

## Corporate governance statement

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### **Corporate Governance Code**

Spector Photo Group NV undertakes to comply with all the relevant statutory provisions concerning Corporate Governance.

The Belgian Royal Decree of 6 June 2010, published in the Belgian Official Gazette on 28 June 2010, stipulates that the 2009 Belgian Corporate Governance Code, 'the Code', applies to reporting years beginning on 1 January 2009 or later, as the only code within the meaning of Section 96:2 of the Belgian Company Code. Spector Photo Group NV uses this code as its reference code. The Code is available on the website of the Belgian Corporate Governance Committee, [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be). The main aspects of the Corporate Governance policy of Spector Photo Group NV are presented in the Corporate Governance Charter that can be consulted at the website [www.spectorphotogroup.com](http://www.spectorphotogroup.com). The Corporate Governance Charter is regularly updated.

### **Deviations from the Code**

In accordance with the 'comply or explain' principle, the deviations from the Code due to the company's specific structure and nature of its operations are explained below:

The composition of the Nomination Committee is a deviation from principle 5.3 of the Corporate Governance Code that stipulates that the Nomination Committee should be composed of a majority of independent non-executive directors. The Board of Directors believes, however, that the independent decision-making of the non-executive members is not affected, which has been effectively demonstrated by experience over recent years.

### Composition of the Board of Directors

The Board of Directors consists of 8 members, 7 of whom are non-executive members. The roles and responsibilities of the members of the Board of Directors, the composition, structure and organisation are described in detail in the Corporate Governance Charter of Spector Photo Group NV.

As at 31 December 2012, the Board of Directors was composed as follows:

Name		Non-executive director	Independent director	Audit Committee	Nomination Committee	Remuneration Committee
TCL NV, represented by its permanent representative Mr. Tonny Van Doorslaer	◊	x			x	
Mr Philippe Vlerick	x	x			x	◊
Mr. Stef De corte	x					
Vean NV, represented by its permanent representative Mr. Luc Vansteenkiste	x	x			◊	
Patrick De Greve BVBA, represented by its permanent representative Mr. Patrick De Greve	x	x	x	x		x
MCM BVBA, represented by its permanent representative Mr. Geert Vanderstappen	x	x	x	◊		x
Norbert Verkimpe BVBA, represented by its permanent representative Mr. Norbert Verkimpe	x	x	x	x		
VIT NV, represented by its permanent representative Ms. Katrien Mattelaer	x	x				

◊ Chairman - x Member

### Term of the current appointments

At the General Meeting of 11 May 2011, the directors identified above were appointed for a period of three (3) years, until the Annual General Meeting of Shareholders of 2014, which will be held on 14 May 2014.

The Board of Directors of 18 June 2012 resolved to appoint the company TCL NV, permanently represented by Mr. Tonny Van Doorslaer, as non-executive director by cooptation until the Annual General Meeting of Shareholders of 2013. The Board of Directors also resolved to appoint TCL NV as the Chairman of the Board of Directors.

To the Annual General Meeting of Shareholders on 8 May 2013 will be proposed to appoint TCL NV until the Annual General Meeting of Shareholders of 2014.

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

### One executive and seven non-executive directors, of which three are independent directors

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

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

The General Meeting of Shareholders of 11 May 2011 ratified the independence of MCM BVBA, Patrick De Greve BVBA, and Norbert Verkimpe BVBA, as well as their permanent representatives, in accordance with Section 524:4 of the Belgian Company Code.

To the Annual General Meeting of Shareholders on 8 May 2013 will be proposed to appoint Fovea BVBA, permanently represented by Ms. Katya Degrieck, as a non-executive, independent director until the Annual General Meeting of Shareholders of 2014.

With the appointment of VIT NV, represented by Ms. Katrien Mattelaer and the proposal to appoint Fovea BVBA, permanently represented by Ms. Katya Degrieck, the Board of Directors has already made efforts to obtain gender diversity within the Board of Directors.

#### **Directorships at other companies**

The brief biographies of the Board members each contain their main directorships at other companies; please see pages 29 to 34 of this document.

#### **Internal measures to promote proper Corporate Governance practices**

On the basis of the provisional timetable of publications for 2013, the Board of Directors has defined the following 'closed periods' for itself:

- from 8 April 2013 to 10 May 2013 inclusive,
- from 29 July 2013 to 30 August 2013 inclusive,
- from 24 September 2013 to 25 October 2013 inclusive,
- from 6 February 2014 to 7 March 2014 inclusive.

Insiders will be informed about the closed periods and the corresponding statutory and administrative law obligations associated with the abuse or unauthorised disclosure of confidential information.

The persons with managerial responsibilities and persons closely associated with them are informed of the obligation to inform the supervisory body, the FSMA, of any personal transactions in financial instruments of the Company outside the closed periods.

#### **Board of Director' report on activities in 2012**

In 2012, 12 meetings took place under the chairmanship of Mr. Tonny Van Doorslaer.

One meeting dealt mainly with the budget for 2012, two meetings dealt mainly with the approval of the financial statements as at 31 December 2011 and the half-yearly financial statements as at 30 June 2012. The meetings of 11 April 2012, 8 May 2012, and 21 May 2012 dealt with the changes of the measurement rules and the adjusted consolidated figures for 2011 concerning externally acquired customer relationships. 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 investment strategy, and the recommendations from the Board's committees, such as changes in the area of management, the composition of the committees, and the annual evaluation of the executive directors. The Board of Directors deliberated on matters including the strategy and progress of each division, the management structure, and proposals for acquisitions, divestments or demergers. More specifically, there was extensive discussion in 2012 of the situation of the Photo Hall Group, the position of the syndicate of banks, and subsequently the procedure of judicial reorganisation under the Act governing the Continuity of Companies.

Of 96 possible attendances, 12 meetings x 8 directors, there were 6 apologies for absence. Mr. Luc Vansteenkiste and Mr. Geert Vanderstappen each apologised for absence once, and Mr. Philippe Vlerick apologised four times. 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 were unanimous in 2012.

