



UNDER EMBARGO UNTIL 29 AUGUST 2013 – 5.40 p.m.

PRESS RELEASE – Regulated information

Wetteren, Belgium, 29 August 2013

Half-year results for 2013

- Group:
 - Revenue decreased slightly by -3.3% to EUR 22.92 million;
 - Result from continuing operations, adjusted for non-cash items, evolved by +36% from minus EUR 1.33 million to minus EUR 0.85 million;
 - Net financial debt decreased to EUR 3.94 million compared to EUR 5.41 million in the previous year for the smartphoto group excluding Retail Group.

- E-commerce:
 - Continuing of the downward trend of analogue and digital photo prints has led to a decrease in revenue to EUR 12.72 million by -9.2%;
 - (R)EBITDA decreased due to start-up costs for new initiatives.

- Wholesale:
 - The revenue increased by 1.9% to EUR 11.31 million;
 - (R)EBITDA amounted to a positive EUR 0.03 million.

Key figures

Audited figures, drawn up in accordance with IFRS

Income Statement	(in € '000)	June 2012	June 2012 *	June 2013	Δ in %
Revenue		79 924	23 708	22 918	-3.3%
Profit/loss (-) from operating activities, before non-recurring items (REBIT)		- 4 691	- 1 266	- 1 689	-33.4%
Non-cash items from operating activities, before non-recurring items		1 609	979	929	-5.1%
REBITDA		- 3 082	- 287	- 760	-165.0%
Non-recurring items from operating activities		- 521	0	0	-
Profit/loss (-) from operating activities (EBIT)		- 5 212	- 1 266	- 1 689	-33.4%
Non-recurring non-cash items from operating activities		233	0	0	-
EBITDA		- 3 370	- 287	- 760	-165.0%
Financial result		- 932	- 270	- 172	36.2%
Income tax expense (-)/income		61	154	- 361	-334.8%
Profit/loss (-) from continuing activities		- 6 083	- 1 382	- 2 222	-60.8%
Non-cash items from continuing activities		885	48	1 367	2774.2%
Profit/loss (-) from continuing activities, corrected for non-cash items		- 5 198	- 1 334	- 854	36.0%
Profit/loss (-) from discontinued operations		0	- 4 701	0	-
Profit/loss (-) for the period		- 6 083	- 6 083	- 2 222	-
Attributable to equity holders of the parent company		- 6 083	- 6 083	- 2 222	63.5%

Statement of financial position	(in € '000)	June 2012	June 2013	Δ in %
Total assets		85 375	34 183	-60.0%
Net financial debt		37 537	3 942	-89.5%
Total equity		18 765	18 697	-0.4%
Solvency ratio		22.0%	54.7%	148.9%
Gearing ratio		200.0%	21.1%	-89.5%
Current ratio		107.8%	88.2%	-18.2%

* As at 30 June 2012, the Retail Group was still recognised under the continuing operations. Due to the divestment of the Retail Group's companies and their wholly-owned subsidiaries, the comparative figures for the first half-year of 2012 have been restated in accordance with IFRS 5. The Retail Group's results are recognised under the 'discontinued operations'.

Reportable segments

(in € '000)	June 2012	June 2013	Δ in %
Revenue			
Total	25 093	24 021	-4.3%
E-commerce	14 002	12 716	-9.2%
Wholesale	11 090	11 306	1.9%
REBITDA			
Total	- 144	- 528	-265.9%
E-commerce	- 185	- 554	-198.8%
Wholesale	41	26	-36.5%

Reconciliations

(in € '000)	June 2012	June 2013	Δ in %
Revenue			
Total revenue for reportable segments	25 093	24 021	-4.3%
Elimination of intersegment revenue	-1 385	-1 117	19.4%
Other	0	14	-
Total revenue	23 708	22 918	-3.3%
REBITDA			
REBITDA reportable segments	- 144	- 528	-265.9%
REBITDA not allocated to reportable segments	- 143	- 232	-63.0%
Total REBITDA	- 287	- 760	-165.0%

Discontinued operations

(in € '000)	June 2012	June 2013	Δ in %
Revenue Photo Hall Group (Retail)	56 244		
Intersegment	- 28		
REBITDA Photo Hall Group (Retail)	-2 795		

The fully consolidated "2013 half-yearly financial report" is available on the website www.smartphotogroup.com.

