



UNDER EMBARGO UNTIL 6 MARCH 2014 – 8.00 a.m.

PRESS RELEASE – Regulated information

Wetteren, Belgium, 6 March 2014

2013 ANNUAL RESULTS

smartphoto group

- Group:
 - Net financial debt dropped further from EUR 1.4 million to EUR 1.2 million.
 - Revenues decreased to EUR 52 million (minus 5.4%).
 - REBITDA fell from EUR 4.2 million to EUR 1.1 million.
 - Solvency was maintained at 52%.
- E-commerce:
 - Strong last quarter limited fall in revenues to minus 5.3% (was minus 8.9% after 3rd quarter).
 - REBITDA fell to EUR 1.5 million as a result of start-up costs for new initiatives and increased marketing expenses for customer acquisition.
- Wholesale:
 - Revenues decreased by 6.7% in a difficult economic environment.
 - REBITDA nevertheless amounted to a positive EUR 0.04 million.

Key figures

Audited figures prepared in accordance with IFRS

Income Statement	(in € '000)	2012	2013	Δ in %
Revenue		55 005	52 029	-5.4%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)		1 659	- 909	-
Non-cash items from operating activities, before non-recurring items		2 499	2 041	-18.3%
REBITDA		4 157	1 132	-72.8%
Non-recurring items from operating activities			- 205	-
Profit/loss (-) from operating activities (EBIT)		1 659	- 1 115	-167.2%
Non-recurring non-cash items from operating activities			- 83	-
EBITDA		4 157	843	-79.7%
Financial result		- 377	- 400	-6.0%
Income tax expense (-)/income		- 2 532	- 521	79.4%
Profit/loss (-) from continuing activities		- 1 250	- 2 035	-62.8%
Non-cash items from continuing activities		4 229	2 540	-39.9%
Profit/loss (-) from continuing activities, corrected for non-cash items		2 979	504	-83.1%
Profit/loss (-) from discontinued operations		- 2 599		-
Profit/loss (-) for the period		- 3 849	- 2 035	47.1%
Attributable to equity holders of the parent company		- 3 849	- 2 035	47.1%

* For the 2012 financial year, both the results for the period from 1 January 2012 to 30 September 2012, and the results due to the loss of control in relation to the Retail Group, are recognised under the 'discontinued operations'.

Statement of financial position as per 31 December	(in € '000)	2012	2013	Δ in %
Total assets		39 600	36 467	-7.9%
Gross financial debt		6 175	5 490	-11.1%
Net financial debt		1 411	1 173	-16.9%
Total equity		20 900	18 933	-9.4%
Solvency ratio		52.8%	51.9%	-1.6%
Gearing ratio		6.8%	6.2%	-8.2%
Current ratio		105.6%	91.6%	-13.3%

More detailed figures are included at the end of this press release.

Segment information

Audited figures prepared in accordance with IFRS

(in € '000)	2012	2013	Δ in %
Revenue			
Total	57 762	54 364	-5.9%
E-commerce	34 843	32 987	-5.3%
Wholesale	22 919	21 376	-6.7%
REBITDA			
Total	4 367	1 544	-64.6%
E-commerce	4 073	1 504	-63.1%
Wholesale	293	40	-86.5%

Reconciliations

(in € '000)	2012	2013	Δ in %
Revenue			
Total revenue for reportable segments	57 762	54 364	-5.9%
Elimination of intersegment revenue	-2 762	-2 349	15.0%
Other	5	15	192.5%
Total revenue	55 005	52 029	-5.4%
REBITDA			
REBITDA reportable segments	4 367	1 544	-64.6%
REBITDA not allocated to reportable segments	- 209	- 412	-96.9%
Total REBITDA	4 157	1 132	-72.8%

Discontinued operations

(in € '000)	2012	2013	Δ in %
Revenue Photo Hall Group (Retail)	80 658		
REBITDA Photo Hall Group (Retail)	- 186		

Current situation of each segment

smartphoto group – E-commerce

The E-commerce activities of the smartphoto group include all the activities aimed at the end consumer. The revenue decreased with 5.3%, mainly due to the decline of the analogue and digital prints that was not fully compensated by the increase in the other product categories.

