Annual Report **2014**

Photo-Me™

Photo-Me has two main activities

Operations

Operations comprises the operation of unattended vending equipment, in particular photobooths, digital printing kiosks, laundry machines, amusement machines and business service equipment.

"Performance in the final quarter of the year was good and this momentum has continued into the current year."

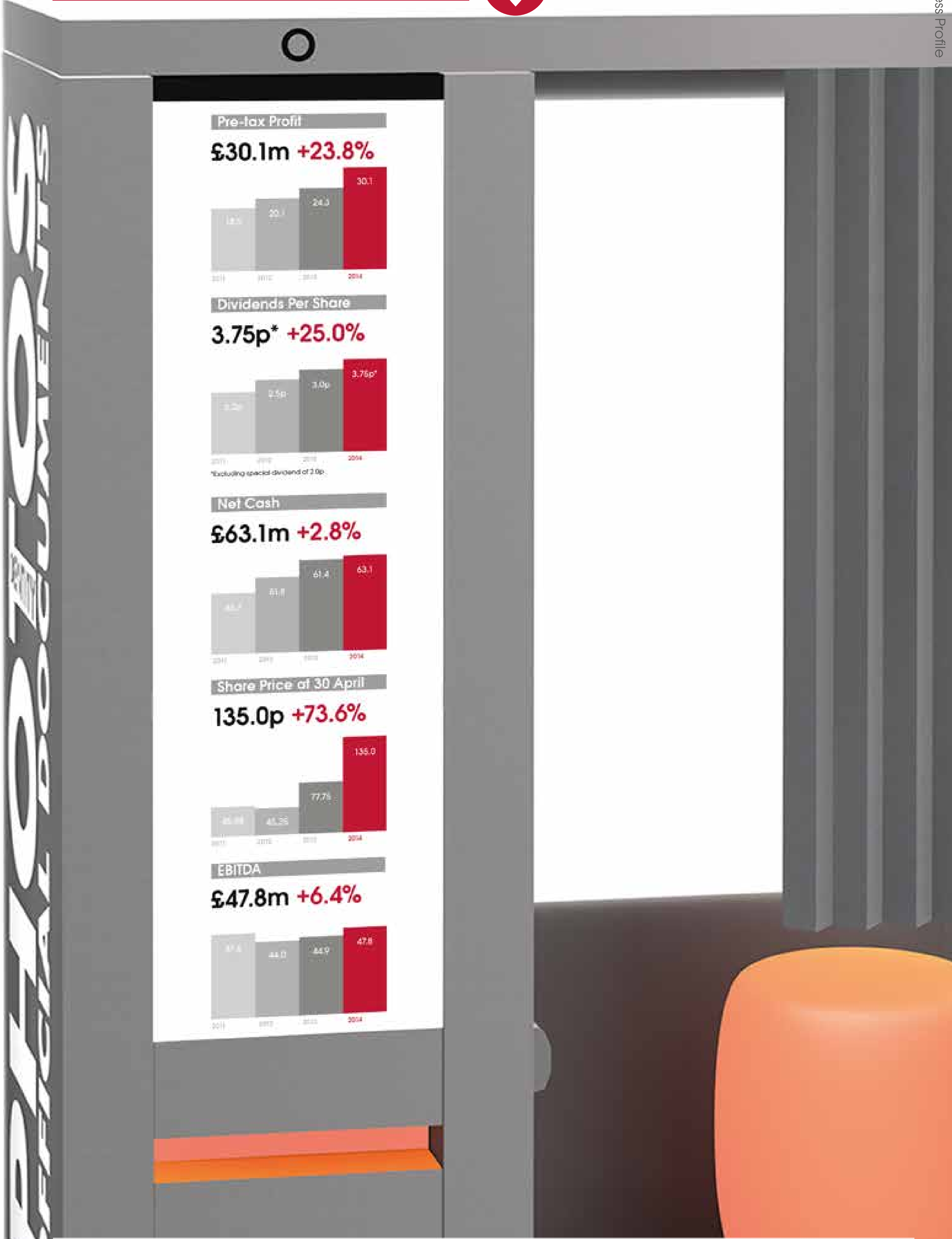
John Lewis
Non-executive Chairman

Sales & Servicing

Sales & Servicing comprises the development, manufacture, sale and after sale servicing of this Operations equipment and a range of photo-processing equipment, including photobook makers, kiosks and minilabs, together with the servicing of other third-party equipment.

Contents

Highlights


Pre-tax Profit
£30.1m +23.8%
20.1
24.3
30.1
2014
Dividends Per Share
3.75p* +25.0%
2.5p
3.0p
3.75p*
2014
*Excluding special dividend of 2.0p
Net Cash
£63.1m +2.8%
61.4
63.1
2014
Share Price at 30 April
135.0p +73.6%
45.25
77.75
135.0
2014
EBITDA
£47.8m +6.4%
44.0
44.9
47.8
2014

How we create and protect value

Our Strategic Business Model

Our Capitals:

Resources & Relationships we rely on

- **Financial**

  Pool of funds that is available.

- **Manufactured**

  Physical objects available for use in the production and delivery of goods, building, equipment etc.

- **Intellectual**

  Knowledge based intangibles including IP, systems, procedures & protocols, brand, reputation.

- **Human**

  People competencies, capabilities and experience.

- **Social & Relationship**

  Key stakeholders – site-owners, suppliers, communities, regulators.

- **Natural**

  Renewable and non-renewable environmental resources that provide goods and services that support the past current and future prospects.

Creating Value:

Operators

Operations comprises the operation of unattended vending equipment, in particular photobooths, digital printing kiosks, laundry machines, amusement machines and business service equipment.

Sales & Services

Sales & Servicing comprises the development, manufacture, sale and after sale servicing of this Operations equipment and a range of photo-processing equipment, including photobook makers, kiosks and minilabs, together with the servicing of other third-party equipment.

Cash Flow

Reinvesting For Growth

Adding & Protecting Value:

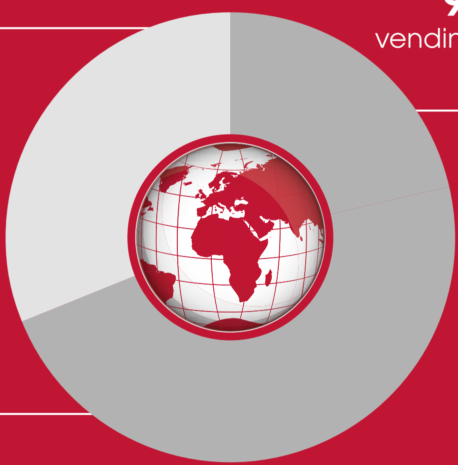
Diversification

Revolution®
High capacity self-service washing machines combined with an energy saving tumble dryer, the Revolution® launderette provides a fast and convenient laundry service.

Geographic Expansion

UK & Ireland
United Kingdom, Ireland
13,000 vending units

Asia
China, Japan, Malaysia, Singapore, South Korea, Thailand, Vietnam
9,600 vending units



Continental Europe
Austria, Belgium, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Portugal, Switzerland
21,250 vending units

Outcomes:

EBITDA
6.4% ↑

Share Price
73.6% ↑

Profit Before Tax
23.8% ↑

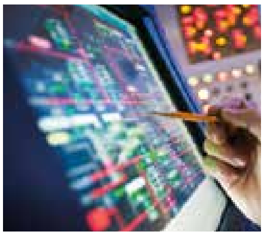
Ordinary Dividend
25% ↑

Our Competitive Advantage

Service Team

We are proud of the diligence and dedication required in maintaining our equipment to the highest level. In the UK alone, 28,000 planned maintenance visits to 6,000 premises are made every month.

Latest Booth Technology



Our flagship photobooth; Photo-Me by Starck, has been conceived by legendary French designer, Philippe Starck. Eye-catching, stylish and fun, this is ID photography and much more. Customers can create pop art photos, postcards and seasonal themes, and upload the results to social media such as Facebook.

Locations

Photo-Me booths can be found almost anywhere. Whether it is your local supermarket, high street or railway station, the vast majority of our customers don't have to travel far to obtain their ID photos. Having recently negotiated to start siting photobooths on the London Underground again, Londoners will have yet more locations available to them.

Telemetry

Photo-Me equipment is built to the highest technical and durable standards in order to maximize availability for customers and revenue for our site owners and the Company. If a fault does occur, remote technologies can be used to diagnose and resolve the issue. Cash recoding is also controlled using out telemetry systems.

Payment Methods

In our increasingly cash-free society, we recognise the need to provide our customers with alternative payment methods. To this end, we are installing card readers in certain equipment.

Communication

Photo-Me offers call centre technology in each country. Our centres are the hub of the service communications network. Any problems are directed here so customer queries are dealt with efficiently in a central location. All Photo-Me products have an ID reference number, which is centrally logged at our national call centres. This information is relayed to the appropriate engineer and manager using digital communication technology, enabling a fast response.

Our Products

Photobooths

For over 50 years, Photo-Me has been the world's largest operator of photobooths, with market-leading photographic quality and innovative technology.

Photo-Me BY STARCK®

Digital Printing

Benefiting from the photographic expertise and excellence in self-service systems, Photo-Me's digital printing kiosks offer a wide range of print formats with a user-friendly interface.

Amusement

Photo-Me offers the latest in interactive character rides, exciting new simulator rides and a selection of other coin-operated amusement machines.

Laundry Service

A solution to the problem of washing and drying large laundry items.

Photography

State-of-the-art cameras, tactile control screens and continually developing designs have helped to cement Photo-Me's position at the head of the field.

Fun Photos

Our distinctive range provides our customers with a fun and enjoyable experience.

Revolution®

As the Group announced at the Interim results in December 2012, following a period of R&D and product development in Grenoble, Photo-Me has been trialling stand-alone heavy-duty laundry units in France and Belgium, sited predominantly at major supermarkets, standing outside the main buildings.

Revolution®

- 100% self-service
- Professional washing machines
- High spin speed
- Energy saving tumble dryer
- Washing liquid provided
- Disabled access

The trials were focused on both the uptake of the product as well as the durability and reliability of the machines, which are designed essentially for the washing and drying of large laundry items such as duvets or bedding, accommodating large loads of up to 18kg.

The results from the trials, both from a durability and takings standpoint, were sufficiently good that Photo-Me commenced a roll-out of this product aggressively in France and Belgium initially, followed by other European countries, utilising the same sites as the photobooth estate.

The roll-out of the units has been self-financed by Photo-Me and they are operated and maintained by Photo-Me's extensive network of service engineers, using the same information systems as the photobooth estate. Photo-Me believes that this network, combined with its excellent long-standing relationships with siteowners – as well as price – will provide effective competitive barriers. As with photo-booths, a commission is paid to the site-owner.

The modernised design of the machines has been finalised and they have been rebranded as "Revolution". At the end of the year, the total number of units in the field was 519.

Following the relocation of the outsourced manufacturing capability to Hungary, the target is to have around 2,000 units (either by way of sales or owned/operated) in the field by the end of calendar year 2015.

As with photobooths, the machines are very cash generative and to date, the average EBITDA margin on a laundry unit has exceeded 50%.

Chairman's Statement

John Lewis

Non-executive Chairman

"Our strategy has been to use the significant cash flow generated from our long-established photobooth business to develop new and complementary products which will drive our future growth."

Results

At constant currency, Group Revenue was 2.2% lower over the year, which was principally due to a further expected decline in revenue from our Sales and Servicing division. Despite lower sales, Group EBITDA increased during the period, with EBITDA margins improving to 25.6% from 23.0% in 2013. Our Operations division grew revenues by 1.5%, aided by a 5.1% increase in photobooth units and a useful contribution from the laundry units. The operating margin in this division also improved to 18.0% (from 16.2% in 2013) with the benefit of lower manufacturing costs.

Strategy

Our strategy has been to use the significant cash flow generated from our long-established photobooth business to develop new and complementary products which will drive our future growth. Alongside this, we are keen to penetrate new geographic markets, which offer the potential of long-term growth.

We are implementing this strategy by: introducing a new designer photobooth range by Starck; entering into new territories; increasing the organic growth of our Chinese operation; and rapidly developing and deploying our new laundry product.

It is also part of our strategy to be financially independent as far as we can be and to concentrate on increasing our returns to shareholders. Our cash flow strength has therefore enabled us to finance from our own resources the development and deployment of Revolution, the expansion of our photobooth estate as well as substantially increasing dividend payments over the last three years. We aim to continue to do this.

Costs

We have made substantial progress in reducing both central costs and manufacturing costs in the last three years. We have a centralised logistics platform for the Group and this has led to savings from reducing both the level of stocks and staff numbers and we have also made savings in R&D.

Our principal focus going forward is to try and minimize manufacturing costs by the use of smarter technology and design and by using low-cost manufacturing bases. The cost of producing a photobooth has been dramatically reduced in the last two years facilitating our expansion into emerging markets while our outsourcing of the production of Revolution units to Hungary will be enormously beneficial going forward.

Dividends

We have rapidly grown dividends since reintroducing them in 2010. At the beginning of this year, we stated that we intended to increase the annual dividend by 20% and would consider the scope for a further special dividend that we subsequently declared in February 2014 which amounted to £7.4million. However, reflecting the confidence we have in the outlook for the business and the strength of its balance sheet, we are pleased to be recommending a final dividend of 1.95 pence to give a total dividend for the year of 3.75 pence, representing an increase of 25% over the previous year.

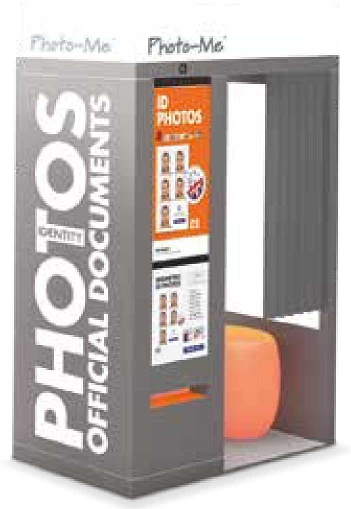
The Group's net cash position remains extremely healthy, our products are well positioned and it is our stated intention to maintain a progressive dividend policy. With the same strong provisos as last year, that the business moves forward as we expect, that our laundry product achieves its targets and we do not make a material acquisition, we intend to increase the annual dividend by 30% next year. In addition, the Board will continue to assess the scope for additional returns.

PHOTOBOOTH SITE INCREASE

5%

TO 26,130

2,300 STARCK BOOTHS WORLDWIDE



If approved at the Company's Annual General Meeting on 23 October 2014, the final dividend will be paid on 6 November 2014 to shareholders on the register at the close of business on 26 September 2014. The ex-dividend date is 24 September 2014.

Employees

On behalf of the Board, I would once again like to thank our management and employees for all their individual hard work, dedication and loyalty throughout the year.

Current trading and outlook

Performance in the final quarter of the year was good and this momentum has continued into the current year. In the UK we were pleased to regain a contract with TfL for the re-deployment of our photobooths within the London Underground. Elsewhere we are focused on manufacturing and deploying Revolution units as fast as we can and we are now in six markets having recently established a presence in the UK and Holland and are looking at a further three.

Subject to the risks and uncertainties detailed in the business and financial review, the Board anticipates further significant progress over the coming year.

John Lewis

Non-executive Chairman

> "We have rapidly grown dividends since reintroducing them in 2010... we are pleased to be recommending a final dividend of 1.95 pence to give a total dividend for the year of 3.75 pence, **representing a further increase of 25% over the previous year.**"

Serge Crasnianski
Chief Executive Officer and Deputy Chairman

Françoise Coutaz-Replan
Group Finance Director

DIVISIONAL REVIEW

The following geographical analysis is provided in order to give additional information; it is not currently a segmental analysis used in managing the business.

Geographical analysis of revenue and profit (by origin)

	Revenue				Operating profit			
Year to 30 April	**2014 £m**	**2014† £m**	2013 £m	Change† %	**2014 £m**	**2014† £m**	2013 £m	Change† %
Continental Europe	**102.9**	**99.9**	104.9	-4.8	**21.9**	**21.2**	15.2	+39.8
UK & Republic of Ireland	**44.9**	**44.8**	44.9	-0.2	**2.7**	**2.7**	3.3	-19.9
Asia	**38.8**	**46.6**	45.8	+1.8	**5.7**	**6.9**	5.7	+21.4
	186.6	**191.3**	195.6	-2.2	**30.3**	**30.8**	24.2	+27.3

† 2014 trading results of overseas subsidiaries converted at 2013 exchange rates

The Group strongly improved its overall profitability as Operations benefited from an increase in the laundry contribution and lower manufacturing costs and Sales & Servicing returned to good profitability due to lower costs and £1.3m of profit from laundry unit sales.

Operations

	Revenue				Operating profit			
	2014 £m	**2014† £m**	2013 £m	Change† %	**2014 £m**	**2014† £m**	2013 £m	Change† %
Year to 30 April	**170.7**	**175.8**	173.2	+1.5	**30.7**	**31.7**	28.1	+12.6

† 2014 trading results of overseas subsidiaries converted at 2013 exchange rates

519 REVOLUTION UNITS IN OPERATION

	Vending units		
	2014	2013	Change
Continental Europe	**21,250**	20,500	+3.6%
UK & Republic of Ireland	**13,000**	13,450	-3.3%
Asia	**9,600**	9,200	+4.5%
Total	**43,850**	43,150	+1.6%

This division contributed 92% (2013: 89%) of the reported revenue. Revenue increased by 1.5% at constant rate, but operating profit rose by 12.6%, with the Company benefiting from the progressive rollout of Starck booths, growth in the laundry estate and lower manufacturing costs, principally in photobooths as the outsourcing of the manufacture of laundry units to Hungary did not occur until early 2014.

The Group removed a further 553 low value amusement machines in the UK, but growth of 5.1% in the photobooth estate across the Group – an increase of 1,260 units – meant that the overall vending unit estate grew.

The biggest contributor to the division's turnover and profits is the photobooth estate. This extensive network of sites, with long-standing site-owner contracts and relationships, supplemented by an established field service and cash collection infrastructure, represents one of Photo-Me's greatest strengths. They are very cash generative and provide much of the finance for corporate developments, including investment in R&D to produce the next generation of products.

Growing the number of photobooth sites remains a priority for the Group and the increase of 5.1% to 26,130 was evenly split between the three geographic areas. The increase in the UK was largely as a result of the Group obtaining the contract to run machines located in Wm Morrison supermarkets which brought an additional 300 booths. There were good performances in Japan and France, while Germany was weaker after strong performance in the previous year.

The modernisation of the estate continues and the number of higher-margin Starck booths increased to 2,330, an increase of 1,138 over the year. All booths are now manufactured in China and further reductions in the cost base should feed through in 2014/15.

The Group is gradually expanding into new territories and operations have been established in Thailand, South Korea, Malaysia, Vietnam and Poland, supported by lower manufacturing costs.

Laundry units

The roll-out of the units is self-financed by Photo-Me and they will be operated and maintained by Photo-Me's extensive network of service engineers, using the same information systems as the photobooth estate.

The rollout of the laundry product is progressing to plan and the performance of the units is extremely encouraging.

While the average revenue for the French machines rose 13.1%, for the year, there was also an improving quarterly trend, with Q1 at 1%, Q2 and Q3 at 15% and Q4 at 27%.

Following the relocation of the outsourced manufacturing capability to Hungary, the target is still to have around 2,000 units (either by way of sales or owned/operated) in the field by the end of calendar year 2015 and as the business grows, it is expected that the majority of these will be owned/operated. The order book for the machines is very strong and the Group has now sited machines in France, Belgium, Ireland, Germany, Holland and the UK. The units are not just being trialled outside supermarkets, but at campsites, universities, military barracks and riding stables. Further market testing is taking place in three other European countries.

As with photobooths, the machines are very cash generative and to date, the average EBIT margin on a laundry unit has exceeded 50%.

The achievement of the rollout targets in the short and medium term therefore represents an opportunity for a very significant increase in Group profitability and returns to shareholders.

Other products

Digital printing kiosks are very much focused in Continental Europe, particularly France and Switzerland. While the market for simple printed photos is fairly mature, the Group continues to develop innovative products, designed to appeal to changing consumer taste. The latest development has seen the introduction of technology to facilitate direct download from iPhones to the kiosk.

Amusement machines are predominantly a UK business and there has been a continued reduction in the number of low value units. However, recently, the Group has introduced 4-D experience rides to the estate. The business overall is profitable but very small.

Business service equipment is largely in France, and comprises mainly photocopiers and express business card machines. Much of the estate is co-located with photobooths and kiosks, and again is a small part of the business.

Sales & Servicing

	Revenue				Operating profit(loss)			
	2014 £m	**2014† £m**	2013 £m	Change† %	**2014 £m**	**2014† £m**	2013 £m	Change† %
Year to 30 April	**15.9**	**15.6**	22.4	-30.4	**3.5**	**3.2**	(0.6)	+608.0

† 2014 trading results of overseas subsidiaries converted at 2013 exchange rates

Substantially all of Sales & Servicing revenue derives from the sale to third parties of laundry units and retail photographic equipment, principally supplies and consumables.

Revenue decreased a further 30.4%, as minilab sales declined as expected, but the business returned to good profitability helped by lower staff costs, lower R&D costs and a £1.3 million contribution from sales of laundry units.

STRATEGIC OVERVIEW

What we do

Operations

Photo-Me's principal activity is the operation of unattended vending equipment aimed primarily at the consumer market. The largest part of this estate currently comprises photobooths and digital printing kiosks, with the balance comprising laundry units, amusement machines (including kiddie rides) and business service equipment.

Photo-Me owns these units and pays the site owner a fixed fee and/or a commission based on turnover. This commission varies by country and location. Photo-Me is responsible for collecting the takings from and the service and maintenance of the units and employs a network of engineers to perform these tasks.

Sales & servicing

Photo-Me also develops, manufactures (under subcontract) and sells these units as well as a range of photo-processing equipment. It also offers an after-sales service for these items, as well as for other third-party equipment.

Where we operate

Photo-Me has three principal areas of operation geographically – UK and Ireland, Europe and Asia. Within Europe, its most important territory is France and within Asia it is Japan.

With photobooths historically being its core business, Photo-Me has chosen to operate in areas offering a strong and consistent demand for identity photos, in particular passports and driving licences. It has also chosen areas where it is able to establish a strong market share and where business practices maintain a high ethical standard. The Group does not therefore operate in North and South America, Africa or Australasia.

Within countries, units are generally sited in areas of high footfall and/or where there may be ambient demand for identity photos. Thus, supermarkets, shopping malls (indoor and outdoor) and public transport venues are prime locations.

Our business model

Customers

The majority of our business is consumer-oriented and our units must therefore have certain characteristics. These are: good location, attractiveness, ease of use, reliability, quality of product and value for money.

- Location
  We maintain strong relationships with site owners and try to ensure optimum positioning of our machines.
- Attractiveness
  The Group has a strong history of innovation and is constantly looking for ways to update and modernise its estate, while introducing new products to the marketplace. The Starck photobooth and the Revolution laundry units are recent examples of this.
- Ease of Use
  Traditionally, units have been coin-operated in simple denominations (e.g. £5, €5) but the Group is progressively introducing alternative payment systems to improve the customer offering and to maximise the customer opportunity.
- Reliability
  We employ an extensive team of experienced engineers to minimise downtime and maintain appearance.
- Quality of Product
  Photobooths produce ICAO-compliant photos and constant investment in technology ensures the estate in general offers the consumer a satisfying experience.
- Value for money
  Historically, the Group has been cautious in raising its prices and believes it offers a competitively priced range of products. Machine usage supports this view.

From an operational perspective, the Group has three main aims:

1. To increase the number of units in operation
2. To increase takings per unit
3. To minimise production and operational costs

1. Unit expansion

The Group's estate can be grown in the following ways:

a. Adding further units within existing territories
b. Introducing new products within existing territories
c. Entering new markets

a. Adding further units

The Group has strong market positions in the established countries in which it operates, therefore adding further units within these territories is generally quite difficult to achieve. However, in the last year in the UK, Photo-Me was pleased to add Wm. Morrison's 300 photobooths to its estate and was also able to negotiate a contract with Transport for London for putting photobooths back within the London Underground.

b. Introducing new products

The Group has been very successful at introducing new products and modernising its portfolio. The last two years have seen the introduction of the Philippe Starck designed photobooths as well as the launch of the new Revolution laundry units.

The modern and elegant design of the Starck booths is intended to appeal to the consumer and to attract more of them to the booths. This is clearly also attractive to the site owner. This dynamic enables Photo-Me to negotiate lower commission payments on Starck booths in some territories, and nearly all new sitings or replacements of booths in established territories are now Starck models.

The launch of the Revolution laundry units occurred in the second half of 2012. These machines offer an attractively priced product, and the initial target sites were expected to be outside supermarkets in France and Belgium where Photo-Me already has long-standing relationships given the existence of the photobooth estate.

The rollout continues to make good progress and the Group continues to target an installed base of 2,000 units by the end of 2015. The Group is finding demand for the product in additional markets at differing locations, for example campsites, riding stables and student accommodation, and has now also launched into Ireland, Germany and the UK.

c. Entering new markets

While there are a number of large developed markets in which the Group does not operate, Photo-Me has decided that emerging markets offer the best expansion route going forward because of the large market potential combined with very limited competition. The Group entered the Chinese market in 2010, beginning in the Shanghai region and over the last year has begun trial operations in Poland, South Korea, Thailand, Vietnam and Malaysia. Because of the lower price points available in these territories, key to this expansion is lowering the cost of production and this is covered elsewhere in the review.

The Group now has more than 500 photobooth units in operation in China and is continuing to target 1,200 units by the end of 2015, with an additional 200 in South Korea.

2. Increase takings per unit

Clearly the most obvious route for the Group is to raise prices but over the last few years the Group has chosen not to do this in the light of both the generally difficult economic background globally as well as a desire to ensure that the offering remains very competitive.

Over the next year, the Group is, however, planning to increase prices both selectively and cautiously, to determine whether there is an impact on demand. A price rise, as a result of a software upgrade, has been effected in the Japan booths to offset recent VAT increases and the prices on kiddie rides and amusement machines generally are expected to increase from low levels. Elsewhere the Group is targeting a price increase in one of the smaller European markets to gauge its effect.

The introduction of attractive new products is also a route and this has been demonstrated by the Starck booths, where on average a good increase in like-for-like revenue has been seen, which when combined with a lower cost of production has led to better profitability on these units.

3. Minimising production and operational costs

The principal operating cost – other than depreciation – is the commission paid to site owners. Because of sophisticated telemetry inside all of its operating units, the Group suffers virtually no fraud, and the costs of operating its network of engineers are also low as a percentage of the total cost base. The Group seeks to reduce commissions where possible – and it has achieved some success with the introduction of its Starck booths – and it remains an ongoing strategic management target. The commission payable on its Revolution laundry units is, however, significantly less than the photobooths as they utilise external space which would normally produce no value for the site owners.

The Group has also been through a period of significant restructuring in the last few years as a result of the decline in the global minilab market. This has resulted in the Sales and Servicing division being shrunk in terms of both numbers employed and scope of activity with a corresponding reduction in associated costs. As part of this process the Group moved to a single centralised logistics platform and this produced a further decline in central costs. The full benefit of these actions is apparent in the results for the year to April 2014 and no further additional benefit is expected to accrue.

The cost reduction associated with production is the area that, going forward, will have a material effect on profitability. Over the last year, the Group has transferred its production of photobooths to China and the production of the laundry units to Hungary. The facility in each country is operated by a large, listed European manufacturer with very high production standards and capability.

The cost of a photobooth has been further reduced by a change of technology inside the machine and the combined cost saving from this and the relocation is of the order of 60% compared with the price of a booth at the beginning of 2013.

Gender Diversity

The table below shows the gender diversity of the Group's employees as at 30 April 2014 with the corresponding figures as at the same date last year for comparison purposes:

	2014			2013		
	Total	**M**	**F**	Total	M	F
Directors	**6**	**5 (83%)**	**1 (17%)**	6	5 (83%)	1 (17%)
Senior Managers (excluding Directors)	**13**	**12 (92%)**	**1 (8%)**	12	11 (92%)	1 (8%)
Employees (excluding above)	**1,069**	**904 (85%)**	**165 (15%)**	1,061	890 (84%)	171 (16%)
Total	**1,088**	**921 (85%)**	**167 (15%)**	1,079	906 (84%)	173 (16%)

FINANCIAL REVIEW
Key performance indicators

The Group measures its performance using a mix of financial and non-financial indicators. The main objective of these KPIs is to ensure that the Group remains highly cash generative, delivers sustained long-term profitability, preserves the value of its assets and provides high returns to shareholders.

		Performance		
Description	**Relevance**	**April 2014**	April 2013	April 2012
Group total revenue	Although in decline over the past years, revenue is considered to be a useful indicator	**£186.6m**	£195.6m	£207.8m
Group profit before tax	The PBT is the main indicator of the performance of the Group	**£30.1m**	£24.3m	£20.1m
Group EBITDA margin	The EBITDA margin is a good indicator of our improvements in profitability	**25.6%**	23.0%	21.2%
Operations revenue organic growth	Our operations' revenue growth is an important indicator of the trend in our core business	**+1.5%**	+1.2%	-1.3%
Increase in number of photobooths	The increase in the number of photobooths is always a priority and a main driver for growth	**+1,261**	+1,399	+1,071
Increase in number of laundry units (operated or sold)	The increase in the number of laundry units measures our penetration in this market where there is a huge potential for growth and large profits	**+235**	NR	NR
Group net financial position	The Group net financial position is an indicator of the health and strength of the Group	**£63.1m**	£61.4m	£51.8m

Financial performance

	April 2014 £m	April 2013 £m
Revenue	**186.6**	195.6
EBITDA	**47.8**	44.9
Operating profit	**30.3**	24.2
Profit before tax	**30.1**	24.3
Profit after tax	**21.6**	17.6

With profits significantly up, it was a year of solid financial performance for the Group.

Reported revenues declined by 4.6% to £186.6m due largely to the decline of minilab-related sales and a very significant adverse effect of exchange rates (mainly Japanese Yen).

