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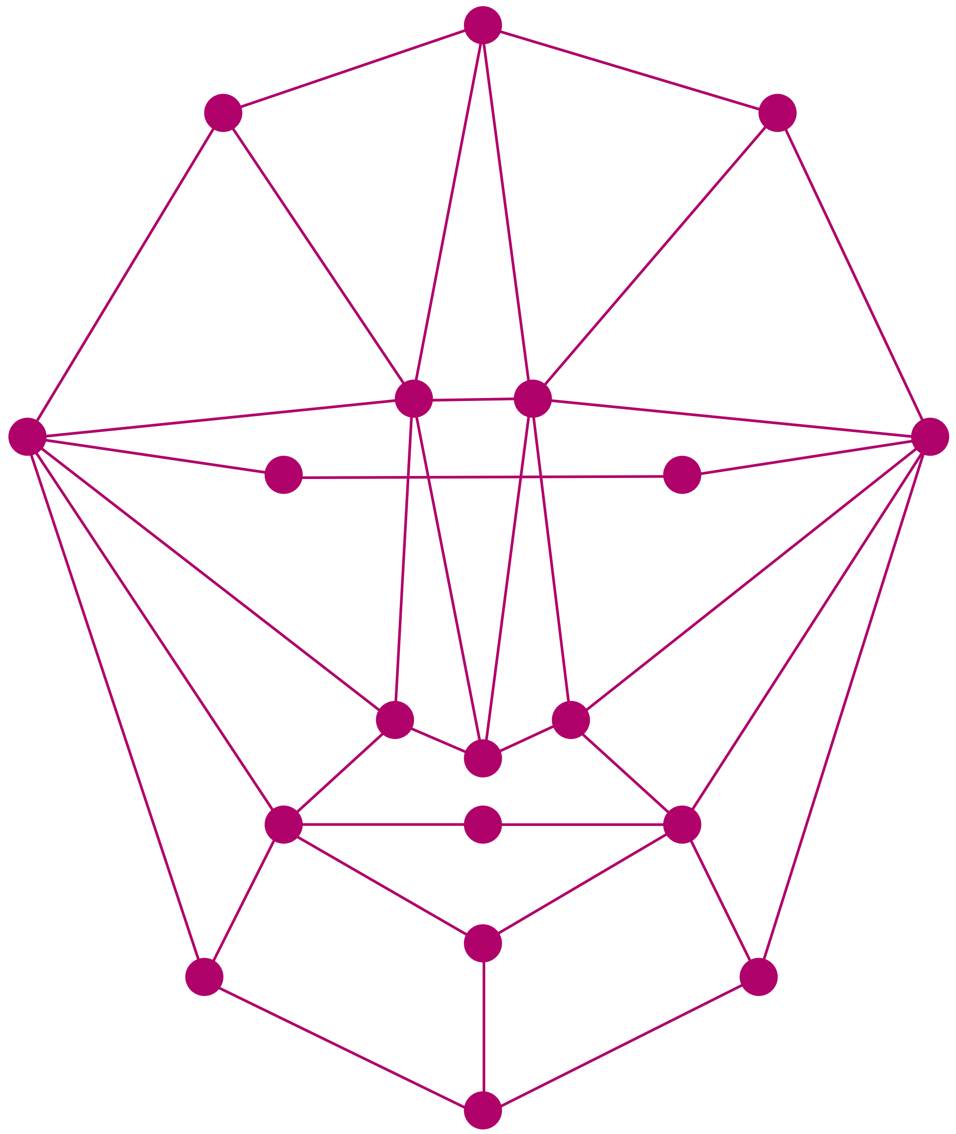
Photo-Me



Technological Integration

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 strength of our cash flow is allowing us both to finance the capital expenditure programme and to raise returns to shareholders by way of dividends.

John Lewis
Non-executive Chairman

Underlying Pre-tax Profit

£40.1m
+14.6%

2014	30.1m
2015	35.0m
2016	40.1m

Ordinary Dividends Per Share

5.86p*
+20.1%

2014	3.75p
2015	4.88p
2016	5.86p

* Excluding special dividend of 2.815p

Cash Generated from Operations

£51.4m
+4.5%

2014	45.6m
2015	49.2m
2016	51.4m

Share Price at 30 April

167.25p
+20.3%

2014	135.0p
2015	139.0p
2016	167.25p

Underlying EBITDA

£56.7m
+9.5%

2014	47.8m
2015	51.8m
2016	56.7m

Integrated security...

We are integrating highly secured biometric solutions needed to address today's security issues into our photobooths.

Our Strategy
Customer Focused

Photo-Me's business strategy is centred around utilising the cash flow from our long-established photobooth operations to develop new and complementary products, driving future growth, 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 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
Geographical Spread

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
12,500

Revenue
£45.8m

Underlying Operating Profit
£8.0m

Geographic spread
United Kingdom, Ireland

Continental Europe

Vending Units
22,800

Revenue
£93.7m

Underlying Operating Profit
£24.2m

Geographic spread
Austria, Belgium, France, Germany, Netherlands, Poland, Portugal, Spain, Switzerland

Asia & RoW

Vending Units
10,200

Revenue
£44.5m

Underlying Operating Profit
£10.6m

Geographic spread
China, Japan, Singapore, South Korea, U.S.A., Vietnam

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.

Units in operation

27,654

Photo Processing

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.

Units in operation

5,053

Laundry Machines

Revolution®

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

Units in operation

1,411

Bringing innovation to our customers

PhotoLight

Smart Solar Lighting

Economical and eco-friendly, these solar street lights offer variable lighting depending on light intensity and the time of day.

Units sold

480

Children's Rides

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.

Units in operation

5,500

ANTS

ANTS

In France, Photomaton have negotiated the first agreement with the French authorities to deliver digitized photos and signatures for the driver licence pre-application service.

Units in operation

2,000

Included within Photobooths figure

Chairman's Statement

It has been another strong year for the Group with a 14.6% increase in reported underlying pre-tax profits to a record £40.1million.

Results
At constant currency, Group Revenue was 6.3% higher over the year with a 3.8% improvement on a reported basis. Group reported underlying EBITDA increased by 9.5% during the period, to £56.7m, with underlying EBITDA margins improving to 30.8% from 29.2% in 2015.

Strategy
Our stated 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 of 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 continued to make 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 is expanding gradually into new markets and our product development pipeline – including the enhanced security technology in the photobooths - is promising. The strength of our cash flow is allowing us both to finance the capital expenditure programme and to raise returns to shareholders by way of dividends.

Dividends
Last year we stated that we intended to increase the annual dividend by 10%p.a. over the following three years. We also stated that any net cash on the balance sheet at April 30 in each year in excess of £50m would be available to shareholders as a special dividend, provided that the business had no immediate needs for the capital, for example acquisitions or specific investments.

We are therefore pleased to confirm that the proposed total annual dividend of 5.86 pence per share and the proposed special dividend of 2.815 pence per share reflect the commitment made last year. We have decided to increase the returns through ordinary dividends following feedback received from our investors.

We are also committing to increase the ordinary dividend by 20% for the next two financial years.

If approved at the Annual General Meeting on 20 October 2016, the final dividend and the special dividend will be paid on 10 November 2016 to shareholders on the register at the close of business on 7 October 2016. The ex-dividend date will be 6 October 2016.

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
Whilst uncertainties remain, in particular in relation to currency, the Board anticipates another year of good growth.

John Lewis
Non-executive Chairman

Overview of the Year

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

	Revenue			
Year to 30 April	**2016† £m**	**2016 £m**	2015 £m	Change† %
Continental Europe	**97.9**	**93.7**	94.3	+3.8%
UK & Republic of Ireland	**45.9**	**45.8**	44.7	+2.7%
Asia & ROW	**44.6**	**44.5**	38.2	+16.8%
	188.4	**184.0**	177.2	+6.3%

	Underlying Operating profit*			
Year to 30 April	**2016† £m**	**2016 £m**	2015 £m	Change† %
Continental Europe	**25.3**	**24.1**	22.0	+15.0%
UK & Republic of Ireland	**8.0**	**8.0**	8.4	-4.8%
Asia & ROW	**10.7**	**10.7**	6.9	+55.1%
	44.0	**42.8**	37.3	+18.0%
Corporate	**(3.0)**	**(3.1)**	(2.5)	
	40.1	**39.7**	34.8	+17.8%

† 2016 trading results of overseas subsidiaries converted at 2015 exchange rates.
* excluding profit on sale of land in 2015

Serge Crasnianski
Chief Executive Officer & Deputy Chairman

	Vending units		
	2016	2015	Change
Continental Europe	**22,800**	22,400	+1.8%
UK & Republic of Ireland	**12,500**	12,400	+0.8%
Asia & ROW	**10,200**	9,800	+4.1%
Total	**45,500**	44,600	+2.0%

Continental Europe
This division contributed 51% of Group revenue (2015: 53%) and 61% of underlying operating profit (2015: 63%). At the end of April 2016, 50% (2015: 50%) of the Group's estate was sited in Continental Europe. There were 22,800 (2015: 22,400) units in total of which 12,500 (2015: 12,400) were photobooths. The Group operates in nine countries.

Reported revenue was 0.6% lower than last year, but on a constant currency basis increased by 3.8%. Operating profits increased by 9.5% on a reported basis, due to the reduction in siting costs and continued focus on operating costs reduction.

The European photobooth estate increased by 0.5% year-on-year with the main areas for growth being France, Germany and Switzerland. The Group continues its roll-out of higher-margin Starck booths and there are now 3,780 deployed across Europe, an increase of 567 over the year.

The Group continues to assess the price increases in its photobooth estate and is now running trials in two countries – Switzerland and the Netherlands.

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

Total (including UK & Ireland)	**2016**	2015	2014	Change
Owned and operated (total)	**1,411**	644	202	+119%
Sold (cumulative total at year end)	**737**	440	317	+68%
Ave. revenue per owned unit (€)†	**15,382**	14,396	13,887	+7%

† Average calculated only on machines in France, Ireland and Portugal with full month takings

The results from the units in operation in France, Ireland and Portugal remain extremely encouraging with takings during the period averaging €1,282 per unit per month across the operating estate. For the full year, the turnover of the entire laundry business units was £11.8m (including a contribution of £1.2m from Fowler(UK)) (2015: £6.3m), which was more than trebled since 2014. Laundries represented 13% of total turnover in France, 47% in Ireland and 52% in Portugal.

Overview of the Year

continued

The Group now has laundry units in twelve countries globally, with the most significant coverage being in France, Belgium, Portugal and Ireland. Besides supermarket locations, the Group continues to be encouraged by potential demand in sites like campsites, universities and military barracks, all of which have demand for heavy-duty laundry capability. The product has continued to perform extremely well in Portugal and in Ireland where an agreement with Tesco (Ireland) means that the number of operated units in that country should increase to 120 over the next 12 months. The profit in these two countries has climbed rapidly since the units were first introduced in those markets in 2014 and is expected to approach €1m in the coming year.

The Group continues to target 6,000 laundry units by 2020 and 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 and the speed of the roll-out programme is dictated by the availability of suitable venues.

The Group has been trialling a number of launderettes in towns across France and Belgium over the past three years. The vast majority of these have achieved the desired return on capital and the Group now considers it appropriate to roll out the concept more aggressively, targeting towns where there is no large supermarket nearby and where competition within the town is limited. The stores (all short leaseholds) again will benefit from leading edge design and are expected to cost around €32,000 each to equip fully. The Group's ambition is to develop in that segment rapidly and reach a sizeable base of locations.

Photo-Me also announced the development of "Revolution 2", which would only have a footprint of 5sqm compared with the 10sqm of existing units. One principal advantage of these smaller units is that they avoid planning restrictions and in addition may be attractive in markets where space is more limited. Production of these units is expected to commence fully in September 2016.

The expansion of the Revolution estate continues to represent an opportunity for a material increase in Group revenue and with an attractive cash generation and EBIT profile they provide an opportunity to enhance returns to shareholders in future years.

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 other media. The new range of Starck-designed kiosks are gradually being introduced and good progress is being seen with the Speedlab Cube in particular. The Group considers the potential worldwide to be very promising over the medium-term.

Europe remains the centre of the Group's R&D efforts and new product development. The Group is increasingly focusing on new technologies, like 3D digital photos and is investing with the aim of becoming a leader in the field. One of the targets is to develop enhanced ID security standards through 3D technology which the Group believes will be increasingly attractive to Governments. The Group has already introduced biometric standards into a number of its booths in Germany, Switzerland and China and the addition of 3D photo capture would represent a major step forward in security. Photobooths are therefore progressively being enabled digitally and in February 2016, the Group announced that it had obtained the first agreement with ANTS (National Agency of Secure Documents in France) to allow the delivery of a digitized e-photo and signature for the purposes of driving licence application with the document being sent from the photobooths via a secure server. The Group has some 7,800 units in France and the entire estate will be enabled rapidly. Similarly, in September 2015 Photo-Me signed a five-year agreement with Moneygram under which money transfer services would be made available in its booths worldwide, beginning in France.

The Group is still trialling its carwash concept and Photo-Me will report further on its plans for this concept at the end of the next financial year.

Asia & R.O.W.

This division contributed 24% of Group revenue (2015: 22%) and 27% of operating profit (2015: 20%). At the end of April 2016, 22% (2015: 22%) of the Group's estate was sited in Asia & ROW. There were 10,200 (2015: 9,800) units in total of which 8,600 (2015: 8,200) were photobooths. Growth in photobooth units was 4.6% year on year, mainly deploying machines in Japan in order to respond to the increased demand created by the roll-out of a new photo ID. The Group operates in six countries, with the latest addition being the USA.

The largest territory by size of the machine estate and revenue by far is Japan where performance was outstanding. Revenues were up by 16% with profits 69% higher.

Performance here has benefited from the first stage of adoption of the new ID card regulation which came into force in 2016. Under this system all Japanese citizens may apply to be issued with their own personal 12-digit number (My Number) which will in due course require an accompanying photo ID card. The system is not currently compulsory, but brings a significant number of administrative benefits to both the private user and the public sector and widespread adoption is expected.

Owing to technical and administrative problems at local government level, the implementation of this plan to date has not gone as smoothly as planned, after a strong start, but the Japanese government is committed to the programme and is increasing financial resource to ensure swifter issuance. Based on the official roadmap issued by the Japanese administration, it is expected that by March 2019, 87 million cards will be issued, while the scope and functionality of the card will be expanded although the speed of issuance will be reliant upon promotion of the scheme by the Japanese government. Ultimately the card will become the Japanese photo ID card, branded One Card. This is likely to lead to a steady and substantial increase in photobooth volumes over the period but, due to the uncertainty over timing, we have not included any profits related to My Number in our forecasts for the current year.

Gradual progress continues to be made in China where turnover rose by 24% (at constant currency) with a good increase in profitability.

UK & Ireland

This division contributed 25% of Group revenue (2015: 25%) and 20% of operating profit (2015: 24%). At the end of April 2016, 28% (2015: 28%) of the Group's estate was sited in UK & Ireland. There were 12,500 (2015: 12,400) units in total of which 6,600 (2015: 6,400) were photobooths. Growth in photobooth numbers was 2.9% year-on-year.

In a market background remaining difficult, the turnover in the UK and Ireland increased by +2.5% (constant currency) due to the resilience of the photographic business in the UK and the fast expansion of the laundry business in Ireland. Profits contracted by -4.8% reflecting the increase in depreciation and some site costs.

The Group's progress in rolling out its Revolution laundries in Ireland has been good and is covered in the Continental Europe section (above).

Strategic Overview

What we do

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

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

To further its diversification, the ambition of the Group is to expand the laundry business to all segments (supermarket car parks Revolution units, town centre launderettes, B2B equipment sales and rentals), as well as aggressively move into offering security management solutions to governments leveraging 3D identification technology and secured digital transmission of identification data.

Where we operate

Photo-Me has three principal areas of operation geographically – UK & Ireland, Continental Europe and Asia. Its most important territory in Continental 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.

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, the Revolution laundry units and the newly redesigned photo printing kiosks are recent examples of this.
- **Ease of use**
  Traditionally, units have been coin-operated in simple denominations (e.g. £5, €5) but the Group is progressively introducing alternative payment systems to improve the customer offering and to 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 (International Civil Aviation Organisation)-compliant photos and constant investment in technology ensures the estate in general offers the consumer a very satisfactory 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

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 2016	April 2015	April 2014
Group total revenue at actual rate of exchange		£184.0m	£177.2m	£186.6m
Group total revenue excluding minilab business at constant rate of exchange	The turnover at constant rate of exchange excluding minilabs indicates the underlying growth of the core business	£195.9m	£183.7m	£181.6m
Group profit before tax		£40.1m	£38.5m	£30.1m
Underlying profit before tax		£40.1m	£35.0m	£30.1m
EBITDA margin	The EBITDA margin is a good indicator of our improvements in profitability	30.8%	31.2%	25.6%
Underlying EBITDA	The underlying EBITDA margin is a good indicator of our improvements in profitability excluding major one-off items	30.8%	29.2%	25.6%
Gross takings (including VAT)	Gross takings are an important indicator of the trend in our core vending business	+3.7%	+2.5%	+1.9%
Increase in number of photobooths	The increase in number of photobooths is always a priority and a main driver for growth	+611	+916	+1,261
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	+1,064	+417	+235

Strategic Overview

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 2% increase 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.