### Conflict of interests

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

In 2012, the Board of Directors followed the procedure prescribed by Section 523 of the Belgian Company Code in the Board meeting of 4 December 2012. The relevant parts of the minutes of this Board Meeting are shown below:

For the Board Meeting on 4 December 2012:

"Directors' declaration

Mr. Stef De corte declared that he was affected by a conflict of interests with respect to agenda item 6 because this concerned the signing of a 'Hold Harmless Agreement' between Spector Photo Group NV on the one hand, and Stef De corte and Acortis BVBA on the other. Such an agreement concerns the indemnification on behalf of Spector Photo Group NV of any directors' liability of Stef De corte and Acortis BVBA, which has Stef De corte as its permanent representative. Consequently, the procedure provided in Section 523 of the Belgian Company Code must be observed. Mr. De corte will therefore leave the meeting after the resolution of agenda items 1 to 5.

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

Deliberation and Resolution

6. Signature of the 'Hold Harmless Agreements'

Mr. Stef De corte left the meeting.

A draft of the 'Indemnification and Hold Harmless Agreement' between Spector Photo Group NV and the following parties was presented to the Board members:

Stef De corte and Acortis BVBA, permanently represented by Mr. Stef De corte

Lucien Bohné

Karl Bosmans

Johan Dierickx

The agreements concern the indemnification on behalf of Spector Photo Group NV of the liability of the directors and their permanent representatives for the performance of their appointment in one or more companies of the group. For the agreement with Stef De corte and Acortis BVBA, represented by Stef De corte, it is true that Stef De corte and/or Acortis BVBA takes up appointments in many different companies of the Group, either as a director, manager or permanent representative. Notwithstanding the fact that an insurance policy was contracted for directors' liability, there is always the risk that the insurance would not intervene for one reason or another. The intention of the indemnification agreement is also to provide coverage for the director/permanent representative in these cases, based on the assumption of the appointment being performed with due care. Such an agreement is important to continue encouraging the relevant director/permanent representatives to take up company appointments, which is essential to ensure sufficient diversity of directors within the group. Concluding such agreements is common practice in a business environment.

After deliberation, the Board of Directors resolved to approve the drafts of the 'Indemnification and Hold Harmless Agreements' between Spector Photo Group NV and the parties identified above and to sign them. The signing of these agreements has no immediate negative financial consequences for the Company.

Mr. Stef De corte rejoins the meeting."

During 2012, there were no situations as referred to in Section 524 of the Belgian Company Code.



## Brief biographies of the Board members

### TONNY VAN DOORSLAER

Permanent representative of TCL N.V., Chairman and non-executive 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 KBC Bank, Mr. Van Doorslaer has fulfilled various management functions within the Group, in both the financial and general management areas. Managing Director of the Company and member of the Executive Committee from 1987 until June 2012. Chairman of the Board of Directors since August 2009. Member of the Nomination Committee.

The Board of Directors resolved to appoint the company TCL NV, permanently represented by Mr. Tonny Van Doorslaer, as non-executive director by cooptation until the Annual General Meeting of Shareholders of 2013. The Board of Directors also resolved to appoint TCL NV as the Chairman of the Board of Directors. It will be proposed to the Annual General Meeting of Shareholders on 8 May 2013 to appoint TCL NV until the Annual General Meeting of Shareholders of 2014.

Current appointments with other disassociated companies include:

- Recticel NV (director and member of the Audit Committee);
- Guberna (member of the Board of Trustees).

Mr. Van Doorslaer has no family connections with other members of the Company's executive, management or regulatory bodies.

Mr. Van Doorslaer is holder of 221,449 registered shares and 400,000 warrants of Spector Photo Group NV.

There is no contract between the Company or its associates and Mr. Van Doorslaer, which provides any benefit on resignation or retirement.

#### **PHILIPPE VLERICK**

Vice-Chairman, non-executive director

Office address: Doorniksewijk 49 - 8500 Kortrijk, Belgium.

Holder of several degrees from Belgian and foreign universities in philosophy, law, management, and business administration. Extensive experience as a 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. Vice-chairman since 28 November 2005. Member of the Nomination Committee and chairman of the Remuneration Committee.

His current appointment as director with the Company runs until the Annual General Meeting of Shareholders of 2014.

Current appointments with other companies include:

- BIC Carpets NV (chairman);
- UCO NV (chairman, managing director);
- Raymond Uco Denim Private Limited (chairman);
- Exmar NV (director);
- KBC Group (vice-chairman);
- Besix NV (director);
- BMT NV (director);
- ETEX Group SA (director);
- Vlerick Leuven Gent Management School (partner-director);
- Corelio NV (vice-chairman);
- LVD Company NV (director);
- Pentahold NV (chairman);
- IVC NV (director);
- Concordia Textiles NV (director);
- Hamon & Cie (director).

Mr. Vlerick is also a director of various family companies. Mr. Vlerick has no family connections with other members of the Company's executive, management or regulatory bodies.

Mr. Vlerick holds no share options of Spector Photo Group NV. He holds no registered shares of the Company. However, he 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 associates and Mr. Vlerick, which provides any benefit on resignation or retirement.

#### **LUC VANSTEENKISTE**

Permanent representative of VEAN N.V., non-executive director

Office address: Recticel N.V. - Olympiadenlaan 2 - 1140 Brussels, Belgium.

Civil Engineer Chemical. Extensive experience as director in numerous companies and as a manager at Recticel that, under his leadership, has developed into a listed company with operations in 27 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 director at the Company since 1995, and Chairman of the Board of Directors from 2001 until August 2009. Chairman of the Nomination Committee.

The appointment of VEAN NV, permanently represented by Mr. Luc Vansteenkiste, as director of the Company runs until the Annual General Meeting of Shareholders of 2014.



Current directorships with other companies:

- Sioen Industries NV (chairman);
- Delhaize Group NV (director);
- Recticel NV (vice-chairman);
- Guberna VZW (director).

Mr. Vansteenkiste has no family connections with other members of the Company's executive, management or regulatory bodies.

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 associates and Mr. Vansteenkiste, which provides any benefit on resignation or retirement.

#### **PATRICK DE GREVE**

Permanent representative of Patrick De Greve B.V.B.A., non-executive director

Office address: Patrick De Greve B.V.B.A. - Putstraat 15 - 9051 Sint-Denijs-Westrem, 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, leadership, 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.

In the last five years, Mr. De Greve only fulfilled a director's appointment at the Vlerick Business School, and since 2008 he has been a member of the Board of Directors at Guberna, and a member the Board of Trustees of Guberna since 2010.

