its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Antwerp, April 17, 2009

The Committee of Statutory Auditors

PKF bedrijfsrevisoren
Represented by

D. De Jonge
Statutory Auditor

Grant Thornton, Lippens & Rabaey
Represented by

J. Lippens
Statutory Auditor

Parent Company Accounts 2008

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BALANCE SHEET after profit allocation (Belgian GAAP)

ASSETS (in €)	2007	2008
FIXED ASSETS	**120 943 136.51**	**122 991 869.17**
Intangible fixed assets	**19 583.03**	**2 372.83**
Financial fixed assets	**120 923 553.48**	**122 989 496.34**
Affiliated enterprises	120 855 875.28	122 955 519.24
Participating interests	89 747 532.63	89 747 532.63
Amounts receivable	31 108 342.65	33 207 986.61
Other financial assets	67 678.20	33 977.10
Shares	28 817.63	28 817.63
Amounts receivable and cash guarantees	38 860.57	5 159.47
CURRENT ASSETS	**7 635 696.76**	**7 283 658.58**
Amounts receivable within one year	**6 713 324.82**	**6 746 688.03**
Trade debtors	169 881.88	113 960.19
Other amounts receivable	6 543 442.94	6 632 727.84
Current investments	**738 158.24**	**454 415.66**
Own shares	88 861.65	29 362.98
Other investments and deposits	649 296.59	425 052.68
Cash at bank and in hand	**32 758.12**	**20 301.84**
Deferred charges and accrued income	**151 455.58**	**62 253.05**
TOTAL ASSETS	**128 578 833.27**	**130 275 527.75**

EQUITY AND LIABILITIES (in €)	2007	2008
EQUITY	**126 074 685.02**	**127 850 925.32**
Capital	**64 193 915.58**	**64 193 915.58**
Issued capital	64 193 915.58	64 193 915.58
Reserves	**10 026 743.49**	**10 115 555.51**
Legal reserve	4 222 490.57	4 311 302.59
Reserves not available	88 861.65	29 362.98
In respect of own shares held	88 861.65	29 362.98
Untaxed reserves	3 500 770.69	3 500 770.69
Available reserves	2 214 620.58	2 274 119.25
Accumulated profits (losses)	**51 854 025.95**	**53 541 454.23**
PROVISIONS AND DEFERRED TAXES	**100 000.00**	**100 000.00**
Provisions for liabilities and charges	**100 000.00**	**100 000.00**
Other liabilities and charges	100 000.00	100 000.00
AMOUNTS PAYABLE	**2 404 148.25**	**2 324 602.43**
Amounts payable after more than one year	**1 501 635.80**	**1 523 132.24**
Financial debts	1 501 635.80	1 523 132.24
Subordinated loans	895 383.58	895 383.58
Other loans	606 252.22	627 748.66
Amounts payable within one year	**807 512.44**	**707 722.52**
Trade debts	281 918.46	110 251.31
Suppliers	281 918.46	110 251.31
Taxes, remuneration and social security	45 164.39	61 834.24
Taxes	12 571.35	10 836.53
Remuneration and social security	32 593.04	50 997.71
Other amounts payable	480 429.59	535 636.97
Deferred charges and accrued income	**95 000.01**	**93 747.67**
TOTAL LIABILITIES	**128 578 833.27**	**130 275 527.75**

INCOME STATEMENT (in €)	2007	2008
Operating income	**2 366 943.30**	**1 151 056.39**
Turnover	1 066 800.00	762 494.47
Other operating income	1 300 143.30	388 561.92
Operating charges	**(2 856 689.82)**	**(1 689 383.63)**
Services and other goods	1 231 586.29	1 041 086.77
Remuneration, social security costs and pensions	228 994.43	271 874.00
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	24 856.76	17 272.88
Amounts written down stocks, contracts in progress and trade debtors	46 779.11	
Provisions for risks and charges	90 207.80	
Other operating charges	1 234 265.43	359 149.98
Operating profit (loss)	**(489 746.52)**	**(538 327.24)**
Financial income	**2 370 550.36**	**2 548 533.61**
Income from current assets	2 370 314.59	2 548 533.61
Other financial income	235.77	
Financial charges	**(116 674.32)**	**(237 224.15)**
Debt charges	80 469.53	84 705.36
Amounts written down on current assets except stocks, contracts in progress and trade debtors	(94 566.74)	33 414.78
Other financial charges	130 771.53	119 104.01
Gain (loss) on ordinary activities before taxes	**1 764 129.52**	**1 772 982.22**
Extraordinary income	**898 666.50**	**2 286 636.69**
Write-back of amounts written down financial fixed assets	14 115.55	2 286 636.69
Gains on disposal of fixed assets	884 550.95	