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 four years have seen the introduction of the Philippe Starck- designed photobooth range as well as the launch of the brand-new Revolution laundry units, which are now being extended into a laundrette format in 2016.

In addition, the Group has further products on trial. This includes the carwash system, the photolight and the new Starck designed digital printing kiosks.

The Group is also focussing heavily on developing next-generation technology in its photobooths encompassing biometry and 3D photography, which it believes will provide solutions to national and local governments in the area of increased security. Biometric applications are already in use in Germany, Switzerland and China and during the year the Group signed a deal with ANTS in France in relation to digital driving licence applications.

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
Over the last few years the Group has generally chosen not to raise prices in light of both the generally difficult economic background globally as well as a desire to ensure that the offering remains very competitive. However, in 2014, a price rise was effected in the Japanese booths to offset VAT increases and the prices on kiddie rides and amusement machines have been raised from low levels in the UK. Going forward, however, the increasing introduction of contactless payment across the estate should allow more price flexibility. The Group is trialling in two countries currently and planning a phased rollout of price increases over the next two years.

Besides price initiatives, the introduction of attractive new offerings on the existing estate as well as active resiting 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. Thanks to sophisticated telemetry inside all of its operating units and robust internal controls, the Group suffers virtually no fraud and the costs of operating its network of engineers are also low as a percentage of the total cost base. The Group seeks to reduce commissions where possible - it has achieved some success with the introduction of its Starck booths – and it remains an ongoing strategic management target. The commission payable on its Revolution laundry units is significantly less than the photobooths as they use external space that would normally produce no value for the site owners.

Over the last three 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 further reduce production costs.

Financial Review

Financial Performance
The Group delivered a strong financial performance, as illustrated by the significant increase in profits.

Reported revenue increased by 3.8% to £184.0m as the result of the consistently sustained roll-out of the new laundry business line, the increased volumes in the ID photo business in Asia, and to a lesser extent its resilience in Europe.

	April 2016 £m	April 2015 £m
Revenue	**184.0**	177.2
Underlying EBITDA *	**56.7**	51.8
Underlying Operating Profit *	**39.7**	34.8
Underlying Profit before tax *	**40.1**	35.0
Profit after tax	**29.2**	28.0

* Excludes the profit on sale of land of £3.5m in 2015

The movements in turnover are outlined in the following table:

	£m
April 2015 Turnover	**177.2**
Change in core business revenue	
UK & Ireland	+1.2
Continental Europe	+3.8
Asia	+6.4
Decline in the minilab business	-0.2
Impact of exchange rates	-4.4
April 2016 Turnover	**184.0**

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

	£m
April 2015 – PBT	**38.5**
Profit on disposal of land	-3.5
April 2015 – Underlying PBT	35.0
Changes in Revenue	+6.8
Changes in Costs	-1.9
Increase in depreciation and amortization	–
Increase in net finance revenue	+0.2
April 2016 – PBT	**40.1**

Review of operating costs
Operating costs amounted to £144.3m (2015: £138.8m).

Staff costs amounting to £40.9m increased by 1.5% compared with the previous year and represented 22.2% of revenue (2015: 22.7%). The increase is in line with the salary inflation across the Group.

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 costs reductions achieved through enhanced efficiencies in the supply chain.

	April 2016 £m	April 2015 £m
Staff costs	**40.9**	40.3
Inventory costs	**11.5**	12.6
Other operating costs	**75.2**	69.0
	127.6	121.9
Depreciation and Amortization	**16.9**	16.9
Profit / (loss) on disposal of fixed assets *	**(0.2)**	–
Operating costs	**144.3**	138.8

* Excluding a profit of £3.5m on the disposal of land in 2015

Taxation
The Group tax charge of £10.9m corresponds to an effective tax rate of 27.2% (2015: 27.2%).

The Group undertakes business in over 17 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 ensure compliance with the Group's tax policy and guidelines.

Dividends
During the year, the Group paid dividends totalling £18.2m in respect of the interim and final dividend for the year ended 30 April 2015.

The interim dividend for the year ended 30 April 2016 (2.575p per share) declared in December 2015 was paid in May 2016 and amounted to £9.7m.

Statement of Financial position

The Group balance sheet can be summarised as follows:

	April 2016 £m	April 2015 £m
Non-current assets (excl. deposits)	**84.5**	71.5
Current assets (excl cash and deposits)	**32.4**	23.9
Non-current liabilities (excl. borrowings)	**(8.4)**	(7.5)
Current liabilities (excl. borrowings)	**(48.2)**	(44.2)
Net Cash	**62.4**	60.7
Total Equity	**122.7**	104.4
Minority interests	**(1.1)**	(0.9)
Total Shareholders' funds	**121.6**	103.5

Following the payment of dividends of £18.2m, the Shareholders funds at 30 April 2016 amounting to £121.6m increased by £18.1m compared with the previous year end.

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

	April 2016 £m	April 2015 £m
Goodwill	**11.6**	10.2
R&D costs	**4.7**	2.6
Other intangible assets	**4.0**	3.9
Operating equipment	**49.8**	43.1
Plant and machinery	**5.1**	3.8
Land and buildings	**1.3**	1.3
Investment property	**0.6**	0.5
	77.1	65.4
Investments	**1.7**	0.9
Deferred tax asset	**4.2**	3.5
Trade and other receivables	**1.5**	1.7
Total non-current assets (excl. deposits)	**84.5**	71.5

The goodwill mainly relates to the Japanese subsidiary. The addition corresponds to the acquisition of Fowler UK.

With a net book value of £49.8m, the operating equipment is largely the main component of the Group's total non-current assets. The Group owns some 45,500 machines operated worldwide. The change in the net book value reflects the Group's capital expenditure of £25.3m net of depreciation and exchange differences.

Cash flow and net cash position

	April 2016 £m	April 2015 £m
Opening net cash	**60.7**	63.1
Cash generated from operations	**51.4**	49.1
Taxation	**(10.8)**	(9.1)
Net cash generated from operations	**40.6**	40.0
Net cash used in investing activities	**(24.8)**	(18.1)
Dividends paid and other financing activities	**(17.8)**	(21.1)
Net cash generated	**(2.0)**	0.8
Impact of exchange	**3.7**	(3.2)
Net cash inflow	**1.7**	(2.4)
Closing net cash	**62.4**	60.7

The increase in the EBITDA, coupled with optimised working capital mitigated the impact of increase tax payments leading to the increase in net cash generated from operations by £0.6m.

The cash generation was still substantial and enabled the Group to finance its capital expenditure program as well as to pay out to shareholders dividends amounting to £18.2m.

Taking advantage of very advantageous fixed interest rates, the Group raised over the year £10.1m of long term external debt, aimed at financing the acquisition of town centre launderettes. The outstanding debt was deducted from the closing net cash at 30 April 2016. The total cash and cash equivalents at 30 April 2016 amounted to £71m (2015: £58.6m).

At the end of April 2016, the Group's net financial position amounting to £62.4 m could be split as follows:

	Cash and deposits £m	Borrowings £m	Net Financial Position £m
Balance at 30 April 2015	**60.9**	**(0.2)**	**60.7**
Cash flow	**8.6**	**(10.6)**	**(2.0)**
Non-cash movements	**3.7**	**–**	**3.7**
Balance at 30 April 2016	**73.2**	**(10.8)**	**62.4**

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.The Group also ensures that its ID product remains affordable and of high quality. The Group is also conducting lobbying activities.
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 mainly upon the successful launch of the "Revolution" laundry unit.	The Group regularly monitors the performance of newly installed machines, which are heavily trialled before launch.
Market Commercial relationships	The Group has well-established long-term relationships with a number of site-owners. The deterioration in the relationship with, or ultimately the loss of, a key account 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 and none of the accounts representing more than 1% of the Group turnover	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 risks of 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 10 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 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.
Technological Failure to keep up with the advances in technology	The Group operates in fields particularly in relation to photography where upgrades to new technologies are mission critical.	The Group mitigates this risk by continual focus on R&D.

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 laws, 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 information about the business, encouraging employee engagement, and to enthuse and inspire its workforce 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.

We support and protect human rights wherever we can. As a responsible company with operations across the world, we believe that strong ethics and good business go hand-in-hand and we are committed to complying with the laws and regulations of the countries and jurisdictions in which we operate.

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 (RoHS2) 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 2,300 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 an Altius assured Vendor award. This accreditation is reviewed annually and requires that all of our Health and Safety policies and procedures are audited by the scheme.

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

Environment

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

- consistently reducing, in previous years, the amount of obligated waste produced. During the current year, the UK operations were able to maintain the gains previously achieved; 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 CO2 emissions. We have achieved the target set last year of further reducing vehicle CO2 ratings by 3%, to a total of 19% compared with the 2008 fleet, which will save 139 tonnes of CO2 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.

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

Greenhouse gas (GHG) emissions

	Year ended 30 April 2016 Tonnes of CO2e	Year ended 30 April 2015 Tonnes of CO2e
Emissions from		
Scope 1	**4,372.99**	4,985.92
Scope 1 – travel costs	**3,882.59**	4,681.04
Scope 1 – gas	**490.40**	304.88
Scope 2	**18,324.59**	17,564.97
Scope 2 – operating estate	**17,789.42**	16,825.27
Scope 2 – electricity, heat, steam or cooling	**535.17**	739.70
Total emissions	**22,697.58**	22,550.89
Intensity ratio		
Per number of units of operating equipment	**0.4986**	0.5048

There has been a slight increase (0.65%) in the Group's total Greenhouse Gas emissions during the year ended 30 April 2016 compared with that of the year ended 30 April 2015. There is a reduction in scope 1 emissions - mainly travel costs, reflecting the Group's policy to use efficient Co2 car fleets offset by an increase in scope 2 emissions - mainly electricity used in the operating estate.

The increase in scope 2 emissions is due in part to an increase in the number of laundry units in operation. The Group continues to invest in efficient energy-saving equipment.

The Group's intensity measure, based on the average number of units of operating equipment, shows a reduction in the year ended 30 April 2016 compared with the preceeding year from 0.5048 to 0.49858.

in addition, the Company complies with its obligations under the Government's Energy Savings Opportunity Scheme. The Group's long-term aim is to reduce its carbon footprint, but it has not set any specific targets.

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.

Viability Statement

The directors have assessed the viability and prospects of the Group in accordance with the requirements of the 2014 revision of the UK Corporate Governance Code. In doing so, the directors have considered and taken into account the Group's present position and the principal risks facing it the latter being set out in the Strategic Report. The directors have carried out their assessment by: (i) considering the potential repercussions of those principal risks at least annually as well as the risk impact of each major event or transaction; (ii) examining the effectiveness of the actions taken to mitigate the principal risks; (iii) continually reviewing strategy and market developments through regular executive briefings; and (iv) taking into account the Group's operational processes and financial resources. Based on this robust assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities over a three-year period to June 2019.

The directors decided that a three-year period is appropriate for this assessment because it enables a good level of confidence due to a number of factors including: (i) the Group's considerable financial resources including the high cash generation of its operations; (ii) the inherent unlikelihood of all or even most of the identified potential principal risks materialising simultaneously; (iii) the length of major operating contracts; (iv) the Group's diverse geographical operations plus its established business relationships with many customers and suppliers in countries throughout the world; and (v) its proven track record in R&D development and its ability to adapt to market trends.

The directors have no reason to believe the Group will not be viable over a longer period, however, given the inherent uncertainty involved in looking at longer time frames, the period over which the directors consider it possible to form a reasonable expectation as to the Group's longer-term viability is three years.

By order of the Board

Del Mansi
Company Secretary

21 June 2016

Personal identification...

Assisting the Japanese Government by developing a new ID system in our photobooths, utilising a QR code reader, for the new My Number card.

...helping to manage social administration.

Board of Directors & Company Secretary

John Lewis OBE
Non-executive Chairman

Joined the Board in 2008 and appointed Chairman in 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 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
Non-executive Director

Appointed to the Board in 2009. Retired from her executive role as Group Finance Director on 27 August 2015, continuing as a Non-executive Director. Joined KIS in 1991.

Yitzhak Apeloig
Non-executive Director

Appointed to the Board in 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 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.

Emmanuel Olympitis
Non-executive Director

Appointed to the Board in 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 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.

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 2016.

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 Company's subsidiary and associated undertakings are shown on page 99.

Results and dividends

The results for the year are set out in the Group Statement of Comprehensive Income on page 48.

The directors recommend a final dividend of 3.285p per ordinary share which, if approved at the Annual General Meeting on 20 October 2016, will be paid on 10 November 2016 to shareholders on the register at the close of business on 7 October 2016. The ex-dividend date will be 6 October 2016. This, together with the interim dividend of 2.575p per ordinary share paid on 12 May 2016 makes a total dividend for the year of 5.86p per ordinary share.

In addition, a special dividend of 2.815p per ordinary share will be paid on the same date as the final dividend, above.

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 gives 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. The Strategic Report also contains the Board's Long-term Viability Statement.

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 16 to 18 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 2016, can be found in the Corporate Responsibility Statement on pages 16 to 18.

Board of directors and their interests

The current directors of the Company are: John Lewis (Chairman, member of the audit and remuneration committees, and chairman of the nomination committee); Serge Crasnianski (Chief Executive Officer and Deputy Chairman); Emmanuel Olympitis (Senior Independent Non-executive Director, Chairman of the Remuneration Committee and a member of the Nomination and Audit Committees); Françoise Coutaz-Replan (Non-executive Director); 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 director retiring by rotation and being put forward for re-appointment at the Annual General Meeting this year is Mr Emmanuel Olympitis.

Details of the directors' contracts, emoluments and interests in shares and share options are given in the Remuneration Report on pages 30 to 42.

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 allows 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 would, if granted, constitute 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 21 June 2016, 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	21.25	* Direct/indirect
Schroders plc	56,298,107	14.99	Indirect
Dan David Foundation	45,579,318	12.14	Direct
FIL Limited	29,660,825	7.90	Indirect

* 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 as at such date.

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 2015 Annual General Meeting, the Company is authorised to purchase its own shares in the market. The Company will seek approval at the 2016 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 2016.

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 2016.

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 noon on 20 October 2016 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, as well as to persons nominated by a shareholder of the Company to enjoy information rights. 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

21 June 2016

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 Code. The directors consider that the Company has, throughout the year ended 30 April 2016, complied with those provisions of the September 2014 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 Non-executive Chairman, the Chief Executive Officer, and four Non-executive Directors, three of whom the Board considers to be independent, namely Emmanuel Olympitis, Jean-Marcel Denis and Yitzhak Apeloig, and one whom the Board considers to be non-independent because of her previous employment by the Company, namely Françoise Coutaz-Replan. Ms Coutaz-Replan resigned as an employee of the Group in August 2015.

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 either directly or indirectly were major shareholders in the Company, he should not be considered as independent (the Dan David Foundation remains a major shareholder). 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 and 2014,was £23,098, and £17 respectively, and £nil for both of the financial years ended 30 April 2015 and 2016).

Accordingly, given the above the Nomination Committee reassessed Mr Apeloig's status in 2015 and concluded that he should be considered as being an independent Non-executive director. The Committee keeps 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 other Executive Directors. 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 five 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	**5**	**3**	**2**	**0**
	Number of meetings attended (maximum possible)			
Director				
J Lewis	5 (5)	3 (3)	2 (2)	0 (0)
S Crasnianski	5 (5)	n/a	n/a	n/a
Y Apeloig	5 (5)	n/a	n/a	n/a
F Coutaz-Replan	4 (5)	n/a	n/a	n/a
J-M Denis	5 (5)	3 (3)	1 (2)	0 (0)
E Olympitis	5 (5)	3 (3)	2 (2)	0 (0)

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 (Senior Independent Director) 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, Ms Coutaz-Replan (the Group's former Finance Director), Yitzhak Apeloig, who is a qualified accountant) together with the Chief Financial Officer and 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 available 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 auditor 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. From the year ended 30 April 2009 until the Annual General Meeting in September 2013, KPMG Audit Plc was auditor, having been selected as a result of a competitive tender in 2008. The Board is committed to putting the audit contract out to tender at least once every ten years.

Corporate Governance Statement

(forming part of the Report of the Directors)

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 2016. In June 2016, 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, judgments and estimates which are detailed in note 1 to the financial statements. The key areas of assumptions, judgments 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 judgments 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 2016 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 judgments 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.

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.

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. Two meetings were held in the year ended 30 April 2016.

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 30 to 42 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. The Committee had several discussion sessions during the year ended 30 April 2016, but as no new candidates were considered for appointment to the Board during that period, the Committee held no formal meetings.

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 has 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 or dialogue.

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 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 the 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 position and performance, business model and strategy.

Dear Shareholder, I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2016, which has been prepared by the Remuneration Committee ('the Committee') and approved by the Board.

This is the Company's third 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 2015/16 and the intended policy for 2016/17.

– 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 annual general meeting (AGM). We will ask shareholders to vote on a number of changes to that remuneration policy at the 2016 AGM ahead of a more fundemental review of the policy in 2017 (i.e. the end of the three year policy). The amended policy, as it would be if shareholders approve those changes at the 2016 AGM, is set out below.