The following table summarises the movements in turnover:

	£m
April 2013 turnover	195.6
Changes in revenue from Operations	
UK & Ireland	0.5
Continental Europe	0.2
Asia	1.8
	2.5
Changes in Sales & servicing revenue	
Decrease in minilab division	(7.3)
Increase in sales of laundry machines	0.9
Other	(0.4)
	(6.8)
Impact of exchange rates	(4.7)
April 2014 turnover	**186.6**

This decrease in total turnover was more than offset by savings in costs, and the Group reported a 23.8% increase in profit before tax.

The following table explains the increase in profit before tax for the year:

	£m
April 2013 profit before tax	24.3
Revenue changes	(9.0)
Cost changes	14.8
Changes in non-cash items	
Decrease in depreciation & amortisation	3.2
Disposal of assets	(2.9)
Provision on investment	(0.3)
	–
April 2014 profit before tax	**30.1**

Review of operating costs

The Group incurred operating costs of £156.3m (2013: £171.4m).

Staff costs account for 28.0% of the Group's operating costs. These decreased by 4.4% on the previous year, mainly as a result of the restructuring in the sales and servicing division, where headcount was further reduced by 20.

The reduction in inventory costs is a direct result of both the decline of the minilab division (very few quantities of photographic equipment are now produced) and better efficiency in logistics and the supply chain organisation.

	April 2014 £m	April 2013 £m
Staff costs	**43.8**	45.9
Inventory costs	**17.3**	24.4
Other operating costs	**77.5**	83.1
	138.6	153.4
Depreciation and amortisation	**17.5**	20.7
Loss/(profit) on disposal of fixed assets	**0.2**	(2.7)
Operating costs	**156.3**	171.4

The largest component of the other operating costs is the commissions paid to site-owners. There is a constant pressure from big site owners to increase the commission rates, but the Group managed to maintain the commissions at 32.4% of the operating turnover on average worldwide; this was helped by the lower commission rates paid on the new generation of photobooths (Starck booth) and on the laundry (Revolution) units.

The depreciation charge was £3.2m lower than last year. Amortisation of research and development costs was reduced by £1.4m and depreciation of operating equipment decreased by £1.6m as a result of the drastic reduction in manufacturing costs of the new machines now all outsourced in China (photobooths) and Hungary (laundry units).

	April 2014 £m	April 2013 £m
Amortisation of R&D costs	**2.7**	4.1
Depreciation of operating equipment	**13.3**	14.9
Other depreciation	**1.5**	1.7
Total depreciation	**17.5**	20.7

Taxation

The tax charge of £8.5m was at an effective rate of 28.3% (2013: 27.8%).

The Group carries on business in over 15 countries across the world, though the bulk of its taxes arise in France, Japan and the United Kingdom. For each country in which the Group operates, we organise our operations to pay the correct and appropriate amount of tax at the right time according to the applicable laws and ensure compliance with the Group's tax policy and guidelines.

Dividends

During the year, the Company paid dividends totalling £11.1m; this relates to the interim and final dividend for the year ended 30 April 2013.

The interim dividend for the year ended 30 April 2014 (1.8p per share) declared in December 2013 and the special dividend (2p per share) declared in February 2014, were both paid in May 2014. These totalled £14.1 million.

Statement of financial position

The Group's balance sheet can be summarised as follows:

	April 2014 £m	April 2013 £m
Non-current assets (excl. deposits)	**69.4**	67.5
Current assets (excl. cash and deposits)	**26.3**	26.1
Non-current liabilities (excl. borrowings)	**(8.6)**	(9.6)
Current liabilities (excl. borrowings)	**(46.0)**	(47.0)
Net cash	**63.1**	61.4
Total equity	**104.2**	98.4
Minority interests	**(1.1)**	(1.2)
Total shareholder's equity	**103.1**	97.2

Shareholders' funds increased by £5.9m to £103.1m during the year. This mainly reflects the retained earnings for the year less dividends and after adjusting the translation reserve for exchange differences arising during the year.

The detail of non-current assets is shown in the table below:

	April 2014 £m	April 2013 £m
Goodwill	**9.9**	10.0
R&D costs	**2.2**	3.7
Other intangible assets	**3.6**	3.0
Operating equipment	**41.7**	40.1
Plant and machinery	**3.3**	2.7
Land and buildings	**1.5**	2.6
Investment property	**0.5**	0.7
	62.7	62.8
Investments	**0.7**	0.8
Deferred tax asset	**4.2**	2.2
Trade and other receivables	**1.8**	1.7
Total non-current assets	**69.4**	67.5

Goodwill mainly relates to the Japanese subsidiary.

With a net book value of £41.7m, the operating equipment is by far the main component of the Group's total non-current assets. The Group owns more than 43,850 machines operated worldwide. The change in the net book value reflects the Group's capital expenditure in the year of £17.3m, net of depreciation and net of exchange differences.

Cash flow and net cash position

Overall, the Group's net cash position increased by £1.7m in the year:

	April 2014 £m	April 2013 £m
Opening net cash	**61.4**	51.8
Cash generated from operations	**45.6**	46.6
Taxation	**(9.9)**	(7.3)
Net cash generated from operations	**35.7**	39.3
Net cash used in investing activities	**(20.3)**	(15.5)
Proceeds from sale of treasury shares	**–**	5.8
Dividends paid	**(11.3)**	(20.0)
Net cash generated	**4.1**	9.6
Other (impact of exchange)	**(2.4)**	–
Net cash inflow	**1.7**	9.6
Closing net cash	**63.1**	61.4

Despite an increase in EBITDA, net cash flows from operating activities at £35.7m were £3.6m lower than last year due to the combined effect of higher tax paid and adverse movement in working capital.

The cash generation was still substantial and enabled the Group to finance its capital expenditure programme and pay large dividends to shareholders.

At the end of April 2014, the Group's net financial position was £63.1m, split as follows:

	Cash and deposits £m	Borrowings £m	Net financial position £m
Balance at 30 April 2013	**62.2**	**(0.8)**	**61.4**
Cash flow	**3.7**	**0.5**	**4.2**
Non-cash movements	**(2.5)**	**–**	**(2.5)**
Balance at 30 April 2014	**63.4**	**(0.3)**	**63.1**

Principal risks

Like all businesses, the Group faces risks and uncertainties that could impact the achievement of the Group's strategy. These risks are accepted as being part of doing business and the Board recognises that the nature and scope of these risks can change and so regularly reviews the risks faced by the Group as well as the systems and processes to mitigate them.

The table opposite sets out what the Board believes to be the principal risks and uncertainties, their impact and the mitigation actions.

Nature of the risk	Description and impact	Mitigation
Economic		
• Global economic conditions	Economic growth is a major influence on consumer spending. A sustained period of economic recession could lead to a decrease in consumer expenditure in discretionary areas.	The Group focuses on maintaining the characteristics and affordability of its needs-driven products.
• Volatility of foreign exchange rates	The majority of the Group's revenue and profit is generated outside of the UK, and the Group results could be adversely impacted by an increase in the value of sterling relative to foreign currencies.	The Group sometimes hedges its exposure to currency fluctuations on transactions. However, by its nature, in the Board's opinion it is very difficult to hedge against currency fluctuation arising from translation in consolidation in a cost-effective manner.
Regulatory		
• Centralisation of production of ID photos	In many European countries where the Group operates, if governments were to implement centralised image capture for biometric passport and other applications, the Group's revenues and profits could be seriously affected*.	The Group is developing new systems that could respond to this situation. The Group also ensures that its ID product remains affordable and of high quality. The Group is also lobbying.
Technology		
• Obsolescent or obsolete technology	As the business is very reliant on technology, if the technology used within the Group's products were to become obsolete, this could affect the Group's competitive position in the market.	The Group invests in research and development to try and ensure that it has cutting edge technology and innovative products.
Strategic		
• Identification of new business opportunities	Failure to identify new business areas may impact the ability of the Group to grow in the long term.	The Management teams constantly review demand in existing markets and potential new opportunities. The Group continues to invest in research for new products and technologies.
• Inability to deliver anticipated benefits from the launch of new products	The realisation of long-term anticipated benefits depends upon the successful launch of the Revolution laundry unit.	The Group regularly monitors the performance of newly installed machines, which are heavily trialled before launch.
Market		
• Commercial relationships	The Group has well-established long-term relationships with a number of site-owners. The deterioration in the relationship with, or ultimately the loss of, a key account could have a material impact on the Group's results.	Some of the Group's key relationships are supported by medium term contracts. We actively manage our site-owner relationships at all levels to ensure a high quality of service.
Operational		
• Reliance on foreign manufacturers	The Group sources most of its products from outside the UK. Consequently, the Group is subject to risks associated with international trade.	Extensive research is conducted into quality and ethics before the Group procures products from any new country or supplier. The Group also maintains very close relationships with both its suppliers and shippers to ensure that disruption to production and supply are managed appropriately.
• Reliance on one single supplier of consumables	The Group currently buys all its paper for photobooths from one single supplier. The failure of this supplier could have a significant effect.	The Board has decided to hold a strategic stock of paper, allowing for one year's worth of paper consumption, to give enough time to put in place alternative solutions.
• Reputation	The Group's brand is a key asset of the business. Failure to protect the Group's reputation and brand could lead to a loss of trust and confidence. This could result in a decline in the customer base.	The protection of the Group's brand in its core markets is sustained by products with certain unique features and offerings as well as regular maintenance to maintain appearance.
• Product and service quality	The Board recognises that the quality and safety of both its products and services is of critical importance and that any major failure will affect consumer confidence.	The Group continues to invest in both its existing estate, to ensure that it remains contemporary, and in constant product innovation to meet customer needs. The Group also has a programme to regularly train its technicians.

* The Board views the likelihood of such centralisation happening simultaneously (or nearly so) in all countries where the Group operates, as remote. The production of ICAO-compliant photos is technically challenging and may be an impediment to such change. Experience in one jurisdiction where such a change was implemented proved unsuccessful and was reversed.

By order of the Board

Serge Crasnianski
Chief Executive Officer

Françoise Coutaz-Replan
Group Finance Director

25 June 2014

Board of Directors and Secretary

John Lewis - OBE

Non-executive Chairman

Joined the Board in July 2008 and appointed Chairman in May 2010. Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees. Currently a consultant to Messrs Eversheds and a Director of AIM market company, Prime People plc as well as various private companies. Previously a practising solicitor and partner in Lewis Lewis and Co which became part of Eversheds after a series of mergers. Also previously served as Chairman of Cliveden Plc and Principal Hotels plc and as Vice Chairman of John D Wood & Co plc and Pubmaster Group Ltd.

Serge Crasnianski

Chief Executive Officer and Deputy Chairman

Appointed to the Board in May 2009. Previously served on the Board from 1990 to 2007; until 1994 as a Non-executive Director, from 1994 as an Executive Director and as Chief Executive Officer from 1998 to 2007. Founded KIS in 1963.

Françoise Coutaz-Replan

Group Finance Director

Appointed to the Board in September 2009. Joined KIS in 1991. Appointed Finance Director of Photo Me France and KIS in November 2007.

Emmanuel Olympitis

Non-executive Director

Appointed to the Board in December 2009. Senior Independent Non-executive Director, Chairman of the Remuneration Committee and a member of the Nomination and Audit Committees. Previous directorships include China Cablecom Holdings Limited (NASDAQ), Canoel International Energy Limited (Canada), Matica plc, Secure Fortress plc, Bulgarian Land Development plc, Norman 95 plc, Pacific Media plc (Executive Chairman) and Bella Media plc (Chairman). Early career in merchant banking and financial services, including as Executive Director of Bankers Trust International Ltd, Group Chief Executive of Aitken Hume International plc and Executive Chairman of Johnson & Higgins Ltd.

Jean-Marcel Denis

Non-executive Director

Appointed to the Board in March 2012. Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. Founded his own auditing firm in 1970 in Paris; Auditeurs & Conseils Associes (ACA) and sold his interest in ACA in 2005. Subsequently a consultant in Finance & Conseils Associes, which specialises in business valuations.

Yitzhak Apeloig

Non-executive Director

Appointed to the Board in March 2012. A qualified accountant and Managing Partner of ATE Technology Equipment B.V., a private equity firm active mainly in Israel. Chairman of Leader Holdings and Investments Ltd and Polar Communications Ltd and Director of Leader Capital Markets Ltd (all quoted on the Israeli Tel Aviv Stock Exchange). Chairman or Director of a number of other private companies. Previously Executive Chairman of Telit Communications plc, having led its flotation on the London AIM market in 2005.

Del Mansi

Company Secretary

Joined the Group in 2006. A qualified solicitor. Served as interim Company Secretary from April to July 2008. Appointed Group General Counsel in 2009, a role retained upon being appointed Company Secretary on 10 May 2013.

Report of the Directors

The directors submit to the shareholders their report, the audited consolidated financial statements of the Group and such audited financial statements of Photo-Me International plc as required by law for the year ended 30 April 2014. The Chairman's Statement, the Corporate Governance Statement and the Corporate Responsibility Statement should be read as forming part of this report. In this document, references to "The Group", "The Company", "we", or "our", refer to Photo-Me International plc, its subsidiary companies and, where applicable, its associated undertakings, or any of them as the context may require.

Principal activities

The principal activities of the Group continue to be the operation, sale and servicing of a wide range of instant service equipment. The Group operates coin-operated automatic photobooths for identification and fun purposes and a diverse range of vending equipment, including digital photo kiosks, amusement machines, business service equipment and laundry machines. The sales and servicing division comprises the development, manufacture, sale and after-sale servicing of the above-mentioned equipment and also a range of photo-processing equipment and album makers.

The principal subsidiary and associated undertakings of the Company are shown on page 111.

Results and dividends

The results for the year are set out in the Group statement of comprehensive income on page 52.

The directors recommend a final dividend of 1.95p per Ordinary share which, if approved at the Annual General Meeting on 23 October 2014, will be paid on 6 November 2014 to shareholders on the register at the close of business on 26 September 2014. The ex-dividend date is 24 September 2014. This, together with the interim dividend of 1.8p per share paid on 6 May 2014 makes a total dividend for the year of 3.75p per Ordinary share. In addition, a special dividend of 2.0p per Ordinary share was paid on 15 May 2014.

Review of the business and future developments

The Chairman's statement and the Strategic Report describe the activities of the business during the financial year, recent events (including any important events affecting the Group which have occurred since the financial year end), and give an indication of likely future developments in the Group's business. A discussion of the key risks facing the Group and an analysis of key performance indicators are also provided in the Strategic Report.

Research and development

The Group is committed to its research and development programme in order to maintain its introduction of innovative products to the market.

The expenditure incurred on the development of new vending equipment and photo-processing equipment is shown in notes 4 and 11 to the financial statements.

Employees

Information on the Company's employment practices including its policy regarding applications for employment by disabled persons, for the continuing employment of employees who have become disabled, and the training, career development and promotion of disabled persons employed by the Company, as well as employee communication and involvement, is contained within the Corporate Responsibility Statement on page 33 forming part of this report.

Corporate responsibility

A summary of the Company's approach to corporate social responsibility and environmental matters, including a report on the Group's greenhouse gas emissions for the financial year ended 30 April 2014, can be found in the Corporate Responsibility Statement on pages 32 to 35.

Board of directors and their interests

The current directors of the Company are: John Lewis (Chairman); Serge Crasnianski (Chief Executive Officer and Deputy Chairman); Françoise Coutaz-Replan (Group Finance Director); Emmanuel Olympitis (Senior Independent Non-executive Director, Chairman of the Remuneration Committee and a member of the Nomination and Audit Committees); Jean-Marcel Denis (Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees); and Yitzhak Apeloig. Further details, together with a brief biography of each director, can be found on pages 22 and 23. All directors served on the Board throughout the year under review.

In addition to the powers conferred on the directors by law, the Company's Articles of Association also set out powers of the directors; in particular, under these powers, the directors may, subject to any statutory provision requiring prior shareholder approval, exercise all powers of the Company to borrow money, issue shares, appoint and remove directors and recommend dividends and pay interim dividends. A copy of the Articles of Association can be found on the Company's website.

The director retiring by rotation and being put forward for re-appointment at the Annual General Meeting this year is John Lewis.

Details of the directors' contracts, emoluments and interests in shares and share options are given in the Remuneration Report on pages 36 to 48.

Directors' and officers' liability insurance

The Company maintained directors' and officers' liability insurance cover throughout the financial year. This insurance cover extends to directors and officers of subsidiary undertakings and remains in force.

Article 191 of the Company's Articles of Association provides for the indemnification of directors of the Company and associated companies and of directors of a company that is the trustee of an occupational pension scheme for employees of the Company or an associated company against liability incurred by them in certain situations, and is a "qualifying indemnity provision" within the meaning of Section 236 (1) of the Companies Act 2006. No such indemnities have been granted.

Substantial shareholders

As at 25 June 2014, the Company has been notified of the following disclosable interests in the Ordinary shares of the Company:

	Number of Ordinary shares	% of total voting rights	Nature of holding
Serge Crasnianski (director)	79,783,450	21.46	*Direct/indirect
Schroder Investment Management Limited	66,989,946	18.02	Indirect
Western Management Overseas Limited	65,963,267	17.74	Direct
Dan David Foundation	45,579,318	12.26	Direct
Norges Bank	14,400,000	3.87	Direct

* Except for 63,750 Ordinary shares held in his own name, the interest in which is direct, the remaining shares are registered in the name of Tibergest S.A., and Mr Crasnianski's interest in those remaining shares is indirect.

Except for the above, the Company has not been advised of any shareholders with interests of 3% or more in the issued Ordinary share capital of the Company.

Philippe Wahl, a former director of the Company, has declared an interest in the shares registered in the name of Western Management Overseas Limited.

Share capital

The issued share capital of the Company, plus details of the movements in the Company's issued share capital during the year, is shown in note 20 to the financial statements. Each Ordinary share of the Company carries one vote at general meetings of the Company.

Authority to purchase shares

Pursuant to a resolution passed at its 2013 Annual General Meeting, the Company is authorised to purchase its own shares in the market. The Company will seek approval at the 2014 Annual General Meeting to renew the authority for the Company to make market purchases of up to 10% of its own Ordinary shares at a maximum price per share of not more than the higher of: (a) an amount which is not more than 5% above the average of the closing middle market quotations for an Ordinary share (derived from the London Stock Exchange Daily Official List) for the five business days immediately before the date on which that Ordinary share is contracted to be purchased, or (b) the higher of the price of the last independent trade or the highest current independent bid on the London Stock Exchange at the time the purchase is carried out. This authority will expire on the earlier of 18 months from the passing of the relevant special resolution or the conclusion of the following Annual General Meeting. The Company made no repurchases of shares in the year to 30 April 2014.

Additional information

Where not provided elsewhere in the Report of the Directors, the following provides the additional information required to be disclosed in the Report of the Directors.

The structure of the Company's share capital including the rights and obligations attaching to the shares is set out within note 20 to the financial statements.

No person holds securities carrying special rights with regards to control of the Company.

There are no restrictions on the transfer of Ordinary shares in the capital of the Company other than certain restrictions which may from time to time be imposed by law, for example, insider trading law. In accordance with the Listing Rules of the Financial Conduct Authority, certain employees are required to seek the approval of the Company to deal in its shares.

On a show of hands at a general meeting of the Company, every holder of Ordinary shares entitled to vote and who is present in person or by proxy shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every Ordinary share held (except as otherwise stated in Article 81 of the Company's Articles of Association). Any notice of general meeting issued by the Company will specify deadlines for exercising voting rights and in appointing a proxy or proxies in relation to resolutions to be passed at the general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the general meeting and published on the Company's website after the meeting. Proxy appointment and voting instructions must be received by the Company's registrars not less than 48 hours before a general meeting.

Under its Articles of Association, unless the Board otherwise determines, no member shall be entitled to vote in respect of any share unless all calls or other sums presently payable by them in respect of that share shall have been paid.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or on voting rights.

The rules governing the appointment of directors are set out in the Corporate Governance Statement on pages 27 to 31.

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is party to a number of agreements with site-owners (such as major supermarket chains) which could be terminable by the site-owners following a change of control of the Company.

There are no agreements between the Company and its directors or employees which provide for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

The Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in this Report of the Directors.

Related-party transactions

Details of related-party transactions are set out in note 28 to the financial statements.

Financial instruments

Details of the financial risk management objectives and policies of the Group and exposure of the Group to foreign exchange risk, interest rate risk and liquidity risk are given in note 15 to the financial statements.

Political donations

No member of the Group made any political donations during the year ended 30 April 2014.

Important events affecting the Company since 30 April 2014

On 5 June 2014, the Company exchanged contracts with Shanly Homes Limited (SHL) for the sale of vacant land at the Company's head office site in Bookham. The land being sold is approximately 8,900 square metres (approximately 2.2 acres) immediately adjacent to the Company's head office building. The Company's head office building is not being sold and will remain its corporate headquarters. SHL will pay the Company £4.2 million in cash on completion (which is due to take place on 4 July 2014). In addition, depending on whether or not SHL has to carry out certain environmental remediation work on the site, SHL may pay the Company up to a further £50,000. The book value of the land being sold is £0.7 million and therefore the profit on the sale (before costs) will be approximately £3.5 million.

Going concern

Having reviewed forecasts, cash flow, financial resources and financing arrangements and after making enquiries, the directors consider that the Company and the Group have adequate resources to remain in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Report of the Directors confirm that: so far as they are each aware, there is no relevant audit information of which the Company's auditor (KPMG LLP) is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Group is to be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Company's Annual General Meeting this year will be held at 12.30 p.m. on 23 October 2014 at the Preston Cross Hotel, Rectory Lane, Bookham, Surrey KT23 4DY. Notice of the Annual General Meeting is sent to all shareholders of the Company. The Notice convening the meeting provides full details of all the resolutions to be proposed, together with explanatory notes for both the ordinary and special business. Copies of this Annual Report are sent only to shareholders who have requested or request a copy.

By order of the Board

Del Mansi

Company Secretary

25 June 2014

Corporate Governance Statement

(forming part of the Report of the Directors)

Statement of compliance with the UK Corporate Governance Code

The Financial Conduct Authority requires listed companies incorporated in the United Kingdom to include in their annual financial report (i) a statement of how they have applied the main principles set out in the UK Corporate Governance Code (the "Code") and (ii) a statement as to whether they have complied throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code. The directors consider that the Company has, throughout the year ended 30 April 2014, complied with those provisions of the current edition of the Code that are applicable to it. The Code and associated guidance are available on the Financial Reporting Council website at www.frc.org.uk.

Explanations of how the principles have been applied and the provisions complied with are set out below.

The Group's business model and strategy

The Group's business model and strategy are summarised on pages 2 to 5, and describe, amongst other things, how the Company generates and preserves value over the longer term and the strategy for delivering the objectives of the Company.

The Board

Board composition

Throughout the year under review, the Board comprised the same six directors, being the Chairman, the Chief Executive Officer, the Group Finance Director and three Non-executive Directors, two of whom the Board considers to be independent, namely Emmanuel Olympitis and Jean-Marcel Denis.

The Chairman

The Chairman has the overall responsibility for managing the Board. The Chief Executive Officer has responsibilities for strategy, operations and results. Clear division of responsibility exists such that no one individual or group of individuals can dominate the Board's decision-making process. Throughout the year under review, John Lewis served as Chairman and Serge Crasnianski served as Chief Executive Officer and Deputy Chairman.

Director independence

The Board structure has complied with the Code provision that, as a "smaller company" (as defined by the Code), the Company has two independent Non-executive Directors excluding the Chairman.

The Board believes that Yitzhak Apeloig is non-independent due to his existing business relationships with two major shareholders of the Company. Before his appointment, Yitzhak Apeloig confirmed to the Board that he will not represent these shareholders, holds no mandate from them, nor will he report to them.

The Senior independent director

Emmanuel Olympitis has served as the Company's Senior Independent Non-executive Director throughout the period.

In the event of the appointment of a new director, the Board would ordinarily appoint someone who it believes has sufficient knowledge and experience to fulfil the duties of a director. If this were not the case, an appropriate training course would be provided. An appropriate induction programme is undertaken for all newly-appointed directors. All directors have access to the advice and services of the Company Secretary. Any director, wishing to do so in furtherance of his or her duties, may take independent advice at the Company's expense. All directors are required to stand for re-election every three years and newly appointed directors are subject to election by shareholders at the first Annual General Meeting after their appointment.

Directors' conflicts of interest

During the year, directors completed questionnaires in respect of their interests. The Board will continue to monitor and review actual or potential conflicts of interest on a regular basis and will consider whether or not it is appropriate to authorise any such conflicts.

Board evaluation

The Chief Executive Officer and the Chairman review the performance of the other Executive Director. The Chairman reviews the performance of the Chief Executive and each Non-executive Director. The Non-executive Directors, led by the Senior Independent Non-executive Director, evaluate the performance of the Chairman taking into account the views of the Executive Directors. During the year, the Chairman met with the Non-executive Directors without the Executive directors being present.

An internal process to assess the effectiveness of the Board was undertaken during the year, consisting of a confidential survey. Areas that were identified in which there was considered to be room for improvement, will be addressed by the Board during the current year.

The Board had seven meetings during the year under review. The attendance of directors at those meetings and meetings of Board Committees is set out below.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
	7	3	4	1
Number of meetings held	Number of meetings attended (maximum possible)			
Director				
J Lewis	7 (7)	3(3)	3(4)	1(1)
S Crasnianski	7 (7)	n/a	n/a	n/a
Y Apeloig	7 (7)	n/a	n/a	n/a
F Coutaz-Replan	7 (7)	n/a	n/a	n/a
J-M Denis	7 (7)	3(3)	3(4)	1(1)
E Olympitis	6 (7)	3(3)	4(4)	1(1)

Operation of the board

The Board is normally scheduled to meet four or five times a year, with ad hoc meetings convened to deal with urgent matters. The Board has a formal schedule of matters reserved to it for decision. These include approval of the financial statements, dividend policy, major acquisitions and disposals and other transactions outside delegated limits, significant changes in accounting policies, the constitution of Board Committees, risk management and corporate governance policy.

The Board has delegated various matters to Committees, as detailed below. These Committees of the Board meet regularly (the Nomination Committee meets as required) and deal with specific aspects of the management of the Company. The Board has delegated authority to the Committees and they have defined terms of reference which are available on the Company's website (www.photo-me.co.uk). Decision making relating to operational matters is delegated to senior management.

Board and Committee papers are circulated in advance of each meeting and are supplemented by reports and presentations to ensure that Board members are kept fully informed.

Board Committees

The Audit Committee

The Audit Committee consists entirely of non-executive directors. For the whole of the year under review, Jean-Marcel Denis (Committee Chairman), Emmanuel Olympitis and John Lewis (Chairman of the Board) served on the Committee. The composition of the Committee was compliant with the Code, which permits a smaller company's Chairman to be a member of the Audit Committee providing he was considered independent on appointment as Chairman. The Board considers that both Emmanuel Olympitis and Jean-Marcel Denis have suitable recent and relevant financial experience to satisfy the requirements of the Code.

The Committee's Terms of Reference are available on the Company's website.

Meetings are normally held at least twice per year. Three meetings were held during the year under review. Other directors (the Chief Executive Officer, the Group Finance Director and Yitzhak Apeloig, who is a qualified accountant) together with representatives of the external auditor and the Group's internal auditor are generally invited to attend meetings. The minutes of the meetings are circulated to all directors.

External auditor

The Audit Committee meets with the external auditor, without executive directors present, at least once a year. On behalf of the Board, the Committee reviews the Group's accounting and financial reporting practices, the reports of the internal and external auditor and compliance with policies, procedures and applicable legislation. In addition, the Committee monitors the effectiveness of both the external and internal audit functions and reviews the Group's internal financial control systems and reporting processes, and risk management procedures. The Committee considers the appointment of the external auditor and makes a recommendation on the audit fee to the Board; it assesses the effectiveness of the external auditor by means of an internal review process assisted by a confidential questionnaire; it sets a policy for safeguarding the independence of the external auditor and reviews the external auditor's work outside of the audit itself, taking into account the nature of the work, the size of the fees and whether it is appropriate for the external auditor to carry out such work. Details of audit and non-audit fees are provided in note 4 to the financial statements.

KPMG LLP has been the external auditor of the Group since the Annual General Meeting in September 2013. The Audit Committee is satisfied with the effectiveness, objectivity and independence of the external auditor. Accordingly, a resolution will be proposed at the forthcoming Annual General Meeting for KPMG LLP's re-election as auditor for the coming year. Before the Annual General Meeting in September 2013, KPMG Audit Plc was auditor, having been selected as a result of a competitive tender in 2008.

Key matters considered

During the last financial year, the Committee met to review the results of the external audit for the previous financial year, the external auditor's half-year review and the audit plan for the 30 April 2014 audit. In June 2014, the Committee met to review this annual report and to receive the external auditor's update and report on its audit activity.

The Committee's primary areas of focus have been:

- the integrity, completeness and consistency of financial reporting, including the adequacy, clarity and appropriateness of disclosures;
- the areas where significant judgments and estimates are required in the financial statements;
- the scope and programme of audits, along with the quality and effectiveness of audit processes so that they complement the other risk management activities within the Group;
- the materiality level to apply to the audit; and
- whether the going concern basis of accounting should continue to apply in the preparation of the annual financial statements.

The preparation of financial statements requires management to make assumptions, judgements and estimates which are detailed in note 1 to the financial statements. The key areas of assumptions, judgements and estimates that have been monitored and considered by the Committee were:

- The carrying value of goodwill in connection with the Japanese subsidiary and the potential impairment of this asset.

How this was addressed: the determination of whether or not goodwill has to be impaired requires a review of the value in use of the asset. The main judgements in relation to the review were considered to be the achievability of the budget, the discount rate being applied to projected future cash flows and the potential impact of the volatility of the Japanese Yen. The calculation of the value in use was undertaken in April 2014 and the Committee considered the conclusions and sensitivity calculations that had been undertaken as part of the review.

- The appropriateness and valuation of provisions.

How this was addressed: provisions for termination of employment: the main judgements were considered to be the average potential claim per person and the period of lapse for the claims. The Committee reviewed all the legal documentation and the methodology of calculation.

Provisions for warranties: the main judgements were considered to be the expected number of warranty claims and associated cost. The provision is calculated based on past experience. The Committee has reviewed the methodology of calculation.