INCOME STATEMENT (in €)	2007	2008
Extraordinary charges	**(321 617.58)**	**(2 286 636.73)**
Extraordinary depreciation of and extraordinary amounts written off formation expenses, intangible and tangible fixed assets		0.04
Amounts written down financial fixed assets	304 616.43	
Loss on disposal of fixed assets	17 001.15	2 286 636.69
Profit (loss) for the period before taxes	**2 341 178.44**	**1 772 982.18**
Income taxes	**1 271 198.76**	**3 258.12**
Income taxes	(5 867.28)	(2 609.16)
Adjustment of income taxes and write-back of tax provisions	1 277 066.04	5 867.28
Profit (loss) for the period	**3 612 377.20**	**1 776 240.30**
Transfer to untaxed reserves	884 550.95	
Profit (loss) for the period available for appropriation	**2 727 826.25**	**1 776 240.30**

APPROPRIATION ACCOUNT		
Profit (loss) to be appropriated	**51 990 417.26**	**53 630 266.25**
Gain (loss) to be appropriated	2 727 826.25	1 776 240.30
Profit (loss) to be carried forward	49 262 591.01	51 854 025.95
Transfer to the legal reserve	**(136 391.31)**	**(88 812.02)**
Profit (loss) to be carried forward	**(51 854 025.95)**	**(53 541 454.23)**

STATEMENT OF CAPITAL

(in €)	Amounts	Number of shares
A. SOCIAL CAPITAL		
1. Issued capital		
• At the end of the previous period	64 193 915.58	
• At the end of the period	64 193 915.58	
2. Structure of the capital		
2.1. Categories of shares		
Ordinary shares without nominal value	64 193 915.58	36 619 505
Registered		2 134 117
Bearer		34 485 388
Dematerialisation of bearer securities according to the Law of 14 December 2005 abolishing bearer securities		
C. OWN SHARES HELD BY		
• the company itself	29 362.98	77 271
• the subsidiaries	429 324.38	1 129 801
D. COMMITMENTS TO ISSUE SHARES		
Following the exercising of SUBSCRIPTION RIGHTS :		
Number of outstanding subscription rights		600 000
Amount of capital to be subscribed	2 016 000.00	
Corresponding maximum number of shares to be issued		600 000
E. AUTHORISED CAPITAL, NOT ISSUED	**64 193 915.58**	

STRUCTURE OF THE SHAREHOLDERSHIP OF THE COMPANY AS AT YEAR-END, AS IT APPEARS FROM THE NOTIFICATIONS RECEIVED BY THE COMPANY

		Most recent notification (3)	Number of shares	% of total (1)
A.	SPECTOR COORDINATIECENTRUM N.V. (2) Kwatrechtsteenweg 160, B-9230 Wetteren	15/09/2008	1 075 275	2.94%
B.	PARTIMAGE C.V.A. (2) Kwatrechtsteenweg 160, B-9230 Wetteren	28/03/2008	84 044	0.23%
C.	ALEXANDER PHOTO S.A. (2) Boulevard Royal 11, L-2449 Luxemburg	15/09/2008	54 526	0.15%
D.	SPECTOR PHOTO GROUP N.V. (2) Kwatrechtsteenweg 160, B-9230 Wetteren	15/09/2008	77 271	0.21%
E.	CONSORTIUM VIT N.V., LUTHERICK N.V., MERCURIUS INVEST N.V., MIDELCO N.V. and CECAN INVEST N.V. en ISARICK N.V. p/a Doorniksewijk 49, B-8500 Kortrijk	28/01/2009	6 914 244	18.88%
	- VIT N.V.		1 708 995	4.67%
	- LUTHERICK N.V.		2 512 566	6.86%
	- MERCURIUS INVEST N.V.		215 703	0.59%
	- CECAN INVEST N.V.		2 173 643	5.94%
	- MIDELCO N.V.		212 500	0.58%
	- ISARICK N.V.		54 765	0.15%
	- PHILIPPE VLERICK		36 072	0.10%
F.	KORAMIC FINANCE COMPANY N.V. Ter Bede Business Center, Kapel ter Bede 84, B-8500 Kortrijk	30/10/2008	3 933 775	10.74%
G.	AUDHUMLA S.A. Boulevard Royal 11, L-2449 Luxembourg	31/10/2008	1 514 304	4.14%
H.	GROES Gerard Straten 15, NL-5688 NJ Oirschot The Netherlands	26/10/2008	1 835 000	5.01%