– The Annual Report on Remuneration, which discloses details of the Remuneration Committee, how the remuneration policy was implemented in the year ended 30 April 2016, and how the policy will operate for the year ending 30 April 2017.

This Remuneration Report (other than the part containing the Directors' Remuneration Policy) will be subject to an advisory vote at the forthcoming 2016 AGM. The Remuneration policy amendments will be subject to a binding vote.

Remuneration outcomes in 2015/16

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. As pre-tax profit exceeded the prior year adjusted pre-tax profit by more than 5%, 100% of salary bonus is payable to the Chief Executive Officer (CEO). The Remuneration Committee decided not to pay out any bonus to Françoise Coutaz-Replan as she stepped down from her executive role on 27 August 2015. However, the Remuneration Committee would like to take this opportunity of acknowledging the excellent work that Françoise has done over the years she has been with the Group and in particular during the time she served as Group Finance Director. Françoise continues to serve the Group as a non-executive director, bringing her skill, experience and deep knowledge of the business to bear in this role.

Remuneration policy for 2016/17

For 2016/17 and following extensive consultation with major investors:

– the base salary payable to the Chief Executive Officer (CEO) was increased by 10% effective 1 May 2016. This followed a review of both individual and Group performance in addition to taking account of: (i) a desire to re-establish and maintain an appropriate salary differential between the CEO and below-Board executives, which has been reducing in recent years; (ii) the size and complexity of the role; and (iii) relevant market data. This increase is within the shareholder approved remuneration policy.

– Shareholder approval will be sought at the 2016 AGM to amend the remuneration policy to, amongst other things, accommodate an increase in the CEO's annual bonus potential from 100% to 150% of salary, effective 1 May 2016, with the additional potential subject to challenging performance targets based on financial performance. 100% of base salary bonus potential will be payable for exceeding the previous year's pre-tax profit by 5%, increasing to 150% of base salary bonus potential payable for exceeding the previous year's pre-tax profit by 10%. 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. This change reflects the Committee's desire to remunerate the CEO fairly and at market levels for his responsibility levels and role performed, particularly given that, as explained below, he does not receive share awards. No share deferral will operate given the CEO's significant equity holding. Consistent with best practice, clawback provisions will be introduced. In addition, the Remuneration Committee will provide full retrospective disclosure in respect of the performance targets and performance against those targets in the Remuneration Report published immediately following the relevant year end.

– Consistent with best practice, the policy in respect of shareholding guidelines for executive directors will be increased from 100% to 200% of salary.

– No changes will be made to the policy in respect of benefit and pension provision and long-term incentives will continue to be provided through the Photo-Me 2014 Executive Share Option Scheme approved at the 2014 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. However, the committee considers that the CEO is already significantly aligned to the share price given his shareholding, therefore he will not receive long-term incentive awards during 2016/17. Market value options over shares worth up to 150% of salary will be granted to selected senior executives (excluding the CEO) which will normally vest three years from grant, subject to continued employment and earnings per share ("EPS") performance targets. However, to the extent that any executive director receives awards under the Photo-Me 2014 Executive Share Option Scheme in the future, a two-year holding period will operate whereby to the extent that the individual exercises vested awards within two years of the vesting date, they will be required to retain the net-of-tax shares until the second anniversary of vesting (i.e. five years from grant).

As the above changes are amendments to the existing remuneration policy rather than the introduction of a new policy, the Committee still intends to conduct a full review of the remuneration policy before the 2017 AGM (i.e. three years from the adoption of the first remuneration policy) to take recent investor feedback into account. Major investors and representitive bodies will be consulted where appropriate.

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 2015 AGM, which was over 91% in favour of the Directors' Remuneration Report resolution, 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

21 June 2016

This part of the Directors' Remuneration Report sets out the remuneration policy for the Company since 1 May 2014 subject to a number of amendments which will be put to shareholders for approval at the 2016 AGM. The original 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. If shareholders approve this amended policy, it will take effect from 1 May 2016.

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 chart below shows how the composition of the CEO's remuneration package 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 package at different levels of performance

The chart above is based on the following:

– Salary level effective on 1 May 2016
– An approximate value of benefits for the financial year to 30 April 2017
– An annualised pension contribution and/or salary supplement (as a % of salary) for the year to 30 April 2017
– A maximum bonus of 150% of salary (with target assumed to be 50% of the maximum).
– The CEO will not receive share option awards during the 2016/2017 financial year.

Summary remuneration policy table

The table below summarises the remuneration policy for directors:

Element	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 150% 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 – Clawback provisions are operated
Pension	– Provides competitive retirement benefits	– Defined contribution – Executive directors may be offered cash in lieu of pension	– Up to 15% of base salary p.a.	– N/A
Executive Share Option Scheme	– Aligns executive directors' interests with those of shareholders – Retention	– Annual awards of market value options may be granted – The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures	– Up to 150% of base salary p.a.	– Financial (EPS) metrics will apply – Up to 25% vests at threshold increasing to 150% vesting at maximum – Clawback provisions are operated
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 200% 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 (other than in respect of the expenses relating to the performance of that individual's duties, such as travel to/from Board meetings)	– There is no prescribed maximum fee or fee increase – The Committee is guided by market rates, time commitments and responsibility levels – The Board may request that a non-executive director undertake services not within the normal scope of his/her role. Should this be the case in the future, a commercial rate would be paid and full disclosure would be provided in the relevant Directors' Remuneration Report	– N/A

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

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority 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 2014 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 2014 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 2015 AGM, which was over 91% 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 150% 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 (none 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 director's service contract are as follows:

Executive director	Date of contract	Notice period
Serge Crasnianski	01/05/2010	12 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]	26/07/2010	2014	2017
Yitzhak Apeloig	08/03/2012	2015	2018
Françoise Coutaz-Replan[2]	27/08/2015	2015	2018
Jean-Marcel Denis	01/03/2012	2015	2018
Emmanuel Olympitis	11/11/2009	2013	2016

1 First appointed to the Board on 3 July 2008.

2 First appointed to the Board as Group Finance Director on 24 September 2009, and resigned as an executive director on 27 August 2015.

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.

Implementation of the Remuneration Policy for year ending 30 April 2017

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 2016 £	1 May 2015 £	% Increase
Serge Crasnianski	**540,887**	491,715	10
Françoise Coutaz-Replan[1]	**n/a**	189,000	–

1 Resigned as Group Finance Director on 27 August 2015, continuing as non-executive director

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.

Benefits

Executive directors will be provided with a company car, private medical insurance and an accommodation allowance.

Annual bonus

The executive directors are eligible for annual bonuses based upon the financial performance of the Group and the attainment of personal objectives. Consent will be sought at the 2016 AGM to increase the maximum bonus payable for Serge Crasnianski from 100% to 150% of base salary such change to be effective as of 1 May 2016.

In respect of Serge Crasnianski, 100% of base salary bonus potential will be payable for exceeding the previous year's pre-tax profit by 5% increasing to 150% of base salary bonus potential payable for exceeding the previous year's pre-tax profit by 10%. 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.

Long-term incentives

No options will be granted to the CEO under the 2014 Executive Share Option Scheme this year.

Non-executive directors

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

Non-executive director	Role	Committee Chairman role	1 May 2016 £	1 May 2015 £
John Lewis	Chairman	Chair of Nomination Committee	**120,000**	120,000
Emmanuel Olympitis	Senior Independent director	Chair of Remuneration Committee	**50,000**	50,000
Françoise Coutaz-Replan	Non-executive director	–	**40,000**	n/a
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 2016 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]	**2016**	**491,715**	**27,397**	**491,715**	**568,703**	**73,757**	**1,653,287**
	2015	468,300	24,783	468,300	–	70,245	1,031,628
Françoise Coutaz-Replan[6]	**2016**	**63,000**	**9,220**	**30,725**	**154,120**	**6,300**	**263,365**
	2015	189,000	21,958	–	225,000	18,900	549,358
Non-executive directors							
John Lewis[7]	**2016**	**120,000**	**–**	**–**	**–**	**–**	**120,000**
	2015	120,000	–	–	–	–	120,000
Yitzhak Apeloig	**2016**	**40,000**	**–**	**–**	**–**	**–**	**40,000**
	2015	40,000	–	–	–	–	40,000
Françoise Coutaz-Replan[6]	**2016**	**27,701**	**–**	**–**	**–**	**–**	**–**
	2015	n/a	n/a	n/a	n/a	n/a	n/a
Jean-Marcel Denis	**2016**	**45,000**	**–**	**–**	**–**	**–**	**45,000**
	2015	45,000	–	–	–	–	45,000
Emmanuel Olympitis	**2016**	**50,000**	**–**	**–**	**–**	**–**	**50,000**
	2015	50,000	–	–	–	–	50,000

1 Taxable benefits comprise the provision of a car or car allowance, private medical insurance and an accommodation allowance (where appropriate).
2 Bonus is that awarded in respect of performance in the financial year, the calculation for the 2016 annual bonus is shown on page 38.
3 The vesting calculation for the ESOS awards granted in July 2013 to Serge Crasnianski (738,000 shares) and Françoise Coutaz-Replan (200,000 shares), each with an exercise price of 90.63p which had a performance period which ended on 30 April 2016 is set out on page 38. The awards do not vest until 9 July 2016 and the intrinsic values have been estimated using the 3-month average share price ended on 30 April 2016 being 167.69p. These figures will be revised in the subsequent year using the actual intrinsic values on the vesting date.
4 The Company contributed 5% (2015: 5%) of base salary to the Company's Group Personal Pension Plan on behalf of Françoise Coutaz-Replan until she resigned as an executive director on 27 August 2015. Additional contributions were paid as salary supplements to Serge Crasnianski and Françoise Coutaz-Replan of £73,757 (2015: £70,245) and £3,150 (2015: £9,450) 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 £770,373 (2015: £733,688) payable to a third party in respect of making available the services of Serge Crasnianski to the Company.
6 Françoise Coutaz-Replan stepped down as an executive director on 27 August 2015, continuing as a non-executive.
7 The emoluments of John Lewis shown above, include fees of £45,000 (2015: £45,000) 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 the year ended 30 April 2016, the maximum bonus opportunity for Serge Crasnianski and for Françoise Coutaz-Replan was 100% of salary and 50% of salary respectively, in the case of Ms Coutaz-Replan's maximum bonus opportunity was subject to pro-rating to reflect that she stepped down as an executive part way through the year.

Serge Crasnianski's full bonus for that year was determined by performance against profit-before-tax targets established at the start of the financial year. Françoise Coutaz-Replan did not receive an annual bonus for the year ended 30 April 2016 given she switched to non-executive director on 27 August 2015.

Details of the performance against the profit-before-tax targets for the 2016 annual bonus are set out below.

Profit-before-tax target

	2016 Profit before tax £m	Bonus payout (% of salary) Serge Crasnianski	Françoise Coutaz-Replan
Target[1]	35.0	75%	25%
Maximum	36.8	100%	35%
Actual	**40.1**	**100%**	**Nil**

1 Equivalent to the 2014/15 adjusted profit before tax, excluding the one-off £3,484,000 profit on the sale of land.

Summary

	2016 Maximum bonus payout (% of salary)			2016 Actual bonus payout (% of salary)			
Executive director	**Profit before tax**	**Personal objectives[1]**	**Total**	**Profit before tax**	**Personal objectives[2]**	**Total**	**2016 Actual bonus payout (£)**
Serge Crasnianski	100%	–	100%	100%	n/a	100%	491,715
Françoise Coutaz-Replan	35%	15%	50%	n/a	n/a	n/a	n/a

1 The figures presented are based upon a full year. In practice, no bonus was payable to Françoise Coutaz-Replan for the year ended 30 April 2016.
2 Based on the Committee's assessment of a number of pre-specified financial-related objectives.

Executive Share Option Scheme (ESOS)

The ESOS awards granted to Serge Crasnianski and Françoise Coutaz-Replan on 9 July 2013 completed their performance period on 30 April 2016 and accordingly have been included in the 2016 single total figure of remuneration. These awards are fully based on performance against an EPS target.

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

	EPS for 2016	Vesting (% of participant's salary at date of grant)
Performance condition	Below 5.3p	None
	5.3p	25%
	6.2p	100%
	6.8p	150%
	Between 5.3p and 6.8p	Between 25% and 150% on a straight-line basis
Actual	**7.77p**	**150%**

* Subject to audit

Scheme interests awarded in the year *

Executive Share Option Scheme

On 9 July 2015, one executive director was granted an award over options under the ESOS with an exercise price of 133.33p.

Executive director	Number of ESOS awards	Basis	Face value[1]
Françoise Coutaz-Replan	212,600	150% of base salary	£283,460

1 Based on a share price of 133.33p which was the average share price over three dealing days immediately prior to grant.

The awards will vest in 2018 subject to the achievement of EPS targets which are detailed below.

EPS for 2018	Vesting (% of participant's salary at date of grant)
Below 6.5p	None
6.5p	25%
7.7p	100%
8.5p	150%
Between 6.5p and 8.5p	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 2016 and the date of signing the financial statements.

	Beneficially owned at						
Executive directors	**30 April 2016**	1 May 2015	Vested ESOS 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	200%	23,681%	Yes
Françoise Coutaz-Replan[5]	**n/a**	161,800	–	–	n/a	n/a	n/a
Non-executive directors							
John Lewis	**–**	–	–	–	–	–	–
Yitzhak Apeloig							
Françoise Coutaz-Replan[5]	**161,800**	–	776,093	407,600	–	–	–
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 100% of base salary (200% from the 2016 AGM, if approved by shareholders) 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 2016 being 167.25p. The shareholding guideline is calculated using only beneficially owned shares.
4 Of the shares beneficially owned by Serge Crasnianski, 79,719,900 (2015: 79,719,900) were registered in other names.
5 Françoise Coutaz-Replan stepped down as an executive director on 27 August 2015, continuing as a non-executive.

* Subject to audit

Directors' interests in share options *

	Number of options							
Date of grant	As at 1 May 2015	Granted during year	Exercised during year	Lapsed during year	**As at 30 April 2016**	Exercise price	Date from which exercisable	Expiry date
Serge Crasnianski								
9 July 2013[1]	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	232,000	–	–	–	**232,000**	39.17p	4 July 2015	3 July 2019
9 July 2013[1]	200,000	–	–	–	**200,000**	90.63p	9 July 2016	8 July 2020
10 July 2014[2]	195,000	–	–	–	**195,000**	145.33p	10 July 2017	9 July 2021
9 July 2015[3]	–	212,600	–	–	**212,600**	133.33p	9 July 2018	8 July 2022

1 The 9 July 2013 ESOS award ended its performance period in the year ended 30 April 2016 and will vest subject to the performance conditions as outlined on page 38.
2 The 10 July 2014 ESOS awards are subject to the same performance conditions and vesting schedule as the 2013 ESOS awards, but the threshold 2017 EPS target is set at 5.5p with full vesting for an EPS of 7.2p or greater.
3 The 9 July 2015 ESOS award is subject to the performance conditions as outlined on page 39.

* 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.

	2016	2015	% Change
Employee remuneration costs (£'000)[1]	**32,653**	32,031	1.94%
Dividends (£'000)[2]	**18,217**	21,381	(14.80%)

1 Based on the figure shown in note 5 to the Financial Statements.
2 Based on the cash returned to shareholders in 2016 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.

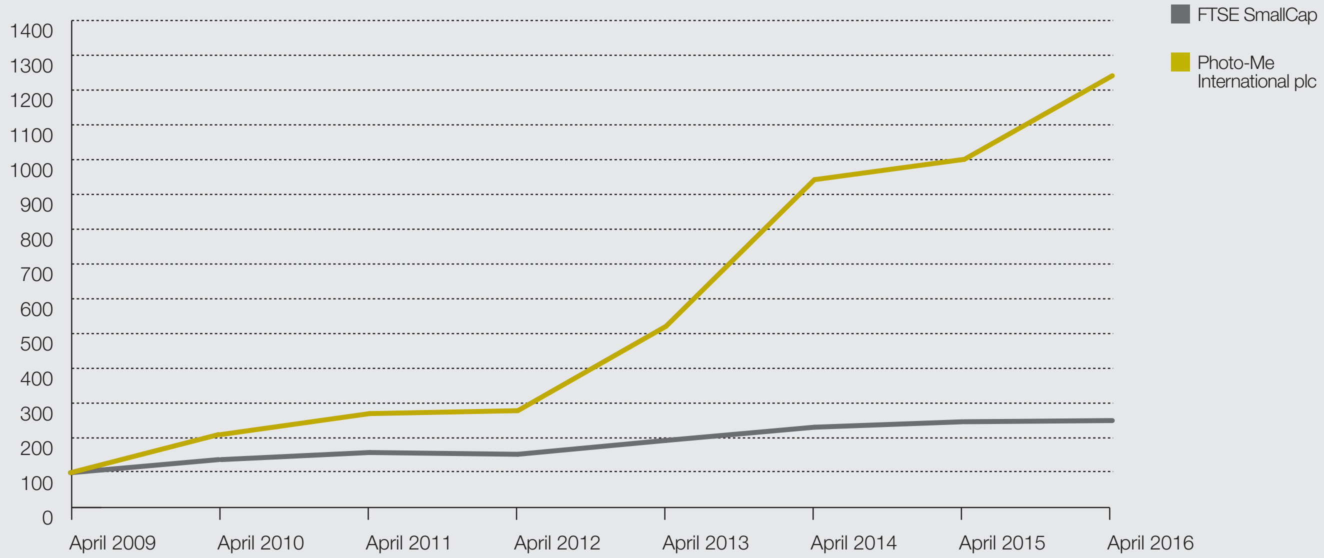
Element of remuneration	**Chief Executive Officer % change**	**Employees % change[1]**
Salary	+5%	+3.1%
Benefits	+10.5%	+7.97%
Annual bonus	+5%	+21.0%%

1 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 (calculated on the same basis) over the past seven 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 2016, 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 seven-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]**
2016	**Serge Crasnianski**	**1,653,287**	**100%**	**100%**
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 2011 to 30 April 2016, 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 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, member of the Audit and Nomination Committees and Senior Independent Director), John Lewis (Chairman of the Board and the Nomination Committee and member of the Audit Committee) and Jean-Marcel Denis (Chairman of the Audit Committee and member of the Nomination Committee). 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:

Name	Position	Appointment date	Number of meetings attended (maximum possible)
Emmanuel Olympitis	Committee Chairman	7 December 2009	2 (2)
John Lewis	Non-executive Chairman	3 July 2008	2 (2)
Jean-Marcel Denis	Non-executive Director	1 March 2012	1 (2)

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 Chief Executive Officer may attend meetings of the Committee, except when his 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 £14,250 in respect of advice given to the Remuneration Committee.