Provision for potential litigation: the main judgements were considered to be the probable outcome of claims, including the potential exposure. The Committee has reviewed the arguments contained in the documents initiating the legal processes and the correspondence with the lawyers.

- The carrying value of operating equipment and the potential impairment of these assets.

How this was addressed: The Committee reviewed the assumptions made for the assessment of future discounted cash flows of the operating assets per country and per category. The review included the discount rate applied, the achievability of the forecasts as compared to the past performance, as well as the impact of external changes in markets or regulations. In a few instances, when there were local indicators of potential impairment, the Committee reviewed the possibility of re-locating the equipment to other countries where the performance of this type of equipment was proving to be a success.

Corporate Governance Statement

(forming part of the Report of the Directors)
continued

The Remuneration Committee

During the year under review, the Remuneration Committee comprised Emmanuel Olympitis (Committee Chairman), Jean-Marcel Denis and John Lewis (Chairman of the Board). Thus the composition of the Committee was compliant with the provisions of the Code which requires the Remuneration Committee of a smaller company to comprise at least two independent non-executive directors with the Chairman of the Board additionally being permitted to serve as a member providing that he was considered independent on his appointment as Chairman.

The Committee meets at least once per year. Four meetings were held in the year to 30 April 2014.

The Committee makes recommendations to the full Board in respect of the Group's remuneration policy. The Committee also keeps under review the remuneration of the Chairman, the Group's executive directors and senior executives, to ensure that they are rewarded fairly for their contribution. The Committee also makes awards under the Executive Share Option Scheme. The Committee's Terms of Reference are available on the Company's website.

The Remuneration Report on pages 36 to 48 provides details of how the Committee applies the directors' remuneration principles of the Code.

The Nomination Committee

During the year under review, the Nomination Committee comprised John Lewis (Committee Chairman), Emmanuel Olympitis and Jean-Marcel Denis. Thus the composition of the Committee was compliant with the applicable provision of the Code which requires the Nomination Committee of a smaller company to comprise a majority of independent non-executive directors with the Chairman of the Board additionally being permitted to serve on the Committee as a member or as Chairman.

The Committee, which meets as required, makes recommendations to the Board on the appointment of new directors. As no new candidates were considered for appointment to the Board during the year, the Committee only met once in the year on 9 December 2013 to formally adopt new Terms of Reference and a Diversity Policy. The Committee's Terms of Reference are available on the Company's website.

The Nomination Committee is committed to the pursuit of diversity, including gender diversity, throughout the business, and the Board endorses the aspirations of the Davies Review on Women on Boards. The Nomination Committee does not commit to any specific targets. It will continue to follow a policy of appointing talented people at every level to deliver high performance. The Nomination Committee will also ensure that its development in this area is consistent with its own strategic objectives and enhances Board effectiveness.

Shareholder communication and engagement

The Chief Executive Officer and Group Finance Director have regular meetings with the Company's major institutional shareholders to help ensure, amongst other things, that the Board develops an understanding of the views of major shareholders about the Company and the Group.

The Chairman also meets with major shareholders and has contact with them, as and when required. The Senior Independent Non-executive Director and, where appropriate, other non-executive directors, are also made available to meet with major shareholders on request. Any pertinent feedback arising from such meetings is reported to the Board at its regular meetings and/or by correspondence.

Private investors are encouraged to attend the Annual General Meeting and have the opportunity to question the Board. All members of the Board usually attend the Annual General Meeting. The notice of the meeting is sent to shareholders at least 20 working days before the meeting. Shareholders are given the opportunity to vote on each separate issue. The number of proxy votes lodged is given at the meeting after the vote on a show of hands for each resolution and is published on the Company's website after the meeting.

Accountability and internal control

The Board is ultimately responsible for the Group's systems of internal control and risk management, and for reviewing their effectiveness. This is effected by receiving reports from the Audit Committee following its review. The Board confirms that it has reviewed the effectiveness of the systems of internal control and risk management for the year under review. The Board is satisfied generally that such systems have operated adequately throughout the period.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Such a system can, however, provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has in place processes for identifying, evaluating and managing the significant risks which are applicable to the business. The Board regularly reviews these processes.

The Chief Executive Officer is ultimately responsible for risk management. Executive managers of individual Group companies are responsible for the identification, evaluation and management of the key risks applicable to their areas of responsibility. The risks are assessed on a regular basis.

The managers of Group companies are aware of their responsibility to operate systems of internal control which are effective and efficient for their businesses, to provide reliable financial information and to ensure compliance with local laws and regulations.

The Group has a comprehensive budgeting system with an annual budget approved by the Board. Actual results are reported monthly through the Group's financial systems, and variances are reviewed.

The Group's internal auditor (who reports to the Audit Committee) has reviewed operations in all material Group companies during the year under review. The Audit Committee receives reports from the internal auditor and from the external auditor and reports its conclusions to the Board.

A whistle-blowing procedure by which staff may raise concerns about possible improprieties in matters of financial reporting or other matters was in place throughout the year. The Whistle Blowing policy can be found on the Company's website.

Internal control and risk management in relation to the financial reporting process

The Group has a thorough assurance process in place in respect of the preparation, verification and approval of periodic financial reports.

This process includes:

- the involvement of qualified, professional employees with an appropriate level of experience (both in Group Finance and throughout the business);
- formal sign-offs from appropriate business segment managing directors and finance directors;
- comprehensive review and, where appropriate, challenge from key internal Group functions;
- a transparent process to ensure full disclosure of information to the external auditor;
- engagement of a professional and experienced firm as external auditor;
- oversight by the Audit Committee, involving (amongst other duties):
  (i) a detailed review of key financial reporting judgments which have been discussed by management;
  (ii) review and, where appropriate, challenge on matters including:

  the consistency of, and any changes to, significant accounting policies and practices during the year; significant adjustments arising as a result of an external audit; the going concern assumption; and the Company's statement on internal control systems, before endorsement by the Board.

The above process, together with the review by the Audit Committee of a comprehensive note that sets out the details of the preparation, internal verification and approval process for the Annual Report and Accounts, provide comfort to the Board that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and gives the information necessary for shareholders to assess the Group's performance, business model and strategy.

Corporate Responsibility Statement

(forming part of the Report of the Directors)

Our approach to corporate responsibility

The Group recognises its responsibilities to the community and the environment and believes that health, safety and environmental issues are integral and important components of best practice in business management. Our management of corporate responsibility can influence our ability to create long-term financial and non-financial value, and impacts on our relationship with shareholders and other stakeholders.

We believe that effective management of corporate responsibility can reduce risks and also help us identify business opportunities.

We prioritise our corporate responsibility activities based on three main drivers:

- Legal requirements and future policy trends;
- Customer, employee and investor preferences for corporate responsibility; and
- Cost savings and business efficiency.

We aim to ensure that our approach is consistent with the directors' duty to promote the success of the Company, a legal requirement included in the UK Companies Act 2006. This duty is based on the principle of 'enlightened shareholder value'.

How we manage corporate responsibility

The Board is ultimately accountable for corporate responsibility. The Chief Executive Officer has specific responsibility for risk management and health, safety and environmental matters, with delegated authority through line management.

The Group operates in highly differentiated national markets with differing national legislations, preferences and cultures. As a result, operational direction and management of corporate responsibility lie primarily with national business managers, who are best placed to ensure compliance with national legislation and market expectations.

The Group internal audit programme operates on a risk-based assessment process, including corporate responsibility issues. The Board reviews Group-wide performance on corporate responsibility within the assessment and review process. Where necessary, Group-wide policies are developed or revised to address specific risks and opportunities, or new information.

Products

The development, use and disposal of our products represent a main area of both risk and opportunity. We ensure that our products and services are designed to meet existing legislation and customer expectations. Increasingly, this includes environmental, health and safety, and accessibility issues.

To ensure that products manufactured by KIS SAS (the Group's manufacturing subsidiary, based in France, which subcontracts this function to third parties) consistently satisfy our stringent quality requirements, certification to the ISO 9001 standard has been achieved.

Being conscious of the global issues with the disposal of waste and having regard to increasing metal prices and landfill costs, we have paid more attention to the re-use and recycling of our retired products. Currently, at the end of their useful lives more than 90% by weight of the materials used in our photobooths is recycled, most of this being steel and other metals. In response to our concerns about the increase in energy costs and man-made contributions to climate change, we have also embraced technological advances by investing in energy-saving improvements to our products, which are explained further under "Environment", below.

The needs of all our customers are important. This drives a continual review of our products and the development of solutions to meet these needs. For example, we have improved the service provided to our disabled customers and at the same time complied with the requirements of the Disability Discrimination Act 1995 by introducing within our photobooths on-screen instructions for the hard of hearing and voice instructions as well as carefully selected screen colours and font sizes to assist those with visual impairments. In addition the development of the Universal photobooth enables access for users confined to a wheelchair.

Employees

Employee communication, engagement and involvement

The Company's employees are a valued integral part of the business and the Company's achieving success in key business objectives. As such it is the Company's policy to provide colleagues with appropriate financial and other various information about the business, encouraging employee engagement, and to enthuse and inspire its work force through a network of media such as:

- Business networking tools whereby we encourage synergies among colleagues and the businesses, sharing ideas and best practices.
- Quarterly internal newsletters providing news relating to the business performance and key Group updates, as well as vacancies and policy updates.
- Monthly operational meetings for business leaders across the Group to engage with colleagues, providing business and local updates, encouraging interactive feedback to ensure they are kept informed of the Group's performance and of the financial and economic factors affecting the Company's and the Group's performance.

Despite the Group's de-centralised approach, the Company ensures that it has a common culture among the workforce throughout the entire Group achieved through openness, honesty and a common goal, focused on core values.

Equal opportunities and diversity

The Company is an equal opportunities employer and is committed to the equality of career opportunities for all of its employees without discrimination, with fair and equitable policies and procedures for recruitment, training and development. Full consideration is accorded to all applications from disabled persons, having due regard to their aptitudes and abilities.

The Company ensures that wherever possible the continued employment of those employees who become disabled during their engagement are retained through a supportive mechanism of retraining, redeployment and reasonable adjustments, enabling them to remain within the Group. Opportunities for training, career development and progression into and within the Group do not operate to the detriment of disabled persons.

Health and safety

We are committed to ensuring that customers, site-owners and employees are free from risk from products operated by the Group. In addition to these moral and ethical considerations, we believe that the effective management of health and safety is an essential ingredient for successful business performance. The commitment to the safety of our customers and business partners is achieved through a network of trained service operatives who routinely service installed equipment on customers' sites as well as conducting periodic safety inspections and tests. Customers and site-owners are able to raise any safety concerns directly through our own call centres, which will immediately inform management and direct an operative to the site within 24 hours.

New products from external suppliers are assessed to ensure that they meet the relevant safety standards before being placed on the market. Where appropriate, we will work with our suppliers, sharing the benefit of our many years' experience to develop products with the greatest level of safety.

Photobooth security is managed by a multipoint locking system with either one or two security padlocks depending on the actual model. Our photobooths meet current electrical standards through a declaration of conformity (DOC) and CE marking confirming RoSH product compliance. Our experienced engineers also test equipment regularly to ensure it meets both Portable Appliance Testing (PAT) and ADIPS (Amusement Device Inspection Procedures Scheme) standards.

Children's rides manufactured by Jolly Roger (Amusement Rides) Limited, a subsidiary company in the UK, are produced in accordance with the industry guidance issued by BACTA (British Amusement and Catering Trades Association). This supplements the various British, European and International standards that apply to children's rides and ensures a minimum standard of quality and safety. The Company is also a registered inspection body within the UK of the ADIPS Scheme administered by BACTA and enables its qualified operatives to inspect children's rides and issue the required safety certification.

Within the UK, the general manager fully supports the Health and Safety policy and has ensured that there is provision within the agenda of regular senior executive meetings to address health and safety matters. The policies and procedures developed over the years continue to be reviewed and adjusted as part of the process of continual improvement as well as keeping pace with legislative change. We believe that it is important to empower individuals at all levels and give them the tools and skills they require, through providing relevant training and information, if we are to achieve the standard of health and safety performance to which the Company aspires. Following 10% of our UK employees gaining a recognised NEBOSH (National Examining Board of Occupational Safety and Health) qualification, at various levels in the organisation, there has been a positive response with employees and managers having increased their involvement in health, safety and welfare. The Company also continues to improve the employee induction process and has introduced an alternative on-line training system supplied by Essential Skillz to train and refresh employee skills as required.

Corporate Responsibility Statement

(forming part of the Report of the Directors)
continued

The Company continues to maintain its membership with the British Safety Council. As well as demonstrating our commitment to safety and environmental best practice and continual improvement, this continued partnership provides us with access to expert advice and quality training resources which assist us in achieving these goals.

In the UK, the Company is accredited under the SAFEcontractor scheme and has also received Altius assured Vendor and CDM awards. This accreditation is reviewed annually and requires that all of our Health and Safety policies and procedures are audited by the scheme.

We recognise that all employees have an important contribution to make in the ongoing development and implementation of our Health and Safety policies and procedures. This is reflected in the representation from all levels of the business on the Health and Safety Committee.

Environment

The Company recognises its responsibilities towards the environment and the impact of its business activities. The main risks to the business in this area arise from increasing legislation and the cost of waste disposal. The Company has mitigated the exposure to these risks by:

- consistently reducing, in previous years, the amount of obligated waste produced. During the current year, the UK operations were able to maintain the gains previously achieved;
- the recovery, refurbishment and resale of electrical equipment such as minilabs and children's rides which promote the principle embodied in recent legislation of reuse before recycling. This not only produces cost savings but also creates a source of income; and
- where practical, adopting a strategy of upgrading and refurbishing equipment in preference to disposal and replacement.

Where possible we endeavour to embrace technological advances to reduce the impact of our operations on the environment. Such initiatives include:

- the ability to automatically shut down (and restart) photobooths during closing hours which saves around 30% of power consumption on site;
- the use of remote telemetry systems to minimise the number of service visits and reduce wastage of consumables;
- the substitution of old-technology lighting with new low-energy lamps in all photobooths. The new Photobooth by Starck uses the latest LED lighting which also eliminates the hazardous waste associated with fluorescent tubes; and
- the replacement of the majority of old CRT monitors with new flat-screen technology which is more energy efficient and also eliminates the associated hazardous waste.

Although we are not presently exposed to material risks related to climate change, we are taking proactive steps to ensure that our energy use and demand on natural resources are reduced wherever possible. In addition to the examples highlighted above, the Company operates a green fleet policy which specifies that vehicles are sourced according to practicality and environmental impact as defined in terms of CO_2 emissions. We have achieved the target set last year of further reducing vehicle CO_2 ratings by 2%, to a total of 18% compared with the 2008 fleet, which will save 80 tonnes of CO_2 from entering the atmosphere each year. This is supported by the Company's Road Risk Policy which assists in reducing fuel consumed as well as an overall reduction in the number of miles driven.

Greenhouse gas (GHG) emissions

Reporting of GHG emissions

As of 1 October 2013, all quoted companies have to report their GHG emissions in their annual report as required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2008 (as amended).

The table below provides information for the Group for the year ended 30 April 2014. As this is the first year of reporting, comparative figures are not required to be reported and therefore the Group has not reported comparative data. Comparative data will be required for future Annual Reports.

The requirement is for the Group to report the emissions that it is responsible for (as defined below), and to provide at least one 'intensity ratio', together with an explanation of the methodology used.

In the table below the Group has not reported fugitive emissions (which includes leakages from refrigerants used in air conditioning units, etc.) because no data were available and management deemed such emissions not to be material.

	Year ended 30 April 2014 Tonnes of CO_2e
Emissions from	
Scope 1	3,963.39
Scope 1 – travel costs	3,571.52
Scope 1 – Gas	391.87
Scope 2	14,167.98
Scope 2 – Operating estate	13,589.67
Scope 2 – Electricity, heat, steam or cooling	578.31
Total emissions	18,131.37
Intensity ratio	
Per number of units of operating equipment	0.4187

Assessment parameters	
Baseline year	30 April 2014
Consolidation approach	The figures above are based on subsidiary companies owned by the Company, with the exception of those non-material subsidiary companies, each of whose vending estate comprises less than 50 machines, being mainly new start-up ventures. For those investments where the Group has less than 50% of the issued share capital, the Group does not have operational control for day to day activities and these entities are not included in the above figures.
Boundary summary	The Group has included its vending estates which are owned by the Group even though it does not directly control the operational use (i.e. period of operation) for these assets.
Emission factor source	DEFRA (2013) Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting.
Methodology	The Company followed the Greenhouse Gas Protocol Corporate Standard.
Materiality threshold	As mentioned above, subsidiary companies with less than 50 units of operating equipment have been excluded, as have depots and other property units where the total amount spent on heat, light and power is less than £50,000 per annum per site.
Intensity ratio	As explained below.

Scope 1 emissions

The main components of these emissions are:

- Emissions from motor vehicles operated by the Group, including service and installation personnel (servicing and maintaining the operational estate etc.) and administrative staff.
- Natural gas consumption on the Group's premises.

Scope 2 emissions

The main components of these emissions are:

- Purchased electricity for use in the Group's premises. This is mainly for heating and lighting. The Group's property estate largely consists of administrative offices and storage depots. Most manufacturing of vending equipment and products are outsourced to third parties, where emissions are controlled by third parties.
- Emissions from vending equipment.

The Group's chosen intensity ratio for external reporting is total emissions divided by the average number of units of operating equipment during the year for the reporting companies.

Remuneration Report

Annual Statement

Dear Shareholder,

This report, which has been prepared by the Remuneration Committee (the "Committee") and approved by the Board for the financial year ended 30 April 2014, sets out the remuneration policy for the directors of the Company. The report has been divided into three sections:

- This **Annual Statement**, which summarises remuneration outcomes in 2013/14 and the intended policy for 2014/15;
- The **Remuneration Policy Report**, which sets out the Company's policy on the remuneration of executive and non-executive directors; and
- The **Annual Report on Remuneration**, which discloses details of the Remuneration Committee, how the remuneration policy will operate for the year ending 30 April 2015 and how the policy was implemented in the year ended 30 April 2014.

The Remuneration Policy Report will be subject to a binding vote, with the Annual Statement and Annual Report on Remuneration subject to an advisory vote at the Annual General Meeting ("AGM") in 2014. In addition to the above, the Company will be seeking shareholder approval to renew the existing long-term incentive arrangement which is nearing the end of its 10-year life. Further details are set out below and in the main body of the report.

Remuneration outcomes in 2013/14

For the year under review, the Remuneration Committee considers the remuneration of the executive directors to reflect both the performance of the Group and their individual performance. The performance against the pre-tax profit annual bonus target was above target and, as a result, this element of the bonus paid out at 100%. Françoise Coutaz-Replan achieved her individual performance targets for the year and received a bonus equating to 100% of the maximum for this element. The awards granted under the Executive Share Option Scheme which vest on 4 July 2014 and 13 December 2014, based on earnings per share (EPS) as at 30 April 2014, vest at 86.25% reflecting the Group's profit growth over this period.

Remuneration policy for 2014/15

Other than changes to long-term incentives and the introduction of share ownership guidelines, we are not proposing any changes to our remuneration policy. The key points to note are:

- Base salary levels will remain largely unchanged for the 2014/15 financial year.
- Annual bonus potential will remain capped at 100% of base salary for the Chief Executive Officer and 50% of salary for the Group Finance Director (GFD).
- The Photo-Me 2004 Executive Share Option Scheme expires in the coming year and will, subject to shareholder approval, be updated to become the new Photo-Me 2014 Executive Share Option Scheme. Awards over options will normally vest three years from grant, subject to continued employment and performance conditions based on earnings per share targets. Annual award limits will be set at 150% of salary and other provisions will be consistent with best practice, including the operation of a clawback provision.
- Share ownership guidelines will be introduced at 100% of salary.

Shareholder engagement

The Committee continues to take an active interest in shareholder views on our executive remuneration policy and is mindful of the concerns of shareholders and other stakeholders. This is reflected in our voting result at the 2013 AGM, which was over 97% in favour of the Directors' Remuneration Report resolution. Major shareholders and representative bodies were consulted in 2014 in respect of the new Executive Share Option Scheme described above and in more detail later in this report and no significant issues were raised.

In conclusion, we firmly believe that our remuneration policy going forward continues to be appropriately aligned with the strategic goals of the Company in delivering shareholder value and supporting the long-term success of the Company.

Yours faithfully,

Emmanuel Olympitis
Chairman of the Remuneration Committee

Remuneration Policy Report

This part of the Directors' Remuneration Report sets out the remuneration policy for the Company which will operate from 1 May 2014 and become formally effective following the date of shareholder approval at the 2014 AGM.

The Committee's remuneration policy for the executive directors is to have regard to the directors' experience and the nature and complexity of their work in order to provide a competitive remuneration package that attracts, retains and motivates high-calibre executives from whom first-class performance is expected. The remuneration policy is also intended to be consistent with the Company's business objectives, risk profile and shareholder interests.

The Committee also ensures that, when determining the executive directors' remuneration packages, due account is taken of pay and general employment conditions elsewhere in the Company, liaising with the Human Resources department where appropriate. In order to align the interests of shareholders and executive directors, a significant proportion of the remuneration of executive directors is performance-related through an annual bonus plan and the grant of share options.

The Committee will ensure that the incentive structures for executive directors and senior managers will not raise environmental, social or governance ("ESG") risks by inadvertently motivating irresponsible behaviour. More generally, with regard to overall remuneration structures, there is no restriction on the Committee which prevents it from taking into account ESG matters, nor do these remuneration structures encourage inappropriate operational risk-taking.

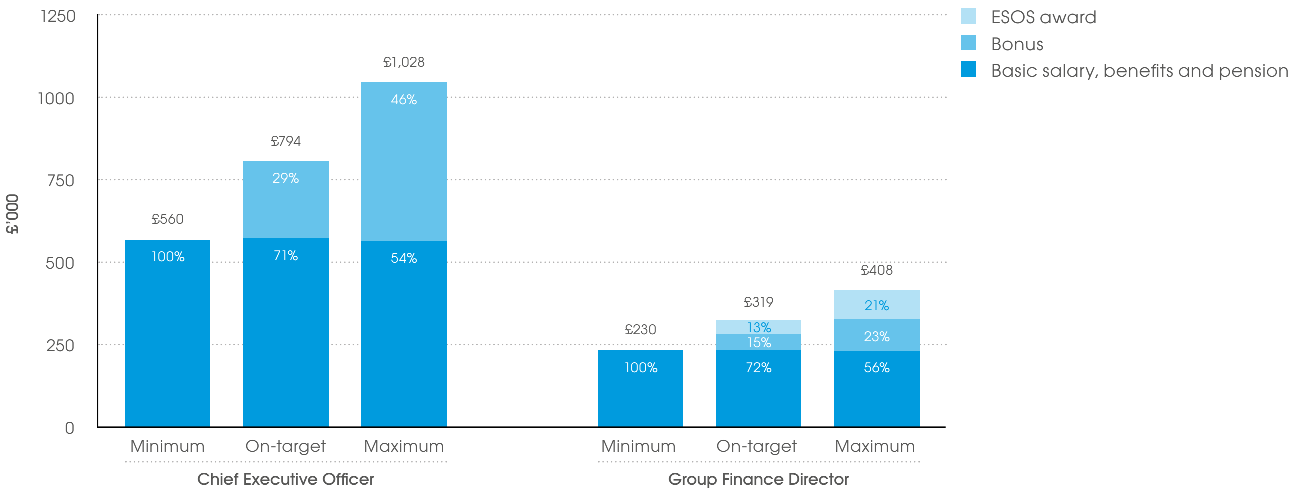
The remuneration packages of the executive directors can comprise the following main elements:

- Base salary
- Annual bonus
- Share options
- Pensions
- Other benefits

Remuneration scenarios for executive directors

The charts below show how the composition of the executive directors' remuneration packages varies at three performance levels; namely, at minimum (i.e. fixed pay), target and maximum levels, under the policy set out in the table below.

Value of remuneration packages at different levels of performance



The charts above are based on the following:

- Salary levels effective on 1 May 2014
- An approximate value of benefits for the financial year to 30 April 2015
- An annualised pension contribution and/or salary supplement (as a % of salary) for the year to 30 April 2015
- A maximum bonus of 100% of salary for the CEO and 50% of salary for the GFD (with target assumed to be 50% of the maximum)
- Circa 200,000 share options awarded under the 2004 Executive Share Option Scheme to the GFD (the CEO will not receive awards during the 2014/15 financial year). The fair value of the options is estimated as 30% of the face value of shares, which has been based on a share price of 139.97p as a proxy for the share price at grant (being the average share price in the final 3 months of the year ended 30 April 2014). The target value has been assumed to be 50% of the maximum fair value. No share price appreciation in respect of the Executive Share Option Scheme awards has been assumed

Remuneration Policy Report continued

Summary remuneration policy table

The table below summarises the remuneration policy for directors:

Element maximum	Purpose and link to strategy	Operation	Maximum	Performance measures
Salary[1]	– Reflects the value of the individual and their role – Reflects skills and experience over time – Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income	– Normally reviewed annually, effective 1 May – Normally paid in cash on a monthly basis; pensionable – Comparison against companies with similar characteristics and comparators taken into account in review	– There is no prescribed maximum annual base salary or salary increase – The Committee is guided by the requirements of the Company and prevailing market levels but may decide to award a lower increase or a higher increase for executive directors to recognise, for example, an increase in the scale, scope or responsibility of the role and/or to take account of relevant market movements	– N/A
Benefits	– Provides insured benefits to support the individual and their family during periods of ill health or death – Gives allowances to support individuals in their relevant roles	– Includes company car, Private medical insurance and may include an overseas housing allowance for a director working outside of his or her country of normal residence – Other benefits may be offered where appropriate	– N/A	– N/A
Annual bonus	– Incentivises delivery of specific Company, divisional and personal annual goals – Maximum bonus only payable for achieving specified targets	– Normally payable in cash – Non-pensionable – Committee has the discretion to defer up to 50% of the bonus in shares for 3 years	– Up to 100% of base salary p.a.	– Company profit before tax will apply to the majority – Personal and strategic KPIs may be applied to a minority of the bonus – One-year performance period
Pension	– Provides competitive retirement benefits	– Defined contribution – Executive directors may be offered cash in lieu of pension	– Up to 15% of base salary p.a.	– N/A
Executive Share Option Scheme	– Aligns executive directors' interests with those of shareholders – Retention	– Annual awards of market value options may be granted – The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures	– Up to 150% of base salary p.a.	– Financial (EPS) metrics will apply – Up to 25% vests at threshold increasing to 100% vesting at maximum – Clawback provisions may be applied

Element maximum	Purpose and link to strategy	Operation	Maximum	Performance measures
Share ownership guidelines	– Provides alignment of interests between executive directors and shareholders	– Executive directors are required to build and maintain a shareholding equivalent to at least one year's base salary through the retention of 50% of the net-of-tax vested share awards or through open-market purchases	– At least 100% of base salary	– N/A
Non-executive directors	– Provides fees reflecting time commitments and responsibilities, in line with those provided by similarly sized companies	– Cash fee paid on a monthly basis – Fees are reviewed annually – Not entitled to participate in any Group pension scheme, nor will awards be granted under the annual bonus or ESOS – No non-executive directors receive any benefits in kind	– There is no prescribed maximum fee or fee increase – The Committee is guided by market rates, time commitments and responsibility levels	– N/A

[1] Where considered appropriate, the Committee may allow the Company to pay salaries to a director and/or fees to a service company that supplies a director's services to the Company.

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former directors (such as the payment of the prior year's annual bonus or the vesting/exercise of share awards granted in the past). Details of any payments to former directors will be set out in the Annual Report on Remuneration for the relevant financial year.

Choice of performance measures

The Committee has given careful consideration to the performance measures applicable to both the annual bonus and the Executive Share Option Scheme.

The choice of the performance metrics applicable to the annual bonus scheme reflects the Committee's belief that any incentive compensation should be appropriately challenging with the majority (or the entirety) linked to the achievement of profit-related targets. The Committee may also link a proportion of the annual bonus to personal objectives if it deems this appropriate with regard to the Company's key objectives.

The EPS performance condition applicable to the 2014 Executive Share Option Scheme was selected by the Remuneration Committee on the basis that it incentivises the delivery of sustainable long-term financial performance and rewards management for growing the Company whilst retaining an appropriate profit margin. The use of share options retains a robust link between management and shareholders by incentivising management to deliver long-term growth in the Company's share price. The Committee retains discretion over the calculation of EPS in order to appropriately adjust for any material one-off items including (but not limited to): major acquisitions, changes in accounting policies and major share issues.

The Committee operates the Executive Share Option Scheme in accordance with the plan rules, the Listing Rules and HMRC legislation, and the Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plan.

How employees' pay is taken into account

Pay and conditions elsewhere in the Group were considered when finalising the current policy for executive directors and continue to be considered in relation to implementation of this policy. Whilst employees were not directly consulted, the Committee seeks to ensure that the underlying principles which form the basis for decisions on executive directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken. In order to do so, the Committee regularly interacts with the HR function and senior operational executives.

Remuneration Policy Report continued

How the executive directors' remuneration policy relates to the Group

The remuneration policy described above provides an overview of the structure that operates for the most senior executives in the Group. Employees below executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with remuneration driven by market comparators and the impact of the role of the employee in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's earnings growth and share-price performance.

How shareholders' views are taken into account

The Committee continues to take an active interest in shareholder views on our executive remuneration policy and is mindful of the concerns of shareholders and other stakeholders. This is reflected in our voting result at the 2013 AGM, which was over 97% in favour of the Directors' Remuneration Report resolution. Major shareholders and representative bodies were consulted in 2014 in respect of the 2014 Executive Share Option Scheme described in the Annual Statement and Annual Report on Remuneration.

Approach to recruitment and promotions

The remuneration package for a new executive director would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience, and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate, and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained.

The annual bonus potential would be limited to 100% of salary and grants under the 2014 Executive Share Option Scheme would be limited to 150% of salary. In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

For an internal executive director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Fee structure and quantum for non-executive director appointments will be based on the prevailing non-executive director fee policy.