(1) Calculating with the denominator of 36,619,505 shares - which is the total number of issued shares, excluding the warrants.

(2) On March 27, 2008 Fotoinvest CVBA (in liquidation) transferred the shares of Spector Photo Group NV to Spector Coördinatiecentrum NV. The companies Fotoinvest CVBA (in liquidation) and Partimage CVA on the one hand and Spector Coördinatiecentrum NV, Alexander Photo SA and Spector Photo Group NV on the other, performed an official notification on March 28, 2008 towards the banking, Finance and Insurance Commission and Euronext Brussels.

(3) Referring to the renewed Transparency Regulation, each holder of securities granting voting securities, voting rights and equivalent finanical instruments, whose holding reaches or exceeds a threshold provided by law or the articles of association on 1 September 2008, had to notify both the company and the CBFA and do this no later than 31 October 2008.

SUMMARY OF THE ACCOUNTING RULES

BASIC PRINCIPLE

The accounting rules are determined in accordance with the provisions of chapter II of part II of the Belgian Royal Decree of 30 January 2001 on the implementation of the Belgian Company Code.

No deviations from the accounting rules mentioned above are necessary for the true and fair view.
The accounting rules are unchanged in relation to last year.
The income statement is not materially affected by revenues and expenses that must be attributed to any other financial year.

SPECIAL RULES

I. ASSETS

1. Formation expenses

The capitalisation of the formation expenses and costs of initial establishment takes place within the legal limits and to the extent that the cost-effectiveness is positively estimated for the future. In principle, these expenses are written down over 5 years using the straight-line method.
The costs of issuing the bond loan are written down at 20%.

2. Intangible assets

The intangible assets are measured valued at their acquisition costs. They are amortised according to the straight-line method using the following rates: 20% to 33.33%.

3. Property, plant and equipment

Property, plant and equipment are measured at their actual cost; this is the purchase price (including additional expenses), their cost price or their contribution value.

For the depreciation calculations, the following rates are applied:

- plant, equipment and furniture 25%
- vehicles 20%
- machines 25%
- IT equipment 25%

Depreciation takes place using the straight-line method and/or the degressive method. The first financial year in which the assets are obtained, they are depreciated in proportion to the time they have been held.

4. Financial assets

Shares are entered at their purchase price, excluding the additional expenses that are charged to the income statement. They are measured separately each year. This measurement occurs on the basis of the net asset value of the shares in accounting terms, or the probable contractual value at disposal, or according to the criteria applicable at the purchase of the shares when the participating interest was obtained at a price that deviates from its carrying value.

Write-downs are applied if the estimated value, calculated as explained above, is less than the carrying value and if, in the opinion of the Board of Directors, the write-down is of a permanent nature, which is justified by the position, the cost-effectiveness, the probable recoverable value and the prospects of the participating interest.
The write-downs are reversed when the estimated value is higher than the carrying value that took account of the write-downs, and in so far as this difference is of a permanent nature in the opinion of the Board of Directors.

5. Amounts receivable within one year

These receivables are measured at the nominal value.
Receivables in foreign currencies are converted according to the daily rates.
The results of the conversion can be found in the financial statements under the ‘Other financial expenses and other financial income’ item.
The Board of Directors will make a decision concerning the possible necessary write-downs.
The VAT involved is retained in the assets and only taken to the result if recoverability would appear impossible.
A write-down is always entered separately for each receivable, which also applies to a possible reversal of the write-down.

