Photo-Me International plc
Church Road, Bookham
Surrey KT23 3EU

Tel: +44 (0)1372 453399
Fax: +44 (0)1372 459064
Web: www.photo-me.co.uk

Photo-Me

Photo-Me International plc
Annual Report & Accounts 2015

Revolutionising instant services

Photo-Me

About Photo-Me

Our principal activity is the operation of non-food unattended vending equipment aimed primarily at the consumer market.

The largest part of the estate comprises photobooths and digital printing kiosks, with the remainder including laundry units, amusement machines and business service equipment.

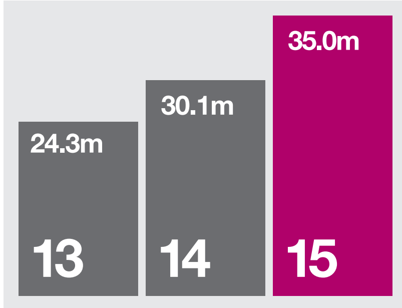
Find out more about Photo-Me at www.investor.photo-me.com

Our Highlights

"The business is well positioned for growth and our net cash position remains healthy"

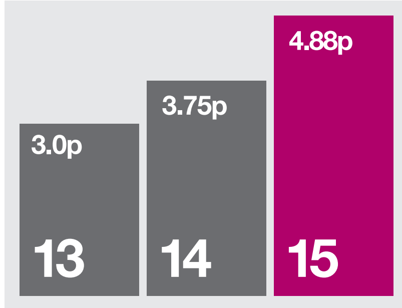
John Lewis
Non-executive Chairman

Underlying Pre-tax Profit



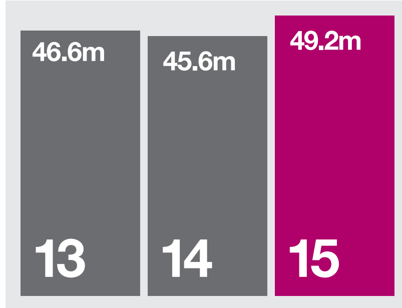
£35.0m
+16.3%

Ordinary Dividends Per Share



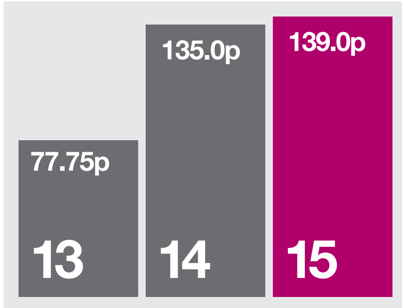
4.88p
+30.1%

Cash Generated from Operations



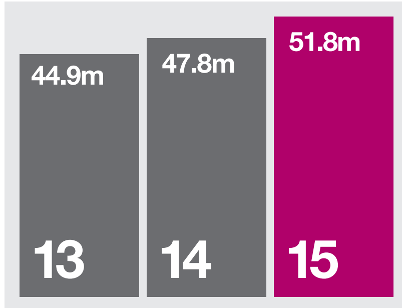
£49.2m
+7.9%

Share Price at 30 April



139.0p
+3.0%

Underlying EBITDA



£51.8m
+8.4%

Photo-Me International plc
Annual Report & Accounts 2015

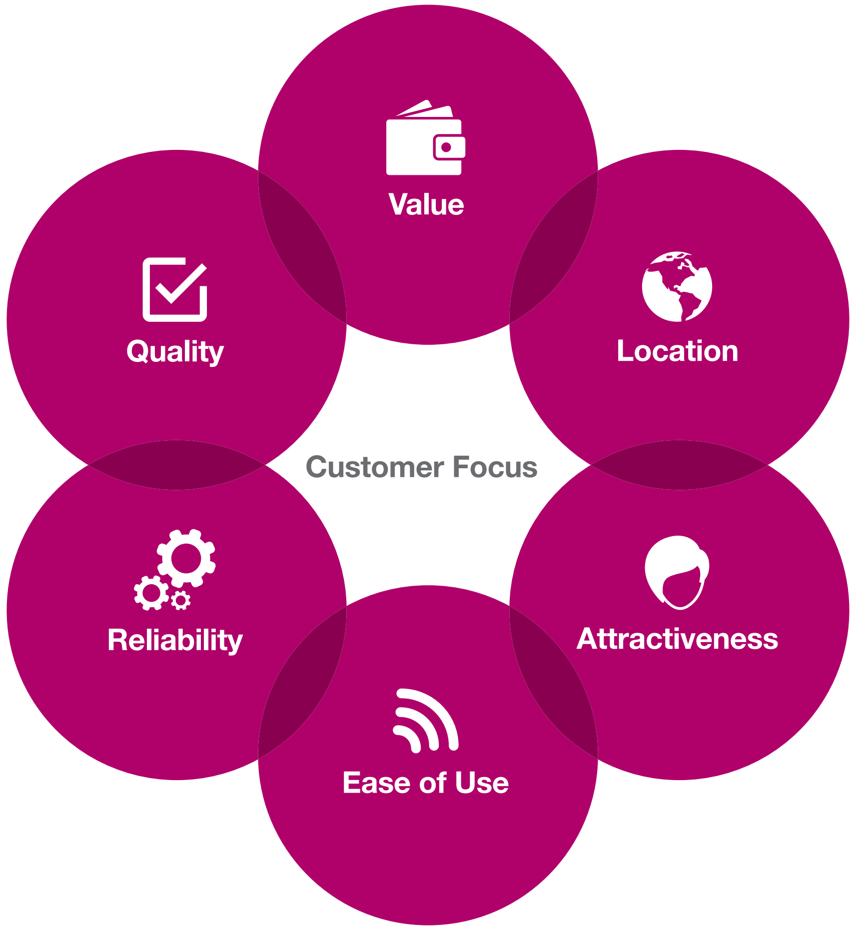
Strategic Report

Adapting to a changing digital market

Our digital photography and printing services have developed and evolved to service the needs of a constantly changing and demanding market

Our Strategic Business Model

Photo-Me's business model is centred around utilising the cash flow from our long-established photobooth operations to develop new and complementary products, driving future growth. This is combined with the penetration of new geographic markets.



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 modernize 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 intensifying its contactless payment systems deployment programme to improve the customer offering and to enhance customer opportunity.

Reliability
Combined with the Telemetry connected technology, we employ an extensive network of experienced engineers to minimize 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 statistics support this view.

Where We Operate
Geographic Expansion

The Group has operations in 17 countries, with a strong sales and servicing network. We serve markets that are well positioned to deliver long-term profitable growth, as well as strong and stable cash-flows.

UK & Ireland

Vending Units
12,400

UK & Ireland
United Kingdom, Ireland

Revenue
£44.7m

Underlying Operating Profit
£8.4m

Continental Europe

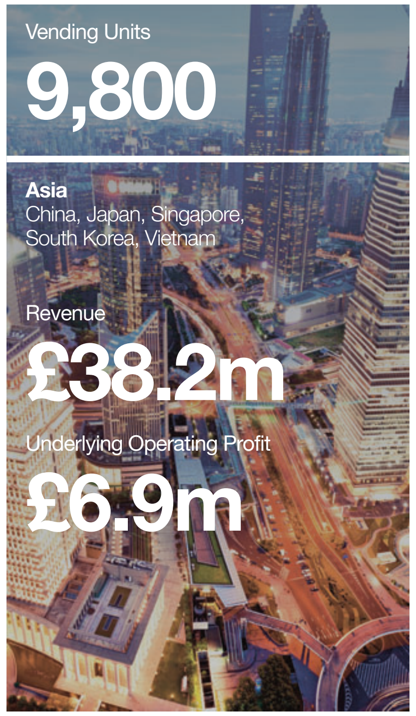
Vending Units
22,400

Continental Europe
Austria, Belgium, France, Germany, Luxembourg, Netherlands, Poland, Portugal, Spain, Switzerland

Revenue
£94.3m

Underlying Operating Profit
£22.0m

Asia



Vending Units
9,800

Asia
China, Japan, Singapore, South Korea, Vietnam

Revenue
£38.2m

Underlying Operating Profit
£6.9m

Our Products

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

Photography

Photobooths
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.

Laundry Services

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

Digital Printing

SpeedLab
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.

Amusements

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

Chairman's Statement

John Lewis
Non-executive Chairman

"The expansion of our Revolution laundry product is proceeding in line with our plan and is producing strong returns."

Dividend increase

+30%

Results
At constant currency (CC), Group revenue was 0.9% higher over the year. Group EBITDA increased by 15.7% during the period, with underlying EBITDA margins strengthening to 29.2% from 25.6% in 2014.

Strategy
Our strategy is 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 for long-term growth. 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.

We have made good progress with this strategy. The expansion of our Revolution laundry product is proceeding in line with our plan and is producing strong returns. Our photobooth business continues to enter new markets and our product development pipeline is encouraging. The strength of our cash flows is allowing us both to finance the capital expenditure programme of some £14 million p.a. for the next two years (net of financing) and to raise returns to shareholders by way of dividends.

Dividends
Reflecting the confidence we had in the outlook for 2014/15, last year we stated that we intended to increase the annual dividend by 30%. We are therefore pleased to confirm that the proposed total annual dividend will rise from 3.75 pence (2013/14) to 4.88 pence in line with our commitment.

The business is well positioned for growth and our net cash position remains healthy. Having raised dividends substantially in recent years – and with the desire to retain a progressive dividend policy – we have now decided to adopt an enhanced dividend policy for the next three years. We therefore intend to increase the ordinary dividend by 10% p.a. and any net cash on the balance sheet at 30 April 2016 (and the following two years) in excess of £50m will be available to shareholders as a special dividend in line with the new policy.

If approved at the Annual General Meeting on 21 October 2015, the final dividend will be paid on 12 November 2015 to shareholders on the register at the close of business on 9 October 2015. The ex-dividend date will be 8 October 2015.

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
Looking ahead, the Group's Treasury function keeps FX under continual review, although the continued strengthening of sterling against the euro and the yen, which may have an adverse effect in the coming year, remains a challenge. Importantly, however, the operational performance of the business remains very good. Subject to the risks and uncertainties detailed in the Strategic Report, the Board anticipates another year of strong underlying progress.

Overview of the Year

"The Group delivered a solid financial performance, as illustrated by the strong increase in profits."

Serge Crasnianski
Chief Executive Officer & Deputy Chairman

Françoise Coutaz-Replan
Group Finance Director

	Revenue				Underlying Operating profit *			
Year to 30 April	**2015 £m**	**2015† £m**	2014 £m	Change† %	**2015 £m**	**2015† £m**	2014 £m	Change† %
Continental Europe	**94.3**	**101.7**	102.9	-1.2	**22.0**	**23.8**	21.3	+11.7
UK & Republic of Ireland	**44.7**	**44.8**	44.9	-0.2	**8.4**	**8.4**	7.4	+13.5
Asia & ROW	**38.2**	**41.7**	38.8	+7.5	**6.9**	**7.5**	5.7	+31.6
	177.2	**188.2**	186.6	+0.9	**37.3**	**39.7**	34.4	+15.4
Corporate					**(2.5)**	**(2.4)**	(4.1)	
					34.8	**37.3**	30.3	+23.1

† 2015 trading results of overseas subsidiaries converted at 2014 exchange rates.
* excluding profit on sale of land (£3.5m in 2015)

Vending units

	2015	2014	Change
Continental Europe	**22,400**	21,250	+5.4%
UK & Republic of Ireland	**12,400**	13,000	-4.6%
Asia & ROW	**9,800**	9,600	+2.1%
Total	**44,600**	43,850	+1.7%

Overview of the Year
continued

Continental Europe

This division contributed 53% of Group revenue (2014: 55%) and 59% of operating profit (2014: 62%). At the end of April 2015, 50% (2014: 48%) of the Group's estate was sited in Continental Europe. There were 22,373 (2014: 21,226) units in total of which 12,406 (2014: 11,869) were photobooths. The Group operates in nine countries in Continental Europe.

Reported revenue was 8.4% lower than last year, but on a constant currency basis declined by 1.2% only. Stripping out the effects of the continuing decline in the minilab business (previously reported under "Sales and Servicing"), underlying revenue at constant currency grew by 1.6%. Operating profits increased by 3.3% on a reported basis and by 11.7% on a constant currency basis.

The European photobooth estate increased by 4.5% year-on-year with the main areas for growth being France and Switzerland. The Group continues its roll-out of higher-margin Starck booths and there are now 3,213 deployed across Europe, an increase of 883 over the year.

The roll-out of the Group's laundry product, predominantly using the same sites as the photobooth estate, continues to progress well.

Total (including UK & Ireland)	**2015**	2014	2013	Change
Owned (total)	**644**	202	48	+219%
Sold (cumulative total at year end)	**440**	317	236	+39%
Ave. revenue per owned unit (€) †	**14,396**	13,887	12,276	+4%

† Average calculated only on machines in France with at least one full month's takings

The results from the units in operation in France and Belgium remain extremely encouraging with takings averaging €1,200 per unit per month during the period across the operating estate and the more established machines seeing takings increase by some 12% year-on-year. For the full year, the turnover of the laundry business units was £6.3m (2014: £3.3m) and represented 9% of total turnover in France and 11% in Belgium.

The Group now has laundry units in nine countries, with the most significant coverage being in France and Belgium. Besides traditional launderette locations, the Group continues to be encouraged by potential demand in sites like equestrian centres, campsites, universities and military barracks, all of which have demand for heavy-duty laundry capability. Prospects for the product are particularly encouraging in Portugal and Ireland. For example, since introducing the product in Portugal in May 2014, the number of machines has grown to 37 and laundry revenues have grown rapidly from nil to represent 28% of total Portuguese revenues in the month of April 2015. While the country is small in overall terms for Photo-Me, it demonstrates the transforming potential of the product.

Following the relocation of the outsourced manufacturing capability to Hungary in 2014, the Group now plans to have deployed 6,000 laundry units in Europe by 2020. As the business grows, it is expected that the majority of these will be owned/operated. The Group remains focused on ensuring that only the best locations are targeted for the machines, given the investment and logistics involved. The achievement of the roll-out targets in the short and medium term represents an opportunity for a material increase in Group revenue and with an attractive cash generation and EBIT profile the Board believes will enhance returns to shareholders in future years. The Group continues to look for opportunities in Asia and the US.
The Group continues to operate over 5,000 digital printing kiosks, primarily in France and Switzerland, and is currently upgrading the estate to the latest technology to accept all models of memory cards and smart phones. A brand new and very modern Starck-designed kiosk was unveiled at the photo fair in Paris in November 2014. This is a new generation of kiosk with no real comparator, and the Group considers the potential worldwide to be very promising; the Group's target is to launch this product in the next few months.

Europe remains the centre of the Group's R&D efforts and new product development. Aside from the new digital printing kiosk (see above), and other models of photobooths, the Group is equally focusing on new technologies, such as 3D digital photos and Photolight. Aiming at becoming a leader in the field, the Group works in partnership with official government bodies to develop enhanced ID security standards through the 3D technology. As a first offspring of the 3D technology, the Group has started to introduce 3D-figurine photobooths. Photolight is a solar-powered streetlight that has been under development over the last couple of years and the Group is now beginning to market the concept more widely.

The Group is still trialling a carwash concept, which would have some overlap in terms of location as the stand-alone Revolution laundry units and use the same network of engineers. Results from those first units are encouraging and Photo-Me will report further on its plans for this concept in 2016, based on progressively scaled-up trials.

Photobooth units in operation
27,043

Asia & R.O.W.

This division contributed 22% of Group revenue (2014: 21%) and 18% of operating profit (2014: 17%). At the end of April 2015, 22% (2014: 22%) of the Group's estate was sited in Asia & ROW. There were 9,814 (2014: 9,606) units in total of which 8,223 (2014: 7,911) were photobooths. The Group operates in five countries, with the latest addition being the USA.

The largest territory by far by reference to size of the machines estate and revenue is Japan where performance was strong. Revenues were up by 6.4% (at CC) with profits (at CC) 18.6% higher.

The Group is deploying an additional 1,000 booths into Japan to take advantage of the new ID card regulation which is scheduled to come into force in January 2016. Under this legislation all Japanese citizens will need a new photo ID card and with a population aged 18+ of some 87 million this is expected to lead to a substantial increase in demand over the next two to three years. While some of this increased demand will be met by independent photographers, the photobooth market will be a clear beneficiary and the Group is expecting a significant boost to revenue and profitability once the new legislation is in force.

Gradual progress continues to be made in China where turnover rose by 25% (at CC). Operational efficiencies and better siting of machines have resulted in these operations reaching a satisfactory level of profitability compared with losses last year.

UK & Ireland

This division contributed 25% of Group revenue (2014: 24%) and 23% of operating profit (2014: 22%). At the end of April 2015, 28% (2014: 30%) of the Group's estate was sited in UK & Ireland. There were 12,412 (2014: 13,023) units in total of which 6,414 (2014: 6,347) were photobooths. Growth in photobooth numbers was 1% year-on-year while there was a 30% reduction on bouly / amusement machines which are not material to the Group's business in the UK & Ireland.

With the market background remaining difficult, turnover in the UK and Ireland was flat while profit expanded following continued focus on cost reduction through operational efficiencies and site costs optimization as well as product diversification.