Approach to leavers

No executive director has the benefit of provisions in his or her service contract for the payment of pre-determined compensation in the event of termination of employment. It has been the Committee's general policy that the service contracts of executive directors (neither of which is for a fixed term) should provide for termination of employment by giving notice or by making a payment of an amount equal to base salary (and in the case of the CEO, an additional amount equal to the cost of providing any benefits for the period of notice) in lieu of any unserved notice period, together with any accrued bonus entitlement. It is the Committee's general policy that no executive director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract. In determining amounts payable on termination, the Committee also considers, where it is able to do so, appropriate adjustments to take into account accelerated receipt and the executive director's duty to mitigate his loss.

An annual bonus may be payable with respect to the period of the financial year served although it will be pro-rated for time served and paid at the normal payout date.

The treatment of any share awards granted to an executive director will be determined based on the relevant plan rules.

The default treatment under the 2004 Executive Share Option Scheme is that any outstanding awards or unexercised options lapse on cessation of employment. However, in certain prescribed circumstances (e.g. death, ill-health, disability, redundancy, or other circumstances at the discretion of the Committee) 'good leaver' status is applied. In this scenario, other than in the case of a retirement, any outstanding options will normally be exercisable on the date of cessation and remain exercisable for a period of 6 months (or 12 months in the case of death). On a retirement, options vest at the normal vesting date and remain exercisable for a period of 6 months.

The default treatment under the 2014 Executive Share Option Scheme is that any outstanding awards or unexercised options lapse on cessation of employment. However, in certain prescribed circumstances, (e.g. death, injury, disability or other circumstances at the discretion of the Committee) 'good leaver' status can be applied at the discretion of the Committee or shall apply in relation to HMRC tax-favoured options as relevant. In this scenario, any outstanding options will normally be exercisable on the date of cessation and remain exercisable for a period of 6 months (or 12 months in the case of death). Alternatively, in the case of non-tax favoured options, the Committee has the discretion to determine that good leavers' awards should continue to be exercisable based on the normal timetable.

The extent to which outstanding option awards become exercisable for good leavers will depend on the satisfaction of any applicable performance conditions (over a curtailed or full performance period as relevant). Time pro-ration of options will apply to good leavers' awards unless the Committee determines that time pro-ration is inappropriate.

Service contracts

Details of the executive directors' service contracts are as follows:

Executive director	Date of contract	Notice period
Serge Crasnianski	1 May 2010	12 months
Françoise Coutaz-Replan	9 December 2009	6 months

All non-executive directors are appointed for specified terms subject to re-election at the AGM immediately following their appointment and every three years thereafter. None of the non-executive directors will ordinarily be entitled to compensation upon termination of their involvement with the Company. However, if a non-executive director should be removed as a result of a resolution duly proposed and resolved by members of the Company during the non-executive director's normal term of appointment, he will be entitled to compensation equal to three months' fees, six months in the case of the Chairman. Relevant appointment letter and term dates of the non-executive directors are set out below:

Non-executive director	Appointment letter date	Month of last election	Expected month of expiry of current term
John Lewis [1]	26 July 2010	AGM 2011	AGM 2014
Yitzhak Apeloig	8 March 2012	AGM 2012	AGM 2015
Jean-Marcel Denis	1 March 2012	AGM 2012	AGM 2015
Emmanuel Olympitis	11 November 2009	AGM 2010	AGM 2016

[1] First appointed to the Board on 3 July 2008

External appointments

The Board may allow executive directors to accept appropriate outside commercial non-executive director appointments provided the aggregate commitment is compatible with their duties as executive directors. Whether or not the executive directors concerned may retain fees paid for these services will be considered on a case-by-case basis and will be subject to approval by the Board. Details (if any) of non-executive directorships held by executive directors will be disclosed in the Annual Report on Remuneration.

Annual Report on Remuneration

Implementation of the Remuneration Policy for year ending 30 April 2015

Base salary

The base salary for each executive director is reviewed annually by the Committee and the current applicable base salaries are as follows:

Executive director	1 May 2014 £	1 May 2013 £	% Increase
Serge Crasnianski	**468,300**	446,000	5.0*
Françoise Coutaz-Replan	**189,000**	180,000	5.0**

* Following a review of personal and Group performance, and noting that Mr Crasnianski's base salary had remained unchanged since May 2009, the Committee considered a 5% base salary increase to be appropriate.

**The Committee increased Ms Coutaz-Replan's base salary from £180,000 to £189,000 following a review of personal performance and the Group's performance under her guidance, and after noting that her base salary of £180,000 was significantly below the market level for a corporation of the Company's size and complexity.

Pension and benefits

Serge Crasnianski did not receive a pension provision from the Company for the year ended 30 April 2014. However, following a review, the Committee has agreed to pay Mr Crasnianski a pension contribution equal to 15% of base salary in the form of a salary supplement from 1 May 2014.

Françoise Coutaz-Replan has participated in the Company's Group Personal Pension Plan to date to which the Company contributed 5% of base salary in the year ended 30 April 2014. Following a review, the Committee has agreed to increase her pension contribution from 1 May 2014 to 10% of salary (to be payable as a pension contribution or salary supplement as appropriate).

Benefits

Executive directors will continue to be provided with employment-related benefits which may include a company car, private medical insurance and an overseas housing allowance for any director whilst working outside his or her country of normal residence.

Annual bonus

The executive directors are eligible for annual bonuses based upon the financial performance of the Group and the attainment of personal objectives. The maximum bonus payable in respect of the forthcoming year for Serge Crasnianski will be 100% of base salary and for Françoise Coutaz-Replan 50% of base salary.

In respect of Serge Crasnianski, the whole of his bonus will be determined by the Group's pre-tax profit performance, with 100% of base salary bonus being payable for exceeding the previous year's pre-tax profit by 5% or more, or 75% of base salary being payable as a bonus if pre-tax profit for the year is not less than that of the previous year. If the Group's pre-tax profit is less than that of the previous year, any bonus will be entirely at the discretion of the Committee. The bonus for Françoise Coutaz-Replan is based on a similar sliding scale, with the relevant percentages being 35% and 25% of her base salary. If the Group's pre-tax profit is less than that of the previous year, any bonus will be entirely at the discretion of the Committee. In addition, in the case of Françoise Coutaz-Replan, a further bonus of up to 15% of base salary will be awarded for the achievement of personal objectives.

Long-term incentives

For the awards to be granted in 2014 under the 2004 Photo-Me Executive Share Option Scheme (the final awards under this plan), the key terms are as follows:

- It is envisaged that Françoise Coutaz-Replan will receive share option awards over circa 200,000 shares. Serge Crasnianski will not receive an award;
- 100% of awards granted in 2014 will be subject to an EPS condition. Awards to the exercise price value of 25% of a participant's salary at the end of the date of grant will vest for achieving an EPS figure in 2017 of 5.5p increasing pro-rata on a straight-line basis to 100% vesting for achieving an EPS figure of 7.2p. No awards will vest if the reported 2017 EPS figure is below 5.5p.
- Options that vest will be exercisable between 3 and 7 years from the date of grant.

However, as a result of the 2004 Photo-Me Executive Share Option Scheme reaching the end of its 10-year life in 2014, the Company is seeking shareholder approval at the forthcoming AGM to update the 2004 ESOS to become the new Photo-Me 2014 Executive Share Option Scheme.

Full details of the proposed 2014 Executive Share Option Scheme, which is similar to the 2004 Scheme albeit with a number of best practice updates, are set out in the appendix to the Notice of AGM.

Non-executive directors

The fees for non-executive directors are reviewed at least every three years and the current applicable fee levels are as follows:

Non-executive director	Role	Committee Chairman role	1 May 2014 £	1 May 2013 £
John Lewis	Chairman	Chair of Nomination Committee	**120,000**	120,000
Emmanuel Olympitis	Senior Independent director	Chair of Remuneration Committee	**50,000**	50,000
Jean-Marcel Denis	Non-executive director	Chair of Audit Committee	**45,000**	45,000
Yitzhak Apeloig	Non-executive director	–	**40,000**	40,000

Single Total Figure of Remuneration*

The detailed emoluments received by the executive and non-executive directors for the year ended 30 April 2014 are shown below. No payments were made for loss of office, and no payments were made to past directors.

	Year	Salary/Fees £	Benefits[1] £	Bonus[2] £	Long-Term Incentives[3] £	Pension[4] £	Total £
Executive directors							
Serge Crasnianski[5]	**2014**	**446,000**	**22,278**	**446,000**	**–**	**–**	**914,278**
	2013	446,000	7,487	446,000	–	–	899,487
Françoise Coutaz-Replan	**2014**	**180,000**	**22,010**	**90,000**	**194,294**	**8,250**	**494,554**
	2013	150,000	20,414	75,000	–	7,500	252,914
Non-executive directors							
John Lewis[6]	**2014**	**120,000**	**–**	**–**	**–**	**–**	**120,000**
	2013	120,000	–	–	–	–	120,000
Yitzhak Apeloig	**2014**	**40,000**	**–**	**–**	**–**	**–**	**40,000**
	2013	35,000	–	–	–	–	35,000
Jean-Marcel Denis	**2014**	**45,000**	**–**	**–**	**–**	**–**	**45,000**
	2013	40,000	–	–	–	–	40,000
Emmanuel Olympitis	**2014**	**50,000**	**–**	**–**	**–**	**–**	**50,000**
	2013	45,000	–	–	–	–	45,000

[1] Taxable benefits include the provision of a car or car allowance, private medical insurance and in the case of Françoise Coutaz-Replan, an overseas housing allowance of £14,959 (2013: £14,431).

[2] Bonuses are those awarded in respect of performance in the financial year, the calculation for the 2014 annual bonus is shown on page 44.

[3] The vesting calculations for the ESOS awards granted to Françoise Coutaz-Replan in July 2011 (50,000 shares under award, with an exercise price of 65.25p) and December 2011 (250,000 shares under award, with an exercise price of 53.50p) which had a performance period which ended on 30 April 2014 are set out on page 44. The awards do not vest until 4 July 2014 and 13 December 2014 respectively and the intrinsic value has been estimated using the 3-month average share price ending on 30 April 2014 being 139.97p. This figure will be revised in the subsequent year using the actual intrinsic value on the vesting dates.

[4] The Company contributed 5% (2013: 5%) of base salary to the Company's Group Personal Pension Plan on behalf of Françoise Coutaz-Replan. The Company made no pension contributions in respect of Serge Crasnianski for the year ended 30 April 2014 (2013: nil).

[5] The emoluments of Serge Crasnianski shown above, include fees and bonus totalling £650,000 (2013: £650,000) payable to a third party in respect of making available the services of Serge Crasnianski to the Company.

[6] The emoluments of John Lewis shown above, include fees of £41,250 (2013: £90,000) paid to a third party in respect of making available the services of John Lewis to the Company.

*Subject to audit

Annual Report on Remuneration continued

Additional information in respect of the single total figure table*

Annual bonus

For 2014 the maximum bonus opportunity for Serge Crasnianski and for Françoise Coutaz-Replan was 100% of salary and 50% of salary respectively.

Serge Crasnianski's full bonus was determined by performance against profit before tax targets established at the start of the financial year. For Françoise Coutaz-Replan's bonus, an amount equivalent to 35% of salary was determined by performance against the profit before tax targets with the remaining 15% of salary determined by performance against personal objectives.

Details of the performance against the profit before tax targets for the 2014 annual bonus are set out below.

Profit before tax target

	2014 Profit before tax £m	Bonus payout (% of salary)	
		Serge Crasnianski	Françoise Coutaz-Replan
Target	24.3	75%	25%
Maximum	25.5	100%	35%
Actual	**30.1**	**100%**	**35%**

Summary

Executive director	2014 Maximum bonus payout (% of salary)			2014 Actual bonus payout (% of salary)			2014 Actual bonus payout (£)
	Profit before tax	Personal objectives[1]	Total	Profit before tax	Personal objectives[1]	Total	
Serge Crasnianski	100%	–	100%	100%	–	100%	446,000
Françoise Coutaz-Replan	35%	15%	50%	35%	15%	50%	90,000

[1] Based on the Committee's assessment of a number of pre-specified financial-related objectives.

Executive Share Option Scheme

The ESOS awards granted to Françoise Coutaz-Replan on 4 July 2011 and 13 December 2011 completed their performance period on 30 April 2014 and accordingly have been included in the 2014 single total figure of remuneration. These awards are fully based on performance against an EPS target.

Details of the EPS performance target, the level of achievement against the target and the resultant level of vesting are set out in the table below.

	EPS for 2014	Vesting (% of participant's salary at date of grant)
Performance Condition	Below 4.3p	None
	4.3p	25%
	6.1p	100%
	7.3p	150%
	Between 4.3p and 7.3p	Between 25% and 150% on a straight-line basis
Actual	**5.77p**	**86.25%**

*Subject to audit

Scheme interests awarded in the year*

Executive Share Option Scheme

On 9 July 2013, executive directors were granted awards over options under the ESOS with an exercise price of 90.63p.

Executive director	Number of ESOS awards	Basis	Face value[1]
Serge Crasnianski	738,000	150% of base salary	£668,850
Françoise Coutaz-Replan	200,000	121% of base salary	£181,260

[1] Based on a share price of 90.63p which was the average share price over three dealing days immediately prior to grant.

The awards will vest in 2016 subject to the achievement of challenging EPS targets which are detailed below.

EPS for 2016	Vesting (% of participant's salary at date of grant)
Below 5.3p	None
5.3p	25%
6.2p	100%
6.8p	150%
Between 5.3p and 6.8p	Between 25% and 150% on a straight-line basis

Directors' interests in shares*

According to the records kept by the Company, the directors had interests in the share capital of the Company as shown below. There have been no changes to these holdings between 30 April 2014 and the date of signing the financial statements.

	Beneficially owned at		As at 30 April 2014				
	30 April 2014	1 May 2013	Vested ESOS Awards[1]	Unvested ESOS Awards[2]	Shareholding requirement (% of salary)	Current shareholding (% of salary)[3]	Guideline Achieved
Director							
Executive directors							
Serge Crasnianski	**79,783,450[4]**	79,783,450	–	738,000	100%	24,150%	Yes
Françoise Coutaz-Replan	**161,800**	161,800	344,093	432,000	100%	121%	Yes
Non-executive directors							
John Lewis	**–**	–	–	–	–	–	–
Yitzhak Apeloig	**–**	–	–	–	–	–	–
Jean-Marcel Denis	**–**	–	–	–	–	–	–
Emmanuel Olympitis	**45,000**	45,000	–	–	–	–	–

[1] Options with no further performance conditions attached that have not been exercised.

[2] Options with outstanding performance conditions attached.

[3] Executive directors are required to build and maintain a shareholding equivalent to at least one year's base salary through the retention of 50% of the net of tax vested share awards or through open-market purchases. Calculated using the closing share price on 30 April 2014 being 135.0p. The shareholding guideline is calculated using only beneficially owned shares.

[4] Of the shares beneficially owned by Serge Crasnianski, 79,719,900 (2013: 79,719,900) were registered in other names.

*Subject to audit

Annual Report on Remuneration continued

Directors' interests in share options*

	Date of grant	As at 1 May 2013	Granted during year	Exercised during year	Lapsed during year	As at 30 April 2014	Exercise price	Date from which exercisable	Expiry date
		Number of options							
Serge Crasnianski									
	9 July 2013[3]	–	738,000	–	–	**738,000**	90.63p	9 July 2016	8 July 2020
Françoise Coutaz-Replan									
	20 Jan 2010	168,200	–	124,107	–	**44,093**	36.67p	20 Jan 2013	19 Jan 2017
	4 July 2011[1]	50,000	–	–	–	**50,000**	65.25p	4 July 2014	3 July 2018
	13 Dec 2011[1]	250,000	–	–	–	**250,000**	53.50p	13 Dec 2014	12 Dec 2018
	4 July 2012[2]	232,000	–	–	–	**232,000**	39.17p	4 July 2015	3 July 2019
	9 July 2013[3]	–	200,000	–	–	**200,000**	90.63p	9 July 2016	8 July 2020

[1] The 4 July 2011 and 13 December 2011 ESOS awards ended their performance period in the year to 30 April 2014 and will vest subject to the performance conditions as outlined on page 44.

[2] The 4 July 2012 ESOS awards are subject to the same performance conditions and vesting schedule as the 2011 ESOS awards, but the threshold 2015 EPS target is set at 2.4p with full vesting for an EPS of 3.6p or greater.

[3] The 9 July 2013 ESOS awards are subject to the performance conditions as outlined on page 45.

*Subject to audit

Relative importance of the spend on pay

The following table sets out the percentage change in distributions to shareholders and employee remuneration costs.

	2014	2013	% Change
Employee remuneration costs (£'000)[1]	**35,410**	37,115	-4.59%
Dividends (£'000)[2]	**11,140**	19,970[3]	-44.22%

[1] Based on the figure shown in Note 5 to the Financial Statements.

[2] Based on the cash returned to shareholders in 2014 through dividends as shown in Note 9 to the Financial Statements.

[3] Includes the special dividend paid in 2013. If this were excluded from the calculation, the percentage change would be 22.96%.

Percentage increase in the remuneration of the Chief Executive Officer

The table below shows the change in the salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial year compared with the change for a comparator group of selected employees of the Group.

Element of remuneration	Chief Executive Officer % change	Employees % change[2]
Salary	0%	0.10%
Benefits	197%[1]	0.85%
Annual bonus	0%	7.66%

[1] Serge Crasnianski's benefits amounted to £22,278 for the year ended 30 April 2014 which compares with £7,487 in respect of the prior year.

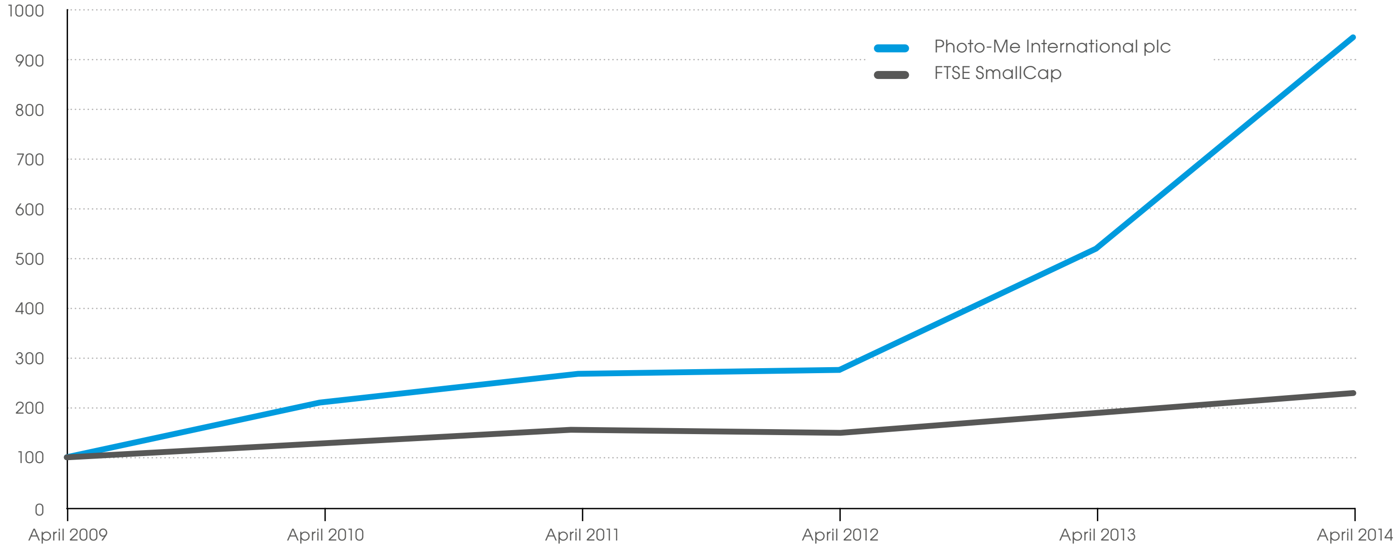
[2] The Committee chose to use a comparator group comprising employees from the major operating territories, namely UK (excluding main board directors of the Company), France and Japan as being a representative group of employees for these purposes.

Performance graph

The graph below shows the Company's performance, measured by total shareholder return (share price growth plus dividends reinvested) (TSR), compared with the performance of the FTSE SmallCap Index over the past five years. As the Company has been a constituent of the FTSE SmallCap Index for all of the relevant period, this index is considered an appropriate form of 'broad equity market index' against which the Company's performance should be compared.

Total Shareholder Return

Source: Datastream (Thomson Reuters)



This graph shows the value, by 30 April 2014, of £100 invested in Photo-Me International plc on 30 April 2009 compared with the value of £100 invested in the FTSE SmallCap Index.

The table below shows the total remuneration for the Chief Executive Officer over the same five-year period as the TSR chart above. All share awards are valued at the date of vesting.

Year ended 30 April	Chief Executive Officer	Total remuneration (£)	Annual bonus (% of max)	Long-term incentives (% of max)[1]
2014	**Serge Crasnianski**	**914,278**	**100%**	**–**
2013	Serge Crasnianski	899,487	100%	–
2012	Serge Crasnianski	898,693	100%	–
2011	Serge Crasnianski	893,312	100%	–
2010	Serge Crasnianski[2]	739,548	100%	–
2010	Thierry Barel[3]	90,327	0%	0%

[1] Shows the number of share options which vested as a percentage of the maximum number of share options which could have vested. For the years ended 30 April 2010 to 30 April 2014, Serge Crasnianski did not have any outstanding share option awards that could have vested in the relevant years.

[2] Serge Crasnianski was appointed to the role of Chief Executive Officer on 3 July 2009 having previously served as a non-executive director from 6 May 2009. The total remuneration figure shown includes all payments received following his appointment as Chief Executive Office but excludes any fees paid (£5,429) for performing the role of non-executive director.

[3] Thierry Barel resigned from the role of Chief Executive Officer on 3 July 2009. The total remuneration figure shown includes all payments received prior to his resignation as Chief Executive Officer, but excludes a termination payment of £92,800.

Annual Report on Remuneration continued

Committee role and membership

The Remuneration Committee comprises three non-executive directors: Emmanuel Olympitis (Committee Chairman), John Lewis and Jean-Marcel Denis. They are all considered by the Board to be independent. Biographies of the members of the Committee are set out on pages 22 and 23. Details of their membership of the Committee and attendance at the meetings during the year are as follows:

Names	Position	Appointment date	Number of meetings attended (maximum possible)
Emmanuel Olympitis	Committee Chairman	7 December 2009	4 (4)
John Lewis	Non-executive Chairman	3 July 2008	3 (4)
Jean-Marcel Denis	Non-executive Director	1 March 2012	3 (4)

It remains the Committee's policy that it shall be available to meet on an ad hoc basis when the needs of the Company require it. At the invitation of the Chairman, the Chairman of the Board and the Chief Executive Officer may attend meetings of the Committee, except when their own remuneration is under consideration. No director is involved in determining his or her own remuneration. The Company Secretary acts as the secretary to the Committee. The members of the Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Committee's terms of reference are published in the investor relations section of the Company's website at www.photo-me.co.uk.

Advisors

The Committee is advised by New Bridge Street, part of Aon plc, which has been appointed by the Committee and which advises it on various matters relating to the remuneration of the Chairman, executive directors and senior executives. New Bridge Street also provides advice to the executive directors in respect of the remuneration of non-executive directors. Under long-standing relationships, other Aon plc subsidiaries provided pension scheme management, actuarial services and general insurance broking services to the Company, during the year. Following a review by the Remuneration Committee, the Committee is satisfied that the additional services provided by the wider Aon plc network do not prejudice the independence of the remuneration advice provided to it by New Bridge Street. During the financial year, fees paid to New Bridge Street totalled £17,822.

The Committee also receives advice from the Chief Executive Officer in relation to the remuneration of certain senior executives (but not in relation to his own remuneration).

Statement of shareholder voting

At last year's AGM, the Directors' Remuneration Report received the following votes from shareholders:

	Total number of votes	% of votes cast
Votes cast in favour	298,261,429	97.25
Votes cast against	8,443,565	2.75
Total votes cast (excludes withheld votes)	306,704,994	100.00
Votes withheld[1]	798,919	–

[1] A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast "for" and "against" a resolution.

By order of the Board

Emmanuel Olympitis
Chairman of the Remuneration Committee
25 June 2014

Statement of Directors' Responsibilities

in respect of the Annual Report and the financial statements

The directors of the Company, who are named on pages 22 and 23, are responsible for preparing the Annual Report, the Report of the Directors and the Group and the Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for the Group and the Company for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law and have elected to prepare the Company's financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their profit or loss for that period. In preparing each of the Group and the Company's financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that their financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and as regards the Group's financial statements, Article 4 of the IAS Regulation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

Each of the directors of the Company, whose names and functions are listed on pages 22 and 23, confirms that, to the best of his or her knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report, which is incorporated into the Report of the Directors, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Fair, balanced and understandable

In accordance with the principles of the UK Corporate Governance Code, the directors have arrangements in place to ensure that the information presented in the Annual Report is fair, balanced and understandable; these are described on page 31.

The Board considers, on the advice of its Audit Committee, that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

Significant accounting policies, critical estimates and key judgments

Our significant accounting policies are set out on pages 58 to 66 of the consolidated financial statements and conform with IFRS as adopted by the EU. These policies and applicable estimation techniques have been reviewed by the directors who have confirmed them to be appropriate for the preparation of the 2013/2014 consolidated financial statements.

By order of the Board

John Lewis
Non-executive Chairman
25 June 2014

Independent Auditor's Report

to the members of Photo-Me International plc only

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Photo-Me International plc for the year ended 30 April 2014 set out on pages 52 to 111. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Recoverability of Asia goodwill (£7,245,000)

Refer to page 29 (Audit Committee Report), page 60 (accounting policy) and pages 74 (financial disclosures)

- The risk – There is a risk over the recoverability of the Group's goodwill balance in relation to Nippon Auto-Photo Kabushiki Kaisha (Japan) due to the sensitivity of the cash flow forecasts to movements in exchange rates. There is an inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability. Due to the significance of this asset this is one of the key judgemental areas that our audit is concentrated on.
- Our response – In this area our audit procedures included, among others, testing of the Group's budgeting procedures upon which the forecasts are based and the principles and integrity of the Group's discounted cash flow model. We compared the Group's budgets to historical accuracy and compared assumptions to externally derived data as well as our own assessments in relation to key inputs such as projected economic growth, cost inflation and discount rates, as well as performing break-even analysis on the assumptions. We also assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.

Valuation of provisions (£8,266,000)

Refer to page 29 (Audit Committee Report), page 65 (accounting policy) and page 105 (financial disclosures)

- The risk – In the normal course of business, provisions and contingent liabilities may arise from potential and actual legal proceedings as well as from warranties on products sold. Potential legal proceedings relate to claims from former employees following a Group restructuring, as well as other ad hoc legal claims. Due to the nature of the business claims also arise relating to warranties on products sold. The amounts involved are potentially significant and the calculation of the amounts, if any, to be provided, is inherently subjective.
- Our response – Our audit procedures included, among others, in respect of employee and other legal claims, discussion with the Board of directors, the company secretary and correspondence with the Group's external legal advisors of all known and potential liabilities. In addition discussions were held with key management at each key component of the Group to understand their view of actual and potential claims. We read Board minutes and correspondence with the Group's external legal advisors to gain an understanding of their views in relation to any such potential liabilities. For employee claims we compared the Group's calculation of provisions with the Group's historical experience of claim settlements. We obtained formal confirmations from the Group's legal advisors on all significant matters.

In respect of the warranty provision we have critically assessed the extent to which the Group's estimate takes into account the latest available information. We compared the Group's calculation of provisions with the Group's historical experience of claim settlements by comparing amounts provided and amounts recognised as an expense in previous periods. We also considered our own assessment of the provision balance based on our understanding of the business gained throughout the audit process.

We also assessed the adequacy of the Group's disclosures in respect of provisions and contingent liabilities. We also assessed whether the Group's disclosures about provisions and the treatment of movements on provisions in the income statement for the year were appropriate.

Recoverability of photobooths and vending machines (£41,290,000)

Refer to page 29 (Audit Committee Report), page 61 (accounting policy) and pages 77 and 78 (financial disclosures)

- The risk – The Group has significant property, plant and equipment including the photobooths and vending machines that generate the Group's revenue. There is a risk over the carrying value of machines if they are not generating sufficient cash flows due, for example, to the location of the machines, mechanical obsolescence, or with new vending machine products uncertainty over the level of revenues that will be generated. Due to the significance of the amounts the Group carries out high level cash flow forecasts to determine whether an impairment trigger exists.
- Our response – Our audit procedures included, among others, testing the principles and integrity of the Group's cash flow forecast model to identify triggers for impairment of asset. We tested the principles and integrity of the Group's model, agreeing the results and asset values to underlying audit work. For assets identified as "at risk" by the model we discussed the Group's future plans for the asset and their rationale to support why no

impairment trigger exists. As part of our consideration of the Group's proposals we considered the Group's ability to implement similar plans in previous periods.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £2.25m. This has been determined with reference to a benchmark of Group profit before taxation (of which it represents 7.5%), which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £112,500, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Audits for Group reporting purposes were performed by component auditors at the key reporting components in the following countries: France, Japan and Germany. In addition, specified audit procedures were performed by component auditors in Switzerland, Belgium and Ireland. These Group procedures covered 97% of total Group revenue; 94% of Group profit before taxation; and 97% of total Group assets.

The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component and ranged from £1m to £1.2m.