6. Cash and cash equivalents

These generally follow the same rules as those defined for the ‘Financial assets’ category. Nevertheless, the Board of Directors will enter every write-down, regardless of whether it is permanent or not.

7. Accruals and deferrals

These concern the proportional expenses incurred during the financial year, but which are charged to the next financial year, and the income earned, i.e. the proportional income that will be only collected during the course of the next financial year, but which are related to the financial year under review.

II. LIABILITIES

1. Capital

The balance shows the actually contributed capital and is measured at nominal value.

2. Investment grants

Investment grants received are written down gradually with the same rhythm as the depreciation or amortisation on the assets for which those subsidies grants were granted, taking into account the tax impact.

3. Debts

All debts are entered at nominal value. Debts in foreign currencies are converted at the official rate on the balance sheet date.

4. Provisions for risks and expenses

The Board of Directors will each year conduct a full review of the previously formed provisions to cover the risks and expenses to which the enterprise has been exposed.
The Board of Directors will consider the necessity of forming or releasing provisions, by analysing each line item of the accounts and reviewing all information that can exclude unhedged risks, such as disputes, etc.
It will specify the appropriate valuation methods for the main risks.The provisions for risks and costs are formed or released systematically, and the formation or releasing of them cannot be made dependent on the profit or loss for the financial year.

5. Accruals and deferrals

These concern proportional expenses that will only be paid in a later financial year, but which are related to the financial year under review. These expenses are measured at nominal value. They also concern the income to be carried forward, i.e. proportional income that has been collected during the course of the financial year or the previous financial year, but which relates to a subsequent financial year.

Statement concerning the consolidated financial statements:
Consolidated financial statements and a consolidated annual report are compiled with application of the Belgian Royal Decree of 30 January 2001.

LEGALLY REQUIRED NOTES TO THE 2008 FIGURES

ASSETS AS AT 31 DECEMBER 2008

The non-current assets rose by EUR 2.05 million as a result of:

- the decrease of the intangible assets by EUR 0.02 million. This concerns the combination of, on the one hand, the amortisation in the financial year and, on the other, the derecognition of decommissioned and fully amortised assets;
- the increase of the non-current financial assets by EUR 2.07 million. This mainly consists of the 2008 interest charged on the loans to Photomedia NV and Photo Hall Multimedia NV, which are recognised under the heading of receivables from associates.

The current assets fell by EUR 0.35 million as a result of:

- the increase by EUR 0.03 million in the receivables due within one year.
- the decrease in the cash investments item by EUR 0.28 million, which mainly consists of a short-term deposit.
- the decrease in accruals and deferrals by EUR 0.09 million.

In accordance with Article 624 of the Belgian Company Code, it should be reported that the Company holds seventy-seven thousand two hundred and seventy-one (77,271) treasury shares. None of the company's treasury shares were purchased in 2008.

The following subsidiaries of Spector Photo Group hold Spector Photo Group shares:

- Alexander Photo SA: 54,526
- Spector Coördinatiecentrum NV: 1,075,275.

On 27 March 2008, Spector Coördinatiecentrum NV acquired 1,075,275 Spector Photo Group shares. Official notification of this was submitted to the Belgian Banking, Finance and Insurance Commission and to Euronext Brussels on 28 March 2008.

These therefore jointly comprise 1,207,072 treasury shares, which represent 3.2963% of the total number of 36,619,505 existing shares. This bundle of treasury shares will initially be applied to supply the exercising of the options subscribed to in the context of the Share Option Plan for the benefit of Employees and Consultants of Spector Photo Group NV and associates.

The treasury shares are valued at the listed price of EUR 0.38 as at 31 December 2008.

The bundle of treasury shares held by Spector Photo Group NV represents a net amount of EUR 29,362.98 and is recognised under the cash investments item.

LIABILITIES AS AT 31 DECEMBER 2008

The profit for the financial year provided an increase of EUR 1.78 million in equity.

Furthermore, we have a decrease of EUR 0.10 million in amounts payable within one year. This is mainly a decrease in the payables to suppliers.

INCOME STATEMENT

The activity of Spector Photo Group NV mainly consists of providing supporting services in the management field to the Retail Group and the Imaging Group.