Non-executive, independent director at the Company since 2004, and member of the Audit Committee since 2005. Mr. De Greve meets the independence criteria stipulated in Section 526 of the Belgian Company Code, as stipulated by the Act of 17 December 2008 on setting up an Audit Committee for listed companies and financial enterprises. He is also a member of the Remuneration Committee.

The current appointment of Patrick De Greve BVBA, permanently represented by Mr. Patrick De Greve, as director of the Company runs until the Annual General Meeting of Shareholders of 2014.

Mr. De Greve has no family connections with other members of the Company's executive, management or regulatory bodies.

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 associates and Mr. De Greve, which provides any benefit on resignation or retirement.

#### **GEERT VANDERSTAPPEN**

Permanent representative of MCM B.V.B.A., non-executive director

Office address: Pentahold N.V. - Belgicastraat 11 - 1930 Zaventem, Belgium.

Civil 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 Section 526 of the Belgian Company Code, and also possesses the necessary expertise in the field of accounting and audit in the sense of Section 526b:2

of the same Code as stipulated by the Act of 17 December 2008 on setting up an Audit Committee for listed companies and financial enterprises. Member of the Remuneration Committee.

The current appointment of MCM BVBA, permanently represented by Mr. Geert Vanderstappen, as director of the Company runs until the Annual General Meeting of Shareholders of 2014.

Current directorships with other companies include:

- Kinapolis NV;
- Vergokan International NV;
- V!GO International;
- Garden Vision (Oh!Green) NV;
- Pentahold NV;
- Interio International NV.

Mr. Vanderstappen has no family connections with other members of the Company's executive, management or regulatory bodies.

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 associates and Mr. Vanderstappen, which provides any benefit on resignation or retirement.

#### **NORBERT VERKIMPE**

Permanent representative of Norbert Verkimpe B.V.B.A., non-executive director

Office address: Norbert Verkimpe B.V.B.A. - Bommelsrede 29 - 9070 Destelbergen, Belgium.

Managing Partner of Naxxos NV (Belgium).

Extensive experience as director in numerous companies. Active in special interest groups of the entrepreneurial world (Guberna, Flemish Management Association, Belgian Direct Marketing Association, 'Stichting Marketing').

Non-executive, independent director and member of the Audit Committee since 14 May 2008. Mr. Verkimpe meets the independence criteria stipulated in Section 526 of the Belgian Company Code, as stipulated by the Act of 17 December 2008 on setting up an Audit Committee for listed companies and financial enterprises.

The current appointment of Norbert Verkimpe BVBA, permanently represented by Mr. Norbert Verkimpe, as director of the Company runs until the Annual General Meeting of Shareholders of 2014.

Current directorships with other companies include:

- Naxxos NV;
- Xenarjo NV (director).

Mr. Verkimpe has no family connections with other members of the Company's executive, management or regulatory bodies.

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 associates and Mr. Verkimpe, which provides any benefit on resignation or retirement.



#### STEF DE CORTE

Managing Director, CEO

Office address: Spector Photo Group N.V. - Kwatrechtsteenweg 160 - 9230 Wetteren, Belgium.

Civil Engineer. Active in the Company since 1999, first as Finance & Administration Manager, then as 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 (now smartphoto Group). Formerly active in several consultancy positions in the area of production, logistics and general business policy at Bekaert-Starwick and at ABB Service.

Executive committee member since 1999. At the General Meeting of 12 May 2010, Mr. Stef De corte was appointed as a director of Spector Photo Group. On 7 June 2012, the Board of Directors resolved to appoint Mr. De corte as Managing Director of Spector Photo Group NV.

His current appointment as director with the Company runs until the Annual General Meeting of Shareholders of 2014.

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 Company's executive, management or regulatory bodies.

Mr. De corte holds no registered shares of the Company in a private capacity. Acortis BVBA, permanently represented by Mr. De corte holds 52,500 shares. Mr. De corte has subscribed to 150,000 warrants.

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

#### KATRIEN MATTELAER

Permanent representative of VIT N.V., non-executive director

Office address: Doorniksewijk 49, 8500 Kortrijk, Belgium.

Master in Applied Economic Sciences (UFSIA) and Master in Business Administration (KUL & JGSM Cornell University). Since 2004, independent consultant in the areas of financial advice, supervision of acquisitions and valuation of businesses. Previously worked as a director, CFO at TrustCapital Partners NV, as investment manager at Koceram NV, and as a senior consultant with TCM Europe - Groupe Depuydt.

Non-executive director at the Company since 2011.

The appointment of VIT NV, permanently represented by Ms. Katrien Mattelaer, as director of the Company runs until the Annual General Meeting of Shareholders of 2014.

Ms. Mattelaer has no family connections with other members of the Company's executive, management or regulatory bodies.

Ms. Mattelaer holds no share options of Spector Photo Group NV and holds no registered shares of the Company personally; however, PANA BVBA, permanently represented by Ms. Mattelaer, holds 28,750 shares of Spector Photo Group NV.

There is no contract between the Company or its associates and Ms. Mattelaer, which provides any benefit on resignation or retirement.

KATYA DEGRIECK

Permanent representative of FOVEA B.V.B.A., non-executive director

Office address: FOVEA B.V.B.A. - avenue fond'roy 103 - 1180 Brussels, Belgium

To the Annual General Meeting of Shareholders on 8 May 2013 will be proposed to appoint Fovea BVBA, permanently represented by Ms. Katya Degrieck, as a non-executive independent director.

Master in Business Engineering. MBA. Active in the media world for some 15 years, including as Managing Director of ECI Belgium, Bertelsmann, and member of the ECI Netherlands executive committee, and more recently Corelio, and Arkafund, a media-oriented venture capital fund. Currently active as Corporate Director of Business Development of Corelio, and member of the Executive Committee of Corelio NV. Previously worked as Change Management consultant with Andersen Consulting, and Strategic planning at the Chrysler – Jeep coordination centre.

Current appointments with other disassociated companies include:

- QueroMedia NV (director);
- Larian Studios (director);
- Gezondheid – Passion Sante NV, Joint venture between Corelio and Rossel (director).

Ms. Degrieck has no family connections with other members of the Company's executive, management or regulatory bodies.