Detailed instructions were sent to all the auditors in these locations. These instructions covered the significant areas that should be covered by the component auditors (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team. Telephone meetings were held with the auditors at these locations.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Corporate Governance Statement does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 49, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 27 to 31 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Martin Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

25 June 2014

Group Statement of Comprehensive Income

for the year ended 30 April 2014

	Notes	2014 £'000	2013 £'000
Revenue	3	**186,598**	195,590
Cost of sales		**(139,400)**	(153,363)
Gross profit		**47,198**	42,227
Other operating income	4	**1,420**	1,138
Administrative expenses		**(18,513)**	(19,221)
Share of post-tax profits from associates	14	**161**	55
Operating profit	3	**30,266**	24,199
Finance revenue	6	**227**	533
Finance cost	6	**(400)**	(426)
Profit before tax		**30,093**	24,306
Total tax charge	7	**(8,514)**	(6,746)
Profit for year	4	**21,579**	17,560
Other comprehensive income			
Items that are or may subsequently be classified to profit and loss: Exchange differences arising on translation of foreign operations		**(4,803)**	(2,161)
Total items that are or may subsequently be classified to profit and loss		**(4,803)**	(2,161)
Items that will not be classified to profit and loss:			
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations		**(67)**	15
Deferred tax on remeasurement (losses)/gains		**(11)**	(308)
Total items that will not be classified to profit and loss		**(78)**	(293)
Other comprehensive expense (net of tax)		**(4,881)**	(2,454)
Total comprehensive income for the year		**16,698**	15,106
Profit for the year attributable to:			
Owners of the Parent		**21,422**	17,405
Non-controlling interests		**157**	155
		21,579	17,560
Total comprehensive income attributable to:			
Owners of the Parent		**16,579**	14,910
Non-controlling interests		**119**	196
		16,698	15,106
Earnings per share			
Basic earnings per share	10	**5.77p**	4.78p
Diluted earnings per share	10	**5.70p**	4.76p

All results derive from continuing operations.

The notes on pages 58 to 111 are an integral part of these consolidated financial statements.

Statements of Financial Position

for the year ended 30 April 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Assets					
Non-current assets					
Goodwill	11	**9,911**	9,980	**–**	–
Other intangible assets	11	**5,776**	6,735	**5,502**	21
Property, plant and equipment	12	**46,529**	45,334	**8,481**	7,931
Investment property	13	**516**	723	**–**	–
Investments – in associates	14	**620**	790	**257**	440
– in subsidiaries	14	**–**	–	**41,617**	41,409
Other financial assets – held to maturity	15	**2,334**	2,447	**963**	958
– available-for-sale	15	**78**	81	**–**	–
Deferred tax assets	24	**4,231**	2,157	**2,334**	2,029
Trade and other receivables	16	**1,831**	1,691	**–**	71
		71,826	69,938	**59,154**	52,859
Current assets					
Inventories	17	**11,196**	13,241	**850**	892
Trade and other receivables	16	**14,345**	12,848	**6,031**	5,627
Other financial assets – held to maturity	15	**–**	14	**–**	–
– available-for-sale	15	**86**	88	**1**	2
Current tax		**57**	30	**–**	–
Cash and cash equivalents	18	**60,996**	59,651	**19,920**	15,501
		86,680	85,872	**26,802**	22,022
Assets held for sale	30	**705**	–	**705**	–
Total assets		**159,211**	155,810	**86,661**	74,881
Equity					
Share capital	20	**1,859**	1,856	**1,859**	1,856
Share premium		**6,521**	6,287	**6,521**	6,287
Translation & other reserves		**11,402**	16,723	**1,172**	1,024
Retained earnings		**83,332**	72,295	**56,470**	48,265
Equity attributable to owners of the Parent		**103,114**	97,161	**66,022**	57,432
Non-controlling interests		**1,119**	1,197	**–**	–
Total equity		**104,233**	98,358	**66,022**	57,432
Liabilities					
Non-current liabilities					
Financial liabilities	21	**64**	236	**–**	–
Post-employment benefit obligations	22	**3,418**	3,765	**–**	–
Provisions	23	**10**	7	**10**	3
Deferred tax liabilities	24	**1,381**	858	**–**	–
Trade and other payables	25	**3,840**	4,981	**–**	–
		8,713	9,847	**10**	3
Current liabilities					
Financial liabilities	21	**240**	543	**–**	–
Provisions	23	**8,256**	8,297	**–**	1
Current tax		**5,457**	6,549	**570**	1,077
Trade and other payables	25	**32,312**	32,216	**20,059**	16,368
		46,265	47,605	**20,629**	17,446
Total equity and liabilities		**159,211**	155,810	**86,661**	74,881

The notes on pages 58 to 111 are an integral part of these consolidated financial statements.

The accounts were approved by the Board on 25 June 2014.

Serge Crasnianski
Chief Executive Officer

Françoise Coutaz-Replan
Group Finance Director

Group Statement of Cash Flows

for the year ended 30 April 2014

	Notes	2014 £'000	2013 £'000
Cash flows from operating activities			
Profit before tax		**30,093**	24,306
Finance cost		**400**	426
Finance revenue		**(227)**	(533)
Operating profit		**30,266**	24,199
Share of post-tax profit from associates		**(161)**	(55)
Amortisation of intangible assets		**3,034**	4,285
Depreciation of property, plant and equipment		**14,503**	16,443
Loss/(profit) on sale of property, plant and equipment		**198**	(2,698)
Exchange differences		**(1,546)**	(126)
Other items		**(46)**	222
Changes in working capital:			
Inventories		**1,485**	3,966
Trade and other receivables		**(2,310)**	374
Trade and other payables		**32**	(2,738)
Provisions		**143**	2,738
Cash generated from operations		**45,598**	46,610
Interest paid		**(95)**	(423)
Taxation paid		**(9,916)**	(7,276)
Net cash generated from operating activities		**35,587**	38,911
Cash flows from investing activities			
Investment in associates		**(121)**	(118)
Loan advanced to associates		**–**	(129)
Investment in intangible assets		**(2,007)**	(1,859)
Proceeds from sale of intangible assets		**3**	133
Purchase of property, plant and equipment		**(19,153)**	(17,256)
Proceeds from sale of property, plant and equipment		**781**	3,659
Purchase of available-for-sale investments		**–**	(86)
Interest received		**227**	533
Dividends received from associate		**63**	–
Net cash utilised in investing activities		**(20,207)**	(15,123)
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**237**	420
Sale of Treasury shares		**–**	5,749
Repayment of capital element of finance leases		**(90)**	(126)
Repayment of borrowings		**(449)**	(4,489)
Decrease/(increase) in assets held to maturity		**83**	(21)
Dividends paid to owners of the Parent	9	**(11,140)**	(19,970)
Dividends paid to non-controlling interests		**(197)**	–
Net cash utilised in financing activities		**(11,556)**	(18,437)
Net increase in cash and cash equivalents		**3,824**	5,351
Cash and cash equivalents at beginning of year		**59,651**	54,605
Exchange loss on cash and cash equivalents		**(2,479)**	(305)
Cash and cash equivalents at end of year	18	**60,996**	59,651

The notes on pages 58 to 111 are an integral part of these consolidated financial statements.

Company Statement of Cash Flows

for the year ended 30 April 2014

	Notes	2014 £'000	2013 £'000
Cash flows from operating activities			
Profit before tax		**20,296**	24,150
Finance cost		**383**	72
Finance revenue		**(185)**	(259)
Dividends and other items		**(13,611)**	(18,150)
Operating profit		**6,883**	5,813
Amortisation of intangible assets		**631**	14
Depreciation of property, plant and equipment		**2,627**	2,588
Loss/(profit) on sale of property, plant and equipment		**123**	(71)
Movements in investment provisions and other items		**19**	(31)
Changes in working capital:			
Inventories		**42**	266
Trade and other receivables		**(334)**	(195)
Trade and other payables		**5,642**	(5,783)
Provisions		**6**	(196)
Cash generated from operations		**15,639**	2,405
Interest paid		**(78)**	(69)
Taxation paid		**(1,782)**	(1,051)
Net cash generated from operating activities		**13,779**	1,285
Cash flows from investing activities			
Investment in subsidiaries		**(60)**	(1)
Investment in associates		**(121)**	(182)
Purchase of intangible assets		**(6,114)**	(7)
Purchase of property, plant and equipment		**(4,178)**	(4,167)
Proceeds from sale of property, plant and equipment		**175**	404
Loans advanced to associates		**–**	(129)
Repayments of loans advanced to subsidiaries		**–**	87
Interest received		**122**	198
Dividends received from associates and subsidiaries		**13,674**	18,150
Net cash generated from investing activities		**3,498**	14,353
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**237**	420
Sale of Treasury shares		**–**	5,749
Borrowings from subsidiaries		**–**	3,275
Repayment of borrowings from subsidiaries		**(1,950)**	(119)
Increase in assets held to maturity		**(5)**	(354)
Dividends paid to owners of the Parent	9	**(11,140)**	(19,970)
Net cash utilised in financing activities		**(12,858)**	(10,999)
Net increase in cash and cash equivalents		**4,419**	4,639
Cash and cash equivalents at beginning of year		**15,501**	10,862
Cash and cash equivalents at end of year	18	**19,920**	15,501

Group Statement of Changes in Equity

for the year ended 30 April 2014

	Share capital £'000	Share premium £'000	Treasury shares £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
At 1 May 2012	1,850	5,873	(5,802)	2,430	16,495	74,994	95,840	1,001	96,841
Profit for year	–	–	–	–	–	17,405	17,405	155	17,560
Other comprehensive (expense)/income									
Exchange differences	–	–	–	–	(2,202)	–	(2,202)	41	(2,161)
Remeasurement gains in defined benefit pension scheme and other post-employment benefit obligations	–	–	–	–	–	15	15	–	15
Deferred tax on remeasurement gains	–	–	–	–	–	(308)	(308)	–	(308)
Total other comprehensive (expense)/income	–	–	–	–	(2,202)	(293)	(2,495)	41	(2,454)
Total comprehensive (expense)/income for year	–	–	–	–	(2,202)	17,112	14,910	196	15,106
Transactions with owners of the Parent									
Shares issued in period	6	362	–	–	–	–	368	–	368
Share options	–	–	–	–	–	212	212	–	212
Sale of Treasury shares	–	52	5,802	–	–	(53)	5,801	–	5,801
Dividends	–	–	–	–	–	(19,970)	(19,970)	–	(19,970)
Total transactions with owners of the Parent	6	414	5,802	–	–	(19,811)	(13,589)	–	(13,589)
At 30 April 2013	1,856	6,287	–	2,430	14,293	72,295	97,161	1,197	98,358
At 1 May 2013	**1,856**	**6,287**	**–**	**2,430**	**14,293**	**72,295**	**97,161**	**1,197**	**98,358**
Profit for year	**–**	**–**	**–**	**–**	**–**	**21,422**	**21,422**	**157**	**21,579**
Other comprehensive (expense)/income									
Exchange differences	**–**	**–**	**–**	**–**	**(4,765)**	**–**	**(4,765)**	**(38)**	**(4,803)**
Transfers between reserves	**–**	**–**	**–**	**(556)**	**–**	**556**	**–**	**–**	**–**
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	**–**	**–**	**–**	**–**	**–**	**(67)**	**(67)**	**–**	**(67)**
Deferred tax on remeasurement losses	**–**	**–**	**–**	**–**	**–**	**(11)**	**(11)**	**–**	**(11)**
Total other comprehensive (expense)/income	**–**	**–**	**–**	**(556)**	**(4,765)**	**478**	**(4,843)**	**(38)**	**(4,881)**
Total comprehensive (expense)/income for year	**–**	**–**	**–**	**(556)**	**(4,765)**	**21,900**	**16,579**	**119**	**16,698**
Transactions with owners of the Parent									
Shares issued in period	**3**	**234**	**–**	**–**	**–**	**–**	**237**	**–**	**237**
Share options	**–**	**–**	**–**	**–**	**–**	**277**	**277**	**–**	**277**
Dividends	**–**	**–**	**–**	**–**	**–**	**(11,140)**	**(11,140)**	**(197)**	**(11,337)**
Total transactions with owners of the Parent	**3**	**234**	**–**	**–**	**–**	**(10,863)**	**(10,626)**	**(197)**	**(10,823)**
At 30 April 2014	**1,859**	**6,521**	**–**	**1,874**	**9,528**	**83,332**	**103,114**	**1,119**	**104,233**

The non-controlling interests in the above table mainly relate to interests not held by the Group in SCI du Lotissement d'Echirolles, where the Group's interest is 61% as described in note 29.

The notes on pages 58 to 111 are an integral part of these consolidated financial statements.

Details of share capital and reserves are given in note 20.

Company Statement of Changes in Equity

for the year ended 30 April 2014

	Share capital £'000	Share premium £'000	Treasury shares £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 May 2012	1,850	5,873	(5,802)	885	46,758	49,564
Profit for year	–	–	–	–	21,888	21,888
Other comprehensive expense						
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	–	–	–	–	(166)	(166)
Deferred tax on remeasurement losses	–	–	–	–	(265)	(265)
Total other comprehensive expense	–	–	–	–	(431)	(431)
Total comprehensive income for year	–	–	–	–	21,457	21,457
Transactions with owners of the Parent						
Shares issued in period	6	362	–	–	–	368
Share options	–	–	–	–	73	73
Sale of Treasury shares	–	52	5,802	–	(53)	5,801
Capital contribution relating to share-based payments (net of disposals)	–	–	–	139	–	139
Dividends	–	–	–	–	(19,970)	(19,970)
Total transactions with owners of the Parent	6	414	5,802	139	(19,950)	(13,589)
At 30 April 2013	1,856	6,287	–	1,024	48,265	57,432
At 1 May 2013	**1,856**	**6,287**	**–**	**1,024**	**48,265**	**57,432**
Profit for year	**–**	**–**	**–**	**–**	**19,323**	**19,323**
Other comprehensive expense						
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	**–**	**–**	**–**	**–**	**(107)**	**(107)**
Total other comprehensive expense	**–**	**–**	**–**	**–**	**(107)**	**(107)**
Total comprehensive income for year	**–**	**–**	**–**	**–**	**19,216**	**19,216**
Transactions with owners of the Parent						
Shares issued in period	**3**	**234**	**–**	**–**	**–**	**237**
Share options	**–**	**–**	**–**	**–**	**129**	**129**
Capital contribution relating to share-based payments (net of disposals)	**–**	**–**	**–**	**148**	**–**	**148**
Dividends	**–**	**–**	**–**	**–**	**(11,140)**	**(11,140)**
Total transactions with owners of the Parent	**3**	**234**	**–**	**148**	**(11,011)**	**(10,626)**
At 30 April 2014	**1,859**	**6,521**	**–**	**1,172**	**56,470**	**66,022**

Details of share capital and reserves are given in note 20.

Notes to the Financial Statements

for the year ended 30 April 2014

Authorisation of the financial statements and statement of compliance with IFRSs

The Group and the Company financial statements of Photo-Me International plc (the "Company") for the year ended 30 April 2014 were authorised for issue by the directors on 25 June 2014 and the statements of financial position were signed by S Crasnianski, Chief Executive Officer and F Coutaz-Replan, Group Finance Director.

The Company is a public limited company incorporated and registered in England and Wales and whose shares are quoted on the London Stock Exchange, under symbol PHTM. The registered number of the Company is 735438 and its registered office is at Church Road, Bookham, Surrey KT23 3EU. The principal activities of the Group are shown on page 24.

The Group's and the Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union ("EU"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in accordance with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

1 Accounting policies

The principal accounting policies adopted in the preparation of the Group's consolidated financial statements and the Company's individual financial statements are set out below. The policies have been consistently applied to all of the statements presented. New standards adopted for this financial year are shown in note 2 on page 66.

In presenting these financial statements, the directors have followed the Financial Reporting Council's ("FRC") objective in "cutting clutter" with the aim of simplifying notes and descriptions and removing non-material disclosures.

1.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for certain derivative financial instruments and available-for-sale financial assets that are measured at fair value.

Going concern

The financial statements of the Group and the Company have been prepared on the going concern basis.

In reaching this conclusion management has reviewed detailed budgets, which reflect, where applicable, the current economic conditions, with regard to the level of demand for the Group's manufactured products, the level of consumer confidence, the uncertainty of the Euro and cash flow forecasts for the next financial year and high level projections thereafter. The cash flow projections indicate that the Group and the Company will remain comfortably within their available banking facilities. Additional information on these facilities is provided in note 15.

A review of the business activity, future prospects and financial position of the Group are covered in the Chairman's Statement and the Strategic Report.

Critical accounting estimates and key judgements

The preparation of the financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the year end and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The critical accounting policies, which the directors consider are of greater complexity and/or particularly subject to the exercise of judgement, are included in the following notes:

Group

1) Goodwill and other intangible assets – notes 1.4, 1.8 and 11.
2) Development costs – notes 1.4 and 11.
3) Depreciation and impairment of property, plant and equipment – notes 1.5, 12 and 13.
4) Taxation – notes 1.17, 7 and 24.
5) Provisions – note 23.

Company

Critical assumptions and estimates for the preparation of the Company's financial statements, in addition to 3 and 4 above, include:

Investments in subsidiaries

Management makes decisions on the carrying value of investments in subsidiaries and whether an impairment is required, as detailed in note 1.8 and 1.9 on pages 61 and 62.

1.2 Basis of consolidation

The Group consolidates the financial statements of the Company and all of its subsidiaries, and includes associates under the equity method, as at 30 April each year.

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control of an entity exists when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the equity.

The principal subsidiaries affecting the results and financial position of the Group are shown in note 29.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date control ceases.

The Group uses the acquisition method of accounting to account for business combinations. Acquisition costs for business combinations are expensed as incurred. On an acquisition by acquisition basis the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Assets and liabilities, including any contingent consideration arrangements of the acquired business, and contingent liabilities are valued at fair value as is the equity interest issued by the Group.

The difference between the consideration transferred less the amount of any non-controlling interests in the acquiree and the acquisition date fair value of net assets acquired is recorded as goodwill. In the case of a bargain purchase, when the consideration transferred is less than the net assets of the subsidiary acquired, the difference is recognised as a profit in the statement of comprehensive income.

For acquisitions made before 1 May 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

In respect of acquisitions made prior to IFRS transition, goodwill was included at transition date on the basis of deemed cost, which represented the amount recorded under UK Generally Accepted Accounting Principles ("UK GAAP").

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Where necessary, subsidiaries' accounting policies have been changed to ensure consistency with the Group's policies.

Changes in interests in subsidiaries without losing control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between the fair value of any consideration paid or received for the relevant share acquired or disposed of and the carrying value of the net assets is recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to fair value at the date when control is lost, with the change in the carrying amount recognised in profit and loss. Fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. Also, any amounts previously recognised in other comprehensive income with respect to the entity for which control ceases are treated as disposals and are reclassified to profit and loss.

Associates

Associates are those entities in which the Group generally has an interest of between 20% and 50% of the voting rights and has significant influence, but not control (or joint control) over the financial and operating policies of the entity. The Group uses the equity method of accounting for associates. The principal associates affecting the results and financial position of the Group are shown in note 29.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognition of its share of those profits only after its share of the profits equals the share of the losses not recognised.

Non-controlling interests

Non-controlling interests represent the portion of results for the period and net assets not held by the Group and are presented separately within the statement of comprehensive income and the statement of financial position.

1 Accounting policies continued

1.3 Foreign currency translation

The consolidated financial statements and the Company's own financial statements are presented in Sterling being the functional and presentational currency of the Parent Company and all values are shown in £'000 except where indicated.

Transactions in foreign currencies are translated into the respective functional currencies of the Group's subsidiaries at the exchange rate ruling on the date the transaction is recorded. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates ruling at 30 April. Exchange gains and losses resulting from the above translation are reflected in the income statement, except where they qualify as cash flow hedges and are reflected in equity. There were no qualifying cash flow hedges in 2014 and 2013.

Income statements of overseas entities are translated into Sterling, at weighted average rates of exchange, as a reasonable approximation to actual exchange rates at the date of the transaction and their balance sheets are translated at the exchange rate ruling at 30 April. Exchange differences arising on the translation of opening net assets are taken to equity, as is the exchange difference on the translation of the income statement between average and closing exchange rates. Such cumulative exchange differences are released to the income statement on disposal.

Goodwill arising on the acquisition of subsidiaries and associates post 1 May 2004 is treated as a foreign currency asset and translated at the rate ruling at 30 April. On transition to IFRS on 1 May 2004, business combinations were not retrospectively adjusted to comply with Adopted IFRS and goodwill was recognised based on the carrying value under the previous accounting policies.

1.4 Intangible assets

Goodwill

Goodwill represents the excess of cost of an acquisition of a subsidiary or associate over the fair value of the Group's share of net identifiable assets at the date of acquisition. Goodwill on acquisition of associates is included in investment in associates.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired and is carried at cost less any impairment. On disposals, goodwill is included in the calculation of gains or losses on the sale of the previously acquired entity.

Goodwill relating to previous acquisitions (pre-1999) was charged under UK GAAP to equity and is not included in the gain or loss on sale of the previously acquired entity to which it relates.

For the purposes of impairment testing, goodwill is allocated to cash-generating units. Each of these units represents the Group's investment in each region of operation.

Research and development expenditure

Research expenditure is expensed as incurred. Costs incurred in developing projects are capitalised as intangible assets when it is considered that the commercial viability of the project will be a success based on discounted expected cash flows, and the costs can be reliably measured. Other development costs are expensed and are not recognised as assets.

Other intangible assets

Intangible assets (including research and development) acquired as part of a business combination are capitalised at fair value at the date of acquisition. Other intangibles are capitalised at cost.

The policies applied to the Group's intangible assets are summarised as follows:

	Research and development costs	Software	Customer related	Patents and licences	Other
Useful lives	Finite	Finite	Finite	Finite	Indefinite
Amortisation	Straight-line basis, with a maximum life of four years from commencement of commercial production, with no residual value	Straight-line basis, with a maximum life of three years, with no residual value	Straight-line basis, with a maximum life of 20 years, with no residual value. The majority of customer related intangible assets are depreciated over their useful lives of between three and five years	Straight-line basis, with a maximum life of 20 years, with no residual value. Most patents are depreciated over a period of 10 years or less	Not amortised, but subject to impairment testing
Internally generated or acquired	Internally generated	Acquired	Acquired	Acquired	Acquired

1.5 Property, plant and equipment

Property, plant and equipment is shown at cost, less accumulated depreciation and any impairment.

Subsequent expenditure on property, plant and equipment is capitalised, either as a separate asset, or included in the cost of the asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of any parts of the assets that are replaced are derecognised. All other costs are recognised in the income statement as an expense as incurred.

Freehold land is not depreciated. Other assets are depreciated on a straight-line basis, or occasionally on a reducing balance basis, to reduce cost to the estimated residual value over the estimated useful life of the asset at the following rates:

Freehold buildings	2% – 5% straight-line
Leasehold improvements	over the life of the lease on a straight-line basis
Photobooths and vending machines	10% – 33.33% straight-line
Plant, machinery, furniture, fixtures and motor vehicles	12.5% – 33.33% straight-line or reducing balance
Capitalised finance lease assets	over the shorter of the life of the asset or the life of the lease

The assets' residual values and useful lives are reviewed at each year end and adjusted, if appropriate.

The critical judgement areas for operating equipment revolve around the useful life of the asset and whether an impairment charge is required. Operating equipment assets are reviewed at least annually for impairment testing.

1.6 Investment property

Certain of the Group's properties are classified as investment properties; being held for long-term investment and to earn rental income. Investment properties are stated at cost and the building element is depreciated to reduce cost to its estimated residual value at rates between 3.33% and 8.33% on a straight-line basis.

1.7 Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of lease payments discounted at the interest rate implicit in the lease. The interest element in the lease payment is expensed at a constant interest rate, whereas the obligation net of the interest element is included in other payables.

All other leases are classified as operating leases and rentals are expensed over the period of the lease on a straight-line basis.

1.8 Impairment

For goodwill and intangible assets with indefinite lives, the carrying value is reviewed annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired.

Other intangible assets and property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value of the asset is higher than the recoverable amount of the asset an impairment loss is recognised. In carrying out such impairment evaluations the recoverable amount is the higher of the asset's value in use or its fair value less costs to sell. Assets that do not generate largely independent cash inflows are grouped at the lowest level for which separate identifiable cash flows exist (cash-generating units) and the recoverable amount is determined for the cash-generating unit. If necessary, the carrying value is reduced by charging an impairment loss in the income statement.

Reversal of impairment

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised. No impairment loss is reversed for goodwill.

1 Accounting policies continued

1.9 Financial assets

Group

The Group classifies its financial assets on initial recognition in the following categories. The classification depends on the purpose for which the financial assets were acquired.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Such financial assets arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in trade and other receivables in the statement of financial position. These assets are held at amortised cost using the effective interest rate method.

(ii) Held to maturity financial assets

These financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. These assets are held at amortised costs using the effective interest rate method.

Included within these amounts are cash deposits that are subject to restrictions and are not freely available for use by the Group until a future date.

(iii) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of trading or if so designated by management. Assets held in this category are classified as current assets if expected to be settled within one year; otherwise they are classified as non-current. Financial assets in this category are initially recorded and subsequently valued at fair value, with changes in fair value recognised in the income statement.

(iv) Available-for-sale financial assets

Financial assets not classified in any of the above categories are shown as available-for-sale financial assets and are shown as non-current assets, unless management intends to sell the financial assets within 12 months of the end of the financial year. These assets are initially recognised at cost and are subsequently carried at fair value.

(v) Recognition and measurement

For investments designated as financial assets at fair value through profit or loss or available-for-sale financial assets the fair values of quoted investments are based on current bid prices. For unlisted investments the Group uses various valuation techniques to determine fair values, including at cost less any provision for impairment, where appropriate.

At each year end date the Group assesses whether there is objective evidence that a financial asset, or group of financial assets, has become impaired. Any impairment loss so recognised is reflected in the income statement. Indications of impairment may include a reduction in the quoted price, a reduction in the underlying profitability of the investment and other factors indicating that the value of the investment has fallen.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and simultaneously settle the liability.

Company

In the Company statement of financial position, investments in subsidiaries and associates are stated at cost less impairment. The Company reviews, at least annually, the carrying value of investments and performs an impairment exercise.

An impairment charge is made where there is evidence that the carrying value exceeds the future cash flows of the investment or where its carrying amount will not be recovered from sale.

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes costs incurred in bringing inventories to their present location and condition. The cost of work-in-progress and finished goods includes an appropriate proportion of production overheads.

Raw materials and consumables are valued on a first-in first-out basis or on an average cost basis where average cost is not significantly different to first-in first-out due to the fast turnaround of consumables. The Group uses standard costs to value inventory and these standard costs are regularly updated to reflect current prices.

1.11 Trade receivables

Trade receivables are stated at fair value and subsequently measured at amortised cost using the effective interest method net of impairment provisions. An impairment provision is reflected in the income statement if there is objective evidence that the Group will not be able to recover the full amount of the receivable. The impairment is calculated as the difference between the carrying value of the receivable and the present value of the expected future cash flows, discounted at the original interest rate. Such factors as the debtor experiencing significant financial difficulties, bankruptcy, financial reorganisation or default on payments are indicators that the receivable is impaired.

1.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statements of financial position at cost. Bank overdrafts are included within borrowings in current liabilities in the statements of financial position. For the purposes of the statements of cash flows, cash and cash equivalents comprises cash on hand, unrestricted deposits held at banks with less than three months' notice and other highly liquid investments with an original maturity of three months or less, less bank overdrafts.

1.13 Share capital

Ordinary shares of the Company are classified as equity.

Where the Company acquires its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of tax relief), is deducted from equity attributable to the Company's equity shareholders until the shares are either cancelled or subsequently reissued. The amount is shown in equity as treasury shares. Where such Ordinary shares (the treasury shares) are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

1.14 Borrowings

Borrowings are recorded initially at the fair value of the consideration received net of directly attributable transaction costs.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. This method includes any initial issue costs and discounts or premiums on settlement. Finance costs on the borrowings are charged to the income statement under the effective interest rate method.

Financial liabilities are derecognised when the obligation under the liability is cancelled, discharged or has expired.

1 Accounting policies continued

1.15 Employee benefits

Pension obligations

Group companies have various pension schemes in accordance with local conditions and practices in the countries in which they operate.

The Company operates a defined benefit pension scheme, which is closed to new entrants, with contributions made by employees and the Company. The defined benefits are based upon the employee's length of service and final pensionable salary. The Company also operates a defined contribution pension scheme.

The Group also has defined benefit pension schemes as noted in note 22.

The net obligation for the Group's defined benefit pension schemes is calculated for each scheme separately by estimating the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value amount of plan assets. The calculation is performed by independent actuaries using the projected unit credit actuarial method. If this calculation results in a potential asset for the Group, this asset is only recognised to the present value of the economic benefits available in the form of a refund of contributions paid to the fund or reductions in future contributions. In calculating the present value of any economic benefit consideration is given to any minimum funding requirements.

Re-measurement of the net liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effects of any asset ceiling, are recognised in other comprehensive income. The Group determines the net interest expense (income) on the net liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the then net defined liability(asset), taking into account changes in the period as a result of contributions and pension benefits paid. Other expenses are charged to profit and loss.

When plan benefits are changed or the plan curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised in profit and loss. Gains and losses on settlement of any plan are recognised when settlement occurs.

Other post-employment benefits

In addition to the pension schemes noted above, certain Group companies are required to make provisions for employee retirements. These provisions are based on local circumstances, length of service and salaries of the employees concerned. They are included in post-employment benefit obligations, and shown in note 22 as other retirement provisions.

Equity compensation benefits

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date of grant, determined using the Black-Scholes model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group and based on the best available estimate, at that date, of the number of equity instruments that will ultimately vest. The income statement charge or credit for the period represents the movement in the cumulative expense recognised as at the beginning and end of the period. No expense is recognised for awards that do not ultimately vest. The Group does not have options with market conditions.

On exercise of the option the proceeds received are allocated to share capital (nominal value of shares) and share premium.

The grant by the Company of options over its equity instruments (Ordinary shares) to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of the employee services received, measured by reference to the grant date fair value, is recognised over the investing period as an increase to the investment in subsidiary undertakings with a corresponding credit to other reserves in equity.

Termination benefits

Termination benefits are recognised in the income statement in the period when the Group is demonstrably committed to the termination of employment or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Short-term employee benefits

The Group recognises a liability and an expense for short-term employee benefits (such as holiday pay, bonuses and profit sharing) where these obligations contractually arise (for example, as a result of employment contracts) or where a constructive obligation has arisen from past practice.

1.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are discounted where the effect of the time value of money is material.