The REBITDA decreased to EUR 1.5 million, mainly due to increased marketing expenses for customer acquisition and launching of new initiatives around smartphoto.biz.

The digital operations saw an increase of 1% in the last quarter, among other as a result of the launch of new products and the increased customer base.

In 2013, dozens of new products were added to the range of photo gifts, a category that has grown by almost 20%.

Also in 2013, smartphoto.biz started: a platform for non-photographic traders who want to offer photo products to their consumers without having to send them to one of our websites.

We expect to be able to connect dozens of traders, not photographers, in 2014.

smartphoto group – Wholesale

The Wholesale activities aim at companies or independent photo traders, with a mix of hardware sales and photo products. Due to the difficult economic conditions, revenues fell by 6.7% to EUR 21.38 million.

There was also pressure on the margins, which translated into a decrease of the REBITDA to EUR 0.04 million.

Key elements of the income statement

Smartphoto group realised revenues of EUR 52.03 million in the 2013 financial year (minus 5.4%) and a REBIT of minus EUR 0.91 million, compared to EUR 55.01 million and EUR 1.66 million respectively according to the comparable figures in 2012.

The REBITDA of the group for the entire financial year 2013 amounted to EUR 1.13 million.

Financial result

The financial result remained more or less stable and amounted to minus EUR 0.40 million for the 2013 financial year, compared to minus EUR 0.38 million in 2012. On the one hand, the net financial expenses were EUR 0.08 million lower; on the other, the exchange rate differences had a negative effect of minus EUR 0.10 million.

Non-recurring elements from operating activities

The non-recurring expenses relate to both severance payments and costs following the closing of the sales office in Paris. On the other hand, there are one-off costs of legal fees as a result of a tax claim in Norway in which the judgement in the first instance was ruled in favour of smartphoto. There was also a non-recurring income item as a result of the deconsolidation of Sacap France SA.

Taxes

As at the end of 2013, the balance of the income tax income and expenses amounted to minus EUR 0.52 million, compared to minus EUR 2.53 million in 2012. The tax result consists on one hand of the use and the reversal of deferred taxes (minus EUR 3.13 million) and, on the other, the increase of deferred tax assets (EUR 2.59 million).

Result for the financial year

The 2013 financial year was closed with a loss of minus EUR 2.04 million, compared to a loss of minus EUR 3.85 million in the 2012 financial year. The improvement in the result by EUR 1.81 million compared to the 2012 financial year can be explained as follows:

- Operating result: decrease of EUR 2.77 million.
- Financial result: decrease of EUR 0.02 million.
- Taxes: decrease in the tax expenses by EUR 2.01 million.
- A positive effect of EUR 2.60 million as a result of the absence of loss relating discontinued operations.

Investments

In 2013, investments amounted to EUR 1.08 million, compared to EUR 0.84 million a year earlier. With respect to the property, plant and equipment, EUR 0.53 million, there was mainly invested in production machines and, to a lesser extent, in hardware for IT related applications.

The investments in intangible assets, EUR 0.55 million, were mainly related to the development of the iPhone application and the efforts to switch to the HTML5 software.

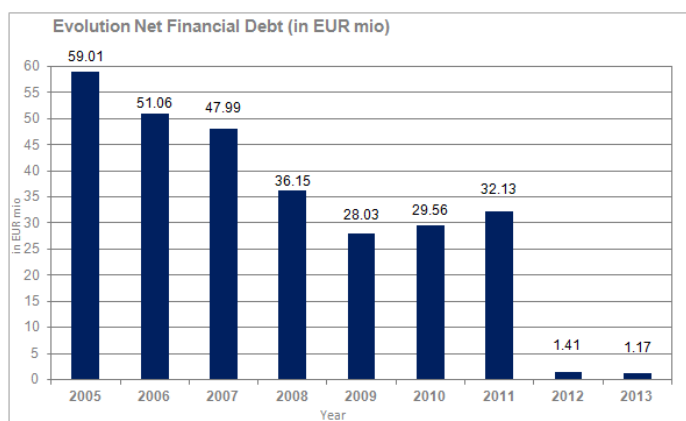
Dividend

The Board of Directors will recommend the General Meeting of Shareholders not to pay a dividend for the 2013 financial year.