The Group rolled out 32 laundry units in Ireland, where results to date have been very promising. The units in Ireland, which have been carefully sited in areas of high demand, are currently the highest revenue-earning machines in the portfolio and further expansion is envisaged.

Strategic Overview

Revolution units in operation

1,084

What we do

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 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.

Where we operate

Photo-Me has three principal areas of operation geographically – UK & Ireland, Europe and Asia. Its most important territory in Europe is France, and in 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 operate (although for differing reasons) in South America, Africa or Australasia.

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

Key performance indicators

The Group measures its performance using a mixture 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.

Description	Relevance	Performance		
		April 2013	April 2014	April 2015
Total revenue at actual rate of exchange		£195.6m	£186.6m	£177.2m
Total revenue excluding minilab at constant rate of exchange	The turnover at constant rate of exchange excluding minilabs translates the underlying growth of the core business	£181.3m	£182.8m	£187.7m
Profit before tax		£24.3m	£30.1m	£38.5m
Underlying profit before tax		£24.3m	£30.1m	£35.0m
EBITDA margin		23.0%	25.6%	31.2%
Underlying EBITDA margin	The underlying EBITDA margin is a good indicator of our improvements in profitability excluding major one-off items	23.0%	25.6%	29.2%
Increase in gross takings (Revenue incl. VAT)	Gross takings are an important indicator of the trend in our core vending business	+1.2%	+1.9%	+2.5%
Increase in number of photobooths	The increase in number of photobooths is always a priority and a main driver for growth	+1,399	+1,261	+916
Increase in number of laundry units (operated or sold)	The increase in number of laundry units measures our penetration in this market where there is a huge potential for growth and large profits	NR	+235	+565

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 modernize 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 intensifying its contactless payment systems deployment programme to improve the customer offering and to enhance customer opportunity.

- **Reliability**
  Combined with the telemetry connected technology, we employ an extensive network of experienced engineers to minimize 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 statistics support 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 minimize 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, the Group managed a 3.5% increase of the photobooth estate over the year and will be expanding its estate in Japan significantly to take advantage of new photo ID card legislation which comes into force in 2016.

Strategic Overview
continued

1. Unit expansion (continued)

b. Introducing new products

With its history of innovation, the Group has been very successful at introducing new products and modernizing its portfolio. The last three years have seen the introduction of the Philippe Starck - designed photobooth range as well as the launch of the brand-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 as well. This dynamic enables Photo-Me to attract interest from non-traditional site owners. Besides, 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 initially targeted sites were the immediate outside surroundings of supermarkets in France and Belgium where Photo-Me already has long-standing relationships given the existence of the photobooth estate.

The Group is identifying demand for the product in additional markets at differing locations, for example campsites, military barracks and student accommodation, and has now launched the product in all its European countries, in particular Ireland and Portugal.

c. Entering new markets

The Group takes an opportunistic approach to investments in new markets, and constantly assesses new potential markets.

In the last twelve months, very positive progress has been made in South Korea, where some 100 photobooths have been sited. Small operations have been launched in Poland.

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. However, in the past two years, a price rise has been effected in the Japan booths to offset VAT increases and the prices on kiddie rides and amusement machines have risen from low levels. Elsewhere the Group does experiment with targeted price increases in specific territories when relevant to gauge its effect on revenue and demand.

Besides price initiatives, the introduction of attractive new offerings on the existing estate as well as active re-siting of machines to more attractive locations are also strategies to increase takings.

3. Minimizing production and operational costs

The principal operating cost – other than depreciation – is the commission paid to site owners. The Group manages commissions carefully, and has, for example, achieved some success with the introduction of its Starck booths and the Revolution laundry units.

Thanks to sophisticated telemetry, 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.

Over the last two years, 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. In both cases this has significantly reduced production costs.

The Group reviews regularly its supply chain and endeavours to maintain low production costs.

Financial Review

Underlying profit before tax

£35m +16.3%

Financial Performance

The Group delivered solid financial performance, as illustrated by the strong increase in profits.

Reported revenue declined by 5% to £177.2m due to the continued decline in the sales of the restructured minilab business, compounded by an adverse effect of conversion exchange rates (mainly the euro and the yen).

	April 2015 £m	April 2014 £m
Revenue	**177.2**	186.6
Underlying EBITDA *	**51.8**	47.8
Underlying Operating Profit *	**34.8**	30.3
Underlying Profit before tax *	**35.0**	30.1
Profit after tax	**28.0**	21.6

* Excludes the profit on sale of land of £3.5m

The movements in turnover are outlined in the following table:

	£m
April 2014 Turnover	**186.6**
Change in core business revenue	
UK & Ireland	-0.1
Continental Europe	+1.5
Asia	+2.9
	+4.3
Decline in the minilab business	-2.7
Impact of exchange rates	-11.0
April 2015 Turnover	**177.2**

The decrease in the total reported turnover was largely compensated by savings in operational costs, and the Group reported an increase of 16.3% in underlying profit before tax.

The increase in the profit before tax can be explained as follows:

	£m
April 2014 – PBT	**30.1**
Changes in revenue	-9.4
Changes in costs	+13.6
Decrease in depreciation and amortization	+0.7
April 2015 – Underlying PBT	**35.0**
Profit on disposal of land	3.5
April 2015 – PBT	**38.5**

Review of operating costs

Operating costs amounted to £138.8m (2014: £156.3m).

	April 2015 £m	April 2014 £m
Staff costs	**40.3**	43.8
Cost of materials	**12.6**	17.3
Other operating costs	**69.0**	77.5
	121.9	138.6
Depreciation and amortization	**16.9**	17.5
Loss on disposal of fixed assets *	**–**	0.2
Operating costs	**138.8**	156.3

* Excluding a profit of £3.5m on the disposal of land

Financial Review
continued

Underlying EBITDA margin

29.2%

Review of operating costs (continued)
Staff costs amounting to £40.3m decreased by 8.0% compared with the previous year and represented 22.7% of percentage of sales (2014: 23.5%). The decrease results from the full year benefit of the savings generated by the restructuring of the former sales and servicing division, strengthened by the leveraging of the existing maintenance network through the growth of the laundry business.

The reduction in inventory costs is the direct result of both the winding down of the parts and consumable intensive minilab division as well as the cost reductions achieved through enhanced efficiencies in the supply chain.

Taxation
The Group tax charge of £10.5m corresponds to an effective tax rate of 27.2% (2014: 28.3%).

The Group undertakes business in over 15 countries worldwide, with most of the tax charge arising in France, Japan and the United Kingdom. In each jurisdiction in which the Group operates, operations are organised so that the Group pays the correct and appropriate amount of tax at the right time according to the local regulations and ensures compliance with the Group's tax policy and guidelines.

Dividends
During the year, the Group paid dividends totalling £21.4m in respect of the ordinary and special dividend for the year ended 30 April 2014.

The interim dividend for the year ended 30 April 2015 (2.34p per share) declared in December 2014 was paid in May 2015 and amounted to £8.7m.

Statement of financial position
The Group balance sheet can be summarised as follows:

	April 2015 £m	April 2014 £m
Non-current assets (excl. deposits)	71.5	69.5
Current assets (excl. cash and deposits)	23.9	25.6
Non-current liabilities (excl. borrowings)	(7.5)	(8.4)
Current liabilities (excl. borrowings)	(44.2)	(45.6)
Net cash	60.7	63.1
Total equity	104.4	104.2
Minority interests	(0.9)	(1.1)
Total shareholders' funds	103.5	103.1

Following the payment of dividends of £21.4m, the shareholders' funds at 30 April 2015 amounting to £103.5m remained stable compared with the previous year end.

The non-current assets detail is outlined in the following table:

	April 2015 £m	April 2014 £m
Goodwill	10.2	9.9
R&D costs	2.6	2.2
Other intangible assets	3.9	3.6
Operating equipment	43.1	41.7
Plant and machinery	3.8	3.3
Land and buildings	1.3	2.2
Investment property	0.5	0.5
	65.4	63.4
Investments	0.9	0.7
Deferred tax asset	3.5	3.5
Trade and other receivables	1.7	1.9
Total non-current assets	71.5	69.5

The goodwill mainly relates to the Japanese subsidiary. The addition corresponds to the acquisition of operations in Switzerland.

With a net book value of £43.1m, the operating equipment is the main component of the Group's total non-current assets. The Group owns some 44,600 machines operated worldwide. The change in the net book value reflects the Group's capital expenditure of £21.6m net of depreciation and exchange differences.

Cash flow and net cash position

	April 2015 £m	April 2014 £m
Opening net cash	63.1	61.4
Cash generated from operations	49.2	45.6
Taxation	(9.1)	(9.9)
Net cash generated from operations	40.1	35.7
Net cash used in investing activities	(18.2)	(20.3)
Dividends paid and other financing activities	(21.1)	(11.3)
Net cash generated	0.8	4.1
Impact of exchange	(3.2)	(2.4)
Net cash (outflow)/ inflow	(2.4)	1.7
Closing net cash	60.7	63.1

The increase in the EBITDA, coupled with optimised working capital as well as lower tax paid, led to the increase in net cash generated from operations by £4.4m.

The cash generation was still substantial and enabled the Group to finance its capital expenditure programme as well as to pay out to shareholders increased dividends from £11.3m (2014) to £ 21.1m (2015).

At the end of April 2015, the Group's net financial position amounting to £60.7m could be split as follows:

	Cash and deposits £m	Borrowings £m	Net financial position £m
Balance at 30 April 2014	63.4	(0.3)	63.1
Cash flow	0.7	0.2	0.9
Non-cash movements	(3.2)	(0.1)	(3.3)
Balance at 30 April 2015	60.9	(0.2)	60.7

Gender diversity
The table below shows the gender diversity of the Group's employees as at 30 April 2015 with the corresponding figures as at the same date last year for comparison purposes:

	As at 30 April 2015			As at 30 April 2014		
	Total	M	F	Total	M	F
The Board of Photo-Me	6	5 (83%)	1(17%)	6	5 (83%)	1 (17%)
Senior Managers in the Group (excluding directors of Photo-Me)	14	13 (93%)	1 (7%)	13	12 (92%)	1 (8%)
Employees (excluding above)	1,046	888 (85%)	158 (15%)	1,069	904 (85%)	165 (15%)
Total	1,066	906 (85%)	160 (15%)	1,088	921 (85%)	167 (15%)

Financial Review
continued

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 below sets out what the Board believes to be the principal risks and uncertainties, their impact, and actions taken to mitigate them.

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 those currencies.	The Group hedges its exposure to currency fluctuations on transactions, as relevant. 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.
Regulations		
• 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, including the introduction of 3D technology in ID security standards, as well as trialling booths connected to the central government systems (ANTS in France). The Group also ensures that its ID product remains affordable and of high quality. The Group is also conducting lobbying actions.
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.

Nature of the risk	Description and impact	Mitigation
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 or tender process would have an adverse albeit contained impact on the Group's results, considering how the Group's turnover is spread over a large client base.	The Group's major 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 dramatic effect.	The Board has decided to hold a strategic stock of paper, allowing for 6 to 12 months' 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.

Information on (i) employees, (ii) social and community matters and (iii) environmental issues is provided in the Corporate Responsibility Statement. The Board do not think it is necessary for an understanding of the development, performance or position of the Group's business to include anything further on these matters in this Strategic Report (apart from the gender diversity make-up of the Group's employees which is reported on above).

By order of the Board

Del Mansi
Company Secretary
24 June 2015

Photo-Me International plc
Annual Report & Accounts 2015

Revolutionising laundry services

We are revolutionising the instant service of large load laundry facilities across a wide and varied location basis

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 & 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 in 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 2015.

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 principal subsidiary and associated undertakings of the Company are shown on page 103.

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 2.54p per ordinary share which, if approved at the Annual General Meeting on 21 October 2015, will be paid on 12 November 2015 to shareholders on the register at the close of business on 9 October 2015. The ex-dividend date will be 8 October 2015. This, together with the interim dividend of 2.34p per ordinary share paid on 14 May 2015 makes a total dividend for the year of 4.88p per ordinary share.

Review of the business and future developments

The Strategic Report describes 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 products 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 pages 30 to 31 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 2015, can be found in the Corporate Responsibility Statement on pages 30 to 33.

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 page 22. 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 directors retiring by rotation and being put forward for re-appointment at the Annual General Meeting this year are Mr Serge Crasnianski, Ms Françoise Coutaz-Replan, Mr Jean-Marcel Denis and Mr Yitzhak Apeloig.

Details of the directors' contracts, emoluments and interests in shares and share options are given in the Remuneration Report on pages 34 to 46.

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.

Report of the Directors
continued

Substantial shareholders
As at 24 June 2015, 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	21.38	*Direct/indirect
Schroder Investment Management Limited	67,244,074	18.02	Indirect
Western Management Overseas Limited	65,963,267	17.67	Direct
Dan David Foundation	45,579,318	12.21	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 2014 Annual General Meeting, the Company is authorised to purchase its own shares in the market. The Company will seek approval at the 2015 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 ended 30 April 2015.

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 26 to 29.

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 2015.

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 noon on 21 October 2015 at The Thatcher's Hotel, Guildford Road, East Horsley, Surrey KT24 6TB.

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
24 June 2015

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 2015, complied with those provisions of the September 2012 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 4 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, all of whom the Board considers to be independent, namely Emmanuel Olympitis, Jean-Marcel Denis and Yitzhak Apeloig.

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 three independent Non-executive Directors excluding the Chairman.

On his appointment in March 2012, the Nomination Committee took the view (out of caution) that because of Mr Apeloig's then current and previous business relationships with the Dan David Foundation and Mr Philippe Wahl, both of whom were (and are) either directly or indirectly major shareholders in the Company, he should not be considered as independent. These relationships of Mr Apeloig were indirect through his association with other entities.

This view was reached even though (i) Mr Apeloig held no mandate from either of those shareholders, (ii) would not be representing them, and (iii) would not be reporting back to them (a state of affairs which has never changed throughout his tenure of office as a director of the Company). Since Mr Apeloig's appointment, the Group has transacted business with one entity of which Mr Apeloig is a director, and in which the Dan David Foundation and Mr Philippe Wahl have ownership interests, namely Fomat Limited, a company incorporated in Israel. The business which Fomat Limited transacted with the Group has been minimal (the total value of such business transactions for the financial years ended 30 April 2013, 2014 and 2015 were £23,098, £17 and £ nil respectively).

Accordingly, given the above, and further given that Mr Apeloig is due to be proposed for re-election at this year's Annual General Meeting, the Nomination Committee has taken the opportunity to reassess Mr Apeloig's status and has concluded that he should be considered as being an independent Non-executive director. The Committee will keep the situation under observation in case of any change but it is not expecting any such change.

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

If a new director were to be appointed, 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
Number of meetings held	**7**	**3**	**4**	**1**
	Number of meetings attended (maximum possible)			
Director				
J Lewis	7 (7)	3 (3)	4 (4)	1 (1)
S Crasnianski	7 (7)	n/a	n/a	n/a
Y Apeloig	6 (7)	n/a	n/a	n/a
F Coutaz-Replan	7 (7)	n/a	n/a	n/a
J-M Denis	6 (7)	2 (3)	1 (4)	0 (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.

Meetings are normally held at least twice a 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 are generally invited to attend meetings, as is the Group's internal auditor when required. The Group's internal auditor is in regular contact with the Chairman of the Audit Committee and delivers regular reports.) 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.

Corporate Governance Statement
(forming part of the Report of the Directors)
continued

Board Committees (continued)
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 audit for the year ended 30 April 2015. In June 2015, 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 the GBP denominated 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 2015 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 litigation: the main judgments 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 with 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.

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

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 require 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 ended 30 April 2015.

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 34 to 46 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 have 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 30 January 2015.
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. Appointments to the Board are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender diversity. The Nomination Committee does not commit to any specific targets. The Group's Diversity Policy also recognises the benefits of diversity. The Nomination Committee will also ensure that its development in this area is consistent with the Group's current and future requirements, enhances Board effectiveness and reflects the Company's UK listing and the international activity of the Group.

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 has reviewed operations in all material Group companies during the year under review with the exception of Japan which was visited by the Group Finance Director. 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, are fair, balanced and understandable, and give 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 at ensuring 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 Equality Act 2010 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;
- the notification internally of vacancies and policy updates; and
- monthly operational meetings for business leaders across the Group to engage with colleagues, providing business and local updates, and 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 is 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 Conformité Européene (CE) marking confirming Restriction of Hazardous Substances (RoHS) 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. The Company also continues to improve the employee induction process and has introduced an alternative on-line training system supplied by Essential Skillz in 2014 to train and refresh employee skills as required with the database now showing over 1,000 training sessions.

The Company continues to maintain its membership with the British Safety Council and is also a member of the CE Marking Association. As well as demonstrating our commitment to safety and environmental best practice and continual improvement, these continued partnerships provide 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.

Corporate Responsibility Statement
(forming part of the Report of the Directors)
continued

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; and
- the recovery, refurbishment and resale of electrical equipment such as 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.

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;
- 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; and
- the development of equipment that uses solar power.

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 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

In accordance with the disclosure requirements for listed companies, the table below shows the Group's greenhouse gas emissions for the current and preceding financial year.

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 based on the low number of such units in the Group, management deemed such emissions not to be material.

