

SPECTOR PHOTO GROUP – 2009 HALF-YEARLY FINANCIAL REPORT

Regulated information



2009 HALF-YEARLY FINANCIAL REPORT

Table of Contents

Obligations with regard to periodical information in accordance with the Belgian Royal Decree of 14 November 2007	3
Key figures – Consolidated figures in accordance with IFRS	4
Interim annual report	5
Condensed financial statements for the period ending 30 June 2009	9
Income Statement for the period	9
Statement of comprehensive income for the period	10
Comprehensive income for the period per share	10
Statement of financial position as at the end of the period	11
Condensed statement of changes in equity for the period	11
Condensed statement of cash flows for the period	11
Basis for preparations of the half-yearly consolidated financial statements	12
Notes to the half-yearly consolidated financial statements	14
1. Condensed segment information	15
2. Discontinued operations	16
3. Shares	18
4. Events after the reporting period	18
5. Seasonal character of interim operating activities	18
6. Contingent receivables and liabilities and important future assumptions	18
7. Risk factors	18
8. Related parties	18
9. Currency exchange rates	18
10. Report from the Committee of Statutory Auditors on the limited review of the half-yearly consolidated position of Spector Photo Group NV as at 30 June 2009	19
11. Definitions	20
Financial calendar	20
Spector Photo Group's profile	20

Obligations with regard to periodical information 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 half-yearly consolidated financial statements, which have been prepared in accordance with the applicable standards for annual accounts, present a true and fair view of the assets, liabilities, financial position and results of Spector Photo Group NV and the enterprises incorporated in the consolidation;
- the half-yearly financial report gives a true and fair summary of the information concerning the first half-year, which must be included in this report and the impact of this on the condensed half-yearly financial statements.

Key figures

Consolidated figures in accordance with IFRS

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

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

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

Interim report

Recurring items from operating activities

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

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

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

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

Non-recurring items from operating activities

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

Financial result

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

Taxes

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

In the first half-year of 2009, the current taxes amounted to EUR -1.12 million, of which

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

Discontinued operations

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

Result for the first half-year of 2009

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

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

Investments

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

Statement of financial position

The most important items are the following:

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

RESULTS BY DIVISION – THE RETAIL GROUP

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

Belgium:

A survey by GfK Retail and Technology showed that the revenue of consumer electronics in Belgium decreased by 14% in the second quarter. The decrease of the revenue of Photo Hall Belgium was lower than the market average. Falling volumes and especially price erosion were the reasons for the lower revenue.

In some product groups, the revenue did indeed increase, but this did not always balance out the strong price erosion. Moreover, Photo Hall Belgium was able to keep its market share stable. Nevertheless, the first half-year of 2009 closed with an operating loss.

Luxembourg:

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

Number of points of sale

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

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

RESULTS BY DIVISION – THE IMAGING GROUP

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

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

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

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

CHANGES IN THE MANAGEMENT OF THE GROUP

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

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

PROSPECTS (*)

Photo Hall – Retail Group

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

Photomedia – Imaging Group

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

Condensed financial statements for the period ending 30 June 2009

INCOME STATEMENT FOR THE PERIOD (in € '000)

(in €'000)	June 2008	June 2009
Revenue	123 794	117 145
Other operating income	3 734	2 026
Trade goods, raw materials and consumables	90 141	86 022
Employee expenses	15 823	15 460
Depreciation and amortisation expenses	5 128	4 428
Other operating expenses	15 965	15 531
Profit/loss (-) from operating activities, before non-recurring items	471	- 2 270
Non-recurring items from operating activities	- 709	0
Profit/loss (-) from operating activities	- 238	- 2 270
Financial income	892	324
Financial costs	- 3 289	- 1 942
Financial cost-net, before non-recurring items	- 2 397	- 1 618
Non-recurring financial items	- 716	0
Financial result	- 3 114	- 1 618
Profit/loss (-) before taxes, before non-recurring financial items	- 2 636	- 3 888
Profit/loss (-) before taxes	- 3 352	- 3 888
Income tax expense (-)/ income	- 237	431
Profit/loss (-) from continuing activities	- 3 589	- 3 457
Discontinued operations		
Profit/loss (-) from discontinued operations	- 1 587	- 1 051
Profit/loss (-) for the period	- 5 176	- 4 507
Attributable to equity holders of the parent company	- 5 176	- 4 507