The operating income decreased by EUR 1.22 million due to, on the one hand, a fall in revenue by EUR 0.30 million as a result of the decrease in fees for management services and, on the other, a decrease by EUR 0.91 million of the other operating income from the direct billing of expenses to the Retail Group and the Imaging Group.

The operating costs fell by EUR 1.17 million.

This resulted in an operating loss of EUR 0.54 million.

The interest income on the loans to Photomedia NV and Photo Hall Multimedia NV provided a positive financial result of EUR 2.31 million.

The result for the financial year showed a profit of EUR 1.78 million.

APPROPRIATION OF THE RESULT

The Board of Directors proposes the following appropriation of the result:

Financial year's profit to be appropriated	EUR	1,776,240.30
Retained earnings from previous financial year	EUR	51,854,025.95
Retained earnings to be appropriated:	EUR	53,630,266.25
Appropriation of the retained earnings:		
Transfer to the legal reserve	EUR	88,812.02
Profit to be carried forward	EUR	53,541,454.23

FEES FOR THE COMMITTEE OF STATUTORY AUDITORS

During 2008, the Committee of Statutory Auditors received EUR 6,342 for work outside the scope of their engagement.

This mainly concerned recommendations and specific audits in the context of the IFRS standards.

RISK MANAGEMENT

The management of risks forms an integral part of the way in which the group is managed. The group has taken measures with a view to controlling these risks as effectively as possible, and will continue to do so. These measures include among other the recognition of provisions.

However, no assurance can be given that these measures will be fully effective in any given instance and therefore it is impossible to rule out that some of these risks could arise and could have an impact on the company. Other risks currently unknown to the Company or which are not considered material at present could prove detrimental to the Company or to the value of its shares.

Financial risks

The most important financial risks to which the Group is exposed are related to the Groups financial liabilities, the outstanding trade receivables and transactions in currencies other than the euro.

- In accordance with the realignment of the financial liabilities that was agreed with the bank consortium in December 2005, at the end of 2010 the remainder of the unredeemed loans and advances becomes due and payable and the loans may have to be renegotiated or refinanced. The availability of credit therefore coincides with the degree to which the group succeeds in generating free cash flows with which it can further reduce its debt position between 2009 and 2010. The group manages this risk by continuing to develop a transparent and constructive relationship with the bank consortium.

- A significant proportion of the Imaging Group's activities are conducted by means of 'remote sales' to end-consumers. This involves exposure to non-collectability of many, relatively small, trade receivables. The group manages this risk by encouraging online payment for its e-commerce activities on the one hand and, on the other, conducting proper credit management.
  In cases of non-payment on the due dates, additional costs are charged depending on the overdue periods. In due course, the collection of the receivables is handed over to debt-collection agencies. For other trade receivables, credit limits and payment terms are set for each customer. Dunning procedures are started when these terms are exceeded. Deliveries are blocked to customers who have exceeded their credit limit or payment terms.
  There was no significant risk concentration as at 31 December 2008 and 2007. No write-downs are recognised for the overdue receivables since their collectability is considered as probable.

- The Company publishes its consolidated financial statements in euros. A significant portion of its assets, liabilities, revenues and costs are expressed in currencies other than the euro, including the Hungarian Forint, the Swiss Franc and the Swedish Crown. Although exchange rate fluctuations can have an effect on the Group's results, the company judges this risk too small to take specific measures apart from strict management monitoring.

Market risks

With the Imaging Group, the company mainly operates in a market that is highly susceptible to changes. The most important market-related risks correspond to technological developments and their impact on consumer behaviour, the development of consumer prices, the competitive position and the dependence on a limited number of major customers of the Imaging Group.

- The strategy of the Imaging Group is to a high degree based on the findings of prospective market research from which new opportunities have emerged for the enterprise after the transition from analogue to digital photography. These findings have an inherent risk of error, and they can also be affected by future technological developments that have not yet been taken into account. The group manages these risks by permanently keeping in touch with the technological world, the market and consumers so that, if necessary, it can rapidly revise not only its strategy, but also its investment and business plans.