Greenhouse gas (GHG) emissions

	Year ended 30 April 2015 Tonnes of CO2e	Year ended 30 April 2014 Tonnes of CO2e
Emissions from		
Scope 1	**4,985.92**	3,963.39
Scope 1 – travel costs	**4,681.04**	3,571.52
Scope 1 – gas	**304.88**	391.87
Scope 2	**17,564.97**	14,167.98
Scope 2 – operating estate	**16,825.27**	13,589.67
Scope 2 – electricity, heat, steam or cooling	**739.70**	578.31
Total emissions	**22,550.89**	18,131.37
Intensity ratio		
Per number of units of operating equipment	**0.5048**	0.4187

Assessment parameters

Consolidation approach	The figures above are based on subsidiary companies owned by Photo-Me, 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 (2014) (2014: DEFRA (2013)) Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting.
Methodology	Photo-Me 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,
I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2015, which has been prepared by the Remuneration Committee ('the Committee') and approved by the Board.

This is the Company's second year of reporting in line with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The report has been divided into three sections:

- This Annual Statement, which summarises remuneration outcomes in 2014/15 and the intended policy for 2015/16.
- The Company's policy on the remuneration of executive and non-executive directors which outlines the Group's remuneration policy approved by shareholders at the 2014 AGM. As this policy remains unchanged from last year, we will not be asking shareholders to vote on a new remuneration policy. We have however chosen to replicate the policy approved last year for ease of reference.
- The Annual Report on Remuneration, which discloses details of the Remuneration Committee, how the policy was implemented in the year ended 30 April 2015, and how the remuneration policy will operate for the year ending 30 April 2016.

This Remuneration Report (other than the part containing the Directors' Remuneration Policy) will be subject to an advisory vote at the forthcoming 2015 AGM.

Remuneration outcomes in 2014/15
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 significantly 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 in 2012 will vest on 4 July 2015, based on three year earnings per share (EPS) to 30 April 2015, at 100% of the maximum reflecting the Group's profit growth over this period.

Remuneration policy for 2015/16
We are not proposing any changes to our remuneration policy. The key points to note are:

- In line with last year, the CEO will receive a 5% increase in base salary for the current year; this will be effective from 1 May 2015.
- The annual bonus potential will remain capped at 100% of base salary for the Chief Executive Officer (CEO) and at 50% of base salary for the Group Finance Director (GFD).
- Long-term incentives will continue to be delivered through the Photo-Me 2014 Executive Share Option Scheme approved by shareholders at last year's AGM. Awards are granted over market value options which normally vest three years from grant, subject to continued employment and performance conditions based on earnings per share targets. Annual award limits are set at 150% of salary and other provisions are consistent with best practice, including the operation of a clawback provision.
- Share ownership guidelines will continue to apply 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 2014 AGM, which was over 91% in favour of the Directors' Remuneration Report resolution, over 98% in favour of the Remuneration Policy resolution, and over 99 % in favour of the new Executive Share Option Scheme, and no significant issues were raised.

In conclusion, we remain firmly of the view that our remuneration policy continues to be appropriately aligned with the Company's strategic objectives of delivering shareholder value and supporting the long-term success of the Company.

Yours faithfully,

Emmanuel Olympitis
Chairman of the Remuneration Committee
24 June 2015

Remuneration Report
Remuneration Policy Report

This part of the Directors' Remuneration Report sets out the remuneration policy for the Company since 1 May 2014. The policy was approved by shareholders at the Company's Annual General Meeting held on 23 October 2014 with 98.59% of all votes cast in favour and became effective formally following that date. Since no changes will be made to the policy, it is not proposed to submit it to the AGM to be held on 21 October 2015.

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.

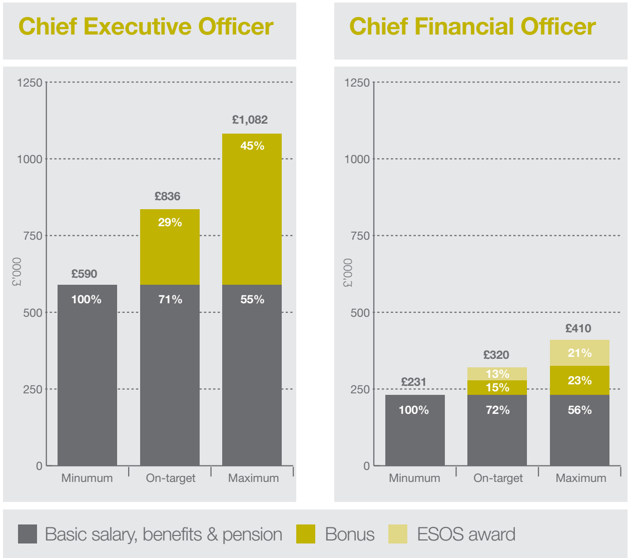
The Committee will ensure that the incentive structures for executive directors and senior managers will not raise environmental, social or governance ("ESG") risks by inadvertently motivating irresponsible behaviour. More generally, with regard to overall remuneration structures, there is no restriction 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 2015
- An approximate value of benefits for the financial year to 30 April 2016
- An annualised pension contribution and/or salary supplement (as a % of salary) for the year to 30 April 2016
- 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 195,000 share options awarded under the 2004 Executive Share Option Scheme to the GFD (the CEO will not receive awards during the 2015/16 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 144.66p 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 2015). 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 Report
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

[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.

Photo-Me International plc
Annual Report & Accounts 2015

Element maximum	Purpose and link to strategy	Operation	Maximum	Performance measures
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
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

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority was 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.

Remuneration Report
Remuneration Policy Report
continued

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.

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 2014 AGM, which was over 98% 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 takes 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 have 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	1/5/2010	12 months
Françoise Coutaz-Replan	9/12/2009	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	Year of last election	Expected year of expiry of current term
John Lewis[1]	26/7/2010	2014	2017
Yitzhak Apeloig	8/3/2012	2012	2015
Jean-Marcel Denis	1/3/2012	2012	2015
Emmanuel Olympitis	11/11/2009	2010	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.

Remuneration Report
Annual Report on Remuneration

Implementation of the Remuneration Policy for year ending 30 April 2016

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 2015 £	1 May 2014 £	% Increase
Serge Crasnianski	**491,715**	468,300	5
Françoise Coutaz-Replan	**189,000**	189,000	0

Pension and benefits

Mr Crasnianski will continue to receive a pension contribution equal to 15% of base salary in the form of a salary supplement.
Françoise Coutaz-Replan will continue to participate in the Company's Group Personal Pension Plan to which the Company will contribute 5% of base salary, together with a further 5% paid as a salary supplement.

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 continue to be limited to 100% of base salary and for Françoise Coutaz-Replan 50% of base salary.

In respect of Serge Crasnianski, his 100% of base salary bonus potential will be payable for exceeding the previous year's pre-tax profit by 5% or more while 75% of base salary will be 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 2015 under the 2014 Photo-Me Executive Share Option Scheme, the key terms are as follows:

- It is envisaged that Françoise Coutaz-Replan will receive share option awards over circa 195,000 shares. Serge Crasnianski is not expected to receive an award.
- 100% of awards granted in 2015 will be subject to an EPS performance condition. Although the EPS target range has not yet been agreed by the Remuneration Committee, full details of the targets will be set out in the stock exchange announcement following grant.
- Options that vest will be exercisable between 3 and 7 years from the date of grant.

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 2015 £	1 May 2014 £
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 2015 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]	**2015**	**468,300**	**24,783**	**468,300**	**–**	**70,245**	**1,031,628**
	2014	446,000	22,278	446,000	–	–	914,278
Françoise Coutaz-Replan	**2015**	**189,000**	**21,958**	**94,500**	**225,000**	**18,900**	**549,358**
	2014	180,000	22,010	90,000	194,294	8,250	494,554
Non-executive directors							
John Lewis[6]	**2015**	**120,000**	**–**	**–**	**–**	**–**	**120,000**
	2014	120,000	–	–	–	–	120,000
Yitzhak Apeloig	**2015**	**40,000**	**–**	**–**	**–**	**–**	**40,000**
	2014	40,000	–	–	–	–	40,000
Jean-Marcel Denis	**2015**	**45,000**	**–**	**–**	**–**	**–**	**45,000**
	2014	45,000	–	–	–	–	45,000
Emmanuel Olympitis	**2015**	**50,000**	**–**	**–**	**–**	**–**	**50,000**
	2014	50,000	–	–	–	–	50,000

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 £15,260 (2014: £14,959).

2 Bonuses are those awarded in respect of performance in the financial year, the calculation for the 2015 annual bonus is shown on page 42.

3 The vesting calculation for the ESOS award granted to Françoise Coutaz-Replan in July 2012 (232,000 shares under award, with an exercise price of 39.17p) which had a performance period which ended on 30 April 2015 is set out on page 42. The award does not vest until 4 July 2015 and the intrinsic value has been estimated using the 3-month average share price ending on 30 April 2015 being 144.66p. This figure will be revised in the subsequent year using the actual intrinsic value on the vesting date.

4 The Company contributed 5% (2014: 5%) of base salary to the Company's Group Personal Pension Plan on behalf of Françoise Coutaz-Replan. Additional contributions were paid as salary supplements to Serge Crasnianski and Françoise Coutaz-Replan of £70,245 (2014: £nil) and £9,450 (2014: £nil) respectively. These supplements were based on basic salary at the rate of 15% for Mr Crasnianski and 5% for Ms Coutaz-Replan.

5 The emoluments of Serge Crasnianski shown above, include fees and bonus totalling £733,688 (2014: £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 £45,000 (2014: £41,250) paid to a third party in respect of making available the services of John Lewis to the Company.

* Subject to audit

Remuneration Report
Annual Report on Remuneration
continued

Additional information in respect of the single total figure table*

Annual bonus
For 2015 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 2015 annual bonus are set out below.

Profit-before-tax target

		Bonus payout (% of salary)	
	2015 Profit before tax £m	Serge Crasnianski	Françoise Coutaz-Replan
Target	30.1	75%	25%
Maximum	31.6	100%	35%
Actual	**38.5**	**100%**	**35%**

Summary

	2015 Maximum bonus payout (% of salary)			2015 Actual bonus payout (% of salary)			
Executive director	Profit before tax	Personal objectives[1]	Total	Profit before tax	Personal objectives [1]	Total	2015 Actual bonus payout (£)
Serge Crasnianski	100%	–	100%	100%	–	100%	468,300
Françoise Coutaz-Replan	35%	15%	50%	35%	15%	50%	94,500

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

Executive Share Option Scheme
The ESOS award granted to Françoise Coutaz-Replan on 4 July 2012 completed its performance period on 30 April 2015 and accordingly has been included in the 2015 single total figure of remuneration. This award is 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 2015	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	**7.49p**	**150%**

* Subject to audit

Scheme interests awarded in the year*

Executive Share Option Scheme
On 10 July 2014, one executive director was granted an award over options under the ESOS with an exercise price of 145.33p.

Executive director	Number of ESOS awards	Basis	Face value[1]
Françoise Coutaz-Replan	195,000	150% of base salary	£283,394

[1] Based on a share price of 145.33p which was the average share price over three dealing days immediately prior to grant.

The awards will vest in 2017 subject to the achievement of challenging EPS targets which are detailed below.

EPS for 2017	Vesting (% of participant's salary at date of grant)
Below 5.5p	None
5.9p	25%
6.5p	100%
7.2p	150%
Between 5.5p and 7.2p	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 2015 and the date of signing the financial statements.

	Beneficially owned at						
Executive directors	**30 April 2015**	1 May 2014	Vested 19.4.14 awards[1]	Unvested ESOS awards[2]	Shareholding requirement (% of salary)	Current shareholding (% of salary)[3]	Guideline achieved
Serge Crasnianski	**79,783,450[4]**	79,783,450	–	738,000	100%	23,681%	Yes
Françoise Coutaz-Replan	**161,800**	161,800	576,093	395,000	100%	119%	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 2015 being 139.0p. The shareholding guideline is calculated using only beneficially owned shares.

[4] Of the shares beneficially owned by Serge Crasnianski, 79,719,900 (2014: 79,719,900) were registered in other names.

* Subject to audit

Remuneration Report
Annual Report on Remuneration
continued

Directors' interests in share options *

	Number of options							
Date of grant	As at 1 May 2014	Granted during year	Exercised during year	Lapsed during year	**As at 30 April 2015**	Exercise price	Date from which exercisable	Expiry date
Serge Crasnianski								
9 July 2013 [2]	738,000	–	–	–	**738,000**	90.63p	9 July 2016	8 July 2020
Françoise Coutaz-Replan								
20 Jan 2010	44,093	–	–	–	**44,093**	36.67p	20 Jan 2013	19 Jan 2017
4 July 2011	50,000	–	–	–	**50,000**	65.25p	4 July 2014	3 July 2018
13 Dec 2011	250,000	–	–	–	**250,000**	53.50p	13 Dec 2014	12 Dec 2018
4 July 2012 [1]	232,000	–	–	–	**232,000**	39.17p	4 July 2015	3 July 2019
9 July 2013 [2]	200,000	–	–	–	**200,000**	90.63p	9 July 2016	8 July 2020
10 July 2014 [3]	–	195,000	–	–	**195,000**	145.33p	10 July 2017	9 July 2021

[1] The 4 July 2012 ESOS award ended its performance period in the year to 30 April 2015 and will vest subject to the performance conditions as outlined on page 42.

[2] The 9 July 2013 ESOS awards are subject to the same performance conditions and vesting schedule as the 2012 ESOS awards, but the threshold 2016 EPS target is set at 5.3p with full vesting for an EPS of 6.8p or greater

[3] The 10 July 2014 ESOS award is subject to the performance conditions as outlined on page 43.

* 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.

	2015	2014	% Change
Employee remuneration costs (£'000)[1]	**32,031**	35,410	-9.54%
Dividends (£'000)[2]	**21,381**	11,140	91.93%

[1] Based on the figure shown in note 5 to the Financial Statements.
[2] Based on the cash returned to shareholders in 2015 through dividends as shown in note 9 to the Financial Statements.

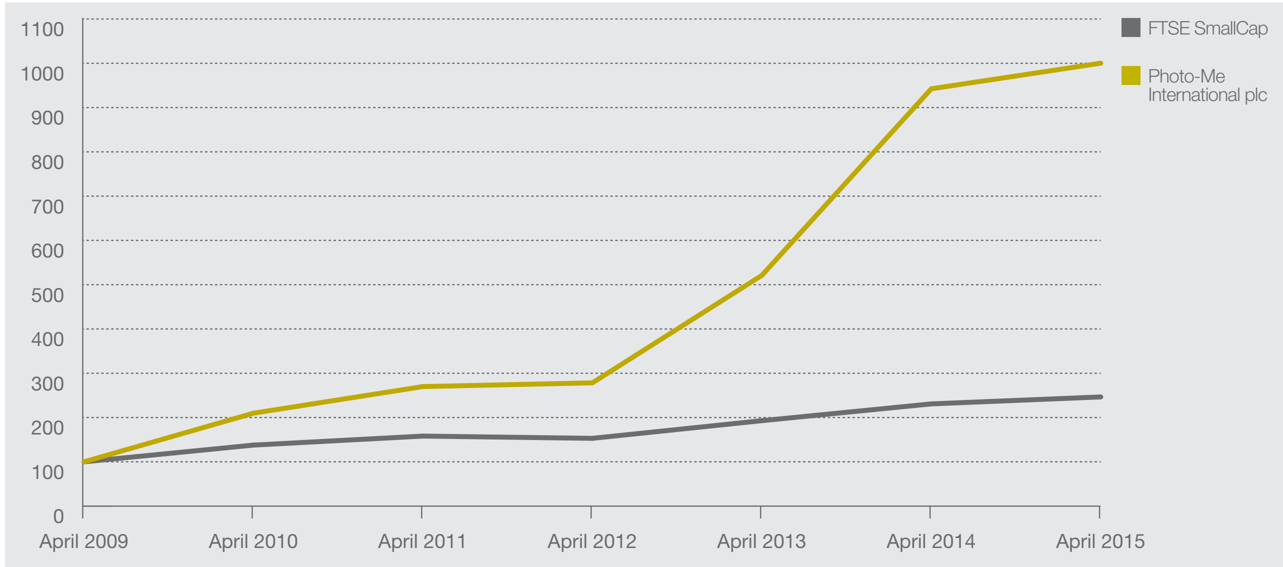
Percentage increase in the remuneration of the Chief Executive Officer
The table below shows the change in the salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial year compared with the change for a comparator group of selected employees of the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

Element of remuneration	**Chief Executive Officer % change**	**Employees % change[2]**
Salary	+5%	+1.72%
Benefits	+11.2%	+1.03%
Annual bonus	+5%	-5.49%

[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 six 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 2015, 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 six-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]**
2015	**Serge Crasnianski**	**1,031,628**	**100%**	**–**
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%	–

[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 2015, 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 Officer 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.

Remuneration Report
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 page 22. 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	4 (4)
Jean-Marcel Denis	Non-executive Director	1 March 2012	1 (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 subsidiary companies 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 £12,790 in respect of advice given to the Remuneration Committee, and £26,855 in respect of the design and implementation of the 2014 share option plan.

