



PRESS RELEASE – Regulated information

(UNDER EMBARGO UNTIL 25 OCTOBER 2012 – 5.45 p.m.)

Wetteren (Belgium), 25 October 2012

**Spector Photo Group:
Trading update for third quarter of 2012**

smartphoto™ Group:

- Shifting of the seasonal business continues undiminished.
- The revenue after 9 months decreased from EUR 38.46 million to EUR 35.51 million (-7.7%).
- The REBITDA after 9 months decreased from EUR 1.50 million to minus EUR 0.03 million.

Group:

- With a judgement of 30 July 2012, the Commercial Court opened the procedure of judicial reorganisation of the NV Photo Hall Multimedia, and stipulated the duration of the suspension until 31 December 2012.
- As at 30 September 2012, the Photo Hall Group was recognised under assets held for sale and discontinued operations in accordance with IFRS 5.
- Meanwhile, authorisation for the sale of the Luxembourg branch (Hifi International) has already been granted.

Discontinued Operations (Retail Group):

- The revenue after 9 months fell from EUR 102.27 million to EUR 80.69 million (-21.1%).
- The REBITDA fell from minus EUR 1.65 million to minus EUR 4.65 million after 9 months.

Segment information

Unaudited figures prepared in accordance with IFRS

Reportable segments

(in € '000)	YTD September 2011	YTD September 2012	Δ in %	Q3 2011	Q3 2012	Δ in %
Revenue						
Total	38 461	35 507	-7.7%	13 611	11 582	-14.9%
External revenue smartphoto	38 103	35 179	-7.7%	13 483	11 472	-14.9%
Intersegment	358	328	-8.3%	128	110	-14.1%
REBITDA						
Total	80 209	69 948	-	28 199	23 252	-17.5%
smartphoto	1 496	- 28	-	447	116	-74.0%

Reconciliations

(in € '000)	YTD September 2011	YTD September 2012	Δ in %	Q3 2011	Q3 2012	Δ in %
Revenue						
Total revenue reportable segments	38 461	35 507	-7.7%	13 611	11 582	-14.9%
Elimination of intersegment revenue	- 358	- 328	8.3%	- 128	- 110	14.1%
Total revenue	38 103	35 179	-7.7%	13 483	11 472	-14.9%
REBITDA						
REBITDA Reportable segments	1 496	- 28	-	447	116	-74.0%
REBITDA not allocated to reportable segments	- 243	- 163	32.9%	- 54	- 20	63.0%
Total REBITDA	1 253	- 191	-	393	96	-75.6%

Discontinued operations

(in € '000)	YTD September 2011	YTD September 2012	Δ in %	Q3 2011	Q3 2012	Δ in %
Revenue Photo Hall Group (Retail)	102 267	80 687	-21.1%	33 083	24 443	-26.1%
REBITDA Photo Hall Group (Retail)	-1 646	-4 645	-182.2%	- 698	-1 850	-165.0%

As at 30 September 2012, the Photo Hall Group was recognised under the 'discontinued operations'. The comparable figures for 2011 have been adjusted in compliance with IFRS 5 and also restated under the 'discontinued operations'.

Current situation of each division

smartphoto™ Group

The revenues of the smartphoto™ Group amounted to EUR 38.46 million in the first nine months of 2012, a decrease of 7.7% in comparison with the same period in 2011. The REBITDA after nine months fell from EUR 1.49 million to minus EUR 0.03 million in 2012.

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

Almost half of the decrease in revenues by EUR 3 million of the smartphoto™ Group is caused by the sharp decline in the analogue prints and the decreasing revenues from the photo activities in the retail shops. The fall in the sales figures for hardware (Filmobel) contributed a third of the decrease in revenues, mainly in the third quarter. Finally, the continued decrease of the digital prints in the digital mail-order photo activities could not yet be adequately compensated by the increase in sales of other photo products, such as photo books, photo cards, photo gifts, etc., especially in the third quarter where the proportion of prints in the revenues is relatively high.

The decrease in revenues also led to a fall in the REBITDA, mainly in the photo activities in the retail shops where the share of the analogue and digital prints is larger. The continuing pressure on the margins of hardware also contributed to a decline in the REBITDA. The growth of the digital photo related products ensured that the decline of the REBITDA in the third quarter remained restricted to minus EUR 0.33 million.

Furthermore, the transition to the new smartphoto™ brand led to increased marketing costs in the first half-year of 2012.

Discontinued Operations (Retail Group):

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

With a judgement of 30 July 2012, the Commercial Court opened the procedure of judicial reorganisation of the NV Photo Hall Multimedia, and stipulated the duration of the suspension until 31 December 2012.

As a result of this decision, in accordance with IFRS 5, the Retail Group is recognised with effect from 1 July 2012 under assets held for sale in the consolidated figures of Spector Photo Group.

On 24 October 2012, the Commercial Court of Brussels decided to grant authorisation for the sale of Hifi International SA to Kröfel. Regarding the sale price, an agreement is still to be reached with the lenders. The sale price will amount to between EUR 1.5 million and EUR 2.8 million, and will serve to repay a portion of Photo Hall Multimedia NV's debts to the bank consortium.