- The future profitability of the Company – for both the Retail Group and the Imaging Group – will also depend on the selling prices that it can achieve for its products and services. The price elasticity of demand, combined with the development of the margins, involves a risk for the Group's profitability. Although, for its business plan, the Group assumes continued price pressure, it proactively manages other risks by reducing its fixed overhead costs on the one hand and, on the other, by continuously developing new products that are less susceptible to the general price pressure.

- The future market share and business figures of the group – both in the Retail Group and in the Imaging Group – can be affected by campaigns of existing competitors or the entry of new competitors. By permanently monitoring its competitive position, the Group takes this factor into account in the further development of its plans and its operations. The current economic crisis means we are now experiencing some pressure on the operating income within the Retail Group. Consumers are more careful about purchasing more expensive consumer goods.

Risk related to disputes

The Company and some of its subsidiaries are involved in tax disputes that are pending in the tax courts, and provisions have been recorded for these. For certain tax disputes, however, the Company's opinion is that no provisions needed to be recorded. On the one hand, this concerns the tax deductibility of insurance premiums which the Company and some of its subsidiaries have paid to an insurance company that itself reinsured with a reinsurance company that is controlled by the Company. On the other hand, it mainly concerns discussions around the tax deductibility of payments in the context of transactions with group companies. A favourable ruling for the benefit of the group was delivered at the end of 2007. This ruling had a positive impact on the tax expenses for the 2007 financial year. The tax administration's refunds of the disputed taxes and postponement of payment interest amounts were received in January and March 2009 respectively.
After the settlement of the disputes mentioned above, there is a tax dispute that has been made pending by the tax courts and for which a provision of EUR 0.8 million has been recorded.

There are pending disputes for which the Company's opinion is that no provision needs to be recorded. Among others, these concern (i) the tax deductibility of the loss that was incurred with the merger of Hifi International with Hifi Video and Hifi Connection in 2001. The amount

under dispute is approximately EUR 0.8 million; (ii) the recognition of the taxes under the alternative taxable basis; and (iii) an abnormal benefit that a subsidiary is alleged to have received as a result of a subsidiary's liquidation.
Furthermore, there is still a dispute with a supplier amounting to EUR 0.6 million, for which a provision of EUR 0.3 million has been recorded.

CONFLICT OF INTERESTS

Directors' conflicts of interest of a proprietary nature in areas of application of Article 523 of the Belgian Company Code.

In 2008, the Board of Directors followed the procedure prescribed by Article 523 of the Belgian Company Code in the Board meeting of 14 May 2008. The relevant part of the minutes of this Board Meeting is shown below:

"Directors' declarations

Mr. Luc Vansteenkiste declared that he, as permanent representative and controlling shareholder of VEAN NV, has a conflict of interests concerning agenda item 1, since this is the resolution of his appointment as chairman of the Company. As the chairman receives a special management remuneration of EUR 25,000, the procedure provided in Article 523 of the Belgian Company Code must be complied with. He will leave the meeting whenever agenda item 1 must be deliberated and rejoin the meeting after agenda item 1 has been resolved.

Mr. Tonny Van Doorslaer declared that he has a conflict of interests concerning agenda item 3, since this is the resolution on his appointment and associated remuneration as managing director of the Company. Consequently, the procedure provided in Article 523 of the Belgian Company Code must be complied with. He will leave the meeting after the resolution of agenda item 2, and rejoin it after the resolution of agenda item 3.

Messrs. Norbert Verkimpe (as permanent representative and controlling shareholder of Norbert Verkimpe BVBA) and Patrick De Greve declared that they have a conflict of interests concerning agenda item 5, since this is the resolution of their appointments and associated remuneration as members of the audit committee. Consequently, the procedure provided in Article 523 of the Belgian Company Code must be complied with. The directors concerned will therefore leave the meeting after the resolution of agenda items 1 to 4.

The statutory auditors will be informed of the conflicts of interests.

Deliberations and resolutions

1. Appointment of VEAN NV as chairman - Remuneration
The Board of Directors deliberated on the appointment of VEAN NV, represented by Mr. Luc Vansteenkiste as its chairman.
After deliberation, the Board of Directors voted unanimously, with the exception of Mr Luc Vansteenkiste, in favour of the appointment of VEAN NV, represented by Mr Luc Vansteenkiste, as chairman of the Board for the duration of his current authorisation. The appointment of chairman is remunerated in accordance with the resolution of the General Meeting of 14 May 2008 (EUR 25,000). This remuneration is justifiable commercially and in line with the market. There are no negative financial consequences for the company since this is a continuation of the remuneration policy used to date. Moreover, the appointments and remuneration committee proposed the remuneration. After this resolution, Mr. Luc Vansteenkiste rejoined the meeting.