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:

Resolution	Votes cast in favour	%	Votes cast against	%	Total votes cast (excludes withheld votes)	%	Votes[1] withheld
Directors' remuneration report (excluding the Remuneration policy)	293,285,488	91.56	27,019,236	8.44	320,304,724	100.00	471,947
Remuneration policy	316,046,505	98.59	4,526,296	1.41	320,572,801	100.00	203,870
Renewal of Executive Share Option Scheme	320,371,408	99.95	174,557	0.05	320,545,965	100.00	230,706

[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
24 June 2015

Statement of Directors' Responsibilities

The directors of the Company, who are named on page 22, 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 page 22, 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 29.

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 65 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 2014/2015 consolidated financial statements.

By order of the Board

John Lewis
Non-executive Chairman
24 June 2015

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 2015 set out on pages 52 to 104.
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 2015 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 Japan goodwill (£7,245,000)
Refer to page 28 (Audit Committee Report), page 60 (accounting policy) and pages 72 to 73 (financial disclosures)

- The risk - There is a risk over the recoverability of the Group's goodwill balance in relation to Nippon Auto-Photo Kabushiki Kasisha (Japan) due to the effect of changing exchange rates on the recoverable amount of GBP denominated goodwill. 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 testing the Group's budgeting procedures upon which the forecasts are based, the principles and integrity of the Group's discounted cash flow model and the foreign exchange translation for the purpose of testing the recoverability of the GBP denominated goodwill. 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.

Estimation of provisions (£5,557,000)
Refer to page 28 (Audit Committee Report), page 64 (accounting policy) and page 98 (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, in respect of employee and other legal claims, discussion with the Board of directors and the Company Secretary of all known liabilities and potential liabilities on claims where the recognition criteria for a provision has not been met . In addition, discussions were held with key management at each key component of the Group to understand their view of actual and potential claims that they are aware of. 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 similar claim settlements. We obtained confirmations of the expected liabilities 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 and 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 carrying value of photobooths and vending machines (£43,087,000)
Refer to page 28 (Audit Committee Report), page 61 (accounting policy) and pages 76 to 77 (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 in specific countries if they are not generating sufficient cash flows due, for example, to changes in technology and/or changes in demand. Demand is principally affected by changes in consumer preference for the primary product of printed photographs and country-specific regulation. Due to the significance of the amounts, the Group carries out cash flow forecasts at a country-specific entity level to determine whether an impairment trigger exists and therefore whether more detailed impairment testing is required.
- Our response - Our audit procedures included comparing the aggregate carrying value of the photobooths and vending machines in each entity against the profit before tax and depreciation in the year of that entity. Where the carrying value of photobooths and vending machines of an entity were more than double profit before tax and depreciation, we discussed the Group's future plans for the assets and challenged the Group's assessment of whether an impairment trigger existed based on our knowledge and experience of the Group and past performance and 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 £2.3m. This has been determined with reference to a benchmark of Group profit before taxation of £35m, of which it represents 6.6%.

We report to the audit committee any corrected or uncorrected identified misstatements exceeding £115,000, in addition to other identified misstatements that warrant reporting on qualitative grounds.

Of the Group's 30 reporting components, we subjected 5 to audits for Group reporting purposes and 6 to specified risk-focused audit procedures. The latter were not individually financially significant enough to require an audit for Group reporting purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the following percentages of the Group's results:

	Group revenue	Group profit before tax	Group total assets
Audits for Group reporting purposes	87%	89%	90%
Risk specified audit procedures	8%	5%	8%
Total	95%	94%	98%

The remaining 5% of total Group revenue, 6% of Group profit before tax and 2% of total Group assets is represented by 19 reporting components, none of which individually represented more than 1.2% of any of total Group revenue, Group profit before tax or total Group assets. For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £1m to £1.2m, having regard to the mix of size and risk profile of the Group across the components. The work on 10 of the 30 components was performed by component auditors and the rest by the Group audit team.

Telephone conference meetings were held with these component auditors. At these meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

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 47, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 26 to 29 relating to the Company's compliance with the ten provisions of the 2012 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 47, 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/auditscopeukco2014a, 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

24 June 2015

Financial Statements

We’re taking care of our investment

We ensure that all our on-site equipment is serviced and maintained to fulfil our customers expectations

Group Statement of Comprehensive Income
for the year ended 30 April 2015

	Notes	2015 £'000	2014 £'000
Revenue	3	**177,202**	186,598
Cost of sales		**(129,638)**	(139,400)
Gross profit		**47,564**	47,198
Other operating income	4	**1,166**	1,420
Administrative expenses		**(10,524)**	(18,513)
Share of post-tax profits from associates	14	**164**	161
Operating profit		**38,370**	30,266
Analysed as:			
Operating profit before special items		**34,886**	30,266
Profit on sale of land		**3,484**	–
Operating profit after special items		**38,370**	30,266
Finance revenue	6	**191**	227
Finance cost	6	**(65)**	(400)
Profit before tax		**38,496**	30,093
Total tax charge	7	**(10,452)**	(8,514)
Profit for year		**28,044**	21,579
Other comprehensive income			
Items that are or may subsequently be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		**(6,779)**	(4,803)
Total items that are or may subsequently be classified to profit and loss		**(6,779)**	(4,803)
Items that will not be classified to profit and loss:			
Remeasurement losses in defined benefit obligations and other post-employment benefit obligations		**(860)**	(67)
Deferred tax on remeasurement gains/(losses)		**221**	(11)
Total items that will not be classified to profit and loss		**(639)**	(78)
Other comprehensive expense (net of tax)		**(7,418)**	(4,881)
Total comprehensive income for the year		**20,626**	16,698
Profit for the year attributable to:			
Owners of the Parent		**27,900**	21,422
Non-controlling interests		**144**	157
		28,044	21,579
Total comprehensive income attributable to:			
Owners of the Parent		**20,605**	16,579
Non-controlling interests		**21**	119
		20,626	16,698
Earnings per share			
Basic earnings per share	10	**7.49p**	5.77p
Diluted earnings per share	10	**7.43p**	5.70p

All results derive from continuing operations.

The notes on pages 58 to 104 are an integral part of these consolidated financial statements.

Statements of Financial Position
for the year ended 30 April 2015

		Group		Company	
	Notes	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Assets					
Non-current assets					
Goodwill	11	**10,180**	9,911	**–**	–
Other intangible assets	11	**6,507**	5,776	**5,179**	5,502
Property, plant & equipment	12	**48,263**	46,529	**8,480**	8,481
Investment property	13	**458**	516	**–**	–
Investment in - associates	14	**848**	620	**257**	257
- subsidiaries	14	**–**	–	**41,690**	41,617
Other financial assets - held to maturity	15	**2,220**	2,334	**967**	963
- available for sale	15	**70**	78	**–**	–
Deferred tax assets	24	**3,512**	4,231	**1,702**	2,334
Trade and other receivables	16	**1,684**	1,831	**–**	–
		73,742	71,826	**58,275**	59,154
Current assets					
Inventories	17	**12,099**	11,196	**814**	850
Trade and other receivables	16	**10,874**	14,345	**7,991**	6,031
Other financial assets - available for sale	15	**–**	86	**–**	1
Current tax		**869**	57	**–**	–
Cash and cash equivalents	18	**58,632**	60,996	**20,938**	19,920
		82,474	86,680	**29,743**	26,802
Assets held for sale	30	**–**	705	**–**	705
Total assets		**156,216**	159,211	**88,018**	86,661
Equity					
Share capital	20	**1,866**	1,859	**1,866**	1,859
Share premium		**7,131**	6,521	**7,131**	6,521
Translation and other reserves		**4,766**	11,402	**1,399**	1,172
Retained earnings		**89,744**	83,332	**55,163**	56,470
Equity attributable to owners of the Parent		**103,507**	103,114	**65,559**	66,022
Non-controlling interests		**904**	1,119	**–**	–
Total equity		**104,411**	104,233	**65,559**	66,022
Liabilities					
Non-current liabilities					
Financial liabilities	21	**124**	64	**–**	–
Post-employment benefit obligations	22	**4,291**	3,418	**–**	–
Provisions	23	**17**	10	**17**	10
Deferred tax liabilities	24	**1,067**	1,381	**–**	–
Trade and other payables	25	**2,050**	3,840	**–**	–
		7,549	8,713	**17**	10
Current liabilities					
Financial liabilities	21	**59**	240	**–**	–
Provisions	23	**5,540**	8,256	**–**	–
Current tax		**5,981**	5,457	**1,128**	570
Trade and other payables	25	**32,676**	32,312	**21,314**	20,059
		44,256	46,265	**22,442**	20,629
Total equity and liabilities		**156,216**	159,211	**88,018**	86,661

The accounts were approved by the Board on 24 June 2015.

Serge Crasnianski
Chief Executive Officer

Françoise Coutaz-Replan
Group Finance Director

The notes on pages 58 to 104 are an integral part of these consolidated financial statements.

Group Statement of Cash Flows
for the year ended 30 April 2015

	Notes	2015 £'000	2014 £'000
Cash flow from operating activities			
Profit before tax		**38,496**	30,093
Finance cost		**65**	400
Finance revenue		**(191)**	(227)
Operating profit		**38,370**	30,266
Share of post tax profit from associates		**(164)**	(161)
Amortisation of intangible assets		**2,092**	3,034
Depreciation of property, plant and equipment		**14,789**	14,503
(Loss)/profit on sale of property, plant and equipment		**(3,510)**	198
Exchange differences		**(1,996)**	(1,546)
Other items		**(876)**	(46)
Changes in working capital:			
Inventories		**(1,910)**	1,485
Trade and other receivables		**2,587**	(2,310)
Trade and other payables		**451**	32
Provisions		**(671)**	143
Cash generated from operations		**49,162**	45,598
Interest paid		**(64)**	(95)
Taxation paid		**(9,124)**	(9,916)
Net cash generated from operating activities		**39,974**	35,587
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired		**(422)**	–
Investment in associates		**(146)**	(121)
Investment in intangible assets		**(3,641)**	(2,007)
Proceeds from sale of intangible assets		**1**	3
Purchase of property, plant and equipment		**(19,833)**	(19,153)
Proceeds from sale of property, plant and equipment		**5,623**	781
Proceeds of sale of subsidiaries net of cash sold		**32**	–
Interest received		**189**	227
Dividends received from associates		**96**	63
Net cash generated from investing activities		**(18,101)**	(20,207)
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**617**	237
Repayment of capital element of finance leases		**(78)**	(90)
Repayment of borrowings		**(158)**	(449)
Decrease in assets held to maturity		**76**	83
Dividends paid to owners of the Parent	9	**(21,381)**	(11,140)
Dividends paid to non-controlling interests		**(158)**	(197)
Net cash utilised in financing activities		**(21,082)**	(11,556)
Net increase in cash and cash equivalents		**791**	3,824
Cash and cash equivalents at beginning of year		**60,996**	59,651
Exchange loss on cash and cash equivalents		**(3,155)**	(2,479)
Cash and cash equivalents at end of year	18	**58,632**	60,996

The notes on pages 58 to 104 are an integral part of these consolidated financial statements.

Company Statement of Cash Flows
for the year ended 30 April 2015

	Notes	2015 £'000	2014 £'000
Cash flow from operating activities			
Profit before tax		**22,481**	20,296
Finance cost		**191**	383
Finance revenue		**(205)**	(185)
Dividends and other items		**(8,430)**	(13,611)
Operating profit		**14,037**	6,883
Amortisation of intangible assets		**702**	631
Depreciation of property, plant and equipment		**3,054**	2,627
Loss/(profit) on sale of property, plant and equipment		**(3,601)**	123
Movement in investment provisions and other items		**145**	19
Changes in working capital:			
Inventories		**36**	42
Trade and other receivables		**(1,960)**	(334)
Trade and other payables		**(6,355)**	5,642
Provisions		**7**	6
Cash generated from operations		**6,065**	15,639
Interest paid		**(32)**	(78)
Taxation paid		**(1,364)**	(1,782)
Net cash generated from operating activities		**4,669**	13,779
Cash flows from investing activities			
Investment in subsidiaries		**(4)**	(60)
Investment in associates		**–**	(121)
Purchase of intangible assets		**(379)**	(6,114)
Purchase of property, plant and equipment		**(3,259)**	(4,178)
Proceeds from sale of property, plant and equipment		**4,513**	175
Interest received		**109**	122
Dividends received from associates and subsidiaries		**8,526**	13,674
Net cash generated from investing activities		**9,506**	3,498
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**617**	237
Borrowings from subsidiaries		**7,611**	–
Repayment of borrowings from subsidiaries		**–**	(1,950)
Increase in assets held to maturity		**(4)**	(5)
Dividends paid to owners of the Parent	9	**(21,381)**	(11,140)
Net cash utilised in financing activities		**(13,157)**	(12,858)
Net increase in cash and cash equivalents		**1,018**	4,419
Cash and cash equivalents at beginning of year		**19,920**	15,501
Cash and cash equivalents at end of year	18	**20,938**	19,920

Financial Statements

Group Statement of Changes in Equity
for the year ended 30 April 2015

	Share capital £'000	Share premium £'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 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 gains	–	–	–	–	(11)	(11)	–	(11)
Total other comprehensive (expense)/income	–	–	(556)	(4,765)	478	(4,843)	(38)	(4,881)
Total comprehensive (expense)/income	–	–	(556)	(4,765)	21,900	16,579	119	16,698
Transactions with owners of the Parent								
Shares issued in the 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
At 1 May 2014	**1,859**	**6,521**	**1,874**	**9,528**	**83,332**	**103,114**	**1,119**	**104,233**
Profit for year	**–**	**–**	**–**	**–**	**27,900**	**27,900**	**144**	**28,044**
Other comprehensive (expense)/income								
Exchange differences	**–**	**–**	**–**	**(6,656)**	**–**	**(6,656)**	**(123)**	**(6,779)**
Translation reserve taken to income statement on disposal of subsidiaries	**–**	**–**	**–**	**20**	**(20)**	**–**	**–**	**–**
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	**–**	**–**	**–**	**–**	**(860)**	**(860)**	**–**	**(860)**
Deferred tax on remeasurement gains	**–**	**–**	**–**	**–**	**221**	**221**	**–**	**221**
Total other comprehensive (expense)/income	**–**	**–**	**–**	**(6,636)**	**(659)**	**(7,295)**	**(123)**	**(7,418)**
Total comprehensive (expense)/income	**–**	**–**	**–**	**(6,636)**	**27,241**	**20,605**	**21**	**20,626**
Transactions with owners of the Parent								
Shares issued in the period	**7**	**610**	**–**	**–**	**–**	**617**	**–**	**617**
Share options	**–**	**–**	**–**	**–**	**371**	**371**	**–**	**371**
Deferred tax on share options	**–**	**–**	**–**	**–**	**181**	**181**	**–**	**181**
Dividends	**–**	**–**	**–**	**–**	**(21,381)**	**(21,381)**	**(158)**	**(21,539)**
Disposal of minority	**–**	**–**	**–**	**–**	**–**	**–**	**(78)**	**(78)**
Total transactions with owners of the Parent	**7**	**610**	**–**	**–**	**(20,829)**	**(20,212)**	**(236)**	**(20,448)**
At 30 April 2015	**1,866**	**7,131**	**1,874**	**2,892**	**89,744**	**103,507**	**904**	**104,411**

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 104 are an integral part of these consolidated financial statements.
Details of share capital and reserves are given in note 20.

Photo-Me International plc
Annual Report & Accounts 2015

Company Statement of Changes in Equity
for the year ended 30 April 2015

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At May 1 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 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 contributions 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
At May 1 2014	**1,859**	**6,521**	**1,172**	**56,470**	**66,022**
Profit for year	**–**	**–**	**–**	**19,749**	**19,749**
Other comprehensive expense	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for year	**–**	**–**	**–**	**19,749**	**19,749**
Transactions with owners of the Parent					
Shares issued in period	**7**	**610**	**–**	**–**	**617**
Share options	**–**	**–**	**–**	**144**	**144**
Deferred tax on share options	**–**	**–**	**–**	**181**	**181**
Capital contributions relating to share-based payments (net of disposals)	**–**	**–**	**227**	**–**	**227**
Dividends	**–**	**–**	**–**	**(21,381)**	**(21,381)**
Total transactions with owners of the Parent	**7**	**610**	**227**	**(21,056)**	**(20,212)**
At 30 April 2015	**1,866**	**7,131**	**1,399**	**55,163**	**65,559**

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

Notes to the Financial Statements
for the year ended 30 April 2015

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 2015 were authorised for issue by the directors on 24 June 2015 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 23.

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, unless otherwise stated, to all of the statements presented. New standards adopted for this financial year are shown in note 2 on page 65.

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.
   The recoverable amount of cash generating units (cgus) has been determined by management based on a value in use basis. These calculations require estimates by management, including management's expectations of future growth in revenue, costs and profit margins, cash flows and discount rates.
2) Development costs – notes 1.4 and 11.
3) Depreciation and impairment of property, plant and equipment – notes 1.5, 12 and 13.
   Management make estimates of the useful life of capitalised development costs and property, plant and equipment as disclosed below in notes 1.4 and 1.5.Technogical developments and regulatory changes can impact on the lives of the vending estate. Management consider these factors in assessing the useful lives of the asset.
4) Taxation – notes 1.17, 7 and 24.
5) Provisions – note 23.
   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 will be required to settle the obligation and the amount can be reliably estimated. In respect of claims, litigation and other provisions, including property restitution, management make estimates based on anticipated costs where it is considered that an outflow of resources is probable. For all risks the ultimate liability may vary from the amount provided and will be dependent upon the eventual outcome of any settlement.