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)	301,692,164	91.50	28,008,187	8.50	329,700,351	100.00	21,366

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

21 June 2016

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 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 position and performance, business model and strategy.

Significant accounting policies, critical estimates and key judgments

Our significant accounting policies are set out on pages 54 to 61 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 2015/2016 consolidated financial statements.

By order of the Board

John Lewis
Non-executive Chairman

21 June 2016

Independent Auditor's Report

to 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 2016 set out on pages 48 to 100. 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 2016 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, in decreasing order of significance, were as follows (unchanged from 2015):

Recoverability of Japan goodwill £7,245,000 (2015: £7,245,000)
Risk vs 2015: ◄►
Refer to page 28 (Audit Committee Report), page 56 (accounting policy) and pages 68 to 69 (financial disclosures)

- The risk - Goodwill in relation to Nippon Auto-Photo Kabushiki Kasisha (Japan) is significant and at risk of recoverability due to:
  - the potential impact of the volatility of the Japanese Yen on the recoverable amount of this GBP denominated goodwill and;
  - the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability.
- Our response - 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. We considered the historical accuracy of key assumptions used in the model by comparing forecasted revenue and cost growth to the actual amounts achieved in prior periods. We compared forecast exchange rates to externally derived data and performed break-even analysis on the key 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 £4,113,000 (2015: £5,557,000)
Risk vs 2015: ◄►
Refer to page 28 (Audit Committee Report), page 60 (accounting policy) and pages 94 to 95 (financial disclosures)

- The risk - In the normal course of business, provisions and contingent liabilities may arise from potential and actual legal proceedings. These legal proceedings primarily relate to claims from former employees, as well as other ad hoc legal claims. The amounts involved are potentially significant and the estimation of the amounts, if any, to be provided, is inherently subjective.
- Our response - Our audit procedures included 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 have 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 estimates of the expected liabilities from the group's legal advisors on all significant matters. We 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 and appropriateness of the group's disclosures in respect of provisions and contingent liabilities.

Recoverability of carrying value of photobooths and vending machines £49,669,000 (2015: £43,087,000) Risk vs 2015: ◄►
Refer to page 28 (Audit Committee Report), page 57 (accounting policy) and pages 72 to 73 (financial disclosures)

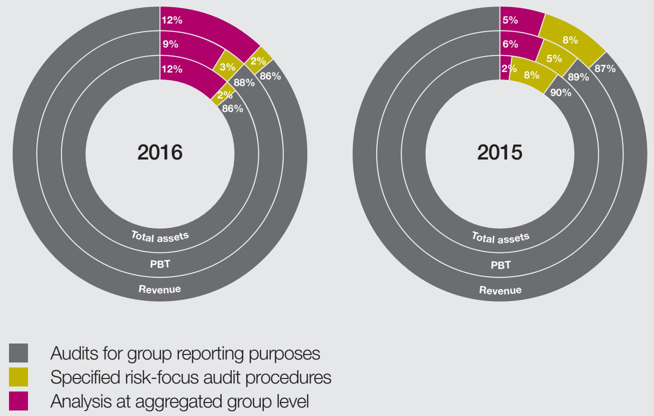
- The risk – The carrying value of photobooths and vending machines is significant and there is a risk of impairment of these assets in some countries due to potential changes in technology, consumer preference and regulations. The group prepares discounted cash flow forecasts at a country-specific entity level and compares the results to carrying value of the assets to assess if an impairment of the assets is required.
- Our response - Our audit procedures included assessing assumptions made in the discounted forecasted cash flows. We challenged the methodology used to determine the discount rate used in the model. and challenged the cash flow forecasts by comparing against past performance and assessing whether these considered the changes in the market place and regulations. For those assets where the carrying values were not supported by the discounted cash flows and no impairment was recognised, we challenged the achievability of the plans management had in place for the assets.

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 £2.0m (2015: £2.3m), determined with reference to a benchmark of group profit before taxation of £40m, of which it represents 5.0% (2015: 6.6%).

We report to the audit committee any corrected or uncorrected identified misstatements exceeding £0.1m (2015: £0.1m), in addition to other identified misstatements that warrant reporting on qualitative grounds.

Of the group's 34 (2015: 30) reporting components, we subjected 5 (2015: 5) to audits for group reporting purposes and 1 (2015: 6) to specified risk-focused audit procedures. The latter was 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:



The remaining 12% (2015: 5%) of total group revenue, 9% (2015: 6%) of group profit before tax and 12% (2015: 2%) of total group assets is represented by 28 (2015: 19) reporting components, none of which individually represented more than 4.9% (2015: 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 (2015: £1m to £1.2m), having regard to the mix of size and risk profile of the Group across the components. The work on 6 of the 34 components (2015: 10 of the 30 components) was performed by component auditors and the rest by the Group audit team.

The Group Engagement Partner visited 1 (2015: 0) component location in France, including to assess the audit risk and strategy. Regular telephone conference meetings were held with the component auditors, including planning calls and post reporting calls. 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 on the disclosures of principal risks
Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of viability on page 19, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the three years to 30 April 2019; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6 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 position and 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 43, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on page 26 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

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

Scope and responsibilities
As explained more fully in the Directors' Responsibilities Statement set out on page 43, 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.

Steve Masters (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

21 June 2016

Innovative technology...

Our leading edge kiosks provide durable, top quality prints from various media and via Bluetooth, WiFi and Infrared transfer, giving our customers an exceptional experience.

Group Statement of Comprehensive Income

for the year ended 30 April 2016

	Notes	2016 £'000	2015 £'000
Revenue	3	**183,994**	177,202
Cost of Sales		**(131,546)**	(129,638)
Gross Profit		**52,448**	47,564
Other Operating Income	4	**1,306**	1,166
Administrative Expenses		**(14,185)**	(10,524)
Share of Post-Tax Profits from Associates	14	**165**	164
Operating Profit		**39,734**	38,370
Analysed as:			
Operating profit before specific items		**39,734**	34,886
Profit on sale of land		**–**	3,484
Operating profit after specific items		**39,734**	38,370
Finance Revenue	6	**538**	191
Finance Cost	6	**(166)**	(65)
Profit before Tax		**40,106**	38,496
Total Tax Charge	7	**(10,907)**	(10,452)
Profit for Year		**29,199**	28,044
Other Comprehensive Income			
Items that are or may subsequently be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		**5,328**	(6,779)
Taxation on exchange differences		**485**	–
Total items that are or may subsequently be classified to profit and loss		**5,813**	(6,779)
Items that will not be classified to profit and loss:			
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations		**43**	(860)
Deferred tax on remeasurement (losses)/gains		**(9)**	221
Total items that will not be classified to profit and loss		**34**	(639)
Other comprehensive income/(expense) for the year net of tax		**5,847**	(7,418)
Total comprehensive income for the year		**35,046**	20,626
Profit for the Year Attributable to:			
Owners of the Parent		**29,066**	27,900
Non-controlling interests		**133**	144
		29,199	28,044
Total comprehensive income attributable to:			
Owners of the Parent		**34,841**	20,605
Non-controlling interests		**205**	21
		35,046	20,626
Earnings per Share			
Basic Earnings per Share	10	**7.77p**	7.49p
Diluted Earnings per Share	10	**7.72p**	7.43p

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 2016

	Notes	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Assets					
Non-current assets					
Goodwill	11	**11,606**	10,180	**–**	–
Other intangible assets	11	**8,706**	6,507	**5,723**	5,179
Property, plant & equipment	12	**56,094**	48,263	**8,383**	8,480
Investment property	13	**629**	458	**–**	–
Investment in - associates	14	**1,713**	848	**400**	257
- subsidiaries	14	**–**	–	**44,462**	41,690
Other financial assets - held to maturity	15	**2,253**	2,220	**971**	967
Other financial assets - available for sale	15	**75**	70	**–**	–
Deferred tax assets	24	**4,216**	3,512	**2,227**	1,702
Trade and other receivables	16	**1,548**	1,684	**–**	–
		86,840	73,742	**62,166**	58,275
Current assets					
Inventories	17	**17,094**	12,099	**1,723**	814
Trade and other receivables	16	**13,010**	10,874	**4,974**	7,991
Current tax		**2,273**	869	**–**	–
Cash and cash equivalents	18	**71,005**	58,632	**46,840**	20,938
		103,382	82,474	**53,537**	29,743
Assets held for sale		**96**	–	**96**	–
Total assets		**190,318**	156,216	**115,799**	88,018
Equity					
Share capital	20	**1,877**	1,866	**1,877**	1,866
Share premium		**8,156**	7,131	**8,156**	7,131
Translation and other reserves		**10,507**	4,766	**1,660**	1,399
Retained earnings		**101,101**	89,744	**57,110**	55,163
Equity attributable to owners of the Parent		**121,641**	103,507	**68,803**	65,559
Non-controlling interests		**1,109**	904	**–**	–
Total equity		**122,750**	104,411	**68,803**	65,559
Liabilities					
Non-current liabilities					
Financial liabilities	21	**9,183**	124	**–**	–
Post-employment benefit obligations	22	**4,755**	4,291	**–**	–
Provisions	23	**10**	17	**10**	17
Deferred tax liabilities	24	**1,887**	1,067	**–**	–
Trade and other payables	25	**1,821**	2,050	**200**	–
		17,656	7,549	**210**	17
Current liabilities					
Financial liabilities	21	**1,660**	59	**–**	–
Provisions	23	**4,103**	5,540	**–**	–
Current tax		**8,341**	5,981	**997**	1,128
Trade and other payables	25	**35,808**	32,676	**45,789**	21,314
		49,912	44,256	**46,786**	22,442
Total equity and liabilities		**190,318**	156,216	**115,799**	88,018

The accounts were approved by the Board on 21 June 2016.

Serge Crasnianski
Chief Executive Officer

John Lewis
Non-executive Chairman

Group Statement of Cash Flows

for the year ended 30 April 2016

	Notes	2016 £'000	2015 £'000
Cash flow from operating activities			
Profit before tax		**40,106**	38,496
Finance cost		**166**	65
Finance revenue		**(538)**	(191)
Operating profit		**39,734**	38,370
Share of post tax profit from associates		**(165)**	(164)
Amortisation of intangible assets		**1,548**	2,092
Depreciation of property, plant and equipment		**15,413**	14,789
Profit/(loss) on sale of property, plant and equipment		**(236)**	(3,510)
Exchange differences		**2,031**	(1,996)
Other items		**(1,615)**	(876)
Changes in working capital:			
Inventories		**(3,665)**	(1,910)
Trade and other receivables		**52**	2,587
Trade and other payables		**108**	451
Provisions		**(1,775)**	(671)
Cash generated from operations		**51,430**	49,162
Interest paid		**(166)**	(64)
Taxation paid		**(10,816)**	(9,124)
Net cash generated from operating activities		**40,448**	39,974
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired		**(1,642)**	(422)
Investment in associates		**(671)**	(146)
Investment in intangible assets		**(3,221)**	(3,641)
Proceeds from sale of intangible assets		**–**	1
Purchase of property, plant and equipment		**(21,276)**	(19,833)
Proceeds from sale of property, plant and equipment		**1,521**	5,623
Proceeds of sale of subsidiaries net of cash sold		**–**	32
Interest received		**538**	189
Dividends received from associates		**–**	96
Net cash generated from investing activities		**(24,751)**	(18,101)
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**1,036**	617
Repayment of capital element of finance leases		**(147)**	(78)
Repayment of borrowings		**(665)**	(158)
Increase in borrowings		**10,946**	–
Decrease in assets held to maturity		**29**	76
Dividends paid to owners of the Parent	9	**(18,217)**	(21,381)
Dividends paid to non-controlling interests		**–**	(158)
Net cash utilised in financing activities		**(7,018)**	(21,082)
Net increase in cash and cash equivalents		**8,679**	791
Cash and cash equivalents at beginning of year		**58,632**	60,996
Exchange loss on cash and cash equivalents		**3,694**	(3,155)
Cash and cash equivalents at end of year	18	**71,005**	58,632

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 2016

	Notes	2016 £'000	2015 £'000
Cash flow from operating activities			
Profit before tax		**21,453**	22,481
Finance cost		**74**	191
Finance revenue		**(532)**	(205)
Dividends and other items		**(10,692)**	(8,430)
Operating profit		**10,303**	14,037
Amortisation of intangible assets		**1,073**	702
Depreciation of property,plant and equipment		**3,275**	3,054
Loss/(profit) on sale of property, plant and equipment		**(255)**	(3,601)
Movement in investment provisions and other items		**(249)**	145
Changes in working capital:			
Inventories		**(909)**	36
Trade and other receivables		**3,132**	(1,960)
Trade and other payables		**16,157**	(6,355)
Provisions		**(7)**	7
Cash generated from operations		**32,520**	6,065
Interest paid		**(74)**	(32)
Taxation paid		**(2,098)**	(1,364)
Net cash generated from operating activities		**30,348**	4,669
Cash flows from investing activities			
Investment in subsidiaries		**(1,851)**	(4)
Purchase of intangible assets		**(1,617)**	(379)
Purchase of property, plant and equipment		**(3,416)**	(3,259)
Proceeds from sale of property, plant and equipment		**397**	4,513
Loans advanced to subsidiaries		**(115)**	–
Interest received		**532**	109
Dividends received from associates and subsidiaries		**10,692**	8,526
Net cash generated from investing activities		**4,622**	9,506
Cash flows from financing activities			
Issue of ordinary shares to equity shareholders		**1,036**	617
Borrowings from subsidiaries		**15,615**	7,611
Repayment of borrowings from subsidiaries		**(7,498)**	–
Increase in assets held to maturity		**(4)**	(4)
Dividends paid to owners of the Parent	9	**(18,217)**	(21,381)
Net cash utilised in financing activities		**(9,068)**	(13,157)
Net increase in cash and cash equivalents		**25,902**	1,018
Cash and cash equivalents at beginning of year		**20,938**	19,920
Cash and cash equivalents at end of year	18	**46,840**	20,938

Financial Statements

Group Statement of Changes in Equity

for the year ended 30 April 2016

	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 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)
Transfers between reserves	–	–	–	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
At 1 May 2015	**1,866**	**7,131**	**1,874**	**2,892**	**89,744**	**103,507**	**904**	**104,411**
Profit for year	**–**	**–**	**–**	**–**	**29,066**	**29,066**	**133**	**29,199**
Other comprehensive (expense)/income								
Exchange differences	**–**	**–**	**–**	**5,256**	**–**	**5,256**	**72**	**5,328**
Tax on exchange	**–**	**–**	**–**	**485**	**–**	**485**	**–**	**485**
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	**–**	**–**	**–**	**–**	**43**	**43**	**–**	**43**
Deferred tax on remeasurement gains	**–**	**–**	**–**	**–**	**(9)**	**(9)**	**–**	**(9)**
Total other comprehensive (expense)/income	**–**	**–**	**–**	**5,741**	**34**	**5,775**	**72**	**5,847**
Total comprehensive (expense)/income	**–**	**–**	**–**	**5,741**	**29,100**	**34,841**	**205**	**35,046**
Transactions with owners of the Parent								
Shares issued in the period	**11**	**1,025**	**–**	**–**	**–**	**1,036**	**–**	**1,036**
Share options	**–**	**–**	**–**	**–**	**413**	**413**	**–**	**413**
Deferred tax on share options	**–**	**–**	**–**	**–**	**61**	**61**	**–**	**61**
Dividends	**–**	**–**	**–**	**–**	**(18,217)**	**(18,217)**	**–**	**(18,217)**
Total transactions with owners of the Parent	**11**	**1,025**	**–**	**–**	**(17,743)**	**(16,707)**	**–**	**(16,707)**
At 30 April 2016	**1,877**	**8,156**	**1,874**	**8,633**	**101,101**	**121,641**	**1,109**	**122,750**

The non-controlling interests in the above table 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.