Ms. Degrieck 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 associates and Ms. Degrieck, which provides any benefit on resignation or retirement.

### *Composition and operation of the committees*

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

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

#### **Audit Committee**

Composition of the Audit Committee

The following members of the Audit Committee have been appointed until the Annual General Meeting of Shareholders of 2014, which will take place on 14 May 2014:

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

The Audit Committee is exclusively composed of independent directors and thus meets the requirements for composition stipulated in the Belgian Corporate Governance Code, and in Section 526b of the Belgian Company Code.

Also in accordance with Section 526b of the Belgian Company Code, at least one member of the Audit Committee possesses the necessary expertise and professional experience in the field of accounting and audit. Mr. Geert Vanderstappen, an independent and non-executive director, 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 its activities in 2012**

The Audit Committee met seven (7) times in 2012. Two meetings were mainly devoted to reviewing the consolidated financial statements as at 31 December 2011 and the half-yearly consolidated figures as at 30 June 2012. One meeting was devoted to the annual 'impairment tests in accordance with IAS 36' concerning the identified cash-generating units, to examine whether an impairment loss should be recognised. One meeting was mainly devoted to the internal control and risk management systems.

The meetings of 8 May 2012 and 21 May 2012 dealt with the changes of the measurement rules and the adjusted consolidated figures for 2011 as well as the comparative figures for 2010, concerning the externally acquired customer relationships. The Audit Committee also discussed the situation of the Photo Hall Group and especially the judicial reorganisation under the Act governing the Continuity of Companies, followed by the declaration of bankruptcy as well as the effect of this on the consolidated figures. Other important agenda items for the committee were the status of projects concerning internal control and risk management systems, the programme, activities, evaluation and assessment of the description of duties for the internal audit department, and questions concerning financial reporting according to IFRS.

All members of the Audit Committee attended all the meetings. This means that of 21 possible attendances, 7 meetings x 3 members, no member of the Audit Committee apologised for absence.

## Nomination Committee

### *Composition of the Nomination Committee*

The following members of the Nomination Committee have been appointed until after the Annual General Meeting of Shareholders of 2014, which will take place on 14 May 2014:

- VEAN NV, represented by Mr. Luc Vansteenkiste, chairman of the committee; non-executive director
- Mr. Philippe Vlerick, non-executive director;
- Mr. Tonny Van Doorslaer, non-executive director.

The composition of the Nomination Committee is a deviation from principle 5.3 of the Corporate Governance Code that stipulates that the Nomination Committee should be composed of a majority of independent non-executive directors. The Board of Directors believes, however, that the independent decision-making of the non-executive members is not affected, which has been effectively demonstrated by experience over recent years.

### *Nomination Committee's Report on its activities in 2012*

The Nomination Committee makes proposals concerning the evaluation and reappointment of directors, as well as the appointment and introduction of new directors.

The Nomination Committee met twice in 2012 and handled the changes at Board level in particular. More specifically, the resignation of Mr. Tonny Van Doorslaer as managing director of the Company, before being accepted by the Board of Directors, was discussed in the Nomination Committee. The Nomination Committee proposed to the Board of Directors of June 7, 2012 to appoint Mr. Stef De corte as managing director for the entire duration of his appointment as director. The Nomination Committee proposed that the Board of Directors of 18 June 2012 should accept the resignation of Mr. Tonny Van Doorslaer as director of the Company and proposed appointing the company TCL NV, permanently represented by Mr. Tonny Van Doorslaer, as a non-executive director by cooptation.

All members attended all the meetings.

## Remuneration Committee

### *Composition of the Remuneration Committee*

The following members of the Remuneration Committee have been appointed until the Annual General Meeting of Shareholders of 2014, which will take place on 14 May 2014:

- Mr. Philippe Vlerick, chairman of the committee, non-executive director;
- MCM BVBA, permanently represented by Mr. Geert Vanderstappen, independent, non-executive director;
- Patrick De Greve BVBA, permanently represented by Mr. Patrick De Greve, independent, non-executive director.

The composition of the Remuneration Committee meets the provisions of Section 526d:2 of the Belgian Company Code and the principles of the 2009 Belgian Corporate Governance Code.

### *Remuneration Committee's Report on its activities in 2012*

The Remuneration Committee met twice in 2012 and dealt with issues including the general remuneration policy and individual remuneration for the executive management. This took into account the Act of 6 April 2010 to reinforce corporate governance at listed companies, such as the stipulations concerning remuneration reporting and the new criteria for the awarding of a payment to the executive management and the obligation to spread the variable remuneration over time.

Of 6 possible attendances, 2 meetings x 3 members, there was 1 apology for absence. Mr. Philippe Vlerick apologised for absence once.

### *Day-to-day management*

#### **Managing Director**

In accordance with Article 19 of the Articles of Association, the authorisation for the day-to-day management 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 Spector Photo Group NV Board of Directors meeting of 7 June 2012 accepted the resignation of Mr. Tonny Van Doorslaer as Managing Director of the Company and accepted the proposal from the Nomination Committee to appoint Mr. Stef De corte as the Company's Managing Director.

#### **Executive Committee**

Until 7 June 2012, the Executive Committee comprised Mr. Tonny Van Doorslaer (Executive Chairman) and Mr. Stef De corte, Managing Director of the smartphoto Group.

As a result of the resignation of Mr. Tonny Van Doorslaer as executive director and the changes in the structure of the group, more specifically the transfer of Hifi International NV and certain assets of Photo Hall Multimedia NV under the procedure of judicial reorganisation and in accordance with the Act on the Continuity of Companies, followed by the declaration of bankruptcy of Photo Hall Multimedia NV, there is no longer any need for the existence of an Executive Committee.

At Spector Photo Group, there is no Executive Committee in the sense of Section 524b of the Belgian Company Code. The Extraordinary General Meeting of Shareholders on 14 June 2011 resolved to insert a new Article into the Company's Articles of Association that the Board of Directors is authorised in the future, if it deems it necessary, to set up an Executive Committee in accordance with Article 524b of the Belgian Company Code.

### *Evaluation process of the Board of Directors, the committees, and individual directors*

The Board of Directors evaluates its own size, composition and performance, as well as those of the committees and individual directors. In this evaluation, the Board of Directors assesses how the Board of Directors or the committees operate, examines whether the important issues are thoroughly prepared and discussed, evaluates the performance of each director and, if necessary, the current composition of the Board of Directors or the committees is harmonised with the required composition of the Board of Directors or of the committees.