Statement of financial position

The statement of financial position total decreased from EUR 39.60 million at year-end 2012 to EUR 36.47 million at year-end 2013. The key items are the following:

- A decrease in non-current assets, minus EUR 0.63 million, and a net decrease in the deferred tax assets, minus EUR 0.54 million.
- A net decrease in the inventories, minus EUR 0.27 million, mainly due to the decline of the inventories in the Wholesale segment.
- A decrease in the trade receivables by EUR 1.26 million.
- The net financial debt was further reduced by EUR 0.24 million and amounted to EUR 1.17 million at the end of 2013.



- Equity decreased from EUR 20.9 million at year-end 2012 to EUR 18.93 million at the end of 2013 (minus EUR 1.97 million). This decrease is primarily the effect of the net loss for the year amounting to minus EUR 2.04 million. Positive currency translation differences (EUR 0.02 million) and a positive effect of from the Interest Rate Swap transactions (EUR 0.05 million) explain the remaining difference.

Statement of the Committee of Statutory Auditors

UNQUALIFIED OPINION OF THE AUDITORS WITH AN EXPLANATORY PARAGRAPH

The Committee of Statutory Auditors confirms that its auditing activities have been completed regarding the contents of this press release and that they did not reveal any significant correction that should be included in the financial data of this press release. The auditors remark that the present valuation of the deferred tax assets and of the intangible assets depends on the future positive development of the markets on which the business plan is based. .

Grant Thornton Bedrijfsrevisoren BCVBA
Ernst & Young Lippens & Rabaey Audit CV BVCV

Prospects for 2014 (1)

The smartphoto group expects its E-commerce operations in 2014 to continue shifting towards products in the gift category through the launching of dozens of new products.

We take also new initiatives in existing categories, such as books and prints.

The trend towards mobile, both smartphones and tablets, will require new investments, but these have already been started so that we will be able to respond in this area as well. This includes both software development and innovation in products. The iPhone app is ready for launching and, by this summer, our website and our editors will be switched to tablet-friendly HTML5 versions.

New channels/resellers are being sought via smartphoto.biz, by using existing products to fit in better with the needs of non-photographic traders.

For the Wholesale activities, much will depend on the development of the economic situation, which makes it difficult to make an estimate of the revenues.

Smartphoto group's profile

Smartphoto group operates in 14 European countries and focuses on both consumers and businesses. Smartphoto group's shares are traded on Euronext Brussels (ISIN BE0003663748, ticker symbol SMAR).

Smartphoto group operates in B2C E-commerce with affordable high-quality photo products, such as photo books, photo cards, photo calendars, photo on canvas, and photo gifts, under the brand name smartphoto™.

smartphoto.biz, using the same products, focuses on businesses and companies who want to offer personalised products to consumers.

The Wholesale segment is positioning itself as a distributor of photo hardware to independent traders who do not want to join a franchise concept, and offers 'à la carte' services in this context. In addition, 'Spector by smartphoto' supplies high-quality photo products to independent photographers within the Wholesale segment.

Financial calendar

14 May 2014	before exchange opens	Trading update for first quarter of 2014
27 August 2014 ⁽²⁾	after exchange closes	Half-year results and half-year financial report for 2014
23 October 2014 ⁽²⁾	after exchange closes	Trading update for third quarter of 2014
5 March 2015 ⁽²⁾	before exchange opens	2014 Annual results

Definitions

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

EBIT = Profit/loss (-) from operating activities (Earnings Before Interest and Tax).

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

EBITDA = Profit/loss (-) from operating activities adjusted for depreciation, amortisation, impairment and provisions (Earnings Before Interest, Tax, Depreciation and Amortisation).

Profit/loss (-) before taxes, adjusted for non-cash items = Profit/loss (-) before taxes, adjusted for depreciation, amortisation, impairment, provisions, and financial non-cash items.