The Committee of Statutory Auditors has conducted a limited review of the interim consolidated position. The Committee of Statutory Auditors report is included towards the end of this document.

Current situation of each segment

E-commerce

The E-commerce operations include all the activities aimed at providing photo products to end consumers.

The revenue amounted to EUR 12.72 million in the first half of 2013, a decrease of 9.2% in comparison with the same period in 2012. The REBITDA evolved from minus EUR 0.18 million in the first half of 2012 to minus EUR 0.55 million in 2013.

Due to the decline in the sales figures of digital and analogue prints and an increasing focus on products with higher margins such as photo books, photo cards and photo gifts, the group's activity is shifting ever increasingly towards the last quarter.

The mail-order photo activities experienced a significant decrease in analogue and digital prints (analogue -50.1%, digital -20.6%).

The increasing sales of photo books, photo cards and photo gifts could not completely offset this loss because of the seasonality.

smartphoto.be won the first prize in the 2013 BeCommerce Awards in the category "Recreation & Leisure", with which it was named the best website of Belgium in its category.

The results in the first half-year were adversely affected by start-up costs of new initiatives, including websites for retailers, the further development of mobile solutions for smartphones and tablets, and the start-up of the large format activities.

The high seasonality with a peak in the last quarter means that the activities in the first half-year historically make a loss.

Wholesale

The Wholesale activities aim at companies or independent traders, with a mix of hardware sales and photo products.

The photo activities in the shops experienced the same decline in analogue and digital prints. On the other hand, hardware sales experienced a slight increase, which was nevertheless combined with continued pressure on the margins.

The Wholesale activities are also affected by a strong seasonal character.

Key elements of the income statement

The results of the first half-year of 2012 have been restated in accordance with IFRS 5. This means that the Retail Group's results have been recognised under the 'discontinued operations'.

Smartphoto group realised revenue of EUR 22.92 million (-3.3%) in the first half-year of the 2013 financial year and a REBIT of minus EUR 1.69 million, compared with respectively EUR 23.71 million and minus EUR 1.27 million in the first half of 2012. At the level of its REBITDA, smartphoto group experienced a decrease of minus EUR 0.29 million to minus EUR 0.76 million.

The focus of the financial year is in the fourth quarter for both the E-commerce and the Wholesale activities.

Financial result

The financial result improved by EUR 0.1 million compared to the first half of 2012 and amounted to minus EUR 0.17 million compared to minus EUR 0.27 million in the previous year. This decrease of the net financial costs is mainly the result of lower interest expenses and lower unrealised currency losses.

Taxes

During the first half of 2013, the tax result of smartphoto group evolved from EUR 0.15 million in the first half of 2012 to minus EUR 0.36 million. The increase in the tax expenses of EUR 0.52 million mainly concerns the use of deferred tax assets as a result of the reduction of the tax expenses in the relevant tax jurisdiction.