### *Remuneration report*

#### **Remuneration policy**

The Remuneration Committee makes recommendations to the Board of Directors concerning (i) the remuneration policy for the non-executive directors and for the members of the executive management, and (ii) the remuneration level for the non-executive directors and for the members of the executive management. These recommendations are subject to the approval of the Board of Directors and by the shareholders at the Annual General Meeting.

#### **Remuneration of non-executive directors**

Non-executive directors each receive a reimbursement of EUR 12 500 per annum.

TCL NV, permanently represented by Mr. Tonny Van Doorslaer, appointed as Chairman by the Board of Directors on 18 June 2012 via cooptation, receives an additional remuneration of EUR 12 500 a year in his capacity as Chairman of the Board of Directors.

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: MCM BVBA, Patrick De Greve BVBA, and Norbert Verkimpe BVBA. As a supplement to their general annual remuneration, they each receive an annual remuneration of EUR 2 500 for this.

Total directors' reimbursements of EUR 95 ('000) were paid out during the 2012 financial year and EUR 98 ('000) for the 2011 financial year.

There is no contract between the Company or its associates and the members of the Board of Directors that provides for any payment on their retirement as director.

The non-executive directors do not receive any performance-related remuneration. Only Mr. Tonny Van Doorslaer, Managing Director of the company until 7 June 2012, could subscribe to the Warrant plan; please see page 47. The directors directly hold a total of 257,521 shares of the Company. Certain directors represent another main shareholder, and are indirect shareholders. A breakdown of these indirect interests can be found on pages 43 and 112 of this document.

Only executive directors were allowed to subscribe to the share option plan and warrant plan at the time these applied. These subscriptions are included in the remunerations and interests of executive directors that are disclosed; please see below.

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

#### **Remuneration of the executive directors (in EUR '000)**

Members of the executive management who are members of the Board of Directors receive no remuneration for their membership of the Board of Directors.

The remuneration of the executive directors is determined by the Board of Directors at the recommendation of the Remuneration Committee.

The determination of the remunerations takes into account the remunerations of managers in Belgian multinationals and medium-sized companies, combined with internal factors.

The basic salary is intended as remuneration for the job responsibilities, for specific competencies and experience in the person's job. This basic salary is compared with remunerations for comparable positions and is evaluated annually.

A portion of the remuneration of the current executive director is performance-related as encouragement to support the Group's short-term and long-term performance. The variable remuneration is directly linked to the achievement of the targets of the operating segments and of the individual targets.

The Remuneration Committee determines the variable remuneration on the basis of the financial performance and the success of the strategic initiatives.

The variable remuneration includes a cash bonus that depends on the performance achieved by the Company or the segments concerned against the predetermined targets.

The targets are subdivided into two categories: the financial targets, including the EBITDA of the segments for which one is responsible, and the non-financial targets. The combination of these targets ensures a balanced package, which creates added value for the shareholder, based on cash flow and growth. The balance between the financial targets and the non-financial targets is determined by the Board of Directors at the proposal of the Remuneration Committee.

If a variable remuneration is granted on the basis of incorrect financial data, nothing specific is provided contractually for a right of recovery in favour of the Company.

The total remuneration for the executive directors for the 2012 financial year amounted to EUR 499 ('000).

The remuneration elements for the executive directors are shown below. No guarantees or loans have been granted to the executive directors by Spector Photo Group NV or associated companies.

Separately from their remuneration, Messrs Van Doorslaer and De corte also held Spector Photo Group shares as at 31 December 2012. Details can be found in the brief biographies of the Board members.



Remunerations and interests of the executive directors (in EUR '000)

Executive director	Fixed remuneration component (1)	Variable remuneration component (1) (2)	Pension contributions (3)	Other remuneration components (4)	Number of warrants (exercise price per warrant) (5)
Tonny Van Doorslaer Executive director until 7 June 2012	75			2	400 000 (EUR 3.36)
Stef De corte	318	98		6	150 000 (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 and non-financial targets.

(3) Pension contributions for defined contribution plans, with fixed contributions to insurance companies.

(4) The other components refer to the costs for insurance policies, and the cash value of the other benefits in kind, i.e. expense allowances, company car, etc.

(5) For the exercise periods: please see page 47 of this document.

#### Information concerning the remuneration policy for the coming two financial years

The determination of the remuneration policy takes into account the Belgian Act of 6 April 2010, which includes stipulations that if the bonuses awarded amount to more than 25% of the total remuneration, half of the bonuses must be paid distributed across time and subject to the long-term targets or criteria.

#### Severance payments for the management

At the Board of Directors meeting on 7 June 2012, Mr. Tonny Van Doorslaer resigned his appointment as managing director. The Board of Directors accepted the resignation of Mr. Tonny Van Doorslaer as Managing Director and accepted the proposal from the Nomination Committee to appoint Mr. Stef De corte as Spector Photo Group NV's Managing Director.

The Board of Directors also resolved that Mr. Tonny Van Doorslaer would remain (non-executive) Chairman of the Board of Directors for the entire duration of his appointment as director.

In view of the voluntary departure of Mr. Tonny Van Doorslaer as executive director, the Company did not pay out any severance payment.

There is a contract between Mr. Stef De corte and the Company that - only on resignation at the Company's request - provides him with a financial compensation of 12 monthly reimbursements.

#### *Risk management and internal control*

The Board of Directors relies on the Audit Committee for the supervision of the proper operation of the risk management and internal control systems.

The internal control and risk management systems provide reasonable assurance regarding the achievement of the objectives, the reliability of the financial reporting and compliance with the applicable laws and regulations.

The management of risks forms an integral part of the way in which the Group is managed. The Group has taken measures - and will continue to do this - with a view to controlling risks as effectively as possible. However, no assurance can be given that the measures taken will be fully effective in all possible circumstances and therefore it is impossible to rule out that some risks could arise and could affect 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.

The analysis of the risks surrounding the planning, organising, managing and controlling of operations are being elaborated and structured in more detail. This Enterprise Risk Management (ERM) project covers the risk management in financial, strategic, and operational areas to minimise the exposure to risks. This means that the business risks are being systematically identified, measured and controlled, so that the risk profile is in line with the risk appetite. The Audit Committee monitors the ERM project. After its implementation, the Audit Committee will also systematically evaluate the ERM system.