Photo-Me International plc
Annual Report & Accounts 2015

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 controlled by the Group. The Group controls an entity when it is exposed to, or has rights to variable returns form its involvement with the entity and has the ability to affect those returns through its power over the entity. In accessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date of control ceases. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a negative balance.

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

Changes in ownership of subsidiaries and loss of control
Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit and loss. Any interest retained in a subsidiary is measured at fair value when control is lost.

The Group uses the acquisition method of accounting to account for business combinations. Acquisition costs for business combinations are expensed as incurred. The consideration transferred for the acquisition of a subsidiary is the fair vale of the assets acquired, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values on acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquiree's previously held interest in the acquire is re-measured to fair value at the acquisition date, with such gains or losses arising from re-measurement recognised in profit and loss.

Transactions eliminated on consolidation
Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.
Where necessary subsidiaries' accounting policies have been changed to ensure consistency with the Group's policies.

Associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.
Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Application of the equity method to associates and joint ventures
Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

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

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.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

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 2015 and 2014.

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 of the subsidiary or associate.

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. Pre 1 May 2004 goodwill was treated as a Sterling asset and is included in these financial statements at that value less any subsequent impairment.

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 disposal, 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.

Where a Group company acts as a lessor the lease is classified as finance or operating lease and accounted for as follows.

When assets are leased out under a finance lease, the present value of the lease payments are recognised as a receivable. The rental is allocated between finance income and repayment of capital in each accounting period using the actuarial method, such that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

Lease income on operating leases is recognised over the term of the lease on a straight-line basis and the asset is included in the statement of financial position based on the nature of the asset.

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.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

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.

Photo-Me International plc
Annual Report & Accounts 2015

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
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 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.

1.15 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.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

1 Accounting policies (continued)
1.15 Employee benefits (continued)
Equity compensation benefits (continued)
The grant by the Company of options over its equity instruments (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, and held in machines up to the year-end date, 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.

Interest income is recognised using the effective interest method and mainly consists of bank interest. It is accounted for as finance income.

Photo-Me International plc
Annual Report & Accounts 2015

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.

1.22 Dividend distributions
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.

1.25 Specific items
The Group's Statement of Comprehensive Income and segmental analysis show operating profit before and after specific items. The presentation and use of specific items is a non-GAAP measure and the use of this measure may not be comparable to similarly titled measures used by other companies. Specific items are those that in management's judgement need to be disclosed separately by virtue of their size, nature or incidence. Management determines whether an item is specific and warrants separate disclosure by considering both qualitative and quantitative factors, such as the frequency or predictability of occurrence. This is consistent with the way operating performance is presented and reported to management.

The directors believe that the presentation of the Group's results in this way is relevant to an understanding of the Group's performance, as specific items are identified by their size, nature or incidence.

For those years where specific items are shown in the Group Statement of Comprehensive Income an alternative earning per share is shown in the earnings per share note. Alternative earnings per share and alternative diluted earnings per share are shown and are calculated on earnings available to Ordinary shareholders excluding specific items.

2 New standards, amendments and interpretations
New and amended standards adopted by the Group
The Group has adopted the following standards, amendments and interpretations for the first time in these financial statements, none of which has had an impact on the consolidated financial statements.

- IAS 32 Offsetting Financial Assets and Financial Liabilities (amendments)
- IAS 36 Recoverable Amount Disclosures for Non-financial Assets (amendments)
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (amendments)

The directors have decided to change the way segment information is presented in these financial statements from an operations basis (operations, sales and service) to a geographical basis as this change reflects how business performance is presented to the Chief Operating Decision Maker (CODM) and the Board of directors with effect from 1 May 2014. The comparative segment analysis (note 3) below has been restated to reflect the new way of reporting segment information.

The directors have also changed the way operating lease commitments and expenses are presented with regard to commission agreements with site owners where the agreement covers a period greater than one year (notes 26 and 4). Comparative figures have been restated.

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, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. IFRS 9 will eventually replace IAS 39. IFRS 9 has an effective date of 1 January 2018 and the EU will only endorse the standard when all parts of the project have been issued and ratified by the EU. IFRS 15 has an effective date of 1 January 2017 but may be extended by one year as a result of a recent IASB Exposure Draft and has not yet been endorsed by the EU. Once approved by the EU it can be adopted early. The subject of this standard is revenue recognition and establishes principles for reporting information about the nature, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Group currently expects this standard not to have a material impact for the Group. Revenue is recognised when a customer obtains control of goods and services and thus has the ability to direct the use and obtain benefits from the goods or services supplied. The IASB continues with its intention to issue a revised standard on leasing, but to date no new standard has been issued.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

3 Segmental analysis
IFRS 8 requires operating segments to be identified, based on information presented to the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and monitor performance. As noted above the directors have decided to change how segmental analysis is reported to the CODM. Comparative information has been restated to reflect the new geographical presentation of segmental information.

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:

	Asia £'000	Europe £'000	United Kingdom & Ireland £'000	Total £'000
2015				
Total revenue	38,925	100,127	44,867	183,919
Inter-segment sales	(720)	(5,782)	(215)	(6,717)
Revenue from external customers	38,205	94,345	44,652	177,202
EBITDA	10,232	32,013	11,810	54,055
Depreciation and amortisation	(3,465)	(9,967)	(3,359)	(16,791)
Operating profit excluding associates	6,767	22,046	8,451	37,264
Share of post-tax profits from associates				164
Corporate costs excluding depreciation and amortisation				1,032
Corporate depreciation and amortisation				(90)
Operating profit				38,370
Finance revenue				191
Finance costs				(65)
Profit before tax				38,496
Tax				(10,452)
Profit for year				28,044
Capital expenditure	3,895	14,193	3,799	21,887
Corporate capital expenditure				1,729
Total capital expenditure				23,616

Included in corporate costs for April 2015 is the profit on sale of vacant land at the Bookham site of £3,484,000.

Reconciliation of operating profit

	Asia £'000	Europe £'000	United Kingdom & Ireland £'000	Total £'000
Operating profit before associates	6,768	22,045	8,453	37,266
Share of post-tax profits from associates	164	–	–	164
Corporate operating profit	–	1,012	(72)	940
Total operating profit	6,932	23,057	8,381	38,370

Photo-Me International plc
Annual Report & Accounts 2015

	Asia £'000	Europe £'000	United Kingdom & Ireland £'000	Total £'000
2014 Restated				
Total revenue	39,558	108,623	45,453	193,634
Inter-segment sales	(819)	(5,691)	(526)	(7,036)
Revenue from external customers	38,739	102,932	44,927	186,598
EBITDA	10,060	31,016	10,313	51,389
Depreciation and amortisation	(4,525)	(9,838)	(2,826)	(17,189)
Operating profit excluding associates	5,535	21,178	7,487	34,200
Share of post-tax profits 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	3,449	12,884	4,704	21,037
Corporate capital expenditure				222
Total capital expenditure				21,259

Restated - as per note 2 and above

Reconciliation of operating profit

	Asia £'000	Europe £'000	United Kingdom & Ireland £'000	Total £'000
Operating profit before associates	5,535	21,178	7,487	34,200
Share of post-tax profits from associates	161	–	–	161
Corporate operating profit	–	747	(4,842)	(4,095)
Total operating profit	5,696	21,925	2,645	30,266

Inter-segment revenue mainly relates to sales of equipment.
The Parent Company is domiciled in the UK. Total revenue from external customers is as follows:

	Group 2015 £'000	2014 £'000
Total revenue from external customers		
Asia and rest of the world	38,205	38,739
Europe	96,265	105,169
UK	42,732	42,690
	177,202	186,598

Notes to the Financial Statements
for the year ended 30 April 2015
continued

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

	2015 £'000	2014 £'000
Amortisation, depreciation and impairment		
Amortisation of previously capitalised research and development expenditure	1,678	2,734
Amortisation of intangible assets other than research and development	414	300
	2,092	3,034
Depreciation of property, plant and equipment		
- owned	14,709	14,411
- leased	80	92
	14,789	14,503

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

Amortisation of intangible assets other than research and development.

	2015	2014
- reflected in income statement in cost of sales	206	109
- reflected in income statement in administrative expenses	208	191
	414	300

	2015 £'000	Restated 2014 £'000
Operating lease rentals		
- property	462	519
- plant and equipment	966	1,000
	1,428	1,519
Restated as per note 2		
Inventory cost		
Cost of inventories recognised as an expense	12,575	17,346
Inventory provision reversed	–	(14)
	12,575	17,332

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

	2015 £'000	2014 £'000
Other items		
Research and development current year expenditure, not capitalised	377	245
Own work capitalised	(2,613)	(2,902)
Trade receivables impairment (note 15)	292	(35)
Net foreign exchange (gains)	(956)	(445)
(Gains)/losses on sale of property, plant and equipment	(3,510)	198
Direct expenses for investment properties generating rental income	68	78

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.

	2015 £'000	2014 £'000
Audit of these financial statements	162	159
Fees payable to the Company's auditor and its associates for other services		
- audit of the Company's subsidiaries pursuant to legislation	151	169
- other services	57	32
	370	360

	2015 £'000	2014 £'000
Audit fee of the Company	60	58

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:

	2015 £'000	2014 £'000
Audit fees	89	85
Other services	3	3
	92	88

Summary

	2015 £'000	2014 £'000
Total fees paid or payable to all of the Group's auditors for audit and other services were	462	448

Other operating income

	2015 £'000	2014 £'000
Other operating income	1,166	1,420

Other operating income principally includes rental income from investment property (note 13)

Specific Items
Specific items are as follows:

	2015 £'000	2014 £'000
Profit on sale of land	3,484	–
Total	3,484	–

Specific items are those that in management's judgement need to be disclosed separately by virtue of their size, nature or incidence. Management determines whether an item is specific and warrants separate disclosure by considering both qualitative and quantitative factors, such as the frequency or predictability of occurrence.

In the year ended 30 April 2015 the Company sold its vacant land at the Bookham site.

5 Employees
Staff costs, including costs relating to the Group's key management personnel, who comprise the directors of the Parent Company, during the year amounted to:

	Group	
	2015 £'000	2014 £'000
Wages and salaries	32,031	35,410
Social security costs	7,242	7,701
Share options granted to directors and employees	371	277
Post employment benefit costs		
- defined benefit schemes	247	189
- defined contribution schemes	218	181
- other post-employment costs	191	79
	40,300	43,837

Notes to the Financial Statements
for the year ended 30 April 2015
continued

5 Employees (continued)

Directors' emoluments

Full details of directors' remuneration and share options are given in the Remuneration Report on pages 34 to 46.
The average number of employees during the year (including executive directors) comprised:

	Group	
	2015 £'000	2014 £'000
Full - time	**924**	974
Part - time	**164**	136
	1,088	1,110
UK : full - time	**264**	282
UK : part - time	**11**	11
Europe : full - time	**515**	544
Europe : part - time	**42**	23
Asia and rest of the world : full - time	**146**	147
Asia and rest of the world : part - time	**110**	103
	1,088	1,110

6 Finance revenue and costs

	2015 £'000	2014 £'000
Finance Revenue		
Bank interest	**170**	191
Other interest	**19**	36
Other financial income	**2**	–
	191	227
Finance costs		
Bank loans and overdrafts at amortised cost	**52**	77
Other loans at amortised costs	**12**	18
Provision on investments and other finance charges	**1**	305
	65	400

7 Taxation expense

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

	2015 £'000	2014 £'000
Taxation		
Current taxation		
UK Corporation tax		
- current year	**2,164**	1,229
- prior years	**(144)**	4
	2,020	1,233
Overseas taxation		
- current year	**7,491**	8,675
- prior years	**(62)**	58
	7,429	8,733
Total current taxation	**9,449**	9,966
Deferred taxation		
Origination and reversal of temporary differences		
- current -year - UK	**1,103**	(1,550)
- current -year - overseas	**(123)**	29
Adjustments to estimated recoverable amounts of deferred tax assets arising in previous years		
- UK	**(56)**	(26)
- overseas	**79**	58
Impact of change in rate	**–**	37
Total deferred tax	**1,003**	(1,452)
Tax charge in the statement of comprehensive income	**10,452**	8,514

Tax relating to items charged to other components of comprehensive income

	2015 £'000	2014 £'000
Deferred tax		
Unexercised share options	**181**	–
Actuarial gains and losses on pension schemes	**221**	11
Tax credit in other comprehensive income	**402**	11

Reconciliation of total tax charge

The difference between the Group tax charge and the standard UK corporation tax rate of 20.9% (2014: 22.9%) is explained below:

	2015 £'000	2014 £'000
Profit before tax	**38,496**	30,093
Tax using the UK corporation tax rate of 20.9% (2014: 22.9%)	**8,052**	6,871
Effect of:		
- non-taxable items	**168**	122
- change in UK tax rates	**7**	242
- overseas tax rates	**2,648**	2,845
- losses not recognised in deferred tax (relieved)/incurred	**(125)**	(1,658)
- adjustments to tax in respect of prior years	**(298)**	92
Total tax charge	**10,452**	8,514
Effective tax rate	**27.2%**	28.3%

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 £19,749,000 (2014: £19,323,000), including dividends received from subsidiaries.

9 Dividends paid and proposed

	2015		2014	
	Pence per share	**£'000**	Pence per share	£'000
Interim				
2014 paid on 6 May 2014	**1.80**	**6,690**		
2013 paid on 7 May 2013			1.50	5,568
Final				
2014 paid on 7 November 2014	**1.95**	**7,257**		
2013 paid on 7 November 2013			1.50	5,572
Special				
paid on 15 May 2014	**2.00**	**7,434**		
	5.75	**21,381**	3.00	11,140

Year ended 30 April 2015 – Proposed dividends not yet paid

The Board declared an interim dividend of 2.34p per share for the year ended 30 April 2015, amounting to £8,734,000 which was paid on 14 May 2015. The Board proposes a final dividend for the year ended 30 April 2015 of 2.54p per share, which is subject to shareholders' approval at the Annual General Meeting to be held on 21 October 2015.

Year ended 30 April 2014 – Paid after 30 April 2014

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 proposed a final dividend for the year ended 30 April 2014 of 1.95p per share, amounting to £7,257,000 which was paid on 7 November 2014.The Board proposed a special dividend of 2.00p per share amounting to £7,434,000, which was paid on 15 May 2014.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

10 Earnings per share
Basic earnings per share amounts are calculated by dividing net earnings attributable to shareholders of the Parent of £27,900,000 (2014:£21,422,000) by the weighted average number of shares in issue during the year, excluding those held, where applicable, as treasury shares. Diluted earnings per share amounts are calculated by dividing the net earnings attributable to shareholders of the Parent by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential shares into shares. The Group has only one category of dilutive potential 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:

	2015			2014		
	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	**27,900**	**372,381**	**7.49**	21,422	371,506	5.77
Effect of dilutive share options		**3,314**	**(0.06)**		4,330	(0.07)
Diluted earnings per share	**27,900**	**375,695**	**7.43**	21,422	375,836	5.70

Potential shares (for example, arising from exercising share options) are treated as dilutive only when their conversion to shares would decrease basic earnings per share or increase loss per share from continuing operations.

Alternative earnings per share
The table below reconciles earnings per share (EPS) and diluted earnings per share (DPS) before and after specific items. There were no specific items in the year ended 30 April 2014.

	2015			2014		
	£'000	**EPS**	**DPS**	£'000	EPS	DPS
Earnings available to shareholders	**27,900**	**7.49**	**7.43**	21,422	5.77	5.70
Special items net of tax	**(2,752)**	**(0.74)**	**(0.73)**	–	–	–
Earnings after special items	**25,148**	**6.75**	**6.70**	21,422	5.77	5.70

Specific items for the year ended 30 April 2015 relate to the sale of vacant land at the Bookham site. The contract for £4,200,000 was exchanged on 5 June 2014 with cash settlement on completion one month later.

11 Goodwill and other intangible assets
Goodwill
Group

	£'000
Cost:	
At 1 May 2013	10,281
Exchange difference	(72)
At 30 April 2014	10,209
At 1 May 2014	10,209
Exchange difference	(246)
Additions	513
At 30 April 2015	**10,476**
Impairment charges:	
At 1 May 2013	301
Exchange difference	(3)
At 30 April 2014	298
At 1 May 2014	298
Exchange difference	(2)
At 30 April 2015	**296**
Net book value:	
At 1 May 2015	**10,180**
At 1 May 2014	9,911
At 1 May 2013	9,980

The addition to goodwill in 2015 relates to the acquisition of operations in Switzerland as shown in note 31.

Company
The Company has no goodwill.

Goodwill by segments and 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 seven (2014: six) cash-generating units (CGUs); allocated between operations and sales & servicing in accordance with impairment testing in the prior year:

	Total	
Carrying amount	**2015 £'000**	2014 £'000
UK & Ireland		
CGU 1	**154**	154
CGU 2	**14**	14
CGU 3	**317**	317
Total UK & Ireland	**485**	485
Continental Europe		
CGU 1 - France	**261**	294
CGU 2 - Germany	**1,676**	1,887
CGU 3 - Switzerland	**513**	–
Total Continental Europe	**2,450**	2,181
Asia		
CGU 1 - Japan	**7,245**	7,245
Total Asia	**7,245**	7,245
Total	**10,180**	9,911

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% (2014: 3%)
The growth rate has been determined based on a conservative basis for 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% (2014: 8–11%)
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: United Kingdom 9.5% (2014: 9.0%), Ireland 8.7% (2014: 8.0%), France 8.4% (2014: 10.0%), Germany 8.1% (2014: 8.0%), Switzerland 7.8% (2014: 0%) and Japan 8.3% (2014: 8.0%). 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 no impairment losses were recognised in 2015 (2014: none).