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD (in € '000)

	June 2008	June 2009
Profit/loss (-) for the period	- 5 176	- 4 507
Currency translation adjustments :	710	586
Gains/losses(-) arising during the year	710	- 172
Reclassification adjustments for gains/losses (-) included in profit or loss		758
Income tax relating to components of other comprehensive income		
Total comprehensive income for the period attributable to equity holders of the parent company	- 4 466	- 3 921

COMPREHENSIVE INCOME FOR THE PERIOD PER SHARE (in € '000)

	June 2008	June 2009
Total number of shares	36 619 505	36 619 505
Total number of shares with dividend rights	<u>35 412 433</u>	<u>35 412 433</u>
Profit/loss (-) from continuing activities	-0.10	-0.10
Profit/loss (-) from discontinued operations	-0.04	-0.03
Profit/loss (-) for the period attributable to equity holders of the parent	-0.15	-0.13
Total comprehensive income for the period attributable to equity holders of the parent company	-0.13	-0.11
Share price for the period	1.02	0.81

Ordinary shares with dividend rights listed per 1 January 2008	36 487 708
Purchase treasury shares dd. 27 March 2008	<u>1 075 275</u>
	35 412 433
Weighted average number of shares with dividend rights per 30 June 2008	36 231 410

	June 2008	June 2009
<u>Weighted average number of shares</u>	36 619 505	36 619 505
<u>Weighted average number of diluted ordinary shares with dividend rights</u>	<u>36 231 410</u>	<u>35 412 433</u>
Profit/loss (-) from continuing activities	-0.10	-0.10
Profit/loss (-) from discontinued operations	-0.04	-0.03
Profit/loss (-) for the period attributable to equity holders of the parent	-0.14	-0.13
Total comprehensive income for the period attributable to equity holders of the parent company	-0.12	-0.11
Share price for the period	1.02	0.81

STATEMENT OF FINANCIAL POSITION AS AT THE END OF THE PERIOD (in € '000)

ASSETS	December 2008	June 2009	EQUITY AND LIABILITIES	December 2008	June 2009
Non-current assets			Total equity		
Property, plant and equipment	18 260	18 332	Capital	64 194	64 194
Consolidation goodwill and other goodwill	19 517	19 319	Reserves and retained earnings/ accumulated loss (-)	- 30 115	- 34 623
Intangible assets other than goodwill	12 315	11 109	Treasury shares (-)	- 2 422	- 2 422
Other non-current financial assets	49	49	Currency translation adjustments	- 1 098	- 511
Long term receivables	248	245	Shareholder's equity	30 559	26 637
Deferred tax assets	7 049	7 032	Total equity	30 559	26 637
Non-current assets	57 439	56 085	Non-current liabilities		
Current assets			Non-current interest bearing financial obligations	32 730	31 173
Assets held for sale	6 712	681	Employee benefit liabilities	190	127
Inventories	36 622	30 052	Non-current provisions	1 852	1 652
Trade and other receivables	20 138	12 954	Deferred tax liabilities	2 785	2 273
Investment securities - current	3	3	Non-current liabilities	37 558	35 225
Cash and cash equivalents	12 438	11 701	Current liabilities		
Current income tax assets	3 152	739	Liabilities held for sale	6 746	698
Current assets	79 066	56 131	Current interest bearing financial obligations	15 862	15 286
TOTAL ASSETS	136 505	112 216	Trade and other payables	37 948	27 025
			Employee benefit liabilities	4 174	4 118
			Current income tax liabilities	3 465	3 082
			Current portion of provisions	194	144
			Current liabilities	68 388	50 354
			TOTAL EQUITY AND LIABILITIES	136 505	112 216

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD (in € '000)

	June 2008	June 2009
Opening balance	41 579	30 559
Profit/loss (-) for the period attributable to equity holders of the parent	- 5 176	- 4 507
Currency translation adjustments and others	710	586
Treasury shares	- 1 118	
Closing Balance	35 995	26 638

CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD (in € '000)

	June 2008	June 2009
Cash flow from operating activities	3 951	4 177
Cash flow from investing activities	- 462	-3 061
Cash flow from financing activities	- 8 036	- 2 137
Net increase/decrease (-) in cash and cash equivalents	- 4 548	- 1 021

BASIS FOR PREPARATIONS OF THE HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

Statement of compliance

The half-yearly consolidated financial statements closed on 30 June 2009 have been prepared in accordance with IAS 34 "Interim financial reporting" as approved by the European Union. They do not contain all the information necessary for the full financial statements and therefore must be read together with the consolidated financial statements for the year ended 31 December 2008, as published in the 2008 Annual Report.