With the implementation of a Project & Programme Management Office (PMO), this will offer a support service is offered combining management, administrative, advice and technical services for the initiation, implementation and delivery of programmes or projects. This service provides methods and standards, assists with setting up structures and processes, documents and ensures minutes of meetings, and simplifies the process of training and development.

The internal audit department of Spector Photo Group ensures that the risk management process is complied with, that the minimum internal control requirements are met, and that the identification and management of the risks are implemented effectively. The Audit Committee subjects the company's systems for internal control and risk management to an annual assessment. The Audit Committee also evaluates the operation of the internal audit department on an annual basis.

The external audit also assesses the internal controls contained in the business processes and reports regularly to the Audit Committee.

### *Description of the risks and uncertainties*

#### **Strategic risks**

##### **Market risks**

The Company operates in a market that is highly susceptible to changes. The most important market-related risks are related to technological developments and their effect on consumer behaviour, the development of consumer prices, and the competitive position.

The smartphoto Group's strategy is heavily based on the findings of prospective market research from which new opportunities emerge for the business following 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 plans and business plans.

The future profitability of the Company is also determined by the selling prices that it can achieve for its products and services. The price elasticity of the demand, combined with the development of the margins, involves a risk for the Group's profitability. Although the Group assumes continued price pressure in its business plan, it continues to proactively manage 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. Thus the range of photo-related products is increasingly being expanded with products that are less susceptible to price pressure than the individual photo print, such as photo books, greetings cards, photo calendars, clothing and accessories, etc.

The Group's future market share and business figures 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 continues to cause pressure on the revenues. Consumers are more careful about purchasing more expensive consumer goods.

#### **Operational risks**

##### **Inventory risks**

Inventory risks can arise due to technological development or obsolescence, by theft or by price and currency fluctuations. These risks relate mainly to Wholesale operations. The risks due to technological changes and the price risks are limited by optimising the inventory. Furthermore, the inventory is always being evaluated and sufficient write-downs are recognised to hedge the risks where necessary. Risks of loss of inventory by theft are covered by inventory insurance policies.

Both the E-commerce and the Wholesale segments only have a limited dependence on strategic suppliers. There are always several suppliers for each of the various product groups.

#### **IT risks**

The E-commerce segment in particular is highly dependent on the in-house developed IT systems and access to the internet in general.

The online ordering software is maintained by a team of specialists and is ever increasingly optimised to improve the functionality for the customer. To reduce the risk of the failure of the systems as much as possible, and to ensure the continuity of operations, continuity programmes have been developed in which several backup systems have been implemented and fallback scenarios have been elaborated.

#### **Financial risks**

##### ***Financial reporting***

The quality of the reported financial figures is assured by the proper monitoring of the accounting closing processes and the related internal controls.

The accounts are closed each month for the management reporting. The financial figures are consolidated on a quarterly basis according to a formal consolidation process. The annual and half-yearly financial figures are also subjected to the external auditor's review.

The financial figures are published by means of financial press releases on pre-announced dates so as to communicate and inform as transparent as possible.

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

##### ***Liquidity risk***

The financial debt position of the Group has been reduced to EUR 1 411 ('000). The Group has built up a transparent and constructive relationship with the current lender, NIBC Bank.

##### ***Credit risk***

A significant proportion of the smartphoto Group's operations is conducted by means of 'remote sales' to end-consumers. This involves exposure to the risk of non-collectability of many, relatively small, trade receivables. The Group manages this risk by encouraging online payment for its E-commerce operations 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 limits or payment terms.

No write-downs are recognised for the overdue receivables, because their collectability is deemed to be probable.

##### ***Exchange rate risk***

The Company publishes its consolidated financial statements in euros. As the Company operates mainly in a Euro environment, the exchange rate risk is extremely limited.

The disclosures to the consolidated financial statements include more detailed descriptions of the credit risks, the interest rate risks, and the liquidity risks. Please see page 100 of this document.

## Legal risks

### *Risks related to the compliance with laws and regulations*

The Company is subject to the applicable laws and regulations of each country in which it operates, as well as the European laws and regulations. The listing of Spector Photo Group on Euronext Brussels means the Group is also subject to Belgian and European legislation concerning publication obligations and insider trading. Spector Photo Group endeavours to respect the imposed statutory requirements.

### *Risk related to tax 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 if required.

With respect to the subsidiary Vivian Photo Products NV (liquidated), an unfavourable ruling was delivered in 2012 concerning the tax dispute, dating from 1991, which had been pending at the Court of Appeals. A reversal of minus EUR 810 ('000) was recognised from the provision, and an effective tax cost was recognised of EUR 629 ('000). The liquidation of Vivian Photo Products NV was closed on 6 November 2012, with publication in the Belgian Official Gazette of 5 December 2012.

In 2010, in the case of the tax claim relating to Extra Film A/S in Norway - in which the company would be subject to an exit tax, whereas the company has never ceased to exist - an appeal was lodged against the established assessment. Under IAS 37:14, no provision should be recognised because the Board of Directors believes there are no cash outflows to be expected.

Changes in tax legislation can have both positive and negative effects on the Group's result.

### *Risk related to other disputes*

Risks related to other disputes are covered by recognising the required current or non-current provisions.

## Force majeure risks

### *Risks concerning health, safety and the environment*

Safety and prevention measures are used to avoid these risks as much as possible. These risks are also hedged by means of insurance policies with external insurers.

### *Risks as a result of fire and violence*

These risks are also avoided as much as possible by measures of fire safety and prevention and hedged by means of insurance policies with external insurers.

### *Risks as a result of power outages*

As stated under the IT risks, these risks are taken care of by continuity programmes in which several backup systems have been implemented and fallback scenarios have been elaborated. The adverse consequences are also covered by insurance policies.

## *Information pursuant to Section 14:4 of the Act of 2 May 2007*

### *Structure of the shareholdings*

The law and the Articles of Association require each shareholder whose voting rights, associated with the securities that grant voting rights, exceed or fall below the thresholds of 3%, 5% or any multiple of 5%, to notify this fact to the Company and the FSMA, the Belgian Financial Services and Markets Authority.