Notes to the Financial Statements
for the year ended 30 April 2015
continued

11 Goodwill and other intangible assets (continued)
Other intangible assets
Group

	Research & development costs £'000	Other intangible assets £'000	Total £'000
Cost:			
At 1 May 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
At 1 May 2014	**7,607**	**7,112**	**14,719**
Exchange differences	**(742)**	**(479)**	**(1,221)**
Additions			
- internally generated	**2,560**	**–**	**2,560**
- external	**–**	**1,081**	**1,081**
Reclassifications	**–**	**(8)**	**(8)**
Disposals	**(1,149)**	**(121)**	**(1,270)**
At 30 April 2015	**8,276**	**7,585**	**15,861**
Amortisation:			
At 1 May 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
At 1 May 2014	**5,374**	**3,569**	**8,943**
Exchange differences	**(604)**	**(160)**	**(764)**
Provided during year	**1,678**	**414**	**2,092**
Disposals	**(814)**	**(95)**	**(909)**
Reclassifications	**–**	**(8)**	**(8)**
At 30 April 2015	**5,634**	**3,720**	**9,354**
Net book value:			
At 30 April 2015	**2,642**	**3,865**	**6,507**
At 30 April 2014	2,233	3,543	5,776
At 30 April 2013	3,676	3,059	6,735

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 £2,194,000 corresponding to droit de bail (2014: £2,068,000 and 2013: £2,119,000).

Droit de bail, which occur in France, are payments made for the right to occupy a space to site vending equipment. 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.

Photo-Me International plc
Annual Report & Accounts 2015

Company

	Other intangible assets £'000	Patents & trade marks £'000	Total £'000
Cost:			
At 1 May 2013	942	–	942
Additions			
- internally generated	108	5,506	5,614
- external	500	–	500
Disposals			
- external	(241)	–	(241)
At 30 April 2014	1,309	5,506	6,815
At 1 May 2014	**1,309**	**5,506**	**6,815**
Additions			
- external	**379**	**–**	**379**
Disposals			
- external	**(88)**	**–**	**(88)**
At 30 April 2015	**1,600**	**5,506**	**7,106**
Amortisation:			
At 1 May 2013	921	–	921
Provided during year	80	551	631
Disposals			
- external	(239)	–	(239)
At 30 April 2014	762	551	1,313
At 1 May 2014	**762**	**551**	**1,313**
Provided during year	**152**	**550**	**702**
Disposals			
- external	**(88)**	**–**	**(88)**
At 30 April 2015	**826**	**1,101**	**1,927**
Net book value:			
At 30 April 2015	**774**	**4,405**	**5,179**
At 30 April 2014	547	4,955	5,502
At 30 April 2013	21	–	21

Financial Statements

Notes to the Financial Statements
for the year ended 30 April 2015
continued

12 Property, plant and equipment
Group

	Land & buildings £'000	Photobooths and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
At 1 May 2013	8,533	175,109	24,719	208,361
Exchange difference	(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**
Exchange difference	**(495)**	**(10,679)**	**(2,539)**	**(13,713)**
Additions				
- new subsidiaries	**–**	**1,516**	**90**	**1,606**
- internal	**–**	**2,613**	**–**	**2,613**
- external	**31**	**15,674**	**1,657**	**17,362**
Reclassifications	**–**	**–**	**8**	**8**
Disposals	**(387)**	**(12,253)**	**(409)**	**(13,049)**
At 30 April 2015	**6,413**	**165,899**	**23,747**	**196,059**
Depreciation				
At 1 May 2013	5,939	135,029	22,059	163,027
Exchange difference	(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**
Exchange difference	**(399)**	**(8,437)**	**(2,240)**	**(11,076)**
New subsidiary	**–**	**1,291**	**82**	**1,373**
Provided during year	**113**	**13,925**	**751**	**14,789**
Reclassifications	**–**	**–**	**8**	**8**
Disposals	**(386)**	**(11,305)**	**(310)**	**(12,001)**
At 30 April 2015	**5,066**	**122,812**	**19,918**	**147,796**
Net book value:				
At 30 April 2015	**1,347**	**43,087**	**3,829**	**48,263**
At 30 April 2014	1,526	41,690	3,313	46,529
At 30 April 2013	2,594	40,080	2,660	45,334

Internal additions for photobooths and vending machines of £2,613,000 (2014: £2,902,000) relate to own work capitalised, being equipment produced by the subsidiaries and capitalised by the Group companies.

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

	2015 Plant, machinery, furniture, fixtures and motor vehicles £'000	2014 Plant, machinery, furniture, fixtures and motor vehicles £'000
Net book value	**187**	133
Additions/reclassifications	**142**	99
Depreciation charge	**80**	92

Company

	Land & buildings £'000	Photobooths and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
At 1 May 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**
Additions				
- new subsidiaries	**–**	**–**	**–**	**–**
- internal	**–**	**3,056**	**–**	**3,056**
- external	**–**	**183**	**20**	**203**
Disposals				
- internal	**–**	**(451)**	**–**	**(451)**
- external	**(6)**	**(2,884)**	**(41)**	**(2,931)**
At 30 April 2015	**1,642**	**35,681**	**1,054**	**38,377**
Depreciation				
At 1 May 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**
Provided during year	**12**	**3,007**	**35**	**3,054**
Disposals				
- internal	**–**	**(319)**	**–**	**(319)**
- external	**–**	**(2,816)**	**(41)**	**(2,857)**
At 30 April 2015	**1,545**	**27,351**	**1,001**	**29,897**
Net book value:				
At 30 April 2015	**97**	**8,330**	**53**	**8,480**
At 30 April 2014	115	8,298	68	8,481
At 30 April 2013	1,045	6,775	111	7,931

Internal additions for photobooths and vending machines of £3,056,000 (2014: £3,879,000) relate to new equipment produced by subsidiaries and equipment previously capitalised by the Group's subsidiaries and sold to the Parent. Internal disposals relate to disposals to subsidiary companies.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

13 Investment property
Group

	£'000
Cost:	
At 1 May 2013	12,703
Exchange difference	(388)
At 30 April 2014	**12,315**
Exchange difference	**(1,379)**
At 30 April 2015	**10,936**
Depreciation:	
At 1 May 2013	11,980
Exchange difference	(371)
Provided during year	190
At 30 April 2014	**11,799**
Exchange difference	**(1,321)**
At 30 April 2015	**10,478**
Net book value:	
At 30 April 2015	**458**
At 30 April 2014	516
At 30 April 2013	723

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 2015 that net of the remaining deferred rental income creditor of €4,334,000 (£3,160,000), the property continues to be worth more than its £458,000 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 £946,000 (2014: £1,019,000) (note 4) and finance costs were £52,000 (2014: £77,000).

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:

	2015 £'000	2014 £'000
No later than one year	**888**	994
After one year but no more than five years	**2,664**	3,976
	3,552	4,970

Company
The Company has no investment property.

14 Investments in associates and subsidiaries
Investment in associates

Group

	£'000
Cost:	
At 30 April 2013	790
Exchange differences	(85)
Additions	121
Share of profits	161
Impairment	(304)
Dividends	(63)
At 30 April 2014	**620**
Exchange differences	**14**
Additions	**146**
Share of profits	**164**
Dividends	**(96)**
At 30 April 2015	**848**

Additions for 2015 relate to the investment in Stilla Technologies SA.

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 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	
At 30 April 2015						
Max Sight Ltd	Hong Kong	**460**	**98**	**585**	**137**	**33.33**
Photo Direct Pty Ltd	Australia	**499**	**198**	**1,938**	**28**	**26.95**
Stilla Technologies SA	France	**146**	**–**	**–**	**–**	**8.00**
Other associates		**80**	**41**	**105**	**(1)**	
		1,185	**337**	**2,628**	**164**	

Included in associates is an investment in Stilla Tecnnologies SA, a French company which provides researchers with a universal and flexible digital PCR (dPCR) solution for genetic testing. At 30 April 2015 the Group had made an initial investment giving it an interest of 8%.

Financial Statements

Notes to the Financial Statements
for the year ended 30 April 2015
continued

14 Investments in associates and subsidiaries (continued)
Investment in associates (continued)
Company

	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
Costs:			
At 1 May 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
Additions	–	4	4
Capital increase relating to share-based payment (net)	–	227	227
At 30 April 2015	407	42,793	43,200
Provision:			
At 1 May 2013	150	1,333	1,483
Increase	304	–	304
Reclassification	(304)	–	(304)
Decrease	–	(388)	(388)
At 30 April 2014	150	945	1,095
Increase	–	158	158
At 30 April 2015	150	1,103	1,253
Net book value:			
At 30 April 2015	257	41,690	41,947
At 30 April 2014	257	41,617	41,874
At 1 May 2013	440	41,409	41,849

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.

15 Financial instruments
Group Treasury
During the year ended 30 April 2015, the Group worked to set up a centralised Group Treasury Function which came into effect from 1 May 2015. The primary aim for this function is to manage liquidity and funding arrangements and the Group's exposure to associated financial and market risks, including credit risk, interest rate risk and foreign currency risk. The planned general approach for Group Treasury is one of risk reduction within a framework of delivering total shareholder return.

Treasury operations
Overview and policy
Treasury policy is set by the Board. Group treasury activities are subject to a set of controls appropriate for the magnitude of the borrowing, investments and Group-wide exposures. Initially the treasury function will limit itself to obtaining surplus cash from the subsidiaries and depositing this in a bank account owned by the Parent Company. Group Treasury may expand its activities and possibly look to finance the Group's capital expenditure programme. Depending on the exchange rate determined by the Board bank balances may be converted into sterling, thus creating an exchange rate exposure for the Parent but protecting the Group's total net cash position. The Board has defined an investment strategy, amounts and types of products to which the surplus cash may be invested, such as Government bonds.

The Board will monitor the performance of the Treasury function and will be responsible for making changes to the personnel and limits of authority of Treasury personnel.

The Board has provided written principles for overall risk management of the planned Treasury Function. It has also defined policies and procedures covering such areas as foreign exchange risk, interest rate risk, credit risk, the use of derivative instruments and investment of excess liquidity (surplus funds above the immediate and short –term operational funding needs, such as working capital requirements).

Liquidity risk
During the current year, the Board worked to set up a centralised Treasury Function, which came into effect from 1 May 2015. It is planned that surplus cash held by the operating subsidiaries, over and above balances required for working capital management would be transferred to Group Treasury. These funds may be kept in their local currency, or converted into sterling and kept in a Parent Company bank account, where overdrafts and bank balances are netted and interest paid or received on the net balance. Previously surplus cash was maintained by the operating subsidiaries and invested locally in suitable products, if not remitted to the Parent.

The key objective for Group Treasury will be to protect the principal value of cash and cash equivalents, to concentrate cash at the centre to minimise external borrowings, and to maximise the return on cash.

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.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

15(b) Financial statement risk management (continued)
Risk Management Framework (continued)
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. Once Group Treasury is operational (planned to start on 1 May 2015) surplus cash will be deposited with Group Treasury bank deposit accounts, formally these deposits were 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.

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	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
At 1 May	**327**	4,752	**846**	737
Exchange differences	**(37)**	(59)	**(11)**	–
Charged/(credited) to income statement	**292**	(35)	**(34)**	135
Utilised	**(197)**	(4,331)	**(86)**	(26)
At 30 April	**385**	327	**715**	846

At 30 April 2015, trade receivables of £535,000 (2014:£1,666,000) 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	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Current	**4,932**	8,198	**328**	1,326
Past due				
- overdue 1-30 days	**192**	471	**25**	33
- overdue 31-60 days	**133**	333	**6**	11
- overdue more than 60 days	**210**	862	**39**	38
Total past due	**535**	1,666	**70**	82
Total trade receivables	**5,467**	9,864	**398**	1,408

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 £6,849,000 (2014: £3,837,000) are all current.

Photo-Me International plc
Annual Report & Accounts 2015

(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 2015 and 30 April 2014 has reduced liquidity risk for the Group.

At 30 April 2015, the Group has undrawn facilities of £10,490,000 (2014:£11,791,000). 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 types of borrowings, and, during the years to 30 April 2015 and 30 April 2014, the Group and the Company have comfortably complied with such requirements.

The table below summarises the maturity profile of the Group's and Company's financial liabilities (including trade and other payables) at 30 April 2015 and 30 April 2014 based on contractual undiscounted payments.

Group contractual cash flows

	Within one year £'000	Year 2 £'000	Year 3 £'000	Year 4 £'000	Year 5 £'000	Over 5 years £'000	Total £'000
At 30 April 2015							
Finance leases	**59**	**45**	**38**	**28**	**13**	**–**	**183**
Trade and other payables	**26,965**	**–**	**–**	**–**	**–**	**–**	**26,965**
	27,024	**45**	**38**	**28**	**13**	**–**	**27,148**
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

Company contractual cash flows

	Within one year £'000	Year 2 £'000	Year 3 £'000	Year 4 £'000	Year 5 £'000	Over 5 years £'000	Total £'000
At 30 April 2015							
Trade and other payables	**9,663**	**–**	**–**	**–**	**–**	**–**	**9,663**
Interest bearing Group balances including interest	**10,931**	**–**	**–**	**–**	**–**	**–**	**10,931**
	20,594	**–**	**–**	**–**	**–**	**–**	**20,594**
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

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).

Notes to the Financial Statements
for the year ended 30 April 2015
continued

15(b) Financial statement risk management (continued)
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.

Subject to the requirements of Group Treasury, as noted above, 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
2015			
Profit for the year	**28,044**	**28,883**	**27,018**
Total equity	**104,411**	**105,265**	**103,367**
2014			
Profit for the year	21,579	21,798	21,311
Total equity	104,233	104,440	103,980

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	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Trade and other receivables				
Sterling	**159**	4,368	**–**	–
Euro	**584**	86	**579**	86
Swiss Franc	**345**	–	**14**	–
US Dollar	**807**	929	**–**	–
Japanese Yen	**375**	–	**–**	–
Other currencies	**11**	–	**–**	–
	2,281	5,383	**593**	86

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

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

	2015 £'000	2014 £'000
Floating rate Euro loans	**486**	547

Borrowings
At 30 April 2015 and 30 April 2014 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	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Trade and other payables				
Sterling	**7,990**	3,171	**–**	–
Euro	**9,958**	7,513	**8,971**	6,857
Swiss Franc	**1,692**	9	**1,336**	–
US Dollar	**948**	1,192	**–**	59
Japanese Yen	**314**	675	**–**	–
Other currencies	**41**	–	**8**	–
	20,943	12,560	**10,315**	6,916

Analysis of net cash by currency

Group	Bank £'000	Financial assets £'000	Loans £'000	Leases £'000	Total £'000
2015					
Sterling	**22,052**	**967**	**–**	**–**	**23,019**
Euro	**24,791**	**649**	**–**	**(12)**	**25,428**
Swiss Franc	**1,902**	**604**	**–**	**–**	**2,506**
US Dollar	**84**	**–**	**–**	**–**	**84**
Japanese Yen	**7,673**	**–**	**–**	**(171)**	**7,502**
Other currencies	**2,130**	**–**	**–**	**–**	**2,130**
	58,632	**2,220**	**–**	**(183)**	**60,669**
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

Interest rate risk

	2015 £'000	2014 £'000
Net cash		
Mainly non-interest bearing current accounts:		
- cash at bank and in hand	**29,275**	30,645
Deposit accounts - generally interest bearing:		
- bank deposit accounts	**29,357**	30,351
- restricted deposit accounts	**2,220**	2,334
Other items		
Financial assets - available-for-sale	**–**	85
Interest free and interest bearing loans	**–**	(177)
Interest bearing finance leases	**(183)**	(127)
	60,669	63,111

The above table shows which components of net debt are subject to interest. With the current low interest rates for bank base rates worldwide, the interest which can be earned on bank deposits is low. The Group's exposure to interest bearing debt (mainly finance leases) is small and a change in interest rates will not have a material change on interest expense.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

15(b) Financial statement risk management (continued)
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 2015 and 30 April 2014.

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 2015 and 30 April 2014. 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 2015 (2014: none).

Group	Status	Currency	Interest rate	Year of maturity	**2015 Carrying amount £'000**	2014 Carrying amount £'000
Finance leases	Fixed rate	Various	0.0% -7.2%	2018	**183**	127
Loans	Interest free	Euro	0.0%	2015	**–**	177
					183	304

Included in the Company receivables – amounts due from subsidiaries, are loans as follows.

	2015 £'000	2014 £'000
Floating rate Euro loans	**486**	547

The interest rate on floating rate Euro loans are 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(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. Details of how the Group and subsidiaries are funded are shown below. There were no changes to the Group's approach to capital management during the year.

Group
The Group is funded by share capital and retained earnings; external borrowings in the current and comparative year were not significant. The Group has had a strong net cash position throughout the current and comparative year.