Evolution during the first nine months of 2012

During the first nine months of 2012, the revenues decreased from EUR 102.27 million to EUR 80.69 million (-21.1%). With respect to the third quarter of 2012, revenues fell on a quarterly basis by 26.1%.

This continued decline in revenues resulted in a REBITDA of minus EUR 4.65 million for the Retail Group in the first nine months of 2012. In 2011, the REBITDA amounted to minus EUR 1.65 million. The REBITDA for the third quarter of 2012 amounted to minus EUR 1.85 million, compared to minus EUR 0.70 million last year.

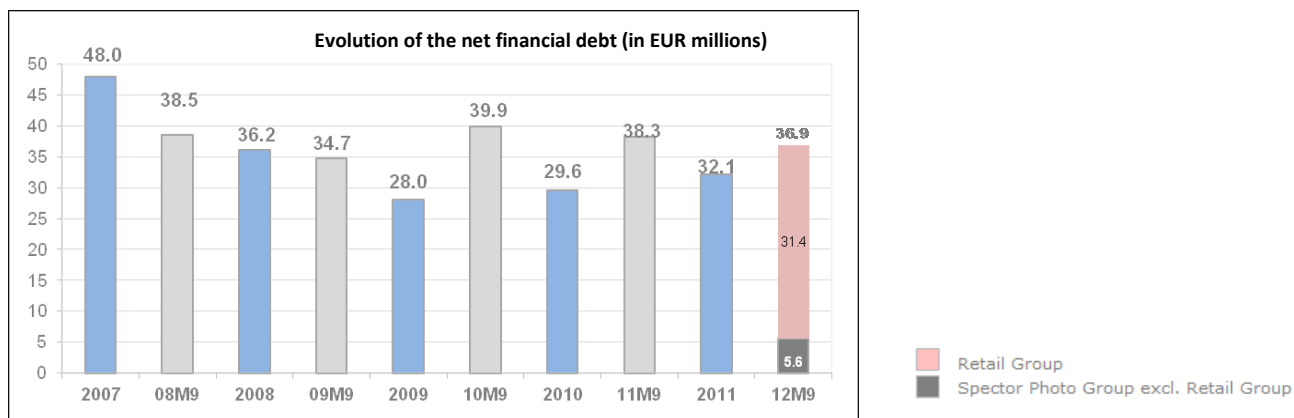
At the end of September 2012, Photo Hall Belgium had 78 shops, whereas at the end of September 2011 there were still 90 shops. Hifi International had 16 shops compared to 17 a year earlier. Photo Hall Belgium and Hifi International each also have an e-commerce sales point.

⁽¹⁾ Sections 59 to 70 - 'Judicial reorganisation through transfer under judicial authority' (*Gerechtelijke reorganisatie door overdracht onder gerechtelijk gezag*).

Financial position

The balance sheet total decreased from EUR 95.61 million at the 2011 year-end to EUR 77.56 million at the end of September 2012. The most important items are the following:

- The net financial debt amounted to EUR 5.58 million as at the end of September 2012, compared to EUR 32.14 million at the end of December 2011. The net financial debt related to the Retail Group as at the end of September 2012 amounted to EUR 31.36 million and is recognised under the 'assets and liabilities held for sale'.



- In accordance with IFRS 5, as at the end of September 2012 all assets and liabilities of the Photo Hall Group are recognised under the 'assets and liabilities held for sale'.
- Equity decreased compared to year-end 2011, primarily due to the loss for the first nine months, and amounted to EUR 15.67 million as at the end of September 2012, EUR 0.44 for each dividend-bearing share.

At final deconsolidation under IFRS there will be no negative effect on the consolidated equity of Spector Photo Group. Since there is no financial commitment from Spector Photo Group NV to the creditors of its subsidiary Photo Hall Multimedia NV, there will therefore be no further negative financial effect on the Group.

PROSPECTS (*)

smartphoto™ Group

The fourth quarter continues to be the most important quarter of the financial year commercially, with more emphasis on photo products with added value such as calendars, cards and gifts.

Given the difficult economic climate and the trend of the results of the first nine months of 2012, the group expects that, for the full year, a stabilisation of the revenues while retaining its profitability will be difficult to achieve.

Discontinued Operations (Photo Hall Group – Retail)

The activities on the Luxembourg market under Hifi International SA are being transferred to Kréfel as soon as possible. With regard to the other assets of Photo Hall in Belgium, the mandataries assigned by the court expect to bring more clarity before the end of November 2012. This has also been communicated to the Works Council which was held today.

We expect a final deconsolidation of the Retail Group before the end of the year.

Spector Photo Group's profile

Spector Photo Group operates in 14 European countries. Spector Photo Group's shares are traded on Euronext Brussels (ISIN BE0003663748, stock code SPEC).

Spector Photo Group has one core operation, the smartphoto™ Group that converts digital and analogue photographs into photo prints, photo calendars, photo agendas, photo books, photo on canvas, and photo gifts. The smartphoto™ Group has more than 200 employees.

Financial calendar

7 March 2013**	before exchange opens	2012 Annual results
8 May 2013	before exchange opens	Trading update for first quarter of 2013
29 August 2013**	after exchange closes	Half-year results and half-year financial report for 2013
24 October 2013**	after exchange closes	Trading update for third quarter of 2013

Definitions

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

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

(**) indicative dates

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