Profit/loss (-) for the period from continuing operations, adjusted for non-cash items = Profit/loss (-) after taxes, adjusted for depreciation, amortisation, impairment, provisions, financial non-cash items and deferred taxes.

Share of the equity holders in the parent company in the cash flow for the financial year = Net profit/loss adjusted for depreciation, amortisation, provisions, financial non-cash items, deferred taxes and non-cash items from discontinued operations.

Net Financial debt = Financial obligations less cash, cash equivalents, and other financial assets.

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⁽¹⁾ This press release 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 communication.

⁽²⁾ Indicative dates

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

Audited figures

Income statement for the period

	(in € '000)	2012	2013	Δ	Δ in %
Revenue		55 005	52 029	- 2 976	-5.4%
Other operating income		1 961	1 025	- 936	-47.7%
Changes in inventory of finished goods & work in progress		50	- 26	- 76	-
Trade goods, raw materials and consumables		- 28 754	- 28 365	389	1.4%
Employee expenses		- 10 732	- 10 199	533	5.0%
Depreciation, amortisation and write downs		- 2 033	- 2 061	- 28	-1.4%
Other operating expenses		- 13 839	- 13 313	526	3.8%
Profit/loss (-) from operating activities, before non-recurring items		1 659	- 909	- 2 568	-154.8%
Non-recurring items from operating activities			- 205	- 205	-
Profit/loss (-) from operating activities		1 659	- 1 115	- 2 773	-167.2%
Financial income		116	75	- 41	-35.4%
Financial costs		- 493	- 475	18	3.7%
Financial cost-net, before non-recurring items		- 377	- 400	- 23	-6.0%
Financial result		- 377	- 400	- 23	-6.0%
Profit/loss (-) before taxes, before non-recurring financial items		1 282	- 1 514	- 2 796	-218.2%
Profit/loss (-) before taxes		1 282	- 1 514	- 2 796	-218.2%
Income tax expense (-)/ income		- 2 532	- 521	2 011	79.4%
Profit/loss (-) from continuing activities		- 1 250	- 2 035	- 785	-62.8%
Discontinued operations					
Profit/loss (-) from discontinued operations		- 2 599		2 599	-
Profit/loss (-) for the period		- 3 849	- 2 035	1 813	47.1%
Attributable to equity holders of the parent company		- 3 849	- 2 035	1 813	47.1%

Consolidated statement of comprehensive income

	(in € '000)	2012	2013	Δ	Δ in %
Profit or loss		- 3 849	- 2 035	1 813	47.1%
Other comprehensive income:					
<u>Items which possibly will be reclassified subsequently to profit or loss</u>					
Translation differences		- 25	20	45	-
Cash flow hedges		- 90	48	138	-
Total of items which possibly will be reclassified subsequently to profit or loss		- 115	68	183	-
Other comprehensive income, net of taxes		- 3 964	- 1 967	1 996	50.4%
Comprehensive income		- 3 964	- 1 967	1 996	50.4%
Attributable to owners of the parent		- 3 964	- 1 967	1 996	50.4%

Key figures per share

(in €, except for the number of shares)	2012	2013	Δ in %
Number of shares	36 619 505	36 619 505	
Shares with dividend rights	35 412 433	35 412 433	
Revenue	1.55	1.47	-5.4%
Profit/loss (-) from operating activities, after non-recurring items (EBIT)	0.05	-0.03	-
REBITDA	0.12	0.03	-72.8%
EBITDA	0.12	0.02	-79.7%
Profit/loss (-) before taxes (EBT)	0.04	-0.04	-
Profit/loss (-) from continuing activities	-0.04	-0.06	-62.8%
Profit/loss (-) from discontinued operations	-0.07	0.00	-
Profit/loss (-) for the period (ordinary & diluted)	-0.11	-0.06	47.1%
Profit/loss (-) before taxes, corrected for non-cash items	0.11	0.01	-86.7%
Profit/loss (-) from continuing activities, corrected for non-cash items	0.08	0.01	-83.1%
Profit/loss (-) for the period attributable to equity holders of the parent company	-0.11	-0.06	47.1%
Net result of the year attributable to equity holders of the parent company, corrected for non-cash items	0.05	0.01	-70.6%
Share price for the period	0.42	0.55	31.0%