Company Statement of Changes in Equity

for the year ended 30 April 2016

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 May 2014	1,859	6,521	1,172	56,470	66,022
Profit for year	–	–	–	19,749	19,749
Other comprehensive expense					
Total 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
At 1 May 2015	**1,866**	**7,131**	**1,399**	**55,163**	**65,559**
Profit for year	**–**	**–**	**–**	**19,951**	**19,951**
Other comprehensive expense					
Total comprehensive expense	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for year	**–**	**–**	**–**	**19,951**	**19,951**
Transactions with owners of the Parent					
Shares issued in period	**11**	**1,025**	**–**	**–**	**1,036**
Share options	**–**	**–**	**–**	**152**	**152**
Deferred tax on share options	**–**	**–**	**–**	**61**	**61**
Capital contributions relating to share-based payments (net of disposals)	**–**	**–**	**261**	**–**	**261**
Dividends	**–**	**–**	**–**	**(18,217)**	**(18,217)**
Total transactions with owners of the Parent	**11**	**1,025**	**261**	**(18,004)**	**(16,707)**
At 30 April 2016	**1,877**	**8,156**	**1,660**	**57,110**	**68,803**

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

Notes to the Financial Statements
for the year ended 30 April 2016

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 2016 were authorised for issue by the directors on 21 June 2016 and the statements of financial position were signed by S Crasnianski, Chief Executive Officer and J Lewis, Non-executive Chairman.

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 61.

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 judgments
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 judgment, 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 1.5,1.8, 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. Technological 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.

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.

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 from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing 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 on which 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 value 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 acquiree 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.

All 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. They are presented separately within the statement of comprehensive income and the statement of financial position.

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 2016 and 2015.

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. For this purpose net assets includes loans between Group companies and any related foreign exchange contracts where settlement is neither planned nor likely to occur in the foreseeable future. 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 disposals, goodwill is included in the calculation of gains or losses on the sale of the previously acquired entity.

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

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

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

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

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

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

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

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

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

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

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

The critical judgment 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 a 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.

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.

Finished goods also include operating equipment not yet sited.

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

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

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

1.13 Share capital
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.

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.

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 judgment 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 earning per share are shown and are calculated on earnings available to Ordinary shareholders excluding specific items.

2 New standards, amendments and interpretations
New accounting standards

Adopted by the Group
The Group has adopted the following new and amended standards for the first time in these financial statements with no material impact.

• Amendments to IFRS 2 Share based Payments -	clarifies issues relating to the definitions of performance and service conditions which are vesting conditions.
• Amendments to IFRS3 Business Combinations -	clarifies when other applicable IFRSs should be referred to when determining the classification of contingent consideration as a liability or equity instrument.
• Amendments to IFRS8 Operating Segments -	clarifies that entities should disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated.
• Amendments to IAS19 Defined Benefit Plans: Employee Contributions -	simplifies the accounting for contributions that are independent of a number of years of employee service.
• Amendments to IAS 24 Related Party Disclosures -	clarifies that an entity providing key management personnel services to the reporting entity or to the Parent Company is a related party of the reporting entity.

Not adopted by the Group
Certain changes to IFRS will be applicable to the Group's financial statements in future years, including the IFRS Improvements Cycle. The more significant changes are shown below.

IFRS 9 Financial Instruments (effective from 1 January 2018) reflects all phases of the financial instruments project and replaces IAS39 Financial Instruments: Recognition and Measurement. This standard introduces new classification and measurement requirements of financial instruments, new general hedge accounting requirements and a new expected credit loss model for measuring impairment on financial assets. The Group's initial impression is that adopting this standard will not have a material impact on the financial statements. A detailed evaluation will commence in 2016.

IFRS15 Revenue from Contracts with Customers (effective from 1 January 2018) replaces the existing Revenue Standard. The new standard is based on the principle that revenue is recognised when control of goods or services is transferred and provides a single principle based standard. The Group's initial impression is that this standard will not have a material impact on the consolidated results or financial position. A detailed evaluation will commence in 2016.

IFRS16 Leases was issued in January 2016, and is effective from 1 January 2019. This standard will replace all existing lease accounting requirements. The standard makes no distinction between operating and finance leases and will require nearly all leases to be reflected on the balance sheet. The Group currently has operating leases, mainly for motor vehicles which under the new standard will result in an increase in assets and liabilities. The Group has a strong net cash position so the impact on gearing will be marginal. The Group will begin to assess the impact of this standard in 2016, including any impact on site agreements.

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. The Group reports its segments on a geographical basis, Asia, Continental Europe and United Kingdom and Ireland. The Group's European operations are predominately based in Western Europe and with the exception of the Swiss operations use the Euro as their domestic currency. The Board believes that the economic characteristics of the European operations, together with the fact that they are similar in terms of operation, they use common systems for operations and administrative functions and the nature of the regulatory environment allows the European operations to be aggregated into one reporting segment.

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 CODM.

The segment results are as follows:

	Asia £'000	Continental Europe £'000	United Kingdom & Ireland £'000	Total £'000
2016				
Total revenue	**45,364**	**100,816**	**46,066**	**192,246**
Inter-segment sales	**(865)**	**(7,104)**	**(283)**	**(8,252)**
Revenue from external customers	**44,499**	**93,712**	**45,783**	**183,994**
EBITDA	**13,633**	**33,881**	**11,934**	**59,448**
Depreciation and amortisation	**(3,134)**	**(9,718)**	**(3,973)**	**(16,825)**
Operating profit excluding associates	**10,499**	**24,163**	**7,961**	**42,623**
Share of post-tax profits from associates				**165**
Corporate costs excluding depreciation and amortisation				**(2,918)**
Corporate depreciation and amortisation				**(136)**
Operating profit				**39,734**
Finance revenue				**538**
Finance costs				**(166)**
Profit before tax				**40,106**
Tax				**(10,907)**
Profit for year				**29,199**
Capital expenditure	**4,623**	**13,221**	**4,669**	**22,513**
Corporate capital expenditure				**2,303**
Total capital expenditure				**24,816**

Reconciliation of operating profit

	Asia £'000	Continental Europe £'000	United Kingdom & Ireland £'000	Total £'000
Operating profit before associates	**10,499**	**24,163**	**7,961**	**42,623**
Share of post tax profits from associates	**165**	**–**	**–**	**165**
Corporate operating profit	**–**	**737**	**(3,791)**	**(3,054)**
Total operating profit	**10,664**	**24,900**	**4,170**	**39,734**

	Asia £'000	Continental 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	Continental 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

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 2016 £'000	2015 £'000
Total revenue from external customers		
Asia and rest of the world	**44,499**	38,205
Continental Europe	**95,960**	96,265
UK	**43,535**	42,732
	183,994	177,202

	Group 2016 £'000	2015 £'000
Total revenue from external customers		
Sales of equipment	**6,590**	5,809
Sales of spare parts and consumables	**7,517**	8,139
Other sales	**183**	21
	14,290	13,969
Vending revenue	**169,704**	163,233
	183,994	177,202

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

	2016 £'000	2015 £'000
Amortisation, depreciation and impairment		
Amortisation of previously capitalised research and development expenditure	1,015	1,678
Amortisation of intangible assets other than research and development	533	414
	1,548	2,092
Depreciation of property, plant and equipment		
- owned	15,304	14,709
- leased	109	80
	15,413	14,789

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.

- reflected in income statement in cost of sales	280	206
- reflected in income statement in administrative expenses	253	208
	533	414

	2016 £'000	2015 £'000
Operating lease rentals		
- property	396	462
- plant and equipment	1,866	966
	2,262	1,428
Restated as per note 2		
Inventory cost		
Cost of inventories recognised as an expense	11,441	12,575
Inventory provision reversed	52	–
	11,493	12,575

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

	2016 £'000	2015 £'000
Other items		
Research and development current year expenditure, not capitalised	177	377
Own work capitalised	(1,842)	(2,613)
Trade receivables impairment (note 15)	(45)	292
Net foreign exchange gains	(106)	(956)
(Gains)/losses on sale of property, plant and equipment	(236)	(3,510)
Direct expenses for investment properties generating rental income	53	68

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.

	2016 £'000	2015 £'000
Audit of these financial statements	162	162
Fees payable to the Company's auditor and its associates for other services		
- audit of the Company's subsidiaries pursuant to legislation	131	151
- other services	21	57
	314	370

	2016 £'000	2015 £'000
Audit fee of the Company	60	60

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:

	2016 £'000	2015 £'000
Audit fees	67	89
Other services	3	3
	70	92

Summary

	2016 £'000	2015 £'000
Total fees paid or payable to all of the Group's auditors for audit and other services	384	462

Other operating income

	2016 £'000	2015 £'000
	1,306	1,166

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

Specific items
Specific items are as follows:

	2016 £'000	2015 £'000
Profit on sale of land	–	3,484
Total	–	3,484

Specific items are those that in management's judgment 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	
	2016 £'000	2015 £'000
Wages and salaries	32,653	32,031
Social security costs	7,096	7,242
Share options granted to directors and employees	413	371
Post employment benefit costs		
- defined benefit schemes	228	247
- defined contribution schemes	243	218
- other post-employment costs	243	191
	40,876	40,300

Directors' emoluments
Full details of directors' remuneration and share options are given in the Remuneration Report on pages 36 to 48.
The average number of employees during the year (including executive directors) comprised:

	Group 2016 £'000	2015 £'000
Full - time	**950**	924
Part - time	**167**	164
	1,117	1,088
UK: Full - time	**291**	264
UK: Part - time	**9**	11
Continental Europe: Full - time	**507**	515
Continental Europe: Part - time	**42**	42
Asia and rest of the world: Full - time	**152**	146
Asia and rest of the world: Part - time	**116**	110
	1,117	1,088

6 Finance revenue and costs

	2016 £'000	2015 £'000
Finance revenue		
Bank interest	**528**	170
Other interest	**10**	19
Other financial income	**–**	2
	538	191
Finance costs		
Bank loans and overdrafts at amortised cost	**149**	52
Other loans at amortised costs and finance leases	**17**	12
Provision on investments and other finance charges	**–**	1
	166	65

7 Taxation expense

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

	2016 £'000	2015 £'000
Taxation		
Current taxation		
UK Corporation tax		
- current year	**1,965**	2,164
- prior years	**(15)**	(144)
	1,950	2,020
Overseas taxation		
- current year	**9,023**	7,491
- prior years	**(64)**	(62)
	8,959	7,429
Total current taxation	**10,909**	9,449
Deferred taxation		
Origination and reversal of temporary differences		
- current -year - UK	**(520)**	1,103
- current -year - overseas	**256**	(123)
Adjustments to estimated recoverable amounts of deferred tax assets arising in previous years		
- UK	**(15)**	(56)
- Overseas	**205**	79
Impact of change in rate	**72**	–
Total deferred tax	**(2)**	1,003
Tax charge in the statement of comprehensive income	**10,907**	10,452

Tax relating to items charged to other components of comprehensive income

	2016 £'000	2015 £'000
Corporation tax	**485**	–
Deferred tax	**52**	402
Tax credit in other comprehensive income	**537**	402

Reconciliation of total tax charge
The difference between the Group tax charge and the standard UK corporation tax rate of 20.0% (2015: 20.9%) is explained below:

	2016 £'000	2015 £'000
Profit before tax	**40,106**	38,496
Tax using the UK corporation tax rate of 20.0% (2015: 20.9%)	**8,021**	8,052
Effect of:		
- non-taxable items	**(227)**	168
- change in UK tax rates	**112**	7
- overseas tax rates	**3,598**	2,648
- losses not recognised in deferred tax (relieved)\incurred	**(708)**	(125)
- adjustments to tax in respect of prior years	**111**	(298)
Total tax charge	**10,907**	10,452
Effective tax rate	**27.2%**	27.2%

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 £19,951,000 (2015: £19,749,000), including dividends received from subsidiaries.

9 Dividends paid and proposed

	2016 Pence per share	2016 £'000	2015 Pence per share	2015 £'000
Interim				
2015 paid on 14 May 2015	**2.34**	**8,733**		
2014 paid on 6 May 2014			1.80	6,690
Final				
2015 paid on 12 November 2015	**2.54**	**9,484**		
2014 paid on 7 November 2014			1.95	7,257
Special				
paid on 15 May 2014			2.00	7,434
	4.88	**18,217**	5.75	21,381

Year ended 30 April 2016 – Proposed dividends not yet paid
The Board declared an interim dividend of 2.575p per share for the year ended 30 April 2016, amounting to £9,669,000 which was paid on 12 May 2016. The Board proposes a final dividend for the year ended 30 April 2016 of 3.285p per share, which is subject to shareholders approval at the Annual General Meeting to be held on 20 October 2016. The Board also proposes a special dividend of 2.815p per share. Both the final and special dividends will be paid on 10 November 2016.

Year ended 30 April 2015 – Paid after 30 April 2015
The Board declared an interim dividend of 2.34p per share for the year ended 30 April 2015, amounting to £8,733,000 which was paid on 14 May 2015. The Board proposed a final dividend for the year ended 30 April 2015 of 2.54p per share, amounting to £9,484,000 which was paid on 12 November 2015.

10 Earnings per share
Basic earnings per share amounts are calculated by dividing net earnings attributable to shareholders of the Parent of £29,066,000 (2015: £27,900,000) 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:

	2016			2015		
	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	**29,066**	**374,121**	**7.77**	27,900	372,381	7.49
Effect of dilutive share options		**2,514**	**(0.05)**		3,314	(0.06)
Diluted earnings per share	**29,066**	**376,635**	**7.72**	27,900	375,695	7.43

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.

	2016			2015		
	£'000	**EPS**	**DPS**	£'000	EPS	DPS
Earnings available to shareholders	**29,066**	**7.77**	**7.72**	27,900	7.49	7.43
Specific items net of tax	**–**	**–**	**–**	(2,752)	(0.74)	(0.73)
Earnings after special items	**29,066**	**7.77**	**7.72**	25,148	6.75	6.70
Weighted average number of shares in issue in period- basic ('000)	**374,121**			372,381		
- including dilutive share options ('000)	**376,635**			375,695		

There were no specific items in the year ended 30 April 2016.

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 2014	10,209
Exchange difference	(246)
Additions	513
At 30 April 2015	10,476
At 1 May 2015	**10,476**
Exchange difference	**154**
Additions	**1,273**
At 30 April 2016	**11,903**
Impairment charges:	
At 1 May 2014	298
Exchange difference	(2)
At 30 April 2015	296
At 1 May 2015	**296**
Exchange difference	**1**
At 30 April 2016	**297**
Net book value:	
At 1 May 2016	**11,606**
At 1 May 2015	10,180
At 1 May 2014	9,911

The addition to goodwill in 2016 relates to the acquisition of operations in the United Kingdom, and in 2015 to acquisitions in Switzerland as shown in note 30.

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 eight (2015: seven) cash-generating units (CGUs); allocated between geographical areas and activity in accordance with impairment testing in the prior year:

	Total	
Carrying amount	**2016 £'000**	2015 £'000
UK & Ireland		
CGU 1	**154**	154
CGU 2	**14**	14
CGU 3	**317**	317
CGU 4	**1,273**	–
Total UK & Ireland	**1,758**	485
Continental Europe		
CGU 1 - France	**280**	261
CGU 2 - Germany	**1,797**	1,676
CGU 3 - Switzerland	**526**	513
Total Continental Europe	**2,603**	2,450
Asia		
CGU 1 - Japan	**7,245**	7,245
Total Asia	**7,245**	7,245
Total	**11,606**	10,180

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% (2015: 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% (2015: 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 8.7%, (2015: 9.5%), Ireland 8.1% (2015: 8.7%), France 7.8% (2015: 8.4%), Germany 7.51% (2015:8.1%), Switzerland 7.3% (2015: 7.8%) and Japan 7.3% (2015: 8.3%). 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 2016 (2015: none).

Notes to the Financial Statements

for the year ended 30 April 2016

Other intangible assets

Group

	Research & development costs £'000	Other intangible assets £'000	Total £'000
Cost:			
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
At 1 May 2015	**8,276**	**7,585**	**15,861**
Exchange differences	**577**	**396**	**973**
Additions			
- Subsidiaries acquired	**–**	**255**	**255**
- Internally generated	**2,935**	**–**	**2,935**
- External	**–**	**286**	**286**
Reclassifications	**–**	**56**	**56**
Disposals	**(5,675)**	**(578)**	**(6,253)**
At 30 April 2016	**6,113**	**8,000**	**14,113**
Amortisation:			
At 1 May 2014	5,374	3,569	8,943
Exchange differences	(604)	(160)	(764)
Provided during year	1,678	414	2,092
Reclassifications	–	(8)	(8)
Disposals	(814)	(95)	(909)
At 30 April 2015	5,634	3,720	9,354
At 1 May 2015	**5,634**	**3,720**	**9,354**
Exchange differences	**457**	**189**	**646**
Subsidiaries acquired	**–**	**1**	**1**
Provided during year	**1,015**	**533**	**1,548**
Disposals	**(5,675)**	**(510)**	**(6,185)**
Reclassifications	**–**	**43**	**43**
At 30 April 2016	**1,431**	**3,976**	**5,407**
Net book value:			
At 30 April 2016	**4,682**	**4,024**	**8,706**
At 30 April 2015	2,642	3,865	6,507
At 30 April 2014	2,233	3,543	5,776

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 £2,343,000 corresponding to droit de bail (2015: £2,194,000 and 2014: £2,068,000).