1.17 Taxation

Tax expense for the current period comprises current and deferred tax and is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or equity. The current tax charge is calculated on the basis of the laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates.

Deferred tax is provided in full on temporary differences arising between the tax base of assets and liabilities and their carrying value in the accounts.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in future periods in which the temporary difference will reverse, based on tax rates and laws enacted or substantively enacted at the year end.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit, against which the deductible temporary differences can be utilised, will be available.

Deferred tax is provided, or an asset recognised, on taxable temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax assets and liabilities are measured at the amounts expected to be recovered from, or paid to, the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the year end.

1.18 Trade and other payables

Trade payables are initially recorded at fair value and subsequently recorded at amortised cost using the effective interest rate method.

1.19 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker as required by IFRS 8 Operating Segments. Details of the segments are shown in note 3.

1.20 Revenue recognition

Revenue from the operation of photobooths and other operating equipment is the cash received, net of value added tax and refunds.

Revenue from the sale of goods is recognised upon delivery of products and acceptance, if applicable, by the customer. Revenue is stated net of value added tax and discounts.

Revenue from the sale of services, including maintenance contracts and royalty income, is recognised evenly over the period in which the service/licence is provided to the customer.

Rental income from investment property and other assets under operating lease contracts is accounted for on a straight-line basis over the lease term and is included in other operating income.

Dividend income is recognised when the right to receive payment is established.

1.21 Own work capitalised

Some of the Group's subsidiaries manufacture vending equipment, which is then sold to the Group's Operations companies and capitalised by them as fixed assets. The amount capitalised includes direct costs associated with the manufacture of such items together with applicable overheads, but excluding general overheads and administration costs. Profits made by the selling company are eliminated on consolidation.

1 Accounting policies continued

1.22 Dividends

Dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

1.23 Financial guarantee contracts

Where the Company enters into financial guarantee contracts to warranty the indebtedness of one company within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee (note 27).

1.24 Government grants

Grants that compensate the Group for expenses incurred are recognised in profit and loss on a systematic basis in periods in which the expenses are recognised, provided the terms of the grant are satisfied.

2 New standards, amendments and interpretations

New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year ended 30 April 2014. Adopting these standards has not had a material impact for the Group.

- IAS 19 Employee Benefits

Adoption of this standard has resulted in the replacement of interest expense and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined asset/liability. The comparative disclosures have not been changed as the impact was not significant.

- IFRS 10 Consolidated Financial statements and IAS 27 Separate Financial Statements
- IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures
- IFRS 12 Disclosures of Interests in Other Entities

These standards are part of a new suite of standards on consolidation and related standards on accounting for subsidiaries and joint arrangements (previously joint ventures) and make limited amendments in relation to associates.

- IFRS 13 Fair Value Measurement

This standard replaces the existing guidance on fair value measurement in different IFRSs with a single definition of fair value, fair value framework and fair value disclosures.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been issued for future accounting periods and have not been adopted in these financial statements. None of these is expected to have a significant effect on the Group's consolidated financial statements. These include the annual IFRS improvements cycle 2010-2012 and the IFRS improvement cycle 2011-2013, both effective for accounting periods after 30 June 2015 and IFRS 9 Financial Instruments for which no date has been fixed. IFRS 9 will eventually replace IAS 39. A mandatory date for IFRS 9 implementation has not been set by the International Accounting Standards Board ("IASB") and the EU will only endorse the standard when all parts of the project have been issued and ratified by the EU.

3 Segmental analysis

IFRS 8 requires operating segments to be identified, based on information presented to the Chief Operating Decision Maker in order to allocate resources to the segments and monitor performance. The Group has identified two segments as set out below:

(i) Operations: comprises the operation of unattended vending equipment, in particular photobooths, digital printing kiosks, laundry machines, amusement machines and business service equipment.

(ii) Sales & Servicing: comprises the development, manufacture, sale and after-sale servicing of this operations equipment and a range of photo-processing equipment, together with the servicing of other third party equipment.

The Group monitors performance at the adjusted operating profit level before special items, interest and taxation.

In accordance with IFRS 8, no segment information is provided for assets and liabilities in the disclosures below, as this information is not regularly provided to the Chief Operating Decision Maker.

The segment results are as follows:

	Operations £'000	Sales & Servicing £'000	Total £'000
2014			
Total revenue	**170,657**	**42,939**	**213,596**
Inter-segment revenue	**–**	**(26,998)**	**(26,998)**
Revenue from external customers	**170,657**	**15,941**	**186,598**
EBITDA	**44,903**	**6,486**	**51,389**
Depreciation and amortisation	**(14,193)**	**(2,996)**	**(17,189)**
Operating profit excluding associates	**30,710**	**3,490**	**34,200**
Share of post-tax profit from associates			**161**
Corporate costs excluding depreciation and amortisation			**(3,747)**
Corporate depreciation and amortisation			**(348)**
Operating profit			**30,266**
Finance revenue			**227**
Finance costs			**(400)**
Profit before tax			**30,093**
Tax			**(8,514)**
Profit for year			**21,579**
Capital expenditure	**19,759**	**1,278**	**21,037**
Corporate capital expenditure			**222**
Total capital expenditure			**21,259**
2013			
Total revenue	173,217	47,092	220,309
Inter-segment revenue	–	(24,719)	(24,719)
Revenue from external customers	173,217	22,373	195,590
EBITDA	43,846	3,723	47,569
Depreciation and amortisation	(15,779)	(4,361)	(20,140)
Operating profit excluding associates	28,067	(638)	27,429
Share of post-tax profit from associates			55
Corporate costs excluding depreciation and amortisation			(2,697)
Corporate depreciation and amortisation			(588)
Operating profit			24,199
Finance revenue			533
Finance costs			(426)
Profit before tax			24,306
Tax			(6,746)
Profit for year			17,560
Capital expenditure	17,768	1,206	18,974
Corporate capital expenditure			205
Total capital expenditure			19,179

Inter-segment revenue relates to the sale of equipment, spare parts and servicing by Sales & Servicing to Operations.

The Parent Company is domiciled in the UK. The total revenue from external customers in the UK is £42,690,000 (2013: £42,408,000) and the total revenue from other countries is £143,908,000 (2012: £153,182,000), comprising Asia £38,739,000 (2013: £45,744,000) and Continental Europe and Ireland £105,169,000 (2013: £107,438,000). Operations revenue is generated from sited operating equipment, with the three main countries being France, Japan and the United Kingdom. Sales & Servicing revenue mainly originates in France with customers worldwide.

4 Profit for the year

Costs and overhead items charged/credited in arriving at profit for the year, include the following:

	2014 £'000	2013 £'000
Amortisation, depreciation and impairment		
Amortisation of previously capitalised research and development expenditure	**2,734**	4,107
Amortisation of intangible assets other than research and development	**300**	178
	3,034	4,285
Depreciation of property, plant and equipment		
– owned	**14,411**	16,306
– leased	**92**	137
	14,503	16,443

Amortisation of intangible assets (excluding capitalised research and development expenditure) is reflected in the income statement within cost of sales £109,000 (2013: £101,000) and administrative expenses £191,000 (2013: £77,000).

Amortisation and impairment of capitalised research and development expenditure is reflected in cost of sales.

	2014 £'000	2013 £'000
Operating lease rentals		
– property	**8,901**	9,995
– plant and equipment	**1,000**	1,206
	9,901	11,201
Inventory cost		
Cost of inventories recognised as an expense	**17,346**	24,804
Inventory provision reversed	**(14)**	(444)
	17,332	24,360

Inventory provision reversed relates to provisions which have been utilised during the year.

	2014 £'000	2013 £'000
Other items		
Research and development current year expenditure, not capitalised	**245**	387
Own work capitalised	**(2,902)**	(3,056)
Trade receivables impairment (note 15)	**(35)**	133
Net foreign exchange gains	**(445)**	(686)
Losses/(gains) on sale of property, plant and equipment	**198**	(2,698)
Direct expenses for investment properties generating rental income	**78**	74

Audit and non-audit services

The following fees for audit and non-audit services were paid or are payable to the Company's auditor, KPMG LLP and its associates.

Audit services	**2014 £'000**	2013 £'000
Audit of these financial statements	**159**	157
Fees payable to the Company's auditor and its associates for other services		
– audit of the Company's subsidiaries pursuant to legislation	**169**	175
– other services	**32**	37
	360	369

The audit fee of the Company was £58,000 (2013: £57,000).

In order to maintain the independence of the external auditors, the Board has determined policies as to what non-audit services can be provided by the Company's external auditors and the approval processes related thereto. This function is performed by the Audit Committee. Such services will only be approved if there are clear efficiencies and added value benefits to the Company. Fees paid to KPMG LLP and its associates for non-audit services to the Company itself are not disclosed individually, as they are included above.

In addition to the audit fees payable to KPMG LLP and its associates, certain Group subsidiaries are audited by other firms. The following shows the fees payable to those firms:

	2014 £'000	2013 £'000
Audit fees	**85**	64
Other services	**3**	1
	88	65

Summary

Total fees paid or payable to all of the Group's auditors for audit and other services were £448,000 (2013: £434,000).

Other operating income

Other operating income of £1,420,000 (2013: £1,138,000) principally includes rental income from investment property (note 13).

5 Employees

Staff costs during the year amounted to:

	2014 £'000	2013 £'000
Wages and salaries	**35,410**	37,115
Social security costs	**7,701**	8,065
Share options granted to directors and employees	**277**	212
Other pension costs		
– defined benefit schemes	**189**	140
– defined contribution schemes	**181**	183
Other post-retirement costs	**79**	222
Staff costs of employees and directors	**43,837**	45,937

Included above are the following costs relating to the Group's key management personnel who comprise the directors of the Parent Company.

Directors' emoluments

Full details of directors' remuneration and share options are given in the Remuneration Report on pages 36 to 48.

The average number of employees during the year (including executive directors) comprised:

	2014	2013
Full-time	**974**	954
Part-time	**136**	152
	1,110	1,106
Operations	**978**	954
Sales & Servicing	**119**	139
Corporate	**13**	13
	1,110	1,106

6 Finance revenue and costs

	2014 £'000	2013 £'000
Finance revenue		
Bank interest	**191**	482
Other interest	**36**	51
	227	533
Finance costs		
Bank loans and overdrafts at amortised cost	**77**	387
Other loans at amortised cost	**18**	36
Provision on investments and other finance charges	**305**	3
	400	426

7 Taxation expense

Tax charges/(credits) in the statement of comprehensive income

	2014 £'000	2013 £'000
Taxation		
Current taxation		
UK corporation tax		
– current tax	1,229	1,491
– prior years	4	(52)
	1,233	1,439
Overseas taxation		
– current year	8,675	7,597
– prior years	58	(1,451)
	8,733	6,146
Total current taxation	9,966	7,585
Deferred taxation		
Origination and reversal of temporary differences		
– current year – UK	(1,550)	228
– overseas	29	(1,206)
Adjustments to estimated recoverable amounts of deferred tax assets arising in previous years		
– UK	(26)	144
– Overseas	58	(94)
Impact of change in rate	37	89
Total deferred tax	(1,452)	(839)
Tax charge in the statement of comprehensive income	8,514	6,746

Tax relating to items charged to other components of comprehensive income

	2014 £'000	2013 £'000
Deferred tax		
Actuarial gains and losses on pension schemes	11	308
Tax credit in other comprehensive income	11	308

7 Taxation expense continued

Reconciliation of total tax charge

The difference between the Group tax charge and the standard UK corporation tax rate of 22.9% (2013: 23.9%) is explained below:

	2014 £'000	2013 £'000
Profit before tax	**30,093**	24,306
Tax using the UK corporation tax rate of 22.9% (2013: 23.9%)	**6,871**	5,814
Effect of:		
– non-taxable items	**122**	611
– change in UK tax rates	**242**	89
– overseas tax rates	**2,845**	1,667
– losses not recognised in deferred tax (relieved)/incurred	**(1,658)**	18
– adjustments to tax in respect of prior years	**92**	(1,453)
Total tax charge	**8,514**	6,746
Effective tax rate	**28.3%**	27.8%

8 Profits attributable to members of the Parent Company

The profit for the year, after tax, dealt with in the financial statements of the Parent Company is £19,323,000 (2013: £21,888,000), including dividends received from subsidiaries.

9 Dividends paid and proposed

	2014		2013	
	Pence per share	**£'000**	Pence per share	£'000
Interim				
2013 paid 7 May 2013	**1.50**	**5,568**		
2012 paid 8 May 2012			1.25	4,529
Final				
2013 paid 7 November 2013	**1.50**	**5,572**		
2012 paid 7 November 2012			1.25	4,531
Special				
Paid 8 March 2013			3.00	10,910
	3.00	**11,140**	5.50	19,970

Year ended 30 April 2014 – Proposed dividends not yet paid

The Board declared an interim dividend of 1.80p per share for the year ended 30 April 2014, amounting to £6,690,000 which was paid on 6 May 2014. The Board propose a final dividend for the year ended 30 April 2014 of 1.95 per share, which is subject to shareholder approval at the Annual General Meeting to be held on 23 October 2014. The Board proposed a special dividend of 2.00p per share amounting to £ 7,434,000, which was paid on 15 May 2014.

Year ended 30 April 2013 – Paid after 30 April 2013

The Board declared an interim dividend of 1.50p per share for the year ended 30 April 2013, amounting to £5,568,000 which was paid on 7 May 2013. The Board proposed a final dividend for the year ended 30 April 2013 of 1.50 per share, amounting to £5,572,000 which was paid on 7 November 2013.

10 Earnings per share

Basic earnings per share amounts are calculated by dividing net earnings attributable to Ordinary shareholders of the Parent of £21,422,000 (2013: £17,405,000) by the weighted average number of Ordinary shares in issue during the year, excluding those held as treasury shares.

Diluted earnings per share amounts are calculated by dividing the net earnings attributable to Ordinary shareholders of the Parent by the weighted average number of Ordinary shares outstanding during the year plus the weighted average number of Ordinary shares that would be issued on conversion of all the dilutive potential Ordinary shares into Ordinary shares. The Group has only one category of dilutive potential Ordinary shares: the share options granted to senior staff, including directors, as detailed in note 20.

The earnings and weighted average number of shares used in the calculation are set out in the table below:

	2014			2013		
	Earnings £'000	**Weighted average number of shares '000**	**Earnings per share pence**	Earnings £'000	Weighted average number of shares '000	Earnings per share pence
Basic earnings per share	**21,422**	**371,506**	**5.77**	17,405	364,066	4.78
Effect of dilutive securities: options	**–**	**4,330**	**(0.07)**	–	1,566	(0.02)
Diluted earnings per share	**21,422**	**375,836**	**5.70**	17,405	365,632	4.76

Potential Ordinary shares are treated as dilutive only when their conversion to Ordinary shares would decrease basic earnings per share or increase loss per share from continuing operations.

11 Goodwill and other intangible assets

Goodwill

Group

	£'000
Cost:	
At 1 May 2012	10,195
Exchange differences	86
At 30 April 2013	10,281
Exchange differences	(72)
At 30 April 2014	**10,209**
Impairment charges:	
At 1 May 2012	300
Exchange differences	1
At 30 April 2013	301
Exchange differences	(3)
At 30 April 2014	**298**
Net book value:	
At 30 April 2014	**9,911**
At 30 April 2013	9,980
At 1 May 2012	9,895

Company

The Company has no goodwill.

11 Goodwill and other intangible assets continued

Impairment of goodwill

The table below shows the allocation of goodwill acquired through business combinations between segments.

Goodwill has been allocated for impairment testing purposes to six (2013: six) cash-generating units (CGUs):

	Operations		Sales & Servicing		Total	
Carrying amount	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
UK & Ireland						
Operations 1	**154**	154	**–**	–	**154**	154
Operations 2	**14**	14	**–**	–	**14**	14
Sales & Servicing 1	**–**	–	**317**	317	**317**	317
Total UK & Ireland	**168**	168	**317**	317	**485**	485
Continental Europe						
Operations 1 – Germany	**1,887**	1,947	**–**	–	**1,887**	1,947
Operations 2 – France	**294**	303	**–**	–	**294**	303
Total Continental Europe	**2,181**	2,250	**–**	–	**2,181**	2,250
Asia						
Operations 1 – Japan	**7,245**	7,245	**–**	–	**7,245**	7,245
Total Asia	**7,245**	7,245	**–**	–	**7,245**	7,245
Total	**9,594**	9,663	**317**	317	**9,911**	9,980

The Group tests annually, for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of all CGUs has been determined on a value in use basis.

Value in use was determined by discounting the future cash flows of the CGU, for a finite period of five years, based on actual operating results, budgets and economic market research.

Key assumptions

Growth rate 3% (2013: 3%)

The growth rate has been determined based on expected annual growth in EBITDA for each CGU and takes into account revenue, volumes, selling prices and operating costs. It is based on past experience and expected future developments in markets and operations.

Discount rate 8–11% (2013: 9–11%)

The pre-tax discount rates applied to the cash flow forecasts for the CGUs are derived from the pre-tax weighted average cost of capital for the Group adjusted for economic and political risks for the specific country concerned.

The rates used are: France 10% (2013: 11%), Japan 8% (2013: 10%), Germany 8% (2013: 9%) and Ireland 8% (2013: 10%). The Board is confident, overall, that these discount rates reflect the circumstances in each region, and are in accordance with IAS 36.

Sensitivity to changes in assumptions

There is significant headroom for each CGU and management believes that no reasonable possible change in any of the above assumptions would cause the carrying value of those CGUs to exceed their recoverable amount. Consequently there were no impairment losses recognised in 2014 (2013: none).

Other intangible assets

Group

	Research and development costs £'000	Other intangible assets £'000	Total £'000
Cost:			
At 1 May 2012	24,580	5,805	30,385
Exchange differences	754	106	860
Additions			
– internally generated	1,058	–	1,058
– external	–	801	801
Disposals	(539)	(55)	(594)
At 30 April 2013	**25,853**	**6,657**	**32,510**
Exchange differences	**(887)**	**(183)**	**(1,070)**
Additions			
– internally generated	**1,125**	**–**	**1,125**
– external	**–**	**882**	**882**
Reclassifications	**271**	**–**	**271**
Disposals	**(18,755)**	**(244)**	**(18,999)**
At 30 April 2014	**7,607**	**7,112**	**14,719**
Amortisation:			
At 1 May 2012	18,017	3,410	21,427
Exchange differences	592	29	621
Provided during year	4,107	178	4,285
Disposals	(539)	(19)	(558)
At 30 April 2013	**22,177**	**3,598**	**25,775**
Exchange differences	**(833)**	**(90)**	**(923)**
Provided during year	**2,734**	**300**	**3,034**
Reclassifications	**51**	**–**	**51**
Disposals	**(18,755)**	**(239)**	**(18,994)**
At 30 April 2014	**5,374**	**3,569**	**8,943**
Net book value:			
At 30 April 2014	**2,233**	**3,543**	**5,776**
At 30 April 2013	3,676	3,059	6,735
At 1 May 2012	6,563	2,395	8,958

Capitalised research and development expenditure is amortised over a maximum of four years, with no residual value.

Included in the net book value of other intangible assets is £2,068,000 for droit du bail (2013: £2,119,000 and 2012: £2,041,000).

Droit du bail, which occur in France, are payments made for the right to occupy a space to site vending equipment and are allocated to the Operations segment. The Group has control over the use of these rights and has classified them as having an indefinite life, as the Group considers that there is no foreseeable limit to the period in which they can be utilised. Although the Group has no intention of selling these rights, there is a value attached to them. These assets are based on cost, being the payments made for the right to occupy the space. In determining fair values of such assets for the purpose of impairment testing, the Group has based its assumptions on current prices paid for such assets (using actual amounts paid by the Company and/or management estimates for amounts paid by third parties) and, where the right has been held for a number of years, the expected sales price, less costs to sell. The carrying amount of these intangible assets has been reviewed on an individual basis for impairment testing at least once a year and more frequently if there is an indication that they may be impaired. If their fair value is less than their carrying value, an impairment loss is recognised and charged to cost of sales. Management believes that no reasonable possible change in the basis of this assessment would cause the carrying value of these rights to exceed their recoverable value.

11 Goodwill and other intangible assets continued

Company

	Other intangible assets £'000	Patents & trade marks £'000	Total £'000
Cost:			
At 1 May 2012	954	–	954
Additions			
– internal	–	–	–
– external	7	–	7
Disposals	(19)	–	(19)
At 30 April 2013	**942**	**–**	**942**
Additions			
– internal	**108**	**5,506**	**5,614**
– external	**500**	**–**	**500**
Disposals	**(241)**	**–**	**(241)**
At 30 April 2014	**1,309**	**5,506**	**6,815**
Amortisation:			
At 1 May 2012	925	–	925
Provided during year	14	–	14
Disposals	(18)	–	(18)
At 30 April 2013	**921**	**–**	**921**
Provided during year	**80**	**551**	**631**
Disposals	**(239)**	**–**	**(239)**
At 30 April 2014	**762**	**551**	**1,313**
Net book value:			
At 30 April 2014	**547**	**4,955**	**5,502**
At 30 April 2013	21	–	21
At 1 May 2012	29	–	29

12 Property, plant and equipment

Group

	Land and buildings £'000	Photobooths and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
At 1 May 2012	10,700	174,826	23,664	209,190
Exchange differences	(55)	(4,115)	703	(3,467)
Additions				
– internal	–	3,056	–	3,056
– external	150	13,325	789	14,264
Disposals	(2,262)	(11,983)	(437)	(14,682)
At 30 April 2013	**8,533**	**175,109**	**24,719**	**208,361**
Exchange differences	**(306)**	**(8,491)**	**(852)**	**(9,649)**
Additions				
– internal	**–**	**2,902**	**–**	**2,902**
– external	**136**	**14,425**	**1,789**	**16,350**
Reclassifications	**–**	**–**	**(271)**	**(271)**
Transfer to assets held for sale	**(705)**	**–**	**–**	**(705)**
Disposals	**(394)**	**(14,917)**	**(445)**	**(15,756)**
At 30 April 2014	**7,264**	**169,028**	**24,940**	**201,232**
Depreciation:				
At 1 May 2012	7,826	134,358	20,878	163,062
Exchange differences	(47)	(3,005)	649	(2,403)
Provided during year	194	14,914	884	15,992
Disposals	(2,034)	(11,238)	(352)	(13,624)
At 30 April 2013	**5,939**	**135,029**	**22,059**	**163,027**
Exchange differences	**(251)**	**(6,775)**	**(779)**	**(7,805)**
Provided during year	**177**	**13,299**	**837**	**14,313**
Reclassifications	**–**	**–**	**(51)**	**(51)**
Disposals	**(127)**	**(14,215)**	**(439)**	**(14,781)**
At 30 April 2014	**5,738**	**127,338**	**21,627**	**154,703**
Net book value:				
At 30 April 2014	**1,526**	**41,690**	**3,313**	**46,529**
At 30 April 2013	2,594	40,080	2,660	45,334
At 1 May 2012	2,874	40,468	2,786	46,128

Internal additions for photobooths and vending machines of £2,902,000 (2013: £3,056,000) relate to own work capitalised, being equipment manufactured by the Group's Sales & Servicing division and capitalised by the Group's Operations division.

12 Property, plant and equipment continued

Group continued

Included in the above are assets held under finance leases, as follows:

	2014		2013	
	Photobooths and vending machines £'000	**Plant, machinery, furniture, fixtures and motor vehicles £'000**	Photobooths and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000
Net book value	**–**	**133**	–	137
Additions/reclassifications	**–**	**99**	–	64
Depreciation charge	**–**	**92**	26	111

Company

	Land and buildings £'000	Photobooths and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
At 1 May 2012	2,504	40,557	1,359	44,420
Additions				
– internal	–	3,810	–	3,810
– external	142	147	68	357
Disposals				
– internal	–	(574)	–	(574)
– external	–	(4,964)	(62)	(5,026)
At 30 April 2013	**2,646**	**38,976**	**1,365**	**42,987**
Additions				
– internal	**–**	**3,879**	**1**	**3,880**
– external	**101**	**175**	**22**	**298**
Transfer to assets held for sale	**(705)**	**–**	**–**	**(705)**
Disposals				
– external	**(394)**	**(7,253)**	**(313)**	**(7,960)**
At 30 April 2014	**1,648**	**35,777**	**1,075**	**38,500**
Depreciation:				
At 1 May 2012	1,542	34,994	1,197	37,733
Provided during year	59	2,413	116	2,588
Disposals				
– internal	–	(500)	–	(500)
– external	–	(4,706)	(59)	(4,765)
At 30 April 2013	**1,601**	**32,201**	**1,254**	**35,056**
Provided during year	**59**	**2,504**	**64**	**2,627**
Disposals				
– external	**(127)**	**(7,226)**	**(311)**	**(7,664)**
At 30 April 2014	**1,533**	**27,479**	**1,007**	**30,019**
Net book value:				
At 30 April 2014	**115**	**8,298**	**68**	**8,481**
At 30 April 2013	1,045	6,775	111	7,931
At 1 May 2012	962	5,563	162	6,687

Internal additions for photobooths and vending machines of £3,879,000 (2013: £3,810,000) relates to new equipment manufactured by the Group's Sales & Servicing division and equipment previously capitalised by the Group's subsidiaries. Internal disposals relates to disposals to subsidiary companies.

13 Investment property

Group

	£'000
Cost:	
At 1 May 2012	12,224
Exchange differences	479
At 30 April 2013	**12,703**
Exchange differences	**(388)**
At 30 April 2014	**12,315**
Depreciation:	
At 1 May 2012	11,077
Exchange differences	452
Depreciation provided during year	451
At 30 April 2013	**11,980**
Exchange differences	**(371)**
Depreciation provided during year	**190**
At 30 April 2014	**11,799**
Net book value:	
At 30 April 2014	**516**
At 30 April 2013	723
At 1 May 2012	1,147

The investment property is freehold and is stated at cost.

The property was valued by an independent professional valuer in October 2010, with a value of €12.2m based on a market value for similar properties, and on a rental stream valuation of €12.6m.

Since this valuation was performed, the Group has sold the rights to the future rental stream on the property for the period up to April 2019. Funds received in the year ended 30 April 2011 on the original rental stream sale amounted to €9.2m (£8.2m). The associated liability is reflected in accruals and deferred income, note 25.

The sale of the future rental income has impacted the value of the property. The Board believes at 30 April 2014 that net of the remaining deferred rental income creditor of €5.9m (£4.8m), the property continues to be worth more than its £0.5m net book value. The valuations for future years are expected to increase due to the passage of time and the unwinding of the related deferred rental income creditor.

Rental income from the investment property was £1,019,000 (2013: £938,000) (note 4) and finance costs were £77,000 (2013: £92,000).

The Group will continue to act as a cash collection agent for the underlying lease agreement.

The non-cancellable future minimum rentals receivable on this basis are as follows:

	2014 £'000	2013 £'000
No later than one year	**994**	999
After one year but no more than five years	**3,976**	3,997
After five years	**–**	999
	4,970	5,995

Company

The Company has no investment property.

14 Investments in associates and subsidiaries

Investment in associates

Group

	£'000
Cost:	
At 30 April 2012	592
Exchange differences	25
Additions	118
Share of profits	55
At 30 April 2013	**790**
Exchange differences	**(85)**
Additions	**121**
Share of profits	**161**
Impairment	**(304)**
Dividends	**(63)**
At 30 April 2014	**620**

The summarised financial information of the principal associates, relating to the Group's share, is set out below. All companies are unlisted.

Name	Country of incorporation	Assets £'000	Liabilities £'000	Revenue £'000	Profit/(loss) £'000	% interest
At 30 April 2013						
Max Sight Ltd	Hong Kong	337	77	458	59	33.33
Photo Direct Pty Ltd	Australia	988	678	3,066	–	26.95
Other associates		258	38	108	(4)	
		1,583	793	3,632	55	
At 30 April 2014						
Max Sight Ltd	Hong Kong	**372**	**83**	**576**	**119**	**33.33**
Photo Direct Pty Ltd	Australia	**728**	**434**	**2,731**	**41**	**26.95**
Other associates		**74**	**37**	**109**	**1**	
		1,174	**554**	**3,416**	**161**	

Company

	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
Cost:			
At 1 May 2012	408	42,612	43,020
Additions	182	1	183
Capital increase relating to share-based payment (net)	–	139	139
Disposals	–	(10)	(10)
At 30 April 2013	**590**	**42,742**	**43,332**
Additions	**121**	**60**	**181**
Capital increase relating to share-based payment (net)	**–**	**148**	**148**
Reclassification	**(304)**	**–**	**(304)**
Disposals	**–**	**(388)**	**(388)**
At 30 April 2014	**407**	**42,562**	**42,969**
Provision:			
At 1 May 2012	150	1,343	1,493
Decrease	–	(10)	(10)
At 30 April 2013	**150**	**1,333**	**1,483**
Decrease	**–**	**(388)**	**(388)**
Increase	**304**	**–**	**304**
Reclassification	**(304)**	**–**	**(304)**
At 30 April 2014	**150**	**945**	**1,095**
Net book value:			
At 30 April 2014	**257**	**41,617**	**41,874**
At 30 April 2013	440	41,409	41,849
At 1 May 2012	258	41,269	41,527

The net capital increase relating to share-based payments relates to share options granted to employees of subsidiary undertakings of the Group. Refer to note 20 for further details on the Group's share option schemes.

The details of the Group's principal subsidiaries and associates are given in note 29.

During the year an investment in associated undertakings was impaired and reclassified as available for sale as the Company and Group no longer have influence and satisfies the criteria for recognition as an associate.

15 Financial instruments

The Group may hold financial instruments (such as bank and other loans) to finance its day to day working capital requirements, for capital expenditure, for corporate transactions (such as dividend payments to shareholders, share buybacks, acquisitions), for the management of currency and interest rate exposure arising from its operations (which may involve the use of derivatives and swaps) and for the temporary investment of short-term funds. With a strong net cash position, the Group currently finances its working capital and capital expenditure programmes from its own resources, resulting in no new loans. The Group has not used swaps or derivatives in the current or comparative year. In addition financial instruments such as trade receivables (amounts due from customers as a result of a sale) and trade payables (arising from purchases of materials and services) arise from day to day trading.