Subsidiary companies
Subsidiary companies are funded by share capital and retained earnings, and where applicable local borrowings by the subsidiaries in appropriate currencies.

The capital structure of the Group is presented below.

	2015 £'000	2014 £'000
Cash and cash equivalents	**58,632**	61,081
Borrowings	**(183)**	(304)
Net cash (excluding restricted deposits)	**58,449**	60,777
Equity	**104,411**	104,233

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 2015 £'000**	**Assets available for sale 2015 £'000**	Assets held to maturity 2014 £'000	Assets available for sale 2014 £'000
Non-current	**2,220**	**70**	2,334	78
Current	**–**	**–**	–	86
	2,220	**70**	2,334	164

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

Assets available for sale consist of short-term monetary funds of £nil (2014: £86,000) and investments in unlisted entities, net of impairment provisions. In 2014 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 2015 £'000**	**Assets available for sale 2015 £'000**	Assets held to maturity 2014 £'000	Assets available for sale 2014 £'000
Non-current	**967**	**–**	963	–
Current	**–**	**–**	–	1
	967	**–**	963	1

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

16 Trade and other receivables

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Non-current assets				
Other receivables	**1,639**	1,789	**–**	–
Prepayments and accrued income	**45**	42	**–**	–
	1,684	1,831	**–**	–
Current assets				
Trade receivables	**5,467**	9,864	**398**	1,408
Amounts due from subsidiaries	**–**	–	**6,849**	3,837
Amounts due from associated undertakings	**–**	46	**–**	–
Other receivables	**2,593**	1,909	**159**	172
Prepayments and accrued income	**2,814**	2,526	**585**	614
	10,874	14,345	**7,991**	6,031

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.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

17 Inventories

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Raw materials and consumables	10,154	8,946	814	850
Work-in-progress	90	12	–	–
Finished goods	1,855	2,238	–	–
	12,099	11,196	814	850

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

18 Cash and cash equivalents

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash at bank and in hand	29,275	30,645	2,882	6,209
Deposit accounts (excluding restricted deposits)	29,357	30,351	18,056	13,711
Cash and cash equivalents per statement of financial position	58,632	60,996	20,938	19,920
Cash and cash equivalents per cash flow	58,632	60,996	20,938	19,920

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	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash and cash equivalents per statement of financial position	18	58,632	60,996	20,938	19,920
Financial assets - held to maturity	15	2,220	2,334	967	963
Financial assets - available-for-sale	15	–	85	–	–
Current instalments due on bank loans	21	–	(177)	–	–
Non-current finance leases	21	(124)	(64)	–	–
Current finance leases	21	(59)	(63)	–	–
		60,669	63,111	21,905	20,883

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

At 30 April 2015, £2,220,000 of the total net cash (2014: £2,334,000) comprised bank deposit accounts that are subject to restrictions and are not freely available for use by the Group and the Company. These amounts are shown under financial assets held to maturity.

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. Presentation of this information is recommended by the Financial Reporting Council (FRC) as good practice as being of use to shareholders and analysts, in their Financial Lab Project, Net Debt Reconciliations.

Group	1 May £'000	Exchange differences £'000	Other movements £'000	Cash flow £'000	30 April £'000
2014/15					
Cash and cash equivalent per statement of financial position and cash flow	60,996	(3,155)	–	791	58,632
Financial assets - held to maturity	2,334	(69)	–	(45)	2,220
- available-for-sale	85	(9)	(31)	(45)	–
Loans	(177)	19	–	158	–
Leases	(127)	8	(142)	78	(183)
	63,111	(3,206)	(173)	937	60,669
2013/14					
Cash and cash equivalent 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
- available-for-sale	86	(5)	–	4	85
Loans	(646)	20	–	449	(177)
Leases	(133)	15	(99)	90	(127)
	61,419	(2,493)	(99)	4,284	63,111

Other movements for finance leases relates to new finance leases during the year.

Company	1 May £'000	Exchange differences £'000	Other movements £'000	Cash flow £'000	30 April £'000
2014/15					
Cash and cash equivalent per statement of financial position and cash flow	19,920	–	–	1,018	20,938
Financial assets - held to maturity	963	–	–	4	967
	20,883	–	–	1,022	21,905
2013/14					
Cash and cash equivalent per statement of financial position and cash flow	15,501	–	–	4,419	19,920
Financial assets - held to maturity	958	–	–	5	963
	16,459	–	–	4,424	20,883

20 Share capital and reserves
Share capital

Company	2015 Number	2014 Number	2015 £'000	2014 £'000
Allotted, issued and fully paid:				
Ordinary shares of 0.5p each				
At 1 May	371,794,278	371,208,211	1,859	1,856
Issued in year -				
- share options	1,435,500	586,067	7	3
At 30 April	373,229,778	371,794,278	1,866	1,859

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.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

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 2014	Granted during year	Lapsed or forfeited during year	Exercised during year	At 30 April 2015	Exercise price	Date from which exercisable	Last date on which exercisable
29 Jan 2009	95,000	–	(40,000)	(5,000)	50,000	10.92p	29 Jan 2012	28 Jan 2016
20 Jan 2010	44,093	–	–	–	44,093	36.37p	20 Jan 2013	19 Jan 2017
12 Jul 2010	1,140,500	–	(30,000)	(1,095,500)	15,000	36.33p	12 Jul 2013	11 Jul 2017
4 Jul 2011	1,085,000	–	(10,000)	(335,000)	740,000	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	–	(50,000)	–	1,980,000	90.63p	9 Jul 2016	8 Jul 2020
11 Jul 2014	–	1,331,700	–	–	1,331,700	145.33p	11 Jul 2017	10 Jul 2021
	6,570,593	1,331,700	(130,000)	(1,435,500)	6,336,793			

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	36.37p	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			

Full details of directors' share options are given in the Remuneration report on pages 42 to 44.

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 2015 is 80.9p (2014: 59.0p) and the weighted average exercise price of options exercisable at 30 April 2015 is 58.6p (2014: 34.5p).

The weighted average share price for options exercised during the year ended 30 April 2015 was 133.6p (30 April 2014: 106.1p).

The weighted average remaining years for options outstanding at the year end date is 4.8 years (2014: 5.0 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 2015 and 30 April 2014:

Date of grant	29 January 2009	20 January 2010	12 July 2010
Vesting period	3 years	3 years	3 years
Share price volatility	52.80%	69.10%	70.10%
Share price on date of grant	10.75p	35.50p	38.00p
Option price	10.92p	36.67p	36.33p
Expected term	3.25years	3.25years	3.25years
Dividend yield	0.00%	0.70%	3.29%
Risk free interest rate	2.52%	2.27%	1.27%
Fair value	4.693p	16.36p	15.95p

Date of grant	4 July 2011	13 December 2011	4 July 2012
Vesting period	3 years	3 years	3 years
Share price volatility	65.40%	63.20%	58.30%
Share price on date of grant	64.00p	50.25p	38.00p
Option price	65.25p	53.50p	39.17p
Expected term	3.25years	3.25years	3.25years
Dividend yield	3.13%	4.48%	6.58%
Risk free interest rate	1.32%	0.50%	0.46%
Fair value	24.46p	16.38p	10.23p

Date of grant	9 July 2013	11 July 2014
Vesting period	3 years	3 years
Share price volatility	48.50%	39.10%
Share price on date of grant	94.00p	141.00p
Option price	90.63p	145.33p
Expected term	3.25years	3.25years
Dividend yield	3.83%	2.66%
Risk free interest rate	0.62%	1.28%
Fair value	26.20p	32.20p

The charge for share-based payments is £371,000 (2014: £277,000) and for the Company the charge is £144,000 (2014: £129,000).

Share price volatility is based on historical volatility.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

20 Share capital and reserves (continued)
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. At 30 April 2015 and 30 April 2014 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 (2014: £201,000) arising on the redemption of the deferred shares and £1,198,000 (2014: £971,000) relating to the fair value of options granted to employees of Group undertakings (note 14).

21 Financial Liabilities

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Non-current liabilities				
Finance lease creditors	**124**	64	**–**	–
	124	64	**–**	–
Current liabilities				
Current instalments due on loans	**–**	177	**–**	–
Finance lease creditors	**59**	63	**–**	–
	59	240	**–**	–

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%. At 30 April 2015 there were no loans outstanding.

Obligations under finance leases
The Group has entered into finance lease arrangements for certain items of property, plant and equipment, for periods of up to four (2014: four) years (note 12). The total finance lease creditor at 30 April 2015 is £183,000, £59,000 due within one year and £124,000 due between two and five years, (2014: total finance lease creditor £127,000, £63,000 due within one year and £64,000 due within two to five years).

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 plan 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	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Company defined benefit obligations	**–**	–	**–**	–
Overseas employment benefit obligations	**3,318**	3,094	**–**	–
Overseas defined benefit scheme	**973**	324	**–**	–
	4,291	3,418	**–**	–

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.

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

	2015 £'000	2014 £'000
Present value of defined benefit obligation at beginning of year	**5,922**	6,696
Current service cost	**14**	22
Interest cost	**243**	249
Contributions by members	**1**	1
Actuarial (gains)/losses on fund liabilities arising in demographic assumptions	**(18)**	57
Actuarial losses/(gains) from changes in financial assumptions	**659**	(230)
Actuarial losses/(gains) on liabilities from experience	**40**	(246)
Benefits paid	**(299)**	(627)
Present value of defined benefit obligation at end of year	**6,562**	5,922

Reconciliation of the movement in the fair value of plan assets

	2015 £'000	2014 £'000
Fair value of plan assets at beginning of year	**6,379**	6,973
Interest income on fund assets	**262**	262
Remeasurement gains/(losses) on assets	**581**	(357)
Contributions by the Company	**14**	127
Contributions by members	**1**	1
Benefits paid	**(299)**	(627)
Fair value of plan assets at end of year	**6,938**	6,379

Amount to be recognised in the statement of financial position

	2015 £'000	2014 £'000
Present value of funded obligations	**6,562**	5,922
Fair value of scheme assets	**(6,938)**	(6,379)
Net assets	**(376)**	(457)
Effect of limit of recognition of an asset	**376**	457
Amount recognised in statement of financial position	**–**	–

Notes to the Financial Statements
for the year ended 30 April 2015
continued

22 Post-employment benefit obligations (continued)
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 (2014: loss of £1,375,000) in respect of the Company's defined benefit scheme. This has been charged to retained earnings.

	2015 £'000	2014 £'000
Amount recognised in profit and loss and other comprehensive income		
Amount recognised in profit and loss		
Current service cost	**14**	22
Interest on net defined liability/(asset)	**–**	(2)
Total charge	**14**	20
Pension expense recognised in profit and loss	**14**	20
Remeasurement in other comprehensive income		
Return on Scheme assets (in excess of)/below that recognised in net interest	**(581)**	357
Actuarial losses/(gains) due to changes in financial assumptions	**659**	(230)
Actuarial (gains)/losses due to changes in demographic assumptions	**(18)**	57
Actuarial losses/(gains) on liabilities arising from experience	**40**	(246)
Adjustment due to the asset ceiling	**(100)**	169
Adjustment due to minimum funding requirement	**–**	–
Total expense amount recognised in other comprehensive income	**–**	107
Total expense amount recognised in comprehensive income	**14**	127

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

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

	2015		2014	
	£'000	**%**	£'000	%
Growth assets	**827**	**12**	813	13
Insurance policies and bonds	**6,097**	**88**	5,530	87
Other	**14**	**–**	36	–
	6,938	**100**	6,379	100

There were no financial instruments of the Company included in the plan assets (2014: none) and there were no property assets occupied by the Company (2014: none).

Principal actuarial assumptions

	30 April 2015 %	30 April 2014 %
Discount rate for scheme liabilities	**3.30**	4.20
Rate for increase in salaries	**4.10**	4.30
Price inflation	**3.10**	3.30
Pension increases	**3.00**	3.20

The mortality tables used for 2015 are S1NXA Light tables with CMI 2014 projections and a long-term rate of improvement of 1.5% p.a.
The mortality tables used for 2014 are S1NXA Light tables with CMI2013 projections and a long-term rate of improvement of 1.5% p.a.
The mortality assumptions allow for expected future improvements in mortality rates.

	2015	2014
Male currently aged 65	**24.0 years (age 89.00)**	24.0 years (age 89.00)
Female currently aged 65	**25.3 years (age 90.30)**	25.3 years (age 90.30)
Male currently aged 45	**26.0 years (age 91.00)**	26.0 years (age 91.00)
Female currently aged 45	**27.6 years (age 92.60)**	27.6 years (age 92.60)

History of assets, liabilities and actuarial gains and losses

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of defined benefit obligation	**6,562**	5,922	6,696	5,865	5,450
Fair value of assets	**6,938**	6,379	6,973	5,923	5,624
Surplus	**376**	457	277	58	174

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Experience gains/(losses) on fund assets	**581**	(357)	–	–	–
Experience (losses)/gains on plan liabilities	**(40)**	246	(731)	(316)	(42)
- as a percentage of present value of plan liabilities	**–**	–	(11%)	(5%)	(1%)
Differences between expected and actual return on plan assets	**–**	–	602	(165)	131
- as a percentage of present value of plan assets	**–**	–	9%	(3%)	2%

The figure of liabilities for 2015, 2014 and 2013 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 (2014: £14,000).

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 2015	**Service cost £'000**	**Net Interest £'000**	**Total profit and loss charge £'000**	**Plan assets £'000**	**Defined benefit obligation £'000**	**Surplus £'000**
As reported	14	–	14	6,938	6,562	376
Following a 0.1% decrease in the discount rate	14	–	14	6,969	6,649	320
Following a 0.1% increase p.a. in the inflation assumption	14	–	14	6,941	6,589	352
Following an increase in the life expectancy of one year	14	–	14	7,117	6,872	245

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, with the balance to be met by the company when the employee leaves.
- 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 2015 and 30 April 2014. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:

	2015	2014
Discount rate	**1.25%**	2.75%
Rate of increase in salaries	**2.00%**	2.50%
Retirement age	**62-64 years**	62-64 years
Inflation rate	**2.00%**	2.00%
Mortality table	**TGH/TGF 05**	TGH/TGF 05

Management believes that the book value for retirement obligations in France fairly states the position at 30 April 2015 and 30 April 2014.

The movement on these schemes is as follows:

	2015 £'000	2014 £'000
At 1 May	**3,094**	3,384
Exchange differences	**(320)**	(234)
Utilised and other movements	**544**	(56)
At 30 April	**3,318**	3,094

Utilised and other movements for 2015 include amounts reflected in other comprehensive income of £353,000 and £191,000 charged to profit and loss (note 5).

Notes to the Financial Statements
for the year ended 30 April 2015
continued

22 Post-employment benefit obligations (continued)
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 2015 and 30 April 2014 by independent actuaries.

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

	2015 £'000	2014 £'000
Present value of defined benefit obligation at 1 May	**2,529**	2,383
Exchange difference	**37**	(72)
Contribution by members	**33**	34
Current service cost	**169**	162
Interest cost	**52**	49
Past service cost	**36**	–
Remeasurement losses/(gain) on plan liabilities	**571**	(78)
Benefits (paid)/deposited	**(47)**	51
Administration costs	**1**	–
Present value of defined benefit obligation at 30 April	**3,381**	2,529

	2015 £'000	2014 £'000
Fair value of plan assets at 1 May	**2,205**	2,002
Exchange difference	**27**	(61)
Contributions by company and members	**167**	170
Expected return on plan assets	**45**	42
Remeasurement gain on plan assets	**94**	1
Benefits (paid)/deposited	**(47)**	51
Fair value of plan assets at 30 April	**2,491**	2,205

	2015 £'000	2014 £'000
Net liability at 1 May	**324**	381
Exchange difference	**10**	(11)
Increase/(decrease) in liability	**556**	(46)
Net liability at 30 April	**890**	324

Amounts recognised in comprehensive income

	2015 £'000	2014 £'000
Amount recognised in profit and loss		
Service costs		
Current service cost	**169**	162
Past service cost	**36**	–
Administration expenses	**1**	–
Interest on net defined benefit liability	**7**	7
Total expenses recognised in profit and loss	**213**	169
Amount recognised in other comprehensive income		
Return on scheme assets	**(94)**	(1)
Actuarial losses/(gains) on defined benefit obligation	**571**	(34)
Total amount recognised on other comprehensive income	**477**	(35)
Total amount recognised in profit and loss and other comprehensive income	**690**	134

	2015 £'000	%	2014 £'000	%
Cash	**30**	**1**	7	–
Equities & debt instruments	**1,750**	**70**	1,526	69
Other	**711**	**29**	672	31
Total plan assets	**2,491**	**100**	2,205	100

Principal actuarial assumptions

	30 April 2015 %	30 April 2014 %
Discount rate	**0.80**	2.00
Expected return on plan assets at end of year	**n/a**	n/a
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 2015 and 2014.
The mortality tables used in 2015, 2014 and 2013 were the BVG 2010 GT tables.