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.

Company

	Research & development costs £'000	Other intangible assets £'000	Patents & trade marks £'000	Total £'000
Cost:				
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
At 1 May 2015	**–**	**1,600**	**5,506**	**7,106**
Additions				
- internally generated	**1,457**	**–**	**–**	**1,457**
- external	**–**	**160**	**–**	**160**
Disposals				
- external	**–**	**(475)**	**–**	**(475)**
At 30 April 2016	**1,457**	**1,285**	**5,506**	**8,248**
Amortisation:				
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
At 1 May 2015	**–**	**826**	**1,101**	**1,927**
Provided during year	**243**	**279**	**551**	**1,073**
Disposals				
- external	**–**	**(475)**	**–**	**(475)**
Transfers	**–**	**–**	**–**	**–**
Transfers to available for sale	**–**	**–**	**–**	**–**
At 30 April 2016	**243**	**630**	**1,652**	**2,525**
Net book value:				
At 30 April 2016	**1,214**	**655**	**3,854**	**5,723**
At 30 April 2015	–	774	4,405	5,179
At 30 April 2014	–	547	4,955	5,502

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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 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**
Exchange difference	**437**	**12,376**	**1,608**	**14,421**
Additions				
- new subsidiaries	**278**	**–**	**590**	**868**
- internal	**–**	**925**	**–**	**925**
- external	**192**	**18,477**	**1,861**	**20,530**
Reclassifications	**–**	**14**	**(14)**	**–**
Transfer to assets held for sale	**(1,542)**	**–**	**–**	**(1,542)**
Disposals	**(719)**	**(9,381)**	**(2,321)**	**(12,421)**
At 30 April 2016	**5,059**	**188,310**	**25,471**	**218,840**
Depreciation				
At 1 May 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**
Exchange difference	**366**	**10,046**	**1,390**	**11,802**
New subsidiary	**28**	**–**	**291**	**319**
Provided during year	**55**	**14,507**	**849**	**15,411**
Reclassifications	**–**	**5**	**(5)**	**–**
Transfers to assets held for sale	**(1,446)**	**–**	**–**	**(1,446)**
Disposals	**(302)**	**(8,728)**	**(2,106)**	**(11,136)**
At 30 April 2016	**3,767**	**138,642**	**20,337**	**162,746**
Net book value:				
At 30 April 2016	**1,292**	**49,668**	**5,134**	**56,094**
At 30 April 2015	1,347	43,087	3,829	48,263
At 30 April 2014	1,526	41,690	3,313	46,529

Internal additions for photobooths and vending machines of £925,000 (2015: £2,613,000) 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:

	2016		2015	
	Photobooths and vending machines £'000	**Plant, machinery, furniture fixtures and motor vehicles £'000**	Photobooths and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000
Net book value	**–**	**483**	–	187
Additions/reclassifications	**–**	**319**	–	142
Depreciation charge	**–**	**109**	–	80

Assets held for sale at 30 April 2016 for both the Group and the Company of £96,000 consist of a Group property.

Company

	Land & Buildings £'000	Photobooths and vending machines £'000	Plant machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
At 1 May 2014	1,648	35,777	1,075	38,500
Additions				
- 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**
Additions				
- internal	**–**	**3,092**	**–**	**3,092**
- external	**–**	**274**	**50**	**324**
Transfer to assets held for sale				
Disposals	**(1,542)**	**–**	**–**	**(1,542)**
- internal	**–**	**(41)**	**–**	**(41)**
- external	**–**	**(2,197)**	**(41)**	**(2,238)**
At 30 April 2016	**100**	**36,809**	**1,063**	**37,972**
Depreciation				
At 1 May 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**
Provided during year	**1**	**3,240**	**34**	**3,275**
Transfers to assets held for sale	**(1,446)**	**–**	**–**	**(1,446)**
Disposals				
- internal	**–**	**(5)**	**–**	**(5)**
- external	**–**	**(2,091)**	**(41)**	**(2,132)**
At 30 April 2016	**100**	**28,495**	**994**	**29,589**
Net book value:				
At 30 April 2016	**–**	**8,314**	**69**	**8,383**
At 30 April 2015	97	8,330	53	8,480
At 30 April 2014	115	8,298	68	8,481

Internal additions for photobooths and vending machines of £3,092,000 (2015: £3,056,000) 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.

13 Investment property

Group

	£'000
Cost:	
At 1 May 2014	12,315
Exchange difference	(1,379)
At 30 April 2015	**10,936**
Exchange difference	**790**
Additions	**140**
At 30 April 2016	**11,866**
Depreciation	
At 1 May 2014	11,799
Exchange difference	(1,321)
At 30 April 2015	**10,478**
Exchange difference	**757**
Provided during year	**2**
At 30 April 2016	**11,237**
Net book value:	
At 30 April 2016	**629**
At 30 April 2015	458
At 30 April 2014	516

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 2016 that net of the remaining deferred rental income creditor of €3,109,000 (£2,431,000), the property continues to be worth more than its £629,000 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 £903,000 (2015: £946,000) (note 4) and finance costs were £32,000 (2015: £52,000). 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:

	2016 £'000	2015 £'000
No later than one year	**956**	888
After one year but no more than five years	**1,912**	2,664
	2,868	3,552

Company
The Company has no investment property.

14 Investments in associates and subsidiaries
Investment in associates

Group

	£'000
Cost:	
At 30 April 2014	620
Exchange differences	14
Additions	146
Share of profits	164
Dividends	(96)
At 30 April 2015	**848**
Exchange differences	**29**
Additions	**671**
Share of profits	**165**
At 30 April 2016	**1,713**

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 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	
At 30 April 2016						
Max Sight Ltd	Hong Kong	**682**	**125**	**662**	**173**	**33.33**
Photo Direct Pty Ltd	Australia	**419**	**121**	**784**	**(8)**	**26.95**
Stilla Technologies SA	France	**817**	**–**	**–**	**–**	**40.00**
Other associates		**76**	**35**	**91**	**–**	
		1,994	**281**	**1,537**	**165**	

Included in associates is an investment in Stilla Technologies SA, a French company which provides researchers with a universal and flexible digital PCR (dPCR) solution for genetic testing.

The Group has increased its holding in this company during the year.

Company

	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
Costs:			
At 1 May 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**
Additions	**–**	**2,251**	**2,251**
Capital increase relating to share-based payment (net)	**–**	**261**	**261**
At 30 April 2016	**407**	**45,305**	**45,712**
Provision:			
At 1 May 2014	150	945	1,095
Increase	–	158	158
At 30 April 2015	**150**	**1,103**	**1,253**
Increase	**7**	**3**	**10**
Decrease	**(150)**	**(263)**	**(413)**
At 30 April 2016	**7**	**843**	**850**
Net book value:			
At 30 April 2016	**400**	**44,462**	**44,862**
At 30 April 2015	257	41,690	41,947
At 1 May 2014	257	41,617	41,874

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 all the Group's principal subsidiaries and associates are given in note 29.

15 Financial instruments
Group Treasury
During the year ended 30 April 2016 the centralised Group Treasury Function became operational. 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 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. To date the treasury function has limited itself to obtaining surplus cash from the subsidiaries and depositing this in bank accounts owned by the Parent Company. 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.

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 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
Liquidity risk is the risk that the Group will face in meeting is obligations in settling its financial liabilities. The Group's approach to managing liquidity risk is to ensure that it has sufficient funds to meet its liabilities when due without incurring unacceptable losses. A material and sustained shortfall in the Group's cash flow could undermine the Group's credit rating, impair major investor confidence and restrict the ability of the Group to raise new funds.

The Group maintained a strong net cash position throughout the year and preceding year as a result of cash generation from the business.

During the current year surplus cash held by the operating subsidiaries, over and above balances required for working capital management was transferred to Group treasury. These funds were kept in their local currency, or converted into sterling and kept in Parent Company bank accounts which are interest bearing. 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 strong cash generation and retention from the business together with available credit resources, detailed below, help mitigate liquidity risk.

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 and 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 largely finances its working capital and capital expenditure programmes from its own resources. The Group made use of dual currency deposits in the early stages of the Group treasury function but no longer uses these instruments. 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.

IFRS13 requires an analysis of financial instruments carried at fair value by valuation method as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as process) or indirectly (that is derived from process).
Level 3 – inputs for assets or liability that are not based on observable market data

The Group's financial instruments are fair valued at level 2.

Financial instruments by category
The tables below show financial instruments by category

At 30 April 2016	Loans and receivables £'000	Available for sale £'000	Total £'000
Assets per statement of financial position			
Other financial assets - held to maturity	**2,253**	**–**	**2,253**
Other financial assets - available for sale	**–**	**75**	**75**
Trade and other receivables	**12,247**	**–**	**12,247**
Cash and cash equivalents	**71,005**	**–**	**71,005**
	85,505	**75**	**85,580**

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Borrowings	**10,381**	**10,381**
Leases	**462**	**462**
Trade and other payables excluding non-financial liabilities	**34,005**	**34,005**
	44,848	**44,848**

At 30 April 2015	Loans and receivables £'000	Available for sale £'000	Total £'000
Assets per statement of financial position			
Other financial assets - held to maturity	2,220	–	2,220
Other financial assets - available for sale	–	69	69
Trade and other receivables	9,699	–	9,699
Cash and cash equivalents	58,632	–	58,632
	70,551	69	70,620

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Borrowings	–	–
Leases	182	182
Trade and other payables excluding non-financial liabilities	30,126	30,126
	30,308	30,308

15(b) Financial statement risk management
Financial risk factors and financial risk management

Overview
The Group and the Company are exposed to the following risks arising from financial instruments:
(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

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

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

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

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

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

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

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

With regard to management of interest rate risk, the objectives are to lessen the impact of adverse interest rate movements on earnings and shareholders' funds and to ensure no breach of covenants. This is mainly achieved by reviewing the mix of fixed and floating rate borrowings. The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

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

Credit quality of financial assets
Individual Group companies have banking relationships with leading banks in the country in which the Group company operates. Surplus cash is placed with Group treasury bank accounts, as described above. 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 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
At 1 May	**385**	327	**715**	846
Exchange differences	**70**	(37)	**38**	(11)
Charged/(credited) to income statement	**(45)**	292	**(162)**	(34)
Utilised and other movements	**10**	(197)	**–**	(86)
At 30 April	**420**	385	**591**	715

At 30 April 2016, trade receivables of £978,000 (2015: £535,000) were past due and relate to a number of individual customers for whom there is no recent evidence of default and therefore are not impaired.

The ageing of net trade current receivables is as follows:

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Current	**5,910**	4,932	**712**	328
Past due				
- overdue 1-30 days	**210**	192	**12**	25
- overdue 31-60 days	**54**	133	**7**	6
- overdue 61 days	**714**	210	**179**	39
Total past due	**978**	535	**198**	70
Total trade receivables	**6,888**	5,467	**910**	398

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

Amounts due from subsidiaries of £3,095,000 (2015:£6,849,000) are all current.

(ii) Liquidity risk
The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Trading forecasts indicate that the current facilities provide more than sufficient liquidity headroom to support the business for the foreseeable future. The net cash position at 30 April 2016 and 30 April 2015 has reduced liquidity risk for the Group.

At 30 April 2016, the Group has undrawn facilities of £24,449,000 (2015:£10,490,000). 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 2016 and 30 April 2015, 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 2016 and 30 April 2015 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 2016							
Interest bearing loans and borrowings and interest free loans	**1,633**	**1,633**	**1,633**	**1,633**	**1,633**	**2,794**	**10,959**
Finance leases	**156**	**141**	**104**	**69**	**17**	**–**	**487**
Trade and other payables	**31,373**	**–**	**–**	**–**	**–**	**–**	**31,373**
	33,162	**1,774**	**1,737**	**1,702**	**1,650**	**2,794**	**42,819**
At 30 April 2015							
Interest bearing loans and borrowings and interest free loans	–	–	–	–	–	–	–
Finance leases	59	45	38	28	13	–	183
Trade and other payables	26,965	–	–	–	–	–	26,965
	27,024	45	38	28	13	–	27,148

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 2016							
Trade and other payables	**29,453**	**200**	**–**	**–**	**–**	**–**	**29,653**
Interest bearing Group balances including interest	**70**	**15,685**	**–**	**–**	**–**	**–**	**15,755**
	29,523	**15,885**	**–**	**–**	**–**	**–**	**45,408**
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

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

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

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

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

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.

IFRS 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
2016			
Profit for the year	**29,199**	**28,537**	**29,993**
Total equity	**122,750**	**121,957**	**123,630**
2015			
Profit for the year	28,044	28,883	27,018
Total equity	104,411	105,265	103,367

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	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Trade and other receivables				
Sterling	**17,373**	159	**–**	–
Euro	**1,601**	584	**1,595**	579
Swiss franc	**–**	345	**–**	14
US dollar	**687**	807	**–**	–
Japanese yen	**–**	375	**–**	–
Other currencies	**11**	11	**–**	–
	19,672	2,281	**1,595**	593

The majority of these amounts arise from inter-Group trading.
Included in the Company amounts due from subsidiaries are short-term loans as follows:

	2016 £'000	2015 £'000
Floating rate Euro loans	**521**	486
Sterling loans	**115**	–
	636	486

Borrowings
At 30 April 2016 and 30 April 2015 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 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade and other payables				
Sterling	**656**	7,990	**–**	–
Euro	**21,205**	9,958	**20,067**	8,971
Swiss franc	**374**	1,692	**1**	1,336
US dollar	**687**	948	**–**	–
Japanese yen	**798**	314	**–**	–
Other currencies	**32**	41	**–**	8
	23,752	20,943	**20,068**	10,315

Analysis of net cash by currency

Group	Bank £'000	Financial assets £'000	Loans £'000	Leases £'000	Total £'000
2016					
Sterling	**30,103**	**971**	**–**	**(85)**	**30,989**
Euro	**26,870**	**662**	**(10,381)**	**(35)**	**17,116**
Swiss franc	**2,383**	**620**	**–**	**–**	**3,003**
US dollar	**128**	**–**	**–**	**–**	**128**
Japanese yen	**9,820**	**–**	**–**	**(342)**	**9,478**
Other currencies	**1,701**	**–**	**–**	**–**	**1,701**
	71,005	**2,253**	**(10,381)**	**(462)**	**62,415**
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

Interest rate risk

	2016 £'000	2015 £'000
Net cash		
Mainly non-interest bearing current accounts:		
- Cash at bank and in hand	**38,368**	29,275
Deposit accounts - generally interest bearing:		
- Bank deposit accounts	**32,637**	29,357
- Restricted deposit accounts	**2,253**	2,220
Other items		
Interest free and interest bearing loans	**(10,381)**	–
Interest bearing finance leases	**(462)**	(183)
	62,415	60,669

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 floating rate interest bearing debt is small and a change in interest rates will not have a material change on interest expense.

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 2016 and 30 April 2015.

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. The Group has total loans outstanding at 30 April 2016 of £10,381,000 which is subject to a fixed interest rate of 1.2%. An increase of 1% in the fixed rate of interest would result in an extra £104,000 interest expense.

Terms and debt repayment schedule
The table below shows the maturity profile and interest rates of the Groups borrowings at 30 April 2016 and 30 April 2015. 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 external loans outstanding at 30 April 2016 (2015: none).

Group	Status	Currency	Interest rate	Year of maturity	2016 Carrying amount £'000	2015 Carrying amount £'000
Finance leases	Fixed rate	Various	0.0% -7.2%	2021	**462**	183
Loans	Fixed rate	Euro	1.20%	2023	**10,381**	–
					10,843	183

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; there was an increase in external borrowings in the current year and external loans in the 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.

	2016 £'000	2015 £'000
Cash and cash equivalents	**71,005**	58,632
Borrowings	**(10,843)**	(183)
Net cash (excluding restricted deposits)	**60,162**	58,449
Equity	**122,750**	104,411

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 2016 £'000	Assets available for sale 2016 £'000	Assets held to maturity 2015 £'000	Assets available for sale 2015 £'000
Non-current	2,253	75	2,220	70
	2,253	75	2,220	70

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 (2015: £nil) and investments in unlisted entities, net of impairment provisions.