Result for the financial year

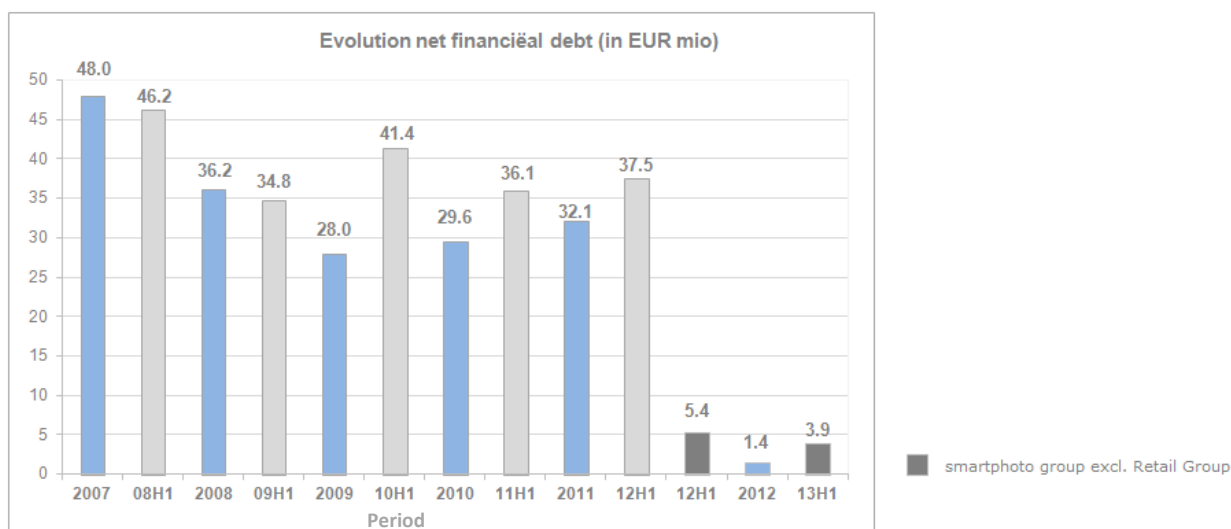
The first half of the 2013 financial year ended with a loss of EUR 2.22 million, compared to a loss of EUR 6.08 million in the same period of 2012. This improvement in the result by EUR 3.86 million can be explained as follows:

- Operating result: reduction of EUR 0.42 million,
- Financial result: improvement by EUR 0.10 million,
- Income taxes: increase in the tax expenses by EUR 0.52 million,
- Discontinued operations: a positive effect of EUR 4.7 million.

Statement of financial position

The total assets decreased from EUR 39.6 million at year-end 2012 to EUR 34.18 million at the end of June 2013. The main items are the following:

- The **net financial debt** amounted to EUR 3.94 million as at the end of June 2013, compared to EUR 37.54 million at the end of June 2012. With a comparable scope, the net financial debt of EUR 5.41 million as at the end of June 2012 evolved to EUR 3.94 million, a decrease of EUR 1.47 million.



- The **equity** decreased compared to the year-end 2012, mainly as a result of the half-year loss and amounted as at the end of June 2013 to EUR 18.70 million, i.e. EUR 0.53 for each share entitled to dividend.
- The **non-current assets** decreased by EUR 0.87 million, mainly as a result of, on one hand, the depreciation and amortisation of minus EUR 0.84 million, and, on the other, investments in property, plant and equipment and intangible assets of EUR 0.41 million, and a net decrease in deferred tax assets by minus EUR 0.41 million. The investments relate mainly to investments in production machines for the start-up of the large format activities and software for the mobile solutions for smartphones and tablets.

Prospects for 2013 ⁽¹⁾

For the entire 2013 fiscal year, smartphoto group expects the same level of the revenue at a constant profitability compared to the 2012 fiscal year, despite the difficult market conditions.

REPORT 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 consolidation goodwill depends on the future positive development of the markets on which the business plan is based.

Antwerp - Ghent, August 29, 2013

Grant Thornton Bedrijfsrevisoren BV CVBA
Statutory Auditor
Represented by

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Statutory Auditor
Represented by

Ria Verheyen
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Registered Auditor

Smartphoto group, 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, stock code SMAR).

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

smartphoto.biz, using the same products, focuses on businesses and organisations that want to offer personalised products.

smartphotoXL is positioning itself as the professional provider of visual communications, presentation systems, and printed textiles for business-to-business customers and specialised resellers.

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 within the Wholesale segment high-quality photo products to independent photographers.

Financial calendar

24 October 2013 ⁽²⁾	after exchange closes	Trading update for third quarter of 2013
6 March 2014 ⁽²⁾	before exchange opens	2013 Annual results
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-yearly financial report for 2014

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 (Recurrent Earnings Before Interest, Tax, Depreciation and Amortisation).

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

Profit/loss (-) 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.

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.