Statement of financial position as at the end of the period

ASSETS (in €'000)	2012	2013	Δ	Δ in %
Non-current assets				
Property, plant & equipment	8 463	7 828	- 634	-7.5%
Consolidation goodwill and other goodwill	10 162	10 162		0.0%
Intangible assets other than goodwill	1 358	1 382	24	1.8%
Investment securities - Non Current	49	20	- 29	-58.6%
Long Term receivables	58	56	- 3	-4.4%
Deferred tax assets	6 343	5 802	- 541	-8.5%
Total non-current assets	26 433	25 250	- 1 182	-4.5%
Current assets				
Inventories	2 247	1 979	- 268	-11.9%
Trade and other receivables	6 146	4 889	- 1 257	-20.5%
Investment securities - current	3	3		
Cash and cash equivalents	4 761	4 314	- 446	-9.4%
Current income tax assets	10	30	21	218.5%
Total current assets	13 167	11 217	- 1 950	-14.8%
TOTAL ASSETS	39 600	36 467	- 3 133	-7.9%
EQUITY AND LIABILITIES				
Total equity				
Share capital	64 194	64 194		
Reserves and retained earnings/ accumulated loss (-)	- 46 827	- 48 815	- 1 987	-4.2%
Revaluation surplus	3 822	3 822		
Treasury shares (-)	- 2 422	- 2 422		
Currency translation adjustments	2 134	2 154	20	0.9%
Shareholder's equity	20 900	18 933	- 1 967	-9.4%
Total equity	20 900	18 933	- 1 967	-9.4%
Non-current liabilities				
Long-term borrowings	4 775	4 046	- 729	-15.3%
Employee benefit liabilities	553	495	- 58	-10.5%
Long-term provisions	148		- 148	-
Deferred tax liabilities	752	743	- 9	-1.2%
Total non-current liabilities	6 229	5 284	- 945	-15.2%
Current liabilities				
Short-term borrowings	1 400	1 444	44	3.2%
Trade and other payables	8 283	8 355	72	0.9%
Employee benefit liabilities	2 292	2 234	- 58	-2.5%
Current tax payable	160	133	- 27	-16.9%
Short-term provisions	335	84	- 251	-75.0%
Total current liabilities	12 471	12 250	- 221	-1.8%
TOTAL EQUITY AND LIABILITIES	39 600	36 467	- 3 133	-7.9%

Statement of cash flows for the period

For the year ended on	(in € '000)	2012	2013
Operating activities			
Net result		- 3 849	- 2 035
Depreciation, write-offs, impairment of property, plant and equipment		2 667	1 138
Depreciation, write-offs, impairment of intangible assets		666	525
Write-offs, impairment on current and non-current assets		14	403
Provisions		465	- 116
Unrealised foreign exchange losses/gains (-)		6	- 2
Net interest income (-)/expense		1 311	297
Loss/gain (-) on sale of property, plant and equipment		- 13	2
Income tax expenses		1 701	521
Other		- 5 418	12
Profit from operations before changes in working capital and provisions		- 2 451	744
Decrease/increase (-) in trade and other receivables and current income tax assets		3 579	917
Decrease/increase (-) in inventories		5 188	188
Increase/decrease (-) in trade and other payables		- 3 736	106
Increase/decrease (-) in provisions		- 1 781	- 342
Increase/decrease (-) in non-current employee benefit liabilities		- 43	
Deferred tax liability/tax asset		18	
Increase/decrease (-) in working capital		3 226	869
Operating cash flow after changes in working capital and provisions		776	1 614
Interest paid (-)		- 1 287	- 300
Interest received		13	3
Income tax paid (-)		- 124	4
Cash flow from operating activities		- 623	1 321
Investing activities			
Proceeds from sale of property, plant and equipment		35	21
Proceeds from sale of investments			37
Proceeds from sale of subsidiaries		- 2 114	
Acquisition of property, plant and equipment		- 396	- 290
Acquisition of other intangible assets		- 441	- 549
Cash flow from investing activities		- 2 916	- 780
Financing activities			
Repayment of borrowings		- 2 723	- 922
Cash flow from financing activities		- 2 723	- 922
Increase/decrease (-) in cash and cash equivalents		- 6 262	- 382
Effect of exchange rate fluctuations		52	- 64
Net increase/decrease (-) in cash and cash equivalents		- 6 210	- 446
Cash and cash equivalents at the beginning of the year		10 235	4 761
Cash and cash equivalents at the beginning of the year (discontinued operations)		735	
Cash and cash equivalents at the end of the period		4 761	4 314
Total cash and cash equivalents		4 761	4 314