3. Reappointment of Mr. Tonny Van Doorslaer as managing director - Remuneration
Mr. Tonny Van Doorslaer left the meeting.
After deliberation, the Board of Directors voted unanimously, with the exception of Mr. T. Van Doorslaer, in favour of the appointment of Mr. T. Van Doorslaer as managing director for the duration of his current authorisation as director. The appointment as managing director is remunerated in accordance with the resolution of the appointments and remuneration committee. The remuneration for this appointment amounts to EUR 25,000. This remuneration is justifiable commercially and in line with the market. There are no negative financial consequences for the company since this is a continuation of the remuneration policy used to date. Moreover, the appointments and remuneration committee proposed the remuneration. After this resolution, Mr. Tonny Van Doorslaer rejoined the meeting.

5. Appointment and remuneration of audit committee members
Messrs. Norbert Verkimpe (as permanent representative and controlling shareholder of Norbert Verkimpe BVBA) and Patrick De Greve left the meeting.
After deliberation, the Board of Directors appointed the following members of the audit committee, for a term of three (3) years:

- MCM BVBA, represented by Mr. Geert Vanderstappen (chairman)
- Mr. Patrick De Greve
- Norbert Verkimpe BVBA, represented by Mr. Norbert Verkimpe

The appointment as member of the audit committee is remunerated in accordance with the resolution of the appointments and remuneration committee (EUR 2,500). This remuneration is justifiable commercially and in line with the market. There are no negative financial consequences for the company since this is a continuation of the remuneration policy used to date. Moreover, the appointments and remuneration committee proposed the remuneration. Messrs. Norbert Verkimpe and Patrick De Greve rejoined the meeting."

During 2008, there have been no conflicts of interest between a director and the company as referred to in Article 524 of the Belgian Company Code.

EVENTS AFTER BALANCE SHEET DATE

Since the closing of the 2008 financial year, no events have occurred that could have a significant effect on the results of the company.

ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT

Not applicable.

APPLICATION OF THE ACT OF 17 DECEMBER 2008 CREATING AN AUDIT COMMITTEE IN LISTED COMPANIES AND IN FINANCIAL INSTITUTIONS

The composition of the audit committee satisfies the requirements stipulated in the Act. In accordance with Article 526, the Audit Committee is composed of three (3) independent members of the Board of Directors, of whom at least one member has competences in accountancy and audit matters.

The Audit Committee is composed as follows: MCM BVBA, permanently represented by Mr. Geert Vanderstappen, Mr. Patrick De Greve and Norbert Verkimpe BVBA, permanently represented by Mr. Norbert Verkimpe.

Mr. Geert Vanderstappen possesses the necessary expertise and professional experience in the field of accounting and audit as a result of his career and current professional activities.

PROPOSALS TO THE GENERAL MEETING

The Board of Directors proposes the following motions for the General Meeting:

- that the financial statements as presented be approved and the directors and Committee of Statutory Auditors be granted discharge for the performance of their responsibilities during the past year;
- to accept the resignation of Mr. Patrick De Greve as director;
- to appoint as director:

  - BVBA Patrick De Greve, represented by its permanent representative Mr. Patrick De Greve, non-executive director,
    and this for a period of two (2) years, commencing from 13 May 2009, and finishing after the Ordinary General Meeting of Shareholders of 2011.