The following notes describe the Group's financial risk management policy and details on financial instruments.

15 (a) Fair values of financial instruments by class

There is no difference between the fair values and the carrying values of financial assets and financial liabilities held in the Group's or the Company's statement of financial position.

Held to maturity, available-for-sale financial assets and derivatives

The fair value is based on quoted prices at the balance sheet date for quoted investments and other valuation methods for unquoted investments. For restricted deposit accounts held to maturity, fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Trade and other receivables

The fair value of trade and other receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying value where cash is repayable on demand. For short-term cash deposits and other items not repayable on demand, fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

15 (b) Financial statement risk management

Financial risk factors and financial risk management

Overview

The Group and the Company are exposed to the following risks arising from financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It mainly arises on trade and other receivables and bank balances.

Liquidity risk arises from the Group and the Company having insufficient cash resources to meet its obligations as and when they fall due for payment.

Market risk arises from changes in market prices, such as exchange rates, interest rates and equity prices that will impact on the Group's and the Company's income statement or the value of its holding of financial instruments.

Listed below are details of these risks, the Group's objectives, policies and processes for measuring and monitoring risks and the Group's management of capital.

Risk Management Framework

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential risks for the Group. Information has been disclosed relating to the Parent Company only where material risk exists.

There is a continuous process for identifying, evaluating and managing the key financial risks faced by the Group in line with changing market conditions and the Group's strategy. If necessary, the Group's internal audit function may assist in monitoring and assessing the effectiveness of controls and procedures. The Board retains responsibility for ensuring the adequacy of systems for identifying and assessing significant risks, that appropriate control systems and other mitigating actions are in place and that residual exposures are consistent with the Group's strategy and objectives. Assessments are conducted for all material entities.

The Group may use derivatives to manage exchange or interest rate risk. Approval for their use is given by the Board and the position is monitored constantly.

With regard to management of interest rate risk, the objectives are to lessen the impact of adverse interest rate movements on earnings and shareholders' funds and to ensure no breach of covenants. This is mainly achieved by reviewing the mix of fixed and floating rate borrowings.

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

(i) Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, and on outstanding trade and other receivables. Cash deposits are limited to high credit quality financial institutions. The Group has policies in place to ensure that sales of products and services are made to customers with an approved credit history.

Credit quality of financial assets

Individual Group companies have banking relationships with leading banks in the country in which the Group company operates. Surplus cash is placed in bank deposit accounts, for varying periods, depending on the cash requirements of the Group. These deposits are placed with leading banks in the country in which the Group company operates. The Group has procedures in place to ensure that cash is placed with sound financial institutions.

The Group and the Company trade with a large number of customers, ranging from quoted companies and state organisations to individual traders. Individual Group companies have credit control procedures in place before making sales to new customers and levels of credit are reviewed in light of trading experience. The normal terms of trade are in the range 30–90 days. The collection of outstanding receivables is monitored at both the Group and subsidiary level.

15 Financial instruments continued

15 (b) Financial statement risk management continued

Financial risk factors and financial risk management continued

The Group and the Company make provisions against trade and other receivables, such provisions being based on the previous credit history of the debtor and if the debtor is in receivership or liquidation.

The maximum credit risk for financial assets is the carrying value.

Trade receivables, related parties and amounts due from associated undertakings are normally interest free. The normal terms of settlement are between 30 and 90 days. Other receivables and prepayments and accrued income are interest free.

The movements in provisions are as follows:

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
At 1 May	**4,752**	6,068	**737**	25
Exchange differences	**(59)**	174	**–**	–
(Credited)/charged to income statement	**(35)**	133	**135**	1,009
Utilised	**(4,331)**	(1,623)	**(26)**	(297)
At 30 April	**327**	4,752	**846**	737

At 30 April 2014, trade receivables of £1,666,000 (2013: £1,535,000) were past due and relate to a number of individual customers for whom there is no recent evidence of default and therefore are not impaired.

The ageing of net trade current receivables is as follows:

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Current	**8,198**	6,194	**1,326**	425
Past due				
– overdue 1–30 days	**471**	593	**33**	53
– overdue 31–60 days	**333**	241	**11**	9
– overdue 61 days	**862**	701	**38**	111
Total past due	**1,666**	1,535	**82**	173
Total trade receivables	**9,864**	7,729	**1,408**	598

The credit quality of trade receivables that are neither past due nor impaired is assessed on an individual basis, based on credit ratings and experience. Management believes adequate provision has been made for trade receivables.

Amounts due from subsidiaries of £3,837,000 (2013: £4,255,000) are all current.

(ii) Liquidity risk

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Trading forecasts indicate that the current facilities provide more than sufficient liquidity headroom to support the business for the foreseeable future. The net cash position at 30 April 2014 and 30 April 2013 has reduced liquidity risk for the Group.

At 30 April 2014, the Group has undrawn facilities of £11,791,000 (2013: £13,546,000). Having regard to the Group's cash flow, it is considered that these facilities provide adequate headroom for the Group's needs. The facilities are generally reaffirmed by the banks annually. These undrawn facilities, if used, will be subject to floating rates of interest and may be subject to the normal covenant conditions attached to such borrowings.

Certain lending banks may impose loan covenants on borrowings, which are normal for these type of borrowings, and, during the years to 30 April 2014 and 30 April 2013, the Group and the Company have comfortably complied with such requirements.

The table below summarises the maturity profile of the Group's financial liabilities (including trade and other payables) at 30 April 2014 and 30 April 2013 based on contractual undiscounted payments.

	Within one year £'000	Year 2 £'000	Year 3 £'000	Year 4 £'000	Total £'000
At 30 April 2014					
Interest bearing loans and borrowings and interest free loans	**177**	**–**	**–**	**–**	**177**
Finance leases	**63**	**64**	**–**	**–**	**127**
Trade and other payables	**27,050**	**–**	**–**	**–**	**27,050**
	27,290	**64**	**–**	**–**	**27,354**
At 30 April 2013					
Interest bearing loans and borrowings and interest free loans	463	183	–	–	646
Finance leases	80	53	–	–	133
Trade and other payables	27,390	–	–	–	27,390
	27,933	236	–	–	28,169

15 Financial instruments continued

15 (b) Financial statement risk management continued

Financial risk factors and financial risk management continued

The table below summarises the maturity profile of the Company's financial liabilities (including trade and other payables) at 30 April 2014 and 30 April 2013, based on contractual undiscounted payments.

	Contractual cash flows		
	Within one year £'000	Over one year £'000	Total £'000
At 30 April 2014			
Trade and other payables	**15,869**	**–**	**15,869**
Interest bearing Group balances including interest	**3,372**	**–**	**3,372**
	19,241	**–**	**19,241**
At 30 April 2013			
Trade and other payables	10,140	–	10,140
Interest bearing Group balances including interest	5,364	–	5,364
	15,504	–	15,504

Held to maturity financial assets

These largely comprise of restricted bank deposit accounts where the cash acts as security against possible shortfalls in the funding required to meet future payments in the course of business.

(iii) Market risk

Foreign exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the local functional currency. In addition, the Group faces currency risks arising from monetary financial instruments held in non-functional currencies. The income statement reflects the impact of realised and unrealised exchange differences on trading items and monetary financial instruments (note 4).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The main currency translation risk relates to foreign operations whose functional currency is the Euro, Swiss franc or Japanese yen. The investments are not hedged. The translation reserve reflects the exchange differences arising on translation of the opening net assets and results of the foreign operation (note 20).

Operational foreign exchange exposure

Where possible, the Group tries to invoice in the local currency of the respective entity. If this is not possible, to mitigate exposure, the Group endeavours to buy from suppliers and sell to customers in the same currency. The exposure relating to receivables and payables denominated in the non-functional currency is normally less than 3 months as this is the normal settlement period for these items.

Where possible, the Group tries to hold the majority of its cash and cash equivalent balances in the local currency of the respective entity.

Monetary assets/liabilities

The Group continues to monitor exchange rates and buy or sell currencies in order to minimise the open exposure to foreign exchange risk.

The Group may use derivative financial instruments mainly to reduce the risk of foreign exchange exposure on trading items (sales or purchases in currencies other than the domestic currency of the company concerned) and interest rate movements. The Group does not hold or issue derivative financial instruments for financial trading purposes.

FRS 7 sensitivity analysis

The following table shows the impact on profit and equity of a change of 10% in exchange rates, excluding translation risk, assuming all other variables held constant. This analysis is for illustrative purposes only.

	Reported £'000	10% increase £'000	10% decrease £'000
2014			
Profit for the year	**21,579**	**21,798**	**21,311**
Total equity	**104,233**	**104,440**	**103,980**
2013			
Profit for the year	17,560	17,880	17,174
Total equity	98,358	98,721	97,912

The table below shows trade and other receivables that are not in the domestic currency of the individual Group company they are held by.

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Amount shown as current receivables				
Sterling	**4,368**	3,286	**–**	–
Euro	**86**	1,066	**86**	1,042
US dollar	**929**	724	**–**	3
	5,383	5,076	**86**	1,045

The majority of these amounts arise from inter-group trading.

Included in the Company amounts due from subsidiaries are short-term loans as follows:

	2014 £'000	2013 £'000
Floating rate Euro loans	**547**	564

15 Financial instruments continued

15 (b) Financial statement risk management continued

Borrowings

At 30 April 2014 and 30 April 2013 the Group had no borrowings which were not denominated in the functional currency of the Group company concerned.

The table below shows trade and other payables that are not in the domestic currency of the individual Group company they are held by, with the majority arising from inter-group trading.

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Amounts shown as current liabilities				
Sterling	**3,171**	3,546	**–**	–
Euro	**7,513**	2,349	**6,857**	1,914
Swiss franc	**9**	3,082	**–**	2,012
US dollar	**1,192**	650	**59**	–
Japanese yen	**675**	975	**–**	–
Other currencies	**–**	8	**–**	–
	12,560	10,610	**6,916**	3,926

Analysis of net cash by currency

	Bank £'000	Financial assets £'000	Loans £'000	Leases £'000	Total £'000
2014					
Sterling	**24,082**	**963**	**–**	**–**	**25,045**
Euro	**24,481**	**786**	**(175)**	**(9)**	**25,083**
Swiss franc	**4,299**	**585**	**–**	**–**	**4,884**
US dollar	**200**	**–**	**–**	**–**	**200**
Japanese yen	**6,515**	**–**	**–**	**(118)**	**6,397**
Other currencies	**1,419**	**85**	**(2)**	**–**	**1,502**
	60,996	**2,419**	**(177)**	**(127)**	**63,111**
2013					
Sterling	19,413	958	–	–	20,371
Euro	24,246	901	(642)	(6)	24,499
Swiss franc	6,817	602	–	–	7,419
US dollar	158	–	–	–	158
Japanese yen	7,809	–	–	(127)	7,682
Other currencies	1,208	86	(4)	–	1,290
	59,651	2,547	(646)	(133)	61,419

Interest rate risk

At 30 April 2014 the Group had net cash of £63,111,000 (2013: £61,419,000). Included in these amounts are £30,351,000 in bank deposit accounts (2013: £26,958,000) and £2,334,000 (2013: £2,461,000) in restricted deposit accounts, not all of which are interest bearing, with the balance held in current accounts. With the current low rates of interest on bank deposits, a change in interest rates will not have a significant impact for the Group.

With the low level of external debt at 30 April 2014 the Group and the Company are not currently exposed to significant interest rate risk exposure.

The Group uses derivative financial instruments mainly to reduce the risk of foreign exchange exposure on trading items (sales or purchases in currencies other than the domestic currency of the company concerned) and interest rate movements. The Group does not hold or issue derivative financial instruments for financial trading purposes. There were no derivatives reflected in the statement of financial position at 30 April 2014 and 30 April 2013.

IFRS 7 sensitivity analysis

With current low interest rates and the Group's low level of debt financing, the impact on the total interest payable charges due to a change of 100 basis points (1%) on borrowings subject to floating rates of interest is not material. Consequently, no sensitivity tables have been presented.

Terms and debt repayment schedule

The table below shows the maturity profile and interest rates of the Groups borrowings at 30 April 2014 and 30 April 2013. Floating rate interest borrowings (loans and overdrafts) are based on LIBOR, EURIBOR or equivalent rates in other countries plus a margin (generally between 0.45% and 1.0%).

The Company has no loans outstanding at 30 April 2014 (2013: none).

Group	Status	Currency	Interest rate	Year of maturity	**2014 Carrying amount £'000**	2013 Carrying amount £'000
Finance leases	Fixed rate	Various	0%–7.20%	2018	**127**	133
Loans	Floating	Various	4.75%	2013	**–**	227
Loans	Interest free	Euro	0.0%	2015	**177**	419
Total carrying amount					**304**	779

Included in the Company receivables – amounts due from subsidiaries, are loans amounting to £547,000 (2013: £564,000) which are subject to floating rates of interest based on EURIBOR plus a margin between 0.5% and 1.0%.

Price risk

The Group and the Company are exposed to changes in prices on raw materials, consumables and finished goods purchased from suppliers. Wherever possible, price rises are passed on to customers via sales price increases to help manage this risk. The Group does not have material amounts invested in equity securities and thus does not have any significant exposure to price risk on equity investments.

15 Financial instruments continued

15 (c) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to enhance long-term shareholder value, by investing in the business so as to improve the return on investment (by increasing profits available for dividends) and by managing the capital gearing ratio (mixture of equity and debt).

The Group manages, and makes adjustments to, its capital structure in light of the prevailing risks and economic conditions affecting its business activities. This may involve adjusting the rate of dividends, purchasing the Company's own shares, the issue of new shares and reviewing the level and type of debt. The Group manages its borrowings by appraising the mix of fixed and floating rate borrowings and the mix of long-term and short-term borrowings. The Group is primarily financed by Ordinary shares and retained profits; external borrowings in the current and comparative year were not significant. There were no changes to the Group's approach to capital management during the year.

The capital structure of the Group is presented below.

	2014 £'000	2013 £'000
Cash and cash equivalents	**61,081**	59,737
Borrowings	**(304)**	(779)
Net cash (excluding restricted deposits)	**60,777**	58,958
Equity	**104,233**	98,358

The Group has various borrowings and available facilities that contain certain external capital requirements (covenants) that are considered normal for these types of arrangements. The Group remains comfortably within all such covenants.

15 (d) Other financial assets held to maturity and available for sale

Group

	Assets held to maturity 2014 £'000	**Assets available for sale 2014 £'000**	Assets held to maturity 2013 £'000	Assets available for sale 2013 £'000
Non-current	**2,334**	**78**	2,447	81
Current	**–**	**86**	14	88
	2,334	**164**	2,461	169

Assets held to maturity consist of restricted bank deposit accounts – see note 19.

Assets available for sale consist of short-term monetary funds of £85,000 (2013 £86,000) and investments in unlisted entities, net of impairment provisions. An investment in associated undertakings of £304,000, was fully impaired, and then reclassified to assets available for sale (note 14).

Company

	Assets held to maturity 2014 £'000	**Assets available for sale 2014 £'000**	Assets held to maturity 2013 £'000	Assets available for sale 2013 £'000
Non-current	**963**	**–**	958	–
Current	**–**	**1**	–	2
	963	**1**	958	2

Assets held to maturity consist of restricted bank deposit accounts – see note 19.

16 Trade and other receivables

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Non-current assets				
Amounts due from – associated undertakings	**–**	72	**–**	71
Other receivables	**1,789**	1,577	**–**	–
Prepayments and accrued income	**42**	42	**–**	–
	1,831	1,691	**–**	71
Current assets				
Trade receivables – external	**9,864**	7,729	**1,408**	598
– related parties	**–**	17	**–**	–
Amounts due from – subsidiaries	**–**	–	**3,837**	4,255
– associated undertakings	**46**	119	**–**	58
Other receivables	**1,909**	3,152	**172**	181
Prepayments and accrued income	**2,526**	1,831	**614**	535
	14,345	12,848	**6,031**	5,627

Non-current other receivables include deposits relating to operating sites and properties. Current other receivables include deposits relating to operating sites and properties, indirect and other taxation and other receivables.

17 Inventories

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Raw materials and consumables	**8,946**	10,210	**850**	869
Work-in-progress	**12**	25	**–**	–
Finished goods	**2,238**	3,006	**–**	23
	11,196	13,241	**850**	892

The replacement value of inventories is not materially different from that stated above.

18 Cash and cash equivalents

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Cash at bank and in hand	**30,645**	32,693	**6,209**	2,792
Deposit accounts (excluding restricted deposits)	**30,351**	26,958	**13,711**	12,709
Cash and cash equivalents per statement of financial position	**60,996**	59,651	**19,920**	15,501
Cash and cash equivalents per cash flow	**60,996**	59,651	**19,920**	15,501

Cash and cash equivalents per cash flow comprise cash at bank and in hand and short-term deposit accounts with an original maturity of less than three months, less bank overdrafts. The amounts placed in short-term deposit accounts depend on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate. Cash at bank is generally interest free, but may earn interest at the applicable daily bank floating deposit rate.

19 Net cash

		Group		Company	
	Notes	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Cash and cash equivalents per statement of financial position	18	**60,996**	59,651	**19,920**	15,501
Financial assets – held to maturity	15	**2,334**	2,461	**963**	958
Financial assets – available-for-sale	15	**85**	86	**–**	–
Non-current instalments due on bank loans	21	**–**	(183)	**–**	–
Current instalments due on bank loans	21	**(177)**	(463)	**–**	–
Non-current finance leases	21	**(64)**	(53)	**–**	–
Current finance leases	21	**(63)**	(80)	**–**	–
Net cash		**63,111**	61,419	**20,883**	16,459

The Company's net cash excludes inter-group financing.

At 30 April 2014, £2,334,000 of the total net cash (2013: £2,461,000) comprised bank deposit accounts that are subject to restrictions and are not freely for use by the Group.

Net cash is a non-GAAP measure since it is not defined in accordance with IFRS but is a key indicator used by management in assessing operational performance and financial position strength. The inclusion of items in net cash as defined by the Group may not be comparable with other companies' measurement of net cash/debt. The Group includes in net cash, cash and cash equivalents and certain financial assets, mainly deposits, less loan and other borrowings.

In calculating the gearing ratio, the Group excludes certain deposit balances that are subject to restrictions and are not freely available for use by the Group. These financial assets are shown as held to maturity in the statement of financial position.

The tables below, which are not currently required by IFRS, reconcile the Group's net cash to the Group's statement of cash flows. Management believes the presentation of the tables will be of assistance to shareholders.

	1 May £'000	Exchange differences £'000	Other movements £'000	Cash flow £'000	30 April £'000
2013/14					
Cash and cash equivalents per statement of financial position and cash flow	**59,651**	**(2,479)**	**–**	**3,824**	**60,996**
Financial assets – held to maturity	**2,461**	**(44)**	**–**	**(83)**	**2,334**
Financial assets – available-for-sale	**86**	**(5)**	**–**	**4**	**85**
Loans	**(646)**	**20**	**–**	**449**	**(177)**
Leases	**(133)**	**15**	**(99)**	**90**	**(127)**
Net cash	**61,419**	**(2,493)**	**(99)**	**4,284**	**63,111**
2012/13					
Cash and cash equivalents per statement of financial position and cash flow	54,605	(305)	–	5,351	59,651
Financial assets – held to maturity	2,389	51	–	21	2,461
Financial assets – available-for-sale	–	–	–	86	86
Loans	(4,941)	(194)	–	4,489	(646)
Leases	(221)	26	(64)	126	(133)
Net cash	51,832	(422)	(64)	10,073	61,419

20 Share capital and reserves

Share capital

Company

	2014 Number	2013 Number	**2014 £'000**	2013 £'000
Allotted, issued and fully paid:				
Ordinary shares of 0.5p each				
At 1 May	**371,208,211**	369,945,563	**1,856**	1,850
Issued in year				
– share options	**586,067**	1,262,648	**3**	6
At 30 April	**371,794,278**	371,208,211	**1,859**	1,856

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

20 Share capital and reserves continued

Share capital continued

Share options, which have been granted to senior staff, including directors, to purchase Ordinary shares of 0.5p each, are as follows:

Date options granted	At 30 April 2013	Granted during year	Lapsed or forfeited during year	Exercised during year	At 30 April 2014	Exercise price	Date from which exercisable	Last date on which exercisable
29 Jan 2009	**115,000**	**–**	**–**	**(20,000)**	**95,000**	10.92p	29 Jan 2012	28 Jan 2016
20 Jan 2010	**168,200**	**–**	**–**	**(124,107)**	**44,093**	36.67p	20 Jan 2013	19 Jan 2017
12 Jul 2010	**1,915,000**	**–**	**(432,540)**	**(341,960)**	**1,140,500**	36.33p	12 Jul 2013	11 Jul 2017
4 Jul 2011	**1,215,000**	**–**	**(30,000)**	**(100,000)**	**1,085,000**	65.25p	4 Jul 2014	3 Jul 2018
13 Dec 2011	**250,000**	**–**	**–**	**–**	**250,000**	53.50p	13 Dec 2014	12 Dec 2018
4 Jul 2012	**1,926,000**	**–**	**–**	**–**	**1,926,000**	39.17p	4 Jul 2015	3 Jul 2019
9 Jul 2013	**–**	**2,030,000**	**–**	**–**	**2,030,000**	90.63p	9 Jul 2016	8 Jul 2020
	5,589,200	**2,030,000**	**(462,540)**	**(586,067)**	**6,570,593**			

Date options granted	At 30 April 2012	Granted during year	Lapsed or forfeited during year	Exercised during year	At 30 April 2013	Exercise price	Date from which exercisable	Last date on which exercisable
13 Feb 2004	135,000	–	(135,000)	–	–	138.50p	13 Feb 2009	12 Feb 2013
29 Jan 2009	484,078	–	–	(369,078)	115,000	10.92p	29 Jan 2012	28 Jan 2016
20 Jan 2010	1,750,000	–	(788,230)	(793,570)	168,200	36.67p	20 Jan 2013	19 Jan 2017
12 Jul 2010	2,065,000	–	(50,000)	(100,000)	1,915,000	36.33p	12 Jul 2013	11 Jul 2017
4 Jul 2011	1,225,000	–	(10,000)	–	1,215,000	65.25p	4 Jul 2014	3 Jul 2018
13 Dec 2011	250,000	–	–	–	250,000	53.50p	13 Dec 2014	12 Dec 2018
4 Jul 2012	–	1,926,000	–	–	1,926,000	39.17p	4 Jul 2015	3 Jul 2019
	5,909,078	1,926,000	(983,230)	(1,262,648)	5,589,200			

Full details of directors' share options are given in the Remuneration report on pages 44 to 46.

All options can be exercised, in normal circumstances, within a period of four years from the exercise of option date, providing that the performance criterion or performance condition has been achieved. The subscription price for all options is based upon the average market price on the three days prior to the date of grant. Options are restricted, or may lapse, if the grantee leaves the employment of the Group before the first exercise date.

All options are equity settled options.

Options granted after 2005 are covered by the new Photo-Me Executive Share Option Scheme. The vesting of options is subject to an EPS-based performance condition relating to the extent to which the Company's basic EPS for the third financial year, following the date of grant, reaches a sliding scale of challenging EPS targets.

Options are normally granted over shares worth up to 150% of a participant's salary each year. In exceptional cases as part of the terms of attracting senior management, options in excess of that number may be granted.

The weighted average exercise price of all options outstanding at 30 April 2014 is 59.0p (2013: 43.9p) and the weighted average exercise price of options exercisable at 30 April 2014 is 34.5p (2013: 26.2p).

The weighted average share price for options exercised during the year ended 30 April 2014 was 106.1p (30 April 2013: 52.9p).

The weighted average remaining years for options outstanding at the year end date is 5.0 years (2013: 5.2 years).

Share-based payments

In accordance with IFRS 2 Share-based Payments, share options granted to senior management including directors after November 2002 have been fair-valued and the Company has used the Black-Scholes option pricing model. This model takes into account the terms and conditions under which the options were granted.

The following table lists the inputs to the model used for the years ended 30 April 2014 and 30 April 2013:

Date of grant	29 January 2009	20 January 2010	12 July 2010
Vesting period	3 years	3 years	3 years
Share price volatility	52.8%	69.1%	70.1%
Share price on date of grant	£0.1075	£0.355	£0.38
Option price	£0.109	£0.3667	£0.3633
Expected term	3.25 years	3.25 years	3.25 years
Dividend yield	0.0%	0.7%	3.29%
Risk free interest rate	2.52%	2.27%	1.27%
Fair value	£0.04693	£0.1636	£0.1595

Date of grant	4 July 2011	13 December 2011	4 July 2012	9 Jul 2013
Vesting period	3 years	3 years	3 years	3 Years
Share price volatility	65.4%	63.2%	58.3%	48.5%
Share price on date of grant	£0.64	£0.5025	£0.38	£0.94
Option price	£0.6525	£0.535	£0.3917	£0.9063
Expected term	3.25 years	3.25 years	3.25 years	3.25 years
Dividend yield	3.13%	4.48%	6.58%	3.83%
Risk free interest rate	1.32%	0.50%	0.46%	0.62%
Fair value	£0.2446	£0.1638	£0.1023	£0.262

The charge for share-based payments is £277,000 (2013: £212,000) and for the Company the charge is £129,000 (2013 £73,000).

Share price volatility is based on historical volatility.

Reserves

Group

Treasury shares (Group and Company)

In accordance with shareholders' resolutions passed at Annual General Meetings, the Company may purchase its own shares up to a maximum of 10% of the Ordinary shares in issue. On 13 March 2013 the Company sold its holding of 7,505,000 Ordinary shares held in treasury at a price of 78.0 pence per share. No gain or loss was made on this disposal. At 30 April 2014 and 30 April 2013 the Company held no shares in treasury.

Other reserves

Other reserves mainly arise in subsidiaries, are generally not distributable, and arise as a result of local legislation regarding capital maintenance.

Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates. In accordance with the options allowed under IFRS 1, only exchange rate differences arising on translation after the date of transition, 1 May 2004, are shown in this reserve. When an overseas subsidiary or associate is disposed, the cumulative exchange difference relating to the entity disposed is recycled through the income statement as part of the profit or loss on sale in finance revenue/cost and is shown as a movement in other comprehensive income.

Company

Other reserves

The Company's other reserves include £201,000 (2013: £201,000) arising on the redemption of the deferred shares and £971,000 (2013: £823,000) relating to the fair value of options granted to employees of Group undertakings (note 14).

21 Financial liabilities

Group

	Group	
	2014 £'000	2013 £'000
Non-current liabilities		
Non-current installments due on bank loans	**–**	183
Finance lease creditors	**64**	53
	64	236
Current liabilities		
Current installments due on loans	**177**	463
Finance lease creditors	**63**	80
	240	543

Bank loans are denominated in a number of currencies and bear interest rates based on LIBOR or foreign equivalent rates appropriate to the country in which the borrowing is incurred. Further details are provided in note 15 and in the tables below. Margins are generally between 0.4% and 1.0%.

The maturity of non-current bank loans is as follows:

	Group	
	2014 £'000	2013 £'000
Between one and two years	**–**	183
Between two and three years	**–**	–
Between three and four years	**–**	–
	–	183

Obligations under finance leases

The Group has entered into finance lease arrangements for certain items of property, plant and equipment, mainly photobooths, for periods of up to four (2013: four) years (note 12). The total finance lease creditor at 30 April 2014 is £127,000, £63,000 due within one year and £64,000 due between two and five years, (2013: total finance lease creditor £133,000, £80,000 due within one year and £53,000 due within two to five years). The Company has no finance leases (2013: none).

22 Post-employment benefit obligations

The Company and its principal subsidiaries operate pension and other retirement and post-employment schemes including both funded defined benefit schemes, and defined contribution schemes.

Defined benefit plans

A defined benefit plan is a pension arrangement under which participating members receive a benefit at retirement. The amount is determined by the plan rules and is dependent on such factors as age, years of service and pensionable pay and is not dependent on contributions made by the Company or members. The income statement service cost, in respect of defined benefit plans represents the increase in the defined benefit liability arising from pension benefits accrued by members in the current period. The Company having such plans is exposed to investment and other experience risks and may need to make additional contributions where it is estimated that the benefits will not be covered by the assets of the plan. As is explained below, the defined benefit plan for the Company has been closed to new members for over 30 years.

The Group's and the Company's policy is to recognise actuarial gains and losses immediately each year in the statement of changes in equity, under other comprehensive income. These comprise the impact on the defined benefit liability of changes in demographic and financial assumptions compared with the start of the year, actual experience being different to those assumptions and the return on plans assets above the amount included in net pension interest.

Defined contributions plans are arrangements in which the benefits paid to participants are linked to the amount of contributions paid and the performance of the scheme. Such plans are independent of the Company and the Group and the Company and the Group have no exposure to investment and experience risks. The income statement charge for these plans represents the contributions paid by the Group based on a percentage of employees' pay.

The Group's and the Company's defined benefit pension schemes are included in the statement of financial position under employment benefit obligations, as are other overseas retirement provisions.

The amounts charged to profit and loss for all post employment benefits are shown in note 5.

The amount shown in the statement of financial position is detailed as follows:

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Company defined benefit scheme	**–**	–	**–**	–
Overseas employment benefit obligations	**3,094**	3,384	**–**	–
Overseas defined benefit scheme	**324**	381	**–**	–
Amount shown as non-current liability	**3,418**	3,765	**–**	–

Photo-Me International plc defined benefit pension scheme

The Company operates a final salary defined benefit scheme in the UK for some long-serving employees, which is funded by contributions from the Company and by members of the scheme. This pension scheme (the Photo-Me International plc Pension and Life Assurance Fund) is closed to new entrants. The defined benefits are based upon an employee's years of service and final pensionable salary. Actuarial valuations are undertaken triennially by a qualified independent actuary, the most recent valuation being at 1 June 2012. The next valuation will be performed with an effective date of 1 June 2015.