The half-yearly consolidated financial statements were approved for publication by the Board of Directors on 26 August 2009.

Changes in accounting and presentation rules

The accounting policies and presentation basis used for the format of the interim consolidated financial statements are identical to those applied for the year ended 31 December 2008, as incorporated in the 2008 Annual Report, with the exception of the new standards and interpretations reported below.

IFRS 8 Operating segments

IFRS 8 replaces IAS 14 'Segment Reporting' and applies to reporting periods beginning on or after 1 January 2009. The application of IFRS 8 has not resulted in any changes in the segmentation basis, nor in the accounting principle for the results of the segments. The operating segments identified on the basis of IFRS 8 are the same as the business segments that were identified on the basis of IAS 14. Applying IFRS 8 does not require any adjustments to the comparative figures of 2008. The information required according to IFRS 8 and IAS 34 is included below in the 'Notes to the half-yearly financial statements' under '1. Condensed Segment information'.

IAS 1 Presentation of Financial Statements, revised

IAS 1 is applicable to reporting periods beginning on or after 1 January 2009. With the application of the revised IAS 1 to the half-yearly financial statements, Spector Photo Group has opted to have all income and expenses recognised in the period presented in two statements: a statement displaying components of profit and loss, separate 'Income statement', and a second statement displaying components of other comprehensive income, 'Statement of comprehensive income'.

Spector Photo Group applied all 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 2009, as issued by the International Accounting Standards Board (IASB) and the International Reporting Interpretation Committee (IFRIC) of the IASB.

The group has not yet proceeded with the early application of new standards and interpretations:

IAS 27 Consolidated and separate Financial statements (revised version of 2008): 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 3 Business combinations (as revised in 2008): applicable for annual periods beginning on or after 1 July 2009

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

The future application of the standards and interpretations listed above will have no impact on the Financial statements of Spector Photo Group NV.

Consolidation

Changes in the consolidation scope during the first half-year of 2009:

- On 4 June 2009, Spector Photo Group divested its 100% participation in **Föfoto Kft** via a management buy out (MBO). Föfoto comprised the Hungarian retail activities, operating under the Photo Hall brand name. In accordance with IFRS 5, this entity was recognised under the 'discontinued operations' in 2008. The impact of this divestment is recognised under the 'discontinued operations'. The loss of EUR 1.05 million comprises, on the one hand, a non-cash loss of EUR 0.76 million resulting from the currency translation differences that were transferred from the heading 'currency translation differences' in the 'shareholders' equity' to the income statement at the moment of realisation and, on the other, of EUR 0.29 million costs related to the settlement of this transaction.
- For the following companies already put into liquidation, the liquidation was completed during the first six months of 2009: **Photo Re Ltd**, a company in Ireland, formerly operating as a reinsurance company, and **Photo Holdings Ireland**, the holding company of the company identified above.

In order to compare the figures for the first half-year of 2008 with the first half-year of 2009, the following change in 2008 should also be taken into account:

- In the 2008 first half-year's income statement, **FLT SpA**, a 49% participation in an Italian company operating in photofinishing, was still consolidated on a proportional basis. This company has been treated as a financial asset as of the fourth quarter of 2008.

NOTES TO THE HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

1. Condensed segment information (in € '000)

The operating segments identified on the basis of IFRS 8 are the same as the business segments that were identified on the basis of IAS 14. The application of IFRS 8 therefore does not require any adjustments to the comparative figures of 2008.

The operating segments to be reported reconcile with the internal management reporting, on the basis of which the performance of the operating segments is assessed and funds are allocated to the various segments.

