



PRESS RELEASE – Regulated information

Wetteren (Belgium), 28 October 2010

**Spector Photo Group:
Trading Update for Third Quarter of 2010**

Retail Group:

- Price deflation continues to put pressure on revenues.
- Slight decline in revenue after 9 months: from € 121.36 million to € 116.09 million (-4.3%).
- REBITDA after 9 months rises 18.9%.

Imaging Group:

- First positive effect of automation of production and logistics is now visible in the third quarter with REBITDA rising on a quarterly basis from € 0.59 million to € 1.47 million (+150%).
- The revenue after 9 months fell from € 53.95 million to € 43.15 million (-20%).
- REBITDA after 9 months fell from € 1.72 million to € 1.03 million (-40.5%).

Segment information from continuing operations

Unaudited figures prepared in accordance with IFRS

(in € '000)	YTD September 2009	YTD September 2010	Δ in %	Q3 2009	Q3 2010	Δ in %
Revenue						
Total	174 725	158 747	-9.1%	57 580	53 198	-7.6%
Retail	121 362	116 095	-4.3%	40 023	39 091	-2.3%
Imaging	53 953	43 153	-20.0%	17 763	14 293	-19.5%
Corporate	583	437	-25.0%	194	145	-25.6%
Intersegment	-1 173	- 938	20.0%	- 401	- 330	17.6%
REBITDA						
Total	3 677	3 614	-1.7%	1 850	2 651	43.3%
Retail	2 439	2 899	18.9%	1 319	1 258	-4.6%
Imaging	1 723	1 026	-40.5%	590	1 473	149.7%
Corporate	- 484	- 311	35.7%	- 58	- 80	-37.0%

Retail Group

The ongoing price deflation continues to put pressure on the revenues of the Retail Group. In the first 9 months of 2010, the revenue fell from € 121.36 million to € 116.09 million (-4.3%). Compared to the third quarter of 2009, revenue fell by 2.3% on a quarterly basis.

Despite the drop in revenues, the Retail Group succeeded in increasing its REBITDA by 18.9% from € 2.44 million to € 2.90 million. The REBITDA for the third quarter of 2010 declined by 4.6% and evolved from € 1.32 million last year to € 1.26 million this year.

As far as major product groups are concerned, the sale of digital cameras continues to grow. The revenues from sales of mobile phones increased slightly thanks to smart phones. Sales of televisions and hifi equipment remained stable. Computer equipment and video DVDs, on the other hand, decreased in sales.

During the course of the third quarter, a new shop was opened in Ciney, Belgium. This meant that the Retail Group had 111 shops on 30 September 2010: 93 in Belgium, of which 3 are in franchise, and 18 shops in Luxembourg. Compared to the end of December 2009, this is an increase of two shops in Belgium.

Imaging Group

The automation in production and logistics, and the integration of the Swedish lab were successfully completed during the third quarter. It consisted of an important number of sub-projects for more automation in production of the various digital products, such as photo books, photo calendars, greeting cards, and photos on canvas, etc.

Furthermore the website was enhanced with the possibility of making photo books also online. For the customer, this means more convenience and a better transfer rate. Moreover, the new online photo book editor is suitable for both PC and Mac computers.

The positive effect of these important and complex initiatives is clearly reflected in the results for the third quarter. Thus the REBITDA rose 150% from € 0.59 million to € 1.47 million. This improvement is nevertheless insufficient to compensate for the backlog incurred during the first 6 months of the year. After 9 months of 2010, REBITDA is down 40,5%, falling from € 1.73 million to € 1.03 million (-40.5%).

As a result of focusing on the various automation projects, of the further decline of analogue prints and due to the termination of the trading activity in photo paper, revenue fell for the first nine months of 2010 from € 53.95 million to € 43.15 million (-20%). Revenue decreased by 19.5% during this third quarter.

In digital mail order, the emphasis in terms of marketing efforts is shifting towards the very important fourth quarter. The Spector channel for the independent photo specialists also has to cope with falling revenue. Filmobel, the wholesaler for the independent photo specialists, is continuing its growth even after its strong performance in 2009.

PROSPECTS (*)

Photo Hall – Retail Group

Towards the end of the year, the group expects that the trends of the first 9 months of 2010 will continue. In addition, the strict cost control will go on unabated, and the group will continue to invest in new commercial initiatives. The group will also continue to focus sharply on offering customers products with the best value for money.

Photomedia – Imaging Group

The fourth quarter continues to be the most commercially important quarter of the financial year. By reducing the break-even point, the profitability recovery that was initiated in the third quarter of 2010 will continue into the fourth quarter of this year.

Spector Photo Group's profile

Spector Photo Group is a diversified multimedia group operating in 14 European countries, with some 800 employees. Spector's shares are traded on Euronext Brussels (ISIN BE0003663748, stock code SPEC).

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 of Photo Hall and Hifi International. At the end of September 2010, the Retail Group had 111 shops, of which 108 were under the Group's own management, spread across Belgium and the Grand Duchy of Luxembourg. The Retail Group's revenues represented 73% of the revenue from continuing operations as at the end of September 2010.

The Imaging Group converts digital and analogue photographs into photo prints, photo cards, photo calendars, photo albums and 'photo gifts'. 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 revenues represented 27% of the revenue from Spector Group's continuing operations as at the end of September 2010.

Financial calendar

8 February 2011*	Trading update for 2010
8 March 2011*	2010 Annual results
11 May 2011	Trading update for first quarter of 2011
30 August 2011*	Half-year results and Half-year financial report for 2011
27 October 2011*	Trading Update for third quarter of 2011

* indicative dates

Definitions

Revenue = Operating income from continuing operations.

REBITDA = Profit/loss (-) from operating activities expressed as Earnings Before Interest, Taxes, Depreciation, and Amortisation and provisions (EBITDA) minus non-recurring items.

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

[This press release is an English translation of the official Dutch version.](#)