In 2012, the Company received the following notifications:

Notification received on 19 December 2012

Notification by a person who notifies alone:

Holder of voting rights	Number of voting rights associated with securities	% voting rights associated with securities
Kaesteker Etienne Beukenlaan 1 - 9250 Waasmunster - Belgium	1 250 000	3.41%

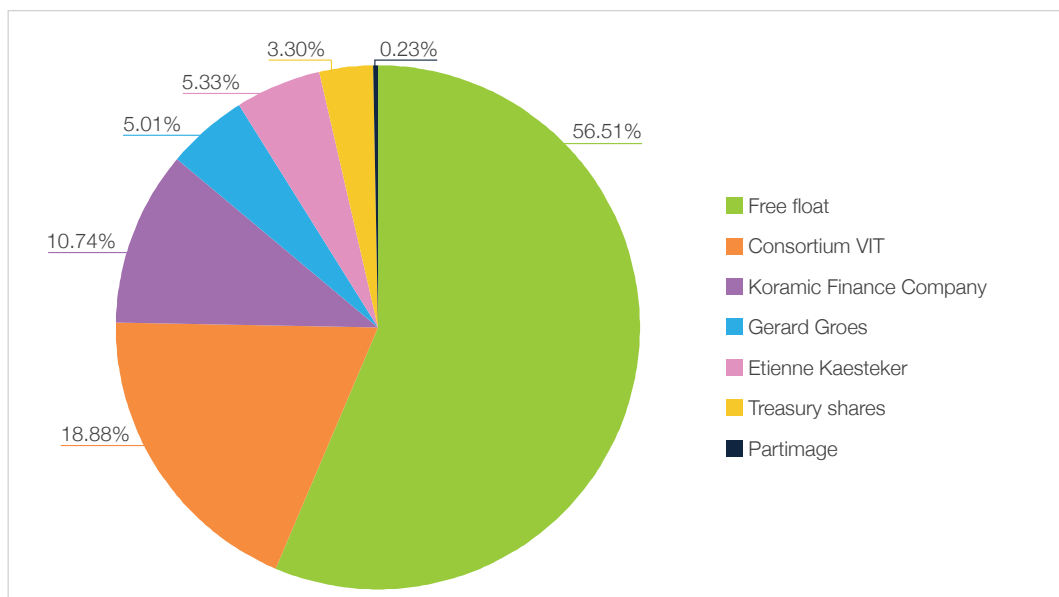
Notification received on 24 December 2012

Notification by a person who notifies alone:

Holder of voting rights	Number of voting rights associated with securities	% voting rights associated with securities
Kaesteker Etienne Beukenlaan 1 - 9250 Waasmunster - Belgium	1 950 000	5.33%

Spector Photo Group and its subsidiaries possess 1 207 072 or 3.30% treasury shares. The number of treasury shares remained unchanged in 2012.

#### Shareholder structure as at the year-end closing date



More detailed information on the shareholdings in the company, as at the year-end closing date, can be found on page 112 of this document.

#### 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 participate in the General Meeting will only be granted if the shareholder has complied with the statutory requirements governing companies whose shares are admitted to trading on a market as referred to in Section 4 of the Belgian Company Code. In any case, the shareholder's intention to participate in the General Meeting must be notified no later than six days before the General Meeting.

#### Conditions for participation

The right to participate in the General Meeting will be granted on the basis of the accounting registration of the registered shares of the shareholder, on the registration date at midnight, either

- (i) by registration in the register of shares of the Company, for registered shares, or
- (ii) by registration in the accounts of a recognised account holder or a settlement organisation, for dematerialised securities, or
- (iii) submission of the shares to a financial intermediary, for bearer shares. The recognised account holder or the settlement organisation will provide the shareholder with a certificate or depository receipt showing the number of shares with which the shareholder wishes to participate at the General Meeting. Only the shareholders who are shareholders on the identified registration date and who can prove this by means of the certificate or depository receipt identified above, or the registration in the share register of the Company, are allowed to participate in the General Meeting. The intention to participate in the General Meeting must be notified to the Company no later than six days before the General meeting on the basis of the submission of this depository receipt or certificate to the Board of Directors. Registered shareholders and warrant holders must also notify their intention to attend the General Meeting in writing to the Board of Directors, and do this no later than six days before the General meeting. The warrant holders are reminded that they may attend the General Meeting, but only in an advisory capacity.

### *Use of proxies*

Each shareholder can provide a proxy to represent him or her at the General Meeting by means of document that bears his or her signature, including digital signature as referred to in Section 1322:2 of the Belgian Civil Code, in which notice is provided by letter, fax, or email, or any other means specified in Section 2281 of the Belgian Civil Code. The representative must not be a shareholder. Except as stipulated in Section 547b of the Belgian Company Code, only one proxy can be designated. The proxy must vote in accordance with the instructions of the shareholder, for which each proxy maintains a special record.

In the event of a potential conflict of interests between the shareholder and the proxy holder appointed, the proxy holder must disclose the precise facts that are important for the shareholder in order to assess whether there is a risk that the proxy holder pursues any interest other than the interest of the shareholder. Where applicable, the proxy holder can only vote on behalf of the shareholder on condition that the proxy holder has specific voting instructions for each item on the agenda. In particular, there is a conflict of interests when the proxy holder:

1° is the company itself or an entity controlled by it, or a shareholder that controls the company, or another entity that is controlled by such a shareholder;

2° is a member of the Board of Directors or of the management bodies of the company, of a shareholder that controls the company, or of a controlled entity as referred to in 1°;

3° is an employee or a statutory auditor of the company, of the shareholder that controls the company, or of a controlled entity as referred to in 1°;

4° has a parental relationship with a natural person as referred to in 1° to 3°, or is the spouse or the legally cohabiting partner of such a person or of a relative of such a person.

An example of a proxy that takes into account the rules above has been made available on the website of the Company as indicated below.

The proxies must be deposited at the registered office of the Company, no later than six days before the General Meeting.

### *Rights of shareholders*

For a comprehensive and detailed description of the specific terms and conditions of the rights of shareholders described below, please refer to the information made available on the website of the Company, as indicated below.