The Spector Photo Group reporting covers two segments, Retail Group and Imaging Group, and is completed by Corporate and discontinued operations.

The Retail segment consists entirely of the Retail Group operating division. This division contains the legal entity Photo Hall Multimedia NV (Belgium) and its 100% subsidiaries Hifi International SA (Luxemburg) and Photo Hall France SARL, with its operational activity in the retailing of consumer electronics and related products. The entities bring their products and services to the market mainly via the channel of shops, which are the end consumers. The entities in this segment show comparable economic characteristics. The returns from all the entities in this division are of similar size – notwithstanding any national, culturally related or channel-specific differences. These entities have similar levels of investment requirements, working capital and generate comparable gross margins and EBIT margins.

The returns of these entities clearly differ from those of the Imaging Group (see below). The criteria for internal controlling are not relevant for the Imaging Group. The Retail Group therefore also has a different risk profile compared to that of the Imaging Group.

The Retail segment was created by aggregating segments that, in accordance with paragraphs 5 to 10 of IFRS 8, have been identified and meet the criteria for aggregation as prescribed in paragraph 12 of IFRS 8.

The Retail Group is centrally structured 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 these activities.

The Imaging segment also consists entirely of one operating division – specifically the Imaging Group. This division contains the legal entity Photomedia NV (Belgium) and its wholly or partially owned subsidiaries in Belgium and abroad. The operating entities within the Imaging Group provide individual goods or a group of similar goods and/or provide services that are all directly related to photography, both analogue and digital. This mainly concerns the products and services related to printing photos as prints, photo books, photo calendars, photo cards, photo on canvas, photo gifts and other photoproducts. Furthermore, the entities in this segment show comparable economic characteristics. The returns from virtually all the entities in this division are of similar size – notwithstanding any national, culturally related or channel-specific differences. These entities have similar levels of investment requirements, working capital and generate comparable gross margins and EBIT margins.

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 therefore also has a risk profile that differs from that of the Retail Group.

The Imaging segment was created by aggregating segments that, in accordance with paragraphs 5 to 10 of IFRS 8, have been identified and meet the criteria for aggregation as prescribed in paragraph 12 of IFRS 8.

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 these activities.

The condensed segment information is included below:

	RETAIL		IMAGING		CORPORATE		Eliminations		Continuing activities		Discontinued operations		Discontinued operations		Eliminations		Spector Photo Group	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Revenue																		
External revenue	91 490	81 269	32 304	35 877					123 794	117 145	11 173	3 437					134 967	120 582
Inter-segment	21	70	353	314	385	389	759	773			20	0			20	0		
Total revenue	91 511	81 338	32 656	36 191	385	389	- 759	- 773	123 794	117 145	11 193	3 437			- 20	0	134 967	120 582
External other operating income	2 181	1 165	1 488	857	65	4			3 734	2 026	455	115	115				4 304	2 141
Inter-segment			33	31	298	94	331	125			28				28			
Total other operating income	2 181	1 165	1 521	888	364	98	- 331	- 125	3 734	2 026	484	115	115		- 28		4 304	2 141
Profit/loss (-) from operating activities, before non-recurring items	2 797	148	- 2 014	- 1 990	- 312	- 428			471	- 2 270	- 1 184	- 145	- 13					
Profit/loss (-) from operating activities	2 797	148	- 2 723	- 1 990	- 312	- 428			- 238	- 2 270	- 1 184	- 145	- 13					
Profit/loss (-) before taxes	842	- 1 549	- 5 069	- 3 111	875	773			- 3 352	- 3 888								
Total operating segment assets	72 562	54 437	57 227	47 359	9 246	9 726	- 11 541	- 7 858	127 494	103 664			3 876	681			142 146	112 216
Unallocated assets							- 34 839	- 33 472	10 776	7 871								
Total capital expenditures property, plant & equipment	621	599	683	1 373	10				1 314	1 971							1 314	1 971
Total capital expenditures goodwill																	1 036	1 129
Total capital expenditures intangible assets other than goodwill	5	28	1 031	1 101					1 036	1 129							1 036	1 129
Depreciations and other non-cash expenses	1 358	972	3 690	3 123	3	2			5 051	4 096	254		- 255				5 050	4 096
Number of persons employed in FTE end of the period	496	485	300	290	3	2			799	777	166						965	777

Notes concerning assets for which significant changes have occurred

Assets held for sale

The changes for the 'Assets held for sale' item are explained under '2. Discontinued Operations'.