Statement of changes in equity for the period

(in € '000)	Capital	Retained earnings	Revaluation surplus	Treasury shares	Currency translation adjustments	Shareholders' equity	Total equity
Balance as at 31.12.2011	64 194	-44 402	5 335	-2 422	2 158	24 864	24 864
Currency translation differences					- 25	- 25	- 25
Net gains/losses (-) not recognised in the income statement		- 90				- 90	- 90
Net profit/loss (-) for the period		-3 849				-3 849	-3 849
Total comprehensive income		-3 939			- 25	-3 964	-3 964
Transfer		1 513	-1 513				
Balance as at 31.12.2012	64 194	-46 827	3 822	-2 422	2 134	20 900	20 900
Currency translation differences					20	20	20
Net gains/losses (-) not recognised in the income statement		48				48	48
Net profit/loss (-) for the period		-2 035				-2 035	-2 035
Total comprehensive income		-1 987			20	-1 967	-1 967
Balance as at 31.12.2013	64 194	-48 815	3 822	-2 422	2 154	18 933	18 933

Segment information – Reportable segments

	(in € '000)		E-commerce		Wholesale		Total reportable segments	
	2012	2013	2012	2013	2012	2013	2012	2013
Revenue								
External revenue	32 370	30 649	22 630	21 366	55 000	52 014		
Intersegment	2 474	2 339	288	11	2 762	2 349		
Total revenue	34 843	32 987	22 919	21 376	57 762	54 364		
Interest revenue	374	352		0	374	352		
Interest expense	- 399	- 319	- 371	- 354	- 770	- 673		
Profit/loss (-) before taxes	1 665	- 826	- 195	- 323	1 470	- 1 150		
Total operating segment assets	30 485	29 185	3 865	2 573	34 350	31 759		
Total operating segment liabilities	9 078	8 975	4 658	3 973	13 736	12 948		
Total capital expenditures property, plant & equipment	332	527	1		333	527		
Total capital expenditures goodwill								
Total capital expenditures intangible assets other than goodwill	408	547			408	547		
Depreciations and amortisations	- 1 742	- 1 629	- 37	- 29	- 1 779	- 1 657		
Other non cash	- 638	- 318	- 81	20	- 719	- 298		
Number of persons employed in FTEs end of the period	247	246	11	9	258	255		

Reconciliations	(in € '000)		2012	2013
Revenue			2012	2013
Total revenue for reportable segments			57 762	54 364
Elimination of intersegment revenue			- 2 762	- 2 349
Other			5	15
Total revenue discontinued operations			55 005	52 029
			80 658	
Profit/loss (-)			2012	2013
Total profit/loss (-) for reportable segments			1 470	- 1 150
Profit/loss (-) not allocated to reportable segments				
Other			- 188	- 365
Profit/loss (-) before taxes			1 282	-1 514
Assets			2012	2013
Total assets for reportable segments			34 350	31 759
Assets not allocated to reportable segments				
Elimination of assets			- 6 234	- 2 687
Deferred tax asset			6 343	5 802
Other			5 141	1 594
Total assets			39 600	36 467
Liabilities			2012	2013
Total liabilities for reportable segments			13 736	12 948
Liabilities not allocated to reportable segments				
Elimination of liabilities			- 6 234	- 2 687
Financial obligations			6 175	5 490
Other			5 022	1 783
Total liabilities			18 699	17 534