- Extension of the agenda

One or more shareholders who together holding at least 3% of the authorised capital of the company can add supplementary items to the agenda of the General Meeting and propose draft resolutions concerning the items included in the agenda or items to be included in. The Company must receive these requests no later than the 22nd day before the General Meeting. They can be sent to the Company by electronic means. The Company confirms the receipt of the request within a period of 48 hours from its receipt. No later than 15 days before the General Meeting, an agenda will be published that has been supplemented with the additional items to be discussed and the corresponding draft resolutions that should be included, and/or merely with the draft resolutions that would be formulated.

- Right to ask questions

The shareholders have the right to ask questions to the directors and statutory auditors during the General Meeting or prior to it, in writing, relating to their report or to the agenda items. These questions can be sent electronically to the Company, no later than six days before the General Meeting.

Participation and voting remotely by letter or electronically

Voting by letter or electronically is not possible. Participation in the General Meeting remotely or voting remotely is not allowed.



#### ***Information available for inspection and receipt***

The convocation, the annual financial report, in accordance with Section 12 of the Belgian Royal Decree of 14 November 2007, the proxy forms, additional information about the rights of the shareholders and the other information required by law will be made available 30 days before the General Meeting on the website of the Company: [www.spectorphotogroup.com](http://www.spectorphotogroup.com). These documents can be obtained as from the same date at the registered office of the Company, on presentation of the securities.

#### ***Communication with shareholders***

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

These communications include, among other:

- Publication of annual results, half-year 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 attendance to presentations and events for private investors.

Remunerations and interests of members of the supervisory bodies: please see page 39 of this document.

#### ***Joint control***

Spector Photo Group is not aware of any agreements between specific shareholders as a result of which a joint policy concerning Spector Photo Group is pursued.

#### ***Information pursuant to Section 34 of the Belgian Royal Decree of 14 November 2007***

##### ***1° Capital structure***

###### ***Issued capital***

The authorised share capital amounts to EUR 64 193 915.72, which is represented by 36 619 505 shares with no identified value, numbered from 1 to 36 619 505, each share representing 1/36 619 505th of the authorised share capital.

###### ***Changing the issued share capital***

The General Meeting, deliberating under the conditions required for amending the Articles of Association, can increase or decrease the issued share capital.

The shares that are subscribed to in cash, must first be offered to the shareholders, in proportion to the portion of the capital represented by their shares during a period of at least fifteen days calculated from the first day of the subscription period. When a share has been split into bare ownership and usufruct, the pre-emptive rights can only be exercised by the bare owner. The General Meeting determines the subscription price at which and the period during which the pre-emptive rights can be exercised.

The General Meeting that has to decide on the capital increase, taking into consideration the statutory provisions and in the interest of the company, can limit or cancel the pre-emptive rights, or deviate from the minimum period of fifteen days for exercising the pre-emptive rights.

In the event of a reduction of the issued share capital, the shareholders that are in an equal position must be treated in an equal manner, and the other provisions included in the Sections 612, 613 and 614 of the Belgian Company Code must be observed.

##### ***2° Statutory or Articles of Association provisions limiting the transferring of securities***

Not applicable

##### ***3° Holders of securities to which special controlling rights are associated***

Not applicable

##### ***4° Control of any share plan for employees***

Not applicable

**5° Statutory or Articles of Association provisions limiting the exercising of voting rights**

From the Company's perspective the shares are indivisible. If a share belongs to a number of different people, or if the rights associated with a share are divided among several people, the Board of Directors may suspend the exercising of the rights associated with that share until one single person is designated as being the owner of the share with respect to the Company. In the event there is usufruct, the bare owner of the share is represented by the usufructuary.

**6° Shareholder agreements**

Spector Photo Group does not know of any existing shareholder agreements. There are no direct or indirect relationships between the Company and its key shareholders.

**7° Rules governing the appointment and replacement of the members of the management body and for amending the Articles of Association of the issuers**

The statutory rules as provided in the Belgian Company Code apply.

The General Meeting may suspend or dismiss a director at any time.

As long as the General Meeting, for any reason whatsoever, does not provide for a new appointment or reappointment, the directors whose engagements have expired will remain in office. Resigning directors are eligible for reappointment. In the event of a premature vacancy on the Board of Directors, the remaining directors have the right to fill the vacancy temporarily until the General Meeting appoints a new director. The appointment will be placed on the agenda of the next General Meeting. Each director appointed in this way terminates the appointment of the director being replaced.

**8° Powers of the management body specifically concerning the possibility to issue or purchase treasury shares**

**Treasury shares**

The General Meeting of 14 June 2011 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 Section 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 can be renewed pursuant to Section 620:1 of the Belgian Company Code.

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 June 2011 also authorised the Board of Directors, in accordance with Section 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 five years from the publication of this resolution in the Supplements to the Belgian Official Gazette, and can be renewed pursuant to Section 620:1 of the Belgian Company Code.

**Share option plan**

There is currently no share option plan.

### Warrant Plan

The Extraordinary General Meeting of Spector Photo Group NV on 28 November 2005 resolved to issue 600 000 warrants in the sense of Section 42 of the Act 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 between the beneficiaries and the shareholders that is directed towards an increase in the Company's share price.

In accordance with the Economic Recovery Act of 27 March 2009, The Board of Directors resolved on 30 June 2009 to extend the exercise period of the warrants granted on 28 November 2005, for which the initial exercise period expired on 30 September 2010, for an additional period of four (4) years until 30 September 2014. During the extended period, the beneficiaries will be entitled to existing shares and not to new shares. The warrant holders, as provided for in the Warrant plan, confirmed in writing to agree with the changes identified above. The General Meeting of 12 May 2010 also approved this extension.

Year of offer	2005	
Exercise price	EUR 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
Additional exercise periods according to the Economic Recovery Act of 27 March 2009	03/2011	09/2011
	03/2012	09/2012
	03/2013	09/2013
	03/2014	09/2014

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 'Share-based Payment'.

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 amounting to EUR 3.36. The expected volatility was based on the average volatility over a period of a year. No effects of any expected premature exercising were included, as this was not considered relevant.

The effect of extending the term of the warrants was not included as it is not material.

9° *Significant agreements whereby the Company is an involved party relating a public takeover bid*  
Not applicable

10° *Agreements between the Company and its directors or employees providing for compensation when, as a result of a public takeover bid, the directors resign or are made redundant without valid reason, or the employment of the employees is terminated*  
Not applicable