Inventories

The change in the inventories relates mainly to the Retail Group. The inventories decreased by EUR 6.26 million. Due to the seasonal character, the inventories at the end of June are significantly lower than at the year-end.

The inventories of the Imaging Group have remained virtually unchanged.

Trade and other receivables

The change in the trade and other receivables is mainly attributable to a heavy fall of the trade receivables, on the one hand, due to the fall of revenue in the Retail Group and, on the other, due to the seasonal character of the activities of both divisions. The last quarter is the most important one for both the Retail Group and for the Imaging Group.

In the Retail Group, the trade receivables decreased with EUR 4.99 million.

In the Imaging Group, the trade receivables decreased with EUR 2.17 million.

Current income tax assets

In the Retail Group, the income tax assets decreased with EUR 0.8 million. The tax dispute, which arose at the time of the merger of Hifi International with Hifi Video and Hifi Connection in 2001, was ruled against the group on appeal during the first half-year.

The fall in the income tax assets by EUR 0.64 million for the Imaging Group, and by EUR 0.97 million for Corporate are the result of a favourable ruling in 2008 for a number of Belgian companies in a dispute with the tax administration. The claims outstanding from this as at the year-end were received in the months January and March 2009.

2. Discontinued operations

Discontinued operations Retail Group

The discontinued operations of the Retail Group are related to the Hungarian entity Föfoto Kft.

This entity was recognised under the discontinued operations in 2008, after the Board of Directors decided to put it up for sale. In accordance with IFRS 5, the figures for the first half-year of 2008 were revised.

On 4 June 2009, this 100% participation was divested via a management buy out (MBO). The loss of EUR 1.05 million comprises, on the one hand, a non-cash loss of EUR 0.76 million resulting from the currency translation differences that were eliminated from the balance sheet via the income statement at the moment of realisation and, on the other, of EUR 0.29 million costs related to the settlement of this transaction.

The result and cash flow from the discontinued operations of the Retail Group can be summarised as follows:

CONDENSED INCOME STATEMENT AND STATEMENT OF CASH FLOWS DISCONTINUED OPERATIONS RETAIL (in € '000)

	June 2008	June 2009
Post-tax profit/loss (-) of discontinued operations	-1 315	-1 051
Revenue from ordinary activities	11 193	3 437
Other income from ordinary activities	484	115
Expenses from ordinary activities	-12 861	-3 696
Pre-tax profit/loss (-) from discontinued activities	-1 314	-1 051
Taxes	- 1	
Cash flow from operating activities	-2 156	- 166
Cash flow from investing activities	- 137	2 255
Cash flow from financing activities	1 956	-2 223

Discontinued operations Imaging Group

The discontinued operations of the Imaging Group concern both the entities Spector Fotohandel GmbH, for which the activity consisted of renting out the building in Austria, and Litto Color NV, in liquidation.

In the fourth quarter of 2008, the sale of the participation in the Austrian Spector Fotohandel was completed.

As at the end of June 2009, the discontinued operations of the Imaging Group only consisted of Litto Color NV, in liquidation.

The result and cash flow from the discontinued operations of the Imaging Group can be summarised as follows:

CONDENSED INCOME STATEMENT AND STATEMENT OF CASH FLOWS DISCONTINUED OPERATIONS IMAGING (in € '000)

	June 2008	June 2009
Post-tax profit/loss (-) of discontinued operations	- 272	
Revenue from ordinary activities	82	
Other income from ordinary activities	34	
Expenses from ordinary activities	- 129	
Pre-tax profit/loss (-) from discontinued activities	- 271	
Taxes	- 1	
Cash flow from operating activities	365	- 124
Cash flow from investing activities		
Cash flow from financing activities	- 205	

The loss in the first half-year of 2008 amounted to EUR -0.3 million, which was the net result of rental income and leasing costs of the property in Austria.

The discontinued operation Litto Color NV, in liquidation, had no impact on the result in the first half-year of 2009.

ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY RELATED TO THEM IMAGING (in € '000)

	June 2008	June 2009
Assets		
Property, plant & equipment	3 000	
Inventories		
Trade and other receivables	14	41
Cash and cash equivalents	789	640
Assets held for sale	3 803	681
Liabilities		
Provisions	47	35
Interest bearing liabilities	2 736	
Employee benefit liabilities	609	663
Trade and other payables	137	
sale	3 529	698

The assets held for sale mainly decreased due to the divestment of the participation in Spector Fotohandel GmbH in the fourth quarter of 2008, whereby the land and buildings value of EUR 3 million was derecognised. This also meant derecognising the financial interest-bearing liabilities. The change in the other assets and liabilities mainly concerns Litto Color NV, in liquidation.

3. Shares

During the first half-year of 2009 there have been no changes with respect to the treasury shares.

On 30 June 2009, Spector Photo Group owned 1,207,072 treasury shares (3.296% of the total number), of which 77,271 are held by Spector Photo Group NV, 1,075,275 held by the subsidiary Spector Coördinatiecentrum NV, and 54,526 by the subsidiary Alexander Photo SA.

In accordance with IFRS, these treasury shares are deducted from the shareholders' equity.

4. Events after the Reporting period

No important events have occurred after 30 June 2009 that would effect the underlying half-yearly financial statements or which should be reported in them.

5. Seasonal character of interim operating activities

The turnover of both the Retail Group and the Imaging Group is subject to seasonal fluctuations.

For the Retail Group, the last quarter and in particular the month of December, are traditionally most important.

For the Imaging Group, in the analogue era the largest turnover was realised during the summer months. With the transition to digital photography, there is a shift to the fourth quarter due to the increased importance of new products, such as photo books, photo calendars, photo on canvas, and photo gifts.

6. Contingent receivables and liabilities and important future assumptions

There were no changes in the contingent receivables and liabilities.

The assumptions concerning the future as described in the 2008 Annual Report still apply.

7. Risk factors

The risks, particularly the credit risks, liquidity risks, exchange rate risks, interest rate risks, and market risks, as described in the 2008 Annual Report, continue to apply for the remaining period of the 2009 financial year.

8. Related parties

Spector Photo Group has no outstanding receivables with non-consolidated subsidiaries.

9. Currency exchange rates

The half-yearly financial statements were prepared using the following exchange rates:

Currency exchange rates	Closing rate		Average rate	
	December 2008	June 2009	June 2008	June 2009
Australian dollar	2.0274	1.7359	1.6573	1.8733
Swiss franc	1.4850	1.5265	1.6026	1.5054
Hungarian forint	266.7000	271.5500	252.1867	291.9133
Norwegian krone	9.7500	9.0180	7.9887	8.8808
Swedish krona	10.8700	10.8125	9.4034	10.8622
American dollar	1.3917	1.4134	1.5444	1.3379

10. Report from the Committee of Statutory Auditors on the limited review of the half-yearly consolidated position of Spector Photo Group NV as at 30 June 2009

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

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

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

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

Ghent, August 26, 2009

PKF bedrijfsrevisoren
Statutory Auditor
Represented by



D. De Jonge

Grant Thornton, Lippens & Rabaey
Statutory Auditor
Represented by



J. Lippens

11. Definitions

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

EBIT = Profit/loss (-) from operating activities

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

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

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

Financial calendar

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

* indicative dates

Spector Photo Group's profile

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

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

- The Retail Group, which contains the retailing of consumer electronics and multimedia products under the brand names Photo Hall and Hifi International. At the end of June 2009, the Retail Group had 108 shops, of which 102 are under the group's own management, spread across Belgium, the Grand Duchy of Luxembourg, and France. The Retail Group's revenue represents 69% of the revenue of the group's continuing activities as at the end of June 2009.

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

For additional information, please contact:

Tonny Van Doorslaer, Executive Chairman – Tel. +32.9.365.98.11

Email: vdstockm@spector.be - internet: www.spectorphotogroup.com

(*) 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.

 **PHOTO HALL** MULTIMEDIA

 **HIFI** *International*

 **ExtraFilm.com**
much more than just prints

 **SPECTOR**
digital photos