Wetteren, 16 April 2009

On behalf of the Board of Directors
Tonny Van Doorslaer
Managing Director

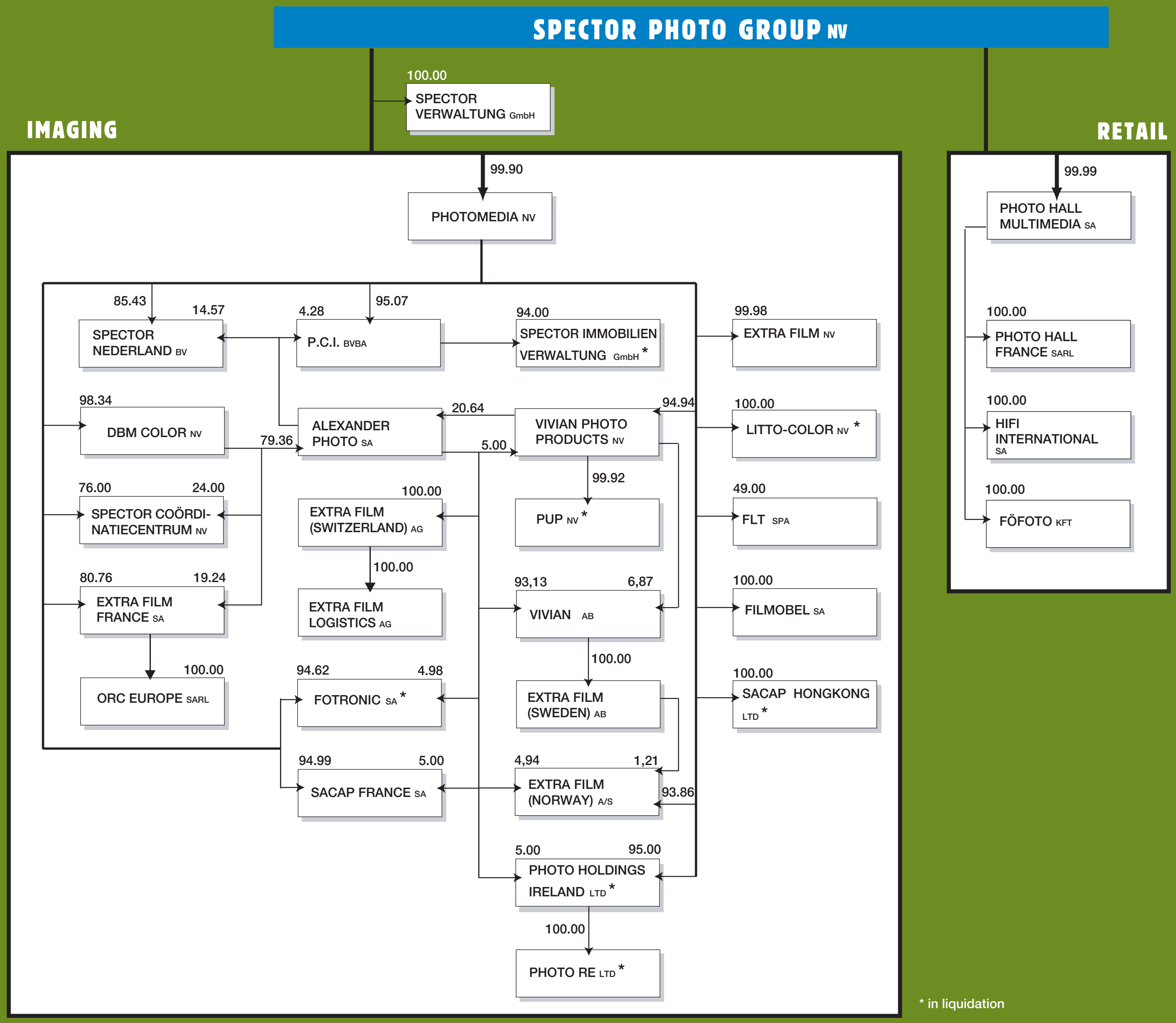
In accordance with the articles 104 and 105 of the Company Law Code of 7 May 1999, this annual report includes only an abbreviated version of the parent company accounts of Spector Photo Group NV.

The annual report, the parent company accounts of Spector Photo Group NV and the statement of the Committee of Statutory Auditors shall be filed with the National Bank of Belgium.

The report of the Committee of Statutory Auditors contains the opinion on the true and fair view of the financial statements and states an unqualified audit opinion with explanatory paragraph relating the valuation of the participation in Photomedia NV.

The complete version of the parent company accounts, including the related reports, are available on the website www.spectorphotogroup.com and can be requested free of charge.

Group Structure



* in liquidation

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