History of assets, liabilities and actuarial gains and losses

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligation	**3,381**	2,529	2,383	3,297	3,217
Fair value of assets	**2,491**	2,205	2,002	2,746	3,029
Deficit	**(890)**	(324)	(381)	(551)	(188)

	2015	2014	2013	2012	2011
Experience (losses)/gains on plan liabilities (£'000)	**(571)**	78	205	(372)	(71)
- as a percentage of the present value of plan liabilities	**(17%)**	3%	9%	(13%)	(2%)
Difference between expected and actual return on plan assets (£'000)	**94**	1	98	162	191
- as a percentage of the present value of plan assets	**3%**	0%	5%	6%	7%

The 2015 and 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		3,381	–
	- with discount rate -0.25%	3,545	164
	- with discount rate +0.25%	3,230	(151)
	- with salary decrease -0.25%	3,342	(39)
	- with salary increase +0.25%	3,420	39
	- with life expectancy +1 year	3,431	50
	- with life expectancy -1 year	3,330	(51)

The Group's best estimate for contributions to be paid by the company next year to the scheme is £141,000 (2014: £153,000).

The amount recognised in the income statement for this scheme was £214,000: £170,000 included in cost of sales and £44,000 included in administrative expenses (2014: £169,000: £137,000 included in cost of sales and £32,000 included in administrative expenses).

In addition to the above, Copyphot SA, participates in funded multi-employer pension schemes. A guaranteed return for such employees' schemes is mandated by the Swiss State. An actuarial valuation has not been performed for this company at 30 April 2015. The liability for this at 30 April 2015 is £ 83,000 and the charge for the year was £ 20,000.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

23 Provisions

Group

	Employee related claims £'000	Product warranties £'000	Other £'000	Total £'000
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
At 30 April 2014	**1,718**	**2,441**	**4,107**	**8,266**
Exchange differences	**(161)**	**(143)**	**(503)**	**(807)**
Utilised and other movements	**(626)**	**(2,113)**	**(769)**	**(3,508)**
Charged to income statement	**118**	**–**	**1,488**	**1,606**
At 30 April 2015	**1,049**	**185**	**4,323**	**5,557**
Amount shown as non-current liability	**–**	**–**	**17**	**17**
Amount shown as current liability	**1,049**	**185**	**4,306**	**5,540**
	1,049	**185**	**4,323**	**5,557**

Employee related claims
Certain overseas Group undertakings have made provision for claims made by former employees.

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 for 2015 to property restitution costs and for 2014 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

	Employee related claims £'000	Product warranties £'000	Other £'000	Total £'000
At 30 April 2013	–	1	3	4
Utilised and other movements	–	(1)	–	(1)
Charged to income statement	–	–	7	7
At 30 April 2014	–	–	10	10
Amount shown as non-current liability	–	–	10	10
Amount shown as current liability	–	–	–	–
	–	–	10	10
At 30 April 2014	**–**	**–**	**10**	**10**
Charged to income statement	**–**	**–**	**7**	**7**
At 30 April 2015	**–**	**–**	**17**	**17**
Amount shown as non-current liability	**–**	**–**	**17**	**17**
Amount shown as current liability	**–**	**–**	**–**	**–**
	–	**–**	**17**	**17**

24 Deferred taxation

Deferred tax comprises:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Timing difference relating to property, plant and equipment	**(956)**	(766)	**(1,365)**	(1,529)
Other timing differences in recognising revenue and expense items in other periods for taxation purposes:				
- research and development	**542**	291	**–**	–
- post-employment benefit provisions	**(1,280)**	(1,168)	**–**	–
- losses	**(123)**	(805)	**–**	(731)
-other short term temporary differences	**(628)**	(402)	**(337)**	(74)
	(2,445)	(2,850)	**(1,702)**	(2,334)
The closing balance comprises:				
Deferred tax assets	**(3,512)**	(4,231)	**(1,702)**	(2,334)
Deferred tax liabilities	**1,067**	1,381	**–**	–
	(2,445)	(2,850)	**(1,702)**	(2,334)

The movements on deferred taxation during the year were as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Opening balance	**(2,850)**	(1,299)	**(2,334)**	(2,029)
Exchange differences	**(196)**	(110)	**–**	–
Charge/(credit) for the year in income statement	**1,003**	(1,452)	**813**	(305)
Amounts (credited)/charged to other comprehensive income	**(402)**	11	**(181)**	–
Closing balance	**(2,445)**	(2,850)	**(1,702)**	(2,334)

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 £1,009,000 (2014: £1,260,000) arising on temporary differences of £4,308,000 (2014: £5,261,000), 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	
	2015 £'000	2014 £'000
Expiring in less than one year	**–**	5
Expiring between two and 20 years	**230**	281
No expiry date	**779**	974
	1,009	1,260

In addition, the Group has an unrecognised deferred tax asset on gross capital losses of £3,737,000 (2014: £2,167,000), of which £3,608,000 (2014: £2,167,000) 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
The rate of UK corporation tax changed from 21% to 20% on 1 April 2015. UK deferred tax has been calculated at 20% for balances at 30 April 2015 and 30 April 2014, apart from losses which were utilised before 31 March 2015.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

25 Trade and other payables

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Amounts shown as non-current liabilities				
Accruals and deferred income	**2,050**	3,840	**–**	–
	2,050	3,840	**–**	–
Amounts shown as current liabilities				
Trade payables	**15,779**	14,678	**4,398**	5,091
Amounts owed to subsidiaries	**–**	–	**13,226**	10,949
Other taxes and social security costs	**4,600**	4,293	**765**	860
Other payables	**5,437**	5,988	**103**	106
Accruals and deferred income	**6,860**	7,353	**2,822**	3,053
	32,676	32,312	**21,314**	20,059

Included in the Company figures – amounts owed to subsidiaries, are borrowings as detailed in note 15.

26 Operating leases and site agreements
The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2015 £'000	Restated 2014 £'000	**2015 £'000**	Restated 2014 £'000
Land and buildings				
Not later than one year	**666**	689	**151**	147
After one year but not more than five years	**1,074**	988	**362**	513
	1,740	1,677	**513**	660
Other				
Not later than one year	**1,010**	1,071	**412**	504
After one year but not more than five years	**1,028**	1,016	**246**	417
After five years	**7**	–	**–**	–
	2,045	2,087	**658**	921
Total				
Not later than one year	**1,676**	1,760	**563**	651
After one year but not more than five years	**2,102**	2,004	**608**	930
After five years	**7**	–	**–**	–
	3,785	3,764	**1,171**	1,581
Site owner agreements				
Not later than one year	**7,126**	6,595	**1,895**	842
After one year but not more than five years	**9,932**	14,746	**843**	615
After five years	**3,154**	924	**–**	–
	20,212	22,265	**2,738**	1,457

Restated as per note 2 and below.

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 March 2015 the IASB published a Project Update: Leases Practical implications of the new Leases Standard and In February 2015 the IASB published a Project Update: Leases Definition of a Lease. Based on examples and definitions proposed in these documents, the Board has decided to show separately the obligations arising under commission agreements with site owners which extend beyond 12 months, as such agreements do not appear to meet the definition of a lease. Previously the Group include such agreements in property operating leases. Comparative figures have been restated in this note and in note 4.

The Group and the Company have also 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 shown in the table above 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 table below shows the amount of capital commitments with third parties for property, plant and equipment and the amounts placed with the Group's procurement companies for vending equipment.

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Amounts with third parties				
For supply of property, plant & equipment - mainly vending equipment	**9,640**	6,118	**–**	-
Amounts with Group companies				
Amount of vending equipment contracted by the Group's operating companies with the Group's procurement companies	**173**	589	**146**	540

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 (2014: none).

28 Related parties
The following transactions were carried out with related parties:

Key management compensation

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Salaries and other short-tem employee benefits excluding long-term incentives and pension contributions	**1,491**	1,461	**1,491**	1,461
Post-employment benefits	**9**	8	**9**	8
Share-based payments - charge	**99**	94	**99**	94
	1,599	1,563	**1,599**	1,563

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 34 to 46. 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 £9,000 (2014: £8,000). No director who served during the year was a member of the Company's defined benefit pension scheme (2014: none). The gain made by the directors in exercising options during the year was £nil (2014: £122,000).

Directors of the Company control 21.43% of the Ordinary shares of the Company. The interests of the directors are shown on page 43 of the Remuneration report.

Financial Statements

Notes to the Financial Statements
for the year ended 30 April 2015
continued

28 Related parties (continued)
Sales of goods and services, purchases and year end balances

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Sales of goods and services				
Associates	**92**	122	**-**	-
	92	122	**-**	-
Purchases of goods and services				
Related parties other than associates	**-**	119	**-**	-
	-	119	**-**	-
Trade and other receivable balances				
Associates	**-**	46	**-**	-
	-	46	**-**	-

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.

The trade and other payable balances arise from normal trading.

The Company has the following transactions with related parties.

	2015 £'000	2014 £'000
Defined benefit pension scheme		
Administration costs of company defined benefit scheme	**39**	58

	2015 £'000	2014 £'000
Transactions with subsidiaries		
Sales	**54**	172
Purchases	**5,707**	5,409
Amounts owed by subsidiaries	**6,849**	3,837
Amounts owed to subsidiaries	**13,226**	10,949
Other items		
Interest due from subsidiaries	**5**	6
Interest paid to subsidiaries	**32**	69
Intercompany fee due from subsidiaries	**8,681**	6,357
Intercompany fees charged by subsidiaries	**1,358**	1,232
Property, plant and equipment		
- sold to subsidiaries	**132**	-
- acquired from subsidiaries	**3,056**	3,879
Intangible assets		
- acquired from subsidiaries	**–**	5,614
Dividend income		
- from subsidiaries	**8,430**	13,611

	2015 £'000	2014 £'000
Transactions with associates		
Dividends received from associates	**96**	63

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 group operates in three main geographical areas, Asia, Europe and the United Kingdom and Ireland as described in note 3. The principal activity of the subsidiary and associated undertakings are shown below; operations refers to the operation of unattended vending equipment, mainly photobooths and laundry machines, production refers to the manufacture and procurement of the vending equipment and sales refers to the sale of photographs and related services.

	Principal activity	Group's interest*	Country of incorporation
Subsidiary undertakings			
Copyphot S.A	Operations	100%*	Switzerland
Fotofix-Schnellphotoautomaten G.m.b.H.	Operations	100%	Germany
Jolly Roger (Amusement Rides) Limited	Production	100%	England
KIS S.A.S.	Production	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	27%	Australia
Stilla Technologies SA	Biotechnology	8%	France

30 Assets held for sale
Assets and liabilities held for sale

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Assets held for sale	**–**	705	**–**	705

There were no assets held for sale at 30 April 2015. Assets held for sale at 30 April 2014 for both the Group and the Company of £705,000 consisted of vacant land in Bookham. Contracts were exchanged for the sale of the land on 5 June 2014 for £4,200,000, with settlement in cash on completion one month later.

Notes to the Financial Statements
for the year ended 30 April 2015
continued

31 Business combinations and disposals
Business combinations

On 14 May 2014 the Group acquired 100% of the share capital and voting interests in Copyphot SA, a small operating company in Switzerland.

The table below summarises the fair value of assets acquired, liabilities assumed and the consideration paid.

	£'000
Intangible assets	112
Property, plant and equipment	233
Inventory	22
Trade and other receivables	93
Cash and cash equivalents	11
Total assets	471
Post-employment benefit obligations	33
Trade and other payables	518
Total liabilities	551
Total identifiable net assets	(80)
Total net assets excluding cash and cash equivalents	(91)
Goodwill	513
	422
Cash consideration	433
Less cash acquired	11
Price paid net of cash acquired	422

The revenue included in the consolidated income for the year ended 30 April 2015 contributed by Copyphot SA was £724,000.

As a result of this acquisition, the Group is expected to strengthen its presence in the Swiss market and to benefit from future cost savings. Goodwill of £513,000 arose on this acquisition.

Disposals

Transactions with non-controlling interests.

During the year ended 30 April 2015 the Group disposed of its 51% interest in Photo-Me Hungary KFT, a small operating company, to its other shareholder for a total consideration of €110,000 (£80,000), which was the Group's share of the net assets.

The profit on this transaction is shown in finance income after including the recycling of accumulated exchange differences through the income statement.

Five Year Summary

Income statement (unaudited)

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011* £'000
Revenue					
UK & Ireland	**44,652**	44,927	45,744	46,173	43,277
Europe	**94,345**	102,932	104,913	114,045	122,892
Asia	**38,205**	38,739	44,933	47,623	53,651
Total revenue	**177,202**	186,598	195,590	207,841	219,820
Operating profit after special items before finance costs	**38,370**	30,266	24,199	20,019	18,388
Net finance income/(cost)	**126**	(173)	107	121	(385)
Profit before taxation	**38,496**	30,093	24,306	20,140	18,003
Taxation	**(10,452)**	(8,514)	(6,746)	(5,594)	(4,252)
Profit after taxation	**28,044**	21,579	17,560	14,546	13,751
Attributable to:					
- equity owners of the Parent	**27,900**	21,422	17,405	14,349	13,608
- Non-controlling interests	**144**	157	155	197	143
	28,044	21,579	17,560	14,546	13,751
Earnings per share - basic	**7.49p**	5.77p	4.78p	3.97p	3.77p
Earnings per share - diluted	**7.43p**	5.70p	4.76p	3.95p	3.74p
Dividends - interim	**2.34p**	1.80p	1.50p	1.25p	1.00p
- final	**2.54p**	1.95p	1.50p	1.25p	1.00p
- special	**–**	2.00p	3.00p	–	–
Total dividends	**4.88p**	5.75p	6.00p	2.50p	2.00p

* Including discontinued operations.

Statement of financial position (unaudited)

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Intangible assets	**16,687**	15,687	16,715	18,853	20,461
Property,plant and equipment	**48,721**	47,045	46,057	47,275	52,596
Other non-current investments	**848**	620	790	592	598
Other non-current assets	**7,486**	8,474	6,376	6,877	6,922
Current assets	**82,474**	86,680	85,872	86,075	97,539
Assets held for sale	**-**	705	-	-	-
Total assets	**156,216**	159,211	155,810	159,672	178,116
Share capital	**1,866**	1,859	1,856	1,850	1,844
Share premium	**7,131**	6,521	6,287	5,873	5,718
Treasury shares	**-**	-	-	(5,802)	(5,802)
Reserves	**94,510**	94,734	89,018	93,919	86,060
Equity of the Parent	**103,507**	103,114	97,161	95,840	87,820
Non-controlling interests	**904**	1,119	1,197	1,001	935
Total equity	**104,411**	104,233	98,358	96,841	88,755
Total non-current liabilities	**7,549**	8,713	9,847	13,292	20,595
Total current liabilities	**44,256**	46,265	47,605	49,539	68,766
Total equity and liabilities	**156,216**	159,211	155,810	159,672	178,116
Net cash	**60,669**	63,111	61,419	51,832	40,679

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 & operating statistics

	2015	2014	2013	2012	2011
Capital expenditure - photobooths & vending machines £'000	**18,287**	17,327	16,381	15,032	15,853
Capital expenditure - research & development £'000	**2,560**	1,125	1,058	2,169	3,358
EBITDA £'000	**55,251**	47,803	44,927	44,033	47,568
EBITDA % of revenue	**31.2**	25.6	23.0	21.2	21.6
Number of vending sites	**44,600**	43,850	43,150	43,000	43,700

Company Information & Advisors

Registered in England and Wales
Number 735438

Registered Office
Church Road, Bookham
Surrey, KT23 3EU

Tel: +44 (0)1372 453399
Fax: +44 (0)1372 459064
Web: www.photo-me.co.uk
e-mail: ir@photo-me.co.uk

Auditor
KPMG LLP
1 Forest Gate, Brighton Road
Crawley, RH11 9PT

Brokers
Liberum Capital Ltd
Ropemaker Place, 25 Ropemaker Street
London, EC2Y 9LY

finnCap Limited
60 New Broad Street
London, EC2M 1JJ

Bankers
Lloyds Bank plc
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

Photo-Me International plc
Annual Report & Accounts 2015

Shareholder Information

Analysis of registered shareholdings at 24 June 2015

	Number of holdings	Number of Ordinary shares	% of issued Ordinary share capital
Category:			
Individuals	2,087	8,432,344	2.3
Nominees	414	318,818,961	85.5
Other corporate bodies	16	45,978,473	12.3
	2,517	373,229,778	100.0
Size of holding:			
1 – 1,000	1,234	612,906	0.2
1,001 – 10,000	947	2,973,902	0.8
10,001 – 100,000	227	7,383,012	2.0
100,001 – 500,000	63	14,461,936	3.9
500,001 – 1,000,000	18	13,619,206	3.6
1,000,001 and above	28	334,178,816	89.5
	2,517	373,229,778	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:

		Ordinary shares of 50p each
31 March 1982	100	(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

Shareholder Information

Shareholder Information
continued

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:

Photo-Me International plc
Church Road, Bookham
Surrey, KT23 3EU

Tel: +44 (0)1372 453399
Fax: +44 (0)1372 459064
e-mail: ir@photo-me.co.uk

Financial calendar

Annual General Meeting	21 October 2015
Half-year results (to 31 October 2015)	Announcement in December 2015
Full-year results (to 30 April 2016)	Announcement in June/July 2016

Dividend	
Final (year to 30 April 2015) – ex-dividend date	8 October 2015
– record date	9 October 2015
– payment date	12 November 2015

Chairman's Closing Message

John Lewis
Non-executive Chairman

"The business is well positioned for growth and our net cash position remains healthy."

Designed and produced by effektiv
+44 (0)20 7251 7720 / www.effektiv.co.uk