22 Post-employment benefit obligations continued

Reconciliation of the movement in the present value of the defined benefit obligation

	2014 £'000	2013 £'000
Present value of defined benefit obligation at beginning of year	**6,696**	5,865
Current service cost	**22**	42
Interest cost	**249**	266
Contributions by members	**1**	4
Actuarial losses on fund liabilities arising in demographic assumptions	**57**	15
Actuarial (gains)/losses from changes in financial assumptions	**(230)**	601
Actuarial (gains)/losses on liabilities arising from experience	**(246)**	115
Benefits paid	**(627)**	(212)
Present value of defined benefit obligation at end of year	**5,922**	6,696

Reconciliation of the movement in the fair value of plan assets

	2014 £'000	2013 £'000
Fair value of plan assets at beginning of year	**6,973**	5,923
Expected return on plan assets	**–**	306
Interest income on fund assets	**262**	–
Remeasurement (losses)/gains on assets	**(357)**	602
Contributions by the Company	**127**	350
Contributions by members	**1**	4
Benefits paid	**(627)**	(212)
Fair value of plan assets at end of year	**6,379**	6,973

Amount to be recognised in the statement of financial position

	2014 £'000	2013 £'000
Present value of funded obligations	**5,922**	6,696
Fair value of scheme assets	**(6,379)**	(6,973)
Net assets	**(457)**	(277)
Effect of limit of recognition of an asset	**457**	277
Amount recognised in statement of financial position	**–**	–

The cumulative amount of remeasurement gains and losses recognised since 1 May 2004 in the Group and Company statements of comprehensive income, within other comprehensive income, is a loss of £1,375,000 (2013: loss of £1,268,000) in respect of the Company's defined benefit scheme. This has been charged to retained earnings.

Amount to be recognised in the statement of comprehensive income

	2014 £'000	2013 £'000
Current service cost	**22**	42
Interest on net defined liability/(asset)	**(2)**	–
Interest on obligation	**–**	266
Expected return on plan assets	**–**	(306)
Total charge		2
Pension expense recognised in profit and loss	**20**	

The amounts shown above are included in staff costs (note 5) and in administrative expenses.

Total amount recognised in other comprehensive income

	2014 £'000	2013 £'000
Actuarial loss	**–**	(129)
Effect of the limit of recognition of an asset	**–**	(219)
Total measurement gains	**62**	–
Change in irrecoverable surplus	**(169)**	–
Recognition of minimum funding requirement	**–**	182
Total amount recognised in other comprehensive income	**(107)**	(166)

An analysis of the assets of the plan is as follows:

Plan assets

	2014		2013		2012	
	£'000	**%**	£'000	%	£'000	%
Growth assets	**813**	**13**	1,708	25	1,540	26
Insurance policies and bonds	**5,530**	**87**	4,910	70	3,981	67
Other	**36**	**–**	355	5	402	7
Total plan assets	**6,379**	**100**	6,973	100	5,923	100

There were no financial instruments of the Company included in the plan assets (2013: none) and there were no property assets occupied by the Company (2013: none).

Principal actuarial assumptions

	30 April 2014 %	30 April 2013 %
Discount rate for scheme liabilities	**4.20**	3.90
Rate of increase in salaries	**4.30**	4.30
Price inflation	**3.30**	3.30
Pension increases	**3.20**	3.20

The mortality tables used for 2014 are S1NXA Light tables with CMI2013 projections and a long term rate of improvement of 1.5% pa. The mortality tables used for 2013 were S1NXA Light tables with CMI2011 projections and a long-term rate of improvement of 1% pa. The mortality tables for 2012 were the PAx00 tables with medium cohort projections and an underpin to future improvements of 1% pa.

22 Post-employment benefit obligations continued

	2014	2013
Male currently aged 65	**24.0 years (age 89.00)**	23.62 years (age 88.62)
Female currently aged 65	**25.3 years (age 90.30)**	24.82 years (age 89.82)
Male currently aged 45	**26.0 years (age 91.0)**	24.88 years (age 89.88)
Female currently aged 45	**27.6 years (age 92.6)**	26.35 years (age 91.35)

History of assets, liabilities and actuarial gains and losses

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of defined benefit obligation	**5,922**	6,696	5,865	5,450	5,307
Fair value of assets	**6,379**	6,973	5,923	5,624	5,228
Surplus/(deficit)	**457**	277	58	174	(79)

	2014	2013	2012	2011	2010
Experience losses on fund assets	**(357)**	–	–	–	–
Experience gains/(losses) on plan liabilities (£'000)	**246**	(731)	(316)	(42)	(900)
– as a percentage of present value of plan liabilities	**–**	(11%)	(5%)	(1%)	(17%)
Difference between expected and actual return on plan assets (£'000)	**–**	602	(165)	131	830
– as a percentage of present value of plan assets	**–**	9%	(3%)	2%	16%

The figure of liabilities for 2014 relates to gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used, previous years' figures include changes in respect of the actuarial assumptions used.

The Company's best estimate of contributions to be paid by the Company next year is £14,000 (2013: £121,000).

Sensitivity to key assumptions

The key assumptions used for the IAS 19 valuation are: discount rate, inflation rate and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The table below shows the sensitivity to the key assumptions noted above.

Year ended 30 April 2014	Service cost £'000	Net interest £'000	Total profit and loss charge £'000	Plan assets £,000	Defined benefit obligation £'000	Surplus £'000
As reported	22	(2)	20	6,379	5,922	457
Following a 0.1% pa decrease in the discount rate	22	(2)	20	6,408	5,997	411
Following a 0.1% increase pa in the inflation assumption	22	(2)	20	6,382	5,942	440
Following an increase in the life expectancy of one year	22	(2)	20	6,531	6,171	360

The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest valuation to the balance sheet data. This is the same approach as has been adopted in previous years.

Overseas post-employment benefit obligations

Provisions for obligations to make termination payments on retirement, to employees who are not members of the pension and retirement schemes, are as follows:

- the Group's Japanese subsidiary undertaking, Nippon Auto-Photo K.K., has an unfunded post-employment retirement provision based on an employee's length of service with the company and their current salary. The allowance is paid to an employee when they leave the company. This has been provided for in full within the accounts. Nippon Auto –Photo K.K, agreed with the employees that 50 % of the liability for the retirement provision will be paid in cash to an independently controlled defined continuation scheme.
- To meet the legal obligations within France, the Group's subsidiary undertakings have unfunded retirement provisions, which were valued by an independent actuary using the Projected Unit Credit Method at 30 April 2014 and 30 April 2013. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:
  - discount rate 2.75% (2013: 2.75%)
  - rate of increase in salaries 2.5% (2013: 2.5%)
  - retirement age 62–64 years (2013: 62-64 years)
  - inflation rate 2.0% (2013: 2.0%)

Management believes that the book value for retirement obligations in France fairly states the position at 30 April 2014 and 30 April 2013.

The movement on these schemes is as follows:

	2014 £'000	2013 £'000
At 1 May	**3,384**	3,552
Exchange differences	**(234)**	(180)
Utilised and other movements	**(56)**	12
Charged to other comprehensive income	**–**	–
At 30 April	**3,094**	3,384

Overseas pension schemes

The Group's Swiss subsidiary, Prontophot (Schweiz) A.G. participates in funded multi-employer pension schemes.
A guaranteed return for such employees' schemes is mandated by the Swiss state. An actuarial valuation was performed at 30 April 2014 by independent actuaries.

22 Post-employment benefit obligations continued

Reconciliation of the movement in the present value of the defined benefit obligation

	2014 £'000	2013 £'000
Present value of defined benefit obligation at 1 May	**2,383**	3,297
Exchange difference	**(72)**	40
Contributions by members	**34**	38
Current service cost	**162**	164
Interest cost	**49**	59
Remeasurement gain on plan liabilities	**(78)**	(69)
Benefits deposited/(paid)	**51**	(1,146)
Present value of defined benefit obligation at 30 April	**2,529**	2,383

Reconciliation of the movement in the fair value of plan assets

	2014 £'000	2013 £'000
Fair value of plan assets at 1 May	**2,002**	2,746
Exchange difference	**(61)**	29
Contributions by company and members	**170**	190
Expected return on plan assets	**42**	85
Remeasurement gain on plan assets	**1**	98
Benefits deposited/(paid)	**51**	(1,146)
Fair value of plan assets at 30 April	**2,205**	2,002

The movements in the fund are as follows:

	2014 £'000	2013 £'000
Net liability at 1 May	**381**	551
Exchange difference	**(11)**	11
Decrease in liability	**(46)**	(181)
Net liability at 30 April	**324**	381

Amount to be recognised in the statement of comprehensive income

	2014 £'000	2013 £'000
Current service cost	**162**	164
Interest on obligation	**–**	59
Expected return on plan assets	**–**	(85)
Net pension interest	**7**	–
Total charge	**169**	138

Amount to be recognised in the statement of financial position

	2014 £'000	2013 £'000
Present value of funded obligations	**2,529**	2,383
Fair value of scheme assets	**(2,205)**	(2,002)
Net liability in statement of financial position	**324**	381

Plan assets

	2014		2013		2012	
	£'000	**%**	£'000	%	£'000	%
Cash	**7**	**–**	7	–	30	1
Equities & debt instruments	**1,526**	**69**	1,385	69	1,861	68
Other	**672**	**31**	610	31	855	31
Total plan assets	**2,205**	**100**	2,002	100	2,746	100
Expected return on plan assets		**n/a**		n/a		3.8

Principal actuarial assumptions

	30 April 2014 %	30 April 2013 %
Discount rate	**2.00**	2.00
Expected return on plan assets at end of year	**n/a**	3.50
Rate of increase in salaries	**2.00**	2.00
Price inflation	**1.00**	1.00
Pension increase	**0.00**	0.00

The normal retirement age for males is between 60–65 years and for females between 59–64 years for both 2014 and 2013 and the average age of the employees is male 40.9 years, female 37.1 (2013: 40.9 male and female 36.1 years).

The mortality tables used in 2014 & 2013 were the BVG 2010 GT tables and in 2012 and 2011 were the BVG 2005 tables.

22 Post-employment benefit obligations continued

History of assets, liabilities and actuarial gains and losses

	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligation	**2,529**	2,383	3,297
Fair value of assets	**2,205**	2,002	2,746
Deficit	**(324)**	(381)	(551)

	2014	2013	2012
Experience gains/(losses) on plan liabilities (£'000)	**78**	205	(372)
– as a percentage of the present value of plan liabilities	**3%**	9%	(13%)
Difference between expected and actual return on plan assets (£'000)	**1**	98	162
– as a percentage of the present value of plan assets	**0%**	5%	6%

The 2014 figures in the table above represent actuarial gains on plan liabilities and plan assets.

Sensitivity to key assumptions

The key assumptions used for the IAS 19 valuation are: discount rate, inflation rate and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The table below shows the sensitivity to the key assumptions noted above.

		Defined benefit obligation £'000	Increase/ (decrease) in defined benefit obligation £'000
Defined benefit obligation as reported		2,529	–
Defined benefit obligation	– with discount rate -0.25%	2,632	103
	– with discount rate +0.25%	2,433	(96)
	– with salary decrease -0.25%	2,504	(25)
	– with salary increase +0.25%	2,522	(7)
	– with life expectancy + 1 year	2,559	30
	– with life expectancy - 1 year	2,498	(31)

The Group's best estimate for contributions to be paid by the company next year to the scheme is £153,000 (2013: £145,000).

The amount recognised in the income statement for this scheme was £169,000: £137,000 included in cost of sales and £32,000 included in administrative expenses (2013: £138,000: £107,000 included in cost of sales and £31,000 included in administrative expenses).

23 Provisions

Group

	Employee related claims £'000	Product warranties £'000	Other £'000	Total £'000
At 30 April 2012	1,356	2,825	853	5,034
Exchange differences	81	113	146	340
Utilised and other movements	(420)	(1,238)	(795)	(2,453)
Charged to income statement	1,153	1,295	2,935	5,383
At 30 April 2013	2,170	2,995	3,139	8,304
Amount shown as non-current liability	–	4	3	7
Amount shown as current liability	2,170	2,991	3,136	8,297
	2,170	2,995	3,139	8,304
At 30 April 2013	**2,170**	**2,995**	**3,139**	**8,304**
Exchange differences	**(57)**	**(80)**	**(128)**	**(265)**
Utilised and other movements	**(717)**	**(474)**	**(934)**	**(2,125)**
Charged to income statement	**322**	**–**	**2,030**	**2,352**
At 30 April 2014	**1,718**	**2,441**	**4,107**	**8,266**
Amount shown as non-current liability	**–**	**–**	**10**	**10**
Amount shown as current liability	**1,718**	**2,441**	**4,097**	**8,256**
	1,718	**2,441**	**4,107**	**8,266**

Employee related claims

Certain overseas Group undertakings have made provision for claims made by former employees. It is expected that most of these costs will be incurred in the next financial year.

Product warranties

A provision is made for claims on products sold under warranty. The provision will reduce as the warranty period expires but will be increased by warranties given with new sales. The provision is based on past experience of level of repairs for items under warranty. It is expected that most of the provision will be utilised within the next year. The effect of discounting is not material.

Other provisions

Additions to other provisions relate to potential legal claims against certain Group companies. These have been calculated by management based on legal advice and are expected to be incurred in the next financial year.

Company

At 30 April 2014, the Company had current and non-current provisions of £10,000 (2013: £4,000).

24 Deferred taxation

Deferred tax comprises:

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Timing differences relating to property, plant and equipment	**(766)**	199	**(1,529)**	(1,977)
Other timing differences in recognising revenue and expense items in other periods for taxation purposes:				
– research and development	**291**	1,155	**–**	–
– post-employment benefit provisions	**(1,168)**	(1,367)	**–**	–
– losses	**(805)**	–	**(731)**	–
– other short-term temporary differences	**(402)**	(1,286)	**(74)**	(52)
	(2,850)	(1,299)	**(2,334)**	(2,029)
The closing balance comprises:				
– deferred tax assets	**(4,231)**	(2,157)	**(2,334)**	(2,029)
– deferred tax liabilities	**1,381**	858	**–**	–
	(2,850)	(1,299)	**(2,334)**	(2,029)

The movements on deferred taxation during the year were as follows:

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Opening balance	**(1,299)**	(640)	**(2,029)**	(2,784)
Exchange differences	**(110)**	(128)	**–**	–
(Credit)/charge for the year				
in income statement	**(1,452)**	(839)	**(305)**	490
Amounts charged				
to other comprehensive income	**11**	308	**–**	265
Closing balance	**(2,850)**	(1,299)	**(2,334)**	(2,029)

Temporary differences associated with Group investments

Unremitted earnings of overseas affiliates

No deferred tax liability has been recognised on the unremitted earnings of overseas subsidiaries, as no tax is expected to be payable on them in the foreseeable future based on current legislation or where the Group is able to control the remittance of earnings and it is possible that such earnings will not be remitted in the foreseeable future.

Unrecognised deferred tax assets

Deferred tax assets amounting to £1,260,000 (2013: £2,323,000) arising on temporary differences of £5,261,000 (2013: £9,312,000), in respect of unrelieved tax losses and other temporary differences have not been recognised, as their future economic benefit is uncertain.

The expiry dates of unrelieved tax losses are as follows:

	Group	
	2014 £'000	2013 £'000
Expiring in less than one year	**5**	–
Expiring between two and 20 years	**281**	464
No expiry date	**974**	1,859
	1,260	2,323

In addition, the Group has an unrecognised deferred tax asset on gross capital losses of £2,167,000 (2013: £5,691,000), of which £2,167,000 (2013: £5,562,000) relate to the Company, which have not been recognised as their future economic benefit is not certain.

Factors that may affect future tax charges in the UK

On 19 March 2014 the Chancellor announced the budget for 2014 and confirmed that the rate of corporation tax for the year ended 31 March 2015 will be 21% and 20% for the year ended 31 March 2016 and following years. These rates are lower than the 23% rate for the year ended 31 March 2014. Adopting these rates will result in a reduction in the Group's corporation tax charge arising on UK taxable profits. The impact for deferred tax will depend on the amount of deferred tax at the time of the change. In calculating UK deferred tax balances at 30 April 2014, apart from losses which will be utilised before 31 March 2015, a rate of 20% has been adopted.

25 Trade and other payables

	Group		**Company**	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Amounts shown as non-current liabilities				
Accruals and deferred income	**3,840**	4,981	**–**	–
	3,840	4,981	**–**	–
Amounts shown as current liabilities				
Trade payables				
– third parties	**14,678**	14,149	**5,091**	4,587
– related parties	**–**	23	**–**	–
Amounts owed to subsidiaries	**–**	–	**10,949**	7,608
Other taxes and social security costs	**4,293**	3,827	**860**	1,001
Other payables	**5,988**	5,543	**106**	73
Accruals and deferred income	**7,353**	8,674	**3,053**	3,099
	32,312	32,216	**20,059**	16,368

Included in the Company figures – amounts owed to subsidiaries, are borrowings as detailed in note 15.

26 Operating leases

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Land and buildings				
Not later than one year	**7,284**	8,836	**989**	909
After one year but not more than five years	**15,734**	19,932	**1,128**	283
After five years	**924**	682	**–**	–
	23,942	29,450	**2,117**	1,192
Other				
Not later than one year	**1,071**	1,501	**504**	579
After one year but not more than five years	**1,016**	1,121	**417**	745
	2,087	2,622	**921**	1,324
Total				
Not later than one year	**8,355**	10,337	**1,493**	1,488
After one year but not more than five years	**16,750**	21,053	**1,545**	1,028
After five years	**924**	682	**–**	–
	26,029	32,072	**3,038**	2,516

Lease arrangements

The Group and the Company have entered into operating lease agreements in respect of property, plant and machinery, the majority of which are for motor vehicles. In addition, the Group and the Company have entered into various commission agreements with site-owners enabling the Group and the Company to site vending equipment for a number of years. The amounts recorded as operating lease rentals in the income statement and included in land and buildings lease rentals in the above table represent the minimum fixed commission payable. Certain agreements may, in addition, have clauses where additional commission is payable based on a percentage of revenue generated, above a specified amount.

27 Capital commitments and contingent liabilities

Capital commitments

The Group has capital commitments of £6,118,000 (2013: £167,000) for the supply of property, plant and equipment.

In addition, the Group's Operations companies have contracted with the Group's Sales & Servicing companies for the supply of machines totaling £589,000 (2013: £225,000), of which the Company's commitments total £540,000 (2013: £225,000).

Contingent liabilities

The Company and subsidiary undertakings have given other guarantees in the normal course of business to third parties. No losses are expected from guarantees given by the Company and subsidiary undertakings.

In the opinion of the directors, adequate provision has been made for claims and legal disputes and the directors thus consider that no contingent liability for litigation exists.

The Group has no contingent liabilities with regard to its interest in the associated undertakings (2013: none).

28 Related parties

The following transactions were carried out with related parties:

Key management compensation

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Salaries and other short-term employee benefits excluding long-term incentives and pension contributions	**1,461**	1,386	**1,461**	1,386
Post-employment benefits	**8**	8	**8**	8
Share-based payments – charge	**94**	35	**94**	35
	1,563	1,429	**1,563**	1,429

The remuneration of the directors, both executive and non-executive, of the Company, who are the key management personnel of the Group, is set out in the table above. These figures include amounts payable to third party companies for services of the directors. Further information about the remuneration of the directors is given in the Remuneration report on pages 36 to 48. Certain executive directors, with UK salaries, are entitled to join the Company's Group Personal Pension Plan, to which the Company contributes 5% of their basic salaries. The charge for the year was £8,000 (2013: £8,000). No director who served during the year was a member of the Company's defined benefit pension scheme (2013: none).

The gain made by the directors in exercising options during the year was £122,000 (2013: £31,000)

Directors of the Company control 21.51% of the Ordinary shares of the Company. The interests of the directors are shown on page 45 of the Remuneration report.

Sales of goods and services, purchases of goods and services and year end balances

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Sales of goods and services				
Related parties other than associates	**–**	37	**–**	–
Associates	**122**	198	**–**	–
	122	235	**–**	–
Purchases of goods and services				
Related parties other than associates	**119**	107	**–**	8
Associates	**–**	1	**–**	–
	119	108	**–**	8
Trade and other receivable balances				
Related parties other than associates	**–**	17	**–**	–
Associates	**46**	191	**–**	129
	46	208	**–**	129
Trade and other payable balances				
Related parties other than associates	**–**	23	**–**	–

28 Related parties continued

Transactions with related parties other than associates refer to transactions with companies in which certain directors have declared an interest. All transactions with related parties were conducted at arm's-length in the ordinary course of business.

The trade and other receivable balances with related parties and associates arise from normal trading and do not include any security or any other consideration. No loans are included within the amount receivable from associates (2013: £129,000).

The trade and other payable balances arise from normal trading.

Defined benefit pension scheme

The Company meets administration costs of the defined benefit scheme, which amounted to £58,000 (2013: £65,000).

Company transactions with subsidiaries

	2014 £'000	2013 £'000
Sales	**172**	321
Purchases	**5,409**	5,153
Amounts owed by subsidiaries	**3,837**	4,255
Amounts owed to subsidiaries	**10,949**	7,608

In addition, the Company has charged interest to subsidiaries of £6,000 (2013: £56,000), has been charged interest of £69,000 (2013: £65,000), has charged management fees of £6,357,000 (2013: £4,819,000), has been charged management fees of £1,232,000 (2013: £1,113,000) including £1,232,000 (2013: £1,113,000) as a contribution to research and development and has sold fixed assets to subsidiaries of £nil (2013: £74,000). The Company also acquired new fixed assets from subsidiaries of £3,879,000 (2013: £3,810,000) and intangible assets of £5,614,000 (2013: £nil).

Dividends received from subsidiaries were £13,611,000 (2013: £18,150,000) and from associates £63,000 (2013: £nil).

29 Group undertakings

The Company has taken advantage of the exemption under section 410 (2) of the Companies Act 2006 by listing below details of the subsidiary and associated undertakings whose results or financial position, in the opinion of the directors, principally affected the financial statements.

Details of other subsidiary and associated undertakings not listed here will be annexed to the Company's next Annual Return.

The Company's interest in the Group undertakings is the same as the Group's interest, with the exception of investments marked (*) where the shares are held by another Group undertaking. All holdings shown relate to Ordinary shares. Unless indicated otherwise the voting rights are the same as the percentage of shares held.

The principal activities of the Group undertakings are Operations and Sales & Servicing as described in note 3.

	Principal activity	Group's interest*	Country of incorporation
Subsidiary undertakings			
Fotofix-Schnellphotoautomaten G.m.b.H.	Operations	100%	Germany
Jolly Roger (Amusement Rides) Limited	Sales & Servicing	100%	England
KIS S.A.S.	Sales & Servicing	100%*	France
Nippon Auto-Photo Kabushiki Kaisha	Operations	100%	Japan
Photomatico (Singapore) Pte. Limited	Operations	100%	Singapore
Photomaton S.A.S.	Operations	100%*	France
Photo Me France S.A.S.	Investment	100%	France
Photo-Me Ireland Limited	Operations	100%	Ireland
Photo-Me (Shanghai) Co. Ltd.	Operations	100%*	China
Prontophot Austria G.m.b.H.	Operations	100%	Austria
Prontophot Belgium N.V.	Operations	100%	Belgium
Prontophot Holland B.V.	Operations	100%	Holland
Prontophot (Schweiz) A.G.	Operations	100%	Switzerland
SCI du Lotissement d'Echirolles	Property	61%*	France
SCI Immobilière du 21	Property	100%*	France
Associated undertakings			
Max Sight Limited	Operations	33%	Hong Kong
Photo Direct Pty Ltd	Sales & Servicing	27%	Australia

30 Assets held for sale

Assets held for sale at 30 April 2014 for both the Group and the Company of £705,000 consist of vacant land at the Bookham head office site. Contracts were exchanged for the sale of the land on 5 June 2014 for £4,200,000, with settlement in cash on completion in one month's time.

Five Year Summary

Income statement (unaudited)

	2014 £'000	2013 £'000	2012 £'000	2011* £'000	2010* £'000
Revenue					
Operations	**170,657**	173,217	178,063	176,852	172,456
Sales & Servicing	**15,941**	22,373	29,778	42,968	51,810
Total revenue	**186,598**	195,590	207,841	219,820	224,266
Operating profit after special items before finance costs	**30,266**	24,199	20,019	18,388	13,595
Net finance (cost)/income	**(173)**	107	121	(385)	(1,283)
Profit before tax	**30,093**	24,306	20,140	18,003	12,312
Taxation	**(8,514)**	(6,746)	(5,594)	(4,252)	(2,484)
Profit after taxation	**21,579**	17,560	14,546	13,751	9,828
Attributable to:					
– Equity owners of the Parent	**21,422**	17,405	14,349	13,608	9,722
– Non-controlling interests	**157**	155	197	143	106
	21,579	17,560	14,546	13,751	9,828
Earnings per share – Basic	**5.77p**	4.78p	3.97p	3.77p	2.70p
Earnings per share – Diluted	**5.70p**	4.76p	3.95p	3.74p	2.69p
Dividends – interim	**1.80p**	1.50p	1.25p	1.00p	0.25p
Dividends – final	**1.95p**	1.50p	1.25p	1.00p	1.00p
Dividends – special	**2.00p**	3.00p	–	–	–
Total dividends	**5.75p**	6.00p	2.50p	2.00p	1.25p

* Including discontinued operations.

Statement of financial position (unaudited)

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Intangible assets	**15,687**	16,715	18,853	20,461	19,773
Property, plant and equipment	**47,045**	46,057	47,275	52,596	61,219
Other non-current investments	**620**	790	592	598	583
Other non-current assets	**8,474**	6,376	6,877	6,922	3,441
Current assets	**86,680**	85,872	86,075	97,539	84,418
Assets held for sale	**705**	–	–	–	–
Total assets	**159,211**	155,810	159,672	178,116	169,434
Share capital	**1,859**	1,856	1,850	1,844	2,039
Treasury shares	**–**	–	(5,802)	(5,802)	(5,802)
Reserves	**101,255**	95,305	99,792	91,778	81,323
Non-controlling interests	**1,119**	1,197	1,001	935	792
Total equity	**104,233**	98,358	96,841	88,755	78,352
Total non-current liabilities	**8,713**	9,847	13,292	20,595	25,298
Total current liabilities	**46,265**	47,605	49,539	68,766	65,784
Total equity and liabilities	**159,211**	155,810	159,672	178,116	169,434
Net cash	**63,111**	61,419	51,832	40,679	8,077

Note: The figures above have been extracted from the accounts for the relevant year and have not been adjusted for changes in accounting policies as a result of adoption of new accounting standards.

Financial & operational statistics

	2014	2013	2012	2011	2010
Capital expenditure – photobooths and vending machines £'000	**17,327**	16,381	15,032	15,853	10,944
Capital expenditure – research & development equipment £'000	**1,125**	1,058	2,169	3,358	3,259
EBITDA £'000	**47,803**	44,927	44,033	47,568	44,236
EBITDA % of revenue	**25.6**	23.0	21.2	21.6	19.7
Number of vending sites	**43,850**	43,150	43,300	43,700	43,850

Company Information and Advisors

Registered in England and Wales
Number 735438

Registered Office
Church Road
Bookham
Surrey
KT23 3EU

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e-mail: ir@photo-me.co.uk

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Crawley
RH11 9PT

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25 Ropemaker Street
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EC2Y 9LY

finnCap Limited
60 New Broad Street
London
EC2M 1JJ

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City Office
11–15 Monument Street
London
EC3V 9JA

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Financial public relations
Madano Partnership Ltd
76 Great Suffolk Street
London
SE1 0BL

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Shareholder Information

Analysis of registered shareholdings at 25 June 2014

	Number of holdings	Number of Ordinary shares	% of issued Ordinary share capital
Category:			
Individuals	2,179	8,828,743	2.4
Nominees	372	245,644,251	66.1
Other corporate bodies	21	117,321,284	31.5
	2,572	371,794,278	100.0
Size of holding:			
1 – 1,000	1,285	647,562	0.2
1,001 – 10,000	961	2,937,632	0.8
10,001 – 100,000	228	7,304,051	2.0
100,001 – 500,000	54	12,350,036	3.3
500,001 – 1,000,000	16	11,585,932	3.1
1,000,001 and above	28	336,969,065	90.6
	2,572	371,794,278	100.0

Capital gains tax

For shareholders wishing to calculate United Kingdom capital gains tax, the example below shows the effect on 100 shares at 31 March 1982 after all subsequent capitalisations and subdivisions:

31 March 1982	100	Ordinary shares of 50p each (at market value of 445p per 50p share)
9 December 1983 (1 for 5 Cap.)	20	Ordinary shares of 50p each
	120	
12 December 1985 (1 for 6 Cap.)	20	Ordinary shares of 50p each
	140	
12 December 1985 (subdivision)	140	(50p to 25p)
	280	Ordinary shares of 25p each
18 December 1987 (subdivision)	1,120	(25p to 5p)
	1,400	Ordinary shares of 5p each
13 December 1989 (subdivision)	1,400	(5p to 2.5p)
	2,800	Ordinary shares of 2.5p each
8 November 1999 (subdivision)	11,200	(2.5p to 0.5p)
	14,000	Ordinary shares of 0.5p each

Investor relations website

Investor relations information, including share price, is available through the Company's website www.photo-me.co.uk

Transfer office and registration services

Capita Asset Services Limited act on behalf of the Company. All shareholder enquiries, notifications of change of address, dividend mandates, etc. should be referred to them at:

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Tel: 0871 664 0300
Overseas Tel: 00 44 208 639 3399
Fax: 0871 644 0399

Capita Asset Services also offer a range of shareholder information online at www.capitashareportal.com

The Register of directors' interests is maintained at the Registered Office at Bookham.

Copies of the Annual Report should be requested from:

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Fax: +44 (0)1372 459064
e-mail: ir@photo-me.co.uk

Financial calendar

Annual General Meeting		23 October 2014
Half year results		
(to 31 October 2014)		Announcement in December 2014
Full year results		
(to 30 April 2015)		Announcement in June/July 2015
Dividend		
Final (year to 30 April 2014)	– ex-dividend date	24 September 2014
	– record date	26 September 2014
	– payment date	6 November 2014

Chairman's Closing Message

John Lewis

Non-executive Chairman

"Our strategy has been to use the significant cash flow generated from our long-established photobooth business to develop new and complementary products which will drive our future growth."

Designed and produced by
ACCRUE FULTON
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