Company

	Assets held to maturity 2016 £'000	Assets available for sale 2016 £'000	Assets held to maturity 2015 £'000	Assets available for sale 2015 £'000
Non-current	971	–	967	–
	971	–	967	–

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

16 Trade and other receivables

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Non-current assets				
Other receivables	1,546	1,639	–	–
Prepayments and accrued income	2	45	–	–
	1,548	1,684	–	–
Current assets				
Trade receivables	6,888	5,467	910	398
Amounts due from subsidiaries	–	–	3,095	6,849
Amounts due from associated undertakings	51	–	–	–
Other receivables	3,762	2,593	171	159
Prepayments and accrued income	2,309	2,814	798	585
	13,010	10,874	4,974	7,991

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

17 Inventories

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Raw materials and consumables	12,595	10,154	850	814
Work-in-progress	40	90	–	–
Finished goods	4,459	1,855	873	–
	17,094	12,099	1,723	814

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

18 Cash and cash equivalents

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Cash at bank and in hand	38,368	29,275	14,732	2,882
Deposit accounts (excluding restricted deposits)	32,637	29,357	32,108	18,056
Cash and cash equivalents per statement of financial position	71,005	58,632	46,840	20,938
Cash and cash equivalents per cash flow	71,005	58,632	46,840	20,938

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

	Notes	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Cash and cash equivalents per statement of financial position	18	71,005	58,632	46,840	20,938
Financial assets - held to maturity	15	2,253	2,220	971	967
Non-current instalments due on bank loans	21	(8,866)	–	–	–
Current instalments due on bank loans	21	(1,515)	–	–	–
Non-current finance leases	21	(317)	(124)	–	–
Current finance leases	21	(145)	(59)	–	–
		62,415	60,669	47,811	21,905

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

At 30 April 2016, £2,253,000 of the total net cash (2015: £2,220,000) comprised bank deposit accounts that are subject to restrictions and are not freely available for use by the Group and 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 instalments on loans 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
2015/16					
Cash and cash equivalents per statement of financial position and cash flow	**58,632**	**3,694**	**–**	**8,679**	**71,005**
Financial assets held to maturity	**2,220**	**62**	**–**	**(29)**	**2,253**
Non-current loans	**–**	**–**	**(76)**	**(8,790)**	**(8,866)**
Current loans	**–**	**–**	**(24)**	**(1,491)**	**(1,515)**
Non-current leases	**(124)**	**(20)**	**(244)**	**71**	**(317)**
Current leases	**(59)**	**(10)**	**(152)**	**76**	**(145)**
	60,669	**3,726**	**(496)**	**(1,484)**	**62,415**
2014/15					
Cash and cash equivalents 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
Financial assets - available for sale	85	(9)	(31)	(45)	–
Current loans	(177)	19	–	158	–
Non-current leases	(64)	4	(83)	19	(124)
Current leases	(63)	4	(59)	59	(59)
	63,111	(3,206)	(173)	937	60,669

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
2015/16					
Cash and cash equivalents per statement of financial position and cash flow	**20,938**	**–**	**–**	**25,902**	**46,840**
Financial assets held to maturity	**967**	**–**	**–**	**4**	**971**
	21,905	**–**	**–**	**25,906**	**47,811**
2014/15					
Cash and cash equivalents 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

20 Share capital and reserves
Share capital

Company	**2016 Number**	2015 Number	**2016 £'000**	2015 £'000
Allotted, issued and fully paid:				
Ordinary shares of 0.5p each				
At 1 May	**373,229,778**	371,794,278	**1,866**	1,859
Issued in year -				
- share options	**2,249,000**	1,435,500	**11**	7
At 30 April	**375,478,778**	373,229,778	**1,877**	1,866

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.

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 2015**	**Granted during year**	**Lapsed or forfeited during year**	**Exercised during year**	**At 30 April 2016**	**Exercise price**	**Date from which exercisable**	**Last date on which exercisable**
29 Jan 2009	**50,000**	**–**	**(30,000)**	**(20,000)**	**–**	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	**15,000**	**–**	**–**	**–**	**15,000**	36.33p	12 Jul 2013	11 Jul 2017
4 Jul 2011	**740,000**	**–**	**–**	**(615,000)**	**125,000**	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**	**–**	**–**	**(1,614,000)**	**312,000**	39.17p	4 Jul 2015	3 Jul 2019
9 Jul 2013	**1,980,000**	**–**	**–**	**–**	**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
9 Jul 2015	**–**	**1,377,600**	**–**	**–**	**1,377,600**	133.33p	9 Jul 2018	8 Jul 2022
15 Dec 2015	**–**	**57,400**	**–**	**–**	**57,400**	153.25P	15 Dec 2018	14 Dec 2022
	6,336,793	**1,435,000**	**(30,000)**	**(2,249,000)**	**5,492,793**			

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			

Full details of directors' share options are given in the Remuneration report on pages 40 to 41.

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 2016 is 109.5p (2015: 80.9p) and the weighted average exercise price of options exercisable at 30 April 2016 is 48.3p (2015: 58.6p).

The weighted average share price for options exercised during the year ended 30 April 2016 was 159.3p (30 April 2015: 133.6p).
The weighted average remaining years for options outstanding at the year end date is 4.8 years (2015: 4.8 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 2016 and 30 April 2015:

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	36.37p	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	04 July 2011	13 December 2011	04 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	09 July 2013	11 July 2014	9 July 2015
Vesting period	3 years	3 years	3 years
Share price volatility	48.50%	39.10%	30.70%
Share price on date of grant	94.00p	141.00p	113.50p
Option price	90.63p	145.33p	133.33p
Expected term	3.25years	3.25years	3.25years
Dividend yield	3.83%	2.66%	4.02%
Risk free interest rate	0.62%	1.28%	0.82%
Fair value	26.20p	32.20p	21.00p

Date of grant	15 December 2015
Vesting period	3 years
Share price volatility	26.16%
Share price on date of grant	154.00p
Option price	153.25p
Expected term	3.25years
Dividend yield	3.32%
Risk free interest rate	0.90%
Fair value	21.78p

The charge for share-based payments is £413,000 (2015: £371,000) and for the Company the charge is £152,000 (2015: £144,000).
Share price volatility is based on historical volatility.

Reserves
Group
Treasury shares (Group and Company)
In accordance with shareholders' resolutions passed at Annual General Meetings, the Company may purchase its own shares up to a maximum of 10% of the Ordinary shares in issue. At 30 April 2016 and 30 April 2015 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 (2015: £201,000) arising on the redemption of the deferred shares and £1,459,000 (2015: £1,198,000) relating to the fair value of options granted to employees of Group undertakings (note 14).

21 Financial Liabilities

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Non-current liabilities				
Non-current instalments due on bank loans	**8,866**	–	**–**	–
Finance lease creditors	**317**	124	**–**	–
	9,183	124	**–**	–
Current liabilities				
Current instalments due on loans	**1,515**	–	**–**	–
Finance lease creditors	**145**	59	**–**	–
	1,660	59	**–**	–

Bank loans 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%.

Obligations under finance leases
The Group has entered into finance lease arrangements for certain items of property, plant and equipment, largely for periods of up to four (2015: four) years (note 12). The total finance lease creditor at 30 April 2016 is £462,000, £145,000 due within one year and £317,000 due between two and five years, (2015: £183,000, £59,000 due within one year and £124,000 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 plans assets above the amount included in net pension interest.

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

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

The amounts charged to profit and loss for all post-employment benefits are shown in note 5.
The amount shown in the statement of financial position is detailed as follows:

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Company defined benefit obligations	**–**	–	**–**	–
Overseas employment benefit obligations	**3,833**	3,318	**–**	–
Overseas defined benefit scheme	**922**	973	**–**	–
	4,755	4,291	**–**	–

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 with an effective date of 1 June 2015 is currently being carried out and as part of this valuation the Company will discuss with the Trustee Directors the contributions to be paid to the Fund in the future.

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

	2016 £'000	2015 £'000
Present value of defined benefit obligation at beginning of year	**6,562**	5,922
Current service cost	**16**	14
Interest cost	**210**	243
Contributions by members	**1**	1
Actuarial losses/(gains) on fund liabilities arising in demographic assumptions	**–**	(18)
Actuarial (gains)/losses from changes in financial assumptions	**(25)**	659
Actuarial (gains)/losses on liabilities from experience	**(76)**	40
Benefits paid	**(385)**	(299)
Present value of defined benefit obligation at end of year	**6,303**	6,562

Reconciliation of the movement in the fair value of plan assets

	2016 £'000	2015 £'000
Fair value of plan assets at beginning of year	**6,938**	6,379
Interest income on fund assets	**223**	262
Remeasurement (losses)/gains on assets	**(75)**	581
Contributions by the Company	**14**	14
Contributions by members	**1**	1
Benefits paid	**(385)**	(299)
Fair value of plan assets at end of year	**6,716**	6,938

Amount to be recognised in the statement of financial position

	2016 £'000	2015 £'000
Present value of funded obligations	**6,303**	6,562
Fair value of scheme assets	**(6,716)**	(6,938)
Net assets	**(413)**	(376)
Effect of limit of recognition of an asset	**413**	376
Amount recognised in statement of financial position	**–**	–

The actuarial valuation of the UK Pension scheme has revealed a surplus at 30 April 2016 and 30 April 2015. This surplus has not been recognised as an asset, in accordance with IFIC14 as in future the surplus will not be recovered by a reduction in future contributions to the scheme. The scheme has been closed to new members for over 30 years.

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 (2015: loss of £1,375,000) in respect of the Company's defined benefit scheme. This has been charged to retained earnings.

	2016 £'000	2015 £'000
Amount recognised in profit and loss and other comprehensive income		
Amount recognised in profit and loss		
Current service cost	**16**	14
Interest on net defined liability/(asset)	**–**	–
Total charge	**16**	14
Pension expense recognised in profit and loss	**16**	14

Remeasurement in other comprehensive income

	2016	2015
Return on Scheme assets (in excess of)/below that recognised in net interest	**75**	(581)
Actuarial (gains)/losses due to changes in financial assumptions	**(25)**	659
Actuarial losses/(gains) due to changes in demographic assumptions	**–**	(18)
Actuarial (gains)/losses on liabilities arising from experience	**(76)**	40
Adjustment due to the asset ceiling	**24**	(100)
Total (income)/expense amount recognised in other comprehensive income	**(2)**	–
Total (income)/expense amount recognised in comprehensive income	**14**	14

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:

	2016 £'000	2016 %	2015 £'000	2015 %
Growth assets	**603**	**9**	827	12
Insurance policies and bonds	**6,044**	**90**	6,097	88
Other	**69**	**1**	14	–
	6,716	**100**	6,938	100

There were no financial instruments of the Company included in the plan assets (2015: none) and there were no property assets occupied by the Company (2015: none).

Principal actuarial assumptions

	30 April 2016 %	30 April 2015 %
Discount rate for scheme liabilities	**3.30**	3.30
Rate for increase in salaries	**3.90**	4.10
Price inflation	**2.90**	3.10
Pension increases	**2.90**	3.00

The mortality tables used for 2016 are S1NXA Light tables with CMI 2014 projections and a long term rate of improvement of 1.5% pa. The mortality tables used for 2015 are S1NXA Light tables with CMI2014 projections and a long term rate of improvement of 1.5% pa. The mortality assumptions allow for expected future improvements in mortality rates.

	2016	2015
Male currently aged 65	**24.1 years (age 89.10)**	24.0 years (age 89.00)
Female currently aged 65	**25.5 years (age 90.50)**	25.3 years (age 90.30)
Male currently aged 45	**26.1 years (age 91.10)**	26.0 years (age 91.00)
Female current aged 45	**27.8 years (age 92.80)**	27.6 years (age 92.60)

History of assets, liabilities and actuarial gains and losses

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Fair value of defined benefit obligation	**6,303**	6,562	5,922	6,696	5,865
Fair value of assets	**6,716**	6,938	6,379	6,973	5,923
Surplus/(deficit)	**413**	376	457	277	58

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Experience (losses)/gains on fund assets	**(75)**	581	(357)	–	–
Experience gains/(losses) on plan liabilities	**76**	(40)	246	(731)	(316)
- as a percentage of present value of plan liabilities	**–**	–	–	(11.0%)	(5.0%)
Differences between expected and actual return on plan assets	**–**	–	–	602	(165)
- as a percentage of present value of plan liabilities	**–**	–	–	9.0%	(3.0%)

The figure of liabilities for 2016, 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 (2015: £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 2016	Service cost £'000	Net interest £'000	Total profit and loss charge £'000	Plan assets £'000	Defined benefit obligation £'000	Surplus £'000
As reported	16	–	16	6,716	6,303	413
Following a 0.1% decrease in the discount rate	16	–	16	6,745	6,383	362
Following a 0.1% increase pa in the inflation assumption	16	–	16	6,720	6,326	394
Following an increase in the life expectancy of one year	16	–	16	6,894	6,607	287

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 contribution 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 2016 and 30 April 2015. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:

	2016	2015
Discount rate	**1.35%**	1.25%
Rate of increase in salaries	**2.00%**	2.00%
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 2016 and 30 April 2015. The movement on these schemes is as follows:

	2016 £'000	2015 £'000
At 1 May	**3,318**	3,094
Exchange differences	**373**	(320)
Utilised and other movements	**142**	544
At 30 April	**3,833**	3,318

Utilised and other movements for 2016 include amounts reflected in other comprehensive income, amounts charged to profit and loss and amounts paid to employees.

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 2016 and 30 April 2015 by independent actuaries.

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

	2016 £'000	2015 £'000
Present value of defined benefit obligation at 1 May	**3,381**	2,529
Exchange difference	**97**	37
Contribution by members	**36**	33
Current service cost	**203**	169
Interest cost	**27**	52
Past service cost	**–**	36
Remeasurement losses on plan liabilities	**107**	571
Prepaid risk premiums	**(61)**	–
Benefits paid	**(265)**	(47)
Administration costs	**1**	1
Present value of defined benefit obligation at 30 April	**3,526**	3,381

	2016 £'000	2015 £'000
Fair value of plan assets at 1 May	**2,491**	2,205
Exchange difference	**71**	27
Contributions by company and members	**181**	167
Expected return on plan assets	**19**	45
Remeasurement gain on plan assets	**168**	94
Benefits paid	**(265)**	(47)
Prepaid risk premiums	**(61)**	–
Fair value of plan assets at 30 April	**2,604**	2,491

	2016 £'000	2015 £'000
Net liability at 1 May	**890**	324
Exchange difference	**25**	10
Increase/(decrease) in liability	**7**	556
Net liability at 30 April	**922**	890

Amounts recognised in comprehensive income

	2016 £'000	2015 £'000
Amount recognised in profit and loss		
Service costs		
Current service cost	**203**	169
Past service cost	**–**	36
Administrative expenses	**1**	1
Net pension interest	**8**	7
Total charge	**212**	213
Amount recognised in other comprehensive income		
Return on scheme assets	**(168)**	(94)
Actuarial losses/(gains) on defined benefit obligation	**107**	571
Total amount recognised in other comprehensive income	**(61)**	477
Total amount recognised in profit and loss and other comprehensive income	**151**	690

	2016 £'000	**2016 %**	2015 £'000	2015 %
Cash	**73**	**3**	30	1
Equities & debt instruments	**1,753**	**67**	1,750	70
Other	**778**	**30**	711	29
Total plan assets	**2,604**	**100**	2,491	100

Principal actuarial assumptions

	30 April 2016 %	30 April 2015 %
Discount rate	**0.50**	0.80
Expected return on plan assets at end of year	**n/a**	n/a
Rate of increase in salaries	**2.00**	2.00
Price inflation	**0.00**	1.00

The normal retirement age for males is between 60 - 65 years and for females between 59 - 64 years for both 2016 and 2015.
The mortality tables used in 2016 were the BVG2015 GT tables; 2015,2014 and 2013 were the BVG 2010 GT tables.

History of assets, liabilities and actuarial gains and losses

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligation	**3,526**	3,381	2,529	2,383	3,297
Fair value of assets	**2,604**	2,491	2,205	2,002	2,746
Deficit	**(922)**	(890)	(324)	(381)	(551)

	2016	2015	2014	2013	2012
Experience (losses)/gains on plan liabilities (£'000)	**(107)**	(571)	78	205	(372)
- as a percentage of the present value of plan liabilities	**3%**	(17%)	3%	9%	(13%)
Difference between expected and actual return on plan assets (£'000)	**168**	94	1	98	162
- as a percentage of the present value of plan assets	**6%**	3%	0%	5%	6%

The 2016, 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		3,526	–
Defined benefit obligation	- with discount rate - 0.25%	3,690	164
	- with discount rate + 0.25%	3,375	(151)
	- with salary decrease - 0.25%	3,489	(37)
	- with salary increase + 0.25%	3,516	35
	- with life expectancy + 1 year	3,576	50
	- with life expectancy - 1 year	3,475	(51)

The Group's best estimate for contributions to be paid by the company next year to the scheme is £215,000 (2015: £141,000).

The amount recognised in the income statement for this scheme was £212,000.

23 Provisions

Group

	Employee related claims £'000	Product warranties £'000	Other £'000	Total £'000
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
At 30 April 2015	**1,049**	**185**	**4,323**	**5,557**
Exchange differences	**63**	**7**	**229**	**299**
Utilised and other movements	**(314)**	**(117)**	**(1,495)**	**(1,926)**
Charged to income statement	**97**	**–**	**86**	**183**
At 30 April 2016	**895**	**75**	**3,143**	**4,113**
Amount shown as non-current liability	**–**	**–**	**10**	**10**
Amount shown as current liability	**895**	**75**	**3,133**	**4,103**
	895	**75**	**3,143**	**4,113**

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
Other provisions include provisions for potential legal claims against certain Group Companies. These have been assessed by management based on legal advice and are expected to be resolved in the following year.

Company

	Employee related claims £'000	Product warranties £'000	Other £'000	Total £'000
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
At 30 April 2015	**–**	**–**	**17**	**17**
Utilised and other movements	**–**	**–**	**(7)**	**(7)**
At 30 April 2016	**–**	**–**	**10**	**10**
Amount shown as non-current liability	**–**	**–**	**10**	**10**
Amount shown as current liability	**–**	**–**	**–**	**–**
	–	**–**	**10**	**10**

24 Deferred taxation
Deferred tax comprises:

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Timing difference relating to property, plant and equipment	**(447)**	(956)	**(1,881)**	(1,365)
Other timing differences in recognising revenue and expense items in other periods for taxation purposes:				
- research and development	**842**	542	**–**	–
-post-employment benefit provisions	**(1,400)**	(1,280)	**–**	–
-losses	**(352)**	(123)	**–**	–
-other short term temporary differences	**(972)**	(628)	**(346)**	(337)
	(2,329)	(2,445)	**(2,227)**	(1,702)
The closing balance comprises:				
Deferred tax assets	**(4,216)**	(3,512)	**(2,227)**	(1,702)
Deferred tax liabilities	**1,887**	1,067	**–**	–
	(2,329)	(2,445)	**(2,227)**	(1,702)

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

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Opening balance	**(2,445)**	(2,850)	**(1,702)**	(2,334)
Exchange differences	**115**	(196)	**–**	–
Newly acquired subsidiary	**55**	–	**–**	–
Charge/(credit) for the year in income statement	**(2)**	1,003	**(464)**	813
Amounts (credited)/charged to other comprehensive income	**(52)**	(402)	**(61)**	(181)
Closing balance	**(2,329)**	(2,445)	**(2,227)**	(1,702)

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 £958,000 (2015: £1,009,000) arising on temporary differences of £3,809,000 (2015: £4,308,000), 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	
	2016 £'000	2015 £'000
Expiring in less than one year	**–**	–
Expiring between two and 20 years	**81**	230
No expiry date	**877**	779
	958	1,009

In addition, the Group has an unrecognised deferred tax asset on gross capital losses of £3,765,000 (2015: £3,737,000), of which £3,627,000 (2015: £3,608,000) 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 is scheduled to reduce from 20% to 19% from 1 April 2017 (and then to 17% from 1 April 2020). UK deferred tax has been calculated at 19% for balances at 30 April 2016, apart from balances which are expected to be utilised before 1 April 2017.

25 Trade and other payables

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Amounts shown as non-current liabilities				
Other payables	**200**	–	**200**	–
Accruals and deferred income	**1,621**	2,050	**–**	–
	1,821	2,050	**200**	–
Amounts shown as current liabilities				
Trade payables	**19,672**	15,779	**4,015**	4,398
Amounts owed to subsidiaries	**–**	–	**34,246**	13,226
Other taxes and social security costs	**3,624**	4,600	**721**	765
Other payables	**5,435**	5,437	**295**	103
Accruals and deferred income	**7,077**	6,860	**6,512**	2,822
	35,808	32,676	**45,789**	21,314

Other payables non-current and current for both the Group and the Company includes deferred consideration for the acquisition of subsidiary undertakings as shown in note 30 Business Combinations and disposals

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 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Land and buildings				
Not later than one year	**667**	666	**144**	151
After one year but not more than five years	**1,241**	1,074	**229**	362
After five years	**144**	–	**–**	–
	2,052	1,740	**373**	513
Other				
Not later than one year	**1,133**	1,010	**462**	412
After one year but not more than five years	**1,712**	1,028	**927**	246
After five years	**6**	7	**–**	–
	2,851	2,045	**1,389**	658
Total				
Not later than one year	**1,800**	1,676	**606**	563
After one year but not more than five years	**2,953**	2,102	**1,156**	608
After five years	**150**	7	**–**	–
	4,903	3,785	**1,762**	1,171
Site owner agreements				
Not later than one year	**6,836**	7,126	**1,273**	1,895
After one year but not more than five years	**10,336**	9,932	**884**	843
After five years	**3,451**	3,154	**1**	–
	20,623	20,212	**2,158**	2,738

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.

Site owner agreements

The Group and the Company have entered into various commission agreements with site-owners enabling the Group and the Company to site vending equipment for a number of years. The amounts 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.

Based on the IASB publications in 2015: Project Update: Leases - Practical implications of the new Leases standard and Project Update: Leases - Definition of a Lease, the Board decided to show in 2015 and for future periods separately under the heading site owner agreements the obligations arising under commission agreements which extend beyond 12 months as such agreements did not appear to meet the definition of a lease.
In January 2016 the IASB issued IFRS16 Leases which is effective for annual reporting periods beginning on or after 1 January 2019, subject to EU endorsement. Under this standard all leases, both finance and operating will be included on the balance sheet. The Group will study the impact of this new standard in 2016 and the impact on both operating lease and site owner agreements.

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 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Amounts with third parties				
For supply of property, plant & equipment - mainly vending equipment	**8,942**	9,640	**17**	–
Amounts with Group companies				
Amount of vending equipment contracted by the Group's operating companies with the Group's procurement companies	**1,398**	173	**1,394**	146

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 (2015: none).

28 Related parties

The following transactions were carried out with related parties:

Directors' compensation

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Salaries and other short-tem employee benefits excluding long-term incentives and pension contributions	**1,360**	1,491	**1,360**	1,491
Post-employment benefits	**80**	9	**80**	9
Share- based payments - charge	**117**	99	**117**	99
	1,557	1,599	**1,557**	1,599

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 30 to 42. 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 £3,000 (2015: £9,000). No director who served during the year was a member of the Company's defined benefit pension scheme (2015: none).

Directors of the Company control 21.3% of the Ordinary shares of the Company. The interests of the directors are shown on page 39 of the Remuneration report.

Sales of goods and services, purchases and year end balances

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Sales of goods and services				
Associates	**84**	92	**–**	–
	84	92	**–**	–
Trade and other receivable balances				
Associates	**51**	–	**–**	–
	51	–	**–**	–

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.

	2016 £'000	2015 £'000
Defined benefit pension scheme		
Administration costs of Company defined benefit scheme	**47**	39

	2016 £'000	2015 £'000
Transactions with subsidiaries		
Sales	**72**	54
Purchases	**5,428**	5,707
Amounts owed by subsidiaries	**3,095**	6,849
Amounts owed to subsidiaries	**34,246**	13,226
Other items		
Interest due from subsidiaries	**5**	5
Interest paid to subsidiaries	**73**	32
Intercompany fee due from subsidiaries	**7,458**	8,681
Intercompany fees charged by subsidiaries	**1,591**	1,358
Property, plant and equipment		
- sold to subsidiaries	**36**	132
- acquired from subsidiaries	**3,092**	3,056
Dividend income		
- from subsidiaries	**10,692**	8,430

	2016 £'000	2015 £'000
Transactions with Associates		
Dividends received from associates	**–**	96

29 Group undertakings

This disclosure is made in accordance with Section 409 of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies, Partnerships and Groups (accounts and reports) Regulations 2015. A full list of subsidiary undertakings and associated undertakings (showing country of incorporation, which is also the main trading location of the company, and the effective percentage of equity shares held) at 30 April 2016 is shown below. Unless indicated otherwise the equity shares held are in the form of ordinary shares or common stock.

Principal group undertakings which affect the financial statements of the Group are highlighted in bold. Together with the Parent Company, Photo-Me international plc, these companies contributed over 85% of the Group's revenue and operating profit.

Geographical Area	Principal activity	Group's interest	Country of incorporation
Subsidiary undertakings			
United Kingdom and Ireland			
Camden Management Services Limited	Operations	100%*	England & Wales
Fowler UK.Com Limited	Operations	100%	England & Wales
Jolly Roger (Amusement Rides) Limited	Production	100%	England & Wales
MgInvest Investments Limited	Investment	100%*	England & Wales
Xpand Investments Limited	Investment	100%	England & Wales
Photo-Me Limited	Dormant	100%	England & Wales
Photo-Me (Retail) Limited	Dormant	100%	England & Wales
Photo-Me Trustee Limited	Dormant	100%	England & Wales
Power-Me Limited	Dormant	100%	England & Wales
Photo-Me Ireland Limited	Operations	100%	Republic of Ireland
Impact (Web Services) Limited	Dormant	100%	Republic of Ireland
Continental Europe			
Prontophot Austria G.m.b.H.	Operation	100%	Austria
Prontophot Belgium NV	Operations	100%	Belgium
Photo-Me Czech Republic s.p.o.l. s.r.o.	Dormant	100%*	Czech Republic
Photo-Me France SAS	Investment	100%	France
KIS SAS	Trading	100%*	France
Photomaton SAS	Operations	100%*	France
SCI Immobilière du 21	Property	100%*	France
SCI du Lotissement d'Echirolles	Property	61%*	France
Fotofix-Schnellphotoautomaten G.m.b.H.	Operations	100%	Germany
Prontophot Holland B.V	Operations	100%	Holland
Animate Fotofixe Limitada	Operations	100%	Portugal
KIS Poland s.p.z.o.o.	Operations	100%	Poland
KIS Automatic Services SL	Operations	100%	Spain
Copyphot SA	Operations	100%*	Switzerland
Prontophot (Schweiz) AG	Operations	100%	Switzerland
Photo-Me Suisse SA	Dormant	100%	Switzerland
Prontophot Holding SA	Dormant	100%	Switzerland
Asia and Rest Of World			
Photo-Me Beijing Co Limited	Operations	100%*	China
Photo-Me (Shanghai) Co Limited	Operations	100%*	China
NAP (Hong Kong) Limited	Dormant	100%*	Hong Kong
Photo-Me Korea Company Limited	Operations	100%*	Korea
Nippon Auto-Photo Kabushiki Kaisha	Operations	100%	Japan
Photomatico (Singapore) Pte Limited	Operations	100%	Singapore
KIS Technology Company Limited	Trading	100%	Vietnam
KIS USA LLC	Operations	100%	USA
KIS (Thailand) Limited	Dormant	49%	Thailand
Associated undertakings			
Stilla Technologies SA	Biotechnology	40%	France
Photomaton Maroc SARL	Operations	50%	Morocco
Photo Direct Pty Ltd	Sales & servicing	26.95%	Australia
Max Sight Limited	Operations	33.33%	Hong Kong
Fullwise International Limited	Dormant	33.33%	Hong Kong

Investments in subsidiaries not owned directly by Photo-Me International plc are indicated thus *.

Photo-Me CR.s.p.o.l.s.r.o. is owned 20% by Photo-Me International plc and 80% by Prontophot Austria G.m.b.H.
Photo-Me International plc owns 49% common shares in KIS (Thailand), 51% preferred stock are owned by other shareholders.

The results of the Group's subsidiaries and associates are consolidated for the year ended 30 April. Certain subsidiaries and associates have a different statutory year end, sometimes due to legal requirements in the country concerned.

The following subsidiaries and associates have year ends which are not 30 April. Fowler UK.Com Limited 30 September, SCI du Lottisement d'Echirolles 31 December, Photo-Me Beijing Co Limited and Photo-Me (Shanghai) Co Limited 31 December, KIS Technology Company Limited.
31 March, Stilla Technologies SA 31 December, and Photo Direct Pty Ltd 30 June.

30 Business Combinations and disposals
Business Combinations
Current year
The Group completed its acquisition of 100% of the share capital and voting interests in Fowler UK.Com Ltd ("Fowler") in early November 2015. Fowler is a UK company which supplies and installs laundry and catering equipment. The acquisition was effective on 1 October 2015 and Fowler was consolidated in the Group's consolidated results and balance sheet from that date.

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

	£'000
Intangible assets	253
Property, plant and equipment	549
Inventory	265
Trade and other receivables	280
Cash and cash equivalents	209
Total assets	1,556
Borrowings	178
Deferred tax	55
Trade and other payables	289
Current tax	56
Total liabilities	578
Total identifiable net assets	978
Total net assets excluding net cash and cash equivalents	947
Goodwill	1,273
Goodwill and total identifiable net assets	2,251

Cost of investment	2,251
Deferred consideration	400
Cash paid as per Company Statement of Cash Flows	1,851
Net cash acquired	209
Net cash consideration as per Group Statement of Cash Flows	1,642

As a result of this acquisition the Group is expected to strengthen its presence in the laundry market and benefit from cost savings and business synergies. Goodwill of £1,273,000 arose on this acquisition.

Prior year 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.

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)

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012* £'000
Revenue					
UK & Ireland	**45,783**	44,652	44,927	45,744	46,173
Continental Europe	**93,712**	94,345	102,932	104,913	114,045
Asia	**44,499**	38,205	38,739	44,933	47,623
Total revenue	**183,994**	177,202	186,598	195,590	207,841
Operating profit after special items before finance costs	**39,734**	38,370	30,266	24,199	20,019
Net finance (cost)/income	**372**	126	(173)	107	121
Profit before taxation	**40,106**	38,496	30,093	24,306	20,140
Taxation	**(10,907)**	(10,452)	(8,514)	(6,746)	(5,594)
Profit after taxation	**29,199**	28,044	21,579	17,560	14,546
Attributable to:					
- equity owners of the Parent	**29,066**	27,900	21,422	17,405	14,349
- Non-controlling interests	**133**	144	157	155	197
	29,199	28,044	21,579	17,560	14,546
Earnings per share - basic	**7.77p**	7.49p	5.77p	4.78p	3.97p
Earnings per share - diluted	**7.72p**	7.43p	5.70p	4.76p	3.95p
Dividends - interim	**2,575p**	2.34p	1.80p	1.50p	1.25p
Dividends - final	**3.285p**	2.54p	1.95p	1.50p	1.25p
Dividends - special	**2.815p**	0.00p	2.00p	3.00p	–
Total dividends	**8.675p**	4.88p	5.75p	6.00p	2.50p

* Including discontinued operations.

Statement of financial position (unaudited)

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Intangible assets	**20,312**	16,687	15,687	16,715	18,853
Property,plant and equipment	**56,723**	48,721	47,045	46,057	47,275
Other non-current investments	**1,713**	848	620	790	592
Other non-current assets	**8,092**	7,486	8,474	6,376	6,877
Current assets	**103,382**	82,474	86,680	85,872	86,075
Assets held for sale	**96**	–	705	–	–
Total assets	**190,318**	156,216	159,211	155,810	159,672
Share capital	**1,877**	1,866	1,859	1,856	1,850
Share premium	**8,156**	7,131	6,521	6,287	5,873
Treasury shares	**–**	–	–	–	(5,802)
Reserves	**111,608**	94,510	94,734	89,018	93,919
Equity of the Parent	**121,641**	103,507	103,114	97,161	95,840
Non-controlling interests	**1,109**	904	1,119	1,197	1,001
Total equity	**122,750**	104,411	104,233	98,358	96,841
Total non-current liabilities	**17,656**	7,549	8,713	9,847	13,292
Total current liabilities	**49,912**	44,256	46,265	47,605	49,539
Total equity and liabilities	**190,318**	156,216	159,211	155,810	159,672
Net cash	**62,415**	60,669	63,111	61,419	51,832

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

	2016	2015	2014	2013	2012
Capital expenditure - photobooth & vending machines £'000	**19,402**	18,287	17,327	16,381	15,032
Capital expenditure - research & development £'000	**2,935**	2,560	1,125	1,058	2,169
EBITDA £'000	**56,695**	55,251	47,803	44,927	44,033
EBITDA % of revenue	**30.8**	31.2	25.6	23.0	21.2
Number of vending sites	**45,500**	44,600	43,850	43,150	43,000

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Shareholder Information

Analysis of registered shareholdings at 21 June 2016

	Number of holdings	Number of Ordinary shares	% of issued Ordinary share capital
Category:			
Individuals	2,007	7,708,334	2.1
Nominees	466	348,662,716	92.9
Other corporate bodies	48	19,107,728	5.0
	2,521	375,478,778	100.0
Size of holding:			
1 – 1,000	1,189	583,523	0.2
1,001 – 10,000	963	3,076,723	0.8
10,001 – 100,000	233	7,709,356	2.1
100,001 – 500,000	64	16,588,013	4.4
500,001 – 1,000,000	29	20,366,846	5.4
1,000,001 and above	43	327,154,317	87.1
	2,521	375,478,778	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:

31 March 1982	100	Ordinary shares of 50p each (at market value of 445p per 50p share)
9 December 1983 (1 for 5 Cap.)	20	Ordinary shares of 50p each
	120	
12 December 1985 (1 for 6 Cap.)	20	Ordinary shares of 50p each
	140	
12 December 1985 (subdivision)	140	(50p to 25p)
	280	Ordinary shares of 25p each
18 December 1987 (subdivision)	1,120	(25p to 5p)
	1,400	Ordinary shares of 5p each
13 December 1989 (subdivision)	1,400	(5p to 2.5p)
	2,800	Ordinary shares of 2.5p each
8 November 1999 (subdivision)	11,200	(2.5p to 0.5p)
	14,000	Ordinary shares of 0.5p each

Investor relations website
Investor relations information, including share price, is available through the Company's website www.photo-me.co.uk

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	20 October 2016
Half-year results (to 31 October 2016)	Announcement in December 2016
Full-year results (to 30 April 2017)	Announcement in June/July 2017

Dividend

Final (year to 30 April 2016) and special	– ex-dividend date	6 October 2016
	– record date	7 October 2016
	– payment date	10 November 2016

